

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, banker, solicitor, accountant or other professional advisers immediately.

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DUFU TECHNOLOGY CORP. BERHAD
(Registration No. 200201013949 (581612-A))
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

PROPOSED BONUS ISSUE OF UP TO 267,618,367 NEW ORDINARY SHARES IN DUFU TECHNOLOGY CORP. BERHAD (“DUFU” OR THE “COMPANY”) (“DUFU SHARE(S)” OR “SHARE(S)”) (“BONUS SHARE(S)”) ON THE BASIS OF 1 BONUS SHARE FOR EVERY 1 EXISTING DUFU SHARE HELD ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser



AFFIN HWANG
CAPITAL

AFFIN HWANG INVESTMENT BANK BERHAD
(Registration No. 197301000792 (14389-U))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The notice of the Extraordinary General Meeting (“**EGM**”) of the Company to be held on a fully virtual basis at the Broadcast Venue: Conference Room of Plot 19, Hilir Sungai Keluang 2, Taman Perindustrian Bayan Lepas, Fasa IV, 11900 Penang on Friday, 19 June 2020 at 11.00 a.m. or immediately after the conclusion or adjournment (as the case may be) of the Company’s Eighteenth Annual General Meeting, to be held at the same venue and on the same day at 10.00 a.m., whichever is later, together with the Proxy Form are enclosed herein.

A member entitled to attend and vote at the EGM is entitled to appoint a proxy to attend and vote on his/her behalf. In such event, the instrument appointing a proxy must be deposited at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan or submitted via fax at 03-2094 9940 and/or 03-2095 0292 or emailed to eservices@sshb.com.my. The proxy appointment may also be lodged electronically via Securities Services e-Portal at <https://www.sshb.net.my/login.aspx>. Please refer to the Administrative Guide on the Conduct of a Fully Virtual General Meeting for further details.

Last date and time for lodging the Proxy Form : Wednesday, 17 June 2020 at 11.00 a.m.
Date and time of the EGM : Friday, 19 June 2020 at 11.00 a.m.

This Circular is dated 21 May 2020

DEFINITIONS

Except where the context otherwise requires, the following terms and abbreviations shall apply throughout this Circular:

Act	: Companies Act 2016
Affin Hwang IB	: Affin Hwang Investment Bank Berhad (Registration No. 197301000792 (14389-U))
AGM	: Annual General Meeting
Announcement	: Announcement dated 20 January 2020 in relation to the Proposed Bonus Issue
Board	: The Board of Directors of Dufu
Bonus Shares	: Up to 267,618,367 new Dufu Shares to be issued pursuant to the Proposed Bonus Issue
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 to the shareholders of Dufu dated 21 May 2020
Dufu or the Company	: Dufu Technology Corp. Berhad (Registration No. 200201013949 (581612-A))
Dufu Group or Group	: Dufu and its subsidiaries, collectively
Dufu Share(s) or Share(s)	: Ordinary share(s) in Dufu
EGM	: Extraordinary General Meeting
Entitled Shareholders	: Shareholders of Dufu whose names appear in the Record of Depositors of the Company on the Entitlement Date
Entitlement Date	: A date to be determined and announced later by the Board, on which the names of the shareholders of Dufu must appear in the Record of Depositors of the Company as at 5.00 p.m. in order to be entitled to participate in the Proposed Bonus Issue
EPS	: Earnings per Share
ESOS	: The Company's employees' share option scheme which was established on 17 June 2019
FYE	: Financial year ended/ending, as the case may be
Listing Requirements	: Main Market Listing Requirements of Bursa Securities
LPD	: 30 April 2020, being the latest practicable date prior to the printing of this Circular

DEFINITIONS (CONT'D)

Maximum Scenario	: Assuming 4,413,000 of the Outstanding Options are exercised into new Dufu Shares prior to the Entitlement Date
Minimum Scenario	: Assuming none of the Outstanding Options are exercised into new Dufu Shares prior to the Entitlement Date
NA	: Net assets
Outstanding Options	: A total of 9,023,000 outstanding ESOS options granted under the Company's ESOS, of which up to 4,413,000 of the outstanding ESOS options will be vested prior to the Entitlement Date
Proposed Bonus Issue	: Proposed bonus issue of up to 267,618,367 Bonus Shares on the basis of 1 Bonus Share for every 1 existing Dufu Share held on the Entitlement Date
Proposed Final Dividend	: Proposed single tier final dividend of 6 sen per Dufu Share for the FYE 31 December 2019, subject to approval of the Company's shareholders at the forthcoming AGM
Record of Depositors	: A record of securities holders established by Bursa Depository under the rules of Bursa Depository as issued pursuant to the Securities Industry (Central Depositories) Act, 1991
RM and sen	: Ringgit Malaysia and sen respectively
TEBP	: Theoretical ex-bonus price
VWAP	: Volume weighted average price

References to "we", "us", "our" and "ourselves" are to our Company, and where the context otherwise requires, our subsidiaries. All references to "you" are to our shareholders.

