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NOTIONVTEC

N O T I O N V T E C B E R H A D

(Registration No. 200301035125 (637546-D))
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

**PROPOSED DIVERSIFICATION OF THE EXISTING BUSINESS OF
NOTION VTEC BERHAD AND ITS SUBSIDIARIES TO INCLUDE
THE PRODUCTION AND TRADING OF GLOVES**

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser



Hong Leong Investment Bank Berhad
(Registration No. 197001000928 (10209-W))

(A Participating Organisation of Bursa Malaysia Securities Berhad)
(A Trading Participant of Bursa Malaysia Derivatives Berhad)

The Notice of Extraordinary General Meeting (“**EGM**”), the Administrative Guide for the EGM and the Proxy Form are enclosed in this Circular. The details of the EGM which will be conducted fully virtual through live streaming are as follows:

Last date and time for lodging : Saturday, 9 January 2021 at 10.00 a.m.
the Proxy Form

Date and time of the EGM : Monday, 11 January 2021 at 10.00 a.m. or at any adjournment of the EGM

Broadcast venue of the EGM : Tricor Business Centre, Manuka 2 & 3 Meeting Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur

A member entitled to attend and vote remotely at the EGM via Remote Participation and Voting Facilities provided by Tricor Investor & Issuing House Services Sdn Bhd through its TIIH Online website at <https://tiih.online>. If you wish to appoint a proxy or proxies to attend and vote on your behalf, you must complete and deposit the Proxy Form to the office of the Share Registrar of Notion VTEC Berhad, Tricor Investor & Issuing House Services Sdn Bhd, at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre, at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than 48 hours before the time set for the EGM or at any adjournment thereof. Alternatively, the Proxy Form may also be electronically submitted via TIIH Online website at <https://tiih.online>. Please refer to the Administrative Guide on the conduct of the EGM for further details. You are not precluded from participating and voting at the virtual EGM should you subsequently wish to do so.

This Circular is dated 21 December 2020

DEFINITIONS

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

Board	:	Board of Directors of our Company
Circular	:	This circular dated 21 December 2020 in relation to the Proposed Diversification
COVID-19	:	Coronavirus disease 2019
EGM	:	Extraordinary general meeting
EMS	:	Electronic manufacturing services
FYE	:	Financial year ended/ending 30 September, as the case may be
Glove Business	:	New business in the production and trading of gloves
Group	:	Collectively, NVB and our subsidiaries
HLIB	:	Hong Leong Investment Bank Berhad
LPD	:	30 November 2020, being the latest practicable date prior to the printing of this Circular
MARGMA	:	Malaysian Rubber Glove Manufacturers Association
NVB or the Company	:	Notion VTec Berhad
PAT	:	Profit after tax
Proposed Diversification	:	Proposed diversification of our existing business to include the Glove Business
RM	:	Ringgit Malaysia
US	:	United States of America
USD	:	United States Dollar

All references to “**our Company**” in this Circular are to NVB, references to “**our Group**” are to our Company and our subsidiaries, collectively, and references to “**we**”, “**us**”, “**our**” and “**ourselves**” are to our Company, and where the context requires, shall include our subsidiaries.

All references to “**you**” in this Circular are to our shareholders.

Words denoting the singular only shall include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include corporations, unless otherwise specified.

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

Any reference to the time of day in this Circular is a reference to Malaysian time.

TABLE OF CONTENTS

PAGE**LETTER TO OUR SHAREHOLDERS IN RELATION TO THE PROPOSED DIVERSIFICATION**

1.	INTRODUCTION	1
2.	DETAILS OF THE PROPOSED DIVERSIFICATION	2
3.	RATIONALE FOR THE PROPOSED DIVERSIFICATION	7
4.	INDUSTRY OUTLOOK AND PROSPECTS	7
5.	RISK FACTORS	10
6.	EFFECTS OF THE PROPOSED DIVERSIFICATION	12
7.	APPROVALS REQUIRED	12
8.	CONDITIONALITY OF THE PROPOSED DIVERSIFICATION	12
9.	INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED	12
10.	DIRECTORS' RECOMMENDATION	13
11.	TENTATIVE TIMEFRAME	13
12.	EGM	13
13.	FURTHER INFORMATION	13

APPENDIX

APPENDIX I	FURTHER INFORMATION	14
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NOTICE OF EGM **ENCLOSED**

ADMINISTRATIVE GUIDE FOR THE EGM **ENCLOSED**

PROXY FORM **ENCLOSED**

NOTIONVTEC

NOTION VTEC BERHAD

(Registration No. 200301035125 (637546-D))
(Incorporated in Malaysia)

Registered Office:

12th Floor, Menara Symphony
No. 5, Jalan Professor Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan

21 December 2020

Board of Directors:

Thoo Chow Fah	<i>(Executive Chairman)</i>
Choo Wing Hong	<i>(Managing Director)</i>
Choo Wing Onn	<i>(Executive Director)</i>
Choo Wing Yew	<i>(Executive Director)</i>
Lee Tian Yoke	<i>(Executive Director)</i>
Saw Tat Loon	<i>(Independent Non-Executive Director)</i>
Anita Chew Cheng Im	<i>(Independent Non-Executive Director)</i>
Dato' Abu Bakar Bin Mohd Nor	<i>(Independent Non-Executive Director)</i>

To: Our shareholders

Dear Sir/Madam,

PROPOSED DIVERSIFICATION

1. INTRODUCTION

On 30 October 2020, our Board announced that we have decided to venture into the Glove Business in line with our expansion into the personal protective equipment business.

On 24 November 2020, HLIB announced, on behalf of our Board, that we proposed to undertake the Proposed Diversification after taking into consideration that the Glove Business is anticipated to contribute more than 25% of our PAT in the future.

Further details of the Proposed Diversification are set out in the ensuing sections.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE DETAILS OF THE PROPOSED DIVERSIFICATION AND TO SEEK YOUR APPROVAL FOR THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED DIVERSIFICATION TO BE TABLED AT OUR FORTHCOMING EGM. THE NOTICE OF EGM AND THE PROXY FORM ARE ENCLOSED IN THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR, TOGETHER WITH THE APPENDIX, BEFORE VOTING ON THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED DIVERSIFICATION TO BE TABLED AT OUR FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED DIVERSIFICATION

We are principally involved in the design and production of high precision metal components. Our products can be broken down to 3 business segments as follows:

- (i) Hard disk drive;
- (ii) Automotive, such as electronic braking system components; and
- (iii) Engineered products, such as camera and EMS accessories.

A summary of our revenue and consolidated PAT over the past 5 FYE 2016 to FYE 2020 is as follows:

	<----- Audited ----->								Unaudited	
	FYE 2016		FYE 2017		FYE 2018		FYE 2019		FYE 2020	
	RM mil	%	RM mil	%	RM mil	%	RM mil	%	RM mil	%
Hard disk drive	94.9	41.2	110.6	40.2	124.3	48.6	101.0	42.5	98.3	40.6
Automotive	74.7	32.4	94.6	34.4	84.7	33.1	92.6	38.9	79.0	32.6
Engineered products	61.1	26.4	70.0	25.4	46.9	18.3	44.1	18.6	62.1	25.6
Personal protective equipment	-	-	-	-	-	-	-	-	(2)2.9	1.2
Total revenue	<u>230.7</u>	<u>100.0</u>	<u>275.2</u>	<u>100.0</u>	<u>255.9</u>	<u>100.0</u>	<u>237.7</u>	<u>100.0</u>	<u>242.3</u>	<u>100.0</u>
PAT	5.7		13.0		(1)47.6		7.5		6.3	

Notes:

- (1) During the FYE 2018, our operations were affected when a fire broke out at our main manufacturing plant in Klang, which has resulted in lower overall revenue. Nonetheless, our PAT for the FYE 2018 was substantially higher mainly due to insurance claims from the fire incident amounting to approximately RM159.5 million. However, this was partly offset by write-off of property, plant, equipment and inventories amounting to approximately RM47.9 million, and impairment loss of approximately RM21.5 million in respect of plant and equipment for certain underperforming business units such as Novid PPE Sdn Bhd (formerly known as Trendi Notion Sdn Bhd) (our subsidiary which was previously involved in the development and provision of services in blockchain technology, but will be undertaking the production and trading of gloves going forward) and Notion International (M) Sdn Bhd (our subsidiary which is principally involved in the design and manufacture of precision components).
- (2) We commenced the production of face masks in July 2020.

