

THIS CIRCULAR IS IMPORTANT AND REQUIRES SHAREHOLDERS' IMMEDIATE ATTENTION.

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

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

This Circular has been reviewed and approved by TA Securities Holdings Berhad as the Adviser to Securemetric Berhad ("Securemetric") for the Proposals (as defined herein).



SECUREMETRIC BERHAD
Registration No. 201701019864 (1234029-D)
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

- (I) PROPOSED BONUS ISSUE OF UP TO 243,600,000 NEW SECUREMETRIC SHARES ON THE BASIS OF 1 BONUS SHARE FOR EVERY 1 EXISTING SECUREMETRIC SHARE HELD AT AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER; AND**
- (II) PROPOSED ISSUANCE OF UP TO 243,600,000 FREE SECUREMETRIC WARRANTS ON THE BASIS OF 1 WARRANT FOR EVERY 1 EXISTING SECUREMETRIC SHARE HELD ON THE SAME ENTITLEMENT DATE AS THE PROPOSED BONUS ISSUE OF SHARES**

(COLLECTIVELY REFERRED TO AS THE "PROPOSALS")

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Adviser



TA SECURITIES HOLDINGS BERHAD (14948-M)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of the Extraordinary General Meeting ("EGM") of Securemetric to be held at Congress 1, Palace of the Golden Horses, Jalan Kuda Emas, Mines Wellness City, 43300 Seri Kembangan, Selangor on Friday, 3 January 2020 at **10.00 a.m.** together with the accompanying Form of Proxy, are enclosed in this Circular.

A member entitled to attend and vote at the EGM is entitled to appoint a proxy/proxies to attend and vote on his/her behalf. The Form of Proxy must be deposited at the Registered Office of the Company at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur not less than 48 hours before the time set for holding the EGM. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the EGM if you subsequently wish to do so.

Last date and time for lodging the Form of Proxy : Wednesday, 1 January 2020 at 10.00 a.m.
Date and time of the EGM : Friday, 3 January 2020 at 10.00 a.m.

This Circular is dated 26 November 2019

DEFINITIONS

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

COMPANIES:

“Bursa Depository”	:	Bursa Malaysia Depository Sdn Bhd (Registration No.: 198701006854 (165570-W))
“Bursa Securities”	:	Bursa Malaysia Securities Berhad (Registration No.: 200301033577 (635998-W))
“Securemetric” or the “Company”	:	Securemetric Berhad (Registration No.: 201701019864 (1234029-D))
“Securemetric Group” or the “Group”	:	Securemetric and its subsidiaries, collectively
“TA Securities”	:	TA Securities Holdings Berhad (Registration No.: 197301001467 (14948-M))

GENERAL:

“Act”	:	Companies Act 2016, as amended from time to time and any re-enactment thereof
“Announcement”	:	Announcement dated 25 October 2019 in relation to the Proposals
“Board”	:	Board of Directors of Securemetric
“Bonus Shares”	:	Up to 243,600,000 new Securemetric Shares to be issued pursuant to the Proposed Bonus Issue of Shares
“Circular”	:	This circular to shareholders dated 26 November 2019
“Deed Poll”	:	The deed poll constituting the Warrants to be executed by the Company
“EGM”	:	Extraordinary general meeting of Securemetric
“Entitled Shareholders”	:	The shareholders whose names appear on the Record of Depositors of Securemetric on the Entitlement Date
“Entitlement Date”	:	5.00 p.m. on a date to be determined and announced later by the Board on which the Shareholders must appear on the Record of Depositors of Securemetric in order to be entitled to the Proposals
“EPS”	:	Earnings per share
“FYE”	:	Financial year ended/ending
“Listing Requirements”	:	ACE Market Listing Requirements of Bursa Securities
“LPD”	:	31 October 2019, being the latest practicable date prior to the printing of this Circular
“Official List”	:	The list specifying all securities listed on ACE Market of Bursa Securities
“Proposals”	:	The Proposed Bonus Issue of Shares and Proposed Issue of Free Warrants, collectively
“Proposed Bonus Issue of Shares”	:	The proposed bonus issue of up to 243,600,000 new Securemetric Shares on the basis of 1 Bonus Share for every 1 existing Securemetric Share held at an Entitlement Date

DEFINITIONS (Cont'd)

“Proposed Issue of Free Warrants”	:	The proposed issue of up to 243,600,000 free Warrants on the basis of 1 Warrant for every 1 existing Share held on the same Entitlement Date
“Record of Depositors”	:	A record of depositors maintained by Bursa Depository
“RM” and “sen”	:	Ringgit Malaysia and sen, respectively
“Securemetric Shares” or “Shares”	:	Ordinary shares in the Company
“VWAP”	:	Volume weighted average market price
“Warrants”	:	Up to 243,600,000 free Securemetric warrants to be issued pursuant to the Proposed Issue of Free Warrants

All references to “our Company” in this Circular are to Securemetric, references to “our Group” are to the Company and its subsidiaries. All references to “we”, “us”, “our” and “ourselves” are to the Company, or where the context requires, our Group. All references to “you” in this Circular are references of the shareholder of the Company.

Words incorporating the singular shall, where applicable, include the plural and vice versa and words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a corporation, unless otherwise specified. Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise specified.

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SECUREMETRIC BERHAD
Registration No. 201701019864 (1234029-D)
(Incorporated in Malaysia)

Registered Office:

Level 2, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur

26 November 2019

Board of Directors

Clifton Heath Fernandez (*Independent Non-Executive Chairman*)
Law Seeh Key (*Non-Independent Executive Director*)
Yong Kim Fui (*Non-Independent Executive Director*)
Shireen Chia Yin Ting (*Independent Non-Executive Director*)
Mohamad Rizatuddin Noor bin Mohamed Ramli (*Independent Non-Executive Director*)

To: Our shareholders

Dear Sir/Madam,

- (I) PROPOSED BONUS ISSUE OF SHARES; AND**
- (II) PROPOSED ISSUE OF FREE WARRANTS**

1. INTRODUCTION

On 25 October 2019, TA Securities announced on behalf of our Board that our Company proposes to undertake the Proposals. On 29 October 2019, TA Securities announced on behalf of our Board that the listing application in relation to the Proposals had been submitted to Bursa Securities.

On 14 November 2019, TA Securities announced on behalf of our Board that Bursa Securities had vide its letter dated 13 November 2019, approved the following:

- (i) admission of the Warrants to the Official List;
- (ii) listing of and quotation for the Warrants on the ACE Market of Bursa Securities; and
- (iii) listing of and quotation for the Bonus Shares and new Securemetric Shares to be issued pursuant to the exercise of the Warrants on the ACE Market of Bursa Securities,

subject to the conditions as stated in Section 8 of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH DETAILS ON THE PROPOSALS, TO SET OUT OUR BOARD'S RECOMMENDATION AND TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF EGM TOGETHER WITH THE FORM OF PROXY ARE ENCLOSED TOGETHER WITH THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CONSIDER THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTIONS TO BE TABLED AT THE FORTHCOMING EGM.

