



**ANNUAL REPORT  
2022**

CELEBRATING 20 YEARS OF  
EMPOWERING INNOVATION

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CELEBRATING 20 YEARS OF  
EMPOWERING INNOVATION



At MDV, our unwavering commitment resides at the core of our initiatives to accelerate the nation's tech ambitions. For over 20 years, through our specialised and flexible financial solutions, MDV has been a cornerstone of Malaysia's tech ecosystem, bridging critical funding gaps and empowering tech companies to reach new heights in driving the nation's technological progress.





# TABLE OF CONTENTS

<b>01 CORPORATE PROFILE &amp; OVERVIEW</b>	
- Who We Are	03
- Our Values	04
- Focus Areas	05
- MDV Products & Programmes	06
- Financial Highlights	09
- History & Milestones For Year 2022	10
<b>02 MESSAGE TO STAKEHOLDERS</b>	
- Message From The Chairman	12
- Chief Executive Officer's Review	14
<b>03 LEADERSHIP &amp; PEOPLE</b>	
- Board Of Directors' Profile	19
- Senior Management Team	25
- Management Team	26
<b>04 OPERATIONS &amp; FINANCE</b>	
- Chief Financial Officer's Insights	28
- Financial Review	30
- Sectoral Performance Highlights	32
- People & Talent	33
<b>05 SUPPORTING THE NATION'S TECH AGENDA</b>	
- Chief Strategy Officer's Insights	36
- The Evolution Of MDV's Financing	38
- The ESG Imperative: Driving A Sustainable Future With Digital Innovation	39
- Market And Industry Outlook On MDV's Mandated Technologies	43
<b>06 FUNDING THE NATION'S FUTURE IN TECHNOLOGY &amp; INNOVATION</b>	
- Chief Business Officer's Insights	49
- Customer Outreach & Stakeholder Initiatives For Greater Engagement With The Tech Fraternity	51
- MDV Venture Finance Activities & Initiatives	53
- Building The Ecosystem For Soonicorns	54
<b>07 CORPORATE GOVERNANCE &amp; ACCOUNTABILITY</b>	
- Chief Risk, Integrity & Governance Officer's Insights	56
- The Role Of Risk Management Division(RMD) And Key Achievements In 2022	58
- 2022 Audit Committee Report	66
- Corporate Governance	70
- Sustainability At MDV	72
<b>08 EVENTS</b>	
- MDV's Corporate Social Responsibility Activities In 2022	76
- KL Venture Finance Forum 2022	78
- KLVF Decodes Event In 2022	83
- MDV Sports & Recreation Club 2022	84

# 01



## CORPORATE PROFILE & OVERVIEW

Who We Are	03
Our Values	04
Focus Areas	05
MDV Products & Programmes	06
Financial Highlights	09
History & Milestones For Year 2022	10

## WHO WE ARE

Malaysia Debt Ventures Berhad (MDV) was established in 2002 by the Malaysian government to provide innovative financing facilities to develop the Information and Communications Technology (ICT) sector. Over the years, MDV has expanded its financing mandate beyond the ICT sector to include other technology-driven industries identified by the Government as catalysts for the nation's growth such as Green Technology, Biotechnology, Strategic and Emerging Technology. From 2018, MDV launched its venture debt programme developed to finance technology start-ups.

In meeting the needs of young and underserved technology companies, MDV provides a comprehensive range of financing solutions utilising both Islamic and conventional structures, to meet the diverse business requirements of our customers, including project and contract financing.

In addition, MDV is also the first and largest Venture Debt/Financing provider in Malaysia providing start-ups with term and revolving financing to extend their growth runway while minimising equity dilution.

Through the provision of tailored financing solutions and technical expertise, MDV's funding has played a pivotal role in the success of numerous high-impact projects, resulting in job creation, economic growth, and an increased competitive edge for the country in the global marketplace.

MDV remains committed to supporting the Government's vision of advancing high-value technology and innovation to achieve a high-income nation status.

MDV will continue to play a significant role in ensuring a thriving tech and start-up ecosystem in Malaysia towards achieving its vision of becoming the Nation's Technology Financier.



# OUR VALUES

## 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

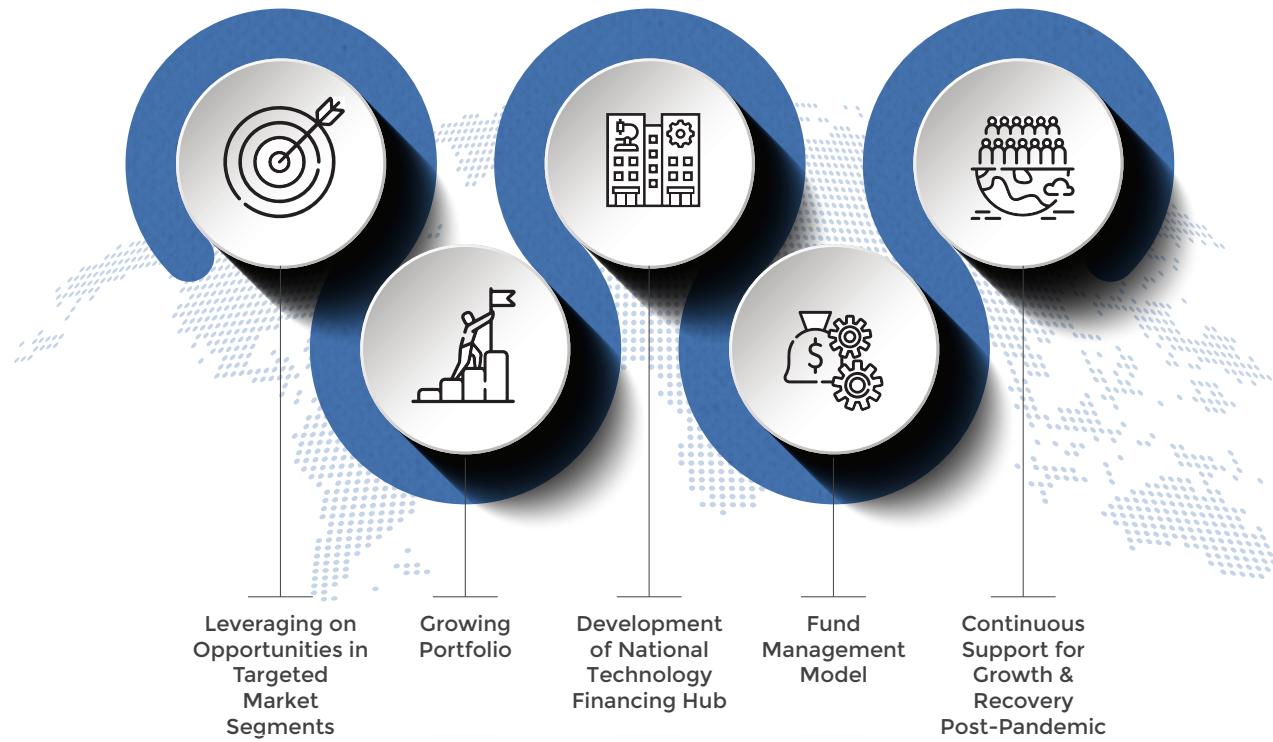
To remain financially sustainable while fulfilling our developmental role.

## 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.

## FOCUS AREAS IN 2022



## ACHIEVEMENTS

<b>RM13.16 billion</b>	Disbursement
<b>RM6.10 billion</b>	Aggregate Fund Size
<b>RM3.60 billion</b>	Aggregate Fund Size Activated
<b>1,165</b>	Projects
<b>1,015</b>	Companies

As of the end of the Financial Year Ended 31 December 2022 (FY 2022), MDV cumulatively disbursed RM13.16 billion to fund 1,165 projects and had approved financing for more than 1,000 technology companies in Malaysia. Moving forward, MDV remains committed to its critical role in providing financing and support to Malaysian technology companies, empowering them to expand and compete effectively against established global technology enterprises.

# MDV PRODUCTS & PROGRAMMES

MDV is a technology financier that offers flexible and innovative financing solutions to meet diverse funding requirements of tech-based companies & projects.

MDV provides a wide range of financing solutions aimed at spurring and accelerating the growth of technology companies including trade financing and guarantees, project and contract financing, working capital and asset financing, as well as growth, venture, and acquisition financing.

Products	
<b>Islamic</b>	<ul style="list-style-type: none"> <li>• Trade Facilities/Guarantees (Pre-shipment/Delivery)</li> <li>• Term/Project &amp; Revolving Lines (Pre-shipment/Delivery)</li> <li>• Project/Contract Financing (Pre-shipment/Delivery)</li> <li>• i-Factoring (Post-shipment)</li> <li>• Cash Line (Liquidity Support)</li> <li>• Venture Financing</li> </ul>
<b>Conventional</b>	<ul style="list-style-type: none"> <li>• Trade Facilities/Guarantees (Pre-shipment/Delivery)</li> <li>• Term/Project &amp; Revolving Lines (Pre-shipment/Delivery)</li> <li>• Project/Contract Financing (Pre-shipment/Delivery)</li> <li>• Cash Line (Liquidity Support)</li> <li>• Venture Debt</li> </ul>

In addition, MDV also offers cash lines and Islamic factoring facilities to start-up companies, with the latter specifically designed for companies without a credit history to obtain credit lines. MDV's financial solutions are available in both the Islamic and conventional principles, ensuring MDV's ability to cater to a diverse range of technology financing needs.

MDV also manages specialised financing programmes that are developed with the Government to support the technology industry. These programmes include:

- MDV Technology Acceleration and Commercialisation Scheme (MDV-TACT)
- MDV Technology Acceleration and Commercialisation Scheme 2.0 (MDV-TACT 2.0)
- MDV Technology Venture Financing Microfund Guarantee Scheme (MDV-TechVFMG)

The above programmes help start-ups to commercialise their technology products and services. MDV also offers specific financing assistance for technology start-ups that were impacted by the COVID-19 pandemic through the Liquidity Financing for Technology Start-Ups (LIFTS) programme, formerly known as the Technology Start-Ups Funding Relief Facility (TSFRF). Furthermore, the MDV Technology Venture Financing Microfund Guarantee Scheme (MDV-TechVFMG) has a total allocation of RM78.00 million to initiate the Microfund, with a 50:50 contribution ratio from Government funding and the private sector.

Programmes			
SME/Start-ups	Government Priority Programmes	Fund Management	
<ul style="list-style-type: none"> <li>• SME Contract Financing</li> <li>• SME Project Financing</li> <li>• Skim Usahawan Permulaan Bumiputera (SUPERB) by Unit Peneraju Agenda Bumiputera (TERAJU)</li> <li>• Acquisition Financing</li> <li>• Vendor Development Programme (VDP) for National Fiberisation and Connectivity Plan (NFCP)</li> <li>• MDV Technology Acceleration and Commercialisation Scheme (MDV-TACT)</li> <li>• MDV Technology Acceleration and Commercialisation Scheme 2.0 (MDV-TACT 2.0)</li> <li>• Completed Projects Financing</li> <li>• SME Technology Thrust Financing (THRUST)</li> <li>• MDV Technology Venture Financing Microfund Guarantee Scheme (MDV-TechVFMG)</li> <li>• Liquidity for Equipment and Asset Purchase Programme (MDV-LEAP)</li> </ul>	<ul style="list-style-type: none"> <li>• Liquidity Financing for Tech Start-Ups (LIFTS)</li> <li>• Energy Performance Contracting (EPC)</li> <li>• Green Technology Financing Scheme (GTFS)</li> <li>• Green Technology Financing Scheme 2.0 (GTFS 2.0)</li> </ul>	<ul style="list-style-type: none"> <li>• Commercialisation Financing Scheme</li> <li>• Bioeconomy Transformation Programme (BTP)</li> <li>• COVID-19 Intervention Fund Assistance Programme (CIFA)</li> </ul>	

## MDV FINANCING PROGRAMME 2022

### Project/Contract Financing

Project/Contract Financing facility is available to fund long-term public or private technology infrastructure projects. Payments are generally secured from cash flow generated by the project, while the project's assets, rights and interests are held as secondary security or collateral. This form of financing includes Build-Operate-Own or Build-Operate-Transfer financing, which requires significant upfront investments.

MDV's financing enables project assets to be financed through term financing that is payable over specified amounts based on a repayment schedule over the project period. MDV allows for financing tenures of up to 15 years, subject to the overall project period. This facility is offered to companies or Special Purpose Vehicles (SPV) companies that have secured medium to long-term public or private technology infrastructure projects.

MDV's financing solutions for project/contract financing are available in various instruments such as term loans and revolving and trade facilities, based on specific requirements. MDV had approved RM290.73 million in project/contract financing for 33 companies in 2022.

### Venture Debt/Financing

MDV's Venture Debt/Financing targets high-growth, venture capital-backed and innovative technology start-ups to scale up their business and accelerate value creation. With a financing tenure of up to 5 years, the programme offers start-ups credit financing with repayment schedules that are tailored to their business requirements and projections. Venture Debt/Financing facilities are offered at competitive risk-adjusted financing rates with a warrant cover of up to 25% of the financing amount. This programme is significant for young technology companies that are seeking financing options without the need for significant shareholding dilution from equity fund raisings, or for companies that are seeking liquidity to bridge their operations until the next fundraising round.

