

THIS CIRCULAR 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, SOLICITOR, ACCOUNTANT, BANK MANAGER OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

This Circular has been reviewed by UOB Kay Hian Securities (M) Sdn Bhd, being the Adviser to mTouche Technology Berhad for the Proposed Private Placement (as defined herein).

Bursa Malaysia Securities Berhad takes no responsibility for the contents of this Circular, valuation certificate and report, if any, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.



CIRCULAR TO SHAREHOLDERS IN RELATION TO THE

PROPOSED PRIVATE PLACEMENT OF UP TO 30% OF THE TOTAL NUMBER OF ISSUED SHARES OF MTOUCHE TECHNOLOGY BERHAD ("MTOUCHE") ("PROPOSED PRIVATE PLACEMENT")

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Adviser

UOBKayHian

UOB Kay Hian Securities (M) Sdn Bhd

Registration No.: 199001003423 (194990-K)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of the Extraordinary General Meeting of mTouche ("**EGM**") which is scheduled to be conducted entirely through live streaming/ virtual meeting from the Broadcast Venue at Lot 18.2, 18th Floor, Menara Lien Hoe, No. 8 Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor on Monday, 14 September 2020 at 11.00 a.m., or at any adjournment thereof, together with the Form of Proxy are enclosed herein.

A member entitled to attend, participate, speak and vote at the EGM is entitled to appoint a proxy or proxies (but not more than 3) to attend, participate, speak and vote on his/ her behalf. In such event, the completed and signed Form of Proxy shall be deposited at the Company's Share Registrar's office at Shareworks Sdn Bhd at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur not less than 48 hours before the time appointed for holding the EGM or at any adjournment thereof. The lodging of the Form of Proxy shall not preclude you from attending, participating, speaking and voting in person at the EGM should you subsequently wish to do so.

Last date and time for lodging the Form of Proxy : Saturday, 12 September 2020 at 11.00 a.m.

Date and time of the EGM : Monday, 14 September 2020 at 11.00 a.m.

This Circular is dated 29 August 2020

DEFINITIONS

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

"Act"	:	The Companies Act 2016
"Board"	:	The Board of Directors of mTouche
"Bursa Securities"	:	Bursa Malaysia Securities Berhad
"Circular"	:	This circular dated 29 August 2020
"Deed Poll C"	:	The deed poll dated 28 August 2017 constituting the Warrants C
"Director(s)"	:	The director(s) of mTouche and shall have the meaning given in Section 2(1) of the Capital Markets and Services Act 2007, and includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon:- <ul style="list-style-type: none">i. a director of the listed issuer, its subsidiary or holding company; orii. a chief executive of the listed issuer, its subsidiary or holding company
"EGM"	:	The forthcoming Extraordinary General Meeting of the Company
"EPS"	:	Earnings per share
"ESOS"	:	Employee share option scheme
"FPE"	:	Financial period ended/ ending
"FYE"	:	Financial year ended/ ending
"Listing Requirements"	:	ACE Market Listing Requirements of Bursa Securities
"LPD"	:	18 August 2020, being the latest practicable date prior to the printing and despatch of this Circular
"Market Day(s)"	:	Any day from Mondays to Fridays (inclusive of both days) which is not a public holiday and on which Bursa Securities is open for trading of securities
"Maximum Scenario"	:	Assuming the 190,607,977 outstanding Warrants C are exercised prior to the implementation of the Proposed Private Placement. Accordingly, up to 300,941,967 Placement Shares may be issued under this scenario
"Minimum Scenario"	:	Assuming no outstanding Warrants C are exercised prior to the implementation of the Proposed Private Placement. Accordingly, 243,759,573 Placement Shares may be issued under this scenario
"mTouche" or the "Company"	:	mTouche Technology Berhad
"mTouche Group" or the "Group"	:	mTouche and its subsidiaries, collectively

DEFINITIONS (CONT'D)

"mTouche Share(s)" or the "Share(s)"	:	Ordinary share(s) in mTouche
"NA"	:	Net assets attributable to the owners of the Company
"OTT Media Platform"	:	Over the top media platform
"PAT/ LAT"	:	Profit after taxation/ Loss after taxation
"PBT/ LBT"	:	Profit before taxation/ Loss before taxation
"Placement Share(s)"	:	Up to 300,941,967 new mTouche Shares to be issued pursuant to the Proposed Private Placement
"Proposed Private Placement"	:	Proposed private placement of up to 300,941,967 new mTouche Shares, representing up to 30% of the total number of issued shares of mTouche
"RM" and "sen"	:	Ringgit Malaysia and sen, respectively
"UOBKH" or the "Adviser"	:	UOB Kay Hian Securities (M) Sdn Bhd
"USD"	:	United States Dollar(s)
"VWAP"	:	Volume weighted average market price
"Warrant(s) C"	:	190,607,977 outstanding warrants 2017/ 2020 in mTouche as at the LPD, constituted by the Deed Poll C. Each Warrant C carries the entitlement to subscribe for 1 new mTouche Share during the 3-year exercise period up to 2 November 2020 at an exercise price of RM0.20 per Warrant C

Unless specifically referred to, words denoting incorporating the singular shall, where applicable include the plural and vice versa and words denoting incorporating the masculine gender shall where applicable, include the feminine and neuter genders and vice versa. Any reference to persons shall include corporations, unless otherwise specified.

Any reference to a time of day and date in this Circular shall be a reference to Malaysian time and date, respectively, unless otherwise specified. Any discrepancy in the figures included in this Circular between the amounts stated, actual figures and the totals thereof are due to rounding adjustments.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted.

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EXECUTIVE SUMMARY

This Executive Summary highlights only the salient information of the Proposed Private Placement. You are advised to read this Circular in its entirety for further details of the Proposed Private Placement and not to rely solely on this Executive Summary in forming a decision on the Proposed Private Placement before voting at the EGM.

Key information	Description	Reference to Circular
Summary of the Proposed Private Placement	<ul style="list-style-type: none"> ➤ The Proposed Private Placement involves an issuance of up to 30% of the total number of issued shares of mTouche to third party investor(s) to be identified later. Accordingly, Bursa Securities had vide its letter dated 19 August 2020, resolved to approve the listing and quotation for up to 300,941,967 Placement Shares on the ACE Market of Bursa Securities, subject to the conditions as set out in Section 7 of this Circular. ➤ The issue price of the Placement Shares will be determined and fixed by the Board at a later date after receipt of all relevant approvals for the Proposed Private Placement. The Placement Shares will be issued at a price of not more than 20% discount to the 5-day VWAP of mTouche Shares immediately preceding the price-fixing date. The Board intends to fully place out the Placement Shares at a price deemed attractive as well as acceptable to both the Company and potential investor(s) and also to meet the Group's funding objectives as set out in Section 2.6 of this Circular. ➤ The Placement Shares will be placed out to third party investor(s) to be identified at a later stage, where such investor(s) shall be person(s) who/ which qualify under Schedules 6 and 7 of the Capital Markets and Services Act, 2007. Additionally, the Placement Shares will not be placed out to the following parties:- <ul style="list-style-type: none"> i. Any Director, major shareholder, chief executive of mTouche or a holding company of mTouche, or a person connected with the director, the major shareholder or the chief executive; and ii. Nominee corporations, unless the names of the ultimate beneficiaries are disclosed. 	Section 2
Utilisation proceeds of	<ul style="list-style-type: none"> ➤ Based on the indicative issue price of RM0.08 per Placement Share, the Proposed Private Placement is expected to raise gross proceeds of up to RM24.08 million. The proceeds are intended to be utilised by mTouche Group in the manner set out below:- 	Section 2.6

Details of utilisation	Timeframe for utilisation	Amount of proceeds	
		Minimum Scenario RM'000	Maximum Scenario RM'000
Business expansion	Within 24 months from completion	19,301	23,875
Estimated expenses in relation to the Proposed Private Placement	Upon completion	200	200
Total		19,501	24,075

EXECUTIVE SUMMARY

Key information	Description	Reference to Circular
Rationale and justification for the Proposed Private Placement	<ul style="list-style-type: none">➤ The Proposed Private Placement was undertaken by the Company to raise the requisite funds to meet the Group's short-term funding requirements as set out in Section 2.6 of this Circular.➤ The Board opines that the Proposed Private Placement is the most appropriate avenue of fund raising as the Proposed Private Placement enables the Company to raise additional funds without incurring interest costs as compared to conventional bank borrowings which may affect the Group's bottom line.➤ The Proposed Private Placement also provides the Company an expeditious way of raising funds from the capital market as opposed to other forms of fund raising. Upon completion of the Proposed Private Placement, the enlarged capital base is also expected to further strengthen the financial position of the Company.	Section 3
Approvals required	<ul style="list-style-type: none">➤ The Proposed Private Placement is subject to the following approvals being obtained:-<ul style="list-style-type: none">i. Bursa Securities, for which the approval for the listing and quotation for the Placement Shares on the ACE Market of Bursa Securities was obtained vide its letter dated 19 August 2020, subject to the conditions as set out in Section 7 of this Circular;ii. the approval of the shareholders of mTouche at the EGM; andiii. any other relevant authority, if required.➤ The Proposed Private Placement is not conditional upon any other proposals undertaken or to be undertaken by the Company.	Section 7
Directors' recommendation	<ul style="list-style-type: none">➤ The Board recommends that you VOTE IN FAVOUR for the resolution pertaining to the Proposed Private Placement, which will be tabled at the forthcoming EGM, the details of which are set out in the cover page of this Circular and the Notice of EGM as enclosed.	Section 11

mTouche[®]
MTOUCHE TECHNOLOGY BERHAD
Registration No.: 200401017892 (656395-X)
(Incorporated in Malaysia)

Registered Office

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

29 August 2020

Board of Directors

Y. M. Raja Hizad Bin Raja Kamarulzaman (*Independent Non-Executive Director/ Chairman*)
Tang Boon Koon (*Executive Director*)
Chen Huei Ping (*Executive Director*)
Kunamony A/P S. Kandiah (*Senior Independent Non-Executive Director*)
Yong Ket Inn (*Independent Non-Executive Director*)

To: The shareholders of mTouche Technology Berhad

Dear Sir/ Madam,

PROPOSED PRIVATE PLACEMENT

1. INTRODUCTION

On 23 July 2020, UOBKH had, on behalf of the Board, announced that the Company proposed to undertake a private placement of up to 30% of the total number of issued shares of mTouche to third party investor(s) to be identified later.