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.

Any reference in this Circular to any statutes, rules, regulations or rules of the stock exchange is a reference to such statutes, rules, regulations or rules of the stock exchange currently in force and as may be amended from time to time and any re-enactment thereof.

Any reference to a time or date in this Circular shall be a reference to Malaysian time, unless otherwise stated.

Any discrepancy in the tables included in this Circular between the amounts listed, actual figures and the totals thereof are due to rounding.

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DUFU TECHNOLOGY CORP. BERHAD
(Registration No. 200201013949 (581612-A))
(Incorporated in Malaysia)

Registered Office

57-G Persiaran Bayan Indah
Bayan Bay, Sungai Nibong
11900 Penang

21 May 2020

Board of Directors:

Lee, Hui-Ta also known as Li Hui Ta	<i>(Executive Chairman)</i>
Wu, Mao-Yuan	<i>(Executive Director)</i>
Sung, Cheng-Hsi	<i>(Independent Non-Executive Director)</i>
Joyce Wong Ai May	<i>(Independent Non-Executive Director)</i>
Yin, Chih-Chu also known as Laurence Yin	<i>(Independent Non-Executive Director)</i>
Lee Yoke Khay	<i>(Independent Non-Executive Director)</i>

To: The shareholders of the Company

Dear Sir / Madam,

PROPOSED BONUS ISSUE

1. INTRODUCTION

On 20 January 2020, Affin Hwang IB had, on behalf of the Board, announced that the Company proposed to undertake the Proposed Bonus Issue.

On 13 March 2020, Affin Hwang IB had, on behalf of the Board, announced that the listing application in relation to the Proposed Bonus Issue had been submitted to Bursa Securities.

On 18 March 2020, Affin Hwang IB had, on behalf of the Board, announced that Bursa Securities, had vide its letter dated 18 March 2020, approved the listing of and quotation for the Bonus Shares to be issued pursuant to the Proposed Bonus Issue on the Main Market of Bursa Securities, subject to the conditions as set out in **Section 6** of this Circular.

On 14 May 2020, Affin Hwang IB had, on behalf of the Board, announced that the Company had on 8 May 2020 submitted an application to Bursa Securities to seek for an extension of time to issue the Circular by 21 May 2020 ("**Extension of Time**") to comply with Paragraph 9.33(1)(b) of the Listing Requirements. Bursa Securities had, vide its letter dated 13 May 2020, resolved to grant Dufu the Extension of Time.

THE PURPOSE OF THIS CIRCULAR TOGETHER WITH THE APPENDIX IS TO PROVIDE YOU WITH THE DETAILS OF THE PROPOSED BONUS ISSUE TOGETHER WITH THE RECOMMENDATION OF OUR BOARD AND TO SEEK YOUR APPROVAL FOR THE RESOLUTION PERTAINING TO THE PROPOSED BONUS ISSUE TO BE TABLED AT THE FORTHCOMING EGM OF THE COMPANY. THE NOTICE OF EGM TOGETHER WITH THE PROXY FORM ARE SET OUT IN THIS CIRCULAR.

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

2. DETAILS OF THE PROPOSED BONUS ISSUE

2.1 Basis and number of Bonus Shares to be issued

The Proposed Bonus Issue will entail the issuance of up to 267,618,367 Bonus Shares on the basis of 1 Bonus Share for every 1 existing Dufu Share held by the Entitled Shareholders on the Entitlement Date. The basis of 1 Bonus Share for every 1 existing Dufu Share was determined after taking into consideration, amongst others, the following:

- (i) the potential adjustments to the share price of Dufu Shares arising from the Proposed Bonus Issue; and
- (ii) the enlarged number of Dufu Shares after the Proposed Bonus Issue.

The Entitlement Date will be determined and announced at a later date after all the relevant approvals for the Proposed Bonus Issue have been obtained.