MDV had approved financing for eleven (11) companies under the programme in 2022 totalling RM45.50 million (excluding MDV-LIFTS).

### Liquidity Financing for Technology Start-Ups (LIFTS)

To cushion the impact brought forward during these challenging market conditions, MDV with support from the Ministry of Science Technology & Innovation (MOSTI) and the Ministry of Finance (MOF) launched the Liquidity Financing for Technology Start-Ups (LIFTS) programme - formerly known as Technology Start-ups Funding Relief Facility (TSFRF) - on 8 May 2020 with an allocation of RM100.00 million. This programme is aimed towards assisting Venture Capital (VC)-backed or Government agency-backed technology start-ups that were affected by the COVID-19 pandemic by providing immediate and targeted cash flow support to sustain their business operations.

LIFTS offers a profit rate of 3.50% per annum on the amount outstanding. It is similar to a revolving credit facility, allowing disbursements to be requested on demand or based on a 6-month rolling cash flow requirement per applicant. Outstanding balances of the principal can be rolled over semi-annually, providing flexibility in managing repayment.

In 2022, MDV approved a total of RM8.80 million in financing for six (6) companies under this programme.

### Energy Performance Contracting (EPC)

MDV's Energy Performance Contracting (EPC) programme provides financing for Energy Efficiency (EE) and Energy saving-based projects undertaken by Energy Service Company (ESCO) in the construction and building sectors. EPC aims to accelerate the growth of ESCO's business in the country by strengthening their financial credit profile. MDV has allocated RM200.00 million for the EPC Programme.

With the support of the Ministry of Natural Resources, Environment and Climate Change (NRECC), successful applicants will enjoy a 1% profit subsidy per annum.

The credit profile of applicants is enhanced through a 50% guarantee from the Credit Guarantee Corporation Berhad (CGC) under this financing scheme.

In 2022, MDV had approved RM4.70 million in financing for one (1) company under this programme.

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

As part of the Eleventh Malaysia Plan (RMK-11) initiatives by the Government to promote national technology development, MDV-TACT was developed and implemented to increase Malaysia's R&D commercialisation rate and start-up success rate over the period of RMK-11 and thereafter. The main objective of the programme was to provide financing access for start-up companies' commercialisation and growth acceleration activities. The total fund ceiling allocated for the programme was RM50.00 million.

Under this programme, successful applicants may receive up to RM5.00 million in financing via a hybrid approach of credit financing with a lower financing rate and an equity component provided to MDV via warrants.

The benefit of such a structure is to lower the funding costs to customers thus making it attractive for technology start-ups.

From 2017 to 2021, MDV had approved a total of RM44.00 million in financing facilities for 14 technology companies under this programme. The venture debt/financing model has been well accepted by start-up companies in Malaysia, hence due to its success, the programme has been approved to be continued under the Twelfth Malaysia Plan (RMK-12).

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

MDV-TACT 2.0 under the twelfth Malaysia Plan (RMK-12) is a continuation and an expanded version of the initial MDV-TACT programme launched under RMK-11, with an increased fund ceiling from RM50.00 million to RM100.00 million for technology start-ups. This programme provides credit financing to start-up companies in the form of Venture Debt/Financing, which includes a warrant cover ranging from 5% to 25%. The programme allows entrepreneurs to retain a larger share of the value created, resulting in up to 90% lower dilution for entrepreneurs. The main difference of the TACT 2.0 programme is that the financing limit is higher at RM10.00 million, compared to RM5.00 million under the earlier MDV-TACT programme.

Cumulatively, MDV had approved a total of RM13.50 million in financing facilities for five (5) technology companies under this programme.

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

The objective of this programme is to create investment funds with investors from the private sector that will provide venture debt/financing to tech start-up and tech-based companies to support their growth. The funds will primarily be used for working capital, asset/equipment purchase, and business development. The programme has a total fund size of RM100.00 million, with RM50.00 million provided by the Government and an additional RM50.00 million contributed by the private sector.

The establishment of the first MDV-TechVFMG fund with a focus on FinTech was finalised in 2021 with a total fund size of RM50.00 million. In 2022, MDV approved a total of RM15.00 million in financing facilities for 3 technology companies under this programme.

### **i-Factoring**

MDV's i-Factoring allows businesses to factor accounts receivables for up to 80% of the face value, providing immediate cash to improve cash flow. This solution is tailored specifically for technology companies and offers similar benefits to factoring solutions provided by other institutions.

### **Green Technology Financing Scheme 2.0 (GTFS 2.0)**

GTFS 2.0 was approved by the Government in 2019 with a total allocation of RM2.00 billion, following the successful inception of GTFS 1.0 in 2010. The purpose of the programme remains unchanged, which is to finance green technology investments for the production, utilisation, and acquisition of assets relating to energy efficiency or energy performance contracting. MDV as one of the participating financial institutions under GTFS 2.0 offers financing for projects that are certified under the programme.

Customers under the programme can enjoy a 60% government guarantee on green technology cost upon financing approval. As at end of 2022, MDV had approved RM927.05 million in GTFS financing for 65 companies.

### **Acquisition Financing**

The purpose of Acquisition Financing is to facilitate technology SMEs' acquisition of strategic stakes in other companies in order to scale up their operations, develop their business scope, and pursue management buyouts. Consistent with MDV's mandate, this financing seeks to assist companies that generally do not have access to acquisition financing due to their small size, relatively small financing needs, and lack of investment bank and commercial bank interest.

### **COVID-19 Intervention Fund Assistance Programme (CIFA)**

TERAJU and MDV had collaborated in developing a dedicated financing programme for the winners of the Skim Usahawan Permulaan Bumiputera (SUPERB) who are affected by the COVID-impacted economic conditions. The programme comprises RM5.00 million allocation by TERAJU, with financing amount of RM50,000.00 allotted per approval based on Islamic financing principles of Commodity Murabahah. The facility offers a low profit rate of 2.00% per annum.

Cumulatively, a total of RM0.45 million in financing facilities had been approved under this programme for nine (9) SUPERB winners.

### **SME Technology Thrust Financing (THRUST)**

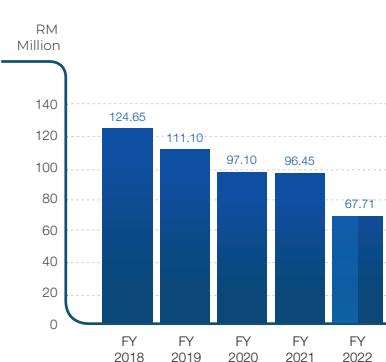
The key objective of THRUST is to offer liquidity assistance to technology SMEs in the post-pandemic period to support their growth and recovery. This financing solution is designed specifically for small and medium enterprises (SMEs) in the technology sector that have been impacted by the pandemic and require financial assistance to regain liquidity during the post-pandemic period. The programme was launched in 2022, and has been allocated a total fund of RM50.00 million to fulfil its objective.

### **Liquidity for Equipment and Asset Purchase Programme (MDV-LEAP)**

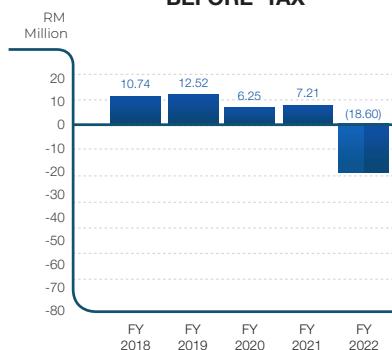
MDV-LEAP is a financing solution for acquiring ICT assets and equipment. The programme is designed to cater for market demand by offering a fixed and flat rate non-revolving financing facility as an alternative to the hire-purchase/leasing financing option. The financing margin can cover up to 100% of the capital expenditure cost or up to 85% of the applicable contract value, whichever is lower.

## FINANCIAL HIGHLIGHTS

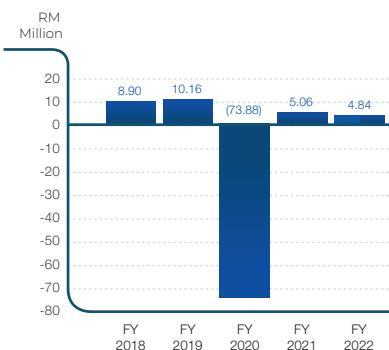
**REVENUE**



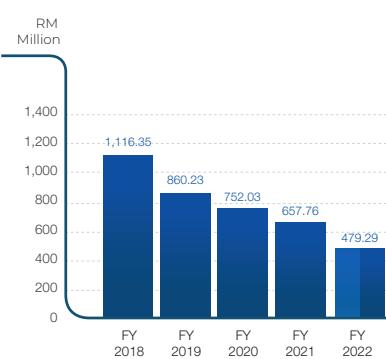
**PROFIT/(LOSS)  
BEFORE TAX**



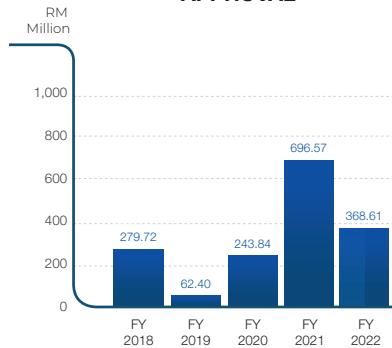
**NET PROFIT/(LOSS)**



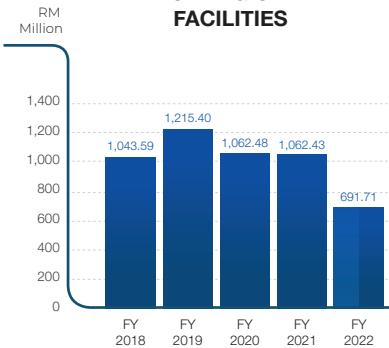
**NET LOANS/FINANCING**



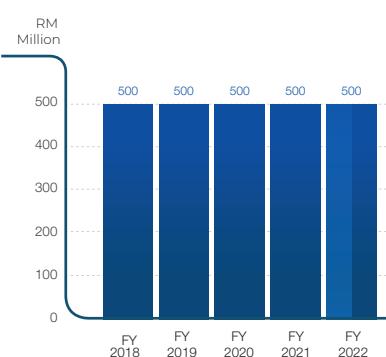
**LOANS/FINANCING  
APPROVAL**



**SUKUK, TERM LOAN AND  
REVOLVING CREDIT  
FACILITIES**



**SHARE CAPITAL**



**SHAREHOLDERS' FUNDS**



**ASSETS**



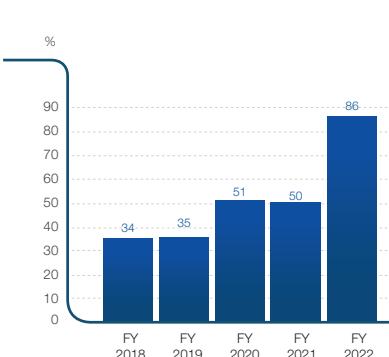
**LIABILITIES**



**COST OF FUNDS**



**COST INCOME RATIO**



# HISTORY & MILESTONES

## FOR YEAR 2022

Introduction of Liquidity for Equipment and Asset Purchase Programme (MDV-LEAP) which played the role as a financing solution option for ICT assets, an alternative to hire purchase or leasing option.

Introduction of SME Technology Thrust Financing (THRUST) Programme (formerly known as Liquidity Financing for Technology Companies - LIFTS SME) to support the recovery and growth of technology companies affected by COVID-19 pandemic by providing immediate and targeted cash flow to strengthen their business operations and support growth.

MDV earmarked a pilot fund of RM500,000.00 each to be invested through Funding Societies and CapBay respectively. Both are prominent digital P2P financing platforms for small and medium-sized enterprises (SMEs) in Southeast Asia.

MDV upsized its second tranche of RM50.00 million fund for the Liquidity Financing for Technology Start-Ups (LIFTS) programme to provide support to technology start-up companies.

MDV organised the inaugural Kuala Lumpur Venture Finance Forum 2022 (KLVF22) to facilitate the development of Malaysian unicorns through bringing together policy makers, investors and financiers, as well as founders and key personnel of various start-ups.

MDV and Kapital DX has partnered to improve access to fundraising and investments for technology companies. Kapital DX is an Initial Exchange Offering (IEO) platform registered with the Securities Commission Malaysia (SC) that allows start-ups, growth stage companies, projects, private equity firms and venture capitalists to raise funding of up to RM100.00 million via the platform in a cost-effective manner.

MDV was accorded the Special Awards for sustainable energy financing in the development financing institutions and others category in National Energy Award (NEA) 2021.

RAM Rating Services Berhad (RAM Ratings), the leading and largest credit rating agency in Malaysia and South-East Asia (ASEAN), has reaffirmed MDV AA3/Stable/P1 corporate credit ratings, alongside the same ratings of its RM2.00 billion Conventional and Islamic Commercial Papers/ Medium-Term Notes Programmes.

