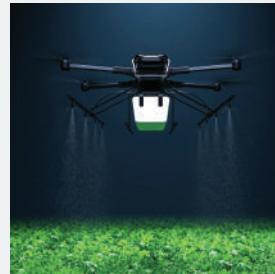
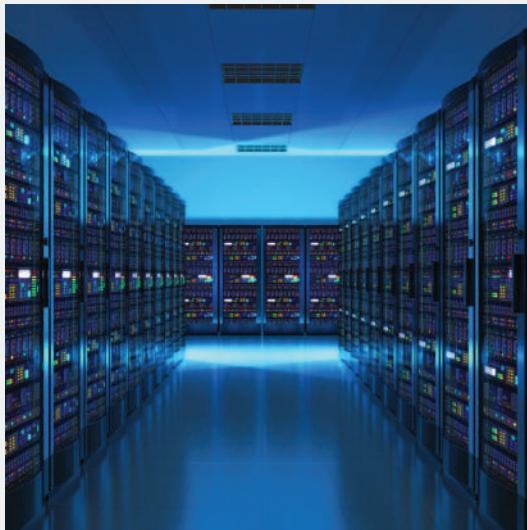




ANNUAL REPORT 2021



THE NATION'S TECHNOLOGY FINANCIER

Contents

01 Corporate Profile & Overview

■ About Us	03
■ Our Values & Focus Areas	04
■ MDV Products & Programmes	05
■ Financial Highlights	06
■ History & Key Milestones	07

02 Message to Stakeholders

■ Chairman's Statement	09
■ CEO's Report	13

03 Leadership & People

■ Board of Directors	19
■ Management Team	22

04 Operations & Finance

■ Financial Review	25
■ Sectorial Performance Highlights	27
■ Preparing & Adapting the New Normal for the Endemic	28
■ From Pandemic to Transitioning to Endemic and the Importance of Employee Engagement	29

05 Building MDV's Business

■ The Evolution of MDV Financing	33
■ 2021 New Product Highlights	34
■ MDV in the Start-Up Financing Ecosystem	35
■ Initiatives to Expand MDV's Funding	36
■ Creating and Driving a Robust Funding Ecosystem for Technology	37
■ MedTech: Evolution Towards an "Eternal" Life?	39
■ Malaysia's Thriving Start-up Ecosystem: In Search of the Next Unicorn	46
■ National Energy Awards 2021	50

06 Corporate Governance & Accountability

■ Corporate Governance	53
■ The Role Of Risk Management Division (RMD) And Key Achievements in 2021	54
■ Audit Committee Report	60

07 MDV Activities

■ Corporate Social Responsibility Programmes and Initiatives	65
■ MDV Sports & Recreation Club Activities	68

08 Financial Statements

70

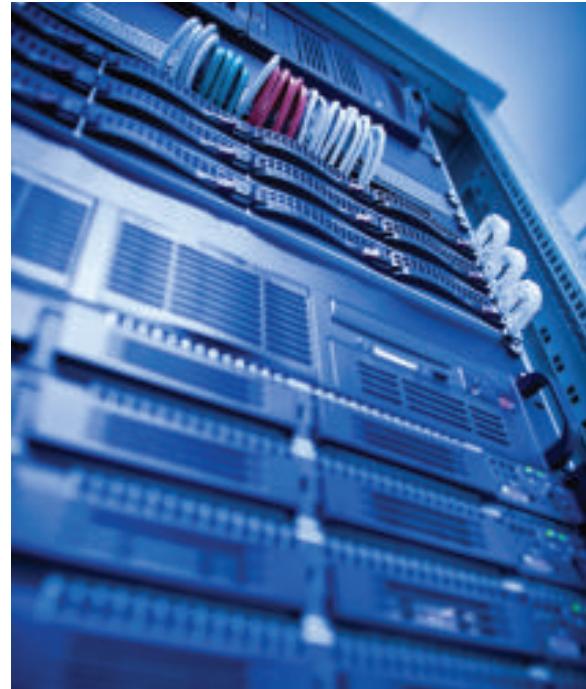


01

Corporate Profile & Overview

- 03 About Us
- 04 Our Values & Focus Areas
- 05 Products & Programmes
- 06 Financial Highlights
- 07 History & Key Milestones





About us

MDV Expands its Tech Financing Footprints through an Inclusive, Innovative & Flexible Financing Transformation.

Malaysia Debt Ventures Berhad (MDV) was established by the Government of Malaysia in 2002 with the objective of providing flexible and innovative financing facilities to develop the Information and Communications Technology (ICT) sector that had been identified and prioritised by the Government as the catalyst for the nation's growth.

As the nation developed, MDV's financing mandate was concurrently extended to serve other high-impact and technology-driven sectors of the economy prioritised by the Government, including Green Technology, Biotechnology, Strategic and Emerging Technology, and Start-ups.

MDV also offers conventional and Shariah compliant financing solutions that can cater to the requirements of young technology-based companies and start-ups with innovative and scalable products and/or services with sustainable business propositions. These segments of technology start-ups are generally underserved by commercial financial institutions.

Venture Debt financing for start-ups, of which MDV is the pioneering and largest local financing solutions provider, is typically used as complementary financing to equity venture capital. Venture Debt provides start-ups with credit financing to extend their growth runway while minimising equity dilution.

As one of the few financiers in Malaysia that is solely focused on technology-driven companies, MDV will continue to play a vital role in supporting the Government's initiatives and aspiration to promote high-value technology and innovation as a path towards a high-income nation.

As at FY2021, MDV had disbursed RM12.94 billion to more than 1,000 projects comprising financing approvals for over 900 technology companies in Malaysia. Moving forward, MDV will continue to play a vital role in supporting the Government's aspiration to promote high-value technology and innovation as a path to a high-income nation.

Disbursement

RM12.94b

Aggregate Fund Size

RM4.10b

Projects

1,111

Companies

977

Our Values & Focus Areas

Mandate

Providing flexible financing for technology-based companies or projects based on companies' business needs including serving new businesses with primarily intangible assets but with high product and service potential. MDV's focus is on technology-based companies with novel business models that have limited access to traditional financial platforms.

MDV may utilise any financial instrument to provide the required financing to increase the probability of success for the company financed.

Vision

The Nation's Technology Financier.

Mission

To support the Nation's technology agenda and increase Malaysian technology companies' probability of success through:

- Providing access to financing
- Innovative and flexible financing solutions
- Specialised funding programmes
- Industry expertise and advisory services

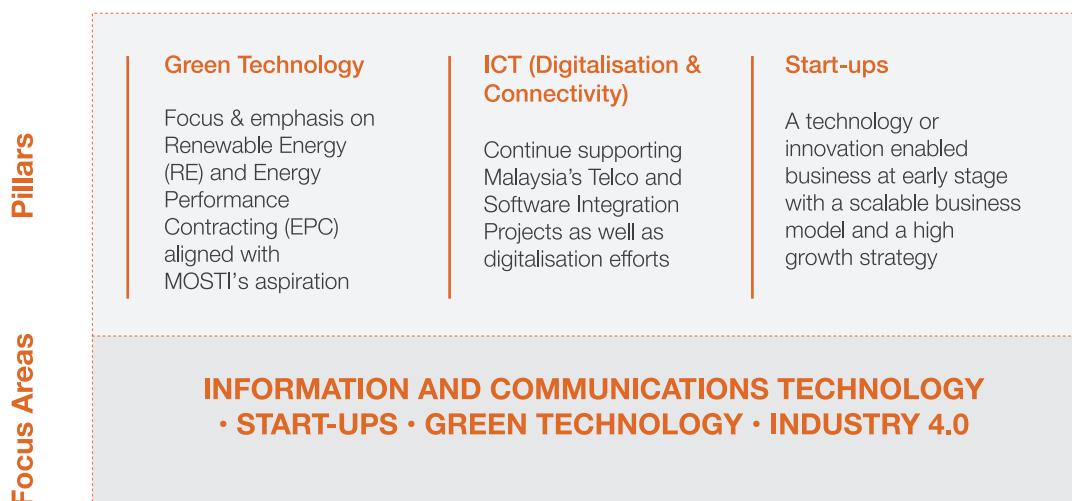
To remain financially sustainable while fulfilling our developmental role.

Core values

MDV's core operating values encompass our business philosophy of **Transparency**, **Trustworthiness** and **Timeliness** to ensure good corporate governance and credibility while meeting the needs of clients.

This philosophy is complemented by MDV's mindset of '**Harmony**' as the foundation of MDV's relationships both internal and external, '**Think Customer**' to enhance MDV's commitment to business building and '**Deliverable Oriented**' in its working environment.

The final component of MDV's values comprises MDV's corporate identity of being a **high performance**, **highly disciplined**, **highly cohesive**, **highly innovative** and a **highly ethical** organisation.



Products

Islamic

- Trade Facilities/Guarantees (Pre-shipment/Delivery)
- Term/Project & Revolving Lines (Pre-shipment/Delivery)
- Project/Contract Financing (Pre-shipment/Delivery)
- i-Factoring (Post-shipment)
- Cash Line (Liquidity Support)
- Venture Financing

Conventional

- Trade Facilities/Guarantees (Pre-shipment/Delivery)
- Term/Project & Revolving Lines (Pre-shipment/Delivery)
- Project/Contract Financing (Pre-shipment/Delivery)
- Cash Line (Liquidity Support)
- Venture Debt

Programmes

SME/Start-ups

- SME Contract Financing
- SME Project Financing
- Skim Usahawan Permulaan Bumiputera (SUPERB) by Unit Peneraju Bumiputera (TERAJU)
- Acquisition Financing Vendor Development Programme (VDP) for National Fiberisation and Connectivity Plan (NFCP)
- MDV Technology Acceleration and Commercialisation Scheme (MDV-TACT)
- MDV Technology Acceleration and Commercialisation Scheme 2.0 (MDV-TACT 2.0)
- Completed Projects Financing

Government Priority Programmes

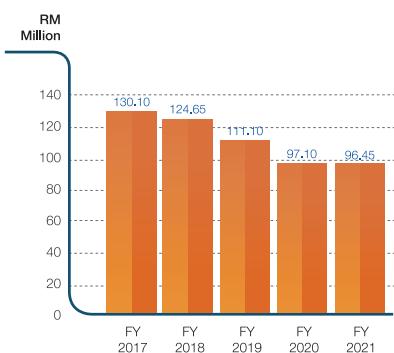
- Liquidity Financing for Technology Start-Ups (LIFTS)
- Energy Performance Contracting (EPC) Financing Programme
- Green Technology Financing Scheme (GTFS) and GTFS 2.0

Fund Management

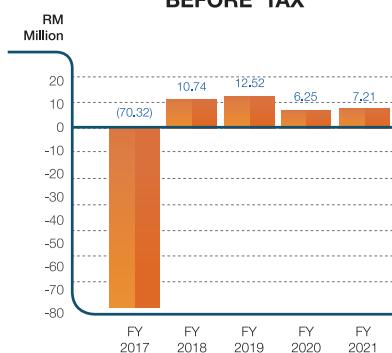
- Commercialisation Financing Scheme
- Bioeconomy Transformation Programme (BTP)
- COVID-19 Intervention Fund Assistance Programme ("CIFA")

Financial Highlights

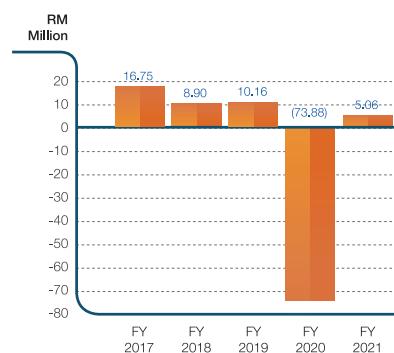
REVENUE



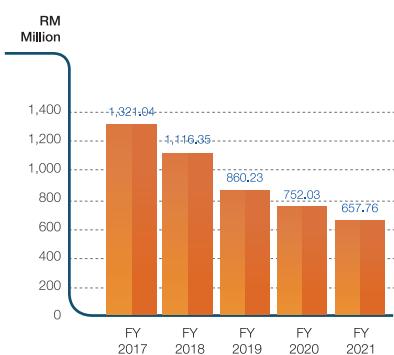
PROFIT/(LOSS) BEFORE TAX



NET PROFIT/(LOSS)



NET LOANS/FINANCING



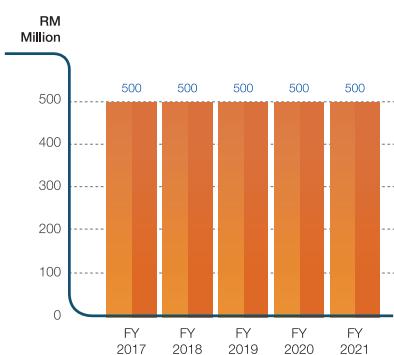
LOANS/FINANCING APPROVAL



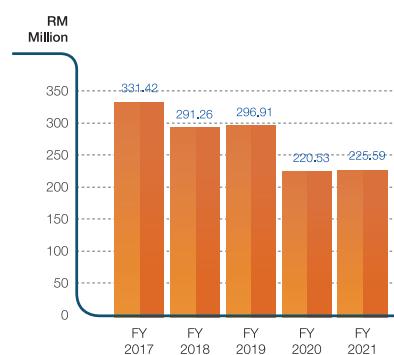
SUKUK, TERM LOAN AND REVOLVING CREDIT FACILITIES



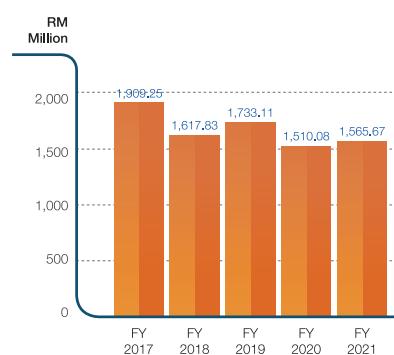
SHARE CAPITAL



SHAREHOLDERS' FUNDS



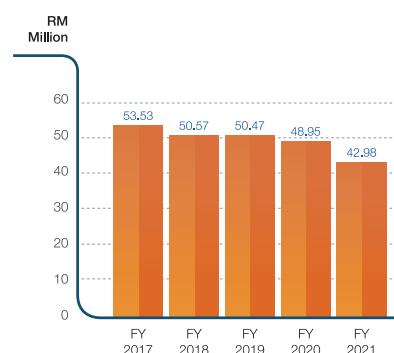
ASSETS



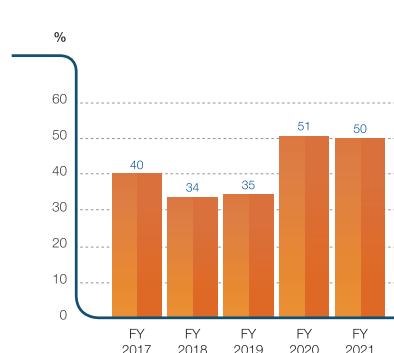
LIABILITIES



COST OF FUNDS



COST INCOME RATIO



History & Key Milestones

2002

- Establishment of Debt Ventures to fulfill the gaps for ICT funding.
- 1st Fund from Japan Bank of International Corporation (JBIC) through the Ministry of Finance of RM1.60 billion.
- Product Offerings: Project & Contract Financing for ICT-based companies.

2003

- MDV's financing portfolio size reached RM192.00 million.

2006

- Rebranding of Debt Ventures to Malaysia Debt Ventures Berhad (MDV).

2007

- 2nd Fund of RM2.50 billion raised from the Islamic Capital Markets.
- Launch of RM1.50 billion Islamic Medium Term Notes (iMTN).
- New sector mandate: Biotechnology.

2008

- Established its internal Shariah governance and compliance framework to support its Islamic financing facility based on Commodity Murabahah principles.

2009

- New Product: Small Contract Financing.

2010

- Collaboration: Malaysia Biotechnology Development Corporation for the Bumiputera, Biotechnology and Bio-Industry Development Fund (B3DF) programme.

2011

- New Product: Commercialisation Financing Programme under the Tenth Malaysia Plan (RMK-10) allocation.
- New sector mandate: Green Technology.

2013

- New Product: Green Tech Financing Scheme (GTFS)
- New Product: Intellectual Property Financing Scheme (IPFS).

2014

- Collaboration: Malaysia Biotechnology Development Corporation for the BioEconomy Transformation Programme (BTP).
- Collaboration: Unit Peneraju Agenda Bumiputra (TERAJU) to manage its Bumiputera Entrepreneurs Startup Scheme (SUPERB) Programme.
- New sector mandate: Emerging Technology.

2015

- Full settlement of RM1.60 billion JBIC loan.
- Collaboration: Unit Peneraju Agenda Bumiputra (TERAJU) for the Bumiputera Technology Fund (BTF) under TERAS and SUPERB programmes.
- New Product: Acquisition financing.
- New Product: Technology and Innovation Acceleration Scheme (TIERS) programme.

2016

- Launch of "elev8", MDV's nurturing programme.
- New Product: Energy Efficiency Financing Scheme.

2017

- 3rd Fund of RM1.00 billion via Government Guaranteed Sukuk.
- 15th years in operation since its inception in 2002.
- New Product: Energy Performance Contracting (EPC) Fund

2018

- New Product: Islamic Venture Financing Programme.
- New Product: MDV Technology Acceleration And Commercialisation Programme (MDV-TACT) Programme under RMK-11 allocation.
- Issuance of RM230.0 million Islamic Medium Term Notes (iMTN) from its RM1.00 billion Sukuk Facility (Third Fund).
- Payment of RM200.00 million from its RM1.5 billion Government Guaranteed Sukuk Programme (Second Fund) in September.
- Initiated and Secured a Corporate Credit Rating for non-guaranteed debt issuance.

2019

- Successful issuance of RM270.00 million Islamic Medium Term Notes (iMTN) from MDV's Third Fund.
- Successful issuance of MDV's corporate credit rating of AA3/P1 by Rating Agency Malaysia ("RAM") that will allow MDV to issue sukuk without a Government guarantee.

2020

- New Programme: Launch of Technology Start-ups Funding Relief Facility (TSFRF) with fund size of RM100 million
- Approval from Ministry of Finance for MDV to launch its 4th Fund of up to RM2 billion, based on MDV's own Corporate Credit Rating.
- Payment of RM200.00 million from its RM1.5 billion Government Guaranteed Sukuk Programme (Second Fund) in August.

2021

- MDV and Kenanga Investment Bank Berhad established a Fintech Fund, with a target fund size of RM300.00 million to support the growth of Fintech companies and further develop the Venture Capital (VC) industry in Malaysia.
- MDV awarded Special Awards for its Sustainable Energy Financing at the National Energy Awards 2020 (NEA 2020) for promoting Energy Efficiency (EE) and Renewable Energy (RE).
- Approval from the Ministry of Finance to establish a Venture Capital Company (VCC) and a Venture Capital Management Company (VCMC). This enables MDV to create better financing opportunities for early-stage technology-based start-ups and companies, typically between the Seed and Series A funding cycle.
- MDV announced its intention to establish a National Technology Financing Hub at Malaysian Research Accelerator for Technology and Innovation (MRANTI), to focus on serving the needs of start-ups such as incubators and accelerators, to complement the MRANTI Technology Commercialisation Agency (TCA) under the Ministry of Science, Technology & Innovation (MOSTI) to accelerate technological innovation in the country.
- MDV's participation in P2P Platforms through Funding Societies and CapBay with up to RM1.00 million in total investment amount.
- RAM Ratings reaffirmed MDV's corporate credit ratings of AA3/Stable/P1.
- Launched of RM2.00 billion Sukuk/Bond programme based on MDV's own corporate credit rating without Government guarantee.



02

Message to Stakeholders

- 09 Chairman's Statement
- 13 Chief Executive Officer's Report

“ MDV continued to maintain our operational and business trajectory to ensure that we are not just able to fulfill our mandate but also advance the company's business relevant to the current requirement of the technology industry as well as MDV's own growth and sustainability needs. ”

Khairul Azwan Harun

Chairman



Dear stakeholders & valued customers,

I am pleased to present the 2021 Annual Report for Malaysia Debt Ventures Berhad (MDV).

It has been my privilege to serve as the Chairman of MDV for close to two years now. During this significant time, I have had the opportunity to oversee the Company through many exciting developments and in achieving several milestones towards realising MDV's potential to be one of the leading funding catalysts for technological innovation and digital disruption in Malaysia. As we celebrate our 20th anniversary in 2022, looking back at the company's history, I am proud of the transformation and growth that MDV has undergone, and the numerous achievements it has attained in funding the technology sector – evident from its significant track record of having disbursed RM12.94 billion to assist more than 900 companies in completing over 1000 projects in various sectors of the technology industry through specialised, affordable and innovative financing. In a nation building perspective, MDV has helped built 5,900 3G/4G towers; contributed to generating about RM21.00 billion in revenue; and supported more than 25,000 employment opportunities.

While MDV initially provided project/contract financing for technology companies in the ICT sector, MDV's proven capabilities had subsequently allowed it to expand its financing mandate beyond ICT

to include other high-impact and technology driven sectors of the economy including Biotechnology, Green Technology, and Emerging Technologies. As technology companies evolved from mostly being big tech giants to include innovative, solutions and apps-based start-ups, MDV also expanded its focus in financing start-ups, becoming a pioneer in the venture debt financing in Malaysia, and helping to ensure continuity of financing for young technology companies that have received early-stage funding provided by the Government and the private sectors.

MDV has indeed consistently proven its resilience over the years, overcoming challenges and maintaining its relevance to become a financier that is now synonymous with the technology sector. With all these achievements over the years, I can even proudly say that MDV is now better positioned to continue making an impact in the start-ups and technology industry. And as it reaches this important juncture in its operations having served the technology sector for over two decades, MDV is set to continue to progress by providing financial services to technology companies in supporting the country through its economic recovery phase and in realising the nation's digitalisation agenda.

A Financially Resilient Year

In the year under review, MDV remained on course with the strategies laid out in our

seven-year business plan from 2018 – 2025, which is meant to provide a clear road map of the Company's strategic direction. Despite having to brave through a persistently challenging time in 2021 as the country continued to battle the COVID-19 pandemic, which peaked mid-year and prompted the third movement control order (MCO 3.0) to be imposed, MDV continued to maintain our operational and business trajectory so as to ensure that we are not just able to fulfill our mandate but also advance the company's business relevant to the current requirement of the technology industry as well as MDV's own growth and sustainability needs.

Against a persistently challenging economic backdrop due to the pandemic, MDV remains optimistic of the country's resilient and potential in bouncing back to its pre-pandemic performance. Malaysia's economic performance in 2021 further reinforced this sentiment with a GDP growth of 3.1% as compared to a decline of 5.6% in 2020, primarily driven by the Manufacturing, Services and Agriculture sectors. The technology sector also continued to register encouraging growth with a gain of 17.9% y-o-y, while Bursa Malaysia's Technology Index gained 38.57%, making it the best-performing sector in the local equity market in 2021. The technology sector is expected to continue with its growth momentum in 2022, giving an advantage to MDV as a technology financier to continue leveraging on the positive market outlook.

In terms of MDV's performance, I am very pleased to announce that for FY2021, MDV had achieved a profitable year with a net profit of RM5.06 million – higher than what was initially budgeted – and is expected to pay a dividend of RM1.50 million to our shareholders upon approval. Given the slowdown in business growth activities, this is indeed a gratifying result for MDV, which was only made possible through diligent and efficient execution of our mandate, courtesy of the hard work and unfaltering dedication of our management and employees alike.

For FY2021, MDV had achieved a profitable year with a net profit of RM5.06 million...and is expected to pay a dividend of RM1.50 million to our shareholders upon approval.

Maximising Values for Our Stakeholders

At the core of MDV's mandate is its role as an impetus to nation building by facilitating the development of technology companies which continue to be challenged by the lack of funding facilities. The funding that has been provided by MDV has enabled many emerging innovative and technology-based companies to overcome their greatest challenge and avoid the "valley of death" where companies are vulnerable to negative operating cash flow until they are able to reach a sustainable revenue base.

The IMD World Digital Competitiveness Ranking 2020 has ranked Malaysia 26th among 263 Countries and 2nd among ASEAN countries, while the World Competitiveness Yearbook 2021 ranked Malaysia's global competitiveness at 25th place from out of 64 economies - an improvement from the 27th position in 2020. In its Global Competitiveness Report 2019, the World Economic Forum ranked Malaysia 33rd out of 141 economies in terms of ICT adoption and 30th under innovation capability. While these are encouraging results which pointed to Malaysia's strength and potential as a developing economy, particularly in its shift to a digital-led economy, more efforts are needed to propel Malaysia up the technology curve.