As at the LPD, the issued share capital of the Company is RM87,735,185 comprising 263,205,367 Dufu Shares (inclusive of 6,896,244 treasury shares). In addition, the Company has 9,023,000 of the Outstanding Options as at the LPD, of which up to 4,413,000 of the Outstanding Options will be vested prior to the Entitlement Date. For avoidance of doubt, the Company does not intend to further grant any ESOS options to any eligible employees from the LPD until the completion of the Proposed Bonus Issue.

The maximum number of Bonus Shares to be issued pursuant to the Proposed Bonus Issue was arrived at after taking into consideration the following:

- (i) the issued share capital of the Company of RM87,735,185 comprising 263,205,367 Dufu Shares (inclusive of 6,896,244 treasury shares) as at the LPD; and
- (ii) assuming 4,413,000 of the Outstanding Options are exercised into new Dufu Shares prior to the Entitlement Date.

Pursuant to the Minimum Scenario and Maximum Scenario, the Proposed Bonus Issue would entail the issuance of 263,205,367 Bonus Shares and up to 267,618,367 Bonus Shares respectively. Upon completion of the Proposed Bonus Issue, the number of issued shares of the Company will increase to 526,410,734 Dufu Shares and up to 535,236,734 Dufu Shares under the Minimum Scenario and Maximum Scenario respectively. The actual number of Bonus Issue to be issued will depend on the number of issued share of the Company (including treasury shares) on the Entitlement Date.

Fractional entitlements arising from the Proposed Bonus Issue, if any, will be disregarded, and/or dealt with by the Board in such manner as it may in its absolute discretion deem fit or expedient and in the best interest of the Company.

The Proposed Bonus Issue will not be implemented on a staggered basis.

There will be an adjustment to the market price of Dufu Shares listed and quoted on the Main Market of Bursa Securities pursuant to the Proposed Bonus Issue. For illustrative purposes, based on the 5-day VWAP of Dufu Shares up to and including the LPD of RM3.60, the TEBP of Dufu Shares is RM1.80.

Further, the Board confirms that the share price adjusted for the Proposed Bonus Issue is not less than RM0.50 based on the daily VWAP of Dufu Shares during the 3-month period up to and including 12 March 2020 (being the date immediately preceding the submission of the application to Bursa Securities on 13 March 2020) pursuant to Paragraph 6.30(1A) of the Listing Requirements.

For illustrative purposes, based on the daily VWAP of Dufu Shares during the 3-month period up to and including 12 March 2020 (being the date immediately preceding the submission of the application to Bursa Securities on 13 March 2020) which ranged between RM3.16 and RM4.91, the TEBP of Dufu Shares ranged between RM1.58 and RM2.46.

2.2 No capitalisation of reserves

The Bonus Shares in respect of the Proposed Bonus Issue will be issued as fully paid, at nil consideration and without capitalisation of the Company's reserves.

For the avoidance of doubt, the Proposed Bonus Issue will increase the number of Dufu Shares but will not increase the value of the share capital of Dufu.

2.3 Ranking of the Bonus Shares

The Bonus Shares shall, upon allotment and issuance, rank *pari passu* in all respects with the existing Dufu Shares.

As Dufu Shares are prescribed securities under Section 14(5) of the Security Industry (Central Depositories) Act 1991, 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.

2.4 Listing of and quotation for the Bonus Shares

Bursa Securities had vide its letter dated 18 March 2020, approved the listing of and quotation for up to 267,618,367 Bonus Shares to be issued pursuant to the Proposed Bonus Issue on the Main Market of Bursa Securities, subject to the conditions as set out in **Section 6** of this Circular.

Upon obtaining all the necessary approvals, the Bonus Shares will be listed and quoted on the Main Market of Bursa Securities on the next market day after the Entitlement Date. The notices of allotment for the Bonus Shares will be issued and despatched to the Entitled Shareholders no later than 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.

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3. RATIONALE FOR THE PROPOSED BONUS ISSUE

The Proposed Bonus Issue serves to reward the existing shareholders of the Company for their loyalty and continued support to Dufu Group.

After due consideration of the various options available, the Board is of the view that the Proposed Bonus Issue is an appropriate avenue for the Company to reward its shareholders as the Proposed Bonus Issue:

- (i) will enable the existing shareholders to have greater participation in the equity of the Company in terms of the number of Dufu Shares held, whilst maintaining their percentage of equity interest; and
- (ii) is expected to enhance the marketability and trading liquidity of Dufu Shares on the Main Market of Bursa Securities, thereby providing opportunity for greater participation from a broader range of investors.