MDV appointed Marazizi Omar as New Chief Business Officer to spearhead MDV in its efforts to achieve rapid growth targets over the next three to five years pursuant to the company's long-term plans in advancing the technology sector for the benefit of the nation.

MDV has successfully completed the incorporation and name change of its two subsidiaries, MDV Venture Management Sdn. Bhd. (formerly known as Feroblue Sdn. Bhd.) and MDV Startup Accelerator Sdn. Bhd. (formerly known as Bywings Sdn. Bhd.). Both subsidiaries would be earmarked for fund management activities.

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## MESSAGE TO STAKEHOLDERS

Message From The Chairman  
Chief Executive Officer's Review

12

14

## MESSAGE FROM THE CHAIRMAN

Dear Valued Stakeholders

I am pleased to present Malaysia Debt Ventures Berhad's Annual Report for the year 2022.

As we embark on yet another chapter at MDV, I am truly privileged to have the opportunity to continue driving the growth of MDV and building upon its many accomplishments as the new Chairman.

The growing importance of the technology sector to our nation's development and progress has become increasingly evident in recent decades, underscoring the critical role that MDV occupies as a catalyst for technological advancement.

Since MDV's inception more than 20 years ago, its journey has been marked by significant milestones and a steadfast commitment to its mandate. I am pleased to report that the year 2022 continues to see MDV solidifying its position as the bedrock of innovative financing, charting new achievements both in its capacity as a financier and as an advocate for the technology sector.

MDV's financial and business performance in the past year has showcased its resilience and unwavering commitment to advancing Malaysia's technology sector. Despite prevailing external pressures and volatility in the economic and business environment, MDV remained focused in navigating through challenging times to fulfill its nation building mandate.

**WONG CHEN**  
Chairman





The year saw MDV continuing to explore alternative financing avenues and diversifying its funding sources, while widening and ensuring access to capital for close to 100 technology-based companies and start-ups with approved financing amounting to RM368.61 million.

Beyond financing, MDV also continued to facilitate important industry discourse, notably, through the hosting of the inaugural Kuala Lumpur Venture Finance Forum 2022 (KLVF22) in the third quarter of the year, exemplifying MDV's pivotal role in fostering collaborations and meaningful connections within the industry. These efforts aligned perfectly with MDV's mandate to empower and nurture innovative businesses, to ensure their growth and success.

Technology and innovation have the potential to address a wide range of societal challenges and drive transformative change in society. With more than two decades of experience in supporting novel businesses and technologies, MDV possesses the expertise needed to identify and support promising ventures with abilities to leverage technology in solving modern-day challenges, which are important in achieving a sustainable and inclusive growth for the nation.

In this regard, I am pleased to note MDV's instrumental role in supporting green technology initiatives in Malaysia, particularly in the renewable energy sector. As one of the earliest financiers to provide support to renewable energy players, MDV has played a pivotal role when financing opportunities were limited. This early commitment demonstrates MDV's dedication and foresight in driving sustainable development and innovative solutions to address environmental issues. By continuing to foster partnerships and ensuring uninterrupted access to financing for local green tech players, I believe that MDV will have a bigger role to play as a key contributor to Malaysia's transition to a low-carbon economy and will continue to catalyse the development of cutting-edge green tech, driving impactful solutions that will benefit the environment and enhance the quality of life for all Malaysians.

Notwithstanding its achievements to-date, as the technology sector matures and MDV faces the risk of becoming obsolete, MDV must ensure that it is able to remain ahead of the curve by staying relevant and dynamic. This requires agility, a keen understanding of market trends, anticipation of shifts, and consistent refinement of strategies.

To this end, in my role as MDV's new Chairman, I hope to provide guidance and insights to our dedicated board and management team as well as the entire workforce, and to lead by example, inspiring everyone to continuously strive for excellence and exceed their own expectations. At the same time, I am dedicated to ensuring that MDV continues to subscribe to the highest standards of corporate governance and ethical practices, which are key to the Company's long-term sustainability and growth.

I am grateful to the Ministry of Finance (MOF), Ministry of Science, Technology & Innovation (MOSTI), and the esteemed members of the Board of Directors for their unwavering faith and support in MDV. I also extend my utmost appreciation to our valued customers for their trust in our services. Last but not least, I would like to acknowledge the dedication and hard work of our exceptional management team and employees, whose tireless efforts form the very foundation of the Company's success.

As we turn the page to this new chapter, I am confident that MDV will continue to work diligently in supporting technology companies and start-ups to live up to their full potential and achieve remarkable accomplishments for the benefit of our nation. With your ongoing trust in MDV, we are poised to navigate the challenges and opportunities that lie ahead, striving to surpass expectations in all we undertake.

**Wong Chen**  
Chairman

## CHIEF EXECUTIVE OFFICER'S REVIEW



MDV celebrated our 20th Anniversary in 2022. Reaching this milestone after two decades of serving the nation's technology sector with diligence and dedication has indeed been a fulfilling experience for all in MDV. It was fitting that we celebrated this important milestone by marking another significant moment in our Company's history, as we hosted the nation's first Kuala Lumpur Venture Finance Forum 2022 (KLVF22) in September last year.

As I reflect upon our performance in the past year, I am delighted to share that MDV has achieved commendable progress in fulfilling our mandate as a catalyst for the growth and success of innovative technology companies and start-ups in Malaysia. Despite prevailing external conditions, we have persevered in our commitment to nurturing and supporting these companies, driving innovation, and contributing to the advancement of the Malaysia's technology sector.

**NIZAM MOHAMED NADZRI**  
Chief Executive Officer

## MDV's 2022 Achievements in Retrospect

Our journey in 2022 was defined by unwavering resilience and determination as we forged ahead to build upon the progress that has been achieved by MDV since its inception.

As global economies continued to grapple with the combined challenges of geopolitical conflict, the escalating cost of living, and energy and climate crises, Malaysia's economy faced its own subdued trajectory amidst the complexities of post-pandemic recovery. However, as the Government began easing the restrictions imposed due to COVID-19, several economic indicators began to pick up, contributing to the country's remarkable resilience in 2022 as it recorded a GDP growth rate of 8.70% – the highest annual growth since the year 2000. The technology sector emerged as one of Malaysia's fastest-growing sectors, with projections indicating that the digital economy is set to reach an impressive RM156.00 billion by 2025. The industry's substantial contribution to our economy reinforces the importance of continued innovation and adaptability amongst tech-based Small and Medium Enterprises (SMEs).

Against this backdrop, MDV drew upon the opportunities by leveraging our expertise and deep understanding of the industry to continue providing specialised financing solutions tailored to the unique needs of Malaysia's technology companies and start-ups. MDV continued to foster financial inclusivity and provide these companies with access to vital resources, playing a pivotal role in propelling their growth and achievement in the rapidly evolving digital landscape.

Despite external challenges and headwinds in the business and financial markets, I am pleased that MDV was able to remain on its course, recording sustained progress in FY 2022. While we had to endure several challenges and occasional setbacks, we persevered and continued to work hard to deliver commendable results during the course of the year.

In the year under review, MDV disbursed over RM221.98 million in financing benefitting 75 tech-based companies and projects, with the ICT sector remaining the biggest beneficiary, followed by the Green Technology and Emerging Technology sectors, respectively. From the disbursement amount, RM27.49 million was to fund 22 high-potential tech start-ups, signifying our commitment to continue extending financing assistance to tech companies in the earlier stages of development and growth, and to assist them in reaching their full potential.

In terms of our financial performance, the year saw MDV achieving a net profit of RM4.84 million in FYE 2022 (FY 2021: RM5.06 million) – higher than the budgeted net profit of RM2.96 million – on the back of a net deferred tax credit of RM23.43 million. MDV's revenue decreased to RM44.73 million (FY 2021: RM58.27 million) compared to the previous financial year due to moderating portfolio growth of 27.13% year-on-year, driven by the redemptions/full settlement of some of MDV's key accounts. Furthermore, as part of its commitment to long-term financial resilience, MDV's prudent approach to

provisioning led to an allocation of a net financing loss allowance of RM21.79 million for FY 2022.

In terms of financial resources and liquidity management, MDV made significant strides in strengthening its position in FY 2022. The successful activation of MDV's new RM2.00 billion Sukuk/Bond programme, marked by the first nominal issuance of RM4.00 million in early 2022, provides a solid foundation for future growth. With a tenure of 25 years, this programme grants MDV the flexibility to raise short, medium, or long-term funds of up to RM2.00 billion from the Malaysian capital market, enabling support for its business expansion. To further enhance liquidity, MDV has secured a combination of new and existing short-term revolving credit facilities totalling RM200.00 million, complementing the new Sukuk/ Bond programme. Despite challenges, MDV remained steadfast in fulfilling all of its financial obligations, diligently meeting scheduled IMTN payments of RM402.00 million during the year, bringing the cumulative amount paid so far to RM1.40 billion.

I am also pleased to highlight that pursuant to our financial performance, and as approved during our Annual General Meeting (AGM) held on 23 June 2023, MDV will be paying a dividend of RM1.40 million to our shareholders for FY 2022, demonstrating our continued commitment to enhancing and creating value for our stakeholders.

## Reaching Milestones for A Sustainable Future

In FY 2022, MDV had achieved a number of significant milestones.

In addition to celebrating our 20-year anniversary, we were proud to host Malaysia's inaugural venture finance event, KLVF22, which brought together esteemed speakers from the regulatory and finance sectors, as well as successful start-ups and technology unicorns. The hosting of the forum underscores MDV's commitment to developing the tech start-up financing ecosystem with discussions centering on the evolving landscape of start-up funding, the role of venture finance as an alternative financing option, and the latest opportunities and challenges in the start-up space.

The year also saw the reaffirmation of MDV's standalone corporate ratings by RAM Rating Services Berhad (AA3/Stable/P1), allowing MDV to continue raising funds directly from the capital market in our efforts to secure sustainable long-term sources of funding for the Company. MDV also concluded its acquisition of two new subsidiary companies during the year as we prepare to move towards supplementing our earnings with fee-based income through planned venture capital management and fundraising activities for the Company, marking yet another evolution in our operations.

During the year, MDV was also selected as one of the winners for the National Energy Awards (NEA) for the third year running – a testament to our pivotal role in supporting and driving the growth of the sustainable energy sector in Malaysia through our specialised funding.

In 2022, MDV introduced several key initiatives to enhance its support of technology companies. The Liquidity for Equipment and Asset Purchase Programme (MDV-LEAP) was introduced as an alternative financing option for ICT assets, providing businesses with an easier way to acquire technology assets. The SME Technology Thrust Financing (THRUST) was specifically designed to assist technology companies in their recovery and growth, offering targeted cash flow support.

MDV also partnered with prominent P2P financing platforms, Funding Societies and CapitalBay, to enhance funding access for technology SMEs through the allocation of RM500,000.00 for each platform respectively.

Additionally, MDV also collaborated with Kapital DX Sdn Bhd, an Initial Exchange Offering (IEO) platform registered with the Securities Commission Malaysia (SC), to improve fundraising for technology-based companies and start-ups. These initiatives reflect MDV's commitment to providing diverse and innovative financing options, fostering a supportive ecosystem for the growth and resilience of technology-based companies and start-ups in Malaysia.

Throughout the year, MDV undertook a series of strategies that effectively enhanced our market competitiveness, drove value creation, and steered the company toward a path of progressive growth through comprehensive efforts to fortify our internal operational systems and processes.

We continue to invest in our employees' growth and development, recognising that their knowledge and expertise are vital assets in maintaining our position as a leading technology financier for tech-related companies and start-ups in the country. As the depth and complexity of our processes require extensive training and experience, we emphasise the importance of continuously enhancing the knowledge and skills of our workforce.

MDV values inclusivity and diversity, and we are proud to have women represented across various roles within the organisation. We firmly believe that diverse perspectives and experiences enrich our decision-making and drive our ability to adapt and thrive in an ever-changing landscape. By nurturing a talented and diverse workforce, MDV is well-positioned to continue delivering excellent results and driving the growth and development of the technology sector in Malaysia.

### **Upholding Integrity and Strengthening Governance**

In 2022, we stepped up our commitment to integrity and anti-corruption, strengthening the requirements under Section 17A through awareness-raising activities among employees. We also continued to monitor the execution of strategic initiatives under the Organisation Anti-Corruption Plan (OACP) 2021-2023, which has fostered a culture of integrity among employees, partners, and stakeholders, and ensured stringent compliance with the Corporate Liability Act. This included revising policies, standard operating procedures (SOPs), and other documents for consistent adherence to MDV's governance, along with organising informative sessions for employees.

As we carried on with our hybrid working arrangement, we made it our priority to continue to maintain the safety and integrity of our data and has developed a Cyber Incident Response Plan as a guide in the event of a data breach or other form of security incident. In addition, amid the global uncertainties, we conducted Portfolio Stress-Tests to analyse the potential impact that these ongoing conditions will have on MDV's portfolio accounts and to assess the volatility of Malaysia's economy. The aim was to mitigate any negative impact or outcomes on MDV's financial standing.