2. PROPOSED BONUS ISSUE OF SHARES

2.1 Basis and number of Bonus Shares to be issued

Our company intends to issue up to 243,600,000 Bonus Shares on the basis of 1 Bonus Share for every 1 existing Securemetric Share held by the Entitled Shareholders.

The basis of 1 Bonus Share for every 1 existing Securemetric Share was determined after taking into consideration the following:

- (i) to maximise the number of Bonus Shares while complying with Rule 6.31(1A) of the Listing Requirements; and
- (ii) potential enhancement to the trading liquidity of Securemetric Shares traded in the market given the adjustment to the share price as well as the increase in number of Securemetric Shares pursuant to the Proposed Bonus Issue of Shares.

Pursuant to Rule 6.31(1A) of the Listing Requirements, the share price adjusted for the Proposed Bonus Issue of Shares should not be less than RM0.20 based on the daily VWAP during the past 3-month period prior to the date of the listing application to Bursa Securities.

For illustrative purposes, based on the lowest daily VWAP of Securemetric Shares for the past 3-month period up to and including 25 October 2019 (being the latest market day prior to the date of the listing application to Bursa Securities) of RM0.4435, the theoretical ex-bonus share price of Securemetric Shares is RM0.221.

There will be an adjustment to the market price of Securemetric Shares pursuant to the Proposed Bonus Issue of Shares.

The Proposed Bonus Issue of Shares will not be implemented in stages over a period of time.

Based on the above, the Board confirms that the Proposed Bonus Issue of Shares complies with Rule 6.31(1A) of the Listing Requirements.

2.2 No capitalisation of reserves

In compliance with the provisions of the Act, the Board has resolved that the Bonus Shares shall be issued as fully paid shares at no consideration and without any capitalisation of the Company's reserves.

The Proposed Bonus Issue of Shares will increase the number of issued Securemetric Shares but will not increase the value of share capital of Securemetric.

2.3 Ranking of the Bonus Shares

The Bonus Shares will, upon allotment and issuance, rank equally in all respects with the existing Securemetric Shares.

2.4 Listing and quotation of the Bonus Shares

Bursa Securities had vide its letter dated 13 November 2019, approved the listing of and quotation for the Bonus Shares on the ACE Market of Bursa Securities, subject to the conditions stated in Section 8 of this Circular.

3. PROPOSED ISSUE OF FREE WARRANTS

3.1 Basis and number of Warrants

Our Company intends to issue up to 243,600,000 Warrants on the basis of 1 Warrant for every 1 existing Securemetric Share held by the Entitled Shareholders on the same Entitlement Date as the Proposed Bonus Issue of Shares.

The Bonus Shares are not entitled to the Warrants.

The basis of 1 Warrant for every 1 existing Securemetric Share was arrived at in order to maximise the number of Warrants while complying with Rule 6.51 of the Listing Requirements which states that the number of new shares which will arise from all outstanding warrants, when exercised, would not exceed 50% of the total number of issued shares of the listed corporation (excluding treasury shares and before the exercise of the warrants) at all times.

The Proposed Issue of Free Warrants will not be implemented in stages over a period of time.

The Warrants will be issued in registered form and will be constituted by the Deed Poll.

3.2 Indicative salient terms of the Warrants

The indicative salient terms of the Warrants are as follows:

Issue size	:	Up to 243,600,000 Warrants.
Form and denomination	:	The Warrants will be issued in registered form and constituted by the Deed Poll.
Exercise rights	:	Each Warrant entitles the Warrant holders to subscribe for 1 new Securemetric Share at the exercise price at any time during the exercise period, subject to adjustments in accordance with the provisions of the Deed Poll.
Exercise period	:	The Warrants may be exercised at any time within a period of 3 years commencing on and including the date of issuance of the Warrants and ending at 5:00 p.m. on the date immediately preceding the 3 rd anniversary of the date of issuance of the Warrants and if such day is not a market day, then on the preceding market day.
Exercise price	:	The exercise price of the Warrants is RM0.16 each, subject to adjustments in accordance with the provisions of the Deed Poll.
Mode of exercise	:	The Warrant holders must complete the exercise notice (which shall be irrevocable) and deliver the duly completed exercise notice to the Company or 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 drawn by a bank or post office operating in Malaysia in accordance with the provisions of the Deed Poll.
Rights of the Warrant holders	:	The Warrants do not entitle the Warrant holders to any dividends, distributions or entitlements which the entitlement date is prior to the date of exercise of the Warrants. The Warrants do not entitle the Warrant holders to any voting rights or right to participate in any distribution and/or offers of further securities in any general meeting of the Company until and unless such Warrant holders exercise their exercise rights represented by the Warrants and the new Securemetric Shares have been allotted and issued to such holders.

Adjustments in the exercise price and/or number of Warrants : The exercise price and/or number of Warrants in issue shall from time to time be adjusted by the Board in consultation with an approved adviser appointed by the Company or certified by the auditors of the Company under certain circumstances in accordance with the provisions of the Deed Poll.

Rights in the event of winding-up, liquidation, compromise and/or arrangement : If a resolution is passed for a members' voluntary winding-up of the Company or where there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of the Company or the amalgamation of the Company with one or more companies, then:

(i) for the purpose of such winding-up, compromise or arrangement (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation) to which the Warrant holders (or some persons designated by them for such purposes by special resolution) shall be a party, the terms of such winding-up, compromise or arrangement shall be binding on all the Warrant holders; and

(ii) in any other case, every Warrant holder shall be entitled to exercise the exercise rights at any time within 6 weeks after the passing of such resolution for a members' voluntary winding-up of the Company or within 6 weeks from the granting of the court order approving the winding up, compromise or arrangement, as the case may be, by the irrevocable surrender of his Warrants to the Company, by submitting the duly completed exercise notice(s) authorising the debit of his Warrants, together with payment of the relevant payments and fees for the exercise price, to elect to be treated as if he had immediately prior to the commencement of such winding up, compromise or arrangement, exercised the exercise rights to the extent specified in the exercise notice(s) and be entitled to receive out of the assets of the Company which would be available in liquidation as if he had on such date been the holder of the new Shares to which he would have become entitled pursuant to such exercise and the liquidator of the Company must give effect to such election accordingly. All exercise rights which have not been exercised within the above 6 weeks of either the passing of such resolution for the members' voluntary winding up or the granting of the court order for the approval of such winding up, compromise or arrangement, as the case may be, will lapse and all the unexercised Warrants will cease to be valid for any purpose. The Company shall give notice to the Warrant Holders in accordance with the provisions of the Deed Poll, of the passing of any such resolution within seven 7 days after the passing thereof.