4. EFFECTS OF THE PROPOSED BONUS ISSUE

4.1 Issued share capital

For illustrative purposes, the pro forma effects of the Proposed Bonus Issue on the issued share capital of the Company as at the LPD, are as follows:

	Minimum Scenario		Maximum Scenario	
	No. of Dufu Shares	RM	No. of Dufu Shares	RM
Issued share capital as at the LPD	⁽ⁱ⁾ 263,205,367	87,735,185	⁽ⁱ⁾ 263,205,367	87,735,185
Assuming 4,413,000 of the Outstanding Options are exercised	-	-	4,413,000	⁽ⁱⁱ⁾ 6,134,070
	263,205,367	87,735,185	267,618,367	93,869,255
Dufu Shares to be issued pursuant to the Proposed Bonus Issue	263,205,367	-	267,618,367	-
Enlarged issued share capital after the Proposed Bonus Issue	⁽ⁱⁱⁱ⁾526,410,734	87,735,185	⁽ⁱⁱⁱ⁾535,236,734	93,869,255

Notes:

- (i) Including 6,896,244 treasury shares held by the Company as at the LPD.
- (ii) Assuming 4,413,000 of the Outstanding Options are exercised into new Dufu Shares at the exercise price of RM1.39 per option prior to the Entitlement Date.
- (iii) Including 13,792,488 treasury shares held by the Company after the Proposed Bonus Issue. The 6,896,244 treasury shares held by the Company as at the LPD would be entitled to the Bonus Shares pursuant to the Proposed Bonus Issue as permitted under Section 127(11) of the Act. As such, 6,896,244 Bonus Shares to be issued pursuant to the Proposed Bonus Issue will be treated as treasury shares held by the Company upon completion of the Proposed Bonus Issue.

4.2 NA, NA per Dufu Share and gearing

For illustrative purposes, the proforma effects of the Proposed Bonus Issue on the NA, NA per Dufu Share and gearing of the Dufu Group based on the latest audited consolidated statement of financial position of Dufu as at 31 December 2019 are as follows:

Minimum Scenario

		(I)	(II)
	Audited as at 31 December 2019 RM	After the Proposed Final Dividend RM	After (I) and the Proposed Bonus Issue RM
Share capital	87,735,185	87,735,185	87,735,185
Treasury shares	(3,452,490)	(3,452,490)	(3,452,490)
Exchange reserve	1,902,838	1,902,838	1,902,838
Reverse acquisition reserve	(24,110,002)	(24,110,002)	(24,110,002)
Share option reserve	2,426,824	2,426,824	2,426,824
Statutory reserve	1,905,301	1,905,301	1,905,301
Retained earnings	147,959,802	⁽ⁱⁱ⁾ 132,581,255	⁽ⁱⁱⁱ⁾ 132,456,255
Shareholders' funds/ NA	214,367,458	198,988,911	198,863,911
No. of Dufu Shares in issue (excluding treasury shares)	⁽ⁱ⁾ 256,309,123	⁽ⁱ⁾ 256,309,123	^(iv) 512,618,246
NA per Dufu Share (RM)	0.84	0.78	0.39
Total borrowings (RM)	17,520,700	17,520,700	17,520,700
Gearing ratio (times)	0.08	0.09	0.09

Notes:

- (i) Excluding 6,896,244 treasury shares held by the Company as at 31 December 2019.
- (ii) After adjusting for the Proposed Final Dividend of 6 sen per Dufu Share based on 256,309,123 Dufu Shares as at the LPD.
- (iii) After deducting the estimated expenses in relation to the Proposed Bonus Issue of approximately RM125,000.
- (iv) After issuance of 263,205,367 Bonus Shares pursuant to the Proposed Bonus Issue and excluding 13,792,488 treasury shares after the Proposed Bonus Issue.