On 19 August 2020, UOBKH had, on behalf of the Board, announced that Bursa Securities had vide its letter dated 19 August 2020, resolved to approve the listing and quotation for up to 300,941,967 Placement Shares on the ACE Market of Bursa Securities, subject to the conditions as set out in Section 7 of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSED PRIVATE PLACEMENT AS WELL AS TO SEEK YOUR APPROVAL FOR THE RESOLUTION PERTAINING TO THE PROPOSED PRIVATE PLACEMENT TO BE TABLED AT THE EGM. THE NOTICE OF EGM AND THE FORM OF PROXY ARE ENCLOSED TOGETHER WITH THIS CIRCULAR.

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

2. DETAILS OF THE PROPOSED PRIVATE PLACEMENT

2.1 Placement size

The Proposed Private Placement involves an issuance of up to 30% of the total number of issued shares of mTouche.

As at the LPD, the total number of issued shares of mTouche was 812,531,913 mTouche Shares.

In addition, the Company had implemented an ESOS, which shall be in force for a period of 5 years from the effective date, i.e. 13 November 2017, and may be extended for such further period provided that such extension of the ESOS does not in aggregate exceed a duration of 10 years or such other period as may be prescribed by Bursa Securities or any other relevant authorities from the effective date of the ESOS. The maximum number of new mTouche Shares to be issued pursuant to the exercise of the ESOS options shall not in aggregate exceed 30% of the total issued shares of the Company during the duration of the ESOS. As at the LPD, there are no outstanding ESOS options which are granted but unexercised.

The Board has undertaken not to offer any further ESOS options to eligible employees or directors until the completion of the Proposed Private Placement.

Further to the above, as at the LPD, mTouche has 190,607,977 outstanding Warrants C. For illustrative purposes only, assuming all the 190,607,977 outstanding Warrants C are exercised prior to the implementation of the Proposed Private Placement, the Company's enlarged number of issued Shares will be 1,003,139,890 mTouche Shares. Accordingly, a maximum of 300,941,967 Placement Shares may be issued pursuant to the Proposed Private Placement.

As set out in Section 2.6 of this Circular, based on the indicative issue price of RM0.08 per Placement Share, the Proposed Private Placement is expected to raise gross proceeds of approximately RM19.50 million and RM24.08 million under the Minimum and Maximum Scenario, respectively. The substantial portion of such proceeds are intended to be utilised for the business expansion of the Group, namely the development, marketing and operation of a new OTT Media Platform.

The new OTT Media Platform is a system of software, including an end-user facing application, which delivers video content, including amongst others documentaries, movies, television shows and music videos, from third-party video service providers to end-users over the internet. The Group anticipates that the OTT Media Platform may generate an additional recurring revenue stream to the Group, which in turn may improve the Group's prospects moving forward. Please refer to Section 2.6 for further details of the Group's planned business expansion.

The actual number of Placement Shares to be issued pursuant to the Proposed Private Placement will depend on the total number of issued shares of the Company on a date to be determined and announced later, after receipt of all relevant approvals for the Proposed Private Placement.

2.2 Basis and justification for the issue price of the Placement Shares

The issue price of the Placement Shares will be determined and fixed by the Board at a later date after receipt of all relevant approvals for the Proposed Private Placement.

The Placement Shares will be issued at a price of not more than 20% discount to the 5-day VWAP of mTouche Shares immediately preceding the price-fixing date. This provides the Board the flexibility to fix any price range up to a maximum discount of 20% in order to entice investors to subscribe for the Placement Shares.

In the event the Placement Shares are to be issued in tranches, there will be a price-fixing announcement for each tranche and the Company will ensure payment for the Placement Shares by the placee(s) is received within 5 Market Days from the price-fixing date of each tranche of the Proposed Private Placement.

The Board intends to fully place out the Placement Shares at a price deemed attractive as well as acceptable to both the Company and potential investor(s) and also to meet the funding objectives of mTouche Group as set out in Section 2.6 of this Circular. After taking into consideration the prevailing market conditions and market sentiments, the Board is of the view that a discount of up to 20% will be attractive enough to entice potential investor(s) to subscribe for the Placement Shares.

For illustrative purposes only, the indicative issue price of the Placement Shares is assumed at RM0.08 per Placement Share, which represents a discount of approximately 16.67% to the 5-day VWAP of mTouche Shares up to and including the LPD of RM0.096 per mTouche Share.

2.3 Ranking of the Placement Shares

The Placement Shares will, upon allotment and issuance, rank equally and carry the same rights with the current existing mTouche Shares, save and except that the Placement Shares will not be entitled to any dividends, rights, allotments and/ or any other forms of distribution that may be declared, made or paid for which the entitlement date precedes the date of allotment and issuance of the Placement Shares.

2.4 Listing and quotation for the Placement Shares

The Placement Shares to be issued will be listed and quoted on the ACE Market of Bursa Securities. Approval for the listing and quotation for the Placement Shares on the ACE Market of Bursa Securities has been obtained via Bursa Securities' approval letter dated 19 August 2020.

2.5 Allocation to placees

The Placement Shares will be placed out to third party investor(s) to be identified at a later stage, where such investor(s) shall be person(s) who/ which qualify under Schedules 6 and 7 of the Capital Markets and Services Act, 2007.

Additionally, the Placement Shares will not be placed out to the following parties:-

- i. Any director, major shareholder, chief executive of mTouche or a holding company of mTouche, or a person connected with the director, the major shareholder or the chief executive; and
- ii. Nominee corporations, unless the names of the ultimate beneficiaries are disclosed.

In the event the Board is unable to identify sufficient placees to subscribe for the entire portion of the Placement Shares at one time, the Proposed Private Placement may be implemented in tranches within 6 months from the date of approval of Bursa Securities for the Proposed Private Placement or any extended period, which will be subject to Bursa Securities' approval.

2.6 Utilisation of proceeds

Based on the indicative issue price of RM0.08 per Placement Share, the Proposed Private Placement is expected to raise gross proceeds of up to RM24.08 million. The proceeds are intended to be utilised by mTouche Group in the manner set out below:-

Details of utilisation	Timeframe for utilisation	<-----Amount of proceeds----->	
		Minimum Scenario RM'000	Maximum Scenario RM'000
Business expansion ^{*1}	Within 24 months from completion	19,301	23,875
Estimated expenses in relation to the Proposed Private Placement ^{*2}	Upon completion	200	200
Total		19,501	24,075

Notes:-

^{*1} mTouche Group is principally involved in a single operating segment of the provision of mobile value-added services for smartphones, such as the development of mobile content, mobile messaging technologies, billing platforms and interactive media solutions ("**Mobile Value-Added Services**"). Under this segment, the Group is also engaged in the research and development of software and provision of software maintenance and support services, as well as managing computer data, data processing, data storage, systems design and analysis. The Group derives its revenue entirely from the Mobile Value-Added Services segment, which mainly comprises income receipts from its bulk messaging services, content services and mobile solutions, as well as fees chargeable through its mobile billing platform. The Group hosts various contents via its mobile applications which include amongst others, iSports Liverpool (digital sports memorabilia application), iSports Arsenal (digital sports memorabilia application), Foxy ABC (early childhood education application) and fcLinked (sports news and social networking application).

In line with the Group's strategy to expand and enhance its Mobile Value-Added Services offering, the Group intends to grow its existing business via the development of a new OTT Media Platform, which is expected to provide an additional recurring revenue stream for the Group. The OTT Media Platform is a system of software, including an end-user facing application, which delivers video content, including amongst others documentaries, movies, television shows and music videos, from third-party video service providers to end-users over the internet. End-users will be able to access the OTT Media Platform via their smartphones, tablets, notebooks, computers and smart televisions. As such, the target market of the OTT Media Platform will be individuals with reliable access to the internet and who watch video content, including amongst others documentaries, movies, television shows and music videos. At this juncture, the Group has yet to brand the OTT Media Platform.

The Group anticipates that it will be able to generate revenue from the OTT Media Platform via the following:-

- i. periodic subscription fees charged to end-users to view the OTT Media Platform's entire library of video content for the duration of the period;
- ii. pay-per-view or one-time fees charged to end-users to view specific video content for a limited period of time; and
- iii. ad-supported videos whereby video content with advertising is made available to end-users for free. Revenue would be generated from selling digital advertising space on such ad-supported videos.

The Group intends to commence the development of the OTT Media Platform upon completion of the Proposed Private Placement, which is anticipated to be completed by the third quarter of 2020, and to complete the development thereof within the next 15 months, i.e. by the fourth quarter of 2021. Upon completion of the development, the Group intends to launch the OTT Media Platform, which would entail an initial rollout of the OTT Media Platform in Malaysia, followed by subsequent rollouts in Thailand, Indonesia, Vietnam and Hong Kong within 12 to 18 months from the date of development completion. As set out below, the proceeds earmarked for this business expansion will be utilised within 24 months from completion of the Proposed Private Placement to cover necessary development, marketing, operating and content acquisition costs in relation to the OTT Media Platform.