If the Company is wound up (other than by way of a members' voluntary winding up), all the Exercise Rights which have not been exercised prior to the date of the commencement of the winding up shall lapse and cease to be valid for any purpose.

Modification of rights of the Warrant holders : Save as otherwise provided in the Deed Poll, a special resolution of the Warrant holders is required to sanction any modifications, amendments, deletions or additions in respect of the rights of the holders of the Warrants.

Transferability	:	The Warrants shall be transferable in accordance with provisions of the Deed Poll subject always to the prevailing provisions of the Securities Industry (Central Depositories) Act 1991 and the Rules of Bursa Depository.
Board lot	:	For the purpose of trading on Bursa Securities, 1 board lot of Warrant shall comprise of 100 units of Warrants carrying the rights to subscribe for 100 new Securemetric Shares at any time during the exercise period, or such other denomination as determined by Bursa Securities from time to time.
Listing status	:	The Warrants shall be listed and quoted on the ACE Market of Bursa Securities.
Governing law	:	The Warrants and the Deed Poll shall be governed by the laws and regulations of Malaysia.

3.3 Basis of determining and justification for the issue price and exercise price of the Warrants

The Warrants will be issued at no cost to the Entitled Shareholders.

The exercise price of the Warrants has been fixed at RM0.16 each after taking into consideration the following:

- (a) the historical price movement of Securemetric Shares; and
- (b) the theoretical ex-bonus price of Securemetric Shares of RM0.244 based on the 5-day VWAP of Securemetric Shares of RM0.489 up to and including 24 October 2019 (being the last trading day prior to the Announcement). The exercise price of RM0.16 represents a discount of approximately RM0.084 or 34.4% to the theoretical ex-bonus price of Securemetric Shares of RM0.244.

The exercise price of the Warrants is fixed at a discount to the theoretical ex-bonus price of Securemetric Shares of RM0.244 to incentivise the Entitled Shareholders who will be receiving the Warrants to exercise the Warrants, thereby further increasing their equity participation in our Company. Our Board is of the view that the exercise price is sufficiently attractive for the Warrants to be exercised and to raise additional funds for our Company.

As the exercise price of RM0.16 per Warrant is fixed at discount to the theoretical ex-bonus price after the Proposed Bonus Issue of Shares of RM0.244, the theoretical ex-all price after the Proposals will be adjusted to RM0.216 calculated based on the theoretical ex-bonus price after the Proposed Bonus Issue of Shares of RM0.244. Hence, the exercise price of RM0.16 represents a discount of RM0.056 or 25.9% to the theoretical ex-all price of RM0.216 after the Proposals.

3.4 Ranking of the new Securemetric Shares to be issued arising from the exercise of the Warrants

The new Securemetric Shares to be issued pursuant to the exercise of the Warrants will, upon allotment and issuance, rank equally in all respects with the existing Securemetric Shares.

3.5 Listing and quotation of the Warrants and new Securemetric Shares to be issued arising from the exercise of the Warrants

Bursa Securities had, vide its letter dated 13 November 2019, approved the admission of the Warrants to the Official List, the listing of and quotation for the Warrants and new Securemetric Shares to be issued arising from the exercise of the Warrants, on the ACE Market of Bursa Securities, subject to the conditions as stated in Section 8 of this Circular.

3.6 Use of proceeds

The Warrants will not raise any funds for our 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. As such, the exact time frame for the proceeds to be used cannot be determined at this juncture.

Assuming that all Warrants are exercised at RM0.16 each, the total proceeds will amount to RM38,976,000. Any proceeds raised are intended to be used for our Group's working capital which may include payment to suppliers for the purchase of information technology ("IT") equipment, staff costs, marketing and administrative expenses as well as for our Group's expansion of its existing businesses of provision of digital security solutions and trading of electronic identification products in the South East Asia region. The expansion of its existing businesses will be by way of office expansion as well as marketing and promotional activities (as detailed in Section 5.3 of this Circular), with the breakdown to be decided by the Group.

4. RATIONALE FOR THE PROPOSALS

The Proposed Bonus Issue of Shares is intended to reward the shareholders of our Company with greater participation in the equity of Securemetric in terms of the number of shares held while maintaining their shareholding percentage. In addition, the Proposed Bonus Issue of Shares is also intended to enhance the trading liquidity of Securemetric Shares on Bursa Securities as a result of the increase in the number of issued Securemetric Shares.

The Proposed Issue of Free Warrants is intended to provide opportunity for the shareholders of our Company to further increase their equity participation in Securemetric if they choose to exercise the Warrants during the tenure of the Warrants. In this manner, they can further participate in the future prospects and growth of our Group and also enjoy any potential capital appreciation in the prices of the Warrants and Securemetric Shares.

Any proceeds to be raised by Securemetric, from the exercise of Warrants, are expected to strengthen our Company's capital base and shareholders' funds as well as potentially provide funds for our Group to finance its working capital without incurring borrowings' interest cost as well as for our Group's business expansion.

5. INDUSTRY OVERVIEW AND FUTURE PROSPECTS

5.1 Overview and outlook of the Malaysian economy

The Malaysian economy expanded at a more moderate pace of 4.7% in 2018 (2017: 5.9%). Despite a positive start to 2018, the economy subsequently was confronted with several external and domestic challenges. Major policy and political shifts, arising partly from the global trade tensions and the historic change of government in Malaysia, became sources of uncertainty for the economy. Unanticipated supply disruptions in the mining and agriculture sectors, as well as commodity exports adversely affected Malaysia's economic performance, resulting in a larger-than-expected moderation in growth. Domestic demand continued to anchor growth, supported mainly by private sector expenditure. Private consumption growth, in particular, recorded the fastest rate since 2012 at 8.1% (2017: 7.0%).

Favourable wage and employment growth continued to drive household spending with additional support from the three-month tax holiday (1 June – 31 August) following the zerorisation of the Goods and Services Tax ("GST") rate, as well as other Government measures such as the fixing of the retail fuel price of RON95 petrol and special payments to civil servants and pensioners.