The hard disk drive segment has been our mainstay business, contributing more than 40% to our consolidated revenue for the past 5 FYE 2016 to FYE 2020. This segment, however, is expected to remain stagnant going forward, as it is losing market share to the Solid State Drive market despite growth in the enterprise bulk storage hard disk drives for data centres and cloud computing. Our automotive segment contributed between 32% and 39% to our consolidated revenue over the same period. Although there were new customer acquisitions in FYE 2019, sales to these customers were affected by the lockdown measures enforced in their countries due to the COVID-19 outbreak during the FYE 2020. Our engineered products segment (in particular, EMS accessories) grew after securing a European client in December 2018 to which we supplied both machined and fabricated metal parts.

Our performance was affected when the Movement Control Order was imposed by the Malaysian Government in March 2020, during which time our production was temporarily suspended. Upon resuming operations in April 2020, we were only allowed to operate at 50% capacity. We were also affected by supply chain disruption and logistics challenges due to border restrictions. Overall revenue generated during the individual quarter ended 30 June 2020 fell by more than 30% compared with the preceding quarter.

Amid global uncertainty and volatility in the demand for our products and services, we decided to venture into the healthcare sector to provide us with a more diversified business and additional revenue stream for future growth. Although we set out to manufacture certified face mask initially, upon further careful deliberation, we decided to venture into the Glove Business given the increasing usage of gloves in the healthcare sector. Nonetheless, we will continue to focus on our existing core business of supplying high quality precision-machined components. We will also continue with the production of face mask, which is expected to contribute positively to our future earnings.

Our Board envisages that the Glove Business will become a major contributor to our earnings in the future. As required under Paragraph 10.13(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, we are required to obtain our shareholders' approval for any transaction or business arrangement which might reasonably be expected to result in either:

- (i) the diversion of 25% or more of our net assets to an operation which differs widely from our existing operations; or
- (ii) the contribution from such an operation of 25% or more of our net profits.

As such, we are seeking your approval for the Proposed Diversification at our forthcoming EGM.

2.1 Details of the Glove Business

We intend to undertake the production and trading of gloves for medical use through our wholly-owned subsidiary, Novid PPE Sdn Bhd (formerly known as Trendi Notion Sdn Bhd). Medical gloves are typically worn by healthcare professionals and workers in the medical industry to safeguard against infection and exposure to potential viruses, bacteria and contaminants. Medical gloves are also widely used in laboratory works to protect against contaminants and harmful chemicals.

As at the LPD, we have yet to commence the production of gloves. We intend to set up a total of 9 new double former glove production lines over 2 phases in year 2021. These production lines will be sourced from a local supplier and installed in one of our existing factory located in Klang, Selangor with a built up area of approximately 283,952 square feet. This factory currently houses the operations and machinery of our existing business, but we intend to relocate them to our other factories in Gelang Patah, Johor and Ayutthaya, Thailand in stages to cater for the Glove Business. Such relocation, which has commenced in November 2020, is expected to be completed by April 2021. The relocation is not expected to have a material impact on our existing business.

Pending the receipt of the required approvals from the relevant authorities or regulatory bodies for the Glove Business, we have embarked on the first phase of the Glove Business, and are currently in the process of setting up 3 glove production lines. We had in October 2020 engaged a local supplier to set up the 3 glove production lines which are expected to be installed between April 2021 and June 2021 based on the agreed delivery schedule. The production of gloves is expected to commence in July 2021 and each production line is expected to produce up to 20 million pieces of gloves per month. We expect to incur an estimated capital expenditure of approximately RM30 million for, among others, the installation of the 3 glove production lines, gas supply, waste water treatment system, water recycling system, factory renovation as well as electrical and other ancillary works.

We target to begin our second phase immediately after commencing production for the first phase and to set up the remaining 6 glove production lines. The additional 6 production lines are expected to be progressively installed by October 2021 and production is expected to commence by November 2021 to produce another 120 million pieces of gloves per month, and will require an estimated capital expenditure of approximately RM60 million. Depending on the demand for gloves and the performance of the Glove Business, we may expand our glove production lines in the medium to long term.

The estimated total financial commitment required for us to commence the Glove Business, comprising capital expenditure for the 9 glove production lines and working capital required, is approximately RM120 million, as follows:

	RM'000
Capital expenditure for the installation of 3 glove production lines under the first phase of the Glove Business	30,000
Capital expenditure for the installation of the remaining 6 glove production lines under the second phase of the Glove Business	60,000
Working capital for the Glove Business including, among others, purchase of raw materials, hiring of new staffs, marketing costs and administrative expenses	30,000
Total	<u>120,000</u>

We intend to fund the capital expenditure and working capital required for the Glove Business through a combination of our internally generated funds and borrowings, the breakdown of which has not been determined at this juncture as it will depend on the cash to be generated from the first phase of the Glove Business, as well as funding requirements and options available at the relevant time. We may also explore equity fund raising should the need arise.

We are in the midst of identifying suppliers for the raw materials required for the Glove Business such as nitrile butadiene latex, chemicals and packing materials. We intend to source these raw materials locally and/or overseas.

We will recruit additional employees who are experienced in the Gloves Business to support our new venture. These employees include engineers with the relevant gloves manufacturing and technical know-how as well as factory and production workers to handle the compounding of chemicals, production of raw gloves, packing of final product and waste water treatment processes.

We estimate to recruit about 200 new employees for the Glove Business, comprising 8 engineers, 20 factory workers and 172 production workers. The recruitment process will commence in the 1st quarter of 2021 prior to the expected commissioning of the first phase of our glove production lines in July 2021. The Glove Business will have its own workforce to carry out the necessary roles and responsibilities without interfering with our existing operations.

We are targeting medical and healthcare service providers in the US and European countries such as Denmark, France, Germany, Holland, Portugal, Spain and the United Kingdom as our principal export markets for the Glove Business. To facilitate the export of the gloves to the said countries, we have on 2 November 2020 obtained the certification of US Food and Drug Administration, a federal agency of the US Department of Health and Human Services, for the export of gloves to the US, and applied for CE Marking Certification, a type of certification that indicates that a product is deemed to meet the European Union safety, health and environmental protection requirements, for the export of gloves to all European countries.

Apart from overseas countries, we also intend to market the gloves we produce to medical and healthcare service providers in the local market. We will need to obtain the following required approvals for the Glove Business:

Local authorities / Regulatory bodies	Nature of approvals	Actual or expected date of application / approval
Ministry of International Trade and Industry and Malaysian Investment Development Authority	Manufacturing licence	3 December 2020 / January 2021
Local District Council	Business licence	May 2021 / June 2021
Department of Occupational Safety and Health	Certificate of fitness for machinery	May 2021 / July 2021
Malaysian Rubber Board	Licence for the manufacturing, storing and export of gloves	May 2021 / July 2021
Medical Device Authority	Licence to manufacture disposable medical equipment	May 2021 / July 2021
Department of Environment	Licence to use the prescribed premises to produce gloves	March 2021 / May 2021

Barring any unforeseen circumstances, we expect to obtain all necessary approvals for the Glove Business by July 2021.