As Malaysia works towards becoming an advanced economy, growth opportunities will increasingly be focused on high-value activities. This is consistent with global

trends, which point to the important role of new technologies in accelerating social and economic growth and development. The rolling out of the DSTIN 2021-2030 and the mySTIE framework by the Government, for instance, are aimed at boosting economic growth and improving the quality of life and the people's well-being towards achieving the status of high-technology country by 2030. In this regard, providing technology companies access to funding will be crucial in driving this growth and MDV will continue to introduce new products to target sectors that have yet to be tapped and new programmes that can leverage on MDV's existing products.

MDV is also committed to continue enhancing our overall business and earnings performance, financial conditions, operational efficiencies and other relevant aspects that may influence our ability to generate sustainable value as we future-proof the organisation and stride ahead as the nation's technology financier.

Braving Through the Storm

2021 was an important year for MDV as we strived to realign our business strategy with the current market/sector requirements. We were also required to strengthen our operations amid a weakened economy and unfavourable market conditions due to the ongoing impact of the pandemic. The simultaneous natural disasters, particularly the torrential rains that led to some of the worst floods that Malaysia had seen in decades, compounded the already challenging and delicate circumstances especially for the rakyat, which also impacted MDV as many of our employees too were affected.

In response to the dire situations that had befallen our fellow community, MDV undertook various corporate social responsibility initiatives to assist where we can, in lessening the burdens of those affected, including extending monetary contributions; distributing necessities such as food, face masks, sanitisers etc; sponsoring school items and tablets to underprivileged students; as well as several post-floods assistance both monetarily and in kind.

A notable initiative that I felt strongly resonated with MDV's value as a responsible and caring entity would be the spirit of volunteerism that was shown by both the management and employees, whom without a moment of hesitation, were ready to sacrifice their time and energy to help those in need of assistance – such as

the time when they went down to the ground to help with the post-floods clean-up at Hulu Langat – one of the worst hit areas in Selangor due to the floods on a public holiday in December last year. It was not an easy feat; the volunteers had to forego their rest day and time with their family to participate in the clean-up; braving through a challenging journey to and fro the flood-stricken area – all done while maintaining a smile on their face and a spirit of camaraderie, united as part of Keluarga Malaysia.

It is important that MDV continues to engage in community-based initiatives or efforts, particularly as part of MDV's contribution towards sustainable development by delivering not just economic, but also social benefits.

Capitalising Opportunities, Catalysing Growth

Despite the ongoing uncertainties in the economy, the year 2021 saw MDV substantially progressing in furthering our mandate as we began to place more emphasis in broadening our financing pipeline and earnings base by embracing new funding instruments and fund management model, as well as expanding our range of products and services to cater to current demands.

Our spirits were boosted with the announcement made by RAM Ratings, which reaffirmed MDV's corporate credit ratings of AA3/Stable/P1, reflecting MDV's highly strategic national and developmental role in promoting the growth of Malaysia's technology sector particularly ICT. The corporate credit ratings were initially assigned by the agency in 2019 and forms part of MDV's long-term plan to be self-sustainable, financially independent, and less reliant on direct government funding support.

Subsequent to the reaffirmation of the ratings, MDV had in 2021 announced our intention to launch a RM2.00 billion Bond/Sukuk programme to source for MDV's fourth fund, which was recently activated in 2022. The programme, with a tenure of 25 years, will provide MDV with the flexibility to raise either short, medium, or long-term funds of up to RM2.00 billion from the Malaysian capital market to support its future business growth. This marked an important achievement for MDV as it will be the Company's first fund to ever be raised based on its own standalone credit rating.

The year also saw MDV enhancing our focus on financing technology start-ups to ensure their growth and enabling them to strengthen and rebuild their resilience, particularly after the onset of the COVID-19 pandemic. For instance, after the commencement of Liquidity Financing for Technology Start-ups (LIFTS), our start-ups portfolio grew to more than RM100.00 million in totality. This was in-line with the Government's continued efforts in supporting the start-up ecosystem holistically and sustainably through initiatives such as the implementation of the Start-up Ecosystem Roadmap (SUPER) 2021-2030 to address various growth, operational and funding framework to retain start-ups and benefit from technology and economic spillovers.

MDV has been working tirelessly to enhance our contribution to the Malaysian start-up ecosystem by promoting the local Venture Debt financing market further, as we believe this segment of the market offers immense opportunities to be developed. To this end, MDV has received the approval by the MOF for the establishment of MDV's very own venture capital subsidiary companies namely a Venture Capital Company (VCC) and a Venture Capital Management Company (VCMC). Through these subsidiaries, MDV will be able to create better financing opportunities for early-stage technology-based start-ups and companies, typically in between the Seed and Series A funding cycle. The critical outcome for this initiative is to attract private funds into the venture debt market and establish venture debt as an asset class for investors' consideration. This is also in line with MDV's strategy to move towards fund management model as part of our business activities in the next few years. 2021 also marked MDV's first foray into the P2P platform as an institutional investor to further develop the fintech sector consistent with our long-term plans to support and utilise digital fundraising platforms, enhance availability of financing options to technology-based companies, and create new growth areas to expand MDV's marketing reach. MDV is allocating an initial sum of RM1.00 million for lending via digital financing platforms such as Funding Societies Malaysia and Capbay and expects to increase the investment to up to RM5.00 million in the near term.

Testament to the effective implementation of our mandate, the year also saw MDV being accorded the NEA's Special Awards for Sustainable Energy Financing, under the category of Development Financing Institutions & Others, for the second consecutive year, signaling MDV's crucial role in the development of the green

technology sector in Malaysia. As a technology financier, MDV has been consistently supporting the green technology sector in the country, particularly in the area of renewable energy, even in the earlier days when financing was not readily forthcoming due to the sector being a relatively new concept in Malaysia and the numerous market and credit risks associated with the projects. MDV is proud to win this award, and to receive the recognition for our efforts in helping to build up Malaysia's green technology sector.

I am pleased that the year 2021 has been a productive year for MDV with various initiatives being finalised and implemented despite the slower economy. To ensure the country's continued wellbeing, MDV will extend our full cooperation to assist the Government in providing better access to financing for technology companies and to continue to contribute to job creations and economic sustainability, as we continue to lead the technology sector's journey into the next stage of economic growth and opportunities.

Governance at the Heart of our Business & Operations

Strong corporate governance has been key to MDV's resilience in the past 20 years. MDV's Board of Directors and the Management are always dedicated to upholding the principle of integrity whilst delivering the business via compliance with laws, regulations, effective directions as well as the practice of good values. The Company's robust processes and risk models also ensure that it consistently acts in the best interest of all stakeholders.

MDV's governance system begins with a diverse and knowledgeable Board, whose members are selected for their vision and experience in overseeing the changing business and technology sector dynamics as well as meeting the needs of its stakeholders. The Board diligently discharged its responsibilities to oversee the effective implementation of the Company's strategy and the risk management aspects across all of MDV's business operations to ensure its long-term growth and sustainability.

As part of the Board's initiatives to stay ahead of emerging trends and challenges in the business world, prominent speakers and industry leaders were invited under the Chairman's Quorum for Knowledge Sharing Session, to share with the Board, the Management and employees on relevant issues including innovations, climate crisis and the economy.

The Board and the Management also place a high importance on good corporate governance practices in all aspects of its business operations, supported by high ethical values, in particular, the values of transparency and integrity, which are pertinent to ensure that MDV continues to fulfill its role in financing technology-related companies and projects effectively whilst meeting the objective of its establishment. Various initiatives and controls were introduced to mitigate the risks associated with fraud and bribery, including developing our own Organisational Anti-Corruption Plan (OACP) 2021-2023 and strengthening the integrity and anti-corruption culture amongst the employees.

Expanding Our Business Reach & Market Presence

In the year ahead, it is clear that the challenging business environment will persist but MDV remains well-positioned to address the challenges and take advantage of opportunities as they arise, especially as MDV continues to be driven by our FY2018-FY2025 Roadmap which focuses on the core strategic areas namely ensuring adequate and suitable funding for MDV; prudent expansion and management of MDV's portfolio, further utilisation of alternative funding and financing modes, as well as continued infrastructure development.

MDV's ongoing digital transformation efforts will also ensure the continued resilience and sustainability of our business and operations. The continuous improvements of our operations and processes, as well as enhanced risk management functions would enable the incorporation of sound credit risk practices to ensure quality accounts, efficient credit administration operations and improved customer relationship management.

For 2022, MDV will focus our efforts and resources on four (4) key sectors namely ICT, Green Technology, Strategic Technology and Start-ups to rebuild our portfolio. Our key strategies and action plans would be implemented in identified areas which include leveraging on opportunities in the abovementioned targeted market segments; growing MDV's portfolio further by introducing new products and programmes; commencing with the groundwork for the development of the National Technology Financing Hub at MRANTI (previously TPM) in serving the needs of start-ups in Malaysia which include infrastructure, skills, and knowledge support; expanding our Venture Debt-/Financing offerings fund vis-à-vis our fund

management model; and continuous support for growth and recovery of technology-based companies and start-ups post-pandemic through targeted approach and relevant financing assistance/facilities. As a technology financier with a 20-years track record in financing technology projects and companies, MDV also looks forward to complementing the RM30.00 Billion allocation from the Government and GLCs under Budget 2022 for renewable energy, supply chain modernisation and automation, and 5G infrastructure investments through our financing so as to add some measures of impetus towards the achievement of the goals set in the 2022 Budget.

Furthermore, MDV has identified a range of strategies to remain at the forefront of technology financing in 2022 including our plans to organise the KL Venture Finance Forum 2022 in conjunction with MDV's 20th Anniversary celebration and to expand our Venture Finance products regionally and globally.

Appreciation

It has been a year of many opportunities as well as challenges. I firmly believe that none of our achievements and progress would have been possible without the support of our stakeholders, customers, partners and employees alike. Hence, I would like to take this opportunity to express my gratitude for the guidance and unwavering support of the Ministry of Finance (MOF), Ministry of Science, Technology & Innovation (MOSTI) and members of the Board of Directors. I also extend my utmost appreciation to the Management and employees of MDV for their relentless effort and dedication in delivering on MDV's mandated role, towards the realisation of MDV's vision in becoming the Nation's Technology Financier.

My sincerest wish and congratulations to MDV for its 20th year anniversary, and may MDV continue to have many more successful years ahead in its role of financing the technology sector.

Khairul Azwan Harun

Chairman



Chief Executive Officer's Report

MDV continued to deliver on its mandate in 2021 despite the persistently challenging business and operating conditions due to the pandemic, which impacted the world and the nation in a significant way. I am pleased to report that notwithstanding the challenges, MDV has had a productive and progressive year, staying on course with its strategies and continuing to deliver values, above and beyond what is required of it.

MDV's resilience was made possible through diligent planning by the Management; focused execution of the strategies and action plans determined; unyielding dedication of its employees; and the valuable guidance of its Board of Directors as well as its stakeholders.

A Transformative Journey

As MDV celebrates its 20th anniversary this year, it is pertinent to highlight how far MDV has come in developing the capabilities and talents of Malaysia's technology sector.

MDV's initial inception was in response to a shortage of funding assistance for technology-based companies, and in line with the Government's drive to develop the ICT sector as an engine of economic growth. MDV was thus conceived to play a developmental role in assisting technopreneurs and tech SMEs to scale up commercially and gain market access, while also providing funding to trigger commercialisation of technology products.

In essence, MDV's role is to bridge the financing gap for technology companies that are facing difficulties in obtaining funding for their business needs, and to scale up and build their track record and business, until they are able to access financing from other commercial banks and capital markets with ease.

Since its inception in 2002, MDV has financed more than 900 technology companies, mainly Small and Medium Enterprises (SMEs), and covering in excess of 1,000 projects, enabling it to contribute to the diversification and generation of new sources of high-value economic growth for the country.

I am proud that MDV has entered a new era of its operations, having developed and gone through its corporate transformation, to become an organisation that is better equipped to navigate the changing requirements of the technology companies and ensuring a sustainable growth. The last 5 years have seen MDV implementing a number of key and fundamental changes to its business and revenue models, origination structure and framework, credit assessment and risk management infrastructure, which has allowed MDV to continue with its role in building the Malaysia's technology sector.

These evolved from a strong foundation of financial developments since MDV's inception. From offering conventional borrowing, MDV shifted to Islamic

borrowing and subsequently, introduced Islamic products to cater to the rising demand for Shariah-compliant financing. MDV's proven capabilities as a technology financier also led to MDV having widened its financing mandate from financing the ICT sector to financing the Biotechnology, green technology and the emerging technology sectors.

MDV's most significant development to-date was it acquiring a standalone credit rating, which allows it to access the capital market directly, paving the way for it to be more self-sustainable and financially independent. This marked a fundamental change in MDV's processes as MDV's funding now will be limited only by customer or market demand, instead of its funding capacity.

Another major milestone was the development and implementation of the Nation's first Venture Debt/Financing programme. Realising the increasing requirement for start-up financing, and the need to look at a new product that will be able to cater to new funding requirements of technology companies, MDV had embarked on a significant transformation when MDV launched its Venture Debt/Financing back in 2018. The introduction of the product, which was a departure from MDV's standard financing products, had helped to position MDV as a pioneer of Venture Debt/Financing in Malaysia, marking MDV's increased focus into the start-up ecosystem. To-date, MDV has

cumulatively supported more than 50 start-ups in Malaysia with funds utilised totalling more than RM100.00 million through various initiatives since it first stepped into the start-up financing ecosystem in 2016.

MDV also manages on behalf of the government its RM100.00 million Liquidity Financing for Technology Start-ups (LIFTS) programme, aimed at providing immediate, affordable and targeted cash flow support to technology start-ups that are facing short-term cash flow and funding difficulties due to the advent of COVID-19.

The year 2021 continued to see MDV undertaking and implementing various transformative initiatives in building upon the progress and momentum of its 7-year strategic roadmap and to continue with its 20-years legacy.

Financial Review

For the financial year ended 31 December 2021 (FY2021), MDV recorded a commendable financial performance with a profit before tax (PBT) of RM7.21 million (FY2020: RM6.25 million) as it balances its development mandate and sustainability requirements. From a net loss of RM73.88 million in the FY2020 that was incurred due to a one-off deferred tax adjustment of RM80.13 million, MDV was able to post a net profit of RM5.06 million for the FY2021. However, MDV recorded a lower interest/profit income of RM57.40 million (FY2020: RM64.85 million) following moderating loans/financing portfolio growth of RM657.76 million compared to RM752.03 in the previous year. This was in part contributed by lower disbursements recorded by MDV for the year compared to target, totalling RM217.78 million, albeit higher than FY2020 at RM149.99 million, as prolonged COVID-19 prevention measures including the extension of the MCO led to slower project progress, slower growth in public and private sectors' investments in technology and an overall cautious approach adopted by customers in regard to financing. Notwithstanding the lower disbursements, MDV's financing approval for the year registered a growth amounting to RM696.32 million compared to RM243.84 million registered in FY2020, as MDV continued to accelerate its efforts in providing financing to technology companies requiring its assistance.

While a higher repayment driven by the redemption/full settlement of some of MDV's customers amounting to RM88.59 million in FY2021 also contributed to the contraction in MDV's portfolio, this was in part due to MDV's portfolio risk

management strategy, in which MDV undertakes a restructuring of its financing and loan portfolio, to allow for long-term financing accounts mainly under its green technology portfolio to be refinanced by other commercial banks. This, to an extent, signals MDV's effective role in financing new technology areas that were previously underserved by the traditional banking sector, and its success in nurturing its customers to a stage where they are now bankable or capable of obtaining financing from local financial institutions based on their own financial standings.

The decrease in revenue for FY2021, however, was compensated by a lower cost of funds at RM42.98 million, compared to the previous year at RM48.95 million, due to the repayment of RM200.00 million Islamic Medium-Term Notes (IMTN) redemption in August 2020. MDV also recognised RM15.05 million of unrealised gain on MDV's investments in technology-related funds based on the higher valuation of the funds' assets portfolio for FY2021, and further recorded unrealised gains of RM1.78 million on the higher valuation of its Venture Debt/Financing portfolio. MDV was also able to curtail moderating revenue levels through structured and continuous recovery activities that yielded RM30.61 million of principal recovery from impaired financing, contributing RM11.70 million to the Income Statement as either financing loss allowance write-back or interest/profit recovered from impaired financing.

However, MDV's operating expenditure for FY2021 was relatively higher at RM28.30 million compared to RM26.25 million recorded in the previous year. The higher expenditure was mainly incurred due to a one-off cost related to the establishment of MDV's New RM2.00 billion Sukuk/Bond programme. Notwithstanding, the operating expenditure was lower than budgeted as MDV continued to maintain an optimal cost structure and implement related COVID-19 precautionary and restrictions, such as continuing with its hybrid work policy, prudent spending on company's activities, and prioritising the safety of its employees by limiting travels and physical meetings, and instead opting for virtual ones whenever possible.

MDV also recorded a prudent higher net allowance on loans/financing of RM17.95 million in FY2021 (FY2020: RM15.65 million) as part of its strategy to manage credit risk and impaired accounts in view of the on-going pandemic and economic recovery period. Whilst this lowered MDV's current year profitability, the additional provision would further enhance MDV's financial resilience in the long-term.

In line with MDV's plans and commitment to reduce its impairment rate through an expansion of its assets base and improvement in asset quality, the year under review saw MDV's asset quality continuing to register improvements with a gross impaired financing rate of 13% (FY 2020: 19%) on the back of lower new impaired financing, recoveries and write-off of impaired financing that had been fully provided.

In terms of financial resources and liquidity management, following the establishment of MDV's new RM2.00 billion Sukuk/Bond programme in FY2021, MDV had successfully activated the programme with the first nominal issuance of RM4.00 million in early 2022. In strengthening its liquidity position further, MDV will also have a combination of new and existing short-term revolving credit facilities of RM200.00 million to supplement and complement the new Sukuk/Bond programme. MDV is also on track with all its payment obligations and future commitments, and had to date, paid RM1.30 billion of the first RM2.00 billion IMTN issued back in 2008.

In view of the better-than-expected financial performance in FY2021, MDV will be proposing a first and final dividend of RM1.50 million to the shareholders subject to approval at the forthcoming Annual General Meeting in end-June 2022. This decision is consistent with MDV's commitment to enhance values for its stakeholders and preserve shareholders' funds through prudent financial management and cost optimisation strategy particularly during these highly uncertain times.

Operational Review

MDV's continued resilience over the course of 2021 was the result of its unfaltering commitment in strengthening the Company's liquidity position and maintaining profitability through sound business strategy and growth. During the year, MDV continued to implement initiatives and action plans across its business operations to scale up for growth and MDV's efforts were largely focused on five identified key areas including expanding market and growth strategy; rebuilding MDV's portfolio; growing the Venture Debt-/Financing programme further; expanding MDV's funding capacity; and supporting government's initiatives in cushioning the impact of COVID-19.

A key achievement to MDV's efforts for the year was the affirmation of MDV's standalone credit ratings of AA3-stable/P1 by RAM Ratings, as it allowed MDV to raise

funds from the capital market to source for MDV's fourth fund. With the recent activation of the new sukuk/bond programme, MDV is now on course to meet the expected financing demand from the technology sector and to support the growth of these companies during this crucial post-pandemic recovery phase. This new fund is estimated to be able to provide additional financing of up to RM6.60 billion to between 330 to 660 high-impact technology companies that are unlikely to receive any financing support from traditional financial institutions.

For FY2021, the ICT and Green Technology sectors remained the biggest beneficiaries of MDV's funding making up 62.67% and 33.69% of its total loan and financing assets respectively. The year also saw MDV continuing to assist technology companies through its suites of financing, with disbursements amounting to RM217.78 million being recorded for various technology projects within MDV's mandated areas. The ICT sector being the biggest beneficiaries, garnered the highest percentage at 86.84%, followed by Greentech (12.32%), and Emerging Technology (0.84%). From a sub-sectorial perspective, the top five sub-sectors dominating FY2021 disbursements amount were Information Technology & Services (44.8%) followed by Telecommunications & Broadcasting (26.0%), Digital Content, Services & Infrastructure (12.3%), Energy Efficiency (6.7%) and e-Commerce (2.8%).

MDV also continued to direct its focus on extending financing assistance to more technology companies in the earlier stages of development and growth, and to assist them in reaching their full potential. The year saw MDV working to increase the traction of its Venture Debt/Financing programme by increasing the allocated sum under this programme and extending financing to more start-ups, which resulted in MDV having approved RM55.00 million in financing for 32 technology start-ups during the year.

I am very pleased to note that with MDV's financing, these start-ups were able to obtain growth in their revenues post-financing, with half of the portfolio recording more than 50% growth in revenues, as compared to pre-financing revenue levels. In terms of valuation, these start-ups have cumulatively registered more than 100% of growth in valuation post-financing as compared to pre-financing valuation based on the latest valuation data available.

This is a strategic decision on MDV's part as it continues to observe the Malaysian start-up environment's rapid expansion in

recent years. Malaysian start-ups have garnered global attention for their steady growth, investments, and ROI, due in large to the country's accommodative policies and robust digital economy. Based on the Global Start-up Ecosystem Index 2021 report, Malaysia's start-up ecosystem is ranked 2nd in Southeast Asia and 40th globally. More encouragingly, between 2014 and 2020, private equity and venture capital companies invested more than US\$5.90 billion in Malaysian start-ups, signifying the quality and potential of our local talents.

MDV's experience as a pioneering Venture Debt/Financing provider in Malaysia has also allowed it to recognise the importance of strengthening the financing ecosystem for start-ups in Malaysia through participation of the private sector. This has led to MDV's initiative in spearheading the creation of jointly managed funds with the private sector to attract more private sector participations in the VC funding ecosystem and promote private funding for Venture Debt/Financing as a long-term sustainable model that could boost the growth of new and innovative technology start-ups, which is key to ensuring the success of Malaysia's digital economy plan.

Putting this plan into motion, in FY2021, MDV had initiated the establishment of a Fintech fund together with Kenanga Investment Bank Berhad, with a target fund size of RM300.00 million, to support the growth of Fintech start-ups in Malaysia across various sub-sectors including digital payments, remittance, insurance, and peer-to-peer (P2P) lending. MDV is planning to expand its fund management strategy beyond Fintech, in particular, to provide funding in the areas of MedTech and AgriTech, via the establishment of new subsidiaries as a fund vehicle, namely the Venture Capital Company (VCC) and Venture Capital Management Company (VCMC), and looks forward to the participation of more private entities in the future.

The year also saw MDV making its mark in the P2P lending platform via investments in digital financing platforms in its efforts to provide for a larger pool of funding for high-potential technology-based start-ups and micro, small and medium-sized enterprises (MSMEs) to propel the country's economic recovery, in line with the Malaysia Digital Economy Blueprint. With an initial investment sum of RM1.00 million, MDV is planning to increase the amount to up to RM5.00 million in the near term should the result of the investments proved to be a success. MDV is optimistic that its participation in the P2P financing platform

would be able to create a significant impetus to the growth of the local Fintech market and support MDV's own Venture Debt/Financing customers within the space.

While working hard to implement new initiatives to further MDV's mandate of financing the technology sector, MDV also continued with its efforts in supporting its customers who remain to be impacted by the aftermath of the COVID-19 pandemic. Hence, in FY2021, MDV had offered its third moratorium to eligible customers, with an estimated deferment of RM82.50 million and RM10.70 million of principal and profit payment respectively. MDV also continued with its special relief programme LIFTS to assist start-ups that were affected by the pandemic and collaborated with TERAJU in introducing the COVID-19 Intervention Fund Assistance Program (CIFA) to provide cash-flow assistance and alleviate working capital challenges faced by companies under the TERAJU's Skim Permulaan Usahawan Bumiputera (SUPERB) programme.

The year also saw MDV's implementation of several initiatives that were able to create values, improve its competitive advantage in the market, and contribute to the Company's pursue in regaining an upward growth trajectory. This includes undertaking efforts to strengthen MDV's internal systems and processes as well as developing human capital capacity to enhance MDV's effectiveness in fulfilling its mandated role.

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MDV's continued resilience over the course of 2021 was the result of its unfaltering commitment in strengthening the Company's liquidity position and maintaining profitability through sound business strategy and growth. During the year, MDV continued to implement initiatives and action plans across its business operations to scale up for growth and MDV's efforts were largely focused on five identified key areas including expanding market and growth strategy; rebuilding MDV's portfolio; growing the Venture Debt financing programme further; expanding MDV's funding capacity; and supporting government's initiatives in cushioning the impact of COVID-19.

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Commitment to Upholding Good Corporate Governance and Strong Risk Management Practices

MDV recognises that good corporate governance is essential to ensure continued resilience and sustainability of its business and operations. While MDV had achieved considerable progress in fulfilling its mandate in FY2021, MDV's commitment to strengthening its governance and risk management framework remains firmly intact including continuously advocating transparency, accountability, responsibility and integrity across the organisation, which have been amongst MDV's utmost priorities, besides ensuring sound credit and risk management practices to mitigate potential challenges.