More importantly, our unwavering commitment to combating fraud and bribery remains a cornerstone of our operations. Our continuous efforts to improve our SOPs, along with our strong advocacy for integrity, are meant to reduce the risk of fraud.

### **The Way Forward**

Moving into 2023, MDV is ready to continue scaling for success, while remaining focused on key areas to drive growth and achieve its strategic objectives. This includes ensuring adequate and suitable funding, managing its portfolio prudently, exploring alternative funding options, and investing in infrastructure development.

During the year, MDV will emphasise six core thrusts to propel its progress. These thrusts encompass resilience, pursuit of growth opportunities, fostering new business ventures, supporting technology advancements, rebuilding the employee experience, and embracing environmental, social, and governance (ESG) practices.

Expanding MDV's clientele base and portfolio will be one of the key objectives in FY 2023. MDV aims to tap into public, quasi-public, private, and state markets aggressively, seeking growth opportunities and accelerating disbursements from existing commitments. This strategic focus aligns with MDV's commitment to supporting the growth of the technology sector. Additionally, in expanding our financing reach further and boosting our portfolio rebuilding efforts, targeted initiatives will be undertaken to improve leads generation and explore vendor financing programmes for states, GLCs, and GLiCs, offering holistic financing solutions that can unlock potential value.

MDV will also continue to bolster our commitment to the start-up ecosystem. Our strategy involves identifying start-ups within our current portfolio that demonstrate high-growth potential and are primed for additional funding opportunities and forging partnerships with Venture Capitals to extend our venture debt offerings to their portfolio companies, especially those facing challenges in fundraising. Our attention will be centered on sectors and industries showing promising growth, strong fundraising trends, and resilient business models such as FinTech, BNPL and Software as a Service (SaaS), among others.

To strengthen operational resilience, MDV will continue to work on enhancing our core processes and mitigating operational risks. Initiatives will include improving prospect and customer communication, employees upskilling, streamlining business processes, and continuous reviews and improvements of existing SOPs. MDV will also look into implementing an efficient capital allocation strategy with a flexible financing structure to optimise financing costs. MDV also intends to leverage the reaffirmation of MDV's corporate credit ratings to seek funding in the debt market, balancing shorter- duration rollovers with longer-term lending.

Effective stakeholder communication plays a crucial role in MDV's strategic approach. MDV recognises the significance of enhancing its branding and market presence to foster stronger connections with stakeholders. By reinforcing its position as a leading technology financier and expanding its role as a start-up financier, MDV aims to strengthen brand equity, increase market presence, and cultivate customer loyalty.

In line with MDV's 7-year Roadmap, the year 2023 will see further progress in expanding and initiating new businesses, sourcing long-term funding, and developing new income sources. This includes kickstarting MDV's venture capital management activities through the newly acquired subsidiary companies, utilising digital exchanges, and adding consultation services as a potential revenue source.

As MDV paves its way forward, it remains dedicated to driving growth, fostering innovation, and delivering long-term value for the technology sector.

### **Acknowledgements**

In closing, I would like to extend my appreciation to Encik Khairul Azwan Harun for his guidance and support, during his tenure as MDV's Chairman. In his place, I warmly welcome our new Chairman, the esteemed YB Wong Chen, whom I am confident will continue to guide MDV towards achieving even greater progress.



My utmost 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. I am also grateful for the dedication and counsel given by the Board of Directors who has helped us to navigate yet another extraordinary year. Allow me to also thank MDV's strategic partners and valued customers for placing their trust in MDV and its leadership. Last, but not least, I am humbled and immensely grateful for the steadfast dedication and continued loyalty of the Management team and MDV's employees, who had tirelessly given 100% of their commitment towards ensuring the fulfillment of MDV's mandate.

The unwavering commitment of MDV's team is a testament to their professionalism, expertise, and passion for their work. With the support of our stakeholders, I am confident that MDV will continue to make significant strides in the advancement of the technology sector for many more decades to come. Together, we will drive innovation, empower businesses, and contribute to the growth and prosperity of our nation.

**Nizam Mohamed Nadzri**  
Chief Executive Officer

# 03



YB Datuk Arthur Joseph Kurup, Deputy Minister of Science, Technology and Innovation (MOSTI) during his visit to MDV office

## LEADERSHIP & PEOPLE

Board Of Directors' Profile  
Senior Management Team  
Management Team

19

25

26

## BOARD OF DIRECTORS



**YB WONG CHEN**  
**Non-Executive Chairman**

YB Wong Chen was appointed as the Non-Executive Chairman of MDV on 23 May 2023.

He received his education at the United World College of South East Asia and obtained his law degree from the University of Warwick in the UK.

YB Wong Chen is currently serving his third term as a Member of Parliament for Subang, YB Wong Chen holds prominent positions as the Chairman of the Special Select Committee on International Relations & Trade and the All-Party Parliamentary Group Malaysia (APPGM) on Political Financing. In the past, he served as the Deputy Chairman of the Special Select Committee on Finance & Economy and a member of the Public Accounts Committee (PAC).

YB Wong Chen is a member of the High-Level Working Group on Science & Technology of the Inter-Parliamentary Union (IPU) representing the Asia Pacific Region. He is also affiliated with the ASEAN Parliamentarians for Human Rights (APHR) and is a founding member of the South East Asian Community (SEAC).

YB Wong Chen is also a dedicated advocate for climate change and human rights, possessing a comprehensive understanding of fiscal matters, economics, international trade, and policy-making.

YB Wong Chen had practiced law for over 22 years, before ultimately retiring in 2013 to devote his full time to politics.



**ENCIK KHAIRUL AZWAN BIN HARUN**  
**Non-Executive Chairman** (resigned w.e.f. 31 December 2022)

Encik Khairul Azwan Bin Harun was appointed as the Non-Executive Chairman of MDV on 28 October 2020.

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 Bachelor's Degree in Accounting from Cardiff University of Wales, UK.

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.

Encik Azwan is currently a Chairman of Vsolar Group Berhad, mTouche Technology Berhad and Halal Development Corporation Berhad.



**DR. AZURA BINTI OTHMAN**  
**Independent Non-Executive Director**

Dr. Azura Binti Othman was appointed as a board member of MDV on 5 November 2018. She is the Independent Non-Executive Director of MDV.

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 chartered member of the Chartered Institute of Islamic Finance Professionals (CIIF). She received her PhD in Islamic Finance from the International Centre of Education in Islamic Finance (INCEIF).

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.

Currently, Dr. Azura is the Chief Executive Officer of the CIIF, a professional standard setting body for Islamic finance practitioners. She served as an Independent Non-Executive Director of Bank Muamalat Malaysia Berhad from 2015 until September 2020. She currently serves as Board of Trustee of Yayasan Petronas and Independent Non-Executive Director of CIMB Islamic Bank Berhad, where she sits on the Board Audit Committee and Board Investment Committee.



**PUAN NAHIDAH BINTI USMAN**  
**Non-Independent Non-Executive Director**

Puan Nahidah Binti Usman was appointed as a board member of MDV on 18 December 2019. She is the Non-Independent Non-Executive Director of MDV.

She is currently the Head of Finance and Investment Section, Government Investment Companies Division, Ministry of Finance (MOF). She also sits on the board of Syarikat Tanah dan Harta Sdn Bhd.

Puan Nahidah holds a Bachelor's Degree in Business Administration from the 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.

She began her career as Assistant Secretary of the Human Resource Division at the MOF in 2001. In 2006, she continued to serve as Assistant Secretary at the Government Procurement Division, MOF. She was later appointed as the Principal Assistant Secretary in the same division prior to pursuing her master's degree in 2010. She continued her services in the civil service in 2012 as the Principal Assistant Director of the Public Private Partnership Unit (UKAS), Prime Minister's Department. She was appointed as the Director of Health & Education Section of UKAS until April 2019.

Subsequently, she returned to the MOF in May 2019 serving as the Head of Finance and Investment Section, Government Investment Companies Division.



**DATO' ASMUNI BIN SUDIN**  
**Independent Non-Executive Director**

Dato' Asmuni Bin Sudin was appointed as a board member of MDV on 13 August 2020. He is the Independent Non-Executive Director of MDV.

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

Prior to his appointment, Dato' Asmuni was the Chief Operating Officer for Banking Operations at Bank Kerjasama Rakyat Malaysia Berhad. He was also the Chief Financial Services Officer and Chief Operating Officer at Bank Pertanian Malaysia Berhad.

Dato' Asmuni's working experience spans over thirty (30) 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 (30) years of experience with the Commercial Bank and eight (8) years with Development Financial Institutions.

Dato' Asmuni is currently the Chairman of One Glove Group Berhad (formerly known as Gets Global Berhad) and one of the board of directors of PT Resources Holdings Berhad.



**DATUK TS. DR. MOHD NOR AZMAN BIN HASSAN**  
**Non-Independent Non-Executive Director**

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

Datuk Ts. Dr. Azman holds a Doctoral Degree in Renewable Energy Technology from Carnegie Mellon University, Pittsburgh, USA and is trained in conducting Life Cycle Analysis. Datuk Ts. Dr. Azman is also a registered Professional Technologist (Green Tech) with the Malaysian Board of Technologist.

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. His 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.



**PUAN YASMIN BINTI MOHAMED**  
**Independent Non-Executive Director**

Puan Yasmin Binti Mohamed was appointed as a board member of MDV on 8 April 2022. She is the Independent Non-Executive Director of MDV.

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).

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 until 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 the 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.



**ENCIK AZNUL SHAZRI BIN ABDULLAH**  
**Independent Non-Executive Director**

Encik Aznul Shazri bin Abdullah was appointed as a board member of MDV on 23 May 2023. He is the Independent Non-Executive Director of MDV.

He is a member of Certified Practising Accountant (CPA) Australia with over 20 years of experience in audit, financial advisory for project/structured finance, PPP and corporate finance. Encik Aznul holds a Bachelor of Commerce majoring in Accounting from the University of New South Wales, Australia and did his professional accounting training at PricewaterhouseCoopers.

Encik Aznul spent several years in London, United Kingdom, working with an international advisory firm where he was a consultant with the Project Finance Modelling and Advisory Department.

Encik Aznul was the Head of Project Finance Advisory and Director of the Investment Banking Division of Kuwait Finance House (Malaysia) Bhd (KFHMB). During his stint with KFHMB, he was responsible for advising the government and concessionaires on project finance transactions, which involve project structuring and fund raising for a wide range of infrastructure and concession-related projects.

Currently, Encik Aznul is the Chief Executive Officer of Bayo Pay (M) Sdn Bhd. He served as a board member of DanaInfra Nasional Berhad, an infrastructure funding company wholly owned by the Minister of Finance Inc.

**PUAN NAZIDAH BINTI AHMAD AZLI****Independent Non-Executive Director** (resigned w.e.f. 4 February 2022)

Puan Nazidah Binti Ahmad Azli was appointed as a board member of MDV on 5 February 2018. She was the Independent Non-Executive Director of MDV.

Puan Nazidah obtained her Bachelor of Commerce (Accounting) from University of Western Australia, Perth in 1985. She is also a FCPA of CPA Australia since 2004.

She started her career at Telekom Malaysia Berhad thirty-three (33) years ago as an Accountant and has since held several different positions throughout her years of service. She was instrumental in the ERP implementation for the company as a Project Director before appointed as VP Financial Controller of TM Group. She was later appointed as CFO of VADS Berhad; the ICT arm and wholly owned subsidiary of Telekom Malaysia.

Puan Nazidah currently heads the Finance division of TM Global; holding the position for the last seven years. In her capacity as senior management personnel of TM Group she had previously served as Director on the Boards of VADS Berhad and Menara KL. As the CFO of TM Global she currently sits on the Board of several TM's regionally incorporated entities abroad since 2019.

**DATO' DR. MOHD ZAIDI BIN MD ZAIN@ZAKARIA****Independent Non-Executive Director** (resigned w.e.f. 22 December 2022)

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

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

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.



**PUAN WAN ZAWIYAH BINTI WAN HALIM**  
**Independent Non-Executive Director** (resigned w.e.f. 6 January 2023)

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

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 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 a 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).



**DATUK PUVANESAN A/L SUBENTHIRAN**  
**Independent Non-Executive Director** (resigned w.e.f. 22 January 2023)

Datuk Puvanesan a/l Subenthiran was appointed as a board member of MDV on 22 January 2021. He was the Independent Non-Executive Director of MDV.

Datuk 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.

Datuk 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 Organization (YPO).

Datuk 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.

Datuk Puvanesan is one of the founding members of Privasia Group and is currently the Group Chief Executive Officer / Managing Director of Privasia Technology Berhad.