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Maximum Scenario

		(I)	(II) After (I) and assuming full exercise of 4,413,000 of the Outstanding Options RM	(III) After (II) and the Proposed Bonus Issue RM
	Audited as at 31 December 2019 RM	After the Proposed Final Dividend RM		
Share capital	87,735,185	87,735,185	⁽ⁱⁱⁱ⁾ 93,869,255	93,869,255
Treasury shares	(3,452,490)	(3,452,490)	(3,452,490)	(3,452,490)
Exchange reserve	1,902,838	1,902,838	1,902,838	1,902,838
Reverse acquisition reserve	(24,110,002)	(24,110,002)	(24,110,002)	(24,110,002)
Share option reserve	2,426,824	2,426,824	2,426,824	2,426,824
Statutory reserve	1,905,301	1,905,301	1,905,301	1,905,301
Retained earnings	147,959,802	⁽ⁱⁱ⁾ 132,581,255	132,581,255	^(iv) 132,456,255
Shareholders' funds/ NA	214,367,458	198,988,911	205,122,981	204,997,981
No. of Dufu Shares in issue (excluding treasury shares)	⁽ⁱ⁾ 256,309,123	⁽ⁱ⁾ 256,309,123	⁽ⁱ⁾ 260,722,123	^(v) 521,444,246
NA per Dufu Share (RM)	0.84	0.78	0.79	0.39
Total borrowings (RM)	17,520,700	17,520,700	17,520,700	17,520,700
Gearing ratio (times)	0.08	0.09	0.09	0.09

Notes:

- (i) Excluding 6,896,244 treasury shares held by the Company as at 31 December 2019.
- (ii) After adjusting for the Proposed Final Dividend of 6 sen per Dufu Share based on 256,309,123 Dufu Shares as at the LPD.
- (iii) Assuming 4,413,000 of the Outstanding Options are exercised into new Dufu Shares at the exercise price of RM1.39 per option prior to the Entitlement Date.
- (iv) After deducting the estimated expenses in relation to the Proposed Bonus Issue of approximately RM125,000.
- (v) After issuance of 267,618,367 Bonus Shares pursuant to the Proposed Bonus Issue and excluding 13,792,488 treasury shares after the Proposed Bonus Issue.

4.3 Earnings and EPS

The Proposed Bonus Issue is not expected to have any effect on the earnings of the Dufu Group for the FYE 31 December 2020. However, there will be a corresponding dilution in the EPS of the Dufu Group for the FYE 31 December 2020 as a result of the increase in the number of Dufu Shares in issue arising from the Proposed Bonus Issue.

4.4 Substantial shareholders' shareholdings

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

4.5 Convertible securities

As at the LPD, save for the 9,023,000 of the Outstanding Options, the Company does not have any other convertible securities.

Consequential to the Proposed Bonus Issue, the exercise price and number of the Outstanding Options which have not been exercised into new Dufu Shares prior to the Entitlement Date may be adjusted in accordance with the Company's by-laws governing the ESOS. Any such adjustment will only be finalised on the Entitlement Date and will be effective on the next market day after the Entitlement Date, and the relevant notification will be despatched to the holders of the Outstanding Options at a later date.

For illustrative purposes, assuming all Outstanding Options are not exercised into new Dufu Shares prior to the Entitlement Date and based on exercise price of RM1.39 per Outstanding Option, the said adjustment shall be computed as follows:

$$\begin{aligned} \text{New exercise price} &= \text{Exercise price} \times \frac{A}{A+B} \\ &= \text{RM1.39} \times \frac{263,205,367}{(263,205,367 + 263,205,367)} \\ &= \mathbf{RM0.70} \text{ (rounded upwards)} \\ \text{No. of additional} &= \left[T \times \frac{A+B}{A} \right] - T \\ \text{Outstanding Options} &= \left[9,023,000 \times \frac{(263,205,367 + 263,205,367)}{263,205,367} \right] - 9,023,000 \\ &= \mathbf{9,023,000} \end{aligned}$$

Where:

A = the aggregate number of issued shares of the Company immediately before such bonus issue.

B = the aggregate number of new Shares to be issued pursuant to any allotment to ordinary shareholders of the Company by way of bonus issue.

T = existing number of Outstanding Options.

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5. HISTORICAL SHARE PRICES

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

	Low RM	High RM
2019		
May	1.40	1.94
June	1.39	1.69
July	1.57	1.97
August	1.71	2.31
September	2.25	2.81
October	2.72	3.19
November	2.69	3.13
December	3.03	3.37
2020		
January	3.09	4.33
February	3.70	5.00
March	1.88	4.40
April	2.94	3.93

Last transacted price of Dufu Shares on 17 January 2020
(being the latest date prior to the Announcement) 4.02

Last transacted market price on 14 May 2020
(being the latest practicable date prior to the printing of this Circular) 4.50

(Source: Bloomberg)

6. APPROVALS REQUIRED

The Proposed Bonus Issue is subject to the approvals being obtained from the following:

- (i) Bursa Securities for the listing of and quotation for up to 267,618,367 Bonus Shares to be issued pursuant to the Proposed Bonus Issue on the Main Market of Bursa Securities.