2.2 Key management personnel for the Glove Business

As at the LPD, we have identified the following key management personnel to lead our venture into the Glove Business. Their profiles are set out below:

(i) Chandrasegaran Govendasamy

Chandrasegaran Govendasamy, a Malaysian aged 46, is our Technical and Operations Adviser and the key person to assist with the setting up of our Glove Business. With his past experience in the glove industry, he is responsible for the procurement of the required approvals by the relevant authorities, as well as overseeing the manufacturing activities and quality management of the Glove Business, and the setting up of distribution channels to market the gloves.

Mr Chandrasegaran graduated from Tbilisi Public University Metekhi, Georgia with a Master in Business Administration majoring in Total Quality Management in 2011. He is a certified Lead Auditor by Chartered Quality Institute and International Register of Certificated Auditors, a certified Professional Manager by Association of Certified Professional Managers, a certified Radiation Protection Officer by Atomic Energy Licensing Board of Malaysia and a certified trainer by Human Resources Development Fund.

He has diverse experience in electronics, semiconductor, automotive, aerospace and medical device industries. He started his career in 1995 with Quicklab Sdn Bhd, a company supplying chemical and laboratory equipment, as Product Specialist where he was involved in sales and marketing. He left the company in 1997 and joined Prestige Dynamics Industries Sdn Bhd, a plastic injection moulding company, as Senior Quality Engineer where he was involved in quality management and assurance. Subsequently, between 2000 to 2007, he joined COB Technology Asia Sdn Bhd, a company involved in the manufacturing of printed circuit boards, as Quality Assurance and Quality System Manager where he was responsible for overall quality assurance functions of the company's manufacturing operations.

Mr Chandrasegaran has more than 10 years of working experience in the glove industry. Since 2008, he has worked for glove companies such as Green Prospect Sdn Bhd as Quality Assurance/Regulatory Affairs Manager (2008 to 2012), Latexx Partners Berhad as Head of Quality Management and Regulatory Affairs (2012 to 2015), Smart Glove Corporation Sdn Bhd as Group Quality Assurance/Regulatory Affairs Senior Manager (2015 to 2016) and Kimberly-Clark Trading (M) Sdn Bhd as Quality Management Senior Consultant (2016 to 2020) before joining our Group in November 2020. He was directly involved in the manufacturing operations of all the glove companies he has worked with, where he was responsible for quality management, regulatory compliance as well as managing external contract manufacturers.

(ii) Jennifer Loh Mee Ling

Jennifer Loh Mee Ling, a Malaysian aged 54, is our Process Manager for our Healthcare and Personal Protective Equipment Division.

Ms Jennifer graduated from Chung Yuan Christian University, Taiwan with a Bachelor's degree in Science of Chemical Engineering in 1992. She is also a Certified Environmental Professional in the operation of industrial effluent treatment system by Environment Institute of Malaysia.

She began her career in 1993 as Quality Assurance Engineer with Continental Precision Technology (M) Sdn Bhd where she was responsible for quality assurance activities. Subsequently in 1994, she joined ABI Automotive Sdn Bhd where she assisted to set up a laboratory for product reliabilities tests. In 1995, she joined QT Optoelectronics (M) Sdn Bhd, an optoelectronic components manufacturer, as Research and Development Engineer, where she was involved in research and development for material selection in optoelectronic devices, plasma process, improvement adhesion between polymer room temperature vulcanising compound with metal lead frame, new material development such as silver paste material, coupling material and moulding compound. In 1999, she joined Compagnia Italiana di Elettronica Srl, a semiconductor company, where she was stationed in Italy for product technology transfer in glass-to-metal hermetic products and assisted the company to set up its manufacturing plant in Malaysia.

She left the company in 2000 and joined Cpt Semiconductor Packaging Sdn Bhd as Engineering Manager where she was mainly responsible for the restructuring and reorganisation of the company's engineering department. She left the company in 2006 to join NPS Engineering Services Sdn Bhd as Quality Assurance Executive in 2007 and subsequently joined Press Metal Berhad (now known as Press Metal Aluminium Holdings Berhad) in June 2008 as Process Engineer overseeing line plating process.

In October 2008, she joined Precistech Manufacturing Sdn Bhd, a company involved in electro-plating surface finishing of metal components, as Operations and Engineering Manager where she was responsible for business development, quality assurance and regulatory compliance. In 2019, she joined our Group as Process Manager. She is currently responsible for overseeing the melt blown non-woven fabric extrusion process, face mask assembly as well as laboratory analysis of the quality performance for our medical devices under our Healthcare and Personal Protective Equipment Division.

She will be overseeing the process development and engineering function of our glove production lines.

(iii) Hee Kuet Vui

Hee Kuet Vui, a Malaysian aged 49, is our Maintenance Manager. He obtained his Higher Diploma in Electrical and Electronic Engineering from Megatech College in 1998.

In 1995, he joined Selangor Cotton Towels Manufacturing Sdn Bhd as a technician where he was responsible for the maintenance of production lines. He left the company in 1999 and joined KVC Electric (M) Sdn Bhd as Sales Executive where he was involved in trading of electrical and mechanical accessories. In 2001, he joined our Group as Maintenance Engineer. Mr Hee has been with us for more than 19 years and was involved in the growth and development of our Group throughout the years.

Mr Hee is responsible for the planning, formulation and implementation of strategies for our engineering operations which include, among others, maintenance of plant, equipment, facilities and utilities, managing budgets as well as ensuring our compliance with industry standard in our day-to-day operations.

He will be overseeing the maintenance function of our glove production lines to ensure operational efficiency and to minimise any disruption to operations due to machine downtime.

In addition to the above key management personnel, we are also in the process of recruiting a plant manager who has more than 10 years of experience in glove manufacturing operations. The plant manager will be responsible for the overall operations of the Glove Business as well as the strategic planning, formulation and implementation of our strategies. Barring any unforeseen circumstances, we expect to recruit the plant manager by the 1st quarter of 2021.

3. RATIONALE FOR THE PROPOSED DIVERSIFICATION

The Proposed Diversification is in line with our strategy to grow sustainable recurring income so as to enhance shareholders' value in the long term. It allows us to venture into the Glove Business and tap into an industry with positive long term prospects and foreseeable sustainable demand, given the increasing usage of gloves in the healthcare industry on the back of the COVID-19 pandemic. We anticipate that the demand for gloves will continue to be sustainable even after the recovery of the COVID-19 pandemic or the development of a COVID-19 vaccine, due to growing awareness of the need for self-protection and hygienic practices.

The Proposed Diversification will provide us with a more diversified business and additional revenue stream for future growth. Our venture into the Glove Business presents an opportunity for us to build our network and business relationships with industry players in the glove manufacturing industry. To further capitalise on the long term growth of the glove industry, we may explore new opportunities in producing glove production lines and glove line components for manufacturers in the glove industry in the future, given our background in the manufacturing of high precision metal components and our existing Computer Numerical Control (CNC) machining capability. In addition, it will enable us to reduce our reliance on our existing business. Barring any unforeseen circumstances, our Board expects the Glove Business to contribute positively to our future financial performance.

4. INDUSTRY OUTLOOK AND PROSPECTS

4.1 Overview and outlook of the Malaysian economy

The Malaysian economy contracted by 8.3% in the first half of 2020, with a decline of 17.1% in the 2nd quarter of 2020. The economy is expected to contract at a slower pace in the second half of the year, aided by the speedy implementation of various stimulus packages to support the people and revitalise the economy. In 2020, the economy is expected to contract by 4.5%. The impact of the packages is anticipated to have spill-over effects and provide an additional boost to the economy in 2021. With the anticipated improvement in global growth and international trade, the Malaysian economy is projected to rebound between 6.5% and 7.5% in 2021.