The development of the OTT Media Platform will consist of in-house and third-party development of necessary software components and the purchase, installation, testing and commissioning of necessary hardware to support the OTT Media Platform. At this juncture, the estimated total costs to develop, market and operate the OTT Media Platform is approximately RM24.00 million, a preliminary breakdown of which is set out below:-

Estimated project costs	RM'000
<i>Development cost of the necessary software components of OTT Media Platform, which includes the following:-</i>	
i. <i>Hiring costs of third-party developers (mainly comprised of fees paid to third-party developers)</i>	4,500
ii. <i>In-house software development costs (mainly comprised of staff training and expansion of cloud hosting services and internet network bandwidth of the Group)</i>	4,500
iii. <i>Purchase, installation, testing and commissioning costs of necessary hardware (mainly comprised of new servers, storage systems, data centres and load balancers for the Group's internet network)</i>	2,000
<i>Operational expenses for the OTT Media Platform services (mainly comprised of hiring new employees to operate the OTT Media Platform and recurring fees for internet network connection and cloud hosting services of the Group)</i>	3,500
<i>Marketing and advertising expenses for the OTT Media Platform (mainly comprised of hiring new employees to market and advertise the OTT Media Platform, media buying for social and digital media advertising and hiring of third-party advertisers. For avoidance of doubt, marketing and advertising the OTT Media Platform will primarily consist of social and digital media advertising)</i>	3,500
<i>Content acquisition costs for the OTT Media Platform (mainly comprised of the acquisition of licensing for video content including, amongst others, movies, television series, documentaries and music videos from third-party video content developers and/ or owners)</i>	6,000
Total	24,000

Based on the above, at this juncture, the Group intends to hire 5 new employees for operations and 5 new employees for marketing and advertising in relation to the OTT Media Platform. The Group tentatively expects to commence hiring of the abovementioned new employees by mid-2021, to coincide with the preparatory phase to meet the operational and marketing and advertising requirements of the new OTT Media Platform as mentioned above.

In this respect, the Group has earmarked proceeds of up to approximately RM23.88 million for the Group's abovementioned business expansion, a preliminary breakdown of which is as follows:-

Details of utilisation	Minimum Scenario RM'000	Maximum Scenario RM'000
<i>Development cost of the necessary software components of OTT Media Platform, which includes the following:-</i>		
i. <i>Hiring costs of third-party developers</i>	4,500	4,500
ii. <i>In-house software development costs</i>	4,500	4,500
iii. <i>Purchase, installation, testing and commissioning costs of necessary hardware</i>	2,000	2,000
<i>Operational expenses for the OTT Media Platform services</i>	-	3,375
<i>Marketing and advertising expenses for the OTT Media Platform</i>	3,500	3,500
<i>Content acquisition costs for the OTT Media Platform</i>	4,801	6,000
Total	19,301	23,875

For avoidance of doubt, costs relating to the Group's abovementioned business expansion that will not be funded by the Proposed Private Placement will be financed via internally generated funds of the Group.

^{*2} The proceeds earmarked for estimated expenses in relation to the Proposed Private Placement will be utilised as set out below:-

	RM'000
Professional fees	130
Regulatory fees	30
Other incidental expenses in relation to the Proposed Private Placement	40
Total	200

Any variation in the actual amount of the expenses will be adjusted in the portion of the proceeds to be utilised for the business expansion of the Group.

The actual gross proceeds to be raised from the Proposed Private Placement is dependent on the issue price and the number of Placement Shares to be issued. Any variance in the actual gross proceeds raised and the intended gross proceeds to be raised will be adjusted against the amount allocated for the business expansion of the Group.

Pending the utilisation of proceeds from the Proposed Private Placement for the above purposes, the proceeds would be placed as deposits with licensed financial institutions or short-term money market instruments, as the Board may deem fit. Any interest income earned from such deposits or instruments will be used for the working capital requirements of the Group, the breakdown of which has yet to be determined at this juncture.

2.7 Other fund raising exercises in the past 12 months

For shareholders' information, on 16 June 2020, the Company announced the private placement of up to 10% of the total number of issued shares of mTouche ("**Private Placement I**"). A total of 70,690,327 mTouche Shares were placed out at an issue price of RM0.0587 per mTouche Share on 10 July 2020, which raised gross proceeds of approximately RM4.15 million, and the Private Placement I was completed on even date. Further details on the utilisation of proceeds as at the LPD is set out below:-

Proposed utilisation	Proceeds raised RM '000	Actual utilisation RM'000
Business expansion ^{*1}	3,050	-
General working capital ^{*2}	1,000	-
Defrayment of expenses in relation to the Private Placement I	100	100
Total	4,150	100

Notes:-

^{*1} The proceeds earmarked for business expansion will be utilised to develop and promote programmatic marketing ("**Programmatic Marketing**") for the Group's mobile digital ecosystem platform ("**MDEP**"), and such funds are anticipated to be fully utilised within 12 months from the completion of Private Placement I.

^{*2} The proceeds earmarked for general working capital is intended to partially defray the Group's operational expenses and such funds are anticipated to be fully utilised within 12 months from the completion of Private Placement I.

Save for the Private Placement I, the Company had not undertaken any other fund raising exercises in the 12 months prior to the date of this Circular.

3. RATIONALE AND JUSTIFICATIONS FOR THE PROPOSED PRIVATE PLACEMENT

The Proposed Private Placement was undertaken by the Company to raise the requisite funds to meet the Group's short-term funding requirements as set out in Section 2.6 of this Circular.

After due consideration of the various methods of fund raising, the Board opines that the Proposed Private Placement is the most appropriate avenue of fund raising as the Proposed Private Placement enables the Company to raise additional funds without incurring interest costs as compared to conventional bank borrowings which may affect the Group's bottom line.

The Proposed Private Placement also provides the Company an expeditious way of raising funds from the capital market as opposed to other forms of fund raising. Upon completion of the Proposed Private Placement, the enlarged capital base is also expected to further strengthen the financial position of the Company.

4. EFFECTS OF THE PROPOSED PRIVATE PLACEMENT

4.1 Issued share capital

The pro forma effects of the Proposed Private Placement on the issued share capital of the Company are set out below:-

	Minimum Scenario		Maximum Scenario	
	No. of Shares	RM	No. of Shares	RM
Issued share capital as at the LPD	812,531,913	122,597,165	812,531,913	122,597,165
Assume full exercise of Warrants C	-	-	190,607,977	38,121,595 ^{*1}
	812,531,913	122,597,165	1,003,139,890	160,718,760
Shares to be issued pursuant to the Proposed Private Placement	243,759,573	19,500,766 ^{*2}	300,941,967	24,075,357 ^{*2}
Enlarged share capital in issue	1,056,291,486	142,097,931	1,304,081,857	184,794,117

Notes:-

^{*1} Computed based on the exercise price of RM0.20 per Warrant C

^{*2} Assuming Placement Shares are issued at the indicative issue price of RM0.08

4.2 NA per Share and gearing level

Based on the latest audited consolidated statements of financial position of the Group as at 30 June 2019, the pro forma effects of the Proposed Private Placement on the NA per Share and gearing level of the Group are set out as follows:-

Minimum Scenario

	Audited as at 30 June 2019 RM	I Subsequent adjustments up to the LPD RM	II After I and the Proposed Private Placement RM
Share capital	104,047,413	122,597,165 ^{*1}	142,097,931 ^{*2}
Reserve	2,554,843	2,554,843	2,554,843
Accumulated losses	(31,493,071)	(31,493,071)	(31,693,071) ^{*2}
Shareholders' funds/ NA	75,109,185	93,658,937	112,959,703

	Audited as at 30 June 2019 RM	I Subsequent adjustments up to the LPD RM	II After I and the Proposed Private Placement RM
No. of Shares in issue	508,563,506	812,531,913	1,056,291,486
NA per Share (RM)	0.15	0.12	0.11
Total borrowings (RM)	375,849	375,849	375,849
Gearing ratio (times)	0.01	<0.01	<0.01

Maximum Scenario

	Audited as at 30 June 2019 RM	I Subsequent adjustments up to the LPD RM	II After I and the full exercise of Warrants C RM	III After II and the Proposed Private Placement RM
Share capital	104,047,413	122,597,165 ^{*1}	160,718,760 ^{*3}	184,794,117 ^{*4}
Reserves	2,554,843	2,554,843	2,554,843	2,554,843
Accumulated losses	(31,493,071)	(31,493,071)	(31,493,071)	(31,693,071) ^{*4}
Shareholders' funds/ NA	75,109,185	93,658,937	131,780,532	155,655,889
No. of Shares in issue	508,563,506	812,531,913	1,003,139,890	1,304,081,857
NA per Share (RM)	0.15	0.12	0.13	0.12
Total borrowings (RM)	375,849	375,849	375,849	375,849
Gearing ratio (times)	0.01	<0.01	<0.01	<0.01

Notes:-

^{*1} After adjusting for the following:-

- i. the issuance of 30,000,000 mTouche Shares on 22 May 2020 following the exercise of 30,000,000 ESOS options at the exercise price of RM0.06 per ESOS option;
- ii. the issuance of 15,000,000 mTouche Shares on 29 May 2020 following the exercise of 15,000,000 ESOS options at the exercise price of RM0.06 per ESOS option;
- iii. the issuance of 40,000,000 mTouche Shares on 2 June 2020 following the exercise of 40,000,000 ESOS options at the exercise price of RM0.06 per ESOS option;
- iv. the issuance of 20,000,000 mTouche Shares on 4 June 2020 following the exercise of 20,000,000 ESOS options at the exercise price of RM0.06 per ESOS option;
- v. the issuance of 47,569,051 mTouche Shares on 10 June 2020 following the exercise of 47,569,051 ESOS options at the exercise price of RM0.06 per ESOS option;
- vi. the issuance of 45,770,716 mTouche Shares on 22 June 2020 following the exercise of 45,770,716 ESOS options at the exercise price of RM0.065 per ESOS option;
- vii. the issuance of 70,690,327 mTouche Shares on 10 July 2020 at the issue price of RM0.0587 per mTouche Share in relation to the Private Placement I; and
- viii. the issuance of 34,938,313 mTouche Shares on 24 July 2020 following the exercise of 34,938,313 ESOS options at the exercise price of RM0.065 per ESOS option

^{*2} Assuming 243,759,573 Placement Shares are issued at the indicative issue price of RM0.08 per Placement Share and after deducting estimated expenses of RM200,000 in relation to the Proposed Private Placement under the Minimum Scenario

^{*3} Assuming all the 190,607,977 outstanding Warrants C are exercised at the exercise price of RM0.20 per Warrant C

^{*4} Assuming 300,941,967 Placement Shares are issued at the indicative issue price of RM0.08 per Placement Share and after deducting estimated expenses of RM200,000 in relation to the Proposed Private Placement under the Maximum Scenario

4.3 Earnings and EPS

The Proposed Private Placement, which is expected to be completed by the third quarter of 2020, is not expected to have any material effect on the earnings and EPS of mTouche Group for the FYE 30 June 2021. However, there will be a dilution in the EPS of the Group for the FYE 30 June 2021 due to the increase in the number of mTouche Shares in issue arising from the Proposed Private Placement, as and when implemented.