In line with the Government's commitment to reprioritise expenditures, public consumption growth moderated to 3.3% in 2018 (2017: 5.4%). Gross fixed capital formation expanded at a slower pace of 1.4% in 2018 (2017: 6.2%) due to a contraction in public investment and the slower expansion in private investment. In 2018, the public investment declined by 5.2% (2017: 0.1%) following lower spending by public corporations. Private investment grew at a slower pace of 4.5% in 2018 (2017: 9.3%) amid heightened uncertainty stemming from both external and domestic developments. However, firms, particularly in the export-oriented sectors, continued to increase production capacity and improve efficiency to meet demand. On the supply side, most economic sectors recorded an expansion, with the exception of commodity-related sectors. In 2018, the services sector's growth improved to 6.8% (2017: 6.2%), which is the highest since 2011, as better consumer sentiments and favourable labour market conditions spurred spending, in particular during the tax holiday period. The manufacturing sector expanded by 5.0% in 2018 (2017: 6.0%) supported primarily by a continued expansion in the electrical and electronics cluster. The construction sector recorded a moderate growth of 4.2% in 2018 (2017: 6.7%) due to weaknesses in the property segment.

Against the backdrop of a challenging global environment, the Malaysian economy is expected to sustain its growth momentum, expanding by 4.3% – 4.8% in 2019 (2018: 4.7%). Domestic demand will remain the anchor of growth, underpinned by continued expansion in private sector activity. Private consumption growth is expected to moderate, but remain firm supported by stable labour market conditions and continued wage growth. The implementation of several government measures, particularly aimed at alleviating rising cost of living, is expected to further support consumption spending, especially by lower income households. Private investment activity will be supported by the implementation of on-going multi-year projects, particularly in the manufacturing and services sectors. The normalisation of destocking activities by firms after the strong demand during the tax holiday period in 2018 will serve as an additional support to growth. Public sector expenditure, however, is expected to weigh on growth.

The projected contraction in public investment will be due mainly to lower investment by public corporations following the completion of large-scale projects, while the expectations for a moderate growth in public consumption reflect the continued reprioritisation of government spending.

(Source: Annual Report 2018, Bank Negara Malaysia)

Growth in the Malaysian economy moderated to 4.4% in the third quarter of 2019 (second quarter 2019: 4.9%), primarily attributed to lower growth in key sectors and a decline in the mining and construction activities. On the demand side, most domestic demand components and net exports registered slower growth momentum. On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 0.9% (second quarter 2019: 1.0%).

Domestic demand growth moderated to 3.5% (second quarter 2019: 4.6%), with private sector expenditure remaining the key contributor to growth. Private consumption grew by 7.0% (second quarter 2019: 7.8%), as household spending normalised towards its long-term trend. This partly reflected strong base effects from the tax holiday spending last year. Nevertheless, spending remained supported by continued income and employment growth, as well as selected Government measures.

Public consumption spending increased by 1.0% (second quarter 2019: 0.3%). While emolument growth remained positive, expenditure on supplies and services continued to decline, albeit at a slower pace. This is in line with the Government's commitment to expenditure optimisation.

Private investment growth expanded marginally by 0.3% (second quarter 2019: 1.8%), weighed down by lower capital spending across major economic sectors. Investment continued to be affected by heightened uncertainty surrounding external conditions and continued weakness in the broad property segment. Public investment remained in contraction (-14.1%; second quarter 2019: 9.0%), reflecting lower capital spending by both Federal Government and public corporations.

Growth in the manufacturing sector moderated to 3.6% (second quarter 2019: 4.3%) due to the slower growth in the electrical and electronics (“E&E”) and consumer-related industries. In the E&E cluster, the production of electronics-related products was affected by the ongoing weakness in global demand.

The slower growth in the consumer related industries was attributable to the lower growth in crude and refined palm oil production. Transport equipment category registered lower growth due to the high base during the tax holiday period last year.

The construction sector contracted by 1.5% (second quarter 2019: 0.5%). The main contributor was the larger contraction in the non-residential subsector amid the continued oversupply of commercial properties. In the residential subsector, activities declined further amid high number of unsold residential properties. The civil engineering subsector’s growth moderated following the near completion of large petrochemical and highway projects. Growth in the special trade subsector was also lower reflecting fewer early works activities from large projects that were already at mid-stages of completion.

The services sector grew by 5.9% in the third quarter of 2019 (second quarter 2019: 6.1%). Most key subsectors moderated. In the wholesale and retail subsector, the stronger expansion in wholesale was offset by lower growth in the retail and motor vehicles segments. Growth in the transport and storage subsector was also lower amid weaker trade activity, while the finance and insurance subsector was weighed down by slower financing activity despite higher fee-based income. Meanwhile, the information and communication subsector grew at a moderate pace, reflecting slower demand for data communication services.

The Malaysian economy continued to expand in the third quarter, bringing the overall performance of the first three quarters to 4.6%. The pace of growth is expected to be sustained for the remainder of the year and going into 2020. Household spending will remain the key driver of growth, supported by continued employment and income growth. Private investment growth is projected to remain modest, supported partly by realisation of approved projects. Public investment will be a smaller drag to growth, following planned higher capital spending mainly in the transportation segment. On the external front, support from net exports will likely moderate, as imports are expected to grow faster than exports, in line with the projected improvement in the investment activity. The balance of risks to growth remains tilted to the downside, arising from protracted trade tensions, uncertainties in the global economic and financial conditions, as well as weakness in commodity-related sectors.

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

5.2 Overview and outlook of the cybersecurity industry

There is a need to have a comprehensive regulatory framework in cybersecurity. There are rooms for improvement, especially in developing best practices and guidelines to manage security as well as cloud security services in Malaysia. The government also needs to address the issue of a critical talent gap in areas such as digital forensic, security administration and security analyst. A safe and sound ecosystem is crucial to establish the trust of customers and users to enhance e-commerce and e-payment platforms further. In this regard, the value of Malaysia’s overall cybersecurity services which is expected to reach USD632.6 million by 2021, is a new potential growth area to be explored further.

(Source: Chapter 3, Economic Outlook 2019, Ministry of Finance Malaysia)

In the Information, Communication and Technology (“ICT”) industry, niche areas (comprising of digital content, IoT, data centres and cloud services, cybersecurity, software development and testing, and big data analytics) will be further promoted and export capabilities enhanced to ensure that Malaysia captures a bigger export market for ICT products and services. Within the identified niche areas, the ICT ecosystem will be strengthened, including the capacity of start-ups, talent, infrastructure, research and development and commercial, and governance.

(Source: 11th Malaysia Plan 2016 – 2020)

5.3 Prospects of our Group

Our Group is principally involved in the provision of digital security solutions as well as trading of electronic identification products, and other related services.