(Source: Economic Outlook 2021, Ministry of Finance Malaysia)

In the 3rd quarter of 2020, the Malaysian economy improved to record a smaller contraction of 2.7%. The improvement largely reflected the reopening of the economy from COVID-19 containment measures and better external demand conditions. Improvements in growth were seen across most economic sectors, particularly in the manufacturing sector which turned positive following strong electrical and electronics production activity. On a quarter-on-quarter seasonally-adjusted basis, the economy turned around to register an expansion of 18.2%.

Going into 2021, growth is expected to recover, benefitting from the improvement in global demand and a turnaround in public and private sector expenditure amid various policy support. Additionally, the continued financial measures and low interest rate environment are also expected to lend further support to economic activity.

(Source: Bank Negara Malaysia's Economic and Financial Developments in the Malaysian Economy in the Third Quarter of 2020)

4.2 Overview and outlook of the Malaysian glove industry

In 2019, Malaysia exported 187 billion pieces out of an estimated world consumption of 296 billion pieces. In the 1st quarter of 2020, export of gloves amounted to approximately 53 billion pieces. For 2020, MARGMA estimated world consumption to reach 330 billion pieces of gloves and Malaysia is expected to provide about 220 billion pieces. MARGMA foresees that the shortage of gloves, which is due to overwhelming demand this year, to spill into 2021 with the industry continuing to be in an oversold position.

(Source: MARGMA's press statement dated 4 June 2020)

According to Ministry of International Trade and Industry, Malaysia's rubber glove exports grew by 50.1% to RM15.06 billion for the January to July 2020 period from RM10.03 billion in the same period last year. The growth was driven by higher demand and the government's efforts to assist the rubber gloves industry.

(Source: Malaysian Rubber Board Digest, September 2020)

In July 2020, exports of rubber gloves continued to show a significant increase of 118.5% as a result of higher demand from countries that are still struggling with the COVID-19 outbreak. The highest export of rubber gloves was to the US at 26,750 tonnes, followed by the United Kingdom (5,942 tonnes) and Germany (5,595 tonnes). Exports value grew by 14.0% to RM3.17 billion, as compared to RM2.78 billion in June 2020.

In September 2020, the highest export of rubber gloves was to the US at 25,839 tonnes, followed by Germany (5,892 tonnes) and the United Kingdom (4,825 tonnes). Exports value increased by 25.6% to RM3.78 billion, as compared to RM3.00 billion in August 2020.

Top 10 Export Countries of Rubber Gloves, June and July 2020

Country	Quantity (Tonnes)		Value (RM million)	
	June 2020	July 2020	June 2020	July 2020
US	25,704	26,750	796.2	968.2
United Kingdom	4,271	5,942	121.2	304.6
Germany	6,532	5,595	178.7	179.7
Japan	4,280	4,604	139.9	173.3
Spain	3,535	3,215	133.3	138.8
Netherlands	5,348	3,343	117.8	132.6
Canada	2,409	3,001	83.4	125.1
China	4,278	3,524	101.6	99.1
France	1,951	2,000	80.7	75.4
Australia	2,202	1,756	92.7	60.3

Top 10 Export Countries of Rubber Gloves, August and September 2020

Country	Quantity (Tonnes)		Value (RM million)	
	August 2020	September 2020	August 2020	September 2020
US	27,466	25,830	1,168.3	1,193.6
Germany	4,373	5,892	139.9	238.8
United Kingdom	5,655	4,825	323.0	265.1
Japan	3,678	4,162	166.7	198.4
China	2,963	3,933	89.6	134.8
Spain	2,028	2,940	103.7	152.1
Brazil	2,008	2,756	63.0	94.8
Netherlands	2,303	2,732	85.5	139.5
Canada	2,569	2,714	116.8	133.4
Turkey	452	2,387	18.3	112.5

According to MARGMA, exports of Malaysian rubber gloves are expected to increase by 20% in 2020. Global demand for rubber gloves is expected to increase by 15% to 20% annually due to the COVID-19 pandemic as compared to the usual demand yearly growth of 8% to 10%. MARGMA noted the demand for rubber gloves also increased by 17% during the Influenza A (H1N1) pandemic that hit the world in 2009.

(Source: Malaysian Economic Statistics Review, 2020)

4.3 Prospects and future plans of our Group

Since the COVID-19 outbreak, the demand for personal protective equipment to curb the pandemic has boosted the demand for medical gloves. In March 2020, the World Health Organisation estimated that healthcare workers will need an estimated 76 million pieces of examination gloves, 89 million medical masks and 1.6 million goggles each month to address the COVID-19 crisis, and called for manufacturing of these to increase globally by 40%.

If the COVID-19 infection rates globally remain high, the global demand for gloves is expected to continue rising in the near term. Even after the recovery of the COVID-19 pandemic, our management anticipates that global demand for gloves will continue to be driven by growth in the global healthcare services industry, the global industrial production activities and other non-healthcare industries such as the food and beverages, transport, tourism and hospitality sectors.

We are optimistic that the additional revenue stream from the Glove Business will be able to contribute positively to our future earnings. Subject to the extent of demand for our gloves, we may from time to time re-assess the manufacturing capacity of the Glove Business and expand our glove production lines. Notwithstanding our venture into the Gloves Business, we intend to continue growing our existing core business of supplying high quality precision-machined components, and remain confident that our hard disk drive, automotive and engineered products segments will gradually recover in the FYE 2021 once the impact of the Movement Control Order imposed by the Malaysian Government is lifted.

As part of our business plans and strategy to grow our existing business, we will continue to leverage on our close working relationship with our existing customers to engage in product design and development activities. Through these engagements, we are able to gain visibility of their requirements for new product development and their anticipated production ramp. In addition, we will also continue our ongoing efforts to secure new customers and expand our customer base. As we expect to secure more projects from our customers when the global economy recovers from the COVID-19 pandemic, we intend to expand the operations of our core business segments. Notwithstanding this, the exact time frame and the financial resources required to be committed to realise the aforementioned plans cannot be determined at this juncture as they are dependent on the projects we secure from our customers.

(Source: Our management)

5. RISK FACTORS

5.1 Business diversification risks

The Proposed Diversification may expose us to risks inherent in the glove industry which we were not previously exposed to. Such risks include, among others, fluctuation in cost of raw materials, availability of labour, changes in general economic and business condition, changes in the trends and developments affecting the glove industry in general, changes in the legal and environmental framework within which this industry operates and changes in demand of gloves.

The demand for gloves is dependent on factors such as, among others, severity of the COVID-19 pandemic, availability of a vaccine and the commercial viability to make available such a vaccine to the masses, growth in the healthcare services industry, growing aging population with the elderly being more susceptible to disease, stricter hygiene measures as well as improving workplace safety requirements driven by government initiatives. Adverse changes to any of these factors may cause our revenue to decline and affect our results of operations.

We intend to limit these risks through, among others, leveraging on the expertise of our existing and new management and key operations personnel with experience in glove manufacturing and trading, keeping abreast with the latest development in the healthcare industry, prudent financial policies and continuous review of operations and marketing strategies to improve competitiveness, and ensuring proper due diligence in the planning, development and commercialisation of new products. However, there can be no assurance that the occurrence of any of the aforementioned events will not have a material adverse effect on our business operations and financial performance.

5.2 No prior experience in the Glove Business

We are principally involved in the design and production of high precision metal components. While we have existing expertise and resources in the manufacturing line, we do not have any prior experience in the Glove Business. In particular, the production processes and marketing strategies for the success of the Glove Business may be relatively unique and distinct from our existing business.

Notwithstanding the above, our background in the manufacturing of high precision metal components puts us in good stead to embark on the Glove Business, as our existing business already requires relatively higher technical expertise compared to other manufacturing activities. We believe that we will be able to adapt and leverage on our existing skills and expertise to ensure the smooth operation of the Glove Business as there is similarity with our existing manufacturing processes such as, among others, procurement, packaging, quality checking, logistics, warehousing and supply chain management. Further, our team for the Glove Business will be guided by our key management personnel who have prior experience in the glove industry.

