

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.

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FRONTKEN

FRONTKEN CORPORATION BERHAD

Registration No.: 200401012517 (651020-T)
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO

- I. **PROPOSED BONUS ISSUE OF UP TO 526,717,565 NEW ORDINARY SHARES IN FRONTKEN CORPORATION BERHAD ("FRONTKEN") ("BONUS SHARE(S)") ON THE BASIS OF 1 BONUS SHARE FOR EVERY 2 EXISTING ORDINARY SHARES IN FRONTKEN ("FRONTKEN SHARE(S)" OR "SHARE(S)") HELD ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER ("ENTITLEMENT DATE"); AND**
- II. **PROPOSED BONUS ISSUE OF UP TO 526,717,565 FREE WARRANTS IN FRONTKEN ("WARRANT(S)") ON THE BASIS OF 1 WARRANT FOR EVERY 2 FRONTKEN SHARES HELD ON THE ENTITLEMENT DATE**

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser

UOBKayHian

UOB Kay Hian Securities (M) Sdn Bhd

Registration No.: 199001003423 (194990-K)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Extraordinary General Meeting ("**EGM**") of the Company will be held at Ballroom 2, Eastin Hotel Kuala Lumpur, Level LG, 13, Jalan 16/11, Off Jalan Damansara, 46350 Petaling Jaya, Selangor on Tuesday, 13 April 2021 at 10.30 am. The Notice of the EGM and the Form of Proxy are attached in this Circular.

A member entitled to attend, speak and vote at the EGM is entitled to appoint a proxy or proxies to attend, speak and vote on his/her behalf.

The Form of Proxy should be completed in accordance with the instructions as contained therein and deposit it at the office of the Share Registrar of the Company at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or via TIIH Online at <https://tiih.online>, not less than forty-eight (48) hours before the time set for holding the EGM or any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending, speaking and voting at the EGM should you subsequently wish to do so.

Last date and time for lodging the Form of Proxy : Sunday, 11 April 2021 at 10.30 am
Date and time of the EGM : Tuesday, 13 April 2021 at 10.30 am

This Circular is dated 29 March 2021

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 Frontken
“Bonus Share(s)”	:	Up to 526,717,565 new Shares to be allotted and issued pursuant to the Proposed Bonus Issue of Shares
“Bursa Depository”	:	Bursa Malaysia Depository Sdn Bhd (Registration No. 198701006854 (165570-W))
“Bursa Securities”	:	Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
“Circular”	:	This Circular dated 29 March 2021
“Deed Poll”	:	The deed poll constituting the Warrants to be executed by the Company
“Depositories Act”	:	Securities Industry (Central Depositories) Act 1991
“Director(s)”	:	The director(s) of Frontken and shall have the meaning given in Section 2(1) of the Act and Section 2(1) of the Capital Markets and Services Act 2007
“EGM”	:	Extraordinary general meeting
“Entitled Shareholder(s)”	:	The shareholder(s) of Frontken whose name(s) appear in the Record of Depositors of the Company on the Entitlement Date pursuant to the Proposals
“Entitlement Date”	:	A date to be determined and announced by the Board later on which the names of the Entitled Shareholders must appear in the Record of Depositors in order to be entitled to the Bonus Shares and Warrants pursuant to the Proposals
“EPS”	:	Earnings per Share
“Frontken” or the “Company”	:	Frontken Corporation Berhad (Registration No. 200401012517 (651020-T))
“Frontken Group” or “Group”	:	Collectively, Frontken and its subsidiaries
“Frontken Share(s)” or the “Share(s)”	:	Ordinary share(s) in Frontken
“FPE”	:	Financial period ended/ending
“FYE”	:	Financial year ended/ending
“Listing Requirements”	:	Main Market Listing Requirements of Bursa Securities
“LPD”	:	15 March 2021, being the latest practicable date prior to the printing and despatch of this Circular

DEFINITIONS (CONT'D)

“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 all treasury shares are resold in the open market of Bursa Securities at their respective acquisition cost prior to the implementation of the Proposals
“Minimum Scenario”	: Assuming none of the treasury shares are resold in the open market of Bursa Securities at their respective acquisition cost prior to the implementation of the Proposals
“NA”	: Net assets attributable to the owners of the Company
“Official List”	: A list specifying all securities that have been admitted for listing on Bursa Securities and not removed
“Proposals”	: Collectively, the Proposed Bonus Issue of Shares and Proposed Bonus Issue of Warrants
“Proposed Bonus Issue of Shares”	: Proposed bonus issue of up to 526,717,565 new Bonus Shares on the basis of 1 Bonus Share for every 2 existing Frontken Shares held on the Entitlement Date
“Proposed Bonus Issue of Warrants”	: Proposed bonus issue of up to 526,717,565 Warrants in Frontken on the basis of 1 Warrant for every 2 Frontken Shares held on the Entitlement Date
“Record of Depositors”	: A record of depositors established by Bursa Depository under the Rules of Bursa Depository
“RM” and “sen”	: Ringgit Malaysia and sen, respectively
“Rules of Bursa Depository”	: The Rules of Bursa Depository as issued pursuant to the Depositories Act
“TEBP”	: Theoretical ex-bonus price
“UOB Kay Hian” or the “Principal Adviser”	: UOB Kay Hian Securities (M) Sdn Bhd (Registration No. 199001003423 (194990-K))
“VWAP”	: Volume weighted average market price
“Warrant(s)”	: Up to 526,717,565 free Warrants in Frontken to be issued pursuant to the Proposed Bonus Issue of Warrants

Unless otherwise stated and wherever applicable, the amount represented in this Circular has been rounded to the nearest whole sen, for ease of reference.

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

All references to “**you**” or “**your**” in this Circular are to the shareholders of Frontken.

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

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EXECUTIVE SUMMARY

This Executive Summary highlights only the salient information of the Proposals. The shareholders of Frontken are advised to read the Circular in its entirety for further details and not to rely solely on this Executive Summary in forming a decision on the Proposals before voting at the forthcoming EGM.

Key information	Description	Reference to Circular
Summary of the Proposals	Frontken proposes to undertake the following:- (i) an issuance of up to 526,717,565 Bonus Shares on the basis of 1 Bonus Share for every 2 existing Frontken Shares held on the Entitlement Date; and (ii) an issuance of up to 526,717,565 free Warrants in Frontken on the basis of 1 Warrant for every 2 Frontken Shares held on the Entitlement Date. The Proposed Bonus Issue of Shares and the Proposed Bonus Issue of Warrants will be implemented concurrently based on the same Entitlement Date.	Sections 2.1 and 2.2
Rationale and Justification for the Proposals	<u>Proposed Bonus Issue of Shares</u> The Proposed Bonus Issue of Shares is intended to reward the existing shareholders of the Company in the form of Bonus Shares for their loyalty and continued support as the Proposed Bonus Issue of Shares serves to:- (i) increase the number of Frontken Shares held by the Company's shareholders at no cost to be incurred by the shareholders, while maintaining their percentage of equity shareholding held in the Company; (ii) potentially result in an improved trading liquidity of the Shares traded in the market at an affordable Share price i.e. lower trading price, without affecting the size of the market capitalisation of the Company; and (iii) encourage greater participation by investors and to potentially widen the share base and shareholders' profiles of the Company. <u>Proposed Bonus Issue of Warrants</u> The Proposed Bonus Issue of Warrants is intended to reward the existing shareholders of the Company in the form of Warrants for their loyalty and continued support as the Proposed Bonus Issue of Warrants:- (i) serves to reward the shareholders for their continuous support by enabling them to participate in a derivative of the Company without incurring any costs; (ii) provides the shareholders an alternative mean to participate and trade in the equity of the Company; (iii) provides the shareholders an opportunity to further increase their equity participation in the Company by exercising the Warrants at a pre-determined price during the exercise period. The shareholders may also benefit from potential capital gain in the event of Share price appreciation through the exercise of the Warrants; and (iv) strengthen the capital base of the Company, as and when the Warrants are exercised.	Section 3

EXECUTIVE SUMMARY (CONT'D)

Key information	Description	Reference to Circular
Interested parties and any conflict of interest from the Proposals	• None of the Directors, major shareholders and/or chief executive of Frontken and/or persons connected with them have any interest, whether direct or indirect, in the Proposals, save for their respective entitlements as shareholders of the Company under the Proposals, which are also available to all other shareholders of the Company on a pro-rata basis. • UOB Kay Hian is an independent party, which has no conflict of interest or potential conflicts of interest arising from its role as the Principal Adviser for the Proposals.	Section 8 and Section 3 of Appendix II
Approvals required	The Proposals are subject to the following approvals:- (i) Bursa Securities, for the following which was obtained vide its letter dated 16 March 2021:- (a) the listing of and quotation for up to 526,717,565 Bonus Shares to be issued pursuant to the Proposed Bonus Issue of Shares; (b) the admission to the Official List and listing of and quotation for up to 526,717,565 Warrants to be issued pursuant to the Proposed Bonus Issue of Warrants; and (c) the listing of and quotation for up to 526,717,565 new Frontken Shares to be issued arising from the exercise of the Warrants, subject to the conditions as set out in Section 7 of this Circular. (ii) the shareholders of Fronken at the forthcoming EGM; and (iii) any other relevant authority and/ or third parties, if required.	Section 7
Board's recommendation	The Board recommends that you VOTE IN FAVOUR for the resolutions pertaining to the Proposals, 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

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F R O N T K E N
FRONTKEN CORPORATION BERHAD
Registration No.: 200401012517 (651020-T)
(Incorporated in Malaysia)

Registered Office

B-11-10 Level 11
Megan Avenue II
Jalan Yap Kwan Seng
50450 Kuala Lumpur

29 March 2021

Board of Directors

Ng Wai Pin (*Chairman/Chief Executive Officer*)
Dr Tay Kiang Meng (*Executive Director/Chief Scientist*)
Dato' Haji Johar Bin Murat @ Murad (*Independent Non-Executive Director*)
Ng Chee Whye (*Independent Non-Executive Director*)
Gerald Chiu Yoong Chian (*Non-Independent Non-Executive Director*)

To: The shareholders of Frontken

Dear Sir/Madam,

I. PROPOSED BONUS ISSUE OF SHARES; AND

II. PROPOSED BONUS ISSUE OF WARRANTS

1. INTRODUCTION

On 23 February 2021, UOB Kay Hian had, on behalf of the Board, announced that the Company proposes to undertake the following:-

- (i) bonus issue of up to 526,717,565 Bonus Shares on the basis of 1 Bonus Share for every 2 existing Frontken Shares held on the Entitlement Date; and
- (ii) issuance of up to 526,717,565 Warrants on the basis of 1 Warrant for every 2 Frontken Shares held on the Entitlement Date.