During the year, MDV had undertaken continuous compliance reviews of its current credit approval and disbursement processes to ensure MDV's overall credit quality and worthiness as well as to minimise any non-compliance that can be detrimental to MDV's interest. MDV also conducted a series of Portfolio Stress-Test during the year to analyse the impact of COVID-19 on MDV's portfolio accounts and assessment on the volatility of the country's economy. An enhanced MDV Credit Risk Grading model to streamline the Company's portfolio across various type of companies, products, and programmes, was also introduced to reflect the changes in customers' risk profile and to allow MDV to better manage its accounts.

Strengthening the sense of integrity and encouraging an anti-corruption stance within the employees also continued to be among MDV's central efforts in FY2021. To this end, MDV had introduced the MDV's Organisation Anti-Corruption Plan (OACP) 2021-2023 and distributed the Anti-Bribery and Corruption (ABC) Handbook for employees' reference. Several trainings and seminars related to corruption and bribery were also conducted throughout the year.

Normalising a High-Performance Culture

MDV's employees remain to be the Company's most important asset in its 20-year journey. As a forward-looking organisation, MDV acknowledges that having a pool of highly skilled and agile workforce is an essential component of a high-performance organisation and one of the main factors that would determine a Company's long-term success.

The last two years have been one of the most challenging times for MDV as it was required to manage the unprecedented requirements of the "new normal". Some of the lessons learnt during the pandemic is on the importance of an effective and consistent communication between the management and the employees, as well as the willingness of both parties to accommodate arising expectations, challenges and changes, to ensure business continuity and maintain productivity as well as performance.

As such, in FY2021, MDV continued to invest its resources in four key Human Capital areas namely talent acquisition; talent management; employee engagement; and learning and development. Targeted development programmes and trainings were conducted to address relevant issues and narrow down identified gaps that could otherwise hinder productivity and progress of the employees, particularly in view of the new challenges that emerged in their work environment due to the pandemic.

To ensure the safety of its employees and to reduce the risk of being exposed to the COVID-19 virus, MDV continued to implement a hybrid working arrangement to minimise the number of employees at MDV's office at any given time and employed all the necessary precautionary measures such as regular sanitisations; enforcement of relevant SOPs; encouraging employees to vaccinate; introducing new allowances to ensure optimum remote working conditions for employees; etc. MDV is also migrating towards a fully cloud-based infrastructure to provide flexibility and mobility for employees to work anywhere and anytime, so as to remain productive and effective in discharging their responsibilities.

The continued diligence and dedication of MDV's employees throughout the year is testament to their commitment and unrelenting passion in driving the nation forward consistent with MDV's role as the nation's technology financier.

Charting A New Era for MDV in 2022 and Beyond

As the country continues to navigate the aftermath of the pandemic and the recovery of the economy, MDV remains cautiously optimistic of the business outlook in FY2022 and beyond, as the economy continues to be susceptible to the emergence of new coronavirus variants and other social and climate challenges that may hinder its progress.

Notwithstanding, the year 2021 has indeed demonstrated MDV's ability to regain its growth momentum and effectively execute its mandate. Hence, MDV is ready with the right mindset and an enhanced business continuity strategy to tackle further unprecedented challenges that the subsequent years may bring.

MDV's main focus for FY2022 onwards will be cognisant of its growing role in financing technology companies and supporting the Government's efforts to rebuild the nation post-pandemic. MDV is looking at potential growth in both its client base and portfolio in FY2022 given the recovery stage of the economy, with increased Government's spending and businesses that had started to pick up pace, post COVID-19. MDV will be looking to continue to direct its focus in sectors including ICT, Green Technology, MedTech and Start-ups, while at the same time exploring opportunities in vaccine manufacturing related supply chain upstream/downstream given the strong Government's commitment in these areas and the forecasted market demand in FY2022. MDV will also endeavour to accelerate disbursements from existing commitments, while moving forward with its plans to establish and introduce new products and programmes relevant to the current requirement of the technology sector.

With encouraging signs that the technology sector will continue to see exciting growths, as well as the market potential for alternative financing, which remains bullish with robust fund-raising activities for start-up and early-stage companies in the country, MDV is well on track to achieve rapid growth targets over the next 2-3 years, pursuant to its long-term plans.

Exploring opportunities in digital banks and digital exchanges; furthering its participation in P2P and ECF markets; collaborating with relevant agencies and industry partners to expand on MDV's energy efficiency offerings; continuing to develop its track record as a leading Venture Debt/Financing provider locally and globally; and to embark on activities beyond financing to help develop a more complete ecosystem for start-ups such as developing a Centre of Excellence for Venture Finance (CoE) in MRANTI (previously TPM), are among activities that MDV is looking forward to implement moving forward.

As MDV comes to celebrate its two decades of developing the nation's technology sector through its role as a dedicated financier, and as it continues to chart a new era for MDV as an independent, sustainable and progressive organisation,

MDV is nowhere near to completing its responsibilities in assisting technology companies that are now, more than ever, in need of financial support for them to contribute to the country's economic recovery and growth. While uncertainties continue to linger over MDV's plans and strategies, MDV is looking ahead to the future with greater optimism as the world transitions to the endemic phase of COVID-19. MDV will remain vigilant in executing its mandate and to weather any future challenges for its continued resilience and growth.

Acknowledgments

On behalf of the Management, I would like to extend my gratitude to the Government of Malaysia, particularly, the Ministry of Finance (MOF) and the Ministry of Science, Technology & Innovation (MOSTI) for continuing to believe in MDV's role and potential. My heartfelt appreciation is also due to MDV's esteemed Chairman and Board of Directors for their continued guidance and unwavering support. Allow me to also thank MDV's strategic partners and valued customers for placing their trust in MDV and its leadership. Last, but most definitely not least, I am humbled and immensely grateful for the steadfast dedication and loyalty of the Management team and MDV's employees, whom had continuously given 100% of their commitment in ensuring that MDV will emerge stronger and more resilient for its next course of journey in the fulfilment of its mandate and the pursuit of advancing the technology sector further for the benefit of the Nation.

Nizam Mohamed Nadzri

Chief Executive Officer



03

Leadership & People

19 Board of Directors

22 Management Team

Board of Directors



Encik Khairul Azwan Bin Harun

Chairman

Encik Khairul Azwan Harun (Encik Azwan) was appointed as the Chairman of MDV on 28 October 2020. He is the Non-Executive Chairman for MDV.

Encik Azwan is currently a board member for Universiti Utara Malaysia as well as the Chairman of Vsolar Group Berhad and mTouche Technology Berhad.

Skill and experience:

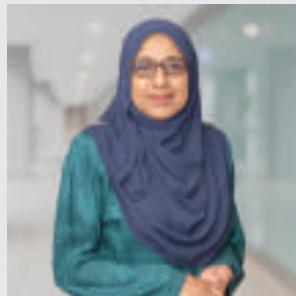
Encik Azwan is a former Senator in the Malaysia's Upper House of Parliament from 2016 to 2019. During his term in office, he was instrumental in the effort to reform Dewan Negara through the establishment of the Dewan Negara Caucus in 2018.

Upon the completion of his tenure as Senator, Encik Azwan established Progredior Consulting, a Kuala Lumpur-based management consulting outfit, where he currently serves as a Managing Partner, providing consultation to his corporate clients in policy research, strategic communications, stakeholder advocacy and project funding.

Encik Azwan started his career as an auditor and corporate recovery consultant with Ernst & Young Malaysia

Education:

Encik Azwan holds a Master's Degree in Management from Open University Malaysia and attended the leadership course at Harvard Kennedy School of Government, Massachusetts. He obtained a BSc Accounting degree from Cardiff University of Wales.



Puan Nahidah Binti Usman

Director

Puan Nahidah Usman was appointed as Director to the Board of MDV on 18 December 2019.

Puan Nahidah is currently the Head of Finance and Investment Section, Government Investment Companies Division, Ministry of Finance. Presently, she also sits on the Board of Syarikat Tanah dan Harta Sdn Bhd.

Skill and experience:

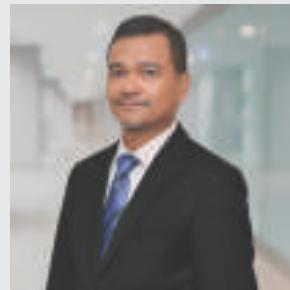
Puan Nahidah started her career as Assistant Secretary of the Human Resource Division at the Ministry of Finance in 2001. In 2006, Puan Nahidah continued to serve as Assistant Secretary at the Government Procurement Division, Ministry of Finance. Puan Nahidah was later appointed as the Principal Assistant Secretary in the same division prior to pursuing her master's degree in 2010.

Puan Nahidah continued her services in civil service in 2012 as the Principal Assistant Director of the Public Private Partnership Unit (UKAS), Prime Minister Department. From here onwards, Puan Nahidah played a massive

role in UKAS and was appointed as Director of Health & Education Section until April 2019. Subsequently, Puan Nahidah returned to the Ministry of Finance in May 2019 serving as the Head of Commercial Unit of the Government Investment Companies Division.

Education:

Puan Nahidah holds a Bachelor in Business Administration from National University of Malaysia, a Master's Degree in Economics (Human Resource) from the same university and Diploma in Public Administration from the National Institute of Public Administration (INTAN).



Datuk Ts. Dr. Mohd Nor Azman Bin Hassan

Director

Datuk Ts. Dr. Mohd Nor Azman Bin Hassan (Datuk Ts. Dr. Azman) was appointed as a board member of MDV on 19 May 2021. He is the Non-Executive Director of MDV.

Datuk Ts. Dr. Azman is currently the Deputy Secretary-General (Technology Development) of the Ministry of Science, Technology and Innovation (MOSTI). He oversees the policies and development of science, technology and innovation ecosystem to support the socio-economic development of the country.

Skill and experience:

Datuk Ts. Dr. Azman previous positions were in the areas of higher education, power sector and technological development including industrial related technologies such as renewable energy, advanced materials and manufacturing, biotechnology and nanotechnology.

Datuk Ts. Dr. Azman is also a registered Professional Technologist (Green Tech) with the Malaysian Board of Technologist.

Education:

Datuk Ts. Dr. Azman holds a doctoral degree from Carnegie Mellon University, Pittsburgh, United States of America in the field of renewable energy technology and is trained in conducting Life Cycle Analysis.



Dr. Azura Binti Othman

Director

Dr Azura Binti Othman (Dr Azura) was appointed as director to the board of MDV on 5 November 2018. She is the Non-Executive Director of MDV.

Currently, Dr. Azura is the Chief Executive Officer of the Institute of Chartered Islamic Finance Professionals (CIIF), a professional standard setting body for Islamic finance practitioners.

Skill and experience:

She served as an Independent Non-Executive Director of Bank Muamalat Malaysia Berhad from 2015 until September 2020, where she chaired the Board Audit Committee and the Nomination and Remuneration Committee. She currently serves as Independent Non-Executive Director of CIMB Islamic Bank Berhad and Board of Trustee of Yayasan Petronas.

She was a former Executive Director of PricewaterhouseCoopers Taxation Services, Malaysia with over nineteen (19) years of experience as a tax consultant and in engagements relating to Islamic finance.

Education:

Dr Azura graduated with a degree in Accounting and Finance from London School of Economics and Political Science. She is also a Fellow of Association of Chartered Certified Accountants (UK), a member of Malaysian Institute of Accountants and a CIIF chartered member. She received her PhD in Islamic Finance from the International Centre of Education in Islamic Finance.



Dato' Asmuni Bin Sudin

Director

Dato' Asmuni Sudin was appointed as Director to the Board of MDV on the 13 of August 2020. Prior to his appointment of MDV board member, Dato' Asmuni was the Chief Operating Officer (COO) for Banking Operations at Bank Kerjasama Rakyat Malaysia. He was also the Chief Financial Services Officer and Chief Operating Officer at Agrobank.

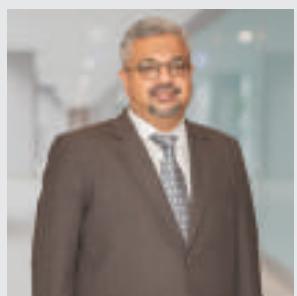
Dato' Asmuni is also one of the Board of Directors of PT Resources Holdings Berhad and Gets Global Berhad.

Skill and experience:

Dato' Asmuni's working experience spans over thirty years at Maybank where he held various positions from Branch Manager, General Manager of Maybank Brunei and Regional Director Selangor/Negeri Sembilan overseeing Banking Operations, Retail, SME, micro and Consumer Financing. In total, Dato' Asmuni has over thirty years of experience with the Commercial Bank and eight years with Development Financial Institutions.

Education:

Dato' Asmuni obtained a Bachelors' Degree in Economics from University Malaya in 1980.



Encik Puvanesan a/l Subenthiran

Director

Encik Puvanesan a/l Subenthiran was appointed as Director to the Board of MDV on 22 January 2021. Encik Puvanesan is one of the founding members of Privasia Group and is currently the Chief Executive Officer and Managing Director for Privasia Technology Berhad.

Skill and experience:

Encik Puvanesan was a senior in the Business Advisory and Assurance Department of BDO Simpsons Xavier in Ireland and upon his return to Malaysia, was the Chief Financial Officer of the Makmal Jaya Group.

Encik Puvanesan is a Fellow of the Association of Chartered Certified Accountants (ACCA) and a Chartered Accountant with the Malaysian Institute of Accountants (MIA) and a member of the Young Presidents Organisation (YPO).

Education:

Encik Puvanesan graduated with BA (Hons) in Accounting and Finance from London South Bank University and holds a Diploma in Economics from the National Council for Educational Awards, Ireland. He has also completed the Senior Management Development Program and Program for Leadership Development at Harvard Business School.



Dato' Dr. Mohd Zaidi Bin Md. Zain@Zakaria

Director

Dato' Dr. Mohd Zaidi Bin Md. Zain@Zakaria (Dato' Dr. Zaidi) was appointed as MDV's board member on 8 April 2021. He is the Non-Executive Director of MDV.

Skill and experience:

Dato' Dr. Zaidi has over twenty (20) years of experience in Islamic family law and is currently practicing under his legal firm i.e., Messrs Zaidi Zain & Associates, specialising in Shariah law.

He had also served as a member of the Kajang Municipal Council from 2014 to 2018 where he was appointed as a member of the Board of Disciplinary and Legal Committee. Dato. Dr. Zaidi was also a part-time lecturer at Universiti Sains Islam Malaysia, Negeri Sembilan specialising in Shariah Court Procedural Laws.

Education:

Dato' Dr. Zaidi has a PhD and Master's Degree in Shariah & Law from University of Malaya.



Puan Wan Zawiyah Binti Wan Halim

Director

Puan Wan Zawiyah Wan Halim (Puan Wan Zawiyah) was appointed as a board member of MDV on 16 February 2022. She is the Non-Executive Director of MDV.

Puan Wan Zawiyah is currently with the Perbadanan PR1MA Malaysia.

Skill and experience:

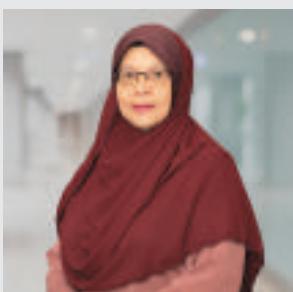
Puan Wan Zawiyah brings more than twenty (20) years of extensive experience, having served in various capacities within the public and private sectors, where she was also instrumental in the development of national interests and government policies.

Puan Wan Zawiyah started her career as a tutor and later as a lecturer with the Universiti Utara Malaysia (UUM). She held positions in the office of the Minister at the Prime Minister's Department, Northern Corridor Economic Region (NCER), the Research and Development Unit of the Malacca State Office, and the Perbadanan Nasional Berhad (PNS).

With deep passion and interest for socio-community issues and national development policies, Puan Wan Zawiyah also served for Pertubuhan Kebajikan Islam Malaysia (PERKIM), International Conference of Asian Political Parties (ICAPP) and Amateur Swimming Union of Malaysia (ASUM).

Education:

Puan Wan Zawiyah graduated with a Bachelor of Arts in Food Industry Management and Masters of Sciences in Merchandising Management from Michigan State University, East Lansing, Michigan, United States of America.



Puan Yasmin Binti Mohamed

Director

Puan Yasmin Mohamed (Puan Yasmin) was appointed as Director to the Board of MDV on 8 April 2022. She is the Non-Executive Director of MDV.

Puan Yasmin is an affiliate member of the Asian Institute of Chartered Bankers (AICB) and a member of the Examination Committee for Professional Banker.

Skill and experience:

Puan Yasmin brings almost thirty (30) years of banking experience; specifically in credit and risk management. She was the Acting Chief Risk Officer and Head of Credit Risk Management for Agrobank up till 2017; overseeing various facets of risk management including Shariah, Credit, Operational and Market Risk, as well as Credit Evaluation and Review.

Prior to Agrobank, Puan Yasmin was with Asian Finance Bank heading the Asset Quality Management and Business Transformation and Intelligence departments.

Puan Yasmin started her banking career at Maybank, with exposures to credit and banking operations including retail marketing, internal audit, accounting, human resource management, branch banking and corporate banking.

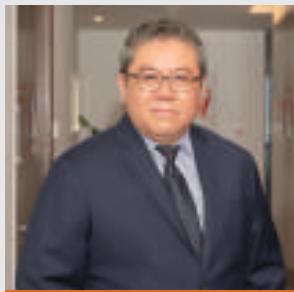
Education:

Puan Yasmin graduated with an Engineering (Civil) degree from Victoria University, Australia and holds a Certified Diploma in Accounting and Finance (CDipAF) from the Association of Chartered Certified Accountants (ACCA).

Management Team



Nizam Mohamed Nadzri
Chief Executive Officer



Adrian Khor Yew Meng
Chief Operating Officer



Aimi Aizreen Nasharuddin
Chief Business Officer



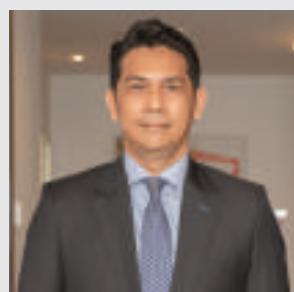
Rizal Fauzi
Chief Risk, Integrity & Governance Officer



Mohd Nazarul Haizan Md Dom
Senior Vice President of Business



Abu Hasan Abd Manan
Senior Vice President of Business



Mohd Farid Mohd Rosli
Senior Vice President of Venture Finance



Sharul Sazman Samaan
Senior Vice President of Business Building & Public Relations & Communications



Liow Choong Kai
Senior Vice President of Credit Management



Yashvin Metha Vythy
Senior Vice President of Corporate Planning



Julinah Abd Hamid
Senior Vice President of Asset Management



Alifian Othman
Vice President of Finance & Administration



Siti Rashidah Adam
Vice President of Internal Audit



Zuhry Bin Rashid
Vice President of Business & Technology Advisory



Marlina Sabtu
Vice President of Legal & Secretarial



Haji Nasaruddin Haji Ahmad
Vice President of Government Liaison



Himran Abd Ghani
Vice President of Human Capital



Asset Management Division assists the Company by maximising recovery activities, rehabilitating delinquent loans, ensuring efficient litigation procedures and provide adequate collateral management to ensure MDV's profitability for the year.



Credit Management Division liaises with the clients upon the approval of the loan/financing applications. It ensures proper, transparent and timely disbursements in accordance to the agreed loan/financing terms. By extension, CMD also detects potential red flags and areas of concerns to ensure better management of the loan/financing to minimise risks for MDV.

04

Operations & Finance

- 25 Financial Review
- 27 Sectorial Performance Highlights
- 28 Preparing & Adapting the New Normal for the Endemic
- 29 From Pandemic to Transitioning to Endemic and the Importance of Employee Engagement



“ A year of unprecedented challenges as the nation continues to battle the global Covid-19 pandemic with various movement control orders (MCO) in place. MDV still endeavoured to maintain its business operations and minimise disruptions in its financing/loan disbursements to customers. The early adoption of online banking payment platform and cloud infrastructure as well as digitisation of its documents facilitated the smooth and seamless operations of MDV while delivering on its customer charter.

MDV is also mindful of the period of economic volatility in 2021 and embarked on a cash preservation and cost optimization strategy to ensure sufficient reserves are accumulated to weather the period of uncertainty and preserve shareholders' funds.

As MDV continues to expand its financing portfolio in its mandated sectors by the Government of Malaysia and reduce its dependency on Government-guaranteed debt instruments, MDV successfully established its own RM2.00 Billion Sukuk/Bond Programme based on a corporate rating of AA3/P1 assigned by RAM Rating Services Berhad. This marks another major milestone as it continues to provide flexible and innovative financing to the small and medium-sized enterprises (SMEs) to develop high-impact and technology-driven sectors of the Malaysian economy. ”

ADRIAN KHOR YEW MENG
Chief Operating Officer

Financial Review

The year 2021 was significantly impacted by the prolonged effects of COVID-19 and the consequential slowdown in business growth activities, both globally and domestically. The long-extended Movement Control Orders (MCO) in its various forms that lasted for almost nine (9) months during the year contributed to a significant contraction in the economy and this impacted several of MDV's customers at the micro level. Nonetheless, the Malaysian economy continues to show signs of cautious recovery driven by the successful implementation of the national immunisation plan by stages, the opening of the Malaysian borders and relaxation on most conditions imposed during the MCO, which augurs a more positive outlook for the future.

The Company remained resilient and continued to leverage on the experiences gained in 2020 in dealing with challenges and issues related to the COVID-19 and MCO. For the financial year ended 31 December 2021 (FY2021), MDV recorded a profit before tax (PBT) of RM7.21 million (FY2020: RM6.25 million) primarily driven by better returns from the Company's investments in technology funds, cash recovery from impaired financing and lower cost of funds. Nonetheless, lower revenue from MDV's loans/financing portfolio, lower treasury income, higher operating expenditure and a higher net impairment charge lowered the PBT recorded.

Profit before tax

RM7.21m

2018	RM10.74m
2019	RM12.62m
2020	RM6.25m

Loans/financing approval

RM696.32m

2018	RM279.72m
2019	RM62.40m
2020	RM243.84m

MDV rebounded from a net loss of RM73.88 million in the FY2020 to post a net profit of RM5.06 million for the FY2021. The FY2020 net loss was mainly due to a one-off deferred tax adjustment of RM80.13 million in compliance to changes in the Malaysia tax regulations that limited the usage of any unutilised tax losses to only seven (7) years.

Profit income/interest from loans/financing portfolio of RM57.40 million was lower for FY2021 (FY2020: RM64.85 million) on the back of a 12.54% contraction in net loans/financing portfolio from RM752.03 million in FY2020 to RM657.76 million in FY2021. This was due to the deferment in the roll-out of Government projects such as Pelan Jalinan Digital Negara (Jendela), Energy Audit Conditional Grant, NET Energy Metering (NEM 2.0), slow project progress and a generally cautious approach adopted by our customers which resulted in lower disbursements of RM217.78 million compared to the FYE2021 target of RM435.86 million, albeit higher than disbursements recorded in the FY2020 of RM149.99 million. MDV's portfolio was also impacted by various full settlement/redemption of accounts mainly from green technology financing amounting to RM88.59 million during the year. Nonetheless, the redemptions also signified MDV's success to nurture its customers to a level where they are able to obtain financing from local financial institutions based on their own financial standings.

FY2021 also saw the full year's impact of the significant drop in the Overnight Policy Rate (OPR) from 3.00% to 1.75% as announced by Bank Negara Malaysia (BNM) between January 2020 to July 2020. Consequentially, treasury income derived mainly from money market placement decreased significantly to RM13.14 million (FY2020:

RM18.42 million). Nonetheless, effective treasury management enabled MDV to record a creditable placement yield of 2.03% (FY2020: 2.79%) that partially mitigated the decrease.

MDV's investments in technology funds contributed a significant unrealised gain of RM15.05 million for the FY2021 driven by the higher valuation of the funds' assets portfolio. A further unrealised gain of RM1.78 million was also recorded arising from the higher valuation of MDV's own Venture Financing/Debt portfolio.

Cost of funds for the FY2021 of RM42.98 million was also significantly lower than the previous year of RM48.95 million due to the full year savings' effects in relation to the RM200.00 million Islamic Medium Term Notes (IMTN) redemption made in August 2020.

Operating expenditure of RM28.30 million was relatively higher than the previous year of RM26.25 million mainly due to one-off expenditure incurred in relation to the establishment of MDV's RM2.00 billion First Corporate Rated (Non-Government Guaranteed) Sukuk/Bond programme (RM2 Billion Sukuk/Bond Programme). The FY2020 in itself was a very much subdued business year with the start of the COVID-19 that brought about high uncertainties and numerous challenges that inevitably led to very low levels of business activities and operating expenditure. Nonetheless, the FY2021 operating expenses represented a 6.20% savings against budget of RM30.17 million mainly derived from cost savings on business and staff-related activities as a result from the imposition of the MCO and the various initiatives taken by MDV such as Home/Rostered Work Policy, stringent procurement and prudent spendings during the on-going COVID 19 pandemic.