There is no assurance that our existing experience and expertise will be sufficient for the Glove Business and that we will be able to derive sufficient revenue to offset the capital and start-up costs as well as operating costs arising from the Proposed Diversification. While we have planned the Proposed Diversification based on our understanding of the current market outlook and general economic situation, there is no assurance that such plans will be commercially successful or that the actual outcome of the Proposed Diversification will match our expectations. In such event, our business, financial condition, results of operations and prospects may be materially and adversely affected.

5.3 Competition risk

The rapid development and growth of the glove industry in Malaysia may lead to the Glove Business facing increasing competition among market participants. We face competition from new market entrants and existing competitors in the glove industry in terms of competency, reliability and quality of products and services. Some of the competitors may have greater financial resources, more extensive networks and exposure to potential business opportunities, and have a more comprehensive range of services than us. In addition, we may not be able to provide comparable services at lower prices or respond faster to market trends, compared to our competitors who have larger economies of scale and established networks. Intensified competition may result in increased costs for materials and overheads, which may adversely affect our overall profitability.

Although our management will take proactive measures to remain competitive in the glove industry by ensuring that our services are reliable in terms of product quality, on-time delivery and strong customer support, pricing our products competitively and keeping abreast with the latest market development, there can be no assurance that we will be able to compete effectively against our competitors and grow our market share.

5.4 Licencing risk

We are required to obtain the necessary licences or approvals from various authorities/regulatory bodies as set out in Section 2.1 of this Circular, to allow us to conduct the Glove Business. In the event that the necessary licences or approvals are not obtained, we may not commence production. Further, if the necessary licences or approvals are delayed, the export of gloves to our target markets will also be delayed.

The renewal of these licences or approvals may be subject to review by the authorities/regulatory bodies. If we fail to renew any of these licences or approvals in a timely manner, or that in event of any non-compliance with the regulations resulting in the revocation of such licences or approvals, the operations and financial result of the Glove Business may be adversely affected.

We will endeavour to fully comply with stipulated conditions and implement strict compliance procedures to adhere to the regulations and requirements of such licences or approvals. However, there can be no assurance that such licences or approvals may be retained or renewed in a timely manner especially in the event of changes to the rules and regulations that may come into effect from time to time. Failure to secure a renewal or any loss of a required licence or permit would materially and adversely affect our business operations and financial performance.

5.5 Fluctuation in raw material prices

The primary raw material to be used in the Glove Business is nitrile butadiene rubber latex, a crude oil by-product. Any increase in petroleum prices may result in the increase in nitrile prices and consequently, an increase in our production costs. In such event, we will endeavour to negotiate with our customers for a “pass on” cost, in line with industry-wide practice. If we are unable to pass on cost increases to our customers, or if we fail to manage our exposure to nitrile price fluctuation, our financial performance could be materially and adversely affected.

5.6 Foreign labour shortage

The availability of foreign labour is scarce and is a challenge faced by the glove industry, especially with the recent freeze and restrictions on intake of foreign workers.

To mitigate this risk, we intend to employ local workers from our labour market. We will also look into hiring of skilled local workers as well as more engineers and chemists, who are able to perform higher-value tasks. We also intend to invest in automation to reduce reliance on manual labour and improve productivity, whereby the number of workers required per quantity of glove produced is expected to be reduced.

5.7 Risks associated with technological advancement

The Glove Business is susceptible to changes in technology. With the advancement of technology and continual research and development in the production process for the manufacturing industry, new manufacturing techniques for gloves may be developed. There can be no assurance that our potential competitors may not adopt newer and cheaper alternatives to replace the raw materials used in the production of gloves, which may result in lower production costs per unit.

Although our management will keep abreast with the latest technological advancement and market trends in the glove manufacturing industry, there can be no assurance that we are able to adapt our production processes with newer and more efficient manufacturing techniques, or that we will not lose our market share. If we fail to keep abreast with technological advancement, our business operations, financial performance and prospects may be adversely affected.

5.8 Foreign exchange risk

We may be exposed to risks related to foreign exchange rate fluctuations. While our operating expenses would be predominantly denominated in RM, our revenue would be denominated in foreign currency as we foresee the bulk of our sales to be from foreign markets. We may also source our materials from overseas. To the extent that our sales and purchases are not matched in the same currency, and there are timing differences between billings and payments collections, we will be exposed to any adverse fluctuations in the relevant currencies against RM.

While hedging instruments may be available to hedge our exposure to exchange rate fluctuations, the cost of such hedging instruments may fluctuate significantly over time and can outweigh the potential benefit from the reduced currency volatility. The availability and effectiveness of these hedging instruments may be limited and we may not be able to hedge our exposure successfully. Nevertheless, we will closely monitor and review our need to hedge.

We will minimise our exposure to foreign currency movements by maintaining the receipt from our overseas customers in a foreign currency account for payment to overseas suppliers. We also constantly monitor and review our need to hedge. Should this exposure become substantial, we may need to enter into derivative contracts with banking institutions to minimise the impact of the foreign exchange fluctuation.

6. EFFECTS OF THE PROPOSED DIVERSIFICATION

The Proposed Diversification will not have any immediate effect on our issued share capital and our substantial shareholders' shareholdings.

We expect the Glove Business to contribute positively to our earnings and earnings per share for the FYE 2021, with the commencement of the first phase of the Glove Business estimated in July 2021. This will in turn enhance our net assets and net assets per share.

The impact of the Proposed Diversification on our gearing will depend on the manner of funding for the capital expenditure and working capital in respect of the Glove Business.

7. APPROVALS REQUIRED

The Proposed Diversification is subject to the following approvals:

- (i) our shareholders for the Proposed Diversification at our forthcoming EGM; and
- (ii) other relevant authorities and/or parties, if required.

8. CONDITIONALITY OF THE PROPOSED DIVERSIFICATION

Save for the Proposed Diversification, there is no other intended corporate exercise/scheme which has been announced by our Company but not yet completed before the printing of this Circular. The Proposed Diversification is not conditional upon any other corporate exercise undertaken or to be undertaken by our Company.

9. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED

None of our directors, major shareholders and/or persons connected with them have any interest, direct or indirect, in the Proposed Diversification.

10. DIRECTORS' RECOMMENDATION

Our Board, after having considered all aspects of the Proposed Diversification, is of the opinion that the Proposed Diversification is in the best interest of our Company. Accordingly, our Board recommends that you vote in favour of the ordinary resolution in relation to the Proposed Diversification to be tabled at our forthcoming EGM.

11. TENTATIVE TIMEFRAME

The Proposed Diversification will take effect immediately upon obtaining our shareholders' approval at our forthcoming EGM.

12. EGM

Our forthcoming EGM, the notice of which is enclosed in this Circular, will be conducted fully virtual through live streaming from the broadcast venue at Tricor Business Centre, Manuka 2 & 3 Meeting Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, on Monday, 11 January 2021 at 10.00 a.m. or at any adjournment of our forthcoming EGM to consider and, if thought fit, passing with or without modifications the ordinary resolution to give effect to the Proposed Diversification.

If you are unable to attend and vote at our forthcoming EGM, please complete and return the Proxy Form, which is attached in this Circular, in accordance with the instructions contained therein and forward it to our Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd, at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre, at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than 48 hours before the time set for the EGM or at any adjournment thereof. Alternatively, the Proxy Form may also be electronically submitted via TIH Online website at <https://tjih.online>. Please refer to the Administrative Guide on the conduct of our forthcoming EGM for further details. The lodging of the Proxy Form does not preclude you from participating and voting at our forthcoming EGM should you subsequently wish to do so.