On 16 March 2021, UOB Kay Hian had, on behalf of the Board, announced that Bursa Securities had vide its letter dated on even date, resolved to approve the following:-

- (a) the listing of and quotation for up to 526,717,565 Bonus Shares pursuant to the Proposed Bonus Issue of Shares;
- (b) the admission to the Official List and listing of and quotation for up to 526,717,565 Warrants to be issued pursuant to the Proposed Bonus Issue of Warrants; and
- (c) the listing of and quotation for up to 526,717,565 new Frontken Shares to be issued arising from the exercise of the Warrants,

subject to the terms and 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 PROPOSALS AS WELL AS TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM OF THE COMPANY. 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 APPENDICES CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM OF THE COMPANY.

2. DETAILS OF THE PROPOSALS

As at the LPD, the issued share capital of Frontken is RM118,925,352 comprising 1,053,435,130 Frontken Shares (including 5,466,600 treasury shares). As at the LPD, Frontken does not have any outstanding convertible securities.

2.1 Proposed Bonus Issue of Shares

2.1.1 Basis and number of Bonus Shares

The Proposed Bonus Issue of Shares entails the issuance of up to 526,717,565 Bonus Shares on the basis of 1 Bonus Share for every 2 existing Frontken Shares held by the Entitled Shareholders. The actual number of Bonus Shares to be issued pursuant to the Proposed Bonus Issue of Shares will depend on the total number of issued Shares of Frontken on the Entitlement Date.

For avoidance of doubt, any treasury shares held by the Company on the Entitlement Date will be entitled to the Bonus Shares pursuant to the Proposed Bonus Issue of Shares as permitted under Section 127 of the Act and such Bonus Shares will be treated as treasury shares held by the Company at the time the Bonus Shares are allotted.

In determining entitlements under the Proposed Bonus Issue of Shares, fractional entitlements, if any, shall be disregarded and dealt with in such manner as the Board in its absolute discretion deems fit and expedient, and in the best interest of the Company. As at the LPD, Frontken holds 5,466,600 treasury shares.

The entitlement basis for the Proposed Bonus Issue of Shares was determined after taking into consideration the following:-

- (i) dilutive effects arising from the issuance of the Bonus Shares on the consolidated EPS and NA per Share of the Company; and
- (ii) compliance with Paragraph 6.30(1A) of the Listing Requirements which states that the Company must ensure that its share price adjusted for the Proposed Bonus Issue of Shares is not less than RM0.50 based on the daily VWAP during the 3-month period before the application date.

The price of Frontken Shares will be adjusted pursuant to the Proposed Bonus Issue of Shares. For illustrative purposes, based on the 5-day VWAP of Frontken Share and the lowest daily VWAP of Frontken Share up to and including 4 March 2021, being the date before the application date of the additional listing application was submitted to Bursa Securities, TEBP of Frontken Shares is as follows:-

	Before the Proposed Bonus Issue of Shares Market price/ Share RM	After the Proposed Bonus Issue of Shares TEBP/ Share RM
5-day VWAP up to and including 4 March 2021, being the date before the application date of the additional listing application	5.14	3.43
Lowest daily VWAP for the past 3-month up to and including 4 March 2021, being the date before the application date of the additional listing application	3.30	2.20

Based on the above, the Proposed Bonus Issue of Shares is in compliance with Paragraph 6.30 (1A)* of the Listing Requirements.

Note:-

(*) *Paragraph 6.30 (1A) of the Listing Requirements requires that "A listed issuer must ensure that its share price adjusted for a bonus issue is not less than RM0.50 based on the daily VWAP during the 3-month period before the application date."*

The Proposed Bonus Issue of Shares will not be implemented on a staggered basis. For avoidance of doubt, the Proposed Bonus Issue of Shares will be implemented concurrently with the Proposed Bonus Issue of Warrants.

2.1.2 No capitalisation of reserves

Under the Act, a bonus issue can be undertaken either:-

- (i) by way of capitalisation of the retained earnings/accumulated profits of a company; or
- (ii) without capitalisation, where a company may issue and allot the bonus shares at nil consideration.

In view of the above, the Board has resolved that the implementation of the Proposed Bonus Issue of Shares shall be undertaken without any capitalisation from the reserves of the Company and that the Bonus Shares shall be issued as fully paid Frontken Shares at nil consideration.

Therefore, the issued share capital in RM value will not be affected albeit an increase in the number of Shares in issue pursuant to the Proposed Bonus Issue of Shares. The effects of the Proposed Bonus Issue of Shares on the issued share capital of Frontken are set out in **Section 5.1** of this Circular.

Given that the Proposed Bonus Issue of Shares shall be undertaken without capitalisation from the Company's reserves, it allows the Board to preserve the Company's reserves.

2.1.3 Ranking of the Bonus Shares

The Bonus Shares will, upon allotment and issuance, rank equally in all respects with the existing Frontken Shares, save and except that the Bonus Shares will not be entitled to any dividends, rights, allotments and/or any other forms of distribution that may be declared, made or paid prior to the Entitlement Date. The Bonus Shares will be credited directly into the respective Central Depository System accounts of the Entitled Shareholders and no physical share certificates will be issued as prescribed securities under Section 14(5) of the Depositories Act.

For avoidance of doubt, the Bonus Shares will not be entitled to the Warrants in view that the Board will fix the Entitlement Date of the Proposals to be on the same market day.

2.1.4 Listing of and quotation for the Bonus Shares

Approval has been obtained from Bursa Securities vide its letter dated 16 March 2021 for the listing of and quotation for the Bonus Shares to be issued pursuant to the Proposed Bonus Issue of Shares on the Main Market of Bursa Securities, subject to the conditions as stated in **Section 7** of this Circular.

The notices of allotment of the Bonus Shares will be issued and despatched to the Entitled Shareholders within 4 market days after the date of listing of and quotation for the Bonus Shares, or such other period as may be prescribed by Bursa Securities.

2.2 Proposed Bonus Issue of Warrants

2.2.1 Basis and number of Warrants

Based on the number of Frontken Shares in issue as at the LPD, the Proposed Bonus Issue of Warrants entails the issuance of up to 526,717,565 Warrants on the basis of 1 Warrant for every 2 Frontken Shares held by the Entitled Shareholders on the Entitlement Date.

The maximum number of up to 526,717,565 Warrants was arrived at after assuming all treasury shares held by Frontken as at the LPD have been resold in the open market of Bursa Securities at acquisition cost prior to the implementation of the Proposals. For avoidance of doubt, any treasury shares held by the Company on the Entitlement Date will not be entitled to the Warrants.

The entitlement basis for the Proposed Bonus Issue of Warrants was determined after taking into consideration the following:-

- (i) amount of proceeds the Company could potentially raise as and when the Warrants are exercised during the exercise period of the Warrants;
- (ii) dilutive effects arising from the full exercise of the Warrants on the consolidated EPS of the Company; and

- (iii) compliance with Paragraph 6.50 of the Listing Requirements, which states that the number of new Frontken Shares that will arise from all outstanding Warrants, when exercised, shall not exceed 50% of the total number of issued Shares (excluding treasury shares and prior to the exercise of the Warrants) at all times.

In determining the entitlements under the Proposed Bonus Issue of Warrants, fractional entitlements, if any, shall be disregarded and dealt with in such manner as the Board in its absolute discretion deems fit and expedient, and in the best interest of the Company.

The Warrants will be issued in registered form and constituted by a Deed Poll to be executed by Frontken. The indicative salient terms of the Deed Poll are set out in **Appendix I** of this Circular.

The Proposed Bonus Issue of Warrants will not be implemented on a staggered basis. For avoidance of doubt, the Proposed Bonus Issue of Warrants will be implemented concurrently with the Proposed Bonus Issue of Shares.

2.2.2 Basis and justification of determining the issue price and exercise price of Warrants

Similar to the Bonus Shares under the Proposed Bonus Issue of Shares, the Warrants will be issued at no cost to the Entitled Shareholders.

The exercise price of the Warrants will be determined at a later date by the Board after the receipt of all relevant approvals but prior to the announcement of the Entitlement Date, by taking into consideration the following:-

- (i) the historical price movement of Frontken Shares and the future funding requirements of Frontken Group;
- (ii) the TEBP of Frontken Shares based on 5-day VWAP of Frontken Shares up to the price-fixing date.