The growth and expansion of our Group has historically been centered on our presence in the South East Asia region. Our revenue from major countries in South East Asia, such as Malaysia, Vietnam, Singapore, the Philippines and Indonesia have accounted for 14.1%, 17.1%, 8.9%, 5.6% and 23.4% respectively, of our Group's audited revenue for the FYE 31 December 2018. Given our historical track record, our Group intends to tap into further opportunities in the existing markets in which we operate through the following growth strategies:

- (i) office expansion in Malaysia and the establishment of additional regional offices in the Philippines as well as to increase headcounts in our Group's project management and support, marketing, business development, customer support and technology divisions in Malaysia, Indonesia, Vietnam and the Philippines; and
- (ii) increase in marketing and promotional activities by adopting a proactive marketing strategy through participation in industry events such as seminars, forums, conferences and exhibitions, which are held in countries such as Malaysia, Singapore, Indonesia, Vietnam, the Philippines, Thailand and Myanmar. These seminars, forums, conferences and exhibitions provide avenues for our Group to gain access to latest developments and know-hows within the IT security industry, to showcase and promote our Group's solutions and products as well as to network with other industry participants.

Furthermore, our Group will continue to develop solutions with the latest digital security technologies to meet evolving market needs and demands.

Premised on the aforementioned and the positive outlook of the digital security market, our Board is optimistic that the overall performance of our Group will remain positive in the near term.

(Source: Management of Securemetric Group)

6. EFFECTS OF THE PROPOSALS

6.1 Share capital

The proforma effects of the Proposals on the share capital of Securemetric are as follows:

	No. of Shares	RM
As at the LPD	243,600,000	30,453,764
To be issued pursuant to the Proposed Bonus Issue of Shares	243,600,000	-
	487,200,000	30,453,764
Assuming full exercise of the Warrants at RM0.16 each	243,600,000	38,976,000
Enlarged issued share capital	730,800,000	69,429,764

6.2 Net assets and gearing

The Proposals are expected to have the following proforma effects on our Group's net assets and gearing, based on its audited consolidated financial statements for the FYE 31 December 2018 as follows:

	(Audited)	(I)	(II)
	As at 31 December 2018 (RM)	After Proposed Bonus Issue of Shares (RM)	After (I) and assuming full exercise of the Warrants (RM)
Share capital	30,453,764	30,453,764	69,429,764 ⁽²⁾
Fair value adjustment reserve	195,017	195,017	195,017
Foreign currency translation reserve	(335,059)	(335,059)	(335,059)
Other reserve	3,274	3,274	3,274
Merger reserve	(11,004,663)	(11,004,663)	(11,004,663)
Retained earnings	17,193,218	16,963,218 ⁽¹⁾	16,963,218
Shareholders' funds/ Net assets	36,505,551	36,275,551	75,251,551
No. of shares in issue	243,600,000	487,200,000	730,800,000
Net assets per share (RM)	0.15	0.07	0.10
Total borrowings (RM)	2,365,010	2,365,010	2,365,010
Gearing (times)	0.06	0.07	0.03

Notes:

(1) After deducting estimated expenses of RM230,000 in relation to the Proposals.

(2) Based on the exercise price of the Warrants of RM0.16 each.

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6.3 Substantial shareholders' shareholdings

The pro forma effects of the Proposals on the direct and indirect shareholdings of our substantial shareholders as at the LPD are as follows:

	As at the LPD				(I) After the Proposed Bonus Issue of Shares			
	Direct		Indirect		Direct		Indirect	
	No. of Securemetric Shares	%	No. of Securemetric Shares	%	No. of Securemetric Shares	%	No. of Securemetric Shares	%
Name								
Law Seeh Key	116,337,605	47.76	-	-	232,675,210	47.76	-	-
Nioo Yu Siong	22,587,895	9.27	-	-	45,175,790	9.27	-	-
Yong Kim Fui	14,662,500	6.02	-	-	29,325,000	6.02	-	-
Affin Hwang Nominees (Asing) Sdn Bhd (Exempt An for Phillip Securities (Hong Kong) Ltd (Client's Account))	20,000,000	8.21	-	-	40,000,000	8.21	-	-

	(II) After (I) and assuming full exercise of Warrants			
	Direct		Indirect	
	No. of Securemetric Shares	%	No. of Securemetric Shares	%
Name				
Law Seeh Key	349,012,815	47.76	-	-
Nioo Yu Siong	67,763,685	9.27	-	-
Yong Kim Fui	43,987,500	6.02	-	-
Affin Hwang Nominees (Asing) Sdn Bhd (Exempt An for Phillip Securities (Hong Kong) Ltd (Client's Account))	60,000,000	8.21	-	-

6.4 Earnings and EPS

The Proposals are not expected to have any material effect on the earnings of our Group for its FYE 31 December 2019, save for the dilution in the EPS of our Group as a result of the increase in the number of issued Securemetric Shares because of the Bonus Shares and also new Securemetric Shares to be issued if the Warrants are exercised.

The exercise of the Warrants will affect our Group's future earnings and EPS depending on the number of Warrants exercised and how the proceeds raised from the exercise of the Warrants are used.

6.5 Convertible securities

As at the LPD, our Company does not have any outstanding options, warrants or convertible securities.

7. HISTORICAL PRICES OF SECUREMETRIC SHARES

The monthly highest and lowest transacted market prices of Securemetric Shares for the past 12 months since its listing on 13 November 2018 are as follows:

	Highest (RM)	Lowest (RM)
<u>2018</u>		
November	0.560	0.425
December	0.440	0.370
<u>2019</u>		
January	0.495	0.380
February	0.550	0.445
March	0.565	0.390
April	0.595	0.515
May	0.610	0.530
June	0.585	0.535
July	0.580	0.520
August	0.535	0.450
September	0.535	0.450
October	0.595	0.400

(Source: Bloomberg Finance L.P.)

The last transacted market price of Securemetric Shares on 24 October 2019 (being the date before the Announcement) was RM0.475 each.

The last transacted market price of Securemetric Shares on 31 October 2019 (being the LPD) was RM0.590 each.

8. APPROVALS REQUIRED

The Proposals require approvals from:

- (i) Bursa Securities for the following:
 - (a) admission of the Warrants to the Official List;
 - (b) listing of and quotation for the Warrants on the ACE Market of Bursa Securities; and
 - (c) listing of and quotation for the Bonus Shares and new Securemetric Shares to be issued pursuant to the exercise of the Warrants on the ACE Market of Bursa Securities.

The approval has been given by Bursa Securities in its letter dated 13 November 2019 subject to the following conditions:

	Conditions	Status of compliance
(a)	Securemetric and TA Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposals;	To be complied
(b)	Securemetric and TA Securities to inform Bursa Securities upon the completion of the Proposals;	To be complied
(c)	Securemetric 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
(d)	The Bonus Shares arising from the Promoters' shareholdings which are currently under moratorium shall be subject to a similar moratorium;	To be complied
(e)	Securemetric and TA Securities are required to make the relevant announcements for the Proposed Bonus Issue of Shares pursuant to Rules 6.36(2)(a)&(b) and 6.36(4) of the Listing Requirements;	To be complied
(f)	Securemetric is required to furnish Bursa Securities with a certified true copy of the resolution passed by the shareholders at the EGM approving the Proposals; and	To be complied
(g)	Securemetric to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of Warrants as at the end of each quarter together with a detailed computation of listing fees payable.	To be complied

- (ii) the shareholders of Securemetric at an EGM to be convened.