13. FURTHER INFORMATION

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

Yours faithfully,
For and on behalf of the Board of
NOTION VTEC BERHAD

THOO CHOW FAH
Executive Chairman

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

Our Board has seen and approved this Circular and it collectively and individually accepts full responsibility for the accuracy of the information given in this Circular and confirms that, after having made all reasonable enquiries and to the best of its knowledge and belief, there are no other facts, the omission of which would make any statement in this Circular misleading.

2. CONSENT AND CONFLICT OF INTEREST

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

HLIB, its subsidiaries and associated companies as well as its penultimate holding company, namely Hong Leong Financial Group Berhad, and the subsidiaries and associated companies of Hong Leong Financial Group Berhad (collectively, the "**Hong Leong Group**") form a diversified financial group and are engaged in a wide range of investment and commercial banking, brokerage, securities trading, assets and funds management and credit transaction services businesses.

The Hong Leong Group has engaged, and may in the future engage, in transactions with and perform services for our Group. In addition, in the ordinary course of business, any member of the Hong Leong Group may at any time offer or provide its services to engage in any transaction (on its own account or otherwise) with our Group, hold long or short positions, and may trade or otherwise effect transactions for its own account or the account of its customers in debt or equity securities or senior loans of our Group.

As at the LPD, the Hong Leong Group has in the ordinary course of its business, granted credit facilities to our Group amounting to approximately RM30.8 million.

Notwithstanding the above, HLIB is of the view that the aforesaid lending relationship has not given rise, and would not give rise to a conflict of interest situation in its capacity as our Principal Adviser for the Proposed Diversification as:

- (i) HLIB is a licensed investment bank and its appointment as our Principal Adviser for the Proposed Diversification and the extension of the credit facilities granted by the Hong Leong Group arose in its ordinary course of business;
- (ii) the conduct of the Hong Leong Group in its banking business is strictly regulated by the Financial Services Act 2013, Islamic Financial Services Act 2013 and, where applicable, the Capital Markets and Services Act 2007, as well as the Hong Leong Group's own internal controls and checks; and
- (iii) the said credit facilities are not material when compared to the audited net assets of Hong Leong Financial Group Berhad as at 30 June 2020 of approximately RM20.9 billion.

3. MATERIAL COMMITMENTS

Save as disclosed below, as at the LPD, our Board is not aware of any other material commitments incurred or known to be incurred by our Group which, upon becoming enforceable, may have a material impact on the profits or net assets of our Group:

FURTHER INFORMATION (CONT'D)

	<u>RM'000</u>
Approved but not contracted for:	
- Purchase of property, plant and equipment	72,447
Approved and contracted for:	
- Purchase of property, plant and equipment	23,059
Total	<u>95,506</u>

4. CONTINGENT LIABILITIES

As at the LPD, our Board is not aware of any contingent liabilities incurred or known to be incurred by our Group which, upon becoming enforceable, may have a material impact on the profits or net assets of our Group.

5. MATERIAL LITIGATION

Save as disclosed below, as at the LPD, we are not engaged in any other material litigation, claims or arbitration, either as plaintiff or defendant, and our Board is not aware of any proceedings pending or threatened against our Group or of any facts likely to give rise to any proceedings which might materially and adversely affect our business or financial position:

Notion Venture Sdn Bhd (“NVSB”), Kaiten Precision (M) Sdn Bhd (“KPSB”) and Autic Mekki Sdn Bhd (“AMSB”) against AXA Affin General Insurance Berhad (“AXA”), QBE Insurance (Malaysia) Berhad (“QBE”) and MSIG Insurance (Malaysia) Berhad (“MSIG”)

In August 2019, AXA made an interim claim payment of RM10 million to NVSB for its claims of business interruption loss in respect of loss of gross profit in consequence of the fire damage to building, machinery and stocks as a result of the fire incident on 20 October 2017 (“**Business Interruption Loss**”). On 23 December 2019, AXA offered a sum of RM22,216,549 to NVSB as full and final settlement for its claims of Business Interruption Loss (“**Offered Sum**”) but the Offered Sum was not agreed by NVSB, KPSB and AMSB (collectively, the “**Insureds**”).

On 13 March 2020, the Insureds filed a Writ of Summons and Statement of Claim in the High Court of Malaya for due service on AXA and 2 other co-insurers, namely QBE and MSIG, to a claim for, among others, the remaining sum of RM12,216,549 which AXA, QBE and MSIG (collectively, the “**Insurers**”) have refused to pay in the instance of the Offered Sum not being accepted as full and final statement.

On 27 July 2020, the High Court of Malaya granted a stay of proceedings for the Insurers as defendants and the case to be referred to arbitration.

On 27 August 2020, the Insureds entered into a Payment and Receipt Agreement with the Insurers, in which the Insureds accepted a sum of RM12,216,549 as the second interim payment out of the Offered Sum. The said sum has been received on 9 September 2020.

As our insurance consultant had previously made a total assessment of RM53,617,144 under the claims of the Business Interruption Loss, the Insureds reserved the rights to challenge the difference in the amount assessed of RM31,400,595 to arbitration, which is still on going. The solicitors for the Insureds are of the opinion that the outcome of the arbitration should favour the Insureds.

FURTHER INFORMATION (CONT'D)

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at our registered office at 12th Floor, Menara Symphony, No. 5, Jalan Professor Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan during normal office hours from Monday to Friday (except public holidays) from the date of this Circular up to and including the date of our EGM:

- (i) our Constitution;
- (ii) our audited consolidated financial statements for the past 2 FYE 2018 and FYE 2019;
- (iii) our latest unaudited consolidated financial statements for the FYE 2020;
- (iv) the letter of consent and conflict of interest referred to in Section 2 of Appendix I of this Circular; and
- (v) the relevant cause papers in respect of material litigation referred to in Section 5 of Appendix I of this Circular.

NOTIONVTEC

NOTION VTEC BERHAD

(Registration No. 200301035125 (637546-D))

(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (“**EGM**”) of Notion VTec Berhad (“**NVB**” or the “**Company**”) will be conducted fully virtual through live streaming from the broadcast venue at Tricor Business Centre, Manuka 2 & 3 Meeting Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur (“**Broadcast Venue**”) on Monday, 11 January 2021 at 10.00 a.m. for the purpose of considering and, if thought fit, passing with or without modifications the following ordinary resolution:

ORDINARY RESOLUTION

PROPOSED DIVERSIFICATION OF THE EXISTING BUSINESS OF NOTION VTEC BERHAD AND ITS SUBSIDIARIES TO INCLUDE THE PRODUCTION AND TRADING OF GLOVES (“PROPOSED DIVERSIFICATION”)

“**THAT** subject to the approvals of the relevant authorities and/or parties (if required) being obtained, approval be and is hereby given to the Board of Directors of NVB (“**Board**”) to diversify the existing business of the Company and its subsidiaries to include the production and trading of gloves;

AND THAT the Board be and is hereby authorised and empowered to do all acts, carry out, to sign and execute all documents to give effect to the Proposed Diversification with full powers to assent to any conditions, modifications, variations and/or amendments in any manner as may be required by the relevant authorities and to deal with all matters relating thereto and to take all such steps and do all acts and things in any manner as the Board may deem necessary or expedient to implement, finalise and give full effect to the Proposed Diversification.”

By Order of the Board

Tai Yit Chan (SSM PC No. 202008001023) (MAICSA 7009143)

Tan Ai Ning (SSM PC No. 202008000067) (MAICSA 7015852)

Company Secretaries

Selangor Darul Ehsan

21 December 2020

Notes:

- (1) In light of the COVID-19 pandemic, the EGM of the Company will be conducted entirely on a virtual basis through live streaming and online remote voting via Remote Participation and Voting (“**RPV**”) facilities. The Company has appointed Tricor Investor & Issuing House Services Sdn Bhd as the Poll Administrator for the EGM to facilitate the RPV via TIIH Online website at <https://tiih.online>. The procedures for members to register, participate and vote remotely via the RPV facilities are provided in the Administrative Guide for the EGM.
- (2) 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. Members/proxies are **NOT** to be physically present at the Broadcast Venue on the day of the EGM.
- (3) Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, voting at the EGM will be conducted by way of poll. Poll Administrator and Independent Scrutineer will be appointed to conduct the polling process and verify the results of the poll respectively.