The approval from Bursa Securities for the Proposed Bonus Issue was obtained vide its letter dated 18 March 2020, and is subject to the following conditions:

No.	Conditions	Status of compliance
(1)	Dufu and Affin Hwang IB must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Bonus Issue;	To be complied.
(2)	Dufu and Affin Hwang IB to inform Bursa Securities upon the completion of the Proposed Bonus Issue;	To be complied.
(3)	Affin Hwang IB to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Bonus Issue is completed;	To be complied.

No.	Conditions	Status of compliance
(4)	Dufu is required to make the relevant announcements pursuant to Paragraphs 6.35(2)(a) & (b) and 6.35(4) of the Listing Requirements;	To be complied.
(5)	Dufu to furnish Bursa Securities with a certified true copy of the resolution passed by the shareholders at an EGM for the Proposed Bonus Issue;	To be complied.
(6)	Payment of outstanding processing fee based on the market value of the Bonus Shares to be listed (based on the adjusted price), if applicable. In this respect, the Company is required to furnish Bursa Securities a cheque drawn to the order of Bursa Securities for the outstanding processing fee together with a copy of the details of the computation of the amount of fees payable; and	To be complied.
(7)	To incorporate the comments made in the circular to shareholders.	Complied.

- (ii) the shareholders of Dufu at an EGM to be convened; and
- (iii) any other relevant authorities, if required.

7. INTER-CONDITIONALITY

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

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

None of the Directors, major shareholders of the Company and/or persons connected with them have any interest, whether direct or indirect, in the Proposed Bonus Issue, apart from their respective entitlements to the Bonus Shares as shareholders of Dufu, to which all other Entitled Shareholders are similarly entitled.

9. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board, after having considered all aspects of the Proposed Bonus Issue, including but not limited to the rationale and effects of the Proposed Bonus Issue, is of the opinion that the Proposed Bonus Issue is in the best interest of the Company and its shareholders.

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

10. ESTIMATED TIMEFRAME FOR COMPLETION

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

The tentative timetable for the implementation of the Proposed Bonus Issue is as follows:

Tentative timeline	Key milestones
19 June 2020	<ul style="list-style-type: none">• AGM• EGM to obtain the approval of shareholders of Dufu for the Proposed Bonus Issue
Mid July 2020	Announcement of the Entitlement Date for the Proposed Bonus Issue
Early August 2020	<ul style="list-style-type: none">• Entitlement Date• Listing of and quotation for the Bonus Shares on the Main Market of Bursa Securities• Completion of the Proposed Bonus Issue

11. CORPORATE EXERCISE ANNOUNCED BUT PENDING COMPLETION

Save for the Proposed Bonus Issue, the Board confirms that there is no other outstanding corporate exercise which has been announced but pending completion as at the LPD.

12. EGM

The EGM, notice of which is enclosed in this Circular, will be on a fully virtual basis at the Broadcast Venue: Conference Room of Plot 19, Hilir Sungai Keluang 2, Taman Perindustrian Bayan Lepas, Fasa IV, 11900 Penang on Friday, 19 June 2020 at 11.00 a.m. or immediately after the conclusion or adjournment (as the case may be) of the Company's Eighteenth AGM, to be held at the same venue and on the same day at 10.00 a.m., whichever is later, for the purpose of considering and, if thought fit, passing the resolution to give effect to the Proposed Bonus Issue.

If you are unable to attend and vote at the EGM, you may complete the Form of Proxy and deposit it at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Malaysia or submit it via fax at 03-2094 9940 and/or 03-2095 0292 or emailed to eservices@sshbs.com.my. The proxy appointment may also be lodged electronically via Securities Services e-Portal at <https://www.sshbs.net.my/login.aspx>. Please refer to the Administrative Guide on the Conduct of a Fully Virtual General Meeting for further details.

13. FURTHER INFORMATION

Shareholders are requested to refer to the attached appendix for further information.

Yours faithfully,
For and on behalf of the Board of
DUFU TECHNOLOGY CORP. BERHAD

LEE, HUI-TA ALSO KNOWN AS LI HUI TA
Executive Chairman

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

The Board has seen and approved the contents of this Circular, and they collectively and individually accept full responsibility for the accuracy of the information given in this Circular. The Board confirms that after making all reasonable enquires and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement in this Circular false or misleading.