## SENIOR MANAGEMENT TEAM



**YASHVIN METHA VYTHY**  
Chief Strategy Officer

**RIZAL FAUZI**  
Chief Risk, Integrity &  
Governance Officer

**NIZAM MOHAMED NADZRI**  
Chief Executive Officer

**ADRIAN KHOR YEW MENG**  
Chief Financial Officer

**MARAZIZI OMAR**  
Chief Business Officer

## MANAGEMENT TEAM



**MOHD FARID MOHD ROSLI**  
Senior Vice President,  
Venture Finance



**SHARUL SAZMAN SAMAAN**  
Senior Vice President,  
Business



**ABU HASAN ABD MANAN**  
Senior Vice President,  
Business



**JULINAH ABD HAMID**  
Senior Vice President,  
Asset Management



**LIOW CHOONG KAI**  
Senior Vice President,  
Credit Management



**ALFIAN OTHMAN**  
Senior Vice President,  
Finance & Administration



**IKHWAN KAMAL**  
Senior Vice President,  
Corporate Strategy & Communications



**SITI RASHIDAH ADAM**  
Vice President,  
Internal Audit



**ZUHRY RASHID**  
Vice President,  
Technology Research & Advisory

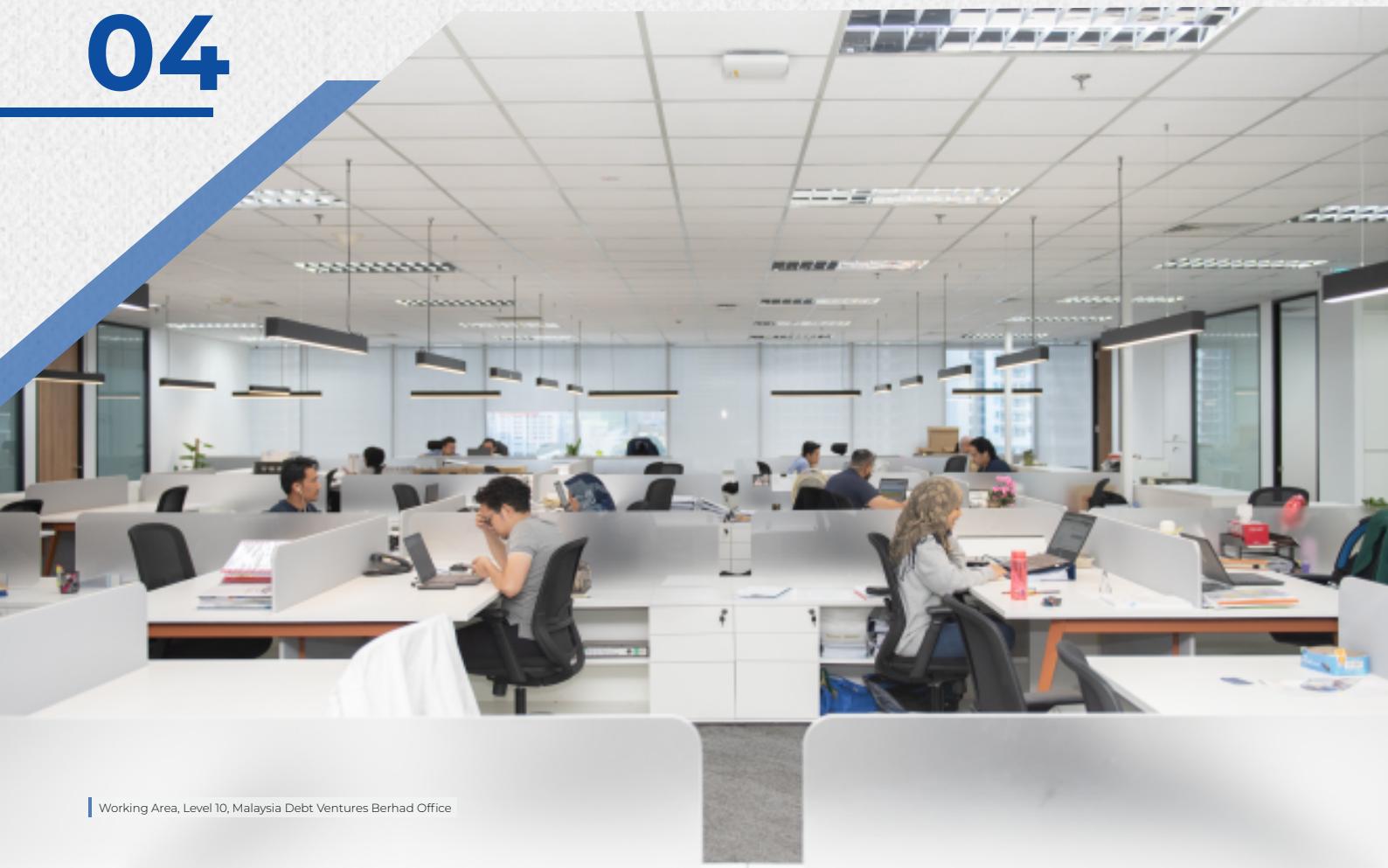


**HIMRAN ABD GHANI**  
Vice President,  
Human Capital



**MARLINA SABTU**  
Vice President,  
Legal & Secretarial

# 04



Working Area, Level 10, Malaysia Debt Ventures Berhad Office

## OPERATIONS & FINANCE

Chief Financial Officer's Insights  
Financial Review  
Sectoral Performance Highlights  
People & Talent

28  
30  
32  
33

## CHIEF FINANCIAL OFFICER'S INSIGHTS

### MDV'S JOURNEY OF FINANCIAL RESILIENCE: EMBRACING CHANGE AND FOSTERING INNOVATION

Reflecting on two transformative decades as a catalyst for Malaysia's technological sector, MDV celebrated a journey marked by innovation, resilience, and continuous progress. MDV's role extends beyond financial support to innovative businesses, encapsulating a commitment to fostering a vibrant and robust technological ecosystem.

It was only in late 2002 when MDV commenced its business operations from its single-floor corporate office in Menara Bank Industri (now known as Menara Bank Pembangunan). Equipped with a team of just 15 employees and funding source from the Japan Bank for International Co-operation (JBIC) through the Government of Malaysia, MDV embarked on its illustrious journey to spearhead the development of Information and Communications Technology (ICT) in Malaysia. Fast-forward two decades, MDV has emerged as the nation's leading technology financier, having disbursed a total of RM13.20 billion in financing to more than 1000 projects nationwide, benefitting Small and Medium Enterprises (SMEs) in the ICT, biotechnology, and green technology sectors, while staying on course in supporting Malaysia to become a high-technology nation by 2030.

My responsibilities as Chief Financial Officer span beyond financial management to include broader operational aspects of the Company such as financing/loan administration, portfolio monitoring, workout/recoveries, and administrative matters. This wide-ranging oversight has given me a comprehensive understanding of the company's operations and placed me at the forefront of numerous transformative measures that MDV has undertaken over the years to ensure it remains relevant and self-sustainable.

**“**A core strategy at MDV is the pursuit of portfolio diversification. It helps us balance risk and leverage opportunities across an array of tech-focused sectors. We stay informed about emerging trends, search for innovative financial solutions, and build strategic partnerships to stimulate growth and provide financing support, especially to underserved SMEs.

**“**

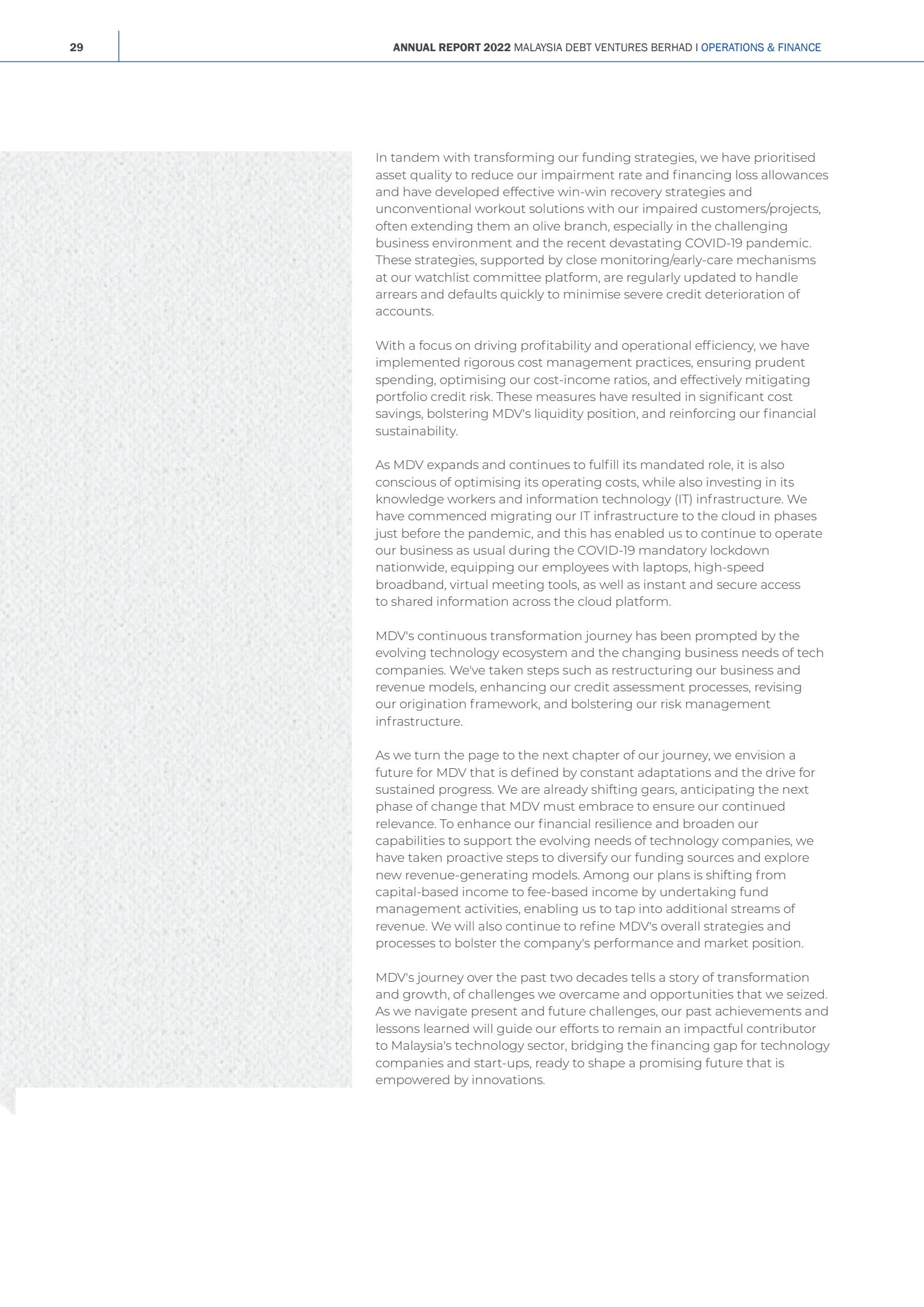


**ADRIAN KHOR  
YEW MENG**  
Chief Financial Officer

Our financial strategy, grounded in resilience and rigorous capital discipline in managing our assets and liabilities, has been instrumental in having a diverse portfolio. This disciplined and agile approach complements our enduring commitment to support new business ventures and digital transformation initiatives across sectors. Despite shifting market conditions filled with volatility and uncertainty, our dedication cements our position as a reliable partner for technology start-ups and companies.

A key milestone in our evolution was our transition from conventional borrowing to Islamic financing, aligning with the growing demand for Shariah-compliant funding solutions. We tapped into the Sukuk market, marking a pivotal shift in our fundraising approach that showcases our ability to pivot in response to market trends. Our primary funding source ranged from Government-to-Government loans to Government-Guaranteed Islamic Medium-Term Notes, with RM3.10 billion having been fully repaid to date and a further RM500.00 million to sustain till 2029.

Another pivotal moment that marked a significant transformation for MDV took place in 2018 when we commenced preparations to seek a standalone corporate credit rating for MDV. In the process, we focused on strengthening our balance sheet and income statement. Our efforts were rewarded in 2019 when we were successfully rated AA3/Stable/P1 by RAM Ratings Services Berhad, allowing us direct access to raise funds from the capital markets. Instead of being limited by funding capacity, we can now tailor our strategies to market demand and customer requirements. To help ease the fiscal deficit of the Government and move away from high dependency on Government-Guaranteed instruments, MDV successfully established its own corporate-rated (AA3/Stable/P1) RM2.00 billion Sukuk/Bond Programme in 2021, which is expected to facilitate MDV's portfolio growth in the coming decades.



In tandem with transforming our funding strategies, we have prioritised asset quality to reduce our impairment rate and financing loss allowances and have developed effective win-win recovery strategies and unconventional workout solutions with our impaired customers/projects, often extending them an olive branch, especially in the challenging business environment and the recent devastating COVID-19 pandemic. These strategies, supported by close monitoring/early-care mechanisms at our watchlist committee platform, are regularly updated to handle arrears and defaults quickly to minimise severe credit deterioration of accounts.