For illustrative purpose, the indicative exercise price of the Warrants is assumed at RM4.00 per Warrant, which represents a premium of approximately 28.21%, which is between a range of premium between 20.00% to 40.00% to the TEBP of Frontken Share of RM3.12, calculated based on the closing price of the Company as at the LPD of RM4.68 per Frontken Share;

- (iii) Warrants are exercisable at any time for a tenure of 5 years from the date of issuance of the Warrants; and
- (iv) the future working capital requirements of Frontken Group.

The Board wishes to emphasise that the indicative exercise price of the Warrants of RM4.00 per Warrant should not be taken as an indication of or reference to the actual exercise price of the Warrants, as it will only be determined and announced at a later date. The actual exercise price of the Warrants may be fixed at a range of premium or discount between 20.00% to 40.00% to the TEBP of Frontken Shares based on the 5-day VWAP of Frontken Shares up to and including the price fixing date.

The premium or discount to the TEBP of Frontken Shares will be determined after taking into consideration, amongst others, the following:-

- (i) the prevailing market conditions and the historical market price of Frontken Shares;
- (ii) the attractiveness of the exercise price of the Warrants to the Entitled Shareholder; and
- (iii) the potential future earnings of Frontken Group.

2.2.3 Ranking of the new Frontken Shares to be issued arising from the exercise of the Warrants

The new Frontken Shares to be issued pursuant to the exercise of the Warrants will, upon allotment and issuance, rank equally in all respects with the existing Frontken Shares, save and except that the new Frontken Shares to be issued arising from the exercise of the Warrants will not be entitled to any dividends, rights, allotments and/or any other forms of distribution that may be declared, made or paid prior to the exercise of the Warrants.

2.2.4 Listing of and quotation for the Warrants and new Frontken Shares to be issued arising from the exercise of the Warrants

Approval has been obtained from Bursa Securities vide its letter dated 16 March 2021 for the admission of the Warrants to the Official List as well as the listing of and quotation for the Warrants and new Frontken Shares to be issued arising from the exercise of the Warrants on the Main Market of Bursa Securities, subject to the conditions as stated in **Section 7** of this Circular.

2.2.5 Utilisation of proceeds

The Warrants will not raise any immediate funds for the Company when issued as the Warrants will be issued without any cost to the Entitled Shareholders. The amount of proceeds to be raised from the exercise of the Warrants would depend on the actual number of Warrants exercised during the exercise period of the Warrants and the exercise price of the Warrants to be determined at a later stage. As such, the exact quantum and timeframe for utilisation of the proceeds to be used cannot be determined at this juncture. The proceeds are expected to be utilised within 2 years from the date of receipt of funds.

For illustration purpose, assuming that all Warrants are exercised at the indicative exercise price of RM4.00 per Warrant, the gross proceeds to be raised by the Company based on the following scenarios are set out below:-

Minimum Scenario	:	Assuming none of the treasury shares are resold in the open market of Bursa Securities at their respective acquisition cost prior to the implementation of the Proposals
Maximum Scenario	:	Assuming all treasury shares are resold in the open market of Bursa Securities at their respective acquisition cost prior to the implementation of the Proposals

	<u>Minimum Scenario</u>	<u>Maximum Scenario</u>
Gross proceeds (RM)	2,095,937,060	2,106,870,260

For clarity purposes, any proceeds raised, as and when the Warrants are exercised, shall be utilised for working capital of the Group, which may include, amongst others, payment of trade creditors, administrative expenses such as utilities expenses and staff costs which include salaries, bonuses and contributions to Employees' Provident Fund.

Based on the latest unaudited consolidated financial statement for the 12 month FPE 31 December 2020, the total trade and other payables of the Group is approximately RM120.83 million. The turnover period for trade payable for the 12 month FPE 31 December 2020 is 67 days.

The allocation of the proceeds to be utilised for each component of working capital may be subject to the Group's operating requirements at the time of utilisation, and such allocation shall be determined at the Board's discretion.

Pending the utilisation of the proceeds raised as and when the Warrants are exercised, such proceeds will be placed in deposits with financial institutions or short-term money market instruments as the Board deems fit.

2.2.6 Equity fundraising exercises in the past 12 months

The Company has not undertaken any equity fundraising exercises in the past 12 months prior to the announcement of the Proposals.

3. RATIONALE AND JUSTIFICATIONS FOR THE PROPOSALS

3.1 Proposed Bonus Issue of Shares

The Board intends to undertake the Proposed Bonus Issue of Shares to reward the existing shareholders of the Company in the form of Bonus Shares for their loyalty and continued support as the Proposed Bonus Issue of Shares serves to:-

- (i) increase the number of Frontken Shares held by the Company's shareholders at no cost to be incurred by the shareholders, while maintaining their percentage of equity shareholding held in the Company;
- (ii) potentially result in an improved trading liquidity of the Shares traded in the market at an affordable Share price i.e. lower trading price, without affecting the size of the market capitalisation of the Company; and
- (iii) encourage greater participation by investors and to potentially widen the share base and shareholders' profiles of the Company.

In addition, the implementation of the Proposed Bonus Issue of Shares without capitalisation of the Company's reserves is not expected to affect the Company's reserves and the NA of the Company.

3.2 Proposed Bonus Issue of Warrants

The Board intends to undertake the Proposed Bonus Issue of Warrants to reward the existing shareholders of the Company in the form of Warrants for their loyalty and continued support as the Proposed Bonus Issue of Warrants:-

- (i) serves to reward the shareholders for their continuous support by enabling them to participate in a derivative of the Company without incurring any costs;
- (ii) provides the shareholders an alternative mean to participate and trade in the equity of the Company;

- (iii) provides the shareholders an opportunity to further increase their equity participation in the Company by exercising the Warrants at a pre-determined price during the exercise period. The shareholders may also benefit from potential capital gain in the event of Share price appreciation through the exercise of the Warrants; and
- (iv) strengthen the capital base of the Company, as and when the Warrants are exercised.

4. INDUSTRY OVERVIEW AND OUTLOOK OF FRONTKEN GROUP

4.1 Overview and outlook for the Malaysian economy

The Malaysian economy recorded a negative growth of 3.4% in the fourth quarter of 2020 (3Q 2020: -2.6%), largely attributable to the imposition of the Conditional Movement Control Order (CMCO) on a number of states since mid-October. The restriction on mobility, especially on inter-district and inter-state travel, weighed on economic activity. Nevertheless, the continued improvement in external demand provided support to growth. Consequently, except for manufacturing, all economic sectors continued to record negative growth. On the expenditure side, moderating private consumption and public investment activities weighed on domestic demand. On a quarter-on-quarter seasonally-adjusted basis, the economy registered a decline of 0.3% (3Q 2020: +18.2%).

Domestic demand recorded a decline of 4.4% in the fourth quarter of 2020 (3Q 2020: -3.3%), mainly due to the subdued private consumption and public investment activities. Net exports grew by 12.4% (3Q 2020: 21.9%), with continued expansion in manufactured exports. Private consumption contracted by 3.4% (3Q 2020: -2.1%). Household spending was subdued amid continued weaknesses in income and employment conditions during the quarter. Spending was also affected by tighter movement restrictions in selected states. Nevertheless, the decline in physical spending was partly mitigated by the continued acceleration in online spending. During the quarter, consumer expenditure also remained supported by various stimulus measures including the EPF *i-Lestari* withdrawals, the continued support to affected borrowers under the Targeted Repayment Assistance (TRA) and lower passenger car sales tax.

Meanwhile, public consumption continued to expand, albeit at a more moderate pace of 2.7% in the fourth quarter of 2020 (3Q 2020: 6.9%), supported by spending in emoluments.

For 2021, while near-term growth will be affected by the re-introduction of stricter containment measures, the impact, however, will be less severe than that experienced in 2020. The growth trajectory is projected to improve from the second quarter onwards. The improvement will be driven by the recovery in global demand, turnaround in public and private sector expenditure amid continued support from policy measures including PENJANA, KITA PRIHATIN, 2021 Budget and PERMAI, and higher production from existing and new facilities in the manufacturing and mining sectors. The vaccine rollout from February onwards is also expected to lift sentiments.

The balance of risks remains tilted to the downside, stemming mainly from ongoing uncertainties surrounding the dynamics of the pandemic and potential challenges that might affect the rollout of vaccines both globally and domestically.

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

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%).

Growth was anchored by domestic demand, amid weak net exports. Domestic demand expanded by 4.9% (3Q 2019: 3.5%), driven by higher private sector activity. Private consumption growth increased to 8.1% (3Q 2019: 7.0%), anchored by positive income and employment growth. This was supported by sustained spending on necessities, such as food and transportation, and leisure-related expenditure, such as restaurants and hotels, and recreational services.

Public consumption expanded by 1.3% (3Q 2019: 1.0%), supported by higher growth in emoluments. Government spending on supplies and services continued to decline, albeit at a smaller pace.

For the year as a whole, growth will be supported by household spending, underpinned by continued income and employment growth amid modest price pressures. Investment is projected to record a modest recovery, supported by the realisation of approved private investment projects in recent periods, and higher public sector capital spending, particularly in the transport-related segment. Meanwhile, the external sector is expected to benefit from the gradual recovery in global growth and trade.

The growth momentum is subject to high near-term downside risks. The most significant would be the prolonged impact of the coronavirus. In addition, uncertainties remain in global economic and financial conditions. On the domestic front, risks emanate mainly from weakness in the commodities sector and delays in projects implementation.