Taking cognizance that the nation was still recovering from a severe economic downturn and the global Covid-19 pandemic that is yet to be fully contained, a prudent higher net allowance on loans/financing of RM17.95 million (FY2020: RM15.65 million) was recorded for FY2021 due to management overlays on vulnerable accounts or macroeconomic variable adjustments. Whilst this lowered MDV's current year profitability, the additional provision would further enhance MDV's financial resilience in the long-term. This is best reflected by MDV's financing loss coverage which now stands at approximately 89% compared to 66% in FY2020. The impact of the prudent provisioning was partly mitigated by structured and continuous recovery activities that yielded RM30.61 million of principal recovery from impaired financing, contributing RM11.70 million to the Income Statement as either financing loss allowance write-back or interest/profit recovered from impaired financing.

Whilst MDV faced unprecedented challenges during the year, it continued to serve its mandate and supported Government's initiatives, particularly in assisting customers that were impacted by the COVID-19 pandemic and MCO. MDV had in July 2021 offered its third (3rd) moratorium to customers impacted by the COVID-19/MCO. The 6 to 9 months' moratorium (applied retrospectively) between April 2021 to March 2022 benefited 19 customers with a total outstanding balance of RM259 million (as at 31st May 2021) and entails an estimated deferment of RM82.50 million and RM10.70 million of principal and profit payment respectively. MDV also recorded new financing approvals of RM696.32 million (FY2020: RM248.05 million), a significant increase of 181%. These new approvals were spread across various sectors with a substantial amount derived from the Green, Telco and IT infrastructure sectors. Approximately 55% of the FY2021 new approvals were achieved in the second half of 2021 after the initial groundwork was laid down in the earlier months and formed a solid base for MDV's growth for the FY2022.

MDV also continued to provide immediate and targeted cash flow support to technology start-ups impacted by the COVID-19/MCO via the Liquidity Financing for Tech Start-ups (LIFTS) programme by disbursing RM34.48 million of funds during the year. For the FY2021, MDV's LIFTS portfolio stood at RM30.50 million and MDV estimated to further disburse another RM10.85 million in the FY2022 to fully utilise the first tranche of RM50.00 million under the LIFTS programme.

Asset quality continued its improvement trajectory with a gross impaired financing rate of 13% (FY2020: 19%) on the back of lower new impaired financing, recoveries and write-off of impaired financing that had been fully provided. Moving forward, MDV will continue with its plans to further reduce its impairment rate through an expansion of its assets base and improvement in asset quality.

Financial resources and liquidity management remain a focus for MDV as the Company charts its growth in FY2022 and beyond. MDV is pleased to inform that it has successfully established and activated its new RM2.00 Billion Sukuk/Bond Programme with the successful first nominal issuance of RM4.00 million on 7 February 2022. The RM2.00 Billion Sukuk/Bond Programme is a non-Government guaranteed facility that is accorded a rating of AA3/P1 by RAM Rating Services Berhad. The programme, with a tenure of 25 years, will provide MDV with the flexibility to raise either short, medium or long term funds of up to RM2.00 billion from the Malaysian capital market to support its future business growth. In addition, MDV will also have a combination of new and existing short-term revolving credit facilities of RM200.00 million to supplement and complement the RM2.00 Billion Sukuk/Bond Programme.

The recent RM300.00 million payment in January 2022 in respect of MDV's matured IMTN tranche is yet another milestone for MDV's financial management. Cumulatively, MDV has to-date paid RM1.30 billion of the RM2.00 billion IMTN issued since the first programme in 2008 and is well on track to meet all of its future commitments.

MDV's success for the FY2021 would not have been possible without the support and commitment of the MOF. Therefore, we are also pleased to inform that MDV will be proposing a first and final dividend of RM1.50 million to our shareholders in respect of the FY2021 financial performance subject to the shareholders' approval at the forthcoming Annual General Meeting in June 2022.

Sectorial Performance Highlights

Bank Negara Malaysia reported that Malaysia's GDP contracted by 3.6% in 2021 amid a highly challenging global and domestic operating environment, which shows an improvement in comparison to 2020 which declined by 5.6%. As with most countries globally, the unprecedented economic shocks emanating from the pandemic resulted in a sharp drop in Malaysia's GDP growth, the lowest since 1998. The domestic economy was heavily impacted by the introduction of strict local containment measures starting in 2020 to mid-2021. For 2021, headline inflation increased to 2.5% compared to -1.2% in 2020, while the core inflation averaged at 0.7% compared to 1.1% in 2020.

Growth in the manufacturing sector contracted by 3.2% as restriction on operations, supply-chain disruptions and subdued demand conditions weighed on production activities. Meanwhile, growth in the construction sector contracted by 12.2% in 2021 reflecting reduced work capacity in compliance to containment measures, labour shortages due to international border closures, supply chain disruptions and site shutdowns following the COVID-19 outbreak. Most project sites remained idle, as developers experienced financial, compliance, and supply-chain challenges in resuming work especially during the major COVID-19 outbreak in mid-2021. This puts a spanner to most commercial movements as it creates a domino effect impact on towards other industries.

From MDV's perspective, MDV's portfolio contracted by 11.66% year-on-year to RM657.76 million as at the end of FY2021 mainly due to the repayments by MDV customers.

The composition of MDV's portfolio in 2021 comprised the following sectors: Information and Communications Technology (ICT) leading at 62.67%, followed by Green Technology (GreenTech) (33.69%), Biotechnology (2.42%), and Emerging Technology (1.22%).

Correspondingly, total disbursement for FY2021 was at RM218.08 million with the ICT sector garnering the highest percentage at 86.84%, followed by GreenTech (12.32%), and Emerging Technology (0.84%).

From a sub-sectorial perspective, the top five sub-sectors dominating FY2021 disbursement amount were Information Technology & Services (44.8%) followed by Telecommunications & Broadcasting (26.0%), Digital Content, Services & Infrastructure (12.3%), Energy Efficiency (6.7%) and e-Commerce (2.8%).

Total financing approved for FY2021 totaled RM696.32 million. This was to fund 88 companies; comprising of 39 ICT companies with approvals of RM315.16 million, 17 GreenTech companies with approvals of RM326.16 million, and Venture Debt start-up companies with approvals of RM55.00 million for 32 companies.

In MDV's pursuit to expand its portfolio to provide financing for start-up companies, MDV's offerings include Liquidity Financing for Technology Start-ups (LIFTS) which was previously known as Technology Start-up Funding Relief Facility (TSFRF); and MDV Technology Acceleration and Commercialisation Scheme (MDV-TACT).

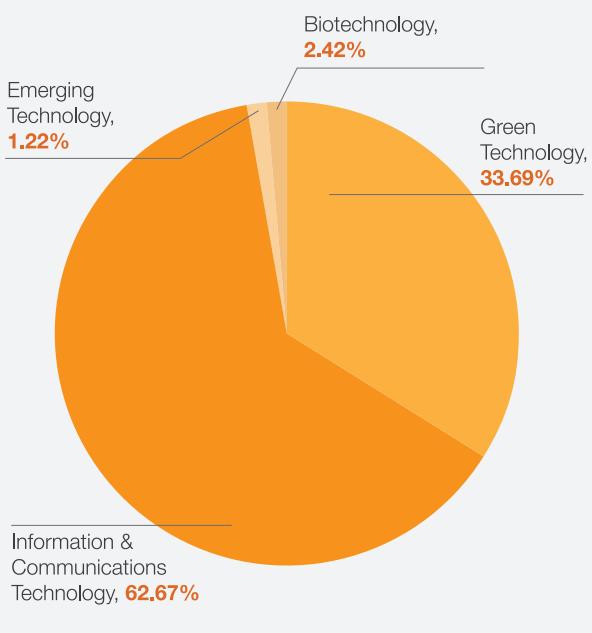
From the total approved financing for Venture Debt of RM55.00 million, the biggest contributor from start-up financing for 2021 was LIFTS at RM30.50 million with 24 approvals, followed by MDV-TACT at RM14.00 million with 4 approvals, and MDV-TACT 2.0 at RM10.5 million with 4 approvals.

2021 Portfolio

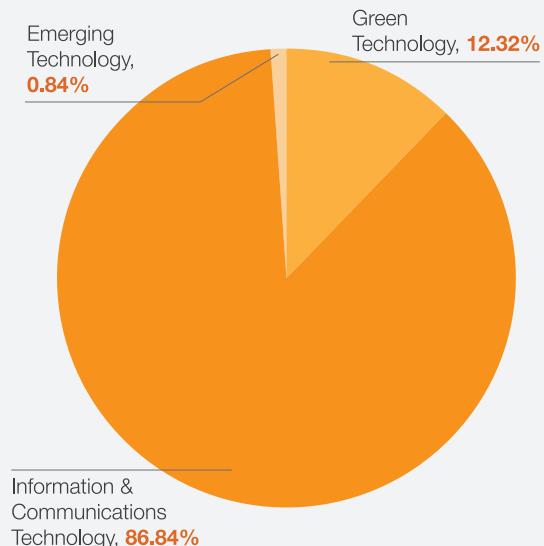
RM657.76m

2021 Disbursement

RM218.08m



2021 Portfolio



2021 Disbursement

Preparing & Adapting the New Normal for the Endemic

The COVID-19 pandemic has had a profound impact on the way we live and consequently, our ability to adapt has become more important than ever. This is especially relevant when it comes to adjusting to the 'new normal' at the workplace. Similar to many other countries in the world, Malaysia is phasing into the endemic stage with the reopening of national borders and significant ease and relaxation on restrictions previously imposed during the Movement Control Order (MCO) period. The economy is slowly but surely on a firmer footing and businesses are keen to ride the wave with a higher percentage, if not in entirety, of the workforce encouraged to work back in the office. Nonetheless, MDV is still very much mindful of the COVID-19 variants and mutations which can still impose mass infections in the future whilst the efficiency and efficacy of the vaccination is still not at a matured stage. Both MDV and its employees will still need to adapt to the 'New Normal' which involves business activities premised on adhering to the safety norms.

MDV is currently continuing its Work-From-Home (WFH)/Work-In-The-Office (WITO) rostered policy while gradually increasing the percentage of staff back in the office. The intangible benefits of a work life balance (WLB) phenomenon derived from the WFH experience is finely managed and balanced with the benefits of camaraderie, cohesiveness and togetherness of WITO. MDV also takes cognisance of its most valuable assets' views, the staff themselves, in formulating and continuing the WFH/WITO rostered policy through surveys and regular townhall interaction.

Priority is given on the well being and safety of the staff without compromising MDV's ability, commitment and quality assurance to deliver its core mandate of providing flexible and innovative financing facilities to develop the technology sectors that had been identified and prioritised by the Government as the catalyst for the nation's growth. To these end MDV continues to give emphasis on the following areas:

Operational Procedures

- All staff are constantly reminded and requested to monitor and take care of their personal health.
- Awareness and adherence to Kementerian Kesihatan Malaysia (KKM) latest rules, regulations and advisory information.
- Continuous update and refreshers on their MYSE-JAHTERA profile and informing MDV on health status changes.
- Wearing facemasks, ensure social distancing in the office and staff control movement between different office floors.
- Continued COVID19 Rapid Test Kit (RTK) at home before entering the office premise.
- Continued advocacy for online meetings/discussion particularly for large-sized meetings/discussion.
- Flexibility to WFH for cases/potential cases on COVID-19 exposure.

Precautionary Measures and Infra Support

- Continuous cleaning and sanitisation of premises on daily/periodic basis.
- Continuous supply of the RTK to all staff.
- Extension of staff insurance coverage to cover for COVID-19 exposure.
- Installation of clear acrylic protective shield or equivalent at all workstations.
- Purchase of additional HEPA air purifiers and other equipment to promote good and quality air ventilation.

Business Continuity Planning (BCP)

- Introduction of COVID-19 specific Code Yellow and Code Red for swifter staff awareness and action.
- Continuous briefing and updates by the Risk Management Division and Admin Department on COVID-19 'Code Red' announcement and preparedness.
- Continuous monitoring and database maintenance by the Human Capital Department (HCD) on staff level of infection, close contacts, vaccination, percentage of staff WFH/WITO.
- Continuous improvisation of the Company's SOP from COVID-19 pandemic to endemic transition in accordance with KKM's announcement and guidelines.

Moving forward, the new normal will involve adopting and integrating variation of physical workspaces with adequate social distancing, flexible seating arrangements and technologies that create a virtually connected organisation. MDV has taken cognisant of such requirement and to this end had decided to lease an additional floor at our existing office building to increase office space for better physical distancing and staff movement comfort as we gradually move towards the implementation of more workforce at the office. Potential 'hot-seating' arrangements/layouts or variations thereof are also considered to ensure MDV's infrastructure, in particular workspace, are scalable to a certain degree without additional significant costs. MDV is also assuredly migrating towards a fully cloud-based infrastructure to provide flexibility for staff to work with mobility anywhere and anytime. The fluidity and dynamics of the present environment and time is perhaps unprecedented and as such, MDV needs to keep abreast with global trends and insights in applying and strategizing best practices to ensure a balance between enhanced productivity and staff health and safety.

From Pandemic to Transitioning to Endemic and the Importance of Employee Engagement

Our Prime Minister, YAB Datuk Seri Ismail Sabri Yaakob, announced on March 8, 2022, that on April 1, 2022, Malaysia will reach the "Transition to Endemic" phase of Covid-19, with all limitations on business operations lifted and religious activities permitted without physical distancing. The shift to the transition to endemic phase, according to our Prime Minister, is an exit strategy that will allow Malaysians to return to a more regular life after nearly two years of fighting the pandemic.

This transition phase to endemic implicates that Covid-19 will and shall be treated like having flu. This then implicates that work patterns will gradually "normalise" to pre-pandemic schedule; albeit with caution and to an extent, flexibility, be applied to as we head towards what is hopefully the last phase of the pandemic.

As Covid-19 cases decrease around the country, companies are geared to shift from managing the crisis of a pandemic to adapting to the ongoing challenges of an endemic infection. As a result, companies begin to also focus on building trust to create stronger employee engagement and loyalty. In the meantime, at least for MDV, the health and safety of all employees remain paramount as we maintain and keep close monitor of the existing MDV SOPs in the course of doing our business. One of such initiatives is to consistently review and increase the use of automation for our business processes and procedures.

In this instance, in view of the movement restrictions imposed by the Government from March 2020, the Company immediately established an alternate work from home (WFH) and work in the office (WITO) solutions for all employees. Employees were given Covid-19 RTK Test-kits which were approved by the Ministry of Health and were required to perform the tests and submit to the superiors and HCD prior to their WITO week. The office space such as meeting rooms, pantries and general areas were also defined and demarcated. MDV also provided reminders for maximum capacity of employees allowable at the same time. These measures are taken heed to prevent the spread of Covid-19 for the safety and well-being of our employees. At this point of writing, MDV will maintain the existing

hybrid work structure, with gradual increase of WITO percentage as the situation stabilises.

Key Human Capital Department highlights can be summarised into the following key four initiatives:



Talent Acquisition



Talent Management



Learning & Development



Employee Engagement

For Talent Acquisition and Talent Management, MDV reinstated its Management Apprentice Programme a hiring and training initiatives to create employment opportunities for fresh graduates whilst at the same time, create a pipeline and talent pool for MDV. The MAP interns are hired in view of gradual full-term employment under MDV. MDV employed seven (7) fresh graduates for its MAP in two batches; of which, the first batch of three (3) MAP graduates have been gainfully employed full time by MDV.

MDV also continued with its Talent Mentoring Programme as part of its Talent Management where identified employees were mentored and guided by the Senior Management accordingly.

Under Learning & Development, MDV successfully registered as an Approved Training Organisation with the Malaysian Institute of Certified Public Accountants (MICPA) as well as registered as a Contributor to HRD Corp. (previously known as HRDF).

We are also proud to report that we have met our training objectives for the year by coordinating and arranging for curated and impactful trainings to improve competencies and increase efficiencies for the employees, namely:

- Bank Tech Asia by MIT Technology Review on 20th Jan 2021

- Accelerate Workshop Series by ICLIF/ASB on 17th Feb 2021
- Anti-Money Laundering Act (AMLA) by Vision Business Solutions Sdn Bhd on 8th April 2021
- Chairman's Knowledge Quorum - Facing Climate Crisis by Dr. Renard Siew on 19th April 2021
- Anti-Bribery & Corruption by Transparency International Malaysia on 21st April 2021
- VC Uni Online Program (June 2021)
- Criteria of Shariah Screening Methodology by ISRA Consultant Sdn Bhd on 3rd June 2021
- Managing Performance Remotely by Lee Hishamuddin Allen & Gledhill on 10th June 2021
- Kursus Perhubungan Awam (PRO) Kepada Pegawai-Pegawai Komunikasi Korporat Kementerian Sains,Teknologi dan Inovasi (MOSTI), Jabatan Dan Agensi (11-13th July 2021)
- Venture Capital Forum (12th Jul 2021)
- Managing Performance Remotely Webinar by LHAG (10th Jun 2021)
- Digital Marketing Certificate by VEL on 6th Sept 2021
- S17A MACC by IIM and ASB on 8th Sept and 10th Sept 2021
- Cashflow Modelling by Compass Mind Asia Sdn Bhd (21 Sep & 7 Oct 2021)
- Combating the Threats of Cybercrimes by Malaysian Institute of Management on 21st Oct 2021.

The Company' fully assures and employ necessary steps for the safety of our employees to manage and encumber the widespread of COVID-19. Additionally, in prioritising employee's welfare, HCD proactively organised a series of initiatives in conjunction with the Mental Health Awareness Month: HCD announced the Connectivity & Equipment Allowance for all employees to ensure optimum remote working conditions; arranged for various talks on Mental Health Awareness in June and July 2021 including announcing the Ministry of Science, Technology & Innovation (MOSTI)'s counselling services and SOCSO's Work From Home talk.

HCD also shared useful and relevant reading materials via MDV's internal HCD portal, HC2U.

To fully equipped MDV employees to combat the COVID-19, HCD ran awareness briefings and Surveys for all employees on Vaccination Readiness and COVID-19 related matters in March, July and September. To assess and gauge employees' readiness and confidence to fully work physically at the office, HCD ran Employee Satisfaction Survey and WITO Confidence Survey in September. HCD also organised virtual townhall sessions with CEO in February, March and November and physical townhall session with Chairman in May to allow for the top management to share company's updates and align MDV employees with MDV's ongoing plan and strategy.

In our continued quest to ensure MDV as a preferred employer in the technology financing sector, HCD also reviewed and updated the following SOPs: Study & Exam Leave, Talent & Succession Management, Learning & Development Policy, Remuneration and Payroll.

Through MDV's Sports & Recreational Club, we had also initiated various employee activities including virtual games and competitions, sporting events, ceramah agama and Majlis Bacaan Yassin and collaborated with the PR & Communications team for CSR initiatives such as the Pinktober Photo contest for Breast Cancer awareness and Flood Clean-up at Hulu Langat.

Moving forward, MDV will continuously emphasise on both formal and informal employee engagement initiatives to strengthen the bonds and comradeship amongst colleagues in accordance with MDV's underlying Business Philosophy and Mindset.

Employee Demographics by Age Group and Gender at MDV

Total employees

♂ 67 | ♀ 52

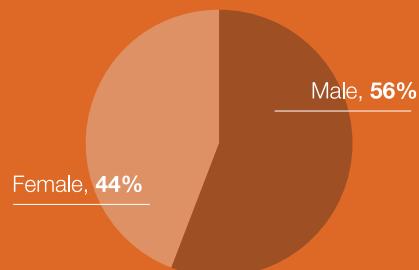
→ ♂ 11 | ♀ 4
50 years and above

→ ♂ 19 | ♀ 11

→ ♂ 24 | ♀ 24

→ ♂ 13 | ♀ 13

Workforce % by gender group



Employees info by job levels

11 Senior Manager | 72 Executive

21 Middle Manager | 15 Non-Executive

The biggest asset for MDV is our young employee (**Millennials** – People born after 1980). MDV has a young workforce of which 62% of the overall employed population are under the age of 39.

Generally, millennials are thought to possess good attitude towards work as they cultivate positive relationships with the team to comprehend the job's primary character. An apprentice engaged at the early stage of his career can be guided to be flexible and knowledgeable enough to take on any aspects and needs of the business, with sufficient training, mentoring and guidance. Any tasks and responsibilities are generally accepted with an open mind given their curiosity and inquisitiveness. As an apprentice or a young talent with a company, the employees are opened to wider roles before settling to a specific role that matches their interests, skills and personae. Proper onboarding and engagement process are very much crucial to build the necessary skill sets and provide the right experience to build and develop an employees' career paths. This in turn, builds for a higher and better employee engagement with the company; which is crucial to create a better work culture, reduce staff turnover, increase productivity, build better work and customer relationships, and impact company profits.



The **Business** are the frontliners and faces of MDV. The team identifies potential business opportunities within the mandated sectors by establishing and maintaining good working relationship within the ecosystem; reaching out to potential customers to understand the business needs and funding requirements; and processing the applications for approval.



The **Venture Financing** team was set up in 2018, primarily to focus on the marketing and business development of Venture Debt financing for technology start-ups company. Its main responsibility is portfolio building of technology start-ups company, curating and proposing a mutually beneficial funding instrument via venture debt and other products.

05

Building MDV's Business

- 33 The Evolution of MDV Financing
- 34 2021 New Product Highlights
- 35 MDV in the Start-Up Financing Ecosystem
- 36 Initiatives to Expand MDV's Funding
- 37 Creating and Driving a Robust Funding Ecosystem for Technology
- 39 MedTech: Evolution Towards an "Eternal" Life?
- 46 Malaysia's Thriving Start-up Ecosystem: In Search of the Next Unicorn
- 50 National Energy Awards 2021



“ Amidst the prolonged COVID-19 pandemic in FY2021, we continued to support our customers by delivering customised financial solutions to assist them in weathering the economic challenges. Access to capital is one of the most important aspects for any business to grow, and in this regard, MDV remained steadfast in offering our assistance to customers as the year saw a significant increase of 181% in our financing approvals, which stood at RM696.32 million. These new approvals were spread across various sectors under our financing mandate and would benefit 88 technology companies including start-ups.

For FY2022, we are looking to expand our business pipeline further and to venture into previously untapped markets such as Medtech and Agritech, as well as other areas that have been identified and prioritised by the Government as instrumental to the post-pandemic economic recovery. With the establishment of our new RM2.00 billion Sukuk/Bond programme, we are well positioned to continue growing our financing portfolio and enhance our products/programmes to better accommodate the changing business and financing requirements of fast-growing technology companies in Malaysia. ”

AIMI AIZREEN NASHARUDDIN
Chief Business Officer

The Evolution of MDV Financing

MDV began with providing project/contract financing for technology companies for ICT projects. MDV was subsequently entrusted to expand its financing mandate to include other high-impact and technology-driven sectors of the economy that are prioritised by the Government; such as Biotechnology and Green Technology, respectively.