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4.4 Substantial shareholding structure

Based on the Register of Substantial Shareholders as at the LPD, the pro forma effects of the Proposed Private Placement on the substantial shareholders' shareholdings of the Company are set out below:-

Minimum Scenario

	Shareholdings as at the LPD			After the Proposed Private Placement ^{*1}		
	<-----Direct----->	%	<-----Indirect----->	<-----Direct----->	%	<-----Indirect----->
	No. of Shares		No. of Shares	No. of Shares	%	No. of Shares
Kua Khai Shyuan	30,004,001	3.69	-	30,004,001	2.84	-
Kamarudin Bin Meranun	13,649,350	1.68	-	13,649,350	1.29	-

Note:-

^{*1} Assuming the Proposed Private Placement does not give rise to the emergence of any substantial shareholder(s)

Maximum Scenario

	Shareholdings as at the LPD			Assuming the full exercise of Warrants C		
	<-----Direct----->	%	<-----Indirect----->	<-----Direct----->	%	<-----Indirect----->
	No. of Shares		No. of Shares	No. of Shares	%	No. of Shares
Kua Khai Shyuan	30,004,001	3.69	-	34,950,401 ^{*1}	3.48	-
Kamarudin Bin Meranun	13,649,350	1.68	-	34,123,375 ^{*1}	3.40	-

II

After I and the Proposed Private Placement^{*2}

	<-----Direct----->	%	<-----Indirect----->
	No. of Shares		No. of Shares
Kua Khai Shyuan	34,950,401	2.68	-
Kamarudin Bin Meranun	34,123,375	2.62	-

Notes:-

^{*1} Assuming the full exercise of Kamarudin Bin Meranun's direct holdings of 20,474,025 Warrants C and Kua Khai Shyuan's direct holdings of 4,946,400 Warrants C

^{*2} Assuming the Proposed Private Placement does not give rise to the emergence of any substantial shareholder(s)

4.5 Convertible securities

As at the LPD, mTouche has 190,607,977 outstanding Warrants C, where each Warrant C carries the entitlement to subscribe for 1 new mTouche Share at an exercise price of RM0.20 per Warrant C. Save for the outstanding Warrants C, the Company does not have any other outstanding convertible securities.

The Proposed Private Placement is not expected to give rise to any adjustments on the outstanding Warrants C.

5. INDUSTRY OVERVIEW AND OUTLOOK AND FUTURE PROSPECTS OF THE GROUP

5.1 Overview and outlook for the Malaysian economy

The Malaysian economy expanded by 3.6% in the fourth quarter of 2019 (3Q 2019: 4.4%), supported by higher private sector spending (7.4%; 3Q 2019: 5.4%). However, growth was affected by a decline in net exports. On the supply side, higher growth in the services and construction sectors was weighed down by supply disruptions in the commodities sector. On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 0.6% (3Q 2019: 0.9%). For 2019 as a whole, the economy expanded by 4.3% (2018: 4.7%).

(Source: Developments in the Malaysian Economy, Economic and Financial Developments in the Malaysian Economy in the Fourth Quarter of 2019, Bank Negara Malaysia)

The Malaysian economy was confronted by concurrent supply and demand shocks arising from weak external demand conditions and strict containment measures in 2Q 2020. As a result, the economy registered its first contraction since the Global Financial Crisis (2Q 2020: -17.1%; 3Q 2009: -1.1%). On the supply side, this was reflected in negative growth across most sectors. From the expenditure side, domestic demand declined, while exports of goods and services registered a sharper contraction. On a quarter-on-quarter seasonally-adjusted basis, the economy declined by 16.5% (1Q 2020: -2.0%).

Weak growth was recorded across most economic sectors amid the imposition of the Movement Control Order ("MCO"), followed by the Conditional and Recovery MCO, during 2Q 2020.

Domestic demand declined by 18.7% in 2Q 2020 (1Q 2020: 3.7%), due mainly to weaker private sector expenditure. Spending by the private sector was impacted by lower income, movement restrictions and subdued consumer and business sentiments. While net exports continued to decline, the contribution of the external sector to the economy improved due mainly to the larger contraction in imports vis-a-vis the previous quarter.

Private consumption growth declined by 18.5% in 2Q 2020 (1Q 2020: 6.7%). Household spending was particularly impacted by the strict movement restrictions in the early part of the quarter and income losses amid weak economic conditions. As movement restrictions were gradually relaxed towards the end of the quarter, retail and financing data indicated some improvement in spending, albeit remaining subdued. During this challenging period, stimulus measures such as the disbursement of Bantuan Prihatin Nasional cash transfers, Employees Provident Fund i-Lestari withdrawals and the implementation of the loan moratorium helped to cushion consumption spending. Public consumption continued to expand, albeit at a more moderate pace of 2.3% (1Q 2020: 5.0%). Growth was supported by continued increase in emoluments amid lower spending on supplies and services. Public consumption continued to expand, albeit at a more moderate pace of 2.3% (1Q 2020: 5.0%). Growth was supported by continued increase in emoluments amid lower spending on supplies and services.

(Source: Developments in the Malaysian Economy, Economic and Financial Developments in the Malaysian Economy in the Second Quarter of 2020, Bank Negara Malaysia)

Against a highly challenging global economic outlook, Malaysia's gross domestic product ("GDP") growth is projected to be between -2.0 to 0.5% in 2020. The domestic economy will be impacted by the necessary global and domestic actions taken to contain the COVID-19 outbreak. Of significance, tourism-related sectors are expected to be affected by broad-based travel restrictions and travel risk aversion, while production disruptions in the global supply chain will weigh on the manufacturing sector and exports. The implementation and subsequent extension of the MCO, while critical, will dampen economic activity following the suspension of operations by non-essential service providers and lower operating capacity of manufacturing firms. Beyond the MCO period, reduced social and recreational activities until the pandemic is fully controlled globally and domestically will continue to dampen consumption and investment activity. Apart from the pandemic, the domestic economy will also be affected by the sharp decline and volatile shifts in crude oil prices and continued supply disruption in the commodities sector. Unfavourable weather conditions and maintenance works will weigh on the production of oil palm, crude oil and natural gas.

Given the significant headwinds to growth arising from COVID-19, the Government and Bank Negara Malaysia have introduced large countercyclical policy measures to mitigate the economic impact of the pandemic. Two economic stimulus packages amounting to RM250 billion were introduced to provide immediate relief to affected households and businesses. These packages also include loan guarantees and an automatic 6-month moratorium on loan repayments for individuals and small and medium enterprises. The economic stimulus measures were complemented by two consecutive Overnight Policy Rate reductions early this year and measures to provide additional liquidity in the banking system.

Private consumption is expected to be dampened by weak labour market conditions, mobility restrictions and subdued sentiments. Nonetheless, policy measures introduced in the two economic stimulus packages, including cash transfers to vulnerable households, flexibility to withdraw from Employees Provident Fund savings and the moratorium on loan repayments will increase disposable income and improve cash flow for households. In addition to supporting household spending, these broad-based measures will facilitate a gradual recovery in private consumption as labour market conditions eventually stabilise following the projected improvement in global and domestic economic activities.

Domestic growth prospects are expected to improve towards the end of the year, in line with the projected recovery in global demand and amid continued support from policy measures. Recovering external demand will lift growth in the export-oriented sectors. Consumer sentiments are also expected to gradually improve following the easing of travel restrictions and resumption of tourism activities as risks from the pandemic subside. In addition, the anticipated recovery from supply disruptions in the commodities sector and higher public sector expenditure will support the gradual improvement in the Malaysian economy in the latter part of the year. Public sector spending will be underpinned by the continuation of large-scale transport-related projects by public corporations and the implementation of more small-scale projects worth RM4 billion by the Federal Government.

Overall risks to the domestic growth outlook are tilted to the downside, mainly due to the risk of a prolonged and wider spread of COVID-19 and its effects on the global and domestic economy. Domestic growth also remains susceptible to a recurrence of commodities supply shocks and continued low commodity prices which could pose additional risks to production in the commodities sector, exports and income growth. In addition, heightened financial market volatility due to ongoing external uncertainties may lead to tighter domestic financial market conditions. The baseline growth projection could, however, be lifted by a stronger-than-expected impact from the various stimulus measures by the Federal Government and additional measures implemented by several state governments.