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

The Malaysian economy contracted by 8.3% in the first half of 2020, with a decline of 17.1% in the second quarter. 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. Growth will continue to be supported by strong economic fundamentals and a well-diversified economy. However, the favourable outlook hinges on two major factors – the successful containment of the pandemic and sustained recovery in external demand.

(Source: Chapter 1 Macroeconomic Outlook, Economic Outlook 2021, Ministry of Finance Malaysia)

The Malaysian economic outlook remains resilient with domestic demand anchoring growth. The GDP expansion of 4.7% (y-o-y) in the first half of 2019 is expected to continue for the rest of the year while improving marginally to 4.8% in 2020.

Notwithstanding the steady economic performance, the balance of risks to outlook remains on the downside as Malaysia has a high degree of openness. Disruption to global supply chain emanating from the prolonged trade dispute between major economies, geopolitical tensions, electronics slowdown as well as volatility in the global financial and commodity markets are anticipated to affect Malaysia's growth momentum in the near-term.

(Source: Chapter 3 Macroeconomic Outlook, Economic Outlook 2020, Ministry of Finance Malaysia)

4.2 Overview and outlook of the manufacturing and semiconductor industry in Malaysia

In terms of sectoral performance, the manufacturing sector expanded by 3.0% in the fourth quarter of 2020 (3Q 20: 3.3%), as robust E&E production more than offset lower activity in the consumer cluster. The strong performance in the E&E sub-sector was supported by sustained global demand for semiconductors components, which has led to a global shortage. This has resulted in a build-up of order backlogs among Malaysian producers which are highly integrated in the global value chain.

The positive growth in E&E was partially offset by the weakness in consumer-cluster. In particular, the refining and manufacture of palm-oil related products was affected by disruptions in the agriculture sector amid labour shortages. Several consumer-clusters, such as food and beverages, tobacco, and textiles subsectors, were affected by weaker demand due to the re-imposition of CMCO.

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

Growth in the manufacturing sector moderated (3.0%; 3Q 2019: 3.6%). E&E production was affected by continued weakness in the global demand for semiconductors. Production disruptions in the commodities sector also had a negative impact on downstream manufacturing activities. Growth in the consumer-related cluster was weaker mainly due to a contraction in oil palm production. In the primary-related cluster, growth moderated following closures of major downstream oil refineries and lower gas liquefaction activities. However, the pace of moderation was cushioned by the operationalisation of large oil refinery and petrochemical facilities in Johor.

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

The manufacturing sector contracted by 8.7% during the first half of 2020, as almost all industry operations were temporarily halted, following supply chain disruptions amid the MCO. Within the export-oriented industries, the E&E cluster was severely affected as global demand decelerated sharply. Domestic-oriented industries also recorded sluggish growth, with transport equipment; and non-metallic mineral products, basic metal and fabricated metal products segments registering a double-digit contraction.

Nonetheless, the manufacturing sector is expected to improve by 2.4% in the second half of 2020, as industrial activities resume operations in line with the gradual lifting of the MCO. Within the export-oriented industries, the E&E segment is projected to improve following rising demand for computer and electronic products. Within the domestic-oriented industries, the food products and transport equipment segments are expected to rebound, supported by higher demand. Overall, for the year, the manufacturing sector is expected to decline by 3%.

The manufacturing sector is forecast to rebound by 7% in 2021, driven by steady improvement in both the export- and domestic-oriented industries. The E&E segment is projected to accelerate in line with the digital transformation as WFH and virtual communication become part of new business practices. Higher demand for integrated circuits, memory and microchips within the global semiconductor market will further support the segment.

Gross exports are expected to rebound by 2.7% in 2021, benefiting from the recovery in global trade and supply chains. Exports of manufactured goods are anticipated to turnaround by 2.5%, supported by improved demand for E&E and non-E&E products. Higher demand for semiconductor, telecommunication equipment parts as well as automatic data processing equipment in line with the global digital transformation and 5G roll-out is expected to expand the exports of E&E by 3%. Similarly, exports of the non-E&E are expected to improve by 2.1%, contributed by higher demand for chemicals and chemical products, rubber products and manufactures of metal.

In 2020, gross exports are projected to decline by 5.2% weighed down by global supply disruptions as a result of the unprecedented crisis. Consequently, exports of manufactured goods are estimated to contract by 3.8% following lower demand for E&E and non-E&E products which are expected to fall by 3.8% and 3.7% respectively.

(Source: Chapter 3 Macroeconomic Outlook, Economic Outlook 2021, Ministry of Finance Malaysia)

During the first half of 2019, the manufacturing sector expanded by 4.2% mainly supported by the domestic-oriented industries. Meanwhile, export-oriented industries grew at a slower pace due to modest expansion in the E&E subsector in line with softer global demand for electronic products. For the year, the sector is expected to grow 4% with the Manufacturing Production Index and sales expanding 4.1% and 6.1%, respectively, between January and July. In 2020, the manufacturing sector is estimated to grow 4.1% driven by steady improvement in the export-oriented industries coupled with sustained expansion in the domestic-oriented industries.

In 2019, the E&E subsector, constituting 40.8% of export-oriented industries is forecast to expand moderately by 3.6% due to the downturn in the semiconductor cycle and the escalating trade war between the US and China. Meanwhile, petroleum, chemical, rubber and plastic products subsector is projected to grow 3.4% supported by continued demand for rubber gloves following Ebola outbreak in Africa and rising healthcare awareness worldwide. The domestic-oriented industries are expected to remain resilient, particularly driven by the consumer-related cluster, including transport equipment as well as food and beverages.

In 2020, overall gross exports are expected to expand 1% benefitting from the anticipated improvement in global trade activities and the uptick in the E&E cycle. Accordingly, exports of manufactured goods are projected to increase by 0.9% with exports of E&E expanding 0.8%. Meanwhile, exports of non-E&E products are expected to expand 1.1% contributed by higher demand for chemicals and chemical products; machinery, equipment and parts; manufactures of metal; and petroleum products.

In 2019, gross exports are estimated to expand marginally by 0.1%. Exports of manufactured goods, which account for about 84% of total exports, are estimated to grow 0.7% contributed by higher exports of non-E&E and E&E products. Exports of non-E&E are projected to increase albeit marginally by 0.7% contributed by chemicals and chemical products; optical and scientific equipment; as well as iron and steel products. Similarly, receipts from E&E products are forecast to expand moderately by 0.6% as a result of the downturn in global semiconductor cycle.

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

(Source: Chapter 3 Macroeconomic Outlook, Economic Outlook 2020, Ministry of Finance Malaysia)

4.3 Overview and outlook of the oil and gas industry in Malaysia

Malaysia's investments in its O&G industry remain deep and are set to expand further. With some 12.94 billion barrels of oil (BBOE) reserves and about 1.2 per cent of the world's natural gas reserves (approximately 1.75 trillion cubic metres), Malaysia has a current aggregate production rate of 730,000 barrels of crude oil per day and 56.63 million standard cubic metres per day of natural gas, making it the world's third-largest exporter of liquefied natural gas (LNG). This capacity coupled with its strategic location at the centre of South East Asia right between the growth markets of China and India makes Malaysia an ideal base for businesses to expand their Asian O&G operations.

The oil, gas and energy (OGE) industry currently contributes about 20 percent to Malaysia's GDP and has been identified as a sector that will feature prominently in its future. The country is committed to ensuring a sustainable and successful O&G industry through pro-business policies. Malaysia also aims to take full advantage of its strategic location at key shipping lanes as well as strong economic fundamentals in China, India and within South East Asia.

Supporting service providers and contractors play an important role in Malaysia's O&G industry, and investment opportunities abound in the country's upstream and downstream O&G sectors. Petroleum services companies, rig owners, offshore diving contractors, petroleum equipment manufacturers, spare parts suppliers, maintenance service providers and petroleum logistics service providers all stand to benefit from the country's dynamic O&G business environment. In the upstream segment, opportunities are emerging for service providers and contractors that specialise in High CO₂, High Pressure/High Temperature, EOR, facilities rejuvenation, deep water development and floating production systems (FLNG). Meanwhile, the downstream segment is presenting opportunities in LNG regasification, petrochemicals, refineries, storage and trading.

(Source: Meet Malaysia: Investment opportunities in Asia's oil and gas hub, June 2020, Malaysian Investment Development Authority)

Malaysia's energy industry is an important sector of growth for the economy. The government has focused on increasing hydrocarbon production through upstream investment and exploration as a driver of economic growth, but pursuing this strategy has become increasingly challenging because production has been declining as a result of maturing fields and a lack of developed new fields.

Malaysia's national oil and natural gas company, Petroliaam Nasional Berhad (Petronas), holds exclusive ownership rights to all oil and natural gas exploration and production projects in Malaysia, and its Petroleum Management Unit (PMU) is responsible for managing all upstream licensing procedures. Petronas holds stakes in most of the oil and natural gas blocks in Malaysia, and Petronas financial contributions to government revenue in the form of taxes, dividends, and cash payments comprised about 35% of total government revenue in 2019. Malaysia produces a number of different crude oil blends, which are mainly medium to light, sweet blends.

Total liquid fuels production in 2019 was an estimated 712,000 barrels per day (b/d), of which about 600,000 b/d was crude oil. Total liquid fuels production has declined after reaching a high point of 762,000 b/d for the decade in 2016. Malaysia's declining production is a result of maturing fields, particularly its larger fields in the shallow waters offshore of Peninsular Malaysia. In 2020, Malaysia volunteered to cut its crude oil production by 136,000 b/d from May to July 2020 to comply with the April 15 OPEC+ agreement. The agreement also stipulates that Malaysia cut 109,000 b/d from August to December 2020. OPEC members and select non-OPEC members agreed to reduce their production from a baseline in order to rebalance the crude oil market after demand steeply declined as a result of the global outbreak of the novel coronavirus (COVID-19) in early 2020 and the severe restrictions on movement and economic activity that followed.