9. CONDITIONALITY OF THE PROPOSALS

Save for the Proposals, there is no other corporate exercise which has been announced but not yet completed. The Proposed Issue of Free Warrants is conditional upon the Proposed Bonus Issue of Shares but not vice versa. The Proposals are not conditional upon any other corporate proposal undertaken or to be undertaken by our Company.

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

None of the directors, major shareholders and/or persons connected with them has any interest, direct or indirect, in the Proposals, except for their respective entitlements as shareholders of Securemetric, which are also available to all other Entitled Shareholders.

11. DIRECTORS' STATEMENT AND RECOMMENDATION

Our Board, after having considered all aspects of the Proposals including the rationale and effects of the Proposals, is of the opinion that the Proposals are in the best interests of our Group. Our Board therefore recommends you to vote **IN FAVOUR** of the resolutions in respect of the Proposals to be tabled at the forthcoming EGM.

12. TENTATIVE TIMETABLE FOR IMPLEMENTATION

Barring any unforeseen circumstances and subject to all required approvals being obtained, our Board expects the Proposals to be completed with the listing of and quotation for the Bonus Shares and Warrants in the 1st quarter of year 2020.

Date	Event
3 January 2020	EGM for the Proposals
Early January 2020	Announcement of the Entitlement Date for the Proposals
End January 2020	Listing of and quotation for the Bonus Shares
Early February 2020	Admission to the Official List of Bursa Securities and listing of and quotation for the Warrants

13. EGM

The EGM, the notice of which is set out in this Circular, will be held at Congress 1, Palace of the Golden Horses, Jalan Kuda Emas, Mines Wellness City, 43300 Seri Kembangan, Selangor on Friday, 3 January 2020 at **10.00 a.m.**, for the purpose of considering and if thought fit, passing with or without modifications, the resolution to give effect to the Proposals.

If you are unable to attend and vote in person at the EGM, you should complete, sign and return the enclosed Form of Proxy in accordance with the instructions provided thereon so as to arrive at the Company's Registered Office at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur not less than 48 hours before the time set for holding the EGM or any adjournment thereof.

The lodging of the Form of Proxy will not, however, preclude you from attending the EGM and voting in person should you subsequently wish to do so.

14. FURTHER INFORMATION

Shareholders are advised to refer to the attached appendices for further information.

Yours faithfully,
For and on behalf of the Board
SECUREMETRIC BERHAD

CLIFTON HEATH FERNANDEZ
Independent Non-Executive Chairman

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

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

2. CONSENT

TA Securities, being the 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 INTEREST

TA Securities has confirmed that it is not aware of any conflict of interest which exists or is likely to exist in its capacity as the Adviser for the Proposals.

4. MATERIAL CONTRACTS

Save as disclosed below, our Group has not entered into any contracts which are or may be material (not being contracts entered into in the ordinary course of business of our Group) during the 2 years immediately preceding the date of this Circular:

- (a) On 2 February 2018, Securemetric entered into a conditional share sale and purchase agreement (supplemented by the supplemental agreement dated 19 July 2018) with Law Seeh Key and Nioo Yu Siong, whereby Securemetric agreed to purchase from Law Seeh Key and Nioo Yu Siong an aggregate total of 1,000,000 ordinary shares, representing 100% of the total issued shares of Securemetric Technology Sdn Bhd (a wholly-owned subsidiary of Securemetric) for the total consideration of RM9,916,998. Securemetric had satisfied the purchase consideration by issuing 110,326,603 new Securemetric Shares to Law Seeh Key and 13,635,872 new Securemetric Shares to Nioo Yu Siong. The conditional share sale and purchase agreement was completed on 31 July 2018;
- (b) On 2 February 2018, Securemetric entered into a conditional share sale and purchase agreement (supplemented by the supplemental agreement dated 19 July 2018) with Law Seeh Key and Nioo Yu Siong, whereby Securemetric agreed to purchase from Law Seeh Key and Nioo Yu Siong an aggregate total of 99,997 ordinary shares, representing 99.997% of the total issued and paid-up share capital of Securemetric Technology, Inc. (a subsidiary of Securemetric) for the total consideration of RM681,000. Securemetric had satisfied the purchase consideration by issuing 1,028,852 new Securemetric Shares to Law Seeh Key and 7,483,648 new Securemetric Shares to Nioo Yu Siong. The conditional share sale and purchase agreement was completed on 4 September 2018;
- (c) On 2 February 2018, Securemetric entered into a conditional share sale and purchase agreement (supplemented by the supplemental agreement dated 19 July 2018) with Law Seeh Key and Nioo Yu Siong, whereby Securemetric agreed to purchase from Law Seeh Key and Nioo Yu Siong an aggregate total of 50,000 ordinary shares, representing 100% of the total issued shares of Securemetric Technology Pte Ltd (a wholly-owned subsidiary of Securemetric) for the total consideration of RM275,000. Securemetric had satisfied the purchase consideration by issuing 3,059,375 new Securemetric Shares to Law Seeh Key and 378,125 new Securemetric Shares to Nioo Yu Siong. The conditional share sale and purchase agreement was completed on 4 September 2018;

FURTHER INFORMATION (Cont'd)