(Source: Executive Summary, Economic and Monetary Review 2019, Bank Negara Malaysia)

5.2 Overview and outlook for the ICT industry in Malaysia

The services sector expanded by 6.1% in 2019 (2018: 6.8%), as growth normalised following a robust performance in 2018, when the tax holiday period encouraged greater consumer spending. Growth in the wholesale and retail trade as well as food, beverages and accommodation subsectors remained firm, lifted by firm household spending amid supportive labour market conditions. The transport and storage subsector benefitted from higher transshipment activity, despite being partially offset by slower global trade activity. Growth in the finance and insurance subsector moderated amid slower loan and deposit growth. However, this was partially mitigated by the rebound in the fee-based income as a result of more IPO offerings during the year. Growth in the information and communication subsector moderated (2019: 6.6%), following the one-off price reduction in fixed broadband prices under the Mandatory Standard Access Pricing regulation in 2018.

(Source: Economic, Monetary and Financial Developments in 2019, Economic and Monetary Review 2019, Bank Negara Malaysia)

The services sector contracted by 16.2% (1Q 2020: 3.1%) in the second quarter of 2020. The sector was affected by the implementation of a nationwide restrictive MCO, with only essential services such as food-related retail, utilities, banking, transportation as well as information and communication entities allowed to operate with very limited capacity. The subsequent transition to Conditional MCO in May and Recovery MCO in June provided some relief to businesses in the sector. The lockdown had substantially affected consumer spending and tourism activity, as shown by the significant declines in the wholesale and retail trade, as well as food and beverages and accommodation sub-sectors. The transport and storage sub-sector was impacted by a sudden stop in tourist arrivals due to travel restrictions imposed domestically as well as the international border closures. Growth in the finance and insurance sub-sector was weighed down by lower net interest income, and lower fee-based income amid subdued capital market activity. Meanwhile, growth in the information and communication sub-sector was relatively sustained by the continued high demand for data communication services especially during this period of remote working arrangements.

(Source: Developments in the Malaysian Economy, Economic and Financial Developments in the Malaysian Economy in the Second Quarter of 2020, Bank Negara Malaysia)

The ICT Industry in Malaysia continues to grow in size and distribution to the economy, albeit at a pace slower than the desired rate to reach 20.0% of national GDP by 2020. As reported in PIKOM's ICT Strategic Review 2018/2019 published in November 2018, the industry grew by 10.3% year-on-year in 2017 to contribute RM247.1 billion or 18.3% to the national economy. However, this was a mere increase of 0.1 percentage points over the 18.2% share of GDP in 2016.

At this stage, it should be noted that the 11th Malaysia Plan has envisaged a growth rate of at least 17.0% per annum from 2016 – 2020 in order for the industry's GDP contribution to reach the 20.0% milestone. Given the prevailing rate of growth, PIKOM had previously expressed doubts the industry could achieve 19.0% of the national economy by 2018. According to PIKOM's projections, this figure should reach 18.6% in 2018, 18.8% in 2019 and potentially pass the 20.0% milestone only in 2022.

It is interesting to note that research house IDC expects the industry to account for 21.0% of GDP by 2022. Nevertheless, any slowdown in the growth rate in recent times is expected to be arrested with the latest moves to develop Malaysia as a digital nation powered by Industry4RWD or smart manufacturing, the internet of things, blockchain, cloud computing and artificial intelligence. The Department of Statistics Malaysia's ICT Satellite Account reported the value of ICT's contribution to GDP at RM247.1 billion, comprised of ICT-GDP of RM178.2 billion and non-ICT industry e-commerce of RM68.9 billion. The ICT-GDP is the sum total of contributions by the various industry segments: ICT services; ICT Manufacturing; ICT Trade; and Content & Media while non-ICT industry e-commerce takes into account the value of retail e-commerce and business-to-business transactions in other industries.

(Source: ICT Industry Outlook in Malaysia 2019, The National Tech Association of Malaysia (PIKOM))

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 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 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 Industrial Revolution 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 small to medium enterprises. In the meantime, i-Solutions offers a seamless, borderless digital connectivity solution for the Malaysian market mainly for the small-medium enterprises and multi-national corporations.

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

5.3 Overview and outlook for the online video industry in Asia

The Asia Pacific online video industry will generate USD27 billion in advertising and subscription revenue this year, up 24% year-over-year from 2018, according to a new report, Asia Pacific Online Video & Broadband Distribution 2020, published today by Media Partners Asia ("**MPA**"). This pie is forecast to expand at a robust 13% compound annual growth rate ("**CAGR**") to USD50 billion by 2024, propelled by rising investment and competition, widening broadband access and ongoing development of local content, payment infrastructure and intellectual property protection.

China, the world's second-largest online video after the US, remains a major part of this growth, representing 59% of online video advertising and subscription revenue in Asia Pacific this year, according to MPA, although this share will contract slightly to 55% by 2024. At the same time, online video revenues in China are forecast to reach USD27 billion in 2024, up from USD16 billion in 2019, an 11% CAGR. MPA analysts have reduced earlier China forecasts as a result of economic deceleration as well as increased market maturity and regulatory oversight.

Ex-China, Asia Pacific's largest online video geographies by revenue are: (1) Japan; (2) Australia & New Zealand; (3) India; (4) Korea; (5) Taiwan; and (6) Thailand, with Indonesia set to overtake Thailand by 2024. Online video revenues in Asia Pacific ex-China will grow from USD11 billion in 2019 to USD23 billion by 2024, a 16% CAGR, according to MPA projections.

(Source: Media release entitled "Asia Pacific Online Video Opportunity To Scale To US\$50 Billion By 2024" dated 18 September 2019, Media Partners Asia)

There is an anticipated surge in consumption and revenue in the next few years from over-the-top ("**OTT**") media services. OTT refers to content that is distributed directly to viewers over the internet and is a subset of video-on-demand ("**VOD**").

A report published by Dataxis estimates that Southeast Asia will have four million paid subscription video-on-demand ("**SVOD**") accounts in 2019. This number is expected to grow to 6.2 million subscribers by 2022. The 2018 report, 'SVOD in Asia Pacific: the gold rush' states that by 2022, the SVOD market in Southeast Asia is expected to be valued at US\$390 million.

According to the same report, 29 percent of Southeast Asian have fixed broadband in their households. On the other hand, mobile subscriptions are at 45 percent in 2019, with an anticipated increase to 60 percent in 2022. The report states that the key to SVOD's success is the region's access to the internet and the role of mobile internet usage.

On-demand-services players have disrupted the traditional broadcast industry and are now crowding the market, vying for the attention of consumers in Southeast Asia. Currently, Netflix holds the highest market share in the region.

In Southeast Asia, local content and pricing are still key factors for consumers when selecting a SVOD service. Because of this, regional players like iflix, continue to have an edge over global OTT players. Other regional players such as HOOQ and Viu also offer an extensive catalogue of local content, including original productions. Together with iflix, they have positioned themselves in the region's streaming space as some of the few credible OTT choices available.

(Source: Video streaming on the rise in Southeast Asia, extracted from The Asean Post published on 27 August 2019 at <https://theaseanpost.com/article/video-streaming-rise-southeast-asia>)

5.4 Additional information

5.4.1 Current financial performance and financial position of the Group

As at the LPD, the Group is principally involved in a single operating segment, namely, Mobile Value-Added Services. Under this segment, the Group is also engaged in the research and development of software and provision of software maintenance and support services, as well as managing computer data, data processing, data storage, systems design and analysis.

The financial summary of the Group based on the audited consolidated results for the past 3 financial years/ periods up to the FYE 30 June 2019 and the unaudited quarterly results for the 9-month FPE 31 March 2020 and the 9-month FPE 31 March 2019, is set out below:-

	<-----Audited----->			<-----Unaudited----->	
	18-month FPE 30 June 2017 RM'000	FYE 30 June 2018 RM'000	FYE 30 June 2019 RM'000	9-month FPE 31 March 2019 RM'000	9-month FPE 31 March 2020 RM'000
Revenue	36,767	19,590	27,004	10,515	7,564
Gross profit	16,580	4,441	12,434	2,711	365
PBT/ (LBT)	2,840	1,814	(21,533)	(25,720)	(5,711)
PAT/ (LAT)	941	1,392	(20,603)	(25,291)	(5,680)
Earnings/ (Loss) per Share (sen)	0.43	0.38	(4.05)	(4.97)	(1.12)
Gross profit margin (%)	45.09	22.67	46.05	25.78	4.83
Total interest-bearing borrowings	-	474	376	405	315
Total fixed deposits, cash and bank balances	1,631	32,637	17,455	22,592	18,343
Net cash generated from/ (used in) operating activities	(5,291)	(37,602)	(10,794)	(5,195)	1,710
Non-current assets	1,116	7,356	11,581	9,531	49,260
Current assets	23,000	91,268	74,339	62,825	33,998
Non-current liabilities	503	1,007	1,215	1,025	1,716
Current liabilities	12,592	11,086	11,252	12,638	13,614
Shareholders' funds/ NA	12,452	88,270	75,109	60,349	69,251
Total equity	11,022	86,532	73,453	58,693	67,928
Weighted average no. of Shares outstanding ('000)	221,321	370,699	508,654	508,654	508,654
NA per Share	0.06	0.24	0.15	0.12	0.14
Current ratio (times)	1.83	8.23	6.61	4.97	2.50
Gearing ratio (times)	-	0.01	0.01	0.01	<0.01

18-month FPE 30 June 2017

Due to the change in the Group's financial year end from 31 December to 30 June, the comparative figures for the 18-month FPE 30 June 2017 and the FYE 31 December 2015 may not be entirely comparable.

For the 18-month FPE 30 June 2017, the Group recorded revenue of approximately RM36.77 million as compared to the FYE 31 December 2015 of RM21.48 million. For illustrative purposes, the annualised revenue of approximately RM24.51 million for the 18-month FPE 30 June 2017 represents an increase of RM3.03 million or 14.11% as compared to the FYE 31 December 2015 of RM21.48 million. The increase in revenue is mainly attributable to higher revenue contribution from the Group's Thailand and Malaysia geographic segments as a result of an increase in subscriptions of the Group's mobile content, primarily due to promotional activities for mobile content campaigns conducted by the Group in Thailand and Malaysia.