In 2019, Malaysia imported nearly 270,000 b/d of crude oil for processing at its oil refineries. Much of Malaysia's oil product trade occurs within Asia, especially with neighboring Singapore. Malaysia exported a 276,000 b/d of crude oil in 2019. Malaysia shipped almost all of its crude oil exports within Asia Pacific, the bulk of which were sent to Australia, India, Thailand, and Singapore.

Petroleum and other liquids and natural gas are the primary energy sources consumed in Malaysia, with estimated shares of 37% and 36%, respectively, in 2019. Coal meets about 21% of the country's energy consumption. Renewable energy accounts for 6% of total consumption.

(Source: Country Analysis Executive Summary: Malaysia, January 25, 2021, US Energy Information Administration)

The mining sector recorded a double-digit contraction of 11% in the first half of 2020, affected by the slump in global demand due to business closures as well as the reduction in travel and transport activities. The sector was further weighed down by the temporary shutdowns of several oil and gas (O&G) facilities for maintenance purposes. With the COVID-19 pandemic crushing demand, storage facilities filled rapidly, and Brent crude oil price fell to its lowest level at USD17.32 per barrel (pb) on 21 April 2020 before stabilising at about USD40 pb. The sector is expected to continue to decline in the second half of the year due to on-going maintenance works and bearish outlook, following economic and geopolitical uncertainties as well as trade tensions. Against this backdrop, the mining sector is anticipated to contract by 7.8% in 2020. Nonetheless, the sector is expected to rebound by 4.1% in 2021, supported by the recovery in global demand for crude oil and condensate as well as liquified natural gas (LNG). Brent crude oil price is expected to improve in 2021 to an average of USD42 pb and recover to pre-pandemic level in the medium-term.

(Source: Chapter 3 Macroeconomic Outlook, Economic Outlook 2021, Ministry of Finance Malaysia)

The mining sector rebounded during the first six months of 2019 on account of higher output of natural gas. For the year, the output of the sector is projected to turn around 0.6%, driven by higher production of natural gas, offsetting lower output of crude oil (including condensates). Among the natural gas fields that are expected to increase production include Anjung, Bakong and Larak in Sarawak. On the contrary, production of crude oil is affected by temporary planned and unplanned shutdowns of several fields such as Dulang (Peninsular Malaysia), Gumusut-Kakap (Sabah) and Baronia (Sarawak).

In 2020, the mining sector is forecast to record a marginal growth of 0.3%, supported by stable gas production following stronger domestic demand from the petrochemical industry as well as rising exports of liquefied natural gas (LNG), particularly to China, Japan and Republic of Korea. The subsector is expected to benefit from the commencement of the North Malay Basin Full Field Development (FFD - Phase 2) in Peninsular Malaysia as well as Gorek, Integrated Bokor (Phase 3) and Betty redevelopment projects in Sarawak. Production of crude oil is projected to increase moderately supported by projects such as Anggerik FFD and Zetung FFD in Peninsular Malaysia as well as Bayan Oilfield (Phase 2B and 2C) in Sarawak. Moving forward, uncertainties in the global growth; production cut by Organization of the Petroleum Exporting Countries (OPEC) and non-OPEC; oil production by the US; the US-China trade tension; and geopolitical risks, particularly in Iran, Iraq, Libya and Venezuela will be among the factors affecting the movement of crude oil prices.

(Source: Chapter 3 Macroeconomic Outlook, Economic Outlook 2020, Ministry of Finance Malaysia)

4.4 Impact of COVID-19 to Frontken Group

The Movement Control Order (“MCO”) implemented by the Malaysian Government due to the COVID-19 pandemic had resulted in some disruption in the Group’s operations in Malaysia and to a lesser degree, the Group’s oil and gas business in Singapore and the Philippines. However, most of the Group’s operations were not affected during this period as they were deemed as essential services under the MCO.

The financial impact of COVID-19 to the Group during this period mainly arose from additional costs in order to comply with standard operating procedures in line with the National Security Council and the Ministry of Health for COVID-19 infection control measures. These costs primarily relate to sanitisation expenses, screening tests, and purchase of personal protective equipment, and did not have a material impact to our financial performance.

Notwithstanding the above, Frontken Group recorded a higher profit in its unaudited results for the FPE 31 December 2020 as compared to the previous FYE 31 December 2019. The increase in the Group’s profit was mainly due to the strong performance by its subsidiary in Taiwan.

As the COVID-19 pandemic is still on-going, Frontken will continue to practice safety measures to contain and prevent the spread of COVID-19 to ensure the safety and well-being of its employees as well as to enable production and delivery to continue as usual for its customers.

The Group shall further closely monitor and take the necessary steps to navigate its post-pandemic recovery to drive the performance of its business.

4.5 Future prospects of the Group

Frontken Group is a service provider of precision cleaning and surface treatment, primarily servicing the wafer fabricators and foundries in the semiconductor industry and repair and maintenance of equipment in the upstream and downstream of the oil and gas industry. The Group envisage that its semiconductor business will continue to show positive growth as semiconductors are essential technology enablers that power many of the cutting-edge digital services used today.

To that end, the Board is confident that the advancement and deployment of new innovative technologies following the roll-out of 5G network globally and the strong demand for its customers' advanced nodes' chips will spur the business growth of Frontken Group forward in the long term. In anticipation of the increase in demand for its services in the semiconductor industry, the Group is currently exploring to expand its operational capacity by constructing and setting-up a new ultra-high precision cleaning facility in Taiwan. In the interim, the Group has added new production lines in its existing facility in Taiwan to better cope with the rising demand for its leading edge high precision cleaning services.

In line with global optimistic outlook, the Group anticipates that the overall business conditions in 2021 to be better than 2020. To that end, the Group is cautiously optimistic that its business will be able to continue with its growth momentum during the year.

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5. EFFECTS OF THE PROPOSALS

The effects of the Proposals on the issued share capital, NA per Share and gearing ratio of the Group, earnings and EPS of the Group, and substantial shareholders' shareholdings in the Company, are set out below:-

Minimum Scenario : Assuming none of the treasury shares are resold in the open market of Bursa Securities at their respective acquisition cost prior to the implementation of the Proposals

Maximum Scenario : Assuming all treasury shares are resold in the open market of Bursa Securities at their respective acquisition cost prior to the implementation of the Proposals

5.1 Issued Share Capital

The pro forma effects of the Proposals on the issued share capital are set out below:-

	Minimum Scenario		Maximum Scenario	
	No. of Shares	RM	No. of Shares	RM
Issued share capital as at the LPD (including 5,466,600 treasury shares)	1,053,435,130	118,925,352	1,053,435,130	118,925,352
No. of Shares to be issued pursuant to the Proposed Bonus Issue of Shares	526,717,565	-	526,717,565	-
After the Proposed Bonus Issue of Shares	1,580,152,695	118,925,352	1,580,152,695	118,925,352
No. of Shares to be issued pursuant to the full exercise of the Warrants	523,984,265 ^{*1}	2,095,937,060 ^{*3}	526,717,565 ^{*2}	2,106,870,260 ^{*3}
Enlarged issued share capital (including treasury shares)	2,104,136,960^{*4}	2,214,862,412	2,106,870,260	2,225,795,612

Notes:-

^{*1} Warrants to be issued based on total number of 1,047,968,530 Frontken Shares (assuming none of the treasury shares are resold in the open market at their respective acquisition cost).

^{*2} Warrants to be issued based on total number of 1,053,435,130 Frontken Shares (assuming all treasury shares are resold in the open market at their respective acquisition cost).

^{*3} Assuming that all Warrants were exercised at the indicative exercise price of RM4.00 per Warrant.

^{*4} Including 8,199,900 treasury shares to be held by the Company upon the completion of Proposed Bonus Issue of Shares (the 5,466,600 treasury shares held by the Company as at the LPD will be entitled to 2,733,300 Bonus Shares pursuant to the Proposed Bonus Issue of Shares. As such, the 2,733,300 Bonus Shares will be treated as treasury shares).

5.2 NA per Share and gearing ratio

Based on the latest audited consolidated statements of financial position of the Group as at FYE 31 December 2019, the pro forma effects of the Proposals on the NA per Share and gearing ratio of the Group are set out as follows:-

Minimum Scenario

	Audited as at FYE 31 December 2019	Adjusted for subsequent events up to the LPD	Pro forma I After the Proposed Bonus Issue of Shares	Pro forma II After pro forma I and assuming full exercise of the Warrants
	RM'000	RM'000	RM'000	RM'000
Share capital	118,925	118,925	118,925	2,214,862 ^{*6}
Treasury shares	(663)	(663)	(663)	(663)
Reserves	258,710	201,071 ^{*2,3,4}	200,671 ^{*5}	200,671
Shareholders' fund/NA	376,972	319,334	318,934	2,414,871
No. of Shares in issue (excluding treasury shares) ('000)	1,047,969	1,047,969	1,571,953 ^{*7}	2,095,937
NA per Share (RM)	0.36	0.30	0.20	1.15
Total borrowings (RM) ('000)	844	844	844	844
Gearing ratio (times)	^{*1}	^{*1}	^{*1}	^{*1}

Notes:-

- *1 Negligible.
- *2 After adjusting for the payment of second interim single-tier dividend of 1.5 sen per ordinary share for FYE 31 December 2019 which was declared and approved on 21 February 2020 and paid on 13 April 2020, amounting to RM15,719,528.
- *3 After adjusting for the payment of first interim single-tier dividend of 1.2 sen per ordinary share for FYE 31 December 2020 which was announced on 10 August 2020 and paid on 22 September 2020, amounting to RM12,575,622.
- *4 After adjusting for the payment of second interim single-tier dividend of 2.8 sen per ordinary share for FYE 31 December 2020 which was announced on 23 February 2021 and to be paid on 8 April 2021, amounting to RM29,343,119.
- *5 After deducting for the estimated expenses in relation to the Proposals of approximately RM400,000.
- *6 Assuming that all Warrants were exercised at the indicative exercise price of RM4.00 per Warrant.
- *7 Excluding 8,199,900 treasury shares to be held by the Company upon the completion of Proposed Bonus Issue of Shares (the 5,466,600 treasury shares held by the Company as at the LPD will be entitled to 2,733,300 Bonus Shares pursuant to the Proposed Bonus Issue of Shares. As such, the 2,733,300 Bonus Shares will be treated as treasury shares).