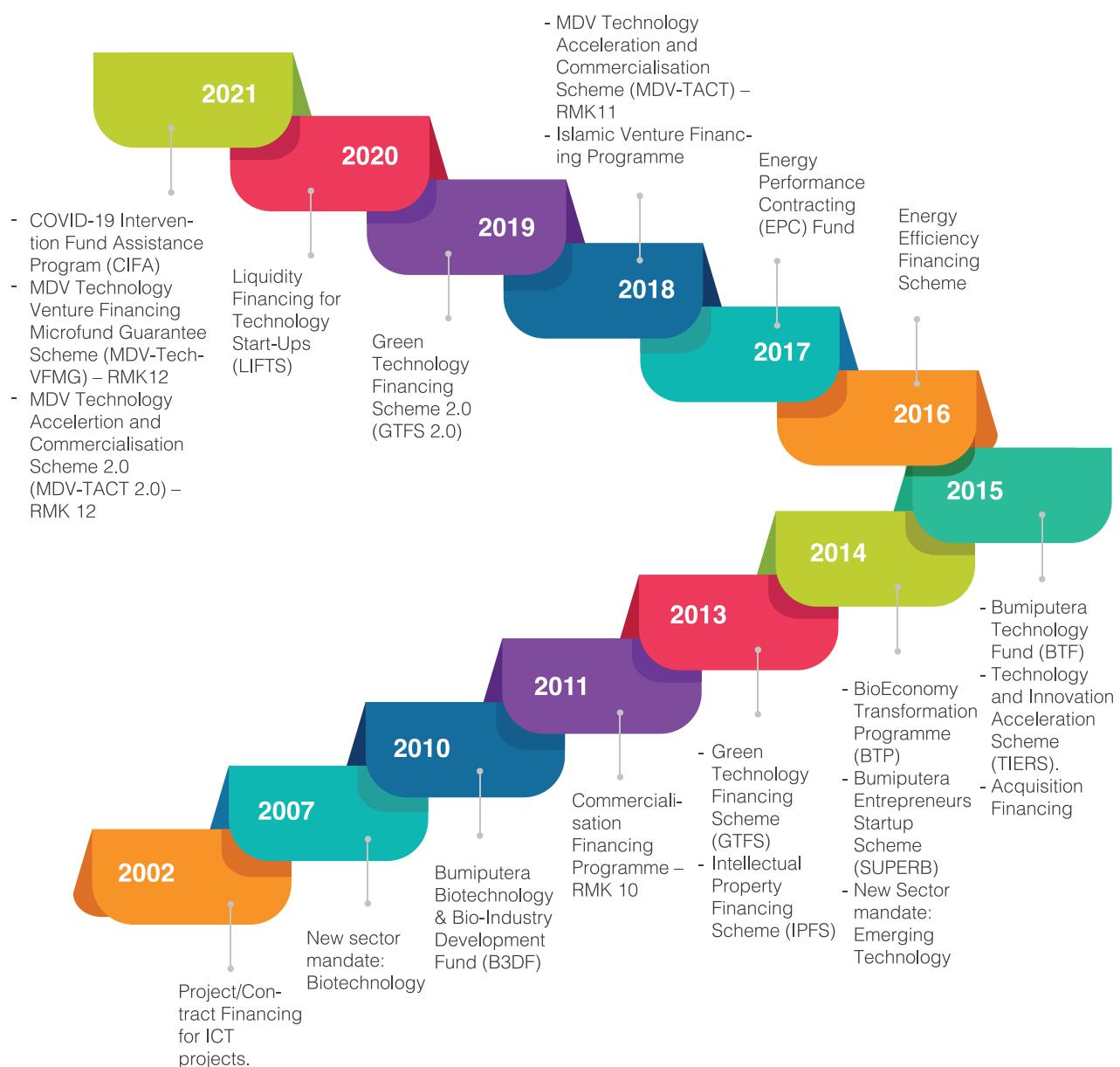
As technology companies evolved from big tech giants to innovative, solutions and apps-based start-ups; MDV also recognises the changing funding

requirements of these technology companies. While still governed by the mandated sectors for financing, MDV expands its products to cater for different business needs, e.g. i-Factoring, energy efficiency financing and start-up financing such as venture debt through MDV-TACT programme.

MDV, in its full support of Government's directions and initiatives to develop and spur the growth of technology sector in the country, collaborated with various

government agencies like BioEconomy Corporation and Green Technology Malaysia, to provide funding assistance for targeted groups, such as B3DF, BTP, BTF and GTFS.

MDV continues to evolve to be able to deliver innovative and flexible financing for technology companies; to cater for differing business cycles and requirements.



2021 New Product Highlights

As the Government ramps up its efforts to boost the growth of technology start-ups, MDV further commits to facilitate and accelerate these developments in creating resilient and sustainable technology start-ups through flexible and affordable, financing solutions. MDV's participation in the start-up financing realm is expected to create a significant impetus to the sector and that MDV is ever to make its mark to this growing market.

MDV introduced three (3) new products in 2021, namely, the MDV Technology Acceleration and Commercialisation Scheme 2.0 (MDV-TACT2.0), MDV Technology Venture Financing Microfund Guarantee Scheme (MDV-TechVFMG) and the COVID-19 Intervention Fund Assistance Programme (CIFA). Both MDV-TACT 2.0 and MDV-TechVFMG are allocations provided under RMK12 where CIFA is a collaboration with TERAJU.

MDV Technology Acceleration and Commercialisation Scheme 2.0 (MDV-TACT 2.0)

MDV-TACT 2.0 is a continuation and a scale-up from the earlier MDV-TACT programme that was introduced and implemented under the RMK11 to fund for product commercialisation from technology start-ups. MDV-TACT2.0 financing schemes, like its predecessor, allows for the founders and existing partners to maintain its ownership without dilution to its entrepreneurship. This creates an attractive investment profile for future investors. Due to their earlier success of MDV-TACT, MDV-TACT 2.0 is given an additional allocation of RM55.60 million. Current MDV-TACT2.0 allocation is RM100.00 million.

MDV Technology Venture Financing Microfund Guarantee Scheme (MDV-TechVFMG)

The objective of this programme is to create investment funds with investors from private sector that will provide venture financing to tech start-up and tech-based companies for further growth, mainly for the purpose of working capital requirement, asset / equipment purchase and business development. The total allocated fund size for MDV-TechVFMG is RM100.00 million; with a 50-50 injection from the Government and private sector.

COVID-19 Intervention Fund Assistance Program (CIFA)

The objective of CIFA is to provide cash-flow assistance and alleviate working capital challenges faced by Skim Permulaan Usahawan Bumiputera (SUPERB) winners during the recent calamities brought forward by the COVID-19 pandemic as means of strategic intervention action to assist Bumiputera businesses in the viable and high value-added sectors.

CIFA was launched in 2021 in collaboration with TERAJU. A RM5.00 million allocation was carved to provide for a financing up to RM50,000.00 each based on Islamic financing Commodity Murabahah principles at a profit rate of 2.0% per annum.



Corporate Planning Division is the main pulse of MDV by steering, executing and monitoring the Company's direction, strategy, plans and activities for the year, by maximising MDV's profit through optimising resources and seeking new business opportunities.

MDV in the Start-Up Financing Ecosystem

Given its mandate as a technology financier, MDV's foray into the start-up financing is prompted upon realising a gap in the funding ecosystem for young technology companies. Typical funding options for start-ups at the earlier stage are either in the form of grants by government agencies or equities from private sector/investors. This presented a challenge to start-ups as grants are insufficient to accelerate growth and commercialisation, equity funding can be costly and dilutes ownership and shareholding. While access to debt funding was limited as these start-ups lack financial track records and are deemed "unbankable" given the higher risk profile. With an aim to address these challenges faced by technology start-ups, MDV developed a product based on venture debt financing. The product was introduced to the market via a financing programme called MDV Technology Acceleration and Commercialisation Scheme (MDV-TACT) under Rancangan Malaysia ke-11 (RMK-11).

Through the venture debt financing, start-ups are given access to debt financing at an affordable rate to continue growing and increase their cash runway without equity dilution. The key structural difference between standard debt and venture debt is that the latter comes with a warrant cover that gives MDV the right but not obligation to purchase borrowers' shares at a specified price within a specific tenure. The warrant attached to venture debt financing allows MDV to compensate for the higher risks of funding start-ups, particularly given the cash-flow profile and limited securities available from such borrowers. Further, the venture debt financing allows start-ups to build credit track record for future borrowings.

MDV-TACT ran until 2020 under the RMK-11 of which an initial fund of RM44.4 million was allocated to MDV by the Government via the Ministry of Science, Technology, and Innovation (MOSTI). Its objective was to help high value technology start-ups accelerate its development and commercialisation plans. Under MDV-TACT, MDV had cumulatively approved a total financing limit amounting to RM67.00 million to 22 technology start-ups in Malaysia across various sub-sectors including e-Commerce, real estate, digital media, and Software-as-a-Service (SaaS). At the time of approval, these start-ups were in various funding stages from seed stage to Series A, Series B and Series C. As of 31 December 2021, MDV has successfully disbursed a total of RM30.00 million to 10 technology start-ups under MDV-TACT.

With MDV's financing, these start-ups have recorded growth in revenue post-financing with half of the portfolio recording more than 50% growth in revenue as compared to pre-financing revenue levels. In terms of valuation, these start-ups have cumulatively registered more than 100% of growth in valuation post-financing as compared to pre-financing valuation based on latest valuation available.

Having seen the traction and demand of venture debt under MDV-TACT, MDV continued the programme as MDV-TACT 2.0 under Rancangan Malaysia ke-12 (RMK-12) in 2021 with an increased fund allocation of RM100.00 million from the Government via MOSTI, targeting to support 30 to 40 technology start-ups in Malaysia. MDV-TACT 2.0 was rolled out in 2021 and will run for another 5 years until 2025 under RMK-12. As of 31 December 2021, MDV had approved a total of RM10.5 million of financing to 4 technology start-ups under MDV-TACT 2.0.

From the experience of the venture debt financing programme under MDV-TACT, MDV recognize the importance of strengthening the financing ecosystem for start-ups in Malaysia via participation of the private sector. As such, MDV introduced a new initiative to drive participation of private sector via a programme named MDV Technology Venture Financing Microfund Guarantee Scheme (MDV-TechVFMG) under RMK-12. With a total allocation of RM78.00 million for the programme and an objective to develop a more robust and sustainable financing ecosystem for start-ups in Malaysia, MDV aims to spearhead creation of co-manage funds via funds matched by the private sector

under MDV-TechVFMG. In 2021, MDV has successfully created the first fund of RM25.00 million that was established with a focus on the FinTech start-ups in Malaysia. This fund is expected to support 4 to 5 FinTech start-ups in Malaysia across various sub-sectors including digital payments, remittance, insurance, and peer-to-peer lending.

Aside from the above programmes under RMK-11 and RMK-12, MDV's role in the start-up financing ecosystem was also pivotal during the height of Covid-19 pandemic. In May 2020, MDV with the support of the Ministry of Finance (MOF) and MOSTI had successfully launched a cash line facility for start-ups via Liquidity Financing for Technology Start-ups (LIFTS) to support technology start-ups in Malaysia impacted by Covid-19. A total of RM100.00 million was allocated by MDV for LIFTS signifying MDV's commitment in supporting start-ups in Malaysia. As of 31 December 2021, MDV had approved a total of RM75.07 million of financing to 65 start-ups, of which a total of RM39.25 million had been successfully disbursed to 37 start-ups in Malaysia.

Overall, MDV has cumulatively supported more than 50 start-ups in Malaysia with funds utilised of more than RM100.00 million to date through various initiatives since its first step into the start-up financing ecosystem in 2016. MDV expects to further expand its footprint in the start-up financing ecosystem and double these figures and achievements in the near future with greater participation from the private sector and continuous support from the Government.



MDV continues to pledge our commitment to support the government's aspirations as a high-tech nation by 2030. Initiatives by the government such as MOSTI's Techlympics to mainstream STI & MyStartup to create a more robust start-up environment are key drivers for economic growth. MDV remains committed to be a key player in supporting the nation's digital roadmap by providing crucial financing solutions for innovative technology companies.

Initiatives to Expand MDV's Funding

As a key technology financier in the country, MDV introduced several technology financing programmes to assist the technology companies from various sectors in Malaysia. It was hence, a natural progression for MDV to be mandated to fulfil the funding gaps within the technology start-ups stratosphere. For this, MDV launched its first financing product for start-ups, the Islamic Venture Financing Programme, based on venture debt principles.

The introduction of Venture Debt programme puts MDV as a pioneer in Venture Debt provider in Malaysia; and to this date, MDV remains one of the largest local venture debt financier in the country. The Venture Debt programme aims to bridge funding gap for companies in the early stage that are generally undeserved by commercial financial institutions due to their novel business model, lack of proven track record and lack of collaterals.

MDV's venture debt financing provides for an attractive and alternative financing route for technology start-ups for the following reasons:

- Technology-related companies have generally been undeserved by traditional lending sources;
- Unfulfilled demand exists for structured debt financing to technology-related companies due to the complexity of evaluating risk in the financing; and
- Structured debt with warrants is less dilutive and complement equity financing from venture capital and private equity funds.

Via MDV-TACT and LIFTS, MDV venture debt funding has been well received by the

technopreneur in the start-ups realms which indicates growth and demand potential for the product.

Due to the success of these programmes, MDV explored to widen the funding size and access to technology start-ups. MDV introduced various initiatives such as collaborations and investments with Equity Crowdfunding digital platforms for microfunding to raise required working capitals; as well as engaging with private investors to provide for greater funding size for MDV potential customers.

MDV was given the nod to establish a Venture Capital Company (VCC) and a Venture Capital Management Company (VCMC) to carry through these initiatives with the initial fund size of RM50.00 million. The creation of these two companies will not only provide for additional fund pool for the customers, but also allow MDV to offer alternative investment vehicle for investors as it can offer a fixed annual dividend return in addition to potential capital gain from portfolio companies arising from revaluation of the warrants and subsequent exercise of warrants.

The aim for the creation of the VCC and VCMC companies are to provide for better funding opportunities for technology start-ups:-

- Faster scale-up of financed companies where founders can focus on growing business and help hit key metrics leading to an increase in valuation.
- Sizably less investors' equity dilution as venture debt covers the cash needs of high growth companies extending their runway.
- Equity investors would be able to avoid

dilution from new investors in an interim equity round.

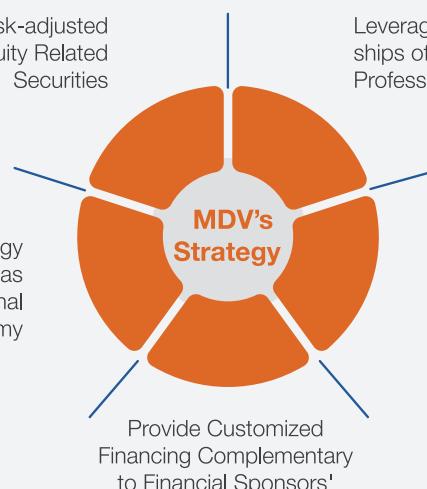
- Flexible financing structures to meet immediate and medium term and cash flow requirements of financed companies. In addition, a debt funding round will not require a valuation, which would be preferable for existing shareholders.

The investors can leverage on MDV for the following:

- Prospecting for technology based applicants;
- Screen applicants to ensure suitability with the programs' objectives and criteria;
- Credit evaluation of the application utilising MDV's proprietary framework and due-diligence methodology;
- Structuring financing facilities to meet customers' requirements and credit standing;
- Execution of documentation based on our standing processes, policies, formats and panel of solicitors;
- Management of accounts including disbursement, collection, collateral management, processing requests, rescheduling and restructuring; and
- Reporting and addressing any queries from investors, including consolidated report on performance of each investee company, flow of funds and movements of financing assets.

Mitigate Risk of Principal Loss through risk-adjusted returns and Build of Portfolio of Equity Related Securities

Leverage the Experience and Industry Relationships of MDV Management Team and Investment Professionals



The strategy of MDV fund management activities is to achieve its financing objective including the above key elements

Creating and Driving a Robust Funding Ecosystem for Technology

Ernst & Young, in their report, "Tech Horizon: Leadership Perspectives on Technology and transformation", stipulated that two-thirds of the corporate business leaders interviewed believed that partnership and ecosystem are crucial for businesses to succeed in the market. By establishing robust ecosystems and partnerships as well as creating new market opportunities, MDV believes driving higher value creation to spur innovation would not have been possible if done in isolation.

In recognising this, MDV established, took part and organised various sharing sessions with other funders and agencies for specific and curated audiences sharing about MDV's product offerings as well as our experiences in technology financing.

MoU with Kenanga Investment Bank Berhad (KIBB)

MDV's mission to catalyse the growth of technology companies and KIBB's commitment to drive digitalisation and innovation necessitated the MOU signing in March to establish a Fintech Fund of a target fund size of RM300.00 million to support the growth of Malaysian fintech companies and further develop the Venture Capital (VC) industry in Malaysia. Both MDV and KIBB will jointly co-invest and manage the fund on a pro-rata basis; with initial contribution of RM25.00 million each as seed capital for the fund. The focus for this Fund is to fund scalable and sustainable fintech companies which provides innovative and disruptive technology-based product offerings that can benefit the community as a whole. The fund was established given that this segment yields great potential for growth being the backbone of the country's digital economic agenda.



Knowledge Sharing Session (KSS) with Bank Muamalat Malaysia Berhad

As one of the key pioneers for green technology financing players, MDV received a request from Bank Muamalat in March to conduct a KSS, for their employees, specifically on Green Technology Financing with particular attention to Renewable Energy. MDV provided crucial sharing sessions on financing, credit assessments and technical assessments for green technology financing application. The presentation was conducted by Sharul Sazman Samaan, Senior Vice President of Business Building, PR & Communications and Mohammad Zamri Abdul Raman from Business & Technology Advisory Services. The sharing session was attended by Bank Muamalat's Chief Business Officer, Heads and employees from the Business and Risks Departments.



Webinar with MAESCO on Energy Efficiency Funding programme

In seeking new market opportunities and lead generation, MDV collaborated with the Malaysia Association of Energy Service Companies (MAESCO) in March 2021 to share with the members on available MDV funding opportunities for Energy Service companies (ESCO). Due to the COVID-19 pandemic and the restriction movement orders, MDV was only able to conduct the event via a virtual platform. MDV shared with the participants on the Energy Efficiency financing scheme. The event was attended by about 35 MAESCO members and received positive feedback and further funding queries from the members.

MoU with Cyberview Sdn. Bhd.

MDV signed an MOU with Cyberview for the purpose of establishing a good working relationship between the two agencies to leverage the strengths, networks, and capabilities with the goal of assisting technology companies in Cyberjaya with flexible and innovative funding opportunities to enable to spur the growth of Malaysia's digital economy. Given MDV's mission to develop the technology and start-up ecosystem, consistent with Cyberview's own commitment to technology and innovation, a collaboration with Cyberview is crucial to provide better financing access to technology companies in Cyberjaya through MDV's product offerings to support and accelerate these technology companies post-pandemic recovery and progress, and help create a strong growth momentum for the Cyberjaya technology ecosystem. The MOU signing ceremony was attended by Encik Nizam Mohamed Nadzri, MDV CEO and Encik Mohd Najib Ibrahim, Cyberview Managing Director as well as senior management from both agencies.



Due to the pandemic, the MOU was only managed to be executed in December, however, plans and programmes by both agencies have been carried out as early as March. MDV carried out a funding clinic briefing on MDV's product offerings for SMEs for Cyberview's tech SME companies. The webinar included briefing on MDV funding targeted to SMEs such as Liquidity Financing for Technology Start-ups (LIFTS) and MDV Technology Acceleration and Commercialisation Scheme (MDV-TACT).

Following the funding clinic webinar, MDV carried through a one-on-one funding clinic and briefing sessions with any of Cyberview's SME companies at MDV's satellite office in Cyberjaya beginning April. These one-on-one sessions requires the Business Building team to meet with the SME technology companies to fully understand their funding requirements for their business needs and recommend suitable financial solutions from MDV.



Webinar – MDV Funding Clinic for GSPARX Strategic Partner and System Installer (SPSI)

GSParx is a wholly owned subsidiary of TNB that focuses on green retail generation business. GSParx appoints Strategic Partners & System Installers (SPSIs) to provide for solar PVs for self-generation and selling the excess of solar energy under the Net Energy Metering Scheme (NEM). In reaching out to provide funding access of MDV's greentech financing, MDV organised a virtual Funding Clinic for TNB's SPSI registered vendors in April. This webinar was attended by twenty of TNB's GSPARX SPSI vendors where they were briefed on MDV's solar and energy efficiency financing products.

Convention on Promotion of Energy Sustainability (COPE Best Forum) 2021

COPE Best 2021 is a convention to synergise Best Practices and Innovations in Energy Sustainability, Energy Efficiency and Conservation (ESEEC) held in July. COPE-BEST forum brings together key ESEEC stakeholders and subject matter experts, industry players, service companies, universities and research institutions and policy makers. It aims to have a discourse on current landscape and future directions for the Energy Efficiency (EE) and Renewable Energy (RE) initiatives. MDV was invited to speak in the Energy Project Funding Opportunities slot during this event. MDV's Chief Business Officer, Aimi Alzreen Nasharuddin spoke on Sustainable Energy Financing, sharing with the audience available funding solutions for EE and RE projects.



MedTech: Evolution Towards an “Eternal” Life?

Evolution of Medical/Health Technologies

Medical and health technologies (MedTech and HealthTech) have undergone tremendous evolution over the years. While in the early years, the study focuses on the tools and devices, the development focuses more on the production of synthetic organs in recent years. Besides, technological advancement has shifted the paradigm by finding the linkage between software and biology to enhance medical and healthcare sectors further. Illustrated below are some of the developments recorded in medical and health science.

The evolution of medical and health technologies has been widespread globally, encompassing medical prevention, diagnosis, monitoring, treatment, and old-age care. Advancement in technology has contributed mainly towards this evolution over time. Government bodies globally are also working to develop various regulatory frameworks to cater for the rapid advancement in the MedTech and HealthTech sectors.

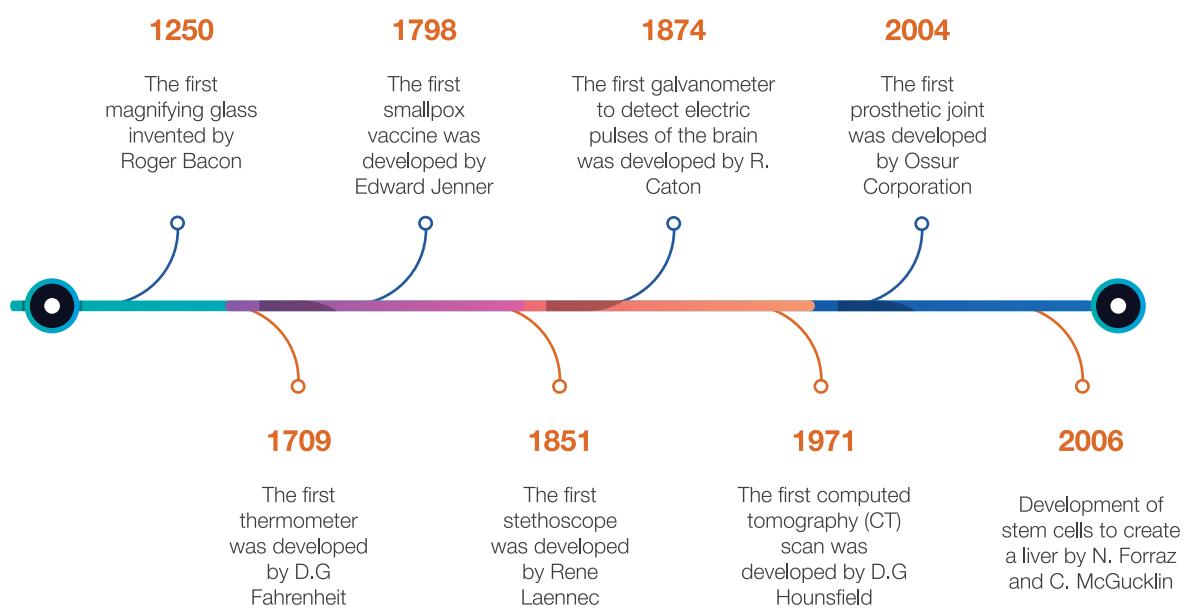


Figure 1: Evolution in medical and health technology

Medical Technologies in Malaysia

The medical technology landscape in Malaysia first garnered attention from the establishment of Malaysia's Telemedicine Blueprint in July 1997 and the Telemedicine Act 1997. Telemedicine aims to strengthen healthcare delivery via telecommunications, information, and multimedia technologies. It reshaped the healthcare delivery system by becoming more virtual, more distributed, and integrated, resulting in better and more efficient healthcare delivery. Telemedicine was also incorporated by the Malaysian Government under the Multimedia Super Corridor (MSC) project, the Telehealth Flagship.¹

In Malaysia, digital healthcare products or medical devices are primarily governed by the Malaysian Medical Act, 2012. Under the act, medical devices are described as any instrument, apparatus, implement, machine, appliance, software, material or other similar or related article intended by the manufacturer to be used, alone or in combination, for human beings for the purpose of among others, diagnosis, prevention, monitoring, treatment or alleviation of disease or injury or investigation, replacement or modification or support of the anatomy or of a physiological process.¹

Following this, multiple significant developments surrounding medical technologies have surfaced in Malaysia. The below figure illustrates some of the key development in Malaysia's medical technologies:

TELEMEDICINE	SMART HOSPITALS	DIGITAL HEALTH	MANUFACTURING
<ol style="list-style-type: none"> 1. Sunway Medical Center Telemedicine 2. eHealth by Pantai Hospital Kuala Lumpur 3. Telehealth Columbia Asia 	<ol style="list-style-type: none"> 1. Smart Hospital UMS 2. Sunway Medical Centre Smart Hospital 	<ol style="list-style-type: none"> 1. Doc2Us 2. Naluri Hidup 3. BookDoc 4. Doctor2U 5. TeleMe 6. DoctorOnCall 7. GetDoc 	<ol style="list-style-type: none"> 1. GranuLab- GranuMas is the first Halal-certified synthetic bone graft using bio-ceramic based material with 99% similarity to human bone.