The Group recorded PBT of approximately RM2.84 million for the 18-month FPE 30 June 2017 as compared to the LBT of RM0.72 million for the FYE 31 December 2015. For illustrative purposes, the annualised PBT of approximately RM1.89 million for the 18-month FPE 30 June 2017 represents an increase in PBT of approximately RM2.61 million as compared to the LBT of RM0.72 million for the FYE 31 December 2015. The increase in PBT is mainly attributable to the aforementioned increase in revenue and a recorded gain of approximately RM6.54 million arising from the disposal of 2 wholly-owned Malaysian subsidiaries, namely MTB Securenet Sdn Bhd ("**MTB**") and Juz Technology Sdn Bhd ("**JTSB**"), during the financial period under review. MTB and JTSB were disposed on 31 March 2017 in view that they were involved in the Group's non-core business of research and development of new software and had individually recorded net losses based on their unaudited financial statements for the 12-month FPE 31 December 2016.

FYE 30 June 2018

Due to the change in the Group's financial year end from 31 December to 30 June, the comparative figures for the FYE 30 June 2018 and the 18-month FPE 31 December 2017 may not be entirely comparable.

For the FYE 30 June 2018, the Group recorded revenue of approximately RM19.59 million as compared to the 18-month FPE 30 June 2017 of RM36.77 million. For illustrative purposes, the revenue of approximately RM19.59 million for the FYE 30 June 2018 represents a decrease of approximately RM4.92 million or 20.07% as compared to the annualised revenue of RM24.51 million for the 18-month FPE 30 June 2017. The decrease in revenue is mainly attributable to lower contribution from the Group's Thailand geographic segment, specifically lower contribution from mTouche (Thailand) Co Ltd, as a result of increasing competition in the Mobile Value-Added Services industry of Thailand arising from new developments in mobile technologies.

The Group recorded PBT of approximately RM1.81 million for the FYE 30 June 2018 as compared to the PBT of RM2.84 million for the 18-month FPE 30 June 2017. For illustrative purposes, the PBT of approximately RM1.81 million for the FYE 30 June 2018 represents a decrease of approximately RM0.08 million or 4.23% as compared to the annualised PBT of RM1.89 million for the 18-month FPE 30 June 2017. The decrease in PBT is mainly attributable to the aforementioned decrease in revenue during the financial year under review, as well as a lower gross profit margin of 22.67% for the FYE 30 June 2018 as compared to the gross profit margin of 45.09% for the 18-month FPE 30 June 2017, mainly arising from the Group's third-party mobile telecommunication partners introducing direct carrier billing services which reduced the profit-share of the Group's short message service (SMS) billing services.

FYE 30 June 2019

For the FYE 30 June 2019, the Group recorded revenue of approximately RM27.00 million which represents an increase of approximately RM7.41 million or 37.83% as compared to the preceding financial year of RM19.59 million. The increase in revenue is mainly attributable to revenue recognised from the Group's following projects during the financial year under review:-

- i. The provision of an outdoor digital display panel solution to Sommer Full Holdings Limited;
- ii. The development of a mobile transaction authorisation code (TAC) solution as the exclusive turnkey project developer for M N C Wireless Berhad; and
- iii. The development of a mobile game platform as the exclusive turnkey project developer for M N C Wireless Berhad.

The Group recorded LBT of approximately RM21.53 million for the FYE 30 June 2019 which represents a decrease of approximately RM23.34 million as compared to the PBT of RM1.81 million for the preceding financial year. The LBT during the financial year under review is mainly attributable to the following:-

- i. higher impairment losses on trade receivables recorded of approximately RM10.02 million for the financial year under review, which represents an increase of RM9.99 million as compared to the impairment losses on trade receivables of RM0.03 million for the FYE 30 June 2018, mainly due to the adoption of Malaysian Financial Reporting Standard ("**MFRS**") 9 during the financial year under review; and

- ii. higher impairment losses on other receivables recorded of approximately RM9.72 million for the financial year under review, which represents an increase of RM6.62 million as compared to the impairment losses on other receivables of RM3.10 million for the FYE 30 June 2018, mainly due to the adoption of MFRS 9 during the financial year under review.

9-month FPE 31 March 2020

For the 9-month FPE 31 March 2020, the Group recorded revenue of approximately RM7.56 million which represents a decrease of approximately RM2.96 million or 28.14% as compared to the preceding financial year corresponding period of RM10.52 million. The decrease in revenue is mainly attributable to lower contribution from the Group's Thailand and Vietnam geographic segments as a result of increasing competition in the Mobile Value-Added Services industries of Thailand and Vietnam arising from new developments in mobile technologies.

The Group recorded LBT of approximately RM5.71 million for the 9-month FPE 31 March 2020 which represents a decrease of approximately RM20.01 million or 77.80% as compared to the LBT of RM25.72 million for the preceding financial year corresponding period. The decrease in LBT is primarily due to the lower impairment losses on financial assets recorded of approximately RM0.15 million for the 9-month FPE 31 March 2020, which represents a decrease of RM22.17 million as compared to the impairment losses on financial assets of RM22.32 million for the preceding financial year corresponding period, mainly due to the adoption of MFRS 9 during the preceding financial year corresponding period.

5.4.2 Value creation to the Group and its shareholders

As set out in Section 2.6 of this Circular, the Proposed Private Placement will mainly allow the Group to raise funding expeditiously for the development, marketing and operation of the OTT Media Platform, which is intended to provide an additional recurring revenue stream to the Group and expand the Group's existing services offerings.

In addition, the Proposed Private Placement as compared to conventional bank borrowings as a form of fund raising will improve the Group's cash flow by reducing the Group's requirement to periodically service interest and repay principal sums.

As set out in 5.4.3 of this Circular, the Proposed Private Placement is expected to enlarge the share capital of the Company and increase its shareholders' funds/ NA from approximately RM93.66 million to RM112.96 million under the Minimum Scenario and may increase its shareholders' funds/ NA from approximately RM93.66 million to RM155.66 million under the Maximum Scenario. Further, the management of mTouche considers the success of the Proposed Private Placement to be more certain and expedient as compared to other larger scale equity fund raising exercises such as a rights issue, hence higher certainty that the Group will raise necessary funds for the intended purposes on an expedient basis.

5.4.3 Impact of the Proposed Private Placement to the Group and its shareholders

The effects of the Proposed Private Placement on the Group's issued share capital, substantial shareholding structure, NA, gearing level and earnings and EPS are disclosed in Section 4 of this Circular.

Based on the indicative issue price of RM0.08 per Placement Share, the Proposed Private Placement is expected to raise gross proceeds of RM19.50 million and RM24.08 million under the Minimum Scenario and Maximum Scenario respectively, which is expected to result in the following effects:-

	Audited as at 30 June 2019 RM'000	Proforma I Subsequent adjustments up to the LPD ^{*1} RM'000	Pro forma II After Pro forma I and the Proposed Private Placement ^{*2} Minimum Scenario ^{*3} RM'000	Maximum Scenario ^{*4} RM'000
Issued share capital	104,047	122,597	142,098	184,794
No. of mTouche Shares ('000)	508,564	812,532	1,056,291	1,304,082
Current assets	74,339	92,889	112,190	154,886
Current liabilities	11,252	11,252	11,252	11,252
Current ratio (times)	6.61	8.26	9.97	13.77
NA	75,109	93,659	112,960	155,656
NA per Share (RM)	0.15	0.12	0.11	0.12
Gearing ratio (times)	0.01	<0.01	<0.01	<0.01

Notes:-

^{*1} After adjusting for the following:-

- i. the issuance of 30,000,000 mTouche Shares on 22 May 2020 following the exercise of 30,000,000 ESOS options at the exercise price of RM0.06 per ESOS option;
- ii. the issuance of 15,000,000 mTouche Shares on 29 May 2020 following the exercise of 15,000,000 ESOS options at the exercise price of RM0.06 per ESOS option;
- iii. the issuance of 40,000,000 mTouche Shares on 2 June 2020 following the exercise of 40,000,000 ESOS options at the exercise price of RM0.06 per ESOS option;
- iv. the issuance of 20,000,000 mTouche Shares on 4 June 2020 following the exercise of 20,000,000 ESOS options at the exercise price of RM0.06 per ESOS option;
- v. the issuance of 47,569,051 mTouche Shares on 10 June 2020 following the exercise of 47,569,051 ESOS options at the exercise price of RM0.06 per ESOS option;
- vi. the issuance of 45,770,716 mTouche Shares on 22 June 2020 following the exercise of 45,770,716 ESOS options at the exercise price of RM0.065 per ESOS option;
- vii. the issuance of 70,690,327 mTouche Shares on 10 July 2020 at the issue price of RM0.0587 per mTouche Share in relation to the Private Placement I; and
- viii. the issuance of 34,938,313 mTouche Shares on 24 July 2020 following the exercise of 34,938,313 ESOS options at the exercise price of RM0.065 per ESOS option

^{*2} Figures shown are upon completion of the Proposed Private Placement, i.e. after deducting the estimated expenses in relation to the Proposed Private Placement and before the other utilisation of proceeds of the Proposed Private Placement

^{*3} Assuming 243,759,573 Placement Shares are issued at the indicative issue price of RM0.08 per Placement Share and after deducting estimated expenses of RM200,000 in relation to the Proposed Private Placement under the Minimum Scenario

^{*4} Assuming all the 190,607,977 outstanding Warrants C are exercised at the exercise price of RM0.20 per Warrant C.