Maximum Scenario

	Audited as at FYE 31 December 2019	Adjusted for subsequent events up to the LPD	Pro forma I Assuming all treasury shares are resold the open market at their respective acquisition cost	Pro forma II After pro forma I and the Proposed Bonus Issue of Shares	Pro forma III After pro forma II and assuming full exercise of the Warrants
	RM'000	RM'000	RM'000	RM'000	RM'000
Share capital	118,925	118,925	118,925	118,925	2,225,796 ^{*7}
Treasury shares	(663)	(663)	- ^{*5}	-	-
Reserves	258,710	201,071 ^{*2,3,4}	201,071	200,671 ^{*6}	200,671
Shareholders' fund/NA	376,972	319,334	319,997	319,597	2,426,467
No. of Shares in issue excluding treasury shares) (‘000)	1,047,969	1,047,969	1,053,435 ^{*5}	1,580,153	2,106,870
NA per Share (RM)	0.36	0.30	0.30	0.20	1.15
Total borrowings (RM) (‘000)	844	844	844	844	844
Gearing ratio (times)	- ^{*1}	- ^{*1}	- ^{*1}	- ^{*1}	- ^{*1}

Notes:-

- *1 Negligible.
- *2 After adjusting for the payment of second interim single-tier dividend of 1.5 sen per ordinary share for FYE 31 December 2019 which was declared and approved on 21 February 2020 and paid on 13 April 2020, amounting to RM15,719,528.
- *3 After adjusting for the payment of first interim single-tier dividend of 1.2 sen per ordinary share for FYE 31 December 2020 which was announced on 10 August 2020 and paid on 22 September 2020, amounting to RM12,575,622.
- *4 After adjusting for the payment of second interim single-tier dividend of 2.8 sen per ordinary share for FYE 31 December 2020 which was announced on 23 February 2021 and to be paid on 8 April 2021, amounting to RM29,343,119.
- *5 Assuming all treasury are resold in the open market at their respective acquisition cost.
- *6 After deducting for the estimated expenses in relation to the Proposals of approximately RM400,000.
- *7 Assuming that all Warrants were exercised at the indicative exercise price of RM4.00 per Warrant.

5.3 Substantial shareholders' shareholdings

The Proposed Bonus Issue of Shares will not have any effect on the percentage shareholdings of the substantial shareholders of Frontken as the Bonus Shares will be allotted on a pro-rata basis to all the shareholders of the Company. However, the number of Frontken Shares held by the substantial shareholders will increase proportionately as a result of the Proposed Bonus Issue of Shares.

The Proposed Bonus Issue of Warrants will not have any effect on the percentage shareholdings of the substantial shareholders of Frontken. Assuming all Entitled Shareholders exercise their respective Warrants during the exercise period of the Warrants, the number of Frontken Shares held by the substantial shareholders will increase proportionately arising from the exercise of the Warrants into new Frontken Shares.

For illustration purpose, the pro forma effects of the Proposals on the shareholdings of the substantial shareholders of Frontken are as follows:-

Minimum Scenario

Substantial shareholders	Shareholdings as at the LPD				Pro forma I				Pro forma II			
	<-----Direct----->		<-----Indirect----->		<-----Direct----->		<-----Indirect----->		<-----Direct----->		<-----Indirect----->	
	No. of Shares	% ^{*1}	No. of Shares	% ^{*1}	No. of Shares	% ^{*2}	No. of Shares	% ^{*2}	No. of Shares	% ^{*3}	No. of Shares	% ^{*3}
Dazzle Clean Ltd	213,891,473	20.41	-	-	320,837,209	20.41	-	-	427,782,945	20.41	-	-
Ng Wai Pin	6,712,900	0.64	213,891,473 ^{*4}	20.41	10,069,350	0.64	320,837,209 ^{*4}	20.41	13,425,800	0.64	427,782,945 ^{*4}	20.41
Ooi Keng Thye	158,682,900	15.14	-	-	238,024,350	15.14	-	-	317,365,800	15.14	-	-

Notes:-

- *1 Based on the issued Shares of 1,047,968,530 (after excluding 5,466,600 treasury shares as at the LPD).
- *2 Based on the enlarged issued Shares of 1,571,952,795 (after excluding 8,199,900 treasury shares to be held by the Company upon the completion of Proposed Bonus Issue of Shares (The 5,466,600 treasury shares held by the Company as at the LPD will be entitled to 2,733,300 Bonus Shares pursuant to the Proposed Bonus Issue of Shares. As such, the 2,733,300 Bonus Shares will be treated as treasury shares).
- *3 Based on the enlarged issued Shares of 2,095,937,060.
- *4 Deemed interested via his shareholdings in Dazzle Clean Ltd.

Maximum Scenario

Substantial shareholders	Shareholdings as at the LPD			Pro forma I Assuming all treasury shares are resold the open market at their respective acquisition cost		
	<-----Direct----->	<-----Indirect----->	No. of Shares	<-----Direct----->	<-----Indirect----->	No. of Shares
	No. of Shares	% ^{*1}		No. of Shares	% ^{*2}	
Dazzle Clean Ltd	213,891,473	20.41	-	213,891,473	20.30	-
Ng Wai Pin	6,712,900	0.64	213,891,473 ^{*5}	6,712,900	0.64	213,891,473 ^{*5}
Ooi Keng Thye	158,682,900	15.14	-	158,682,900	15.06	-
Substantial shareholders	Pro forma II After pro forma I and the Proposed Bonus Issue of Shares			Pro forma III After pro forma II and assuming full exercise of the Warrants		
	<-----Direct----->	<-----Indirect----->	No. of Shares	<-----Direct----->	<-----Indirect----->	No. of Shares
	No. of Shares	% ^{*3}		No. of Shares	% ^{*4}	
Dazzle Clean Ltd	320,837,209	20.30	-	427,782,945	20.30	-
Ng Wai Pin	10,069,350	0.64	320,837,209 ^{*5}	13,425,800	0.64	427,782,945 ^{*5}
Ooi Keng Thye	238,024,350	15.06	-	317,365,800	15.06	-

Notes:-

*1 Based on the issued Shares of 1,047,968,530 (after excluding 5,466,600 treasury shares as at the LPD).

*2 Based on the enlarged issued Shares of 1,053,435,130.

*3 Based on the enlarged issued Shares of 1,580,152,695.

*4 Based on the enlarged issued Shares of 2,106,870,260.

*5 Deemed interested via his shareholdings in Dazzle Clean Ltd.

5.4 Earnings and EPS

The Proposals are not expected to have any material effect on the earnings of the Group for FYE 31 December 2021. However, assuming that the earnings of the Group remain unchanged, the consolidated EPS of the Group will be proportionately diluted as a result of the increase in the number of Frontken Shares in issue pursuant to the Proposed Bonus Issue of Shares, and as and when the Warrants are exercised into new Frontken Shares.

The potential effects of the exercise of the Warrants on the future earnings of the Group and consolidated EPS of the Group will depend upon, amongst others, the number of Warrants exercised at any point in time. Although the consolidated EPS of the Group may be diluted as a result of the increase in the number of Frontken Shares as and when the Warrants are exercised, the utilisation of proceeds arising therefrom may contribute positively to the future earnings of the Group.

5.5 Convertible securities

As at the LPD, the Company does not have any existing convertible securities.

6. HISTORICAL SHARE PRICES

The monthly highest and lowest prices of the Frontken Shares as traded on Bursa Securities for the past 12 months up to and including the LPD are set out in the table below:

	High (RM)	Low (RM)
2020		
March	2.321	0.982
April	2.372	1.754
May	2.422	2.143
June	3.050	2.342
July	3.768	2.522
August	3.937	3.240
September	3.840	3.040
October	3.830	3.470
November	3.680	3.150
December	3.750	3.220
2021		
January	4.790	3.450
February	5.950	4.660
The last transacted price of Frontken Shares as at 22 February 2021, being the last trading date prior to the announcement of the Proposals		4.870
Last transacted market price of Frontken Shares as at the LPD		4.680

(Source: Bloomberg)

7. APPROVALS REQUIRED/OBTAINED

The Proposals are subject to the following approvals:-

- (i) Bursa Securities, for the following which was obtained vide its letter dated 16 March 2021:-
 - (a) the listing of and quotation for up to 526,717,565 Bonus Shares issued pursuant to the Proposed Bonus Issue of Shares;
 - (b) the admission to the Official List and listing of and quotation for up to 526,717,565 Warrants to be issued pursuant to the Proposed Bonus Issue of Warrants; and
 - (c) the listing of and quotation for up to 526,717,565 new Frontken Shares to be issued arising from the exercise of the Warrants,

The approval of Bursa Securities is subject to the following conditions:-

No	Conditions	Status of compliance
1.	Frontken and UOB Kay Hian must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposals;	Noted
2.	Frontken and UOB Kay Hian to inform Bursa Securities upon completion of the Proposals;	To be complied
3.	Frontken to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposals are completed;	To be complied
4.	Frontken and UOB Kay Hian are required to make the relevant announcements for the Bonus Shares pursuant to Paragraphs 6.35(2)(a) & (b) and 6.35(4) of the Listing Requirements; and	To be complied
5.	Frontken to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of the Warrants as at the end of each quarter together with a detailed computation of listing fees payable.	To be complied

- (ii) the approval of the shareholders of Frontken at the forthcoming EGM; and

- (iii) any other relevant authority, if required.