With a focus on driving profitability and operational efficiency, we have implemented rigorous cost management practices, ensuring prudent spending, optimising our cost-income ratios, and effectively mitigating portfolio credit risk. These measures have resulted in significant cost savings, bolstering MDV's liquidity position, and reinforcing our financial sustainability.

As MDV expands and continues to fulfill its mandated role, it is also conscious of optimising its operating costs, while also investing in its knowledge workers and information technology (IT) infrastructure. We have commenced migrating our IT infrastructure to the cloud in phases just before the pandemic, and this has enabled us to continue to operate our business as usual during the COVID-19 mandatory lockdown nationwide, equipping our employees with laptops, high-speed broadband, virtual meeting tools, as well as instant and secure access to shared information across the cloud platform.

MDV's continuous transformation journey has been prompted by the evolving technology ecosystem and the changing business needs of tech companies. We've taken steps such as restructuring our business and revenue models, enhancing our credit assessment processes, revising our origination framework, and bolstering our risk management infrastructure.

As we turn the page to the next chapter of our journey, we envision a future for MDV that is defined by constant adaptations and the drive for sustained progress. We are already shifting gears, anticipating the next phase of change that MDV must embrace to ensure our continued relevance. To enhance our financial resilience and broaden our capabilities to support the evolving needs of technology companies, we have taken proactive steps to diversify our funding sources and explore new revenue-generating models. Among our plans is shifting from capital-based income to fee-based income by undertaking fund management activities, enabling us to tap into additional streams of revenue. We will also continue to refine MDV's overall strategies and processes to bolster the company's performance and market position.

MDV's journey over the past two decades tells a story of transformation and growth, of challenges we overcame and opportunities that we seized. As we navigate present and future challenges, our past achievements and lessons learned will guide our efforts to remain an impactful contributor to Malaysia's technology sector, bridging the financing gap for technology companies and start-ups, ready to shape a promising future that is empowered by innovations.

## FINANCIAL REVIEW

For the first time, MDV's audited financial statements has incorporated the Group's financial results as MDV had completed the acquisition of two (2) new subsidiaries, MDV Startup Accelerator Sdn Bhd (formerly known as Bywings Sdn Bhd) and MDV Venture Management Sdn Bhd (formerly known as Feroblue Sdn Bhd), to facilitate the expansion of MDV's venture financing business segment. Both the subsidiaries are still dormant and for the purpose of the following FY 2022 financial review, all financial figures relate to the Company level financials.

The Malaysian economy rebounded with a GDP growth of 8.70% in 2022 as the COVID-19 pandemic eased itself to an endemic classification. Malaysia lifted its Movement Control Orders (MCO) nationwide and opened its borders for international travel, improving logistics and travel, with the Government focused on rejuvenating economic activities that were previously hampered by COVID-19. Nonetheless, the domestic economic recovery in 2022 was also subdued due to uncertainties and volatilities in domestic politics, rising inflationary pressures and tightening of monetary conditions, both domestically and worldwide, and geopolitical tensions that impacted the worldwide supply chain and resulted in an escalation of prices and costs.

It was a challenging year for MDV as well as the Company recorded a Loss Before Tax (LBT) of RM18.60 million for the financial year ended 31 December 2022 (FY 2022) (FY 2021: Profit Before Tax (PBT) of RM7.21 million) on the back of a 27.13% contraction in our asset portfolio and a prudent approach to provisioning that resulted in a net financing loss allowance charge of RM21.79 million. Nonetheless, the Company recorded a net profit of RM4.84 million (FY 2021: RM5.06 million) due to a net deferred tax credit of RM23.43 million as MDV had obtained approval from the Ministry of Finance (MOF) to carry forward RM123.13 million of unutilised tax losses from earlier years without any time restriction on its utilisation.

For the FY 2022, the Company recorded profit income/interest from asset portfolio of RM44.73 million (FY 2021: RM58.27 million) on the back of a significant 27.13% contraction in the net loans/financing and net loans/financing measured at fair value through profit and loss (FVTPL) portfolio of RM479.29 million (FY 2021: RM657.76 million). Disbursements for FY 2022 of RM221.98 million (FY 2021: RM218.08 million) improved marginally from the previous year. Nonetheless, repayments of RM363.16 million (FY 2021: RM297.16 million) during the year driven by the redemptions/full settlement amounting to RM173.66 million significantly impacted our portfolio base and consequently led to the lower interest/profit income generated. Whilst the redemptions and full settlements represent challenges for MDV to rebuild its assets portfolio,

they 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. The excess funds from the redemption/full settlement will also allow MDV to recalibrate its asset portfolio tenor for better asset-liability management and provide MDV with the opportunity to finance many other technology companies and projects under our mandate as a technology funds provider and enabler.

Profit/interest income from money market operations of RM11.16 million (FY 2021: RM13.14 million) was lower than the previous year due to lower funds balances of RM635.57 million (FY 2021: RM840.79 million). Notwithstanding the higher repayment of assets portfolio, MDV had also successfully paid RM402.00 million of its Islamic Medium-Term Notes (IMTN) that matured during the year. The yields from money market operations improved by 1.22% to 3.14% (FY 2021: 1.92%) compared to the previous year due to effective treasury management as well as the four (4) Overnight Policy Rate (OPR) increases announced by the Bank Negara Malaysia (BNM) during the financial year culminating in a total of 100 basis points (1%) increase from 1.75% to 2.75%.

Unrealised fair value (loss)/gain on financial assets at FVTPL (primarily representing MDV's investments in technology funds) recorded a marginal loss of RM0.07 million in line with the 'Tech-Winter' affecting technology start-ups across the world whereas the significant unrealised gain of RM15.05 million recorded in the FY 2021 is deemed a distinct occurrence due to the higher valuation of the funds' assets portfolio. The current year unrealised loss on financial assets at FVTPL was mitigated by cash distribution received from the technology funds during the financial year of RM1.93 million.

MDV's cost of funds of RM30.69 million (FY 2021: RM42.98 million) was significantly lower than the previous year as MDV had paid RM402.00 million of its IMTN that matured during the year. Additionally, no significant issuance was made during the year due to the excess funds from assets portfolio repayment. MDV's cost of funds for the FY 2022 of 4.22% (FY 2021: 4.31%) was also lower than the previous year as some of the retired IMTN during the year carried higher yielding profit rates.

Operating expenditure of RM30.11 million was higher than the previous year (FY 2021: RM28.30 million) in tandem with the higher level of physical business activities and project site visits as well as rehiring of vacant positions post the upliftment of the MCO and lockdowns during the year.

For the FY 2022, MDV recorded a higher net allowance on loans/financing of RM21.79 million (FY 2021: RM17.95 million) as MDV decided to prudently provide a higher general MFRS 9 provision on a few accounts that faced significant increase in credit risk whilst making full/ additional provisions for a few impaired accounts.

These additional provisions would further enhance MDV's financial resilience in the long-term with MDV recording a financing loss coverage at approximately 76% for the FY 2022. The impact of the prudent provisioning was partly mitigated by structured and continuous recovery activities that yielded RM21.26 million of principal recovery from impaired financing and contributed RM4.93 million to the Income Statement as either financing loss allowance write-back or interest/profit recovered from impaired financing.

Whilst MDV faced challenges due to the asset portfolio contraction from RM657.76 million in FY 2021 to RM479.29 million in FY 2022, MDV continued to serve its mandate and support the Government's recovery initiatives by continuing to provide immediate and targeted cash flow support to technology start-ups, including those impacted by the COVID-19 aftereffects, via the Liquidity Financing for Tech Start-ups (LIFTs) as well as other programme funds. For the FY 2022, MDV's net portfolio relating to technology start-ups stood at RM69.76 million (FY 2021: RM59.52 million) and MDV plans to further grow this portfolio segment in FY 2023.

MDV's asset quality vis-à-vis its gross impaired financing rate of 22% (FY 2021: 13%) was significantly higher than previous year due to the contraction of MDV's asset portfolio base caused by the redemption and full settlement of a few significant accounts. Moving forward, MDV will continue with its plans to further reduce its impairment rate to below 10% through an expansion of its asset portfolio base and improvement in asset quality. Financial resources and liquidity remain a focus for MDV as the Company charts its growth in FY 2023 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/Stable/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 RM402.00 million payment in the FY2022 in respect of MDV's matured IMTN tranches is yet another milestone for MDV's financial management. Cumulatively, MDV has to date, successfully paid RM1.40 billion of the RM2.00 billion IMTN issued since the first programme in 2008 and is well on track to meet all its future commitments.

MDV's success for the FY 2022 would not have been possible without the support and commitment of MOF. Therefore, we are also pleased to inform that MDV will be paying a dividend of RM1.40 million to our shareholders in respect of the FY 2022 financial performance as approved by the shareholders at the Annual General Meeting in June 2023.

## SECTORAL PERFORMANCE HIGHLIGHTS

Bank Negara Malaysia (BNM) reported that Malaysia's Gross Domestic Product (GDP) grew by 8.69% in 2022, surpassing the official estimates of between 6.50% and 7.00%. The country's GDP growth rate has been relatively stable in recent years, averaging between 4.40% - 6% per year, except during the COVID-19 pandemic, which had significantly impacted the Malaysian economy, causing a contraction of 5.53% in 2020 – its worst performance in over 20 years.

As of early 2022, Malaysia was still facing challenges related to the pandemic, including the emergence of new variants and disruptions to global supply chains. However, the country was already making progress in containing the spread of the virus through measures such as vaccination campaigns, targeted lockdowns, and increased testing and tracing.

In addition to the pandemic, Malaysia was also facing several other economic challenges in 2022, including a high level of household debt, rising inflation, and a sluggish job market. In an effort to mitigate these challenges, the Government implemented various stimulus measures to support the economy, including fiscal injections, loan moratoriums, and tax incentives.

That being said, the easing of COVID-19 restrictions, which led to a rebound in private consumption and strong export growth, fueled by the increase in global commodity prices and the buoyant expansion of manufacturing exports, contributed to Malaysia's strong GDP growth in 2022.

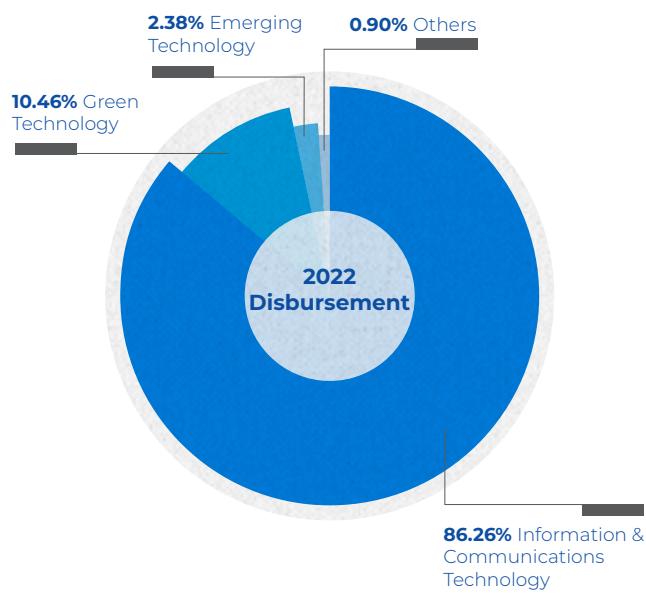
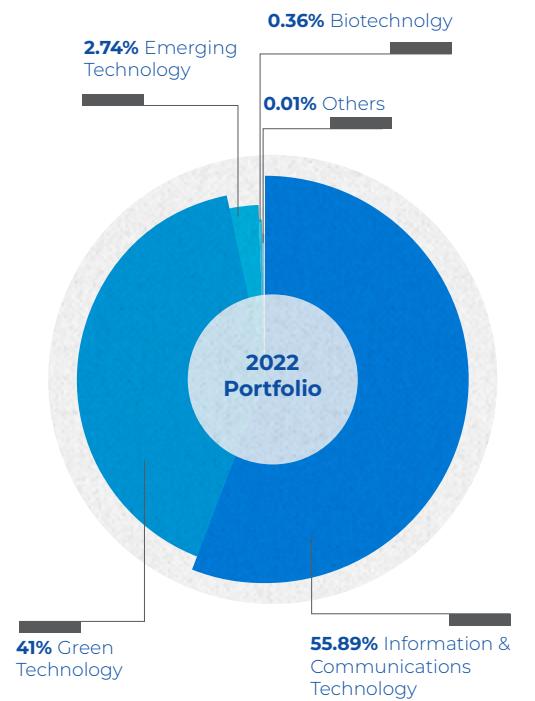
In 2022, BNM raised the overnight policy rate (OPR) four times, resulting in a 100 basis points hike from 1.75% to 2.75%. Despite BNM's hikes, MDV refrained from excessively adjusting its lending rates. This approach was taken to support the nation's technology sector's growth and to strategically implement expansion plans to grow its current portfolio. However, starting January 2023, MDV decided to raise its published cost of funds (COF) and effective cost of funds (ECOF) by 25 basis points due to increasing costs. This is the first lending rate increase by MDV since November 2019.

In FY 2022, MDV's portfolio experienced a year-on-year contraction of 27.13% to RM479.29 million from RM657.76 million recorded in the previous year. This was primarily attributed to repayments made by MDV's customers and the incomplete realisation of estimated disbursements.

The composition of MDV's portfolio in 2022 comprised the following sectors: ICT leading at 55.89%, followed by Green Technology (41%), Biotechnology (0.36%), Emerging Technology (2.74%) and others (0.01%).

Total disbursement for FY 2022 was RM221.98 million with the ICT sector garnering the highest percentage at 86.26%, followed by Green Technology (10.46%), Emerging Technology (2.38%) and others (0.90%).

Total financing approved for FY 2022 totalled RM368.61 million. This was to fund 99 companies, comprising 84 technology-based companies with RM318.31 million in approvals, and 15 tech start-up companies with RM50.30 million in approvals.



# PEOPLE & TALENT:

## HUMAN CAPITAL KEY FOCUS AREAS IN 2022

MDV prioritises our people in every decision made, empowering them to thrive and to rise above any challenges.

Throughout MDV's 20 years journey, empowering and developing its talent remain MDV's key priority areas. MDV believes that its people are the key enablers for the Company's continued excellence, hence MDV places great emphasis in cultivating positive relationships between the Management and employees, while ensuring an inclusive, harmonious, and safe office environment in line with its culture and corporate identity.

### KEY FOCUS AREAS IN 2022:

#### Strategic Hiring & Talent Retention

In 2022, MDV placed a strong focus on strategic hiring and talent retention as part of its workforce strategy. Recognising the evolving landscape, MDV aimed to attract and retain top talent to enhance the company's performance and results. MDV's strategic hiring efforts involved prioritising recruitment for critical roles, as well as identifying and recruiting individuals with the right skills, experience, and cultural fit to meet the Company's needs. By carefully selecting and onboarding talented individuals, MDV aimed to create a diverse and high-performing workforce. MDV also emphasised effective succession planning and leadership development. By nurturing future leaders within the organisation, MDV ensured operational efficiency, prepared for talent gaps, and facilitated smooth leadership transitions, contributing to business continuity.

#### Learning & Development

MDV places utmost importance on the continuous development of our human capital, investing in their personal and professional growth. We offered a wide range of learning opportunities to our employees, including participation in technical and leadership programmes both domestically and internationally. Additionally, we prioritised high-potential talents by enrolling them in professional accreditation certification programmes to further enhance their expertise and credentials. MDV also embraces the use of digital platforms to deliver learning and development programmes. This approach enables us to provide accessible and flexible training opportunities, empowering our employees to upskill and stay updated with the latest industry trends and advancements.

#### Rewards, Remuneration & Benefits

MDV's philosophy revolves around creating an attractive workplace that not only offers long-term growth prospects but also competitive remuneration packages. We ensure that our employees are appropriately rewarded based on their job scope, qualifications, experience, abilities, and performance. Regular evaluation and benchmarking against industry standards enabled us to continually enhance our compensation structure and introduce relevant benefits to meet the evolving needs of our workforce. From festive gifts to comprehensive medical benefits, the year 2022 saw MDV continuing to strive to provide a wholesome package that enhances the overall well-being of our team.

#### Employee Engagement

MDV understands that a motivated workforce would translate into higher productivity and better performance. To this end, MDV had organised several activities throughout 2022 to maintain employees' morale and keep them engaged and driven, which includes holding quarterly town hall meetings to update on MDV's current development and plans; and organising group activities such as employee movie nights, family staycation, quizzes and competitions, festive potluck and social gatherings, birthday celebrations etc. We continued prioritising work-life balance and organising engaging activities through the Sports and Recreations Club (SRC) to promote a sense of wellbeing and foster camaraderie among employees from various departments and units, while preventing employees from experiencing a burnout.



### Diversity & Inclusivity

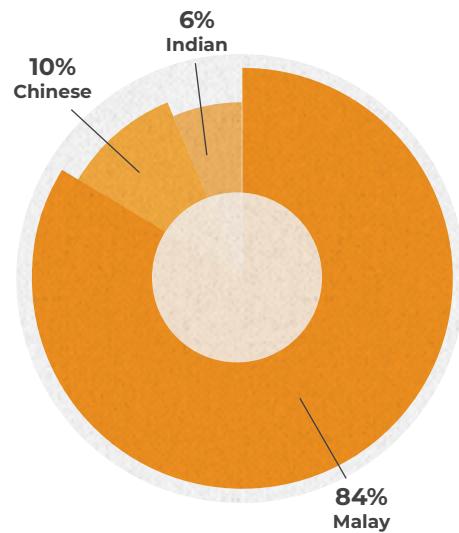
At MDV, we believe that diversity of perspective, background and culture in business decision-making is essential for our business to continue to thrive in a multicultural world. Diversity and inclusivity are deeply ingrained in MDV's organisational culture and critical for its overall business sustainability. In this regard, MDV provides equal opportunities for growth and success to all employees, irrespective of age, gender, race, or education. MDV has made significant strides in increasing diversity, with its female representation reaching almost 46% of its total workforce in FY 2022. MDV also highly values age diversity, acknowledging the significance of leveraging diverse perspectives and experiences to enhance decision-making, problem-solving, and overall efficiency. We recognise that a diverse workforce, including individuals of different age groups, brings a wealth of knowledge and insights that contribute to our Company's success. By fostering an inclusive environment that embraces age diversity, we aim to harness the collective wisdom and expertise of our employees to drive innovation and achieve optimal outcomes.

Looking ahead, MDV remains committed to enhancing our human capital strategies. We will continue to work on fostering employee loyalty and to prioritise the development and well-being of our employees, recognising their contributions and providing them with opportunities to thrive. By nurturing a high-performing and engaged workforce, MDV is poised to achieve sustainable growth, drive innovation, and contribute to the advancement of Malaysia's technology sector.

### Workforce by gender group



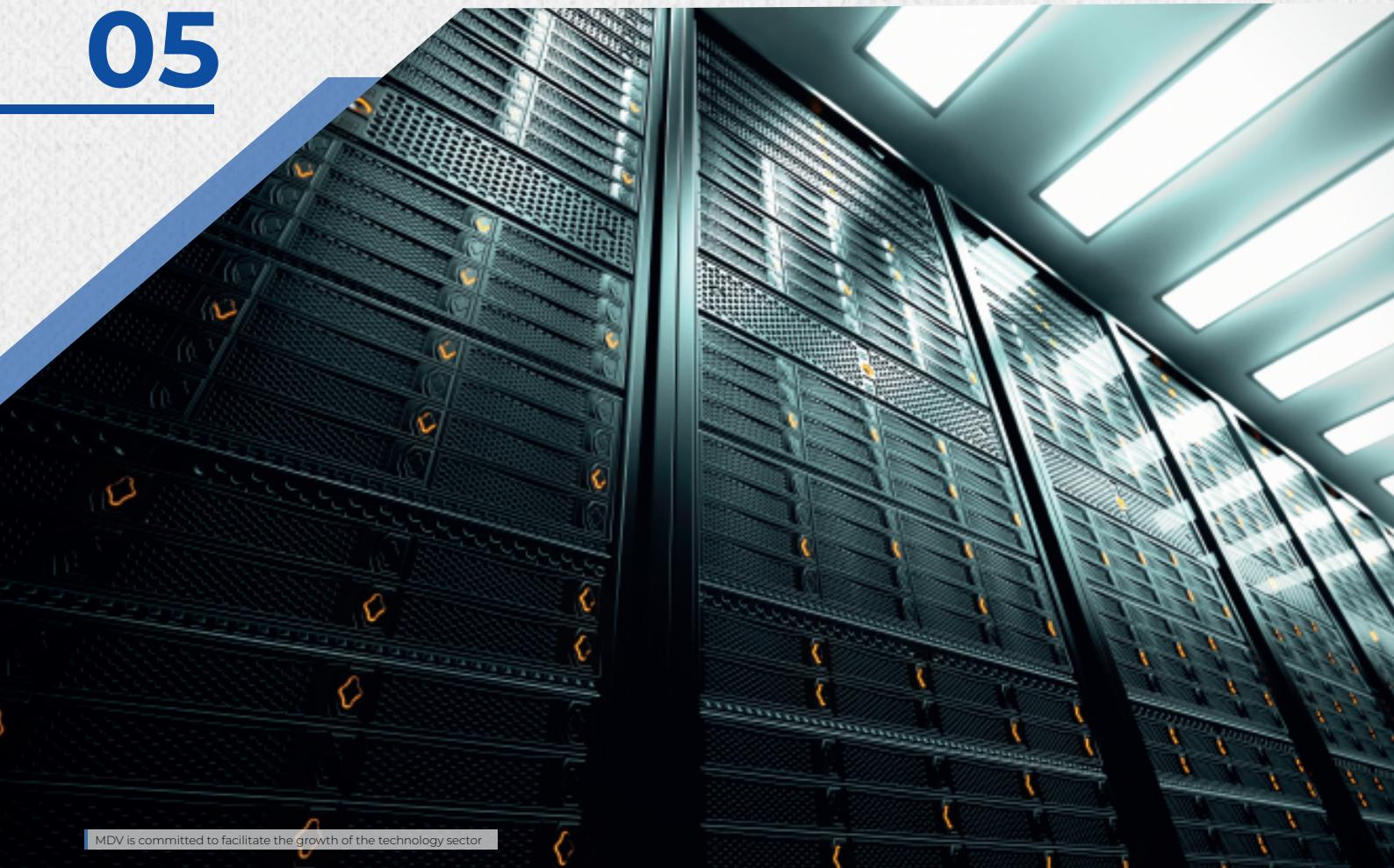
### Ethnicity population



### Age

28	50 years and above
17	45 years and above
36	35 years and above
49	25 years and above

# 05



## SUPPORTING THE NATION'S TECH AGENDA

Chief Strategy Officer's Insights	36
The Evolution Of MDV's Financing	38
The ESG Imperative: Driving A Sustainable Future With Digital Innovation	39
Market And Industry Outlook On MDV's Mandated Technologies	43

# CHIEF STRATEGY OFFICER'S INSIGHTS

## MDV: 20 YEARS OF SUPPORTING THE NATION'S TECH AGENDA

More than 20 years have passed, since MDV was incorporated with the mandate to provide financing to companies undertaking ICT projects as part of the ecosystem to support and accelerate the achievement of Malaysia's Multimedia Super Corridor (MSC) objectives. Throughout these two decades, MDV has undergone a corporate transformation, adapting to the evolving needs of technology companies, Malaysia's technology agenda and ensuring sustainable growth.

Since its inception, MDV has grown alongside the nation's expanding technology aspirations and sectoral focuses, moving beyond solely ICT linked to the MSC. In 2008, MDV widened its technology mandate to include biotechnology, and subsequently, in 2011, the mandate was further expanded to cover green technology before ultimately encompassing all technologies and strategic/emerging sectors in 2014.

To meet this growing mandate, MDV has had to continually innovate in terms of developing financing solutions that align with the funding requirements of technology projects and technology-based companies within the sectors it finances. This task proved challenging, given that the companies and their projects differ significantly from those typically financed within a banking environment due to the novelty of their underlying business cases and/or models. These businesses tend to be intellectual rather than capital-based, and the companies themselves are relatively young.

To serve this market, MDV has consistently innovated and expanded its product line. Starting with offering basic project financing via term, revolving, and trade lines, MDV has added financing for equity acquisition, liquidity for completed projects, a cash line, vendor development financing, post-shipment financing, convertible financing, and venture debt for start-ups. These products have been developed in both Shariah-compliant and conventional modes to maximise market coverage and have been deployed in customised configurations to offer targeted financing for specific purposes through MDV's funding programmes and solutions. These include programmes for commercialisation, technology start-ups, energy efficiency, intellectual property, green technology, Bumiputera empowerment, the development of the FinTech ecosystem, and the acceleration of the nation's Biotechnology agenda.



**YASHVIN METHA VYTHY**

Chief Strategy Officer

During the COVID-19 pandemic, MDV participated in responding to the adverse consequences of the pandemic and supported its technology stakeholders by developing a financing relief programme for start-ups, the Liquidity Financing for Tech Start-Ups (LIFTS), to cater to their unique needs. The LIFTS programme assisted a significant number of start-ups in Malaysia by providing a financing lifeline, allowing these companies to retain staff and sustain operations. These companies would otherwise have been unable to access other forms of relief financing from banks, which were targeted at traditional Small and Medium Enterprises (SMEs).

Looking back at our journey thus far, MDV has consistently embraced change to ensure progress. In 2018, MDV embarked on a comprehensive 7-year transformation plan to drive its development and support the growth of Malaysia's technology sector. This plan encompasses various strategic initiatives aimed at enhancing MDV's role as a leading technology financier and adapting to the evolving needs of technology companies, while ensuring our sustainability. This included initiatives to expanding MDV's presence in the FinTech sector, securing sustainable long-term sources of funding independent from the Government, improving MDV's own digital and IT infrastructure as well as assisting in the regional expansion of MDV's start-up customers.

“  
Our goal was to position MDV as a financially independent and sustainable organisation. The introduction of MDV's Venture Debt/Financing programme, in particular, marked a new era of operations for MDV.

“  
This is a departure from MDV's pre-existing Project and Contract financing, to offering venture debt with more flexible terms and structures, including warrants or options to convert the debt into equity, to help such companies grow their businesses, increase their valuation, improve liquidity, and optimise their capital structure. Venture debt is commonly used to bridge the gap between equity financing rounds, extend the company's runway, or fund specific growth initiatives.

In line with the Government's objective of reducing contingent liability and fostering a digital economy, MDV actively pursued alternative funding sources and had worked on obtaining a standalone corporate credit rating to boost our fundraising efforts. As a result, we have been awarded corporate ratings of AA3/Stable/P1 by RAM Ratings, signifying our financial strength and stability. This accomplishment has opened new avenues for MDV to raise funds and support its financing activities in a more flexible and dynamic manner, limited only by market demand rather than funding capacity. Throughout our transformation journey, we have focused on creating value, improving our competitive advantage, and optimising our operations.

As part of our transformation, we have also been actively participating in alternative fundraising platforms, such as Peer-to-Peer (P2P) lending, to expand our financing reach and cater to the evolving needs of technology companies. The latest venture in this space has been MDV's collaboration in Initial Exchange Offering (IEO) platforms registered with the Securities Commission Malaysia (SC) that allows start-ups, growth stage companies, projects, private equity firms, and venture capitalists to raise funding via the platform in a cost-effective manner to improve access to fundraising. MDV is also exploring opportunities to utilise Equity Crowdfunding (ECF) platforms as a further option to raise funds for technology financing.

The above is part of MDV's efforts to actively explore opportunities for fundraising and partnerships with the private sector to enhance our financing capabilities and expand our support for technology companies and start-ups. To this end, MDV recorded another milestone in 2022 as we acquired two new subsidiaries that have been earmarked for future venture capital management and fundraising activities for the Company. This will mark another evolution in our operations as we move towards supplementing our earnings with fee-based income from future business activities.

In providing these financing solutions, MDV has always worked closely with our stakeholders and partners. These include the Ministry of Finance (MOF), the Ministry of Science, Technology, and Innovation (MOSTI), and Ministry of Natural Resources, Environment, and Climate Change (NRECC), who have provided indispensable support through funding, facilitation, and guidance to enable MDV to deliver its products and programmes effectively. Likewise, our partners like the Credit Guarantee Corporation (CGC), Suruhanjaya Tenaga (ST), members of the Venture Capital Community, Unit Peneraju Agenda Bumiputera (TERAJU), Bioeconomy Corporation, and Malaysian Green Technology and Climate Change Corporation (MGTC) have been invaluable in expanding MDV's reach to potential borrowers and customers.

MDV's achievements since its founding serve as a testament to the professionals who have passionately contributed to nation-building. It also serves as an impetus for the Company to continue progressing and evolving to effectively serve our mandate, remain relevant, and live up to MDV's vision to be the Nation's Technology Financier.

## THE EVOLUTION OF MDV'S FINANCING

No	Products/Programme	Year Started
1	Project/Contract Financing	2002
2	Bumiputera Biotechnology & Bio-Industry Development Fund (B3DF)	2009
3	Green Technology Financing Scheme (GTFS)	2010
4	Commercialisation Financing Programme	2011 (RMK-10)
5	i-Factoring	2013
6	Bioeconomy Transformation Programme (BTP)	2014
7	Bumiputera Technology Fund (BTF)	2015
8	Energy Performance Contracting (EPC) Fund	2015
9	Acquisition Financing	2015
<b>10</b>	<b>Venture Debt*</b>	<b>2017</b>
11	MDV Technology Acceleration and Commercialisation Scheme (MDV-TACT)	2017 (RMK-11)
<b>12</b>	<b>Islamic Venture Financing*</b>	<b>2018</b>
13	Green Technology Financing Scheme 2.0 (GTFS 2.0)	2019
14	Liquidity Financing for Tech Start-Ups (LIFTS)	2020
15	COVID-19 Intervention Fund Assistance Programme (CIFA)	2021
16	MDV Technology Venture Financing Microfund Guarantee Scheme (MDV-TechVFMG)	2021 (RMK-12)
17	MDV Technology Acceleration and Commercialisation Scheme 2.0 (MDV-TACT 2.0)	2021 (RMK-12)
18	SME Technology Thrust Financing (THRUST)	2022
19	Liquidity for Equipment and Asset Purchase Programme (MDV-LEAP)	2022

\* MDV's Venture Debt product was rolled out in 2017 as an entirely new financing method to finance venture capital-backed technology start-ups. The product's Islamic equivalent, Venture Financing, was launched in the following year – the first of its kind to be introduced in ASEAN – and exemplifies MDV's initiative towards innovation in Islamic Finance.

The Venture Debt/Financing product represents a strong 'green-field' market opportunity for MDV, given the limited competition from alternative financiers in the local market. This product targets start-ups within MDV's mandated areas of financing that have secured at least Seed/ Series A financing from a Venture Capital company. The start-ups should have a high probability of securing a subsequent series funding round and achieving an 'Exit' within the near-to-medium-term period (preferably within the financing tenure).

**Purpose:** To provide credit financing to start-ups for the purpose of implementing their business plan, increasing growth, funding working capital, developing their intellectual property and other financing requirements to enhance enterprise value. The benefits that the start-ups can enjoy include lesser equity dilution for entrepreneurs and investors, bridge to the next round of fundraising and achieve a more balanced and less costly capital structure.

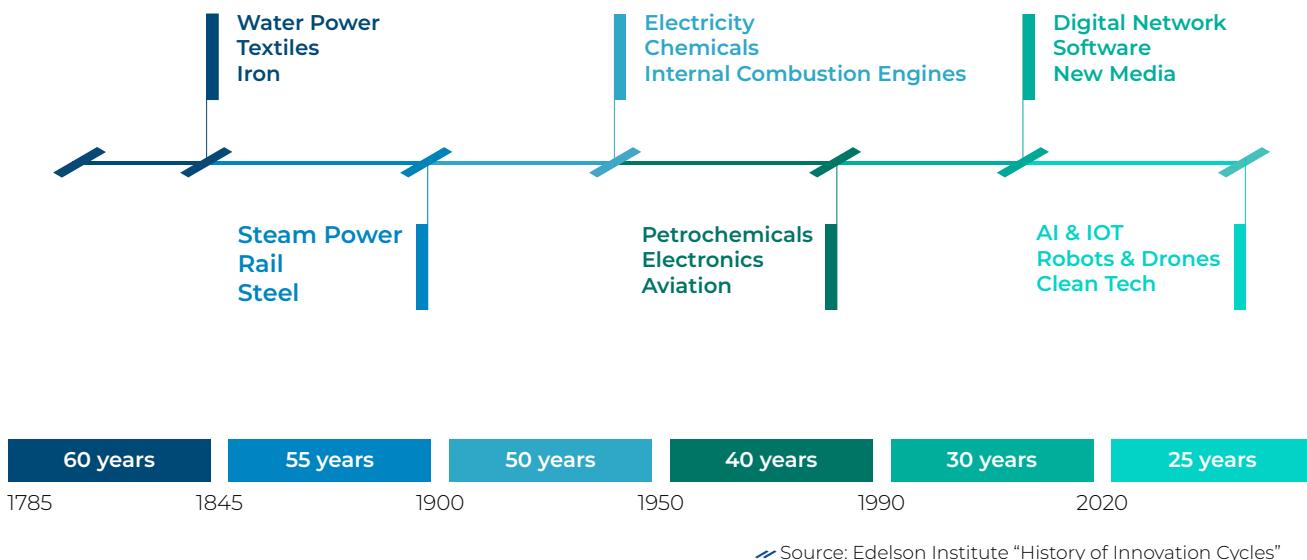
**Features:** Distinctly different from the conventional debt/financing products offered by MDV, the Venture Debt/Financing product has a warrant cover feature of up to 35% of the facility limit, where the facility limit is up to RM20.00 million per customer.

# THE ESG IMPERATIVE:

## DRIVING A SUSTAINABLE FUTURE WITH DIGITAL INNOVATION

### Innovation for Sustainability

E S G



According to the "creative destruction" idea, which was first put forth by economist Joseph Schumpeter in 1942, business cycles are maintained through protracted waves of innovation. Important clusters of certain sectors in particular, can have disproportionately large impact on the economy if markets are disrupted. The infographic above illustrates how innovation cycles have impacted economies since 1785, and what is next for the future.

Artificial Intelligence (AI) and digitisation in the field of Internet of Things (IoT), robotics, and drone, will provide a completely new landscape to the market.

Data processing, predictive analytics, and system automation will have a particularly positive impact to process and operational efficiencies. Physical goods and services will likely then be digitalised in response, leading to task completion varying from hours to seconds.

Advancement of clean technology brought about new changes to the future of humankind. Solving complicated challenges including climate concerns is becoming the core of every technological technology advancement.



## Tech-Enabled Sustainable Future Trends



S&P Global Market Intelligence Report 2021 listed more than 30 different technologies of the future and understand the impact towards different groups across each of the "E"- Environment, "S" - Social and "G"- Governance dimensions. The study looks at different ways that technologies are influencing ESG agendas and carrying a major bearing on ESG strategy.

### Information Security

Trend 1: Software-defined infrastructure brings power concerns with its IT efficiencies



Trend 2: Mass deployment of 5G raises ESG concerns and answers



Trend 3: New approaches to rapid enterprise performance intelligence Improve compliance and control



### Cloud & Managed Services Transformation

Trend 1: COVID-19 has shown cloud's ability to benefit society



Trend 2: Hyperscaler efficiency reduces carbon



Trend 3: Service providers must show a social conscience to impress talent



Trend 4: Cloud computing power brings great responsibility



### Cloud Native

Trend 1: DevOps drives governance collaboration



Trend 2: Open-source ethos democratizes cloud-native skills acquisition



Trend 3: Serverless delivers operational efficiency and optimized resource use



Trend 4: Cloud-native architecture drive efficiency



### Customer Experience & Commerce

Trend 1: Consumers reward strong business commitments to ESG



Trend 2: Environment and social factors emerge as potential influencers in checkout conversion



Trend 3: Digital transformation investment improve measurement and delivery of ESG Initiatives related to customer experience



### Data, AI & Analytics

Trend 1: Increased awareness drives increased focus on ethical and responsible use of AI



Trend 2: Ethical and responsible use of personal data can become a differentiator



Trend 3: Increased energy efficiency concerns impact data, AI & analytics



Trend 4: ESG data quality requires regulatory standards



### Data Center Transformation

Trend 1: Governments continue to place new environmental and energy consumption restrictions on the data center industry



Trend 2: Low-carbon technologies for backup generation are emerging at data centers



Trend 3: Sustainability will become a differentiator for data center providers



## Tech-Enabled Sustainable Future Trends



### Information Security

Trend 1: Measuring cybersecurity in business terms Will reinforce its role in governance



Trend 2: Cybersecurity will play a greater part in mitigating social concerns



Trend 2: Cybersecurity will play a greater part in mitigating social concerns



### Internet of Things

Trend 1: Digital twins and digital threads provide data transparency for ESG goals



Trend 2: IoT enables precise location and status data, resulting in lower emissions and environmental harm



Trend 3: Digital transformation and IoT projects engage stakeholders from across business functions



### Workforce Productivity & Collaboration

Trend 1: New operational cultures will embed social responsibility in business resilience



Trend 2: A more joined-up people management stack will support good governance in disruptive times



Trend 3: The evolution of human resources department bodes well for ESG strategies



### Core Insights

#### Data Center Efficiency

According to a global survey by 451 Research in 2020, half of data center operators claim that their customers' interests are motivating their engagement in sustainability initiatives. Most service providers anticipate that within three years, sustainability will be a significant competitive differentiation.

#### Ethical Consumerism

Consumers are more likely to buy electronics made utilising environmentally friendly business practices and that they would be willing to pay more for such a device.

#### Talent Strategies

Technology is becoming more important in employee engagement strategies

#### Supply Chain Governance

Manufacturing firms are fortifying their supply chain control by utilising digital twin and digital thread processes.

#### Bias in AI

To demonstrate the significant push for ethical and responsible AI, firms with AI deployments are evaluating their models for bias either before or after deploying.

#### Consumer Data Privacy

Consumers are wary of disclosing their confidential information online, but only a small portion of businesses claim to have a dedicated data privacy team that is in charge of protecting and preserving customer data.

#### Dependence on Smart Technology

With billions of "smart" devices proliferating in consumer, retail, and industrial markets and the number of industrial IoT (IIoT) devices nearly doubling over the next five years, environmental, social, and governance risks are evident and growing in almost every part of human existence.

Source: S&P Global Market Intelligence "ESG