Pursuant to the above, assuming 300,941,967 Placement Shares are issued at the indicative issue price of RM0.08 per Placement Share and after deducting estimated expenses of RM200,000 in relation to the Proposed Private Placement under the Maximum Scenario

The Proposed Private Placement, which is expected to be completed in the third quarter of 2020, is not expected to have any material effect on the earnings and EPS of mTouche Group for the FYE 30 June 2021. However, there will be a dilution in the EPS of the Group for the FYE 30 June 2021 due to the increase in the number of mTouche Shares in issue arising from the Proposed Private Placement, as and when implemented.

The Proposed Private Placement may have a dilutive effect on the Company's existing shareholders' shareholdings. However, as set out in Section 2.6 of this Circular, the proceeds from the Proposed Private Placement will be used to develop, market and operate the intended OTT Media Platform, which is expected to generate additional recurring revenue and potentially augur well for the Group's prospects moving forward.

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

In recent years, improvements in the technology and affordability of smart devices and high-speed internet have led to the increasing adoption of smart devices by consumers, creating demand for Mobile Value-Added Services. As a result, the management intends to improve the Group's financial performance by allocating its resources to enhance its Mobile Value-Added Services offerings, which the Group may sell to its existing and potential new users to derive revenue growth.

In view of the above, the Group has identified a business expansion opportunity for its Mobile Value-Added Services, namely the development of the intended OTT Media Platform, which in turn has created a short-term funding requirement for the Group as set out in Section 2.6 of this Circular. As such, the management undertook the Proposed Private Placement and is of the view that the proceeds to be raised from the Proposed Private Placement supplemented by the existing cash balances of the Group is adequate to meet the funding requirements of developing, marketing and operating the OTT Media Platform. Notwithstanding that, the Board will continue to evaluate the Group's longer-term funding requirements and will consider undertaking suitable fund raising exercises, if necessary. At this juncture and save for the steps outlined in Section 5.4.5 of this Circular, the Board is not considering any other corporate exercises to address the Group's financial concerns or to improve the financial performance of the Group. Nevertheless, should the Group identify any suitable corporate exercises to improve the Group's financial performance, the Group shall make the requisite announcements and/or shall seek shareholders' approval in accordance with the Listing Requirements.

5.4.5 Steps taken to improve the financial condition of the Group

As mentioned in Section 5.4.4 of this Circular, the management is of the view that the Group may improve its financial performance through enhancing the services offerings of its Mobile Value-Added Services. In line with the above, the Group had completed the development of the MDEP in September 2019, which generates additional revenue for the Group via the following:-

- i. the Group retains a portion of consumer spending on the third-party mobile applications hosted on its MDEP, with remaining consumer spending going to respective third-party creators of the mobile applications; and
- ii. the Group retains all consumer spending on in-house developed mobile applications hosted on its MDEP.

Pursuant thereto, the Group had also completed the Private Placement I on 10 July 2020, which raised net proceeds of approximately RM3.05 million for the development and promotion of Programmatic Marketing for the MDEP. Programmatic Marketing for the MDEP will enable the Group to use software to sell digital space on the MDEP to advertisers and is expected to generate a recurring revenue stream for the Group.

The Proposed Private Placement represents another step being taken by the Group to improve its financial condition, as the management intends to utilise the proceeds to be raised from the Proposed Private Placement to develop, market and operate the planned OTT Media Platform, which is expected to generate an additional recurring revenue stream for the Group.

Barring any unforeseen circumstances, the Board is of the view that the abovementioned steps may improve the Group's financial footing moving forward and allow the Group to embark on further growth opportunities in the future. The Board is currently not considering any other corporate exercises to address the Group's financial concerns and/ or financial performance as the above steps represents the Group's main priority in improving its financial performance for the foreseeable future. Nevertheless, the Board will continue to monitor its financial performance over the longer term as well as the ongoing COVID-19 pandemic, and will consider undertaking future corporate exercises should the need/ opportunity arise.

5.5 Future prospects of the Group

The Board believes that the industry outlook for Mobile Value-Added Services is favourable in view of the outlook for the ICT industry in Malaysia as set out in Section 5.2 of this Circular and the on-going developments in smart devices and high-speed internet, including but not limited to the anticipated introduction of 5G networks in Malaysia. As such, the Board is currently focused on allocating the Group's resources to enhance and expand its Mobile Value-Added Services offerings, which in turn may drive revenue growth for the Group.

In line with the above, the Proposed Private Placement is expected to raise proceeds for the Group's intended business expansion via the development, marketing and operation of a new OTT Media Platform. The new OTT Media Platform will expand the Group's existing offerings and is expected to grow the Group's revenue moving forward. While the Group will initially market and operate the OTT Media Platform to customers in Malaysia, the Group intends to introduce its OTT Media Platform services to Thailand, Indonesia, Vietnam and Hong Kong within 12 to 18 months from the completion of development of the OTT Media Platform, which is expected to be completed by the fourth quarter of 2021.

Barring any unforeseen circumstances, the Board after having considered all other relevant aspects, including the economy and industry outlook, is cautiously optimistic that the Group's prospects may improve moving forward.

6. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of mTouche Shares as traded on Bursa Securities for the past 12 months from August 2019 to July 2020 are set out below:-

	High RM	Low RM
2019		
August	0.090	0.055
September	0.130	0.075
October	0.115	0.075
November	0.090	0.075
December	0.105	0.075
2020		
January	0.200	0.095
February	0.205	0.135
March	0.165	0.085
April	0.105	0.060
May	0.085	0.055
June	0.085	0.060
July	0.080	0.060

Last transacted market price of mTouche Shares as at 22 July 2020
(being the latest trading day prior to the announcement on the Proposed Private Placement) RM0.070

Last transacted market price on 18 August 2020
(being the LPD) RM0.090

(Source: Bloomberg)

7. APPROVALS REQUIRED/ OBTAINED

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

- i. Bursa Securities, for which the approval for the listing and quotation for the Placement Shares on the ACE Market of Bursa Securities was obtained vide its letter dated 19 August 2020, subject to the following conditions:-

Conditions	Status of compliance
a. mTouche and UOBKH must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Private Placement;	To be complied
b. mTouche and UOBKH to inform Bursa Securities upon completion of the Proposed Private Placement;	To be complied
c. mTouche 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; and	To be complied
d. UOBKH to furnish Bursa Securities with details of the placees as per Rule 6.16 of the Listing Requirements for its review, prior to the issuance/ allotment of the Placement Shares.	To be complied

- ii. the approval of the shareholders of mTouche at the EGM; and
- iii. any other relevant authority, if required.

The Proposed Private Placement is not conditional upon any other proposals undertaken or to be undertaken by the Company.

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

None of the Directors and/ or major shareholders of mTouche and/ or persons connected with them have any interest, whether direct or indirect, in the Proposed Private Placement.

9. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all relevant approvals being obtained, the Proposed Private Placement is expected to be completed by the third quarter of 2020.

10. PROPOSALS ANNOUNCED BUT PENDING COMPLETION

There are no other outstanding proposals which have been announced but not yet completed as at the LPD.

11. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board, having considered all aspects of the Proposed Private Placement, including the rationale and justification, the effects of the Proposed Private Placement and the future prospects of the Group, are of the opinion that the Proposed Private Placement is in the best interest of the Company. Accordingly, the Board recommends that you vote in favour of the resolution pertaining to the Proposed Private Placement at the EGM.

12. EGM

The EGM, the notice of which is enclosed in this Circular, which is scheduled to be conducted entirely through live streaming/ virtual meeting from the Broadcast Venue at Lot 18.2, 18th Floor, Menara Lien Hoe, No. 8 Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor on Monday, 14 September 2020 at 11.00 a.m., or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modification, the resolution to give effect to the Proposed Private Placement.

If you are unable to attend, participate, speak and vote in person at the EGM, you are requested to complete, sign and return the enclosed Form of Proxy in accordance with the instructions contained therein, to be deposited at the Company's Share Registrar's office at Shareworks Sdn Bhd at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur not less than 48 hours before the time appointed for holding the EGM. The lodging of the Form of Proxy shall not preclude you from attending, participating, speaking and voting in person at the EGM should you subsequently wish to do so.

13. FURTHER INFORMATION

Shareholders are advised to refer to the appendix set out in this Circular for further information.

Yours faithfully,
For and on behalf of the Board
MTOUCHE TECHNOLOGY BERHAD

Y. M. RAJA HIZAD BIN RAJA KAMARULZAMAN
Independent Non-Executive Director/ Chairman

APPENDIX I - FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

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

2. CONSENT

UOBKH, being the Adviser for the Proposed Private Placement, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which they appear in this Circular.

3. DECLARATION OF CONFLICT OF INTERESTS

UOBKH has given its written confirmation that as at the date of this Circular, there is no situation of conflict of interests that exists or is likely to exist in relation to its role as the Adviser to mTouche for the Proposed Private Placement.

4. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, the Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Board is not aware and has no knowledge of any proceedings pending or threatened against the Group, or of any facts likely to give rise to any proceedings, which might materially or adversely affect the Group's financial position or business.

5. MATERIAL COMMITMENTS

As at the LPD, the Board is not aware of any material commitments incurred or known to be incurred by the Group that has not been provided for which, upon becoming enforceable, may have a material impact on the Group's financial results/ position.

6. CONTINGENT LIABILITIES

As at the LPD, the Board is not aware of any contingent liabilities incurred or known to be incurred which, upon becoming enforceable, may have a material impact on the Group's financial results/ position.