2. CONSENT AND DECLARATION OF CONFLICT OF INTEREST

Affin Hwang IB, being the Principal Adviser to the Company for the Proposed Bonus Issue, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereto in the form and context in which they appear in this Circular.

Affin Hwang IB, being the Principal Adviser for the Proposed Bonus Issue, hereby declares that there is no situation of conflict of interest that exists or likely to exist in relation to its role as the Principal Adviser to the Company for the Proposed Bonus Issue.

3. MATERIAL LITIGATION

As at the LPD, the Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Board is not aware of any proceedings pending or threatened against the Dufu Group, or of any facts likely to give rise to any proceedings, which might materially or adversely affect the financial position or business of the Dufu Group.

4. MATERIAL COMMITMENTS

Save as disclosed below, as at the LPD, the Board is not aware of any other material commitments incurred or known to be incurred by the Dufu Group, which upon becoming enforceable may have a material effect on the financial position or business of the Dufu Group:

	RM'000
Plant and machineries: - Approved and contracted for	4,304

5. CONTINGENT LIABILITIES

As at the LPD, the Board is not aware of any contingent liabilities incurred or known to be incurred by the Dufu Group, which upon becoming enforceable may have a material effect on the financial position or business of the Dufu Group.

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal office hours from Mondays to Fridays (except public holidays) from the date of this Circular up to and including the date of the EGM of the Company, at the Registered Office of the Company at 57-G Persiaran Bayan Indah, Bayan Bay, Sungai Nibong, 11900 Penang:

- (i) the Constitution of the Company;
- (ii) the audited consolidated financial statements of Dufu for the past 2 FYE 31 December 2018 and 31 December 2019 and the latest unaudited quarterly results of Dufu for the financial period ended 31 March 2020; and
- (iii) the letter of consent referred to in Section 2 above.



DUFU TECHNOLOGY CORP. BERHAD
(Registration No. 200201013949 (581612-A))
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Extraordinary General Meeting of Dufu Technology Corp. Berhad (“**Dufu**” or “**Company**”) will be held on a fully virtual basis at the Broadcast Venue: Conference Room of Plot 19, Hilir Sungai Keluang 2, Taman Perindustrian Bayan Lepas, Fasa IV, 11900 Penang on Friday, 19 June 2020 at 11.00 a.m. or immediately after the conclusion or adjournment (as the case may be) of the Company’s Eighteenth Annual General Meeting, to be held at the same venue and on the same day at 10.00 a.m., whichever is later, for the purpose of considering and, if thought fit, passing the following ordinary resolution, with or without any modifications:

ORDINARY RESOLUTION

PROPOSED BONUS ISSUE OF UP TO 267,618,367 NEW ORDINARY SHARES IN DUFU (“DUFU SHARE(S)” OR “SHARE(S)”) (“BONUS SHARE(S)”) ON THE BASIS OF 1 BONUS SHARE FOR EVERY 1 EXISTING DUFU SHARE HELD ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER (“PROPOSED BONUS ISSUE”)

“**THAT** subject to the approvals of all relevant authorities and/or parties (where applicable) being obtained, and to the extent permitted by law and the Constitution of the Company, approval be and is hereby given to the Board of Directors of Dufu (“**Board**”) to issue up to 267,618,367 Bonus Shares on the basis of 1 Bonus Share for every 1 existing Dufu Share held by the entitled shareholders whose names appear in the record of depositors of the Company at the close of business at 5.00 p.m. on an entitlement date to be determined and announced later;

THAT fractional entitlements arising from the Proposed Bonus Issue, if any, will be disregarded, and/or dealt with by the Board in such manner as it may in its absolute discretion deem fit or expedient and in the best interest of the Company;

THAT the Bonus Shares shall, upon allotment and issuance, rank *pari passu* in all respects with the existing Dufu Shares;

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

By order of the Board

How Wee Ling (MAICSA 7033850)

Ooi Ean Hoon (MAICSA 7057078)

Secretaries

Penang

21 May 2020

Notes:

- A. *For the purpose of determining a member who shall be entitled to attend and vote at this Extraordinary General Meeting, the Company shall be requesting the Record of Depositors as at 10 June 2020. Only a depositor whose name appears on the Record of Depositors as at 10 June 2020 shall be entitled to attend, speak and vote at the said meeting or appoint proxy(ies) to attend, speak and vote on his/her behalf.*
- B. *As no shareholders should be physically present at the Broadcast Venue, we urge all shareholders to attend the general meeting(s) remotely using the Securities Services e-Portal (“e-Services”) facilities which are available on <https://www.sshsb.net.my/login.aspx>.*

Proxy:

- 1. *A member may appoint up to 2 proxies in relation to the general meeting provided that he specifies the proportion of his shareholdings to be represented by each proxy.*
- 2. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“**omnibus account**”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
- 3. *The instrument appointing a proxy shall be in writing under the hand of the member or of his attorney duly authorised in writing or, if the member is a corporation, shall either be executed under the corporation’s seal or under the hand of 2 authorised officers, one of whom shall be a director, or of its attorney duly authorised in writing.*
- 4. *The instrument appointing a proxy must be deposited at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan or submitted via fax at 03-2094 9940 and/or 03-2095 0292 or emailed to eservices@sshsb.com.my, at least 48 hours before the time for holding the Extraordinary General Meeting or any adjournments thereof i.e. by Wednesday, 17 June 2020 at 11.00 a.m.. The proxy appointment may also be lodged electronically via Securities Services e-Portal at <https://www.sshsb.net.my/login.aspx>. Please refer to the Administrative Guide on the Conduct of a Fully Virtual General Meeting for further details.*

PROXY FORM

DUFU TECHNOLOGY CORP. BERHAD
Registration No. 200201013949 (581612-A)
(Incorporated in Malaysia)

No. of ordinary shares held		CDS Account No.	
Contact No.		Email Address	

*I/We, _____ (NRIC / Passport No. _____) of _____

being a *Member/Members of DUFU TECHNOLOGY CORP. BERHAD hereby appoint:-

Chairman of the Meeting

OR

The following proxy(ies):-

Name	NRIC / Passport No.	Address	Proportions of my/our holdings to be represented (%)
(1)			
(2)			
Total			100.0%

as *my/our proxy to vote for *me/us and on *my/our behalf at the Extraordinary General Meeting of the Company to be held on a fully virtual basis at the Broadcast Venue: Conference Room of Plot 19, Hilir Sungai Keluang 2, Taman Perindustrian Bayan Lepas, Fasa IV, 11900 Penang on Friday, 19 June 2020 at 11.00 a.m. or immediately after the conclusion or adjournment (as the case may be) of the Company's Eighteenth Annual General Meeting, to be held at the same venue and on the same day at 10.00 a.m., whichever is later.

Tick (✓) whichever is applicable

* Strike out whichever is inapplicable

(Please indicate with an "X" in the space provided below on 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)

ORDINARY RESOLUTION	For	Against
PROPOSED BONUS ISSUE		

Signature of Shareholder(s) _____

Signed this _____ day of _____ 2020

Notes:

For the purpose of determining a member who shall be entitled to attend and vote at this Extraordinary General Meeting, the Company shall be requesting the Record of Depositors as at 10 June 2020. Only a depositor whose name appears on the Record of Depositors as at 10 June 2020 shall be entitled to attend, speak and vote at the said meeting or appoint proxy(ies) to attend, speak and vote on his/her behalf.

Proxy:

1. A member may appoint up to 2 proxies in relation to the general meeting provided that he specifies the proportion of his shareholdings to be represented by each proxy.
2. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
3. The instrument appointing a proxy shall be in writing under the hand of the member or of his attorney duly authorised in writing or, if the member is a corporation, shall either be executed under the corporation's seal or under the hand of 2 authorised officers, one of whom shall be a director, or of its attorney duly authorised in writing.
4. The instrument appointing a proxy must be deposited at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan or submitted via fax at 03-2094 9940 and/or 03-2095 0292 or emailed to eservices@sshsb.com.my, at least 48 hours before the time for holding the Extraordinary General Meeting or any adjournments thereof i.e. by Wednesday, 17 June 2020 at 11.00 a.m.. The proxy appointment may also be lodged electronically via Securities Services e-Portal at <https://www.sshsb.net.my/login.aspx>. Please refer to the Administrative Guide on the Conduct of a Fully Virtual General Meeting for further details.

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Affix
stamp

SS E Solutions Sdn Bhd
Level 7, Menara Milenium, Jalan Damanlela
Pusat Bandar Damansara, Damansara Heights
50490 Kuala Lumpur, Wilayah Persekutuan

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