Figure 2: Development of telehealth in Malaysia

Did you know

Worldcare Health (M) Sdn Bhd deployed the first pilot telemedicine project for hospitals in Perak in early 2000. The project enables medical officers in the remote districts to transmit patient information in a video, voice and data to the major hospitals for second opinions instead of physically transferring patients

Current Market Landscape of MedTech in ASEAN and Malaysia

ASEAN countries with a population count of over 600 million and a rapid growth of the middle-class community has fuelled the medical devices industry in the region. The regional analysts reported that the MedTech industry in ASEAN is worth USD 8,500.00 million in 2020 and is representative of a CAGR of almost 10%.²

According to MIDA,³ as of Q4 2020, Malaysia stood as the most significant medical device market in Southeast Asia. The market is worth USD\$1,550.00 million based on the market estimate conducted by the Association of Malaysian Medical Industry (AMMI). Out of this figure, public sector procurement accounts for 50% of the market. Malaysia's position is contributed by the growth of investment in the medical device industry in Penang.

The current landscape of Malaysian MedTech is as follows:

Medical and Health Technology Services

MEDICAL DEVICES	PHARMACEUTICAL	MEDICAL TOURISM	DIGITAL ASSISTANCE	ELECTRONIC HEALTH RECORDS	BIOTECHNOLOGY
RESTORATIVE THERAPIES	PATIENT PORTALS	DERMATECHNOLOGY	MEDICAL E-INSURANCE	MEDICAL E-COMMERCE	BEHAVIOUR MONITORING APPLICATIONS
GERIATRIC CARE	HALAL HEALTH PRODUCTS	GENOMICS RESEARCH TECHNOLOGY	TELE-CONSULTATION	STEM CELL TECHNOLOGY	3D PRINTING
GENE TRIGGER TECHNOLOGY	TELEMEDICINE	MOBILE HEALTHCARE	NANOMEDICINE	AUGMENTED, VIRTUAL & MIXED REALITY	FUNCTIONAL FOOD TECHNOLOGY

Technology Enablers

ARTIFICIAL INTELLIGENCE	MACHINE LEARNING	INTERNET OF THINGS	ROBOTIC PROCESS AUTOMATION	TELEHEALTH	CLOUD COMPUTING
DIGITAL SENSORS	PATIENT PORTALS	PRECISION MEDICINE	NANOTECHNOLOGY	4G/5G	

 Matured  Gaining Traction  Low / No Traction

Figure 3: MedTech technology services and enablers in Malaysia (Consulting Services, MDV research)



Figure 4: Malaysian MedTech Landscape (source: Consulting Services, MDV research)

MDV estimates that the Malaysian MedTech industry comprises more than 200 firms with products ranging from latex gloves to more complex pacemakers, heart valves, orthopaedics, hearing aids and monitoring devices. About 30 firms are multinational corporations such as Cochlear, Ansell, Jabil, APS Medical and ITL BioMedical. Malaysia's government renewed its focus on MedTech in 2015 when medical device manufacturing was one of the high-potential growth sectors.⁴ Currently, there are more than 50 active medical and health technology start-ups in Malaysia, according to Crunchbase.

Ever since the announcement, it has been estimated that about 33,000 jobs have been created. In 2020, Malaysian MedTech attracted USD\$1,480.00 million in private investment, as reported by AMMI in its annual report, Malaysia continues to become a strategic medical market supported by its location and support by the government, such as tax incentives for Pioneer Status and Investment Tax Allowance.

Did you know

The advancement of vaccination has successfully eradicated Polio disease. In 1994, the Western Hemisphere was fully declared Polio-free.

Future Talk: Reimagining The Future of Healthcare

With the vast development in MedTech and HealthTech today, what will the future of healthcare look like? The recent development also raises the possibility of living a century-long life. Below, we lay out the vital elements that play a significant role in reimagining the future of healthcare.

i. Smart Hospitals Concept

The smart hospital concept is relatively nascent and was introduced less than half a decade ago. According to EY, in a smart hospital, people, the environment, and systems are connected in real-time. The vast amount of data generated through this interconnectivity allows operators to improve the quality of core processes of personalised and safe patient care and efficient, high-performance operations. Figure 5 below illustrates some of the underlying concepts of a smart hospital.

An example of a smart hospital is Humber River Valley Hospital in Canada, arguably the first fully-digital hospital. Among the services offered are:

- Online appointment schedule;
- Digital contactless check-in;
- Electronic path lab tests ordering and results;
- A RIVA Chemotherapy Robot;
- Automated Pharmacy System with automated supply chain system; and
- Patient Flow Command Centre

Did you know

Smart Hospital UMS, Sabah (HUMS) will be the first government smart hospital fully digitalised with state-of-the-art technologies. Upon completion in 2023, the hospital will be able to cater for 400-beds, 22 operation theatres and 145 clinics.

Smart Hospital Concepts

Patients Tracking/Digital Information System

1. Smart badge and sensor device for patients tracking
2. Computerised system to allow easy access of patients history and monitoring by doctors

Computerised Documentations

1. Computer on wheels to replace the existing manual doctor's record of patients monitoring.
2. The information will be uploaded in real-time into a private cloud for access

Smart Integration to Wearables

1. Linkage between patients' lifestyle and medical condition for monitoring and consultations
2. Connection between patients smart ID with medical records
3. Virtual consultation for remote patients in rural areas

Smart Ambulance Tracking

1. To allow hospitals to estimate the time it takes to get to patients with current traffic status
2. Emergency management



Electronic Medical Records and Monitoring

1. All information related to patients' health monitoring such as X-Rays, scans and MRIs (all electronic records) can be viewed anywhere in the hospital

Robotics Applications

1. Surgery with the assistance of high precision robotic arms and teleconsultation from experts remotely for second opinions and monitoring

Smart Pharmacy

1. Utilising barcodes as prescribed by medical professionals to dispense medicine
2. Reduction of manual labour to reduce human errors

Secure Data

1. Wireless, secure and seamless transfer of data with high-speed internet
2. Off-site data access with private access of patients record only to doctors and nurses

Figure 5:Smart hospital concept/ideas (Photo: Freepik)

ii. Welfare Technology for the Ageing Populations

Data shows that by 2025, there will be a significant increase in the ageing population above 65 years old. In ASEAN alone, it is forecasted for the ageing population to increase by 49% compared to 2016 (58 million people). Multiple applications of technologies are deployed in developed countries such as Denmark, Japan, Korea and Australia. Denmark is considered to be leading the development of welfare technologies.

Table 1 below lays out the examples of welfare technology applications. While some are already in use, the traction is still low due to high costs and accessibility to the technology.

Welfare Needs	Function	Examples	ICT Technology
Self-reliance & self-help	<ul style="list-style-type: none"> ■ Self-care ■ Mobility ■ Safety ■ Leisure 	<ul style="list-style-type: none"> ■ RFID Terminal for the blind to voice guide ■ Wearable robot SUBAR for lower-limb assistance ■ Monitoring system for emergency recognition of the elderly living alone ■ Functional game contents for the elderly 	<ul style="list-style-type: none"> ■ IoT, Smart life service ■ ICT devices ■ 5G, ICT devices ■ Digital contents

Welfare Needs	Function	Examples	ICT Technology
Communication	<ul style="list-style-type: none"> ■ Oral ■ Written ■ Emotional interaction 	<ul style="list-style-type: none"> ■ Voice annotation system for digital talking book ■ Braille messenger for the blind ■ Robot BOOGI for reliving depression in the elderly 	<ul style="list-style-type: none"> ■ ICT Devices ■ Smart life service, digital contents ■ ICT devices, IoT
Networks	<ul style="list-style-type: none"> ■ Economic activities ■ Community utilities ■ Community activities 	<ul style="list-style-type: none"> ■ Mobile application and game to learn how to pay money for persons with autism ■ Situated learning on community living skills among people with intellectual disabilities ■ Ubiquitous based situated learning for people with developmental disabilities 	<ul style="list-style-type: none"> ■ ICT devices ■ 5G, IoT, Smart life services ■ Smart life services
Health	<ul style="list-style-type: none"> ■ Healthcare ■ Rehabilitation 	<ul style="list-style-type: none"> ■ Smart TV-based healthcare solution for healthcare services ■ Dysphagia rehabilitation monitoring system using the textile proximity sensor 	<ul style="list-style-type: none"> ■ Broadcasting and smart media platform service, Smart life service ■ Smart life service

Table 1: Welfare technology applications

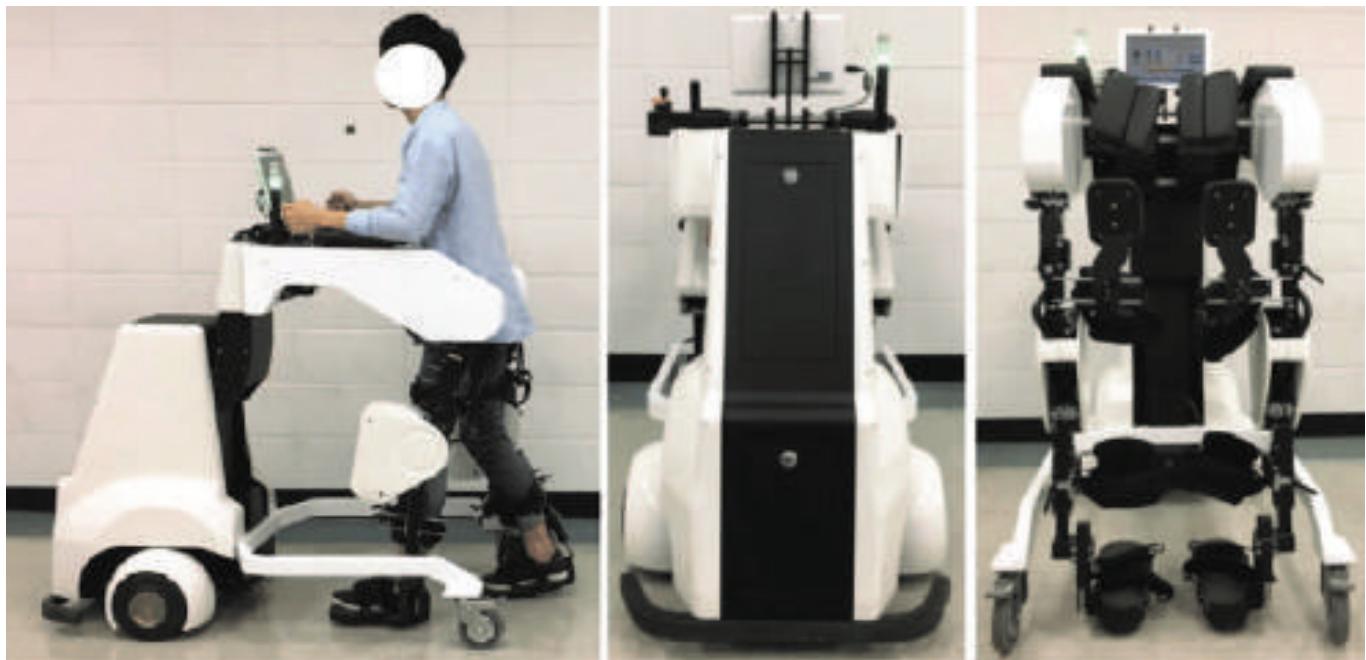


Figure 6: Robot SUBAR (credit: ReserachGate)

iii. Smart Medical Treatment

Smart medical treatment encompasses all aspects of advancement surrounding medicine and healthcare. The rise in smart medical treatment would be the underlying driving factor in enhancing smart hospitals and welfare technology. Table 2 below illustrates some key examples in the smart medical treatment and analysts' prediction on future expectations.

Sub-section	Existing technology(s)	Future expectations
Telemedicine and digital wellness	<ul style="list-style-type: none"> ■ Naluri Hidup ■ BookDoc ■ Doctor2U ■ ClassPass ■ Hospital ■ Telemedicine ■ Digital therapeutics 	Currently, the ecosystem is separated from one another. We predict that in the future, industry players will start linking digital lifestyle and wellness with healthcare such as telemedicine to allow better visibility on patients' lifestyles by physicians. Plus, a combination of telemedicine and digital wellness with insurtech would benefit customers in the long run.
Preventative treatment	<ul style="list-style-type: none"> ■ Vaccination ■ mRNA Technology 	Vaccination technology would allow scientists and medical professionals to find ways to kill viruses before it attacks humans. We predict that the vaccine technology will be an enticing alternative therapy against chronic diseases such as cancer in the future.
Digital monitoring	<ul style="list-style-type: none"> ■ Smart devices ■ Health apps 	While big data, AI, ML, and software are critical to MedTech advancement, we believe there is still a lack of linkage with our medical system. We predict a future where smart IoT devices would allow patients to connect, consult and even obtain prescriptions digitally – all in a single device.
Medical devices	<ul style="list-style-type: none"> ■ Robotic arms for surgery ■ Biometric devices and wearables 	The uprising popularity in virtual and augmented reality (AR/VR) would bring a more significant benefit to MedTech. AR/VR would be able to provide real-life conditions of a patient and even create a borderless world among specialists to allow the transfer of knowledge and expertise.
Rapid Test Kits	<ul style="list-style-type: none"> ■ Antigen RTK for COVID ■ HIV Test ■ Pregnancy Test ■ DNA test 	In-vitro diagnostics (IVDs) devices have been one of the greatest inventions in medical technology. We predict that the future of RTK devices is enormous given the less invasive method of diagnosing medical conditions. What would the future look like if a chronic medical diagnosis could be made in the comfort of your own house before consulting physicians?
Contact tracing for chronic diseases	<ul style="list-style-type: none"> ■ Digital tracing for COVID-19 exposure 	Governments were fast to react and fully utilise technology during the peak of the COVID pandemic. We see the coming of digital tracing for COVID as a door to a new future of contact tracing, especially for chronic air-borne diseases that can transmit easily from one person to the other.
Digital pharmacy	<ul style="list-style-type: none"> ■ 3D printing machine for medicine ■ Over-the-counter medicine vending machine 	Access to pharmacies is still limited, mainly to patients in rural areas. We predict that the future of pharmaceuticals would allow medical professionals to prescribe medicine digitally through a secure code that would let patients get their medicine supply from a vending machine using the barcode provided.

Table 2: Smart medical treatment

Conclusion - What Can We Expect in the Near Future?

Consulting Services (CS) researchers at MDV opine that the future generation can live longer than the current life expectancy of 72 years. If the global life expectancy stood at an average of 46 years a half-century ago, advancement in medical technology today has proven that we could push the boundaries to almost double the value. A better innovation, improvement and commercialisation of MedTech to enhance medical prevention, diagnosis, monitoring, treatment, and care would be the critical success factor in achieving this ambition.

In the near to medium terms, we foresee that these are the critical success factors towards the advancement in the medical and health technology industry:

- i. There is a rising need to harmonise current regulations with the likes of medical practitioners, technology developers and industry players to be inclusive of MedTech.
- ii. Start-ups will pave the way for MedTech's future with strategic partnerships and collaborations from multiple stakeholders.
- iii. Better collaboration among investors, financial institutions and regulators in public and private sectors to support the high-potential MedTech players.
- iv. The key to addressing the lack of talents should start from an early stage of education, such as the introduction of technology, entrepreneurship and innovations.
- v. There will be a high demand from future generations towards technology-enabled medical services.

At MDV, we are committed to supporting the development surrounding MedTech in Malaysia towards attaining better healthcare services and a longer lifespan for our community.



The **Business & Technology Advisory** team members are made up of multidisciplinary background to provide robust technical, technology and market advisory services for MDV's technopreneurs as well as internal teams.

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Malaysia's Thriving Start-up Ecosystem: In Search of the Next Unicorn

Malaysia's Start-up Ecosystem is Brimming with Untapped Potential and Opportunities

Malaysia's start-up environment has expanded rapidly in recent years. Malaysian start-ups have made headlines throughout the world for their steady growth, investments, and ROI, owing to the country's robust digital economy. Malaysia's start-up ecosystem is ranked 2nd in South-east Asia and 40th globally. Meanwhile, between 2014 and 2020, private equity and venture capital companies invested more than US\$5.90 billion in Malaysian start-ups.

Table 1: Global Startup Ecosystem Country Ranking

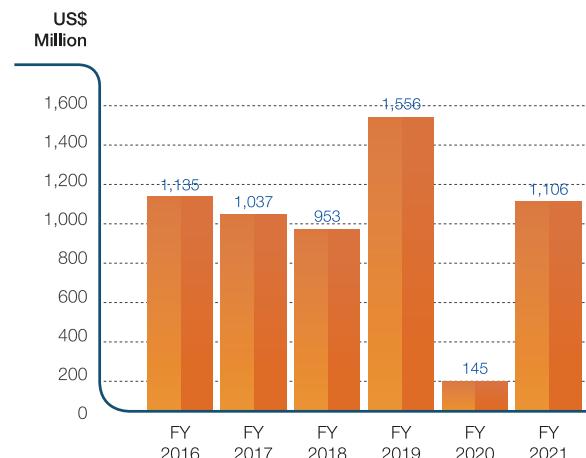
#	Country	2019	2020	2021	Rank Change (from 2020)
1	USA	1	1	1	-
2	Singapore	21	16	10	▲ 6
3	Malaysia	47	48	40	▲ 8
4	Indonesia	41	54	45	▲ 9
5	Thailand	33	50	50	-
6	Philippines	54	53	52	▲ 1
7	Vietnam	72	59	59	-

Source: Global Startup Ecosystem Index 2021

*Note: The ranking methodology considers three parameters, namely the quantity of start-ups and supporting organisations, quality of start-ups alone with business environment in each country.

Private equity and venture capital companies are expected to contribute a total of US\$1.10 billion in 2021. Aside from the onset of the COVID-19 pandemic in 2020, the graph above demonstrates that private equity and venture capital companies have consistently invested in Malaysian businesses since 2016. This situation exemplifies Malaysian entrepreneurs' enormous potential, which is expected to flourish if properly harnessed.

Figure 1: Value of Private Equity (PE) and Venture Capital (VC) Deals in Malaysia (2016 – 2021)



Source: Müller, J. (2022). Value of PE/VC deals in Malaysia (Accessed 21 March 2022)

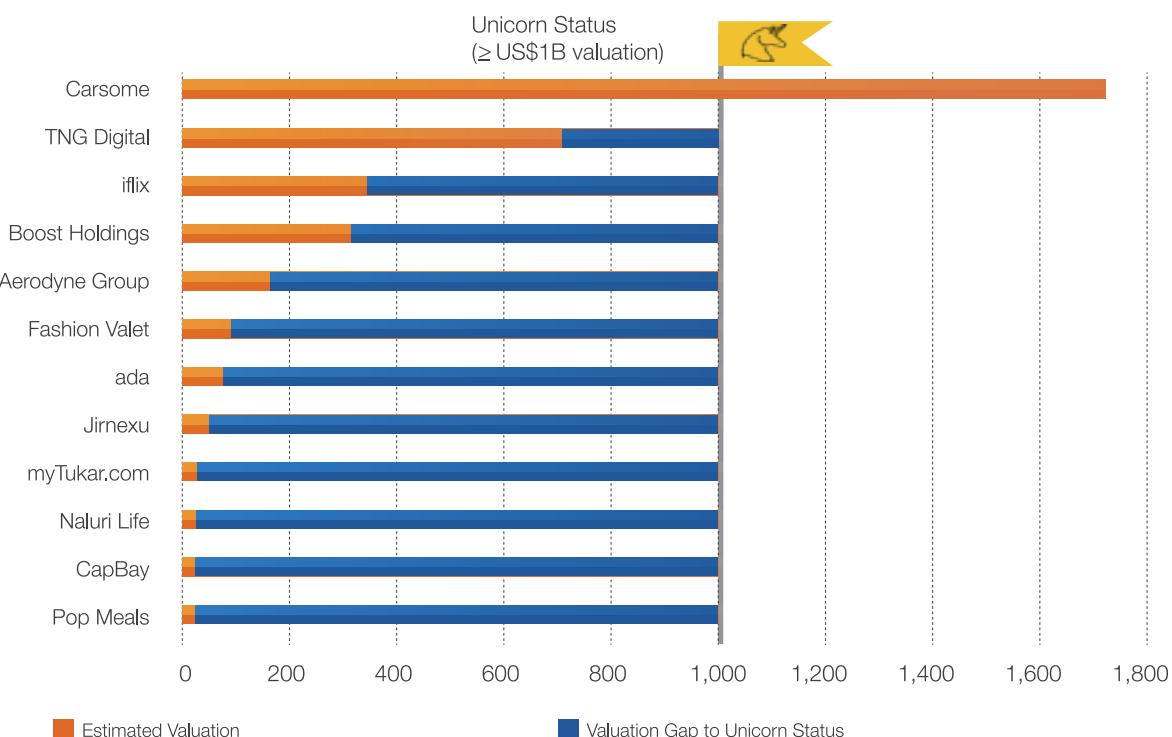
As far as the trending industries and niches are concerned, according to Startup Genome, FinTech and Gaming continue to be the leaders in terms of funding and growth. The recent trends in 2021 included e-Commerce with livestreams, Food and Parcel express delivery services, Cloud Kitchens, and Agriculture supply chain solutions. As we step into 2022, sectors like Online Car Bidding Platforms, Digital Assets, Drones, and Digital Health are seen to be the next trend-setters in the Malaysian start-up ecosystem.

With a 33-million-strong youthful and digital-first populace, the nation offers great prospects for companies. As a result, the Malaysian government has taken many efforts to ensure that entrepreneurs make the most of the opportunities available in the nation. These objectives include assisting entrepreneurs in obtaining financing through grants and funding, mentoring in areas of human capital development, providing and opening up market access, innovation, and technology adoption, as well as providing the required infrastructure for growth.

Some of the national initiatives include (1) Digital Hub Malaysia, (2) National Entrepreneurship Policy (NEP), (3) Dana Penjana Nasional, (4) Islamic Digital Economy and (5) Digital Transformation Acceleration Program. In addition to this, the government has set up institutions like the Malaysian Digital Economy Corporation and accelerators like MRANTI (Malaysian Research Accelerator for Technology and Innovation) to spearhead the digital economy at a faster pace.

Let's look at some of the leading start-ups in Malaysia that have demonstrated the hidden potential of the country's start-up ecosystem. According to Figure 2, Carsome's current valuation of US\$1.70 billion propelled it to become the country's first start-up company with unicorn status. Nevertheless, it is evident that most start-up companies still face a large funding gap before they achieve unicorn status.

Figure 2: Start-up Companies in Malaysia by Estimated Valuation (US\$ million)



Source: (i) Crunchbase, accessed 29 March 2022; MYStartups, accessed 29 March 2022 (ii) CS Analysis, 2022

Table 2: Start-up Companies in Malaysia by Estimated Valuation and Funding Round

Organisation	Sector	Estimated Valuation (US\$)	Last Funding Round
Carsome	E-Commerce	1.7 billion	Series E
TNG Digital	Financial Services	710 million	Corporate Round
iflix	Media & Entertainment	348 million	Corporate Round
Boost Holdings	Financial Services	320 million	Corporate Round
Aerodyne Group	Hardware, Software	168 million	Series B
Fashion Valet	E-Commerce	93 million	Series C
ada	Advertising	80 million	Corporate Round
Jirnexu	Financial Services	55 million	Series B
myTukar.com	E-Commerce	31 million	Corporate Round
Naluri Life	Healthcare	29 million	Series A
CapBay	Financial Services	28 million	Corporate Round
Pop Meals	Food & Beverage	27 million	Series B

Source: (i) Crunchbase, accessed 29 March 2022; MYStartups, accessed 29 March 2022 (ii) CS Analysis, 2022

But Where Are the Unicorns?

While Malaysia is a promising market for entrepreneurs with favourable demographics, our country still have yet to reach the full potential compared to neighbouring countries such as Indonesia, Singapore, and Vietnam.

For starters, Malaysian entrepreneurs prioritise independence, which leads to lower capital requests. This phenomenon is most likely the reason Malaysia has the greatest investment-to-return ratio in the area, nearly double that of Singapore. Local creators also prefer to deal with local investors rather than global investors, which does not bring the necessary investment and attention for the ecosystem to take off and lead in the region.

Malaysian start-ups are primarily concerned with the local market, making it difficult for them to be highly scalable while operating locally. As a result, a worldwide or regional emphasis would add more value and growth to the startup environment, which is now lacking.

The prevalence of grey markets and a lack of intellectual property protection is also a difficulty for inventive business owners who do not want their goods and ideas immediately duplicated.

A skills scarcity in deep tech fields such as AI, data analytics, and cybersecurity is also impeding the expansion of the country's startup sector. According to reports, the country generates many engineers, but many prefer to work for international corporations rather than going out on their own. As a result, non-technical entrepreneurs build products that are relatively simple in comparison to the cutting-edge technologies generated in Silicon Valley.