- (d) On 2 February 2018, Securemetric entered into a conditional share sale and purchase agreement (supplemented by the supplemental agreement dated 19 July 2018) with Yong Kim Fui whereby Securemetric agreed to purchase from Yong Kim Fui 80,000 ordinary shares, representing 80% of the total issued and paid-up share capital of PT Softkey Indonesia (a subsidiary of Securemetric) for the total consideration of RM1,173,000. Securemetric had satisfied the purchase consideration by issuing 14,662,500 new Securemetric Shares to Yong Kim Fui. The conditional share sale and purchase agreement was completed on 4 September 2018;
- (e) On 2 February 2018, Securemetric entered into a conditional share sale and purchase agreement (supplemented by the supplemental agreement dated 19 July 2018) with Law Seeh Key, Nioo Yu Siong and Li Jianjun whereby Securemetric agreed to purchase from Law Seeh Key, Nioo Yu Siong and Li Jianjun an aggregate total of 100,000 ordinary shares, representing 100% of the total issued and paid-up share capital of PT Securemetric Technology (a subsidiary of Securemetric) for the total consideration of RM1,358,000. Securemetric had satisfied the purchase consideration by issuing 7,978,250 new Securemetric Shares to Law Seeh Key, 848,750 new Securemetric Shares to Nioo Yu Siong and 8,148,000 new Securemetric Shares to Li Jianjun. The conditional share sale and purchase agreement was completed on 4 September 2018;
- (f) On 2 February 2018, Securemetric entered into a conditional sale and purchase agreement (supplemented by the supplemental agreement dated 19 July 2018) with Law Seeh Key whereby Securemetric agreed to purchase from Law Seeh Key, Securemetric Technology Co., Ltd's (a wholly-owned subsidiary of Securemetric) contributed capital of USD49,000 representing 49% of Securemetric Technology Co., Ltd's total charter capital for the total consideration of USD80,944. Securemetric had satisfied the purchase consideration in cash. The conditional sale and purchase agreement was completed on 4 September 2018;
- (g) On 2 February 2018, Securemetric entered into a conditional sale and purchase agreement (supplemented by the supplemental agreement dated 19 July 2018) with Nioo Yu Siong whereby Securemetric agreed to purchase from Nioo Yu Siong, Securemetric Technology Co., Ltd's (a wholly-owned subsidiary of Securemetric) contributed capital of USD3,000 representing 3% of Securemetric Technology Co., Ltd's total charter capital for the total consideration of USD4,956. Securemetric had satisfied the purchase consideration in cash. The conditional sale and purchase agreement was completed on 4 September 2018;
- (h) On 2 February 2018, Securemetric entered into a conditional sale and purchase agreement (supplemented by the supplemental agreement dated 19 July 2018) with Li Jianjun whereby Securemetric agreed to purchase from Li Jianjun, Securemetric Technology Co., Ltd's (a wholly-owned subsidiary of Securemetric) contributed capital of USD48,000 representing 48% of Securemetric Technology Co., Ltd's total charter capital for the total consideration of USD 79,292. Securemetric had satisfied the purchase consideration in cash. The conditional sale and purchase agreement was completed on 4 September 2018;
- (i) On 27 September 2018, Securemetric entered into an underwriting agreement with TA Securities (“**Underwriter**”) whereby the Underwriter agreed to underwrite 17,000,000 Securemetric Shares which was made available for subscription by the Malaysian public during the initial public offering of shares by Securemetric;
- (j) On 15 October 2018, Securemetric Technology Sdn Bhd (a wholly-owned subsidiary of Securemetric) entered into a tenancy agreement with Technology Park Malaysia Corporation Sdn Bhd for the rental of demised premises with the address at Lot L5-E-7B, Enterprise 4, Technology Park Malaysia, Lebuhraya Puchong-Sg Besi, Bukit Jalil, 57000 Kuala Lumpur, Malaysia for a term of 3 years from 1 October 2018 to 30 September 2021 at a current monthly rental of RM9,315; and
- (k) On 18 September 2019, Securemetric Technology Sdn Bhd (a wholly-owned subsidiary of Securemetric) entered into a tenancy agreement with Technology Park Malaysia Corporation Sdn Bhd for the rental of demised premises with the address at Lot L5-E-6, Enterprise 4, Technology Park Malaysia, Lebuhraya Puchong-Sg Besi, Bukit Jalil, 57000 Kuala Lumpur, Malaysia for a term of 2 years and 5 months from 1 May 2019 to 30 September 2021 at a current monthly rental of RM19,365.69.

FURTHER INFORMATION (Cont'd)

5. MATERIAL LITIGATION, CLAIMS AND ARBITRATION

There are no material litigation, claims and/or arbitration either as plaintiff or defendant, which has a material effect on the financial position of our Group and our Board is not aware of any proceedings, pending or threatened or of any facts likely to give rise to any proceedings, which might materially and adversely affect the business or financial position of our Group as at the LPD.

6. MATERIAL COMMITMENT

As at the LPD, our Board confirms that there is no material commitment incurred or known to be incurred by our Group, which upon becoming enforceable, may have material impact on the financial position of our Group.

7. CONTINGENT LIABILITIES

There are no contingent liabilities incurred or known to be incurred by our Group and/or our Company, which upon becoming enforceable, may have a material impact on the financial position of our Group and/or our Company as at the LPD.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at our Registered Office at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur during normal business hours from 9.00 a.m. to 5.00 p.m. from Monday to Friday (excluding public holidays) for the period commencing from the date of this Circular up to and including the date of our Company's forthcoming EGM:

- (i) the Constitution of Securemetric;
- (ii) our Group's audited financial statements for the past 2 FYEs 31 December 2017 and 31 December 2018 as well as our Group's latest unaudited results for the 9-month financial period ended 30 September 2019;
- (iii) the letters of consent and declaration of conflict of interest as referred to in Sections 2 and 3 of this Appendix, respectively;
- (iv) the draft Deed Poll; and
- (v) the material contracts as referred to in Section 4 of this Appendix.

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SECUREMETRIC BERHAD
Registration No. 201701019864 (1234029-D)
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting of Securemetric Berhad (“**Securemetric**” or “**Company**”) will be held at Congress 1, Palace of the Golden Horses, Jalan Kuda Emas, Mines Wellness City, 43300 Seri Kembangan, Selangor on **Friday, 3 January 2020 at 10.00 a.m.**, for the purpose of considering and if thought fit, passing with or without modifications, the following resolutions:

ORDINARY RESOLUTION 1

PROPOSED BONUS ISSUE OF UP TO 243,600,000 NEW SECUREMETRIC SHARES ON THE BASIS OF 1 BONUS SHARE FOR EVERY 1 EXISTING SECUREMETRIC SHARE HELD AT AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER (“PROPOSED BONUS ISSUE OF SHARES”)

“THAT subject to the approval of all relevant authorities or parties, authority be and is hereby given to the Board of Directors of Securemetric (“**Board**”) to issue up to 243,600,000 Bonus Shares in the share capital of the Company credited to the shareholders whose names appear on the Record of Depositors of the Company as at the close of business at 5.00 p.m. on a day to be determined and announced later (“**Entitled Shareholders**”) on the basis of 1 Bonus Share for every 1 existing Securemetric Share held by the Entitled Shareholders;

THAT subject to the approval of Bursa Malaysia Securities Berhad in respect of the listing of and quotation for up to 243,600,000 Bonus Shares pursuant to the Proposed Bonus Issue of Shares, authority be and is hereby given to the Board to authorise any other adjustments as a result of the Proposed Bonus Issue of Shares;

THAT such Bonus Shares will, upon allotment and issuance, rank equally in all respects with existing Securemetric Shares;

AND THAT the Board be and is hereby empowered and authorised to take all such steps and do all such acts, deeds and things and to execute, sign and deliver on behalf of the Company all necessary documents to give full effect to and for the purpose of completing and/or implementing 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 the relevant authorities or as a consequence of any such requirement as may be deemed necessary and/or expedient in the best interest of the Company.”