- (4) A member entitled to attend and vote at the EGM may appoint another person as his proxy to attend and vote in his stead. A proxy may but need not be a member of the Company. If the proxy is not a member, he need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies. A proxy appointed to attend and vote at the EGM shall have the same rights as the member to speak at the EGM.
- (5) A member may appoint up to 2 proxies to attend the EGM. Where a member appoints 2 proxies, the appointment shall not be valid unless the member specifies the proportion of his shareholding to be represented by each proxy. Where a member is an exempt authorised nominee which holds shares in the Company for multiple beneficial owners in one securities account (“**Omnibus Account**”) as defined under the Securities Industry (Central Depositories) Act 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.
- (6) The instrument appointing a proxy shall be in writing (in the common or usual form) under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
- (7) The instrument appointing a proxy or the power of attorney or other authority, if any, under which it is signed or a duly notarised certified copy of that power or authority shall be deposited at the office of the Company’s Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd, at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre, at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than 48 hours before the time set for the EGM or at any adjournment thereof. Alternatively, the Proxy Form may also be electronically submitted via TIIH Online website at <https://tiih.online>. Please refer to the Administrative Guide for further information on electronic submission.
- (8) For the purpose of determining who shall be entitled to attend the EGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available a Record of Depositors as at 4 January 2021 and only members whose names appear on such Record of Depositors shall be entitled to attend, speak and vote at the EGM and entitled to appoint proxy or proxies.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member’s personal data by the Company (or its Share Registrar) for the purpose of the processing and administration by the Company (or its Share Registrar) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its Share Registrar) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “**Purposes**”), (ii) warrants that where the member discloses the personal data of the member’s proxy(ies) and/or representative(s) to the Company (or its Share Registrar), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its Share Registrar) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member’s breach of warranty.

ADMINISTRATIVE GUIDE FOR EXTRAORDINARY GENERAL MEETING OF NOTION VTEC BERHAD

Date : Monday, 11 January 2021
Time : 10.00 a.m.
Broadcast Venue : Tricor Business Centre, Manuka 2 & 3 Meeting Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur

MODE OF MEETING

In view of the COVID-19 pandemic and as part of the safety measures, the Extraordinary General Meeting (“EGM”) will be conducted on a **virtual basis through live streaming from the Broadcast Venue and online remote voting**. This is in line with the Guidance and FAQs on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia, including any amendment that may be made from time to time.

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. Shareholder(s) or proxy(ies) or attorney(s) or authorised representative(s) **WILL NOT BE ALLOWED** to attend the EGM in person at the Broadcast Venue on the day of the meeting.

Due to the constant evolving COVID-19 situation in Malaysia, we may be required to change the arrangements of the EGM at short notice. Kindly check the Company’s website or announcements for the latest updates on the status of the EGM. The Company will continue to observe the guidelines issued by the Ministry of Health and will take all relevant precautionary measures as advised.

REMOTE PARTICIPATION AND VOTING FACILITIES (“RPV”)

Shareholders are to attend, speak (in the form of real time submission of typed texts) and vote (collectively, “participate”) remotely at the EGM using RPV provided by Tricor Investor & Issuing House Services Sdn Bhd (“Tricor”) via its **TIIH Online** website at <https://tiih.online>. Please refer to the Procedures for RPV.

A shareholder who has appointed a proxy(ies) or attorney(s) or authorised representative(s) to participate at the EGM via RPV must request his/her proxy(ies) or attorney or authorised representative to register himself/herself for RPV at TIIH Online website at <https://tiih.online>. Please refer to the Procedures for RPV.

As the EGM is a fully virtual EGM, shareholders who are unable to participate in this EGM may appoint the Chairman of the meeting as his/her proxy and indicate the voting instructions in the proxy form.

PROCEDURES FOR RPV

Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) who wish to participate the EGM remotely using the RPV are to follow the requirements and procedures as summarised below:

Procedure	Action
BEFORE THE EGM DAY	
(a) Register as a user with TIIH Online	<ul style="list-style-type: none">Using your computer, access the website at https://tiih.online. Register as a user under the “e-Services”. Refer to the tutorial guide posted on the homepage for assistance.Registration as a user will be approved within one working day and you will be notified via email.If you are already a user with TIIH Online, you are not required to register again. You will receive an e-mail to notify you that the remote participation is available for registration at TIIH Online.

Procedure		Action
(b)	Submit your registration for RPV	<ul style="list-style-type: none"> Registration is open from Monday, 21 December 2020 until the day of EGM on Monday, 11 January 2021. Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) are required to pre-register their attendance for the EGM to ascertain their eligibility to participate the EGM using the RPV. Login with your user ID and password and select the corporate event: “(REGISTRATION) NOTION EGM” Read and agree to the Terms & Conditions and confirm the Declaration. Select “Register for Remote Participation and Voting”. Review your registration and proceed to register. System will send an e-mail to notify that your registration for remote participation is received and will be verified. After verification of your registration against the General Meeting Record of Depositors dated 4 January 2021, the system will send you an e-mail to approve your registration for remote participation and the procedures to use the RPV are detailed therein. In the event your registration is not approved, you will also be notified via email. <p><i>(Note: Please ensure to allow sufficient time required for the approval as a new user of TIH Online as well as the registration for RPV in order that you can login to TIH Online and participate the EGM remotely).</i></p>
ON THE DAY OF THE AGM		
(c)	Login to TIH Online	Login with your user ID and password for remote participation at the EGM at any time from 9.30 a.m. i.e. 30 minutes before the commencement of the EGM on Monday, 11 January 2021 at 10.00 a.m.
(d)	Participate through Live Streaming	<ul style="list-style-type: none"> Select the corporate event: “(LIVE STREAM MEETING) NOTION EGM” to engage in the proceedings of the EGM remotely. If you have any question for the Chairman/Board, you may use the query box to transmit your question. The Chairman/Board will endeavor to respond to questions submitted by you during the EGM. If there is time constraint, the responses will be e-mailed to you at the earliest possible, after the meeting.
(e)	Online Remote Voting	<ul style="list-style-type: none"> Voting session commences from 10.00 a.m. on Monday, 11 January 2021 until a time when the Chairman announces the end of the session. Select the corporate event: “(REMOTE VOTING) NOTION EGM” or if you are on the live stream meeting page, you can select “GO TO REMOTE VOTING PAGE” button below the Query Box. Read and agree to the Terms & Conditions and confirm the Declaration. Select the CDS account that represents your shareholdings. Indicate your votes for the resolutions that are tabled for voting. Confirm and submit your votes.
(f)	End of remote participation	Upon the announcement by the Chairman on the closure of the EGM, the live streaming will end.

Note to users of the RPV:

1. Should your registration for RPV be approved, we will make available to you the rights to join the live streamed meeting and to vote remotely. Your login to TIIH Online website on the day of meeting will indicate your presence at the virtual meeting.
2. 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.
3. In the event you encounter any issues with logging-in, connection to the live streamed meeting or online voting on the meeting day, kindly call Tricor Help Line at 011 – 4080 5616 / 011 – 4080 3168 / 011 – 4080 3169 / 011 – 4080 3170 for assistance or e-mail to tiih.online@my.tricorglobal.com for assistance.

APPOINTMENT OF PROXY OR ATTORNEY OR CORPORATE REPRESENTATIVE

Shareholders who appoint proxy(ies) to participate via RPV at the EGM must ensure that the duly executed proxy forms are deposited in a hard copy form or by electronic means to Tricor no later than **Saturday, 9 January 2021 at 10.00 a.m.**

The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner:

- (i) In hard copy form
In the case of an appointment made in hard copy form, the proxy form must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, its Customer Service Centre, at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.
- (ii) By electronic form
The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online website at <https://tiih.online> (applicable to individual shareholders only). Kindly refer to the Procedures for Electronic Submission of Proxy Form.

Please ensure **ALL** the particulars as required in the proxy form are completed, signed and dated accordingly.

Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, or alternatively, its Customer Service Centre, at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not later than **Saturday, 9 January 2021 at 10.00 a.m.** to participate via RPV in the EGM. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

For a corporate member who has appointed a representative, please deposit the **ORIGINAL** certificate of appointment with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, or alternatively, its Customer Service Centre, at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not later than **Saturday, 9 January 2021 at 10.00 a.m.** to participate via RPV in the EGM. The certificate of appointment should be executed in the following manner:

- (i) If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member.

- (ii) If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:
- (a) at least two authorised officers, of whom one shall be a director; or
- (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

PROCEDURES FOR ELECTRONIC SUBMISSION OF PROXY FORM

The procedures to submit your proxy form electronically via Tricor's TIIH Online website are summarised below:

	Procedure	Action
(a)	Register as a User with TIIH Online	<ul style="list-style-type: none"> Using your computer, please access the website at https://tiih.online. Register as a user under the "e-Services". Please do refer to the tutorial guide posted on the homepage for assistance. If you are already a user with TIIH Online, you are not required to register again.
(b)	Proceed with submission Proxy Form	<ul style="list-style-type: none"> After the release of the Notice of Meeting by the Company, login with your user name (i.e. email address) and password. Select the corporate event: "Submission of Proxy Form". Read and agree to the Terms & Conditions and confirm the Declaration Insert your CDS account number and indicate the number of shares for your proxy(s) to vote on your behalf. Appoint your proxy(s) and insert the required details of your proxy(s) or appoint Chairman as your proxy. Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide your vote. Review and confirm your proxy(s) appointment. Print proxy form for your record.

POLL VOTING

The voting at the EGM will be conducted by way of poll in accordance with Paragraph 8.29A of Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company has appointed Tricor as Poll Administrator to conduct the poll by way of electronic voting (e-voting) and Asia Securities Sdn Berhad as Independent Scrutineer to verify the poll results.

Shareholders or proxy(es) or corporate representative(s) or attorney(s) can proceed to vote on the resolutions at any time from 10.00 a.m. on Monday, 11 January 2021 but before the end of the voting session which will be announced by the Chairman of the meeting. Kindly refer to item (e) of the above Procedures for RPV for guidance on how to vote remotely from TIIH Online website at <https://tiih.online>.

Upon completion of the voting session for the EGM, the Independent Scrutineer will verify the poll results followed by the Chairman's declaration whether the resolutions are duly passed.

PRE-MEETING SUBMISSION OF QUESTION TO THE BOARD OF DIRECTORS

Shareholders may submit questions for the Board in advance of the EGM via Tricor's TIIH Online website at <https://tiih.online> by selecting "e-Services" to login, pose questions and submit electronically no later than **Saturday, 9 January 2021 at 10.00 a.m.** The Board will endeavour to answer the questions received at the EGM.

DOOR GIFT/FOOD VOUCHER

There will be no door gifts or food vouchers for attending the EGM.

NO RECORDING OR PHOTOGRAPHY

Unauthorised recording and photography are strictly prohibited at the EGM

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):

Tricor Investor & Issuing House Services Sdn Bhd

General line : +603 - 2783 9299
Fax number : +603 - 2783 9222
Email address : is.enquiry@my.tricorglobal.com
Contact persons : Encik Ahmad Syafiq Bin Shahrudin
Encik Zulhafri Bin Abdul Rahman

PROXY FORM

No. of Shares Held	CDS Account No.

NOTIONVTEC
NOTION VTEC BERHAD
(Registration No. 200301035125 (637546-D))
(Incorporated in Malaysia)

I/We, _____ (name of shareholder as per NRIC) NRIC No. _____
of _____ (full address)
being a Member(s) of **NOTION VTEC BERHAD** ("Company"), hereby appoint _____
_____ (name of proxy as per NRIC) NRIC No. _____ of _____
_____ (full address)
and failing him/her, _____ (name of proxy as per NRIC) NRIC No. _____
of _____ (full address)

or #the Chairman of the Extraordinary General Meeting ("EGM") as *my/our proxy to vote for *me/us on *my/our behalf at the EGM of the Company to be conducted fully virtual at the broadcast venue at Tricor Business Centre, Manuka 2 & 3 Meeting Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, on Monday, 11 January 2021 at 10.00 a.m., or at any adjournment of the EGM, and to vote as indicated below:

ORDINARY RESOLUTION	FOR	AGAINST
PROPOSED DIVERSIFICATION		

Mark either box if you wish to direct the proxy how to vote. If you do not do so, the proxy may vote on the resolution or abstain from voting as the proxy thinks fit. If you appoint two or more proxies and wish them to vote differently, this should be specified. For appointment of two proxies, to specify the percentage of shareholdings to be represented by the proxies:

ORDINARY RESOLUTION	No. of Shares	Percentage
Proxy 1		%
Proxy 2		%
Total		100%

If you wish to appoint other person(s) to be your proxy/proxies, kindly strike out the words "the Chairman of the EGM" and insert the name(s) of the person(s) desired.
* Delete if not applicable

Dated this _____ day of _____ 2020/2021

Signature of Shareholder or Common Seal

Notes:

- (1) In light of the COVID-19 pandemic, the EGM of the Company will be conducted entirely on a virtual basis through live streaming and online remote voting via Remote Participation and Voting ("RPV") facilities. The Company has appointed Tricor Investor & Issuing House Services Sdn Bhd as the Poll Administrator for the EGM to facilitate the RPV via TIIH Online website at <https://tjih.online>. The procedures for members to register, participate and vote remotely via the RPV facilities are provided in the Administrative Guide for the EGM.
- (2) 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. Members/proxies are **NOT** to be physically present at the Broadcast Venue on the day of the EGM.
- (3) Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, voting at the EGM will be conducted by way of poll. Poll Administrator and Independent Scrutineer will be appointed to conduct the polling process and verify the results of the poll respectively.
- (4) A member entitled to attend and vote at the EGM may appoint another person as his proxy to attend and vote in his stead. A proxy may but need not be a member of the Company. If the proxy is not a member, he need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies. A proxy appointed to attend and vote at the EGM shall have the same rights as the member to speak at the EGM.
- (5) A member may appoint up to 2 proxies to attend the EGM. Where a member appoints 2 proxies, the appointment shall not be valid unless the member specifies the proportion of his shareholding to be represented by each proxy. Where a member is an exempt authorised nominee which holds shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account") as defined under the Securities Industry (Central Depositories) Act 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.
- (6) The instrument appointing a proxy shall be in writing (in the common or usual form) under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
- (7) The instrument appointing a proxy or the power of attorney or other authority, if any, under which it is signed or a duly notarised certified copy of that power or authority shall be deposited at the office of the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd, at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre, at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than 48 hours before the time set for the EGM or at any adjournment thereof. Alternatively, the Proxy Form may also be electronically submitted via TIIH Online website at <https://tjih.online>. Please refer to the Administrative Guide for further information on electronic submission.
- (8) For the purpose of determining who shall be entitled to attend the EGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available a Record of Depositors as at 4 January 2021 and only members whose names appear on such Record of Depositors shall be entitled to attend, speak and vote at the EGM and entitled to appoint proxy or proxies.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 21 December 2020.



Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Share Registrar
NOTION VTEC BERHAD
(Registration No. 200301035125 (637546-D))

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South, No. 8 Jalan Kerinchi
59200 Kuala Lumpur
Malaysia

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