Finally, Malaysian entrepreneurs are largely disconnected from the global start-up environment. This gap may be closed by expanding networking between local entrepreneurs and stakeholders in the global ecosystem, allowing Malaysian businesses to reach the heights they deserve. Start-ups will be able to access better funding, mentorship, and guidance from global professionals, which will surely contribute to the expansion of Malaysia's digital economy.

WHAT CAN THE WORLD LEARN FROM SILICON VALLEY?

PEOPLE POWER

The history of Silicon Valley is deeply intertwined with the elite educational institution; Stanford Research Park, a joint development between the university and the Palo Alto local government, helped incubate companies like Facebook and HP. Tech companies pour grant money and donations into the university's coffers.



AGILE AND FLEXIBLE WORKING

Another attractive aspect of Silicon Valley's culture is that it has firmly and wholeheartedly embraced agile and flexible working, enabled by cutting-edge software tools. Companies deploy modern collaboration platforms like Slack and Microsoft Teams to keep employees connected, and the prevalence of SaaS applications and cloud storage enables staff to be capable and productive from anywhere they choose.

DIGITAL TRANSFORMATION

The concept of digital transformation is another export from Silicon Valley that's having a big impact on businesses around the world. Bay Area tech companies are among the best in the world when it comes to embracing new ideas and taking chances on new and untested strategies. This applies to the adoption of business methodologies like DevOps and Agile, but also extends to functions like R&D, marketing and HR.



AVAILABILITY OF VENTURE CAPITALS

Silicon Valley houses a vast number of venture capital firms. Part of the Valley's attraction for startup founders is the ability it affords them to shop their ideas around to potential investors in person. When a VC firm invests in a company, it often also assists it with various vital business tasks such as recruiting new talent, planning out growth strategies, bringing in subject matter experts and connecting it with relevant partners.

VALUE OF PERSONAL NETWORKS

Personal networks are valuable in obtaining seed funding. Series A and Series B funding rounds are often made up of many smaller investments from founders' personal contacts rather than VCs. This allows companies to obtain early funding without ceding too much control to an individual investor.



Low Hanging Fruits – What's The Next Big Thing?

Despite the country's start-up ecosystem's enormous potential and worldwide attention, numerous untouched sectors might bring significant development and investment to the country. Agriculture is one of those age-old sectors with enormous land resources in our country that is laggard in the digital economy, but if given necessary technology intervention such as start-ups being more active in the scene, it has the potential to solve our food security issues and food inflation tremendously. FinTech and Islamic Finance are among highly regulated sectors that have high potential to be disrupted by financial services start-ups in Southeast Asia. The region has a sizable unbanked population (70% of 668 million adults in SEA) such as the younger population, and many younger generations among them would prefer to have digital payments compared to conventional payment methods. This is supported by the steady development in digital payments in the country, with the transaction value of digital payments expected to exceed US\$38.00 billion by 2026.

e-Commerce sector is poised to become the next big thing with the emergence of players such as Lazada, Shopee and more. With close to US\$90.00 billion market size and among them being Indonesia with the largest market share, local player such as Fashion Valet with a niche in fashion market will have potential to meet the regional demand for fast fashion at affordable prices.

Drone technology is another underdeveloped, relatively young subject with numerous applications throughout the world. This technology, in conjunction with IoT and analytics, may benefit a variety of industries, including agriculture, oil and gas, real estate, ecommerce deliveries, and aerial photography. Existing firms such as Aerodyne and Poladrone have already demonstrated this technology's enormous potential and ready solutions to market some being the autonomous unmanned aerial vehicle (UAV), agriculture monitoring and surveillance solutions.

HealthTech is another promising field that has the potential to produce significant growth, particularly in the aftermath of the pandemic owing to increased attention dedicated to this industry. COVID-19 inspired increased interest in HealthTech, resulting in a slew of novel solutions. Digital Health and Telemedicine are developing areas of growth, with enormous prospects in this space with some notable start-up players such as Naluri, Doctor2u, BookDoc and DoctorOnCall to name a few.

Figure 3: Segmentation of Health Start-ups in Malaysia



- Some companies may appear in more than 1 category to better reflect the nature of their business.
- Medical Tourism and Tele-Consultation remain the dominant segment within Malaysia's medical and health technology ecosystem.

Source: CS Research & Analysis, 2022

According to the recently released Startup Ecosystem Roadmap (SUPER) 2021 – 2030, MOSTI aims to generate 5,000 start-ups and five unicorn enterprises by 2025. According to MyStartup's database, there are presently around 1,700 start-up companies in Malaysia, but many of them are still obscure from unicorn status. This begs the question, when will the next unicorn happen in Malaysia after Carsome? Looking forward, the road towards Malaysia's next unicorn will depend on the country's ability in attracting talents, steady supply of capital from venture capitalist and liquidity funding by technology financiers.

1. Müller, J. (2022). Value of PEVC deals in Malaysia (Accessed 21 March 2022)
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National Energy Awards 2021

MDV was accorded the Special Awards for Sustainable Energy Financing under the Development Financing Institutions and Others category at the National Energy Award (NEA) 2021; making it the second year running for MDV to win the prestigious award.

The NEA is an annual award which recognises the outstanding achievements and best practices of the public and private sectors in driving the country's sustainable energy agenda. Inaugurated in 2018, the NEA is part of the government's effort in promoting Energy Efficiency (EE) and Renewable Energy (RE).

The United Nation's 2030 Agenda, which included Sustainable Development Goals (SDG) for countries to adopt, as well as Malaysia's Eleventh Malaysia Plan have largely been instrumental for the development and growth of green financing in the country given the policy pillars to enhance environmental sustainability through Green Growth. SDG has been primarily responsible to shape the green financing landscape, providing investment opportunities for a sustainable future for the country.

Therefore, to continue supporting and driving the government's sustainability energy agenda in line with the United Nation's 2030 Sustainable Development Goals, MDV remains committed to provide green financing for renewable energy and energy efficiency projects via its specific funding products like Green Tech Financing Scheme (GTFS) and Energy Performance Contracting Fund (EPC).

MDV has always been a firm supporter of the country's sustainability agenda. MDV truly believes that green technology is a key element to achieving sustainable economic growth for the continued development of the nation. MDV is highly invested in the development of green technology sector in Malaysia of which MDV offers flexible and innovative financing solutions to green and energy saving projects in companies even during the early days when financing was not readily available given the market and credit risks associated with the project.

As we build our strength and resources as our Green Tech portfolio grew, MDV's ability is to identify potentially viable projects to support via our strict proprietary due diligence process and detailed assessment of the project performance of the business.

To date, green technology remains one of the biggest beneficiaries of MDV's funding, making up a total of 33.7% of MDV's total loan & financing assets. MDV approved a total of RM328.66 million green technology projects for FY2021 in energy efficiency, renewable energy, waste and water management, water treatment, waste management projects.

Winning the award is an honour and a further recognition for MDV as a top funding partner for the Green Tech sector in the country. MDV reiterates its commitment to support the nation's green initiatives to ensure that the country's Sustainable Development Goals are met for the country's guaranteed growth and prosperity.





Risk Management Division undertakes continuous monitoring and reviews in ensuring adherence to the overall approved processes in the business and operations to prevent occurrence of losses and protect the value of its assets.

06

Corporate Governance & Accountability

- 53 Corporate Governance
- 54 The Role Of Risk Management Division (RMD) and Key Achievements In 2021
- 60 Audit Committee Report



RIZAL FAUZI
Chief Risk, Integrity &
Governance Officer

“ RMD undertakes continuous monitoring and reviews in ensuring adherence to the overall approved processes in the business and operations to prevent occurrence of losses and protect the value of its assets.

RMD consistently conduct holistic impact checks and assessments on both MDV operations and business processes but also our accounts to cushion the volatile market conditions. Our various initiatives include Portfolio Stress Test, introducing the Credit Risk Grading and New Pricing Structure Mechanisms. We also continued to establish and execute the Post Movement Control Order COVID-19 SOPs to ensure the health and safety of all MDV employees.

Finally, RMD introduced the Organisation's Anti-Corruption Plan 2021-2023 (OACP) in our strict commitment to adhering to Section 17A Corporate Liability Act to showcase MDV as a high integrity and with a strong anti-corruption culture.

RMD endeavours to proactively evaluate and transform processes, provide internal controls and effective measures to mitigate different threats to protect MDV and its assets. ”

Corporate Governance

Governance Framework

The Board of Directors of MDV (**the Board**) is fully committed to uphold good corporate governance by continuously advocating transparency, accountability, responsibility and integrity within the Company; in line with the principles and best practices of corporate governance and primary legislative and regulatory provisions.

Board of Directors

Roles and Responsibilities

The Board is responsible to lead and manage MDV's business and operations in an effective and responsible manner. Each Director has a duty to act in the best interest of MDV. The Board sets MDV's values and standards and ensures that its obligations to its shareholders and other stakeholders are met. The Memorandum and Articles of Association of MDV, the Companies Act 2016, other governing laws of Malaysia and the relevant guidelines issued by the relevant authorities from time to time, govern the roles and responsibilities of the Board.

The Board is also guided by its Board Charter, which defines matters that are specifically reserved for the Board and the delegation of day-to-day management of MDV to the Chief Executive Officer (CEO).

Board Risk Management Committee

The Board also delegates the responsibility of reviewing the effectiveness of risk management to the Board Risk Management Committee (BRMC). BRMC primarily assists the Board in:

- Ensuring that overall corporate risks are measured and thresholds are controlled within pre-determined limits;
- Ensuring that there are sufficient internal controls and clear mitigation plans for major risks which include accountabilities and timeliness; and
- Ensuring that a culture of identifying and managing risks exists throughout the organisation.
- Management Division (RMD) to ensure the risk is controlled, monitored and evaluated accordingly.

Additionally, any approved policies and standard operating procedures that are formulated to identify, measure and monitor the various risk components will be reviewed and recommended by RMC to BRMC. RMC also reviews and assesses the adequacy of these risk management policies to ensure proper infrastructure, resources and systems for risk management are in place.

Nomination and Remuneration Committee

The role of the Nomination and Remuneration Committee (NRC) is to recommend to the Board suitable remuneration policies for Directors, evaluate the performance of the CEO and the Senior Management and establish the pay-for-performance plans that is aligned with the Ministry of Finance's (MOF) expectations. The NRC also works with the Chairman to assess the Board's composition and skills and recommends candidates for the positions of Chairman, CEO and other key company positions subject to the views of MOF.

The Role Of Risk Management Division (RMD) and Key Achievements In 2021

The duty of RMD is to prevent MDV's exposure to losses, manage risks, and to protect the value of its assets. RMD is committed to continuously improve the risk management framework, capabilities, and risk culture across all business operations of MDV to ensure long-term growth and sustainability of our business.

RMD's roles and responsibilities encapsulate the monitoring and management of Credit Risk, Portfolio and Market Risk, Operational Risks as well as ensuring compliance of Shariah and managing the Integrity and Governance of MDV. Our ultimate objective is to ensure that the risk-taking in MDV is risk-rewarding whilst allowing MDV to achieve its business objectives.

1. Credit culture and risk appetite

- 1.1 MDV's credit culture is a unique combination of credit values, beliefs, practices, and attitude. This defines the financing environment and determines the financing behaviour that is acceptable to MDV.
- 1.2 We operate in a high-risk financing environment in view of our nation-building role to provide financing for unfamiliar, high-risk, and advanced technology-based companies and projects. Despite this responsibility, RMD always pursue appropriate vigilance and prudence when we undertaking credit lending to ensure that our capital is preserved at all times.

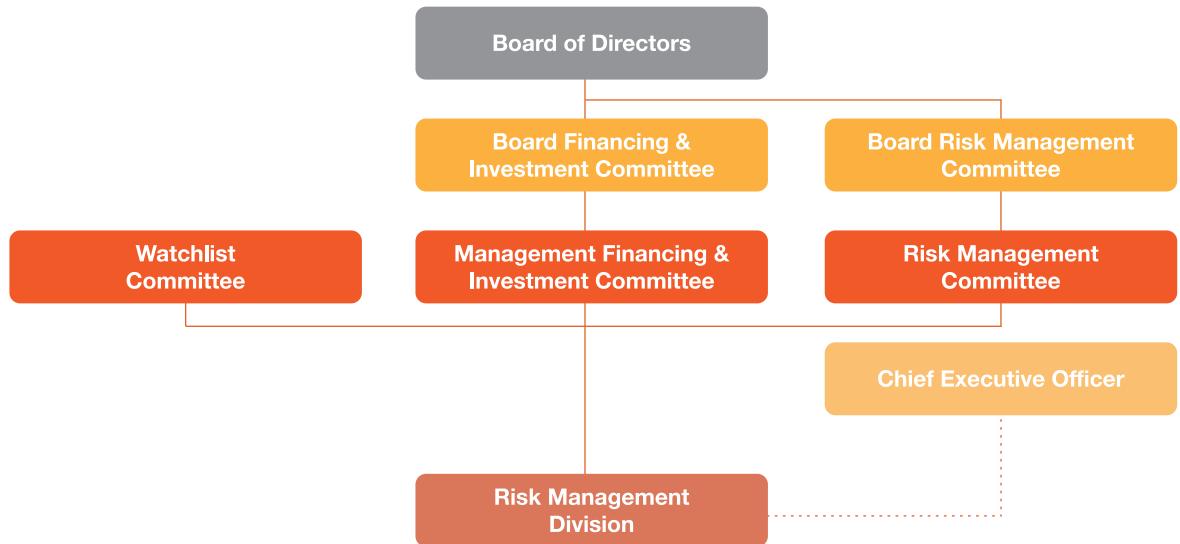
2. Risk tolerance

- 2.1 MDV encourages the adoption of controlled risks upon assessing new opportunities; and to apply innovative approaches to expand the interests of MDV to achieve the Company's objectives, provided that the resultant exposures are within the MDV's risk tolerance.
- 2.2 Other than managing the credit portfolio effectively by applying robust credit analysis and evaluation processes, RMD ensures that MDV always conform to the highest standards of processes and in accordance with the Shariah principles for Islamic financing on the prohibition of all forms of injustice and imbalance in all business transactions.
- 2.3 The Company also commits to high legal, ethical, and moral standards and zero tolerance to any forms of fraud and corruption.

3. Risk governance

- 3.1 MDV has established a robust framework to ensure appropriate oversight, accountability, and management of all risks encountered in the course of doing business.
- 3.2 MDV's key governance practice is mainly derived from the day-to-day risk detection, prevention, and monitoring activities whilst continuously providing and implementing control improvement mechanisms.
- 3.3 The responsibility and accountability for risk management commences with the Board of Director (BOD)'s oversight of governance structure, which ensures that our business activities:
 - Apply the principles of sound corporate governance in assessing and managing risks;
 - Undertake risk-taking activities that are aligned with MDV's capacity to absorb losses whilst safeguarding long-term viability;
 - Consistent application of MDV's credit culture and risk appetite; risk tolerance, and overall business strategy; and
 - Adequate risk management and internal controls.
- 3.4 MDV's Board Risk Management Committee (BRMC) and Board Financing Investment Committee (BFIC) assist the BODs in managing and governing the Company. BRMC, supported by the Risk Management Committee (RMC), reviews the overall risk appetite and levels of risk to be maintained for the Company. BFIC endorses the financing proposals and is supported by the Management Financing and Investment Committee (MFIC).
- 3.5 In addition, the Watchlist Committee chaired by the Chief of Risk, Integrity and Governance Officer, deliberates on accounts which show early signs of distress and increased risk; which would require subsequent close monitoring, special attention, and immediate actions to be implemented.
- 3.6 To further strengthen the overall risk management aspects in MDV, RMD also monitors the market, credit (portfolio management), and operational risks that may impact MDV in general. The observations and findings are presented in the risk reports with relevant recommendations made to the RMC and BRMC.

RMD's Risk Governance Structure



4. RMD's key roles and responsibilities:

Risks Covered	RMD's Roles and Responsibilities
4.1 Credit Risk	<p>Risk assessment and monitoring of MDV's financing portfolio.</p> <ul style="list-style-type: none"> ■ In assisting the relevant approving committees (i.e., MFIC and BFIC) in making informed financing decisions, RMD performs an independent credit risk assessments and provides recommendations to mitigate the risks associated with the financing/loan applications. The evaluation includes independent evaluations of the risk in the management team, legal, financials, technical capabilities, and overall performance. ■ Monitoring the performance of accounts via monthly Watchlist Committee Meetings to track and manage early red flags of accounts to mitigate and prevent accounts from turning into non-performing financing (NPF) accounts. The Watchlist Committee will decide on appropriate actions to be taken immediately. ■ Analyse NPF accounts and perform Post-Mortem Review; outcome of the evaluation will be presented to the credit divisions for lessons learnt purposes. ■ Implementation of Risk-based Expected Financing Loss (RBEFL) Framework for monitoring and management of MDV's portfolio exposure since 2020. This resulted in a more prudent and robust outcome on expected credit loss on MDV's portfolio as our RBEFL measures the probability of default and the expected loss on accounts by taking into consideration the elements of financing/loan tenure and credit grading.
4.2 Portfolio Risk	<p>Review and track exposures of portfolio to identify and manage systemic risk, concentration risk, and associated profitability considerations.</p> <ul style="list-style-type: none"> ■ The portfolio analysis is crucial to ensure an enterprise-wide control over MDV's financing exposures. This is done by monitoring actual risks against pre-set risk tolerance and parameters. ■ RMD's portfolio management provides an in-depth insight into MDV's overall performance of portfolio and analyse reasons behind the portfolio growth and decline, performance of sectoral/sub-sectoral. RMD ensures that the portfolio adhered to the capping for the sub-sectors and financing/loan exposures. ■ MDV portfolio management also covers any economic or industry events/ trends that may impact the portfolio accounts and risk-reward structures.

Risks Covered	RMD's Roles and Responsibilities
4.3 Operational Risk	<p>Provides overarching governance of operational risks through relevant policies, standard operating procedures (SOPs), and operational risk management (ORM) tools.</p> <ul style="list-style-type: none"> ■ RMD monitors the day-to-day operational risks via two key ORM tools i.e., Risk Control Self-Assessment (RCSA) and MDV's Global Key Risk Indicators (KRIs). All divisions and departments in MDV must scrutinise all the risk factors outlined in these two ORM tools and to report on any occurrence of loss events, breach of controls, and breach of Global KRIs. All loss events are reported with the recommendations to strengthen the controls to RMC/BRMC. ■ In 2021, RMD implemented a new ORM tool namely, Fraud and Corruption Risk Assessment (FCRA). This FCRA is the extension of RCSA but focused on fraud and corruption risk. With this document on-board, all divisions and departments are now better equipped to avoid fraud and corruption from happening. ■ RMD continues to review and enhance the divisional/ departmental policies and SOPs to ensure that new and updated processes in MDV are properly captured in the documents. ■ To ensure the continuity of MDV's business operations during a disaster, RMD incessantly monitors, reviews, and conducts business continuity processes and procedures to assure MDV's non-compromise on operational disruptions to both MDV employees and external parties.
4.4 Market Risk	<p>Optimise the Company's returns by maintaining market risk exposures within acceptable parameters.</p> <ul style="list-style-type: none"> ■ RMD's market risk report delves into MDV's overall financial and liquidity position to provide valuable insights for the Company's business strategy, particularly in setting-up the portfolio limit and financing mandate. ■ RMD ensures that exposure to market risk is always kept within the capability and financial capacity to withstand potential future losses. For Asset Liability Management (ALM) and risks inherent in the movement of profit/ interest rates, we examine and analyse the areas of risks as follows: <ul style="list-style-type: none"> i. The liquidity position to cover the monthly operating expenses and payment of the Sukuk/ Islamic Revolving Credit (RC-I) obligations; ii. The threshold of portfolio balance that MDV has to strive to achieve as well as the yield (average return on financing) from the financing charged in order to ensure profitability; iii. The negative carry position; iv. The risk of movement in interest/ profit rates leading to mismatch between Sukuk/ RC-I profit rate and interest/ profit rate charged to customers; v. The availability of cash for funding purposes (capital management); and vi. The competitiveness of Effective Cost of Fund rate (ECOF) levied to the customers.
4.5 Credit Compliance Risk	<p>Credit Compliance to Enhance MDV's Overall Credit Quality.</p> <ul style="list-style-type: none"> ■ RMD continuously undertake persistent compliance reviews via Post-Approval Compliance Review and Post-Disbursement Review to address any gaps in the current credit approval and disbursement processes to ensure MDV's overall credit quality and worthiness and consequently, minimise any non-compliance that can be detrimental to MDV's interest.
4.6 Shariah Compliance Risk	<p>Shariah Compliance Unit (SCU) to align MDV's Financing in accordance with Islamic Principles.</p> <ul style="list-style-type: none"> ■ SCU functions as a gatekeeper to ensure MDV's compliance with Shariah standards on all MDV's day-to-day Islamic business operations and activities. ■ SCU is responsible to deliberate and provide advice on Shariah compliance matters, specifically on the financing principles. ■ SCU further engages with the Shariah Advisor to provide on-going Shariah advisory and consultancy support on all matters relating to the Islamic products, such as financing restructuring/ rescheduling, review of legal documentations for existing and new products; and review and enhancement of Islamic products.

Risks Covered	RMD's Roles and Responsibilities
4.7 Integrity and Governance	<p>Integrity and Governance to Ensure Good Governance</p> <ul style="list-style-type: none"> ■ In line with the Government's vision to strengthen and enhance corporate integrity and governance at all Government Linked Companies, the Integrity and Governance Unit (IGU) was set up in August 2019. IGU reports directly to the BODs of MDV. On half-yearly basis, IGU also provide reports to the Malaysian Anti-Corruption Commission (MACC) on the four (4) core functions consisting of detection and verification, complaints management, integrity enhancement, and governance. ■ IGU ensures that all MDV's internal and external business relationships are guided by MDV's Code of Conduct which provides a guidance for all MDV's staff and external parties.

5. Key initiatives for 2021

Areas	Initiatives Carried Out
5.1 Portfolio and Credit Risk Management	<ul style="list-style-type: none"> ■ As the pandemic has not shown any signs of recovery, RMD conducted Portfolio Stress-Test twice in February and November 2021 respectively to analyse the impact of Covid-19 on MDV's portfolio accounts and assessment on the volatility of the country's economy. These assessments were done to ensure immediate actions were taken on our customers and portfolios to ascertain the detrimental impact on MDV's financial position. The findings and recommendations to cushion the impact were then escalated to the management and BRMC which resulted in MDV being able to reduce or eliminate any possible unfavourable outcomes for MDV. <p>All accounts that were assessed in the Portfolio Stress-Test which were eligible for moratorium were also automatically included in the Watchlist for monitoring purposes. Remedial actions were also recommended for accounts that no longer receive moratorium by end December 2021.</p> <p>RMD will continue to assess and monitor the current economic scenario in the country to stay vigilant against any uncertainties. RMD opines that whilst the economic impact from the Covid-19 pandemic would be less severe in the coming year as compared to 2021, Malaysia is still at its recovery stage. Political instability, however, may be a concerning factor in 2022. RMD will continue to endure to analyse these external conditions and provide recommendations to the Management to protect MDV's portfolio.</p> ■ RMD introduced an enhanced MDV Credit Risk Grading model to streamline the Company's portfolio across various type of companies, products, and programs. <p>The enhanced credit risk grading model is more reliable and robust as it considers key credit parameters and the consideration of MDV's financing high-risk sectors.</p> <p>The new MDV's Credit Risk Grading Model have the following key features:</p> <ul style="list-style-type: none"> i. Able to show a lateral comparison between all financing types; ii. Able to cover more components in management risk, credit risk, financial risk, business risk and industry risk; iii. Able to capture the risk factors which are relevant to each financing type and application type by Approval, Review and Request. iv. More user friendly and less subjective as the scoring buckets are granular and higher weightage is assigned to more factual components; and v. The availability of cash for funding purposes (capital management); and vi. Provide greater consistency especially in formula-related risk factors as the calculations are now automated. <p>RMD successfully completed the regrading exercise in November 2021. This regrading exercise is considered as an important milestone in MDV's credit lending journey, considering that the new credit grading now reflects the latest customer's risk profile which will give allowance for MDV to reengineer the specific strategies by identifying the relevant actions to be taken particularly on those performing accounts and thus safeguards the overall assets quality.</p> ■ A new pricing for financing/loan has also been introduced as a key element in risk management to ensure MDV's exposures and its activities are adequately compensated to ensure MDV's soundness and long-term business sustainability.