Proposed Bonus Issue of Shares and the Proposed Bonus Issue of Warrants are not conditional upon each other. The Proposals are not conditional upon any other proposals undertaken or to be undertaken by the Company.

8. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED WITH THEM

None of the Directors, major shareholders and/or chief executive of Frontken and/or persons connected with them have any interest, whether direct or indirect, in the Proposals, save for their respective entitlements as shareholders of the Company under the Proposals, which are also available to all other shareholders of the Company on a pro-rata basis.

9. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all required approvals being obtained, the Board expects the Proposals to be completed in the second quarter of 2021.

The tentative timetable in relation to the Proposals are set out below:-

Timeline	Event(s)
13 April 2021	• Convening of EGM
Mid April 2021	• Announcement of Entitlement Date
End of April 2021	• Entitlement Date for the Bonus Shares and Warrants
Early May 2021	• Listing of and quotation for the Bonus Share • Announcement of the number of Warrants to be listed • Announcement on profile of Warrants
Mid May 2021	• Listing of and quotation for the Warrants

10. PROPOSALS ANNOUNCED BUT PENDING COMPLETION

Save for the Proposals, which are the subject matters of this Circular, the Board is not aware of any other outstanding proposals, which have been announced but not yet completed as at the LPD.

11. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board, after having considered all aspects of the Proposals, which include, but are not limited to, the basis and number of Bonus Shares and Warrants to be issued, the rationale and justifications, and the pro forma effects of the Proposals on the Company, is of the opinion that the Proposals are in the best interest of the Company.

Accordingly, the Board recommends that you **VOTE IN FAVOUR** for the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM.

12. EGM

The Company's forthcoming EGM will be held at Ballroom 2, Eastin Hotel Kuala Lumpur, Level LG, 13, Jalan 16/11, Off Jalan Damansara, 46350 Petaling Jaya, Selangor on Tuesday, 13 April 2021 at 10.30 am, or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modification, the resolutions to give effect to the Proposals.

If you are unable to attend, speak and vote in person at the forthcoming EGM, you are requested to complete the Form of Proxy in accordance with the instructions printed therein and deposit it at the office of the Share Registrar of the Company at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or via TIIH Online at <https://tiih.online> not less than forty-eight (48) hours before the time set for holding the EGM or any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending, speaking and voting person at the EGM should you subsequently wish to do so.

13. FURTHER INFORMATION

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

Yours faithfully,
For and on behalf of the Board
FRONTKEN CORPORATION BERHAD

NG WAI PIN
Chairman/Chief Executive Officer

APPENDIX I - INDICATIVE SALIENT TERMS OF THE DEED POLL

The indicative salient terms of the Deed Poll are as follows:-

Issue size	Up to 526,717,565 Warrants
Form and denomination	The Warrants will be issued in registered form and constituted by the Deed Poll
Tenure	5 years commencing from and inclusive of the date of issuance of the Warrants
Exercise period	The Warrants may be exercised at any time within 5 years commencing on and including the date of issuance of the Warrants not later than 5.00 p.m. on the last day of the exercise period. Warrants not exercised during the exercise period will thereafter lapse and cease to be valid
Exercise price	The exercise price of the Warrants will be determined at a later date by the Board upon receipt of all relevant approvals but prior the announcement of the Entitlement Date. The exercise price during the exercise period shall however be subject to adjustments under circumstances prescribed in the Deed Poll
Exercise rights	Each Warrant entitles the holders of Warrant (" Warrantholder(s) ") carries the entitlement, at any time during the Exercise Period, to subscribe for 1 Frontken Share at the Exercise Price of the Warrants, subject to the adjustment in accordance with the provisions of the Deed Poll
Expiry date	The last day of a period of 5 years commencing from and including the date of issuance of the Warrants (but if that day is not a Market Day, it shall be the immediately preceding Market Day)
Mode of exercise	The Warrantholders must complete and sign the exercise form (which shall be irrevocable) and deliver the duly completed exercise form to the Company's share registrar together with a remittance of the exercise money by way of cashier's order or banker's draft or money order or postal order in Ringgit Malaysia drawn on a bank or post office operating in Malaysia in accordance with the provisions of the Deed Poll
Participating rights of the holders of Warrant	The Warrantholders are not entitled to vote in any general meeting of Frontken and/or to participate in any distribution other than on winding-up, compromise or arrangement of Frontken and/or offer of further securities in Frontken unless and until the Warrant Holders becomes a shareholder of Frontken by exercising his/her Warrants into new Frontken Shares or unless otherwise resolved by Frontken in a general meeting
Adjustments in the exercise price and/or number of Warrants	The exercise price and/or the number of Warrants held by each Warrantholder shall from time to time be adjusted in accordance with the provisions of the Deed Poll by the Directors in consultation with an approved adviser appointed by the Company and certified by the auditors to be in accordance with the provisions of the Deed Poll
Transferability	The transfer of Warrants shall be subject to and be carried out in accordance with the provisions of the Deed Poll, the provisions of the Depositories Act and the Rules of Bursa Malaysia Depository Sdn Bhd as issued pursuant to the Depositories Act (" Rules of Bursa Depository "). Subject to the provisions of the Depositories Act and the Rules of Bursa Depository, no person shall be recognised by the Company as having title to the Warrants entitling the holder to subscribe for a fractional part of a new Share
Board lot	For the purposes of trading on the Bursa Securities, board lot for the Warrants shall be 100 Warrants each carrying the right to subscribe for 100 new Shares at any time during the exercise period or in such other denominations permitted by Bursa Securities from time to time

APPENDIX I - INDICATIVE SALIENT TERMS OF THE DEED POLL (CONT'D)

Rights on winding up, liquidation, compromise and/or arrangement	Where a resolution has been passed for a members' voluntary winding up of the Company, or where there is a scheme of compromise or arrangement under Section 366 of the Act (whether or not for the purpose of or in connection with the amalgamation of the Company with one or more companies) then:- (i) if such winding up, compromise or arrangement has been approved by the Warrantholders by way of a special resolution, the terms of such winding up, compromise or arrangement shall be binding on all the Warrantholders; and (ii) in any other case, every Warrantholder shall be entitled upon and subject to the conditions of the Deed Poll at any time within 6 weeks after the service of the notice of the passing of such resolution for a members' voluntary winding up of the Company or within 6 weeks after the granting of the court order approving the compromise or arrangement (but in both cases, not later than the end of the exercise period), by irrevocable surrender on a Market Day of his/her Warrants to the Company with the exercise form(s) duly completed, together with payment of the relevant exercise price and otherwise in accordance with the Deed Poll, to elect to be treated as if he/she had immediately prior to the commencement of such winding up, compromise or arrangement, exercised the exercise rights represented by such Warrants to the extent specified in the exercise form and be entitled to receive out of the assets of the Company which would be available in liquidation if he/she had on such date been the holder of the new Shares to which he/she would have become entitled pursuant to such exercise and the liquidator of the Company shall give effect to such election accordingly. If the Company is wound up by way of members' voluntary winding up or an order has been granted for such compromise or arrangement, all exercise rights which have not been exercised within 6 weeks after the service of the notice of the passing of such a resolution or of the court order, shall lapse and the Warrants will cease to be valid for any purpose. If the Company is wound up (other than by way of a members' voluntary winding up), all exercise rights which have not been exercised prior to the date of commencement of the winding up shall lapse and the Warrants will cease to be valid for any purpose
Modification of rights of the holders of Warrant	Any modification, deletion or addition to the Deed Poll may be effected only by a deed poll executed by the Company and expressed to be supplemental to the Deed Poll, sanctioned by a special resolution and only if the relevant requirements under the Deed Poll have been complied with and with the approval of the relevant authority
Listing status	The Warrants will be listed and quoted on the Main Market of Bursa Securities
Governing law	The Warrants and the Deed Poll shall be governed by the applicable laws and regulations of Malaysia

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APPENDIX II - FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board who 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

UOB Kay Hian, being the Principal Adviser for the Proposals, 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

UOB Kay Hian has given its written confirmation that it is not aware of any conflict of interests that exists or is likely to exist in relation to its role as the Principal Adviser to Frontken for the Proposals.

4. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, Frontken Group is not engaged in any material litigation, claim or arbitration, either as plaintiff or defendant and the Board does not have any knowledge of any proceedings pending or threatened against Frontken Group, or of any fact likely to give rise to any proceedings, which might materially affect the financial position or business of the Group.