7. 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 during the normal business hours from Monday to Friday (except public holidays) from the date hereof up to the time stipulated for the holding of the EGM:-

- i. Constitution of mTouche;
- ii. Audited consolidated financial statements of the Group for the past 2 financial years up to the FYE 30 June 2019 and the latest unaudited quarterly report of the Group for the 9-month FPE 31 March 2020; and
- iii. The letter of consent and declaration of conflict of interests referred to in Sections 2 and 3 of Appendix I above, respectively.

mTouche®

MTOUCHE TECHNOLOGY BERHAD

Registration No.: 200401017892 (656395-X)
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting of mTouche Technology Berhad ("**mTouche**" or the "**Company**") ("**EGM**") will be conducted entirely through live streaming/ virtual meeting from the Broadcast Venue at Lot 18.2, 18th Floor, Menara Lien Hoe, No. 8 Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor on Monday, 14 September 2020 at 11.00 a.m., or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modifications the following resolution:-

ORDINARY RESOLUTION

PROPOSED PRIVATE PLACEMENT OF UP TO 30% OF THE TOTAL NUMBER OF ISSUED SHARES OF MTOUCHE ("PROPOSED PRIVATE PLACEMENT")

"**THAT** subject to the approvals of all relevant authorities being obtained, approval be and is hereby given to the Board of Directors of the Company ("**Board**") to allot and issue up to 300,941,967 new ordinary shares in mTouche ("**mTouche Share(s)**") ("**Placement Share(s)**"), representing up to 30% of the issued shares of mTouche, 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 dated 29 August 2020 ("**Circular**").

THAT approval be and is hereby given to the Board to determine the issue price for the Placement Shares at a later date based on not more than 20% discount to the five-day volume weighted average market price ("**VWAP**") of the mTouche Shares immediately preceding the Price Fixing Date.

THAT the Placement Shares will, upon allotment and issuance and full payment of the issue price, rank equally and carry the same rights with the current existing mTouche Shares, save and except that the Placement Shares will not be entitled to any dividends, rights, allotments and/ or any other forms of distribution that may be declared, made or paid for which the entitlement date precedes the date of allotment and issuance of the Placement Shares.

THAT the proceeds of the Proposed Private Placement be utilised for the purpose 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 utilisation of such proceeds in such manner as the Board deem fit, necessary and/ or expedient or in the best interest of the Company, subject (where required) to the approval of the relevant authorities. Pursuant to Rule 9.19(33) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Listing Requirements**") ("**Bursa Securities**"), the Company will make an immediate announcement to Bursa Securities should there be any deviation by 5% or more from the original utilisation of proceeds as set out in the Circular. Further, pursuant to Rule 8.24 of the Listing Requirements, in the event that the deviation from the original utilisation of proceeds is deemed as a material variation, the Company will seek its shareholders' approval for the variation at an extraordinary general meeting to be convened.

THAT the Placement Shares shall be listed on the ACE Market of Bursa Securities.

AND THAT the Board be and is hereby authorised to sign and execute all documents, do all things and acts as may be required to give effect to the Proposed Private Placement with full power to assent to any conditions, variations, modifications and/ or amendments in any manner as may be required or permitted by any relevant authorities and to deal with all matters relating thereto and to take all such steps to enter into all such agreement, arrangement, undertaking, indemnities, transfer, assignment and guarantee with any party or parties and to do all acts and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the Proposed Private Placement."

By Order of the Board

NG SALLY (MAICSA 7060343 & PC No. 202008002702)
TEO MEE HUI (MAICSA 7050642 & PC No. 202008001081)
Company Secretaries

Kuala Lumpur
29 August 2020

Notes:

1. *A member shall be entitled to appoint up to three (3) proxies to attend and vote at the same meeting. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. 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. The instrument appointing a proxy must be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or at hand of an officer or attorney duly authorised.*
2. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one 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.*
3. *The instrument of appointing a proxy shall be deposited at the Company's Share Registrar's Office at Shareworks Sdn. Bhd. at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the meeting or any adjourned meeting as the case may be.*
4. *Form of Proxy sent through facsimile transmission shall not be accepted.*
5. *The EGM 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.*
6. **GENERAL MEETING RECORD OF DEPOSITORS**

For the purposes of determining a member who shall be entitled to attend this EGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Article 62 of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 7 September 2020. Only the Company's members whose names appear on such Record of Depositors shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on their behalf.

ADMINISTRATIVE GUIDE

INFORMATION FOR SHAREHOLDERS ON EXTRAORDINARY GENERAL MEETING OF MTOUCHE TECHNOLOGY BERHAD

Date	:	Monday, 14 September 2020
Time	:	11.00 a.m.
Broadcast Venue	:	Lot 18.2, 18th Floor, Menara Lien Hoe, No. 8 Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor

MODE OF MEETING

In view of the coronavirus disease 2019 (“**COVID-19**”) pandemic and as part of safety measures against COVID-19, the Extraordinary General Meeting (“**EGM**”) will be conducted entirely through live streaming/ virtual meeting from the Broadcast Venue.

The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act, 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. Shareholders **WILL NOT BE ALLOWED** to attend the EGM in person at the Broadcast Venue on the day of the meeting.

Shareholders are to attend, speak (*including posing questions to the Board via real time submission of typed texts*) and vote (collectively, “**participate**”) remotely at the EGM via the Remote Participation and Voting facilities (“**RPV**”) provided by Mlabs Research Sendirian Berhad at the broadcast venue stated above.

Procedures		Action
Before the EGM		
1.	Register as participant in virtual EGM	<ul style="list-style-type: none">Using your computer, access the website at https://rebrand.ly/mToucheEGM.Click on the Register link to register for the EGM.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 (<i>available for PC, Mac, Android, and iOS</i>). Refer to the tutorial guide posted on the same page for assistance.
2.	Submit your online registration	<ul style="list-style-type: none">Registration for the EGM is open from 5.00 p.m. on Saturday, 29 August 2020 till 11.00 a.m. on Saturday, 12 September 2020. Registration is mandatory if you wish to attend the said Meeting.Clicking on the link will redirect you to the EGM event page. Click on the Register link to go to the online registration form.Complete all the necessary information in the registration page. Your name MUST match your CDS account name.Kindly fill in the CDS account number and indicate the number of shares you have.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 registration being rejected.System will send an email to notify that your registration for remote participation is received and pending verification.After verification of your registration against the General Meeting ROD as at 7 September 2020, the system will send you an email to notify you if your registration is approved or rejected after 7 September 2020.If your registration is rejected, you can contact ShareWorks Sdn Bhd or the Company for clarifications or to appeal.

Procedures		Action
On the day of EGM		
3.	Attending virtual EGM	<ul style="list-style-type: none"> Two reminder emails 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. Click Join Event in the reminder email to participate the RPV. Please ensure you have downloaded and installed Cisco WebEx Meetings application before attending the Virtual General Meeting.
4.	Participating with live video	<ul style="list-style-type: none"> After chairman greeting, 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. Please 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	<ul style="list-style-type: none"> The Chairman will announce the commencement of the Voting session and the duration allowed at the 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 time frame. Click on the Submit button after you have completed your selection(s). Empty votes will be deemed as abstain. Votes cannot be changed once it is submitted.
6.	End of remote participation	<ul style="list-style-type: none"> Upon the announcement by the Chairman on the closure of the EGM, the live session will end.

Note to users of the RPV facilities:

- Should your application to join the meeting be approved we will make available to you the rights to join the live streamed meeting and to vote remotely. Your login to the virtual EGM on the day of meeting will indicate your presence at the virtual meeting.
- The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet at your location and the device you use.

ENQUIRY

If you have any enquiries on the above, please contact the following persons during office hours on Mondays to Fridays from 9.00 a.m. to 5.30 p.m. (except on public holidays):

For Registration, logging in and system related:

mTouche Technology Berhad

Name: Alvin Ng
Telephone No: 011-13033355
Email: egm@mtouche.com

For Proxy and other matters:

ShareWorks Sdn. Bhd.

Name: Mr YS Liew / Mr Vemalan
Telephone No: 03 6201 1120
Email: sharereg@shareworks.com.my

FORM OF PROXY

mTouche®

MTOUCHE TECHNOLOGY BERHAD

Registration No.: 200401017892 (656395-X)
(Incorporated in Malaysia)

I/We

of

being a shareholder of **MTOUCHE TECHNOLOGY BERHAD [200401017892 (656395-X)]** hereby appoint

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings (%)
1.			
*And/or (delete as appropriate)			
2.			
*And/or (delete as appropriate)			
3.			

or failing him, THE CHAIRMAN OF THE MEETING, as my/our proxy/proxies, to vote for me/us on my/our behalf at the Extraordinary General Meeting of the Company ("EGM"), which will be conducted entirely through live streaming/ virtual meeting from the Broadcast Venue at Lot 18.2, 18th Floor, Menara Lien Hoe, No. 8 Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor on Monday, 14 September 2020 at 11.00 a.m., or at any adjournment thereof.

My/our proxy/proxies is/are to vote as indicated below:-

RESOLUTION	FOR	AGAINST
1. ORDINARY RESOLUTION : PROPOSED PRIVATE PLACEMENT		

(Please indicated with a cross (X) in the space provided on, how you wish your vote to be casted in respect of the above resolutions. If you do not do so, the proxy may vote or abstain at his/her discretion.)

Dated this day of 2020.

Signature/ common seal of shareholder

No of Shares Held	
CDS Account No.	

Notes:-

1. A member shall be entitled to appoint up to three (3) proxies to attend and vote at the same meeting. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. 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. The instrument appointing a proxy must be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or at hand of an officer or attorney duly authorised.
2. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one 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.
3. The instrument of appointing a proxy shall be deposited at the Company's Share Registrar's Office at Shareworks Sdn. Bhd. at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the meeting or any adjourned meeting as the case may be.
4. Form of Proxy sent through facsimile transmission shall not be accepted.
5. The EGM 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.
6. **GENERAL MEETING RECORD OF DEPOSITORS**
For the purposes of determining a member who shall be entitled to attend this EGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Article 62 of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 7 September 2020. Only the Company's members whose names appear on such Record of Depositors shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on their behalf.

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AFFIX
STAMP

MTOUCHE TECHNOLOGY BERHAD

Registration No.: 200401017892 (656395-X)

c/o Shareworks Sdn Bhd

No. 2-1, Jalan Sri Hartamas 8

Sri Hartamas

50480 Kuala Lumpur

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