Areas	Initiatives Carried Out
5.1 Portfolio and Credit Risk Management	<p>The development of New Pricing Structure Mechanism signifies MDV's unremitting endeavours to match the customer's risk profile across all type of portfolios which shall also benefit MDV in the long run.</p> <p>The new pricing structure had been developed for a more sustainable pricing. The pricing range must benefit MDV by providing a comfortable yield to ensure profitability whilst at the same, it must be able to absorb the risks emanating from certain sub-sectors which we are involved in.</p> <ul style="list-style-type: none"> ■ During the year, RMD had also introduced a new capping for the sub-sectors for its portfolio. The revised sub-sector capping considers the growth potential of each of the sectors and sub-sectors. Given MDV's experience in the technology financing, we have evaluated the inherent risk and any possible systemic risk in the sub-sectors. The outcome of the revised sub-sector capping enables MDV to fulfil the government's mandate and MDV achieve our business strategies.
5.2 Business Continuity Management (BCM)	<ul style="list-style-type: none"> ■ RMD established the Post-Movement Control Order (MCO) Covid-19 SOP for all MDV employees as the Company applied a hybrid working arrangement during the pandemic in 2021. All Divisions were divided into two alternate working teams. The SOP was the Management's priority to ensure the health and safety of all employees to adhere to the rules on health screening, physical distancing, and personal hygiene. <p>The Post-MCO Covid-19 SOP was also consistently updated to be in line with the Ministry of Health (MOH)'s latest SOPs. The enhancement includes the responsibility of all employees to regularly update their MySejahtera profiles based on their health status, constant reviewing and updating the definition of close contact; sharing valuable information to all employees including Covid-19 symptoms, procedures related to the use of test kit, treatment for suspected and confirmed cases, Covid-19 early symptoms, Post-Covid Syndromes, as well as list of self-test kits approved by the Medical Device Authority.</p> <p>Our initiatives have resulted in minimal positive cases as staff fully adhered to the strict SOPs.</p>
5.3 Integrity and Governance	<ul style="list-style-type: none"> ■ RMD continuously enhanced the requirements under Section 17A since its introduction in 2019. We conducted several activities and programmes for employee awareness throughout 2021. ■ During the year, RMD had also introduced a new capping for the sub-sectors for its portfolio. During the year, with the approval from the Board, RMD introduced the MDV's Organisation Anti-Corruption Plan (OACP) 2021-2023. This OACP incorporates the action plans and strategic initiatives relating to the integrity and anti-corruption in line with the National Anti-Corruption Plan 2019-2023. <p>The OACP shall strengthen the integrity and anti-corruption culture amongst the employees as well as our key partners and stakeholders to ensure strict compliance to the Corporate Liability Act under Section 17A.</p> <p>The OACP involves a total of 29 initiatives to be implemented by various divisions and departments from year 2021 up until 2023 of which RMD completed 13 initiatives for 2021. The remaining 12 initiatives will be completed by 2022.</p> <ul style="list-style-type: none"> ■ To inculcate and uphold the integrity of all MDV employees, RMD produced and distributed the Anti-Bribery and Corruption (ABC) Handbook. This ABC Handbook serves as a quick guide and reference for all employees for the matters involving bribery and corruption including the corporate liability provision (Section 17A). This handbook was produced with the aim ensure complete understanding of ABC by all MDV employees to portray the highest standard of integrity required when dealing with any parties, both internally and externally. ■ Other encompassing activities, programmes, and initiatives conducted under the Integrity & Governance Unit (IGU) could be broadly divided into three (3) main categories:

Areas	Initiatives Carried Out
5.3 Integrity and Governance	<p>A. Reviews and revisions of policies, SOPs, forms, and checklists to ensure consistent compliance to MDV's existing regulations and governance:</p> <ul style="list-style-type: none"> ■ Reviewed/updated the Anti-Fraud SOP, Anti-Money Laundering and Counter-financing of Terrorism (AML/CFT) Guidelines and Integrity and Anti-Corruption Policy. ■ Revised the Whistleblowing Policy and SOP. ■ Revised and produced an enhanced Due Diligence Checklist on Third Party. ■ Revised and produced an enhanced AML/CFT Checklist. ■ Customised the Third Party Declaration of Conflict of Interest Form for the solicitors. ■ Produced the Customer's Annual Declaration Form and Customer's Declaration of Conflict of Interest with MDV Form for Asset Management Division. ■ Revised and produced an enhanced Third Party Declaration Form. ■ Established a Whitelist for procurement/ purchasing activities. ■ Updated the of Code of Corporate Governance and Corporate Governance Framework. <p>B. Organised talks and training as knowledge sharing and create awareness amongst all employees:</p> <ul style="list-style-type: none"> ■ Annual Talk/ Webinar on MDV's Code of Conduct, Anti-Fraud, Whistleblowing, and Integrity and Anti-Corruption. ■ Newsletters on Raid Protocol Policy; The Rights of Persons Arrested; Politically Exposed Persons (PEPs)/ Public Officials; and Whistleblowing. ■ Shared BNM's AML/CFT Newsletter #1/2021 "Covid-19 and the Changing Money Laundering and Terrorist Financing Risk Landscape". ■ Distributed the Integrity and Governance News. ■ Attended the AML/CFT Webinar - AMLA 2001: Risk, Challenges, Governance, and Transparency in Managing Business and Compliance. ■ Attended the Anti-Bribery and Corruption Webinar for Corporates, Small and Medium Enterprises. ■ Attended the Integrity Webinar "Protect the Whistleblower, Protect the Company". ■ Attended the Integrity Webinar with MDV's Customers "Raising Awareness on MDV's Business Ethics, Integrity and Whistleblowing Channels". <p>C. Other initiatives:</p> <ul style="list-style-type: none"> ■ Submission of Declaration on Conflict of Interest with Third Party form. ■ Updated the link for MACC's Corruption Offenders (Data Pesalah Rasuah) portal. ■ Issuance of Letter on Section 17A to all our customers, contractors, vendors, suppliers, solicitors, consultants.

6. Moving Forward

- 6.1 Moving into 2022, RMD will continue to strengthen the internal process and implement several initiatives such as the Cyber Incident Response Plan (CIRP). This CIRP shall form an integral part of MDV's Enterprise Risk Management (ERM) framework, which documents the adequate risk treatment measures in light of cybersecurity treats.
- 6.2 With the controls and processes in place, the task of inculcating integrity and good governance will continue in ensuring MDV upholds the highest level of integrity and creating the trust in in our business. This includes the continuity of the initiatives under the OACP for 2022.
- 6.3 As the economy is expected to be open and to be more robust, all of the controls and capping will be monitored stringently. The Watchlist Committee will continue to play an important part in ensuring the risk tolerance is adhered to achieve the MDV's business plan and growth.

Audit Committee Report

The Board of Directors (the Board) has the overall responsibility for internal controls for the Company, which includes reviewing its adequacy and integrity. The Board recognises that MDV's system of internal controls is designed to manage the risks within its acceptable risk profile and not to eliminate the risk of failure to achieve the Company's objectives. Hence, it can only provide reasonable and not absolute assurance against material misstatement of management and financial information or against financial losses and fraud.

Composition

The Audit Committee (the Committee) is a board-delegated committee established by the Board to provide an independent oversight of the adequacy and effectiveness of the governance, risk management, the company's system of internal controls particularly on financial reporting process and integrity of financial statement, as well as compliance with relevant laws and regulations.

Collectively, the Committee members comprising primarily independent directors have a range of necessary skills, knowledge, and experience in discharging their duties and responsibilities.

The Board-appointed Chairman of the Committee is not the Chairman of other Board Committees.

The Committee members are:

1. Dr Azura Othman - Independent Non-Executive Director, Chairman
2. Puan Nazidah Ahmad Ali - Independent Non-Executive Director, Member
3. Puan Nahidah Usman - Non-Independent Non-Executive Director, Member

Duties and Responsibilities

The primary duties and responsibilities of the Committee amongst others, are:

A. Internal Audit

The Committee is responsible for overseeing the internal control structure. For that reason, the Committee supervises the work of internal audit (IA) and for the remuneration and supervision of the Head of IA. The Chairman of the Committee shall be consulted before appointing or terminating the head of IA and shall conduct entry and exit interviews with the Head of IA. The appointment or termination of the Head of IA must be approved by the Board as a whole.

The Committee supervises IA of the Company and its responsibilities include:

- a. Review the IA function's mandate on an annual basis,
- b. Assess the capabilities of IA,
- c. Review the IA function's independence and reporting relationships,
- d. Review IA's audit plan including the scope and timeline, as well as ensures the IA is adequately resourced and able to undertake the activities independently and objectively,
- e. Review IA's performance against its plan,
- f. Review IA's reports particularly on the audit findings and recommendations,
- g. Monitor the implementation by management of IA's recommendations,
- h. Ensure coordination of IA's work with the work of the external auditors, and
- i. Review the overall effectiveness of IA in relation to its mandate and IA standards.

B. External Audit

- a. Appoint external auditors and approve their remuneration based on a review of the previous year's work and the current year's work, as well as the experience and independence of the proposed audit team,
- b. Approve the scope of the audit and how key risk areas are covered by the external auditors in their audit plan,
- c. Ensure the independence of the external auditors including the rotation of the key audit partner,
- d. Review the assistance given by the employees of the Company to the external auditors,
- e. Review the audit findings and recommendations including any disagreements that have occurred with management (by meeting the external auditors without management present) and discusses internal control deficiencies/fraud/ illegal acts, if any,
- f. Review any letter of resignation from the external auditors of the Company, and
- g. Review whether there are reasonable and justified grounds to believe that the Company's external auditor is not suitable for reappointment.

C. Financial Reporting

Review year-end financial statement, prior to the approval by the Board, focusing particularly on:

- a. Changes in or implementation of major accounting policy changes,
- b. Significant and unusual events, and
- c. Compliance with accounting standard and other legal requirements.

D. Related Party Transaction

Any related party transaction and conflict of interest situation that may arise within the Company including any transaction, procedure or course of conduct that raises questions of management integrity.

E. Whistleblowing

Ensure oversight of ethics and integrity and the preservation of the Company's reputation that could create a liability for the Company by reviewing any report that is received from IA, the external auditors and whistle-blowers.

F. Investigation

In assisting the Board in discharging its supervisory role, the Committee has the power to investigate on any matter brought to its attention within its terms of reference.

Activities of the Committee for the Year

Overview

The Committee is committed to its role in ensuring appropriate corporate governance practices and providing oversight on the Company's financial reporting, risk management and internal control systems.

Attendance of Meetings

Four (4) meetings were held during the year. The details of attendance of each member at the Committee meeting held during the year are as follows:

Name of Committee member	No. of meetings attended during the period under review
1. Dr Azura Othman	4/4
2. Puan Nazidah Ahmad Azli	3/4
3. Puan Nahidah Usman	4/4

The Committee consists of two (2) Independent Non-Executive Director, and one (1) Non-Independent Non-Executive Director who represents the Ministry of Finance.

The Committee met on a quarterly basis. The Chief Executive Officer (CEO), Chief Operating Officer (COO), Chief Business Officer (CBO), Chief Risk, Integrity and Governance Officer (CRIGO) as well as Vice President of IA were invited to attend the meetings.

The external auditors were also invited to attend the meetings to discuss their Audit Planning Memorandum, Audit Committee Report and other matters deemed relevant. In addition, the Committee also had a session with the external auditors without the presence of the Management.

During the year under review, the Committee in discharging its duties and functions, carried out the following activities:

A. Internal Audit

1. Reviewed and deliberated the revised IA plan for financial year 2021, taking into consideration changes in risks, ad-hoc special reviews and additional scope requested for certain audits, as well as availability of IA resources.
2. Reviewed IA's reports particularly on significant risk audit observations and improvement opportunities. The Committee considered IA's recommendations upon consideration of the management's responses, and upon which, approved IA's proposals for rectification and implement the agreed remedial actions for improvement.
3. Reviewed and deliberated the rectification actions and timelines taken by the management to ensure unresolved audit issues were addressed accordingly within the stipulated deadline. The Committee also deliberated the rectification timeline extension requests by Management and approved such requests where the justifications were acceptable.
4. Reviewed and deliberated on special review reports and provided directions, where necessary, to address and improve the internal control weaknesses highlighted.
5. Reviewed IA's audit activities undertaken for the financial year covering the progress on planned audit assignments and ad-hoc special reviews.
6. Reviewed on the minutes of all Management Audit Committee meetings for an overview of the deliberation and remedial actions taken by management on the internal control lapses and enhancements raised by the internal auditors.
7. Reviewed the effectiveness of the IA function and appraised the performance of the Vice President of IA and the internal auditors for year 2020.
8. Deliberated and approved the key performance indicators for Vice President of IA and internal auditors for year 2021.
9. Reviewed and deliberated the annual IA plan for financial year 2022 to ensure adequacy of the scope, coverage of activities as well as IA's staff strength and competency to carry out its functions.

B. External Audit

1. Reviewed with the external auditors on the Audit Plan for financial year 2021 focusing on the scope of work, audit timeline and proposed audit fees.
2. Discussed and deliberated on the external auditors' report and recommendations regarding opportunities for improvement to the significant risk areas, internal controls and financial matters areas based on observations made during the audit.
3. Evaluated the external auditors' performance and independence before recommending them to the Board for their reappointment. The external auditors provided the directors with a statement that they have complied with relevant ethical requirements regarding their independence.

C. Financial Reporting

1. Reviewed the annual audited financial statements to ensure that the financial reporting and disclosure requirements comply with the accounting standards, with special focus placed on the changes in accounting policy, as well as any significant and unusual transactions.
2. Discussed with the external auditors on:
 - Significant audit and accounting matters that include credit impairment assessments, MFRS 9 related matters, and unrealised gain on loan/financing at FVTPL, and
 - Tax related matters.

D. Annual Report

Reviewed and approved the Audit Committee Report for inclusion in Annual Report for financial year 2020.

E. Directors' Training

During the year, the Committee members have attended training programmes, seminars and talks to keep abreast of latest developments to enhance their knowledge for the discharge of their duties and responsibilities.

Some of the training programmes, seminars and talks attended were:

- Board Training Series.
- Post-Global Finance Crisis (GFC): Three Impactful Developments into the Longer Term.
- Uncompromising Integrity e-Learning.
- Anti-Bribery Management System: Internal Audit Workshop.

Internal Audit Function

The IA function is guided by its Internal Audit Charter and reports functionally to the Committee, and administratively to the CEO. Additionally, the IA is independent of the activities or operations of the Company.

The principal responsibility of IA is to undertake independent reviews of risk management, internal controls and governance processes implemented by the management to provide reasonable assurance that such processes are sound and adequate, as well as continue to operate effectively and efficiently.

Summary of IA activities

The main activities undertaken by IA during the financial year are summarised as follows:

1. Tracked and reported the progress status of the approved audit plans – initial and revised to the Committee on a quarterly basis.
2. Reviewed and revised the audit plan in June 2021 based on changes in risks and requests from management and tabled the plan to the Committee for discussion and approval.
3. Conducted audits as per initial or revised audit plans and ad-hoc special reviews requested by senior management during the year.
4. Based on the above, IA provided the Committee with independent and objective reports on the state of internal controls of the divisions and departments within the Company and the extent of compliance by such business and support units with the Company's established policies and procedures, as well as relevant laws and regulations.
5. IA also provided recommendations to enhance internal controls and operational procedures.
6. Outsourced the audit on cybersecurity to PricewaterhouseCoopers Risk Services Sdn Bhd in April 2021.
7. Monitored and reported the status of implementation plans on unresolved audit issues. Requests for deadline extension were also escalated to the Committee for deliberation and approval.
8. Established the risk-based audit plan for year 2022 and tabled to the Committee in December 2021 for approval.
9. Reviewed new and updated products, policies as well as procedures and provide feedback on the adequacy of internal controls to address the relevant risks or possibilities to adopt other opportunities or best practices.
10. Reviewed and revised the policies and procedures on whistle blowing and established separate guide for the Policy and Standard Operating Procedures, which were approved by the Board in April 2021.
11. Prepared the Audit Committee Report for inclusion in the Annual Report for financial year 2020, upon approval by the Committee.
12. Conduct training on Whistleblowing Policies and Procedures to employees and customers in July 2021 and October 2021, respectively.

Proficiency

To perform their duties and responsibilities, internal auditors had undergone continuous training programmes that were held internally and externally to equip themselves with requisite knowledge and technical skills.



Internal Audit Division's principal responsibility is to undertake independent reviews of risk management, internal controls and governance processes implemented by the Management and ensuring such processes are sound and adequate.



PR & Communications’ key role is to build, maintain and manage MDV’s reputation and brand awareness via all media platforms and ensuring good, working relationship with all MDV stakeholders.



Human Capital Division oversees MDV’s greatest assets – its employees. They are mainly responsible to attract, recruit and retain the best candidates, train and develop the employees to scale up their skills and knowledge to ensure MDV achieving its business goals objectives. As a result, adequate remuneration and benefits are offered to ensure employee retention while also fostering and maintaining high-performance work culture.

07

MDV Activities

- 65 Corporate Social Responsibility Programmes and Initiatives
- 68 MDV Sports & Recreation Club Activities

Corporate Social Responsibility Programmes and Initiatives

MDV continued to step up its efforts in reaching out to the community through various Corporate Social Responsibility (CSR) programmes and initiatives in 2021. The year saw MDV successfully organising more than 20 CSR-related activities with a focus on providing relevant assistance to the B40 or the low-income group across the country as well as any other segment of the community requiring urgent support/aid.

The following are some of the key highlights for MDV's CSR initiatives during the year:

Program Sejambak Kasih “Back-to-School” MDV dengan Kerjasama MOSTI

In conjunction with the re-opening of schools in early 2021, MDV and MOSTI joint hands to organise a Back-to-School programme, in which MDV acted as a sponsor for school bags, basic stationeries, sanitisers and reusable face masks for 500 underprivileged students based in Negeri Sembilan, Selangor & Terengganu.



Program Pemerkasaan Literasi MDV Dengan Kerjasama MOSTI

In support of the Government's efforts to assist students particularly from the low-income family group, to assist in their Pengajaran dan Pembelajaran di Rumah (PdPR) during the MCO period by providing relevant tools such as tablets and/or laptops, MDV had contributed 50 units of Samsung tablets to MOSTI for distribution to eligible students from the B40 group.



CSR Sejambak Kasih e-Usahawan Digital

As a technology financier, MDV's role in supporting local tech entrepreneurs goes beyond providing the required funding to also include advisory services and sharing of expertise. Consistent with this, in 2021, MDV had organised a one-day digital marketing training for selected and budding entrepreneurs in Pasir Salak, Perak, to expose them to the required skills and techniques to optimise and maximise their businesses via online and social media platforms in areas such as visual marketing, copywriting etc. All participants were also provided with a tablet each, as a required tool for them to bring their business online and to grow it further.



Corporate Donations

Throughout 2021, MDV had extended monetary contributions to several organisations and charity homes to assist them in their day-to-day/operational expenses including the National Cancer Society Malaysia, Breast Cancer Foundation Malaysia, Pertubuhan Kebajikan Anak-Anak Yatim dan Miskin Darul Khusus (PEYAKIN), Madrasah Tahfiz Khairul Uloom and Rumah Nur Qaseh.



Post-Floods Assistance

The year 2021 saw Malaysia being plagued by a number of devastating floods that hit several states in Malaysia; displacing and damaging hundreds of homes and properties. As a responsible organisation, MDV did not turn a blind eye to the predicaments of its fellow Malaysians and had extended several assistance in various forms to some of the victims and affected areas including distributing food packs to those affected by the floods in Pahang early in the year; contributing generator sets and water jets to UiTM & UPM for their post-floods clean-up efforts in December; extending zakat assistance to MDV's employees who were affected by the floods; providing monetary contribution to affected areas in Selangor and deploying volunteers to assist in post-floods clean-up at Taman Damai Utama, Hulu Langat; and supporting MOSTI in its post-floods clean-up efforts in Paya Besar, Pahang by extending monetary contribution.



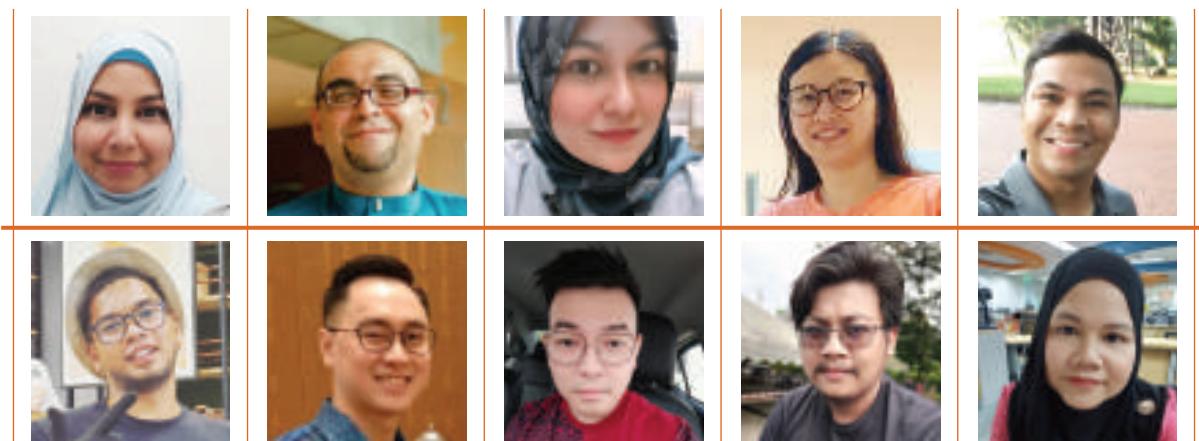
MDV Sports & Recreation Club Activities



When the sun dawned on the first day of 2021, MDV and the rest of Malaysia were still grappling with the ramifications of Covid-19. Social distancing was word of the year and social gatherings were but a distant memory.

But the looming threat of another round of movement control order (which did materialise in May'21) could not dampened the MDV spirit and as it had been for many years before, a new Sports & Recreation Club was sworn in.

The new elected SRC Committee were Aznin from Loan Monitoring Surveillance (President), Mike @ Mukhtar from Human Capital (Vice President), Syazwani from Asset Management (Secretary), Kelly from Business (Treasurer) and the Committee Members, Suhaib, Tse Khim (Business), Rafi (Business Building), Mahzura (Credit Management), Nelson (Asset Management) and Azmer (Risk Management).



The new SRC Committee aimed to bridge the old norm with the new norm and while there were limitations, endeavoured to bring back the cohesive and family centric environment that has always been synonymous with MDV.

Embracing the Govt's 3C tagline, SRC2021 adopted a **Virtual Theme** for 2021, in which MDVians, sorted into their respective teams will, in a feat as old as time, battle it out to be crowned Overall Champion 2021... but this time, on a virtual platform.

The five teams, aptly named after the 2021 theme were:



Cortana, Alexa, Bixby, Jarvis & Siri and at its helms were Aimi, Julinah, Nazarul, Rizal and Adrian respectively.

Virtual games & activities were organised throughout the year and it involved;

Foraging for treasures in the Virtual Scavenger Hunt; Drawing for your life in the Virtual Doodle & Draw; Flexing the might of your fingers in the Virtual Ultimate Typing Competition; Lording your supreme knowledge of all things MDV and general knowledge in the Virtual August Pop Quiz Extravaganza, and Testing the limits of human endurance in the Virtual Run & Virtual Duathlon Championships

It was months of fighting enough to make the most battle-hardened gladiators proud! And once the dust settled, a victor emerged.

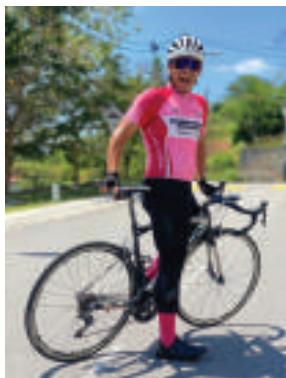
Through sweat, blood and tears, Team Cortana, lead by Aimi, was crowned **The Overall Champion of 2021**.

But the battle arena wasn't the only place MDVians were present.

On the softer side of things, through an initiative between SRC2021 and PR&Comms, a Pinktober Photo Contest was held during the month of October and thanks to the efforts of participating MDVians, RM350.00 was donated to the Breast Cancer Foundation and National Cancer Society Malaysia.



Mr & Ms Pinktober Photo Contest Winners



Duathlon Male & Female Winners (Cycling)



Duathlon Male & Female Winners (Running)



And in December 2021, SRC2021 alongside fellow MDVians were allowed the opportunity to assist with the flood relief efforts by heading out and being part of the clean-up process in Hulu Langat.



And thus wrapped up 2021.

A year that started in uncertainty, progressed with many successes and failures and ended with a deeper understanding of MDV's resilience in the face of adversity.



Top 3 Lucky Draw Winners



Legal & Secretarial Department ensures the Company's governance and compliance with the relevant regulatory frameworks and laws, provides assistance among others in legal advice, drafting and reviewing documentations and company secretarial services in support of MDV's corporate and business goals.



Finance & Administration Division oversees the accounting, budgeting and treasury activities to ensure prudent financial management of the Company as well as provide crucial administrative support in daily operations and procurement.

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