ORDINARY RESOLUTION 2

PROPOSED ISSUANCE OF UP TO 243,600,000 FREE SECUREMETRIC WARRANTS ON THE BASIS OF 1 WARRANT FOR EVERY 1 EXISTING SECUREMETRIC SHARE HELD ON THE SAME ENTITLEMENT DATE AS THE PROPOSED BONUS ISSUE OF SHARES

“THAT subject to the approvals of all relevant authorities or parties, authority be and is hereby given to the Board to allot and issue up to 243,600,000 Warrants, in registered form and constituted by a deed poll to be executed by the Company constituting the Warrants (“**Deed Poll**”) to the shareholders of the Company whose names appear on the Record of Depositors of the Company as at the close of business at 5.00 p.m. on a day to be determined and announced by the Board on the basis of 1 Warrant for every 1 existing Securemetric Share held by the Entitled Shareholders;

THAT the Board be and is hereby authorised to allot and issue such additional Warrants as may be required or permitted to be issued as consequences of any adjustments in accordance with the provisions in the Deed Poll (“**Additional Warrants**”);

THAT the Board be and is hereby authorised to allot and issue such appropriate number of new Securemetric Shares arising from the exercise of the Warrants by the holders of the Warrants of their rights in accordance with the provisions of the Deed Poll, including such appropriate number of new Securemetric Shares arising from the exercise of subscription rights represented by the Additional Warrants;

THAT the Board be and is hereby authorised to enter into and execute the Deed Poll on behalf of the Company with full powers to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or imposed by the relevant authorities or deemed necessary by the Board, and subject to all provisions and adjustments contained in the Deed Poll, to assent to any modifications and/or amendments to the exercise price, exercise period and/or number of Warrants as may be required or permitted to be revised as consequence of any adjustments under the provisions of the Deed Poll with full power to implement and give effects to the terms and conditions of the Deed Poll, and to take all steps as the Board deems fit and/or expedient in order to implement, finalise and give full effect to the Deed Poll;

THAT the new Securemetric Shares to be issued pursuant to the exercise of the Warrants will, upon allotment and issuance, rank equally in all respects with existing Securemetric Shares;

THAT the proceeds raised from the exercise of the Warrants, if any, be utilised for the purposes set out in the circular to shareholders of the Company dated 26 November 2019 and the Board be authorised with full power to vary the manner and/or purpose of utilisation of such proceeds in such manner as the Board may deem fit, necessary and/or expedient, subject (when required) to the approval of the relevant authorities;

AND THAT the Board be and is hereby empowered and authorised to take all such steps and do all such acts, deeds and things and to execute, sign and deliver on behalf of the Company all necessary documents to give full effect to and for the purpose of completing and/or implementing the Proposed Issue of Free Warrants with full power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted by the relevant authorities or as a consequence of any such requirement as may be deemed necessary and/or expedient in the best interest of the Company.”

By Order of the Board

WONG YOUN KIM (MAICSA 7018778)

Company Secretary

Kuala Lumpur

Date: 26 November 2019

Notes:

- 1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 27 December 2019 (General Meeting Record of Depositors) shall be eligible to attend, speak and vote at this meeting.*
- 2. A member shall be entitled to appoint not more than two (2) proxies to attend, speak and vote at this meeting. A proxy may but need not be a member of the Company.*
- 3. Where a member appoints two (2) proxies, the member shall specify the proportions of his/her shareholdings to be represented by each proxy failing which, the appointment shall be invalid.*
- 4. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“**omnibus account**”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
- 5. To be valid, the original proxy form, duly completed must be deposited at the Registered Office of the Company at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur less than forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof.*
- 6. If the appointor is a corporation the proxy form must be executed under its common seal or under the hand of an officer or attorney duly authorised.*
- 7. By submitting the duly executed proxy form, the member and his/her proxy consent to the Company (and/or its agents/service providers) collecting, processing, using and disclosing the personal data therein in accordance with the Personal Data Protection Act 2010 for the purpose of this meeting and at any adjournment thereof.*



SECUREMETRIC BERHAD
 Registration No. 201701019864 (1234029-D)
 (Incorporated in Malaysia)

FORM OF PROXY

CDS Account No.	
Total number of ordinary shares held	

I/We _____ NRIC/Passport/Registration No/Company No _____
 (Full name in block letters)

of _____
 (Full address)

being a member/members of **Securemetric Berhad**, do hereby appoint _____

(Full name in block letters and NRIC/Passport No.)

of _____
 (Full address)

or failing him/her _____
 (Full name in block letters and NRIC/Passport No.)

of _____
 (Full address)

or failing him/her, the Chairman of the meeting as my/our proxy(ies) to vote for me/us on my/our behalf at the Extraordinary General Meeting of the Company to be held at Congress 1, Palace of the Golden Horses, Jalan Kuda Emas, Mines Wellness City, 43300 Seri Kembangan, Selangor on Friday, 3 January 2020 at **10.00 a.m.**, or at any adjournment thereof on the following resolutions referred to in the Notice of Extraordinary General Meeting.

The proportion of *my/our holdings to be represented by *my/our proxy(ies) are as follows:

First Proxy: _____ %	Second Proxy: _____ %
----------------------	-----------------------

My/our proxy(ies) is to vote as indicated below:

Resolutions	Agenda	FOR	AGAINST
Ordinary Resolution 1	Proposed Bonus Issue of Shares		
Ordinary Resolution 2	Proposed Issue of Free Warrants		

Please indicate with an "X" in the space provided how you wish your vote to be cast. If you do not do so, the Proxy will vote or abstain from voting at his/her discretion.

Dated this _____ day of _____ 2019.

 Signature of Member / Common Seal



Notes:

1. *In respect of deposited securities, only members whose names appear in the Record of Depositors on 27 December 2019 (General Meeting Record of Depositors) shall be eligible to attend, speak and vote at this meeting.*
2. *A member shall be entitled to appoint not more than two (2) proxies to attend, speak and vote at this meeting. A proxy may but need not be a member of the Company.*
3. *Where a member appoints two (2) proxies, the member shall specify the proportions of his/her shareholdings to be represented by each proxy failing which, the appointment shall be invalid.*
4. *Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“**omnibus account**”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
5. *To be valid, the original proxy form, duly completed must be deposited at the Registered Office of the Company at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof.*
6. *If the appointor is a corporation the proxy form must be executed under its common seal or under the hand of an officer or attorney duly authorised.*
7. *By submitting the duly executed proxy form, the member and his/her proxy consent to the Company (and/or its agents/service providers) collecting, processing, using and disclosing the personal data therein in accordance with the Personal Data Protection Act 2010 for the purpose of this meeting and at any adjournment thereof.*

Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Company Secretary
SECUREMETRIC BERHAD
c/o HMC Corporate Services Sdn Bhd
Level 2, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur

1st fold here