5. MATERIAL COMMITMENTS

Save as disclosed below, 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:-

	RM'000
Plant and equipment	476
Total	476

6. CONTINGENT LIABILITIES

As at LPD, there are no contingent liabilities incurred or known to be incurred by Frontken Group which may have a material impact on the financial results or position of Frontken Group.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of Frontken at B-11-10 Level 11, Megan Avenue II, Jalan Yap Kwan Seng, 50450 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) the Constitution of Frontken;
- (ii) the audited consolidated financial statements of the Group for the past 2 financial years up to the FYE 31 December 2019 and the latest unaudited results for the 12-month financial period ended 31 December 2020;
- (iii) the draft Deed Poll; and
- (iv) the letter of consent and declaration of conflict of interests referred to in **Sections 2 and 3** above, respectively.

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FRONTKEN

FRONTKEN CORPORATION BERHAD

Registration No.: 200401012517 (651020-T)
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting (“**EGM**”) of Frontken Corporation Berhad (“**Frontken**” or the “**Company**”) will be held at Ballroom 2, Eastin Hotel Kuala Lumpur, Level LG, 13, Jalan 16/11, Off Jalan Damansara, 46350 Petaling Jaya, Selangor on Tuesday, 13 April 2021 at 10.30 am for the transaction of the following businesses:-

ORDINARY RESOLUTION 1

PROPOSED BONUS ISSUE OF UP TO 526,717,565 NEW ORDINARY SHARES IN FRONTKEN (“BONUS SHARE(S)”) ON THE BASIS OF 1 BONUS SHARE FOR EVERY 2 EXISTING ORDINARY SHARES IN FRONTKEN (“FRONTKEN SHARE(S)” OR “SHARE(S)”) HELD ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER (“ENTITLEMENT DATE”) (“PROPOSED BONUS ISSUE OF SHARES”)

“**THAT** subject to the approvals of all relevant authorities and/or parties (where applicable), authority be and is hereby given to the Board of Directors of Frontken (“**Board**”) to issue and allot up to 526,717,565 Bonus Shares in the share capital of the Company credited to the entitled shareholders whose names appear in the Record of Depositors of the Company as at the close of business on the Entitlement Date on the basis of 1 Bonus Share for every 2 existing Frontken Shares held;

THAT the Board be and is hereby authorised to deal with any fractional entitlements from the Proposed Bonus Issue of Shares, if any, in such a manner at its absolute discretion as the Board may deem fit and expedient and in the best interest of the Company;

THAT the Bonus Shares will, upon allotment and issuance, rank equally in all respects with the existing Frontken Shares, save and except that the Bonus Shares will not be entitled to any dividends, rights, allotments and/or any other forms of distribution that may be declared, made or paid before the Entitlement Date;

AND THAT the Board be and is hereby authorised to sign and execute all documents, do all acts, deeds and things as may be required to give effect to and to complete the Proposed Bonus Issue of Shares 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 and do all acts, deeds and things for and on behalf of the Company in any manner as they may deem fit or necessary or expedient to implement, finalise and give full effect to the Proposed Bonus Issue of Shares.”

ORDINARY RESOLUTION 2

PROPOSED BONUS ISSUE OF UP TO 526,717,565 FREE WARRANTS IN FRONTKEN (“WARRANT(S)”) ON THE BASIS OF 1 WARRANT FOR EVERY 2 FRONTKEN SHARES HELD ON THE SAME ENTITLEMENT DATE AS THE PROPOSED BONUS ISSUE OF SHARES (“PROPOSED BONUS ISSUE OF WARRANTS”)

“**THAT** subject to the approvals of all relevant authorities and/or parties (where applicable), authority be and is hereby given to the Board to issue and allot up to 526,717,565 Warrants (at an exercise price to be determined at a later date) in the share capital of the Company credited to the entitled shareholders whose names appear in the Record of Depositors of the Company as at the close of business on the Entitlement Date on the basis of 1 Warrant for every 2 Frontken Shares held;

THAT the Board be and is hereby authorised to enter into and execute a deed poll constituting the Warrants (“**Deed Poll**”) with full powers to assent to any condition, modification, variation and/or amendment in any manner as may be required or imposed by the relevant authorities or as the Board may deem necessary or expedient in the best interest of the Company, and with full powers for the Board to implement, finalise and give full effect to the Deed Poll;

THAT the Board be and is hereby authorised to issue and allot such appropriate number of Warrants in accordance with the provisions of the Deed Poll and where required, to adjust the exercise price and/or the number of Warrants to be issued (including, without limitation, any additional Warrants as may be required or permitted to be issued) in consequence of the adjustments pursuant to the provisions of the Deed Poll;

THAT the Board be and is hereby authorised to issue and allot such appropriate number of new Shares pursuant to the exercise of the Warrants by the holders of the Warrants in accordance with the provisions of the Deed Poll;

THAT the Board be and is hereby authorised to deal with any fractional entitlements from the Proposed Bonus Issue of Warrants, if any, in such a manner at its absolute discretion as the Board may deem fit and expedient and in the best interest of the Company;

THAT the new Frontken Shares to be issued pursuant to the exercise of the Warrants will, upon allotment and issuance, rank equally in all respects with the existing Frontken Shares, save and except that the new Frontken Shares to be issued arising from the exercise of the Warrants will not be entitled to any dividends, rights, allotments and/or any other forms of distribution that may be declared, made or paid prior to the exercise of the Warrants;

THAT the Board be and is hereby authorised to use the proceeds to be raised from the exercise of the Warrants for such purposes and in such manner as set out in the circular to shareholders of the Company dated 29 March 2021, and the Board be authorised with full powers to vary the manner and/or purpose of the utilisation of such proceeds in such manner as the Board may deem fit, necessary and/or expedient, subject to the approval of the relevant authorities (where required) and in the best interest of the Company;

AND THAT the Board be and is hereby authorised to sign and execute all documents, do all acts, deeds and things as may be required to give effect to and to complete the Proposed Bonus Issue of Warrants 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 and do all acts, deeds and things for and on behalf of the Company in any manner as they may deem fit or necessary or expedient to implement, finalise and give full effect to the Proposed Bonus Issue of Warrants.”

BY ORDER OF THE BOARD

Mah Li Chen (MAICSA 7022751) (PC No. 202008002006)
Chew Mei Ling (MAICSA 7019175) (PC No. 201908003198)
Company Secretaries

Kuala Lumpur
29 March 2021

Notes:

- 1) A member entitled to attend, speak and vote at this meeting is entitled to appoint a proxy/proxies to attend, speak and vote in his/her stead. A proxy need not be a member of the Company.
- 2) 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.
- 3) Where the appointer is a corporation, this form must be executed under its common seal, if any or under the hand of an officer or attorney duly authorised.
- 4) The instrument appointing a proxy or proxies must be deposited at the office of the Share Registrar of the Company situated at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or via TIH Online at <https://tiih.online> not less than forty-eight (48) hours before the time fixed for convening the Meeting or any adjournment thereof. Please refer to the Administrative Guide for further information on submission via TIH Online.
- 5) For the purpose of determining a member who shall be entitled to attend, speak and vote at the EGM, the Company shall request Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at 6 April 2021. Only a depositor whose name appears on the Record of the Depositor as at 6 April 2021 shall be entitled to attend, speak and vote at this EGM or appoint proxies to attend, speak and/or vote on his/her behalf.
- 6) All resolutions at the EGM or any adjournment thereof shall be voted by poll.

FORM OF PROXY

FRONTKEN

FRONTKEN CORPORATION BERHAD
Registration No.: 200401012517 (651020-T)
(Incorporated in Malaysia)

CDS Account No.

No. of shares held

I/We _____ Tel. No.: _____
[Full name in block, NRIC No./Company No.]

of _____
[Address]

being a member/members of **Frontken Corporation Berhad**, hereby appoint:-

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

and /or (delete as appropriate)

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

or failing him, the Chairman of the Meeting as my/our proxy to attend, to speak and to vote for me/us and on my/our behalf at the EGM of the Company to be held at Ballroom 2, Eastin Hotel Kuala Lumpur, Level LG, 13, Jalan 16/11, Off Jalan Damansara, 46350 Petaling Jaya, Selangor on Tuesday, 13 April 2021 at 10.30 am. or any adjournment thereof, and to vote as indicated below:-

Item	Agenda	Resolution	For	Against
1.	Proposed Bonus Issue of Shares	Ordinary Resolution 1		
2.	Proposed Bonus Issue of Warrants	Ordinary Resolution 2		

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

Signed this _____ day of _____, 2021.

Signature of shareholder(s)/Common Seal

Notes:

- 1) A member entitled to attend, speak and vote at this meeting is entitled to appoint a proxy/proxies to attend, speak and vote in his/her stead. A proxy need not be a member of the Company.
- 2) 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.
- 3) Where the appointer is a corporation, this form must be executed under its common seal, if any or under the hand of an officer or attorney duly authorised.
- 4) The instrument appointing a proxy or proxies must be deposited at the office of the Share Registrar of the Company situated at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or via TIIH Online at <https://tiih.online> not less than forty-eight (48) hours before the time fixed for convening the Meeting or any adjournment thereof. Please refer to the Administrative Guide for further information on submission via TIIH Online.
- 5) For the purpose of determining a member who shall be entitled to attend, speak and vote at the EGM, the Company shall request Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at 6 April 2021. Only a depositor whose name appears on the Record of the Depositor as at 6 April 2021 shall be entitled to attend, speak and vote at this EGM or appoint proxies to attend, to speak and/or vote on his/her behalf.
- 6) All resolutions at the EGM or any adjournment thereof shall be voted by poll.



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AFFIX
STAMP

FRONTKEN CORPORATION BERHAD
(Registration No.: 200401012517 (651020-T))
c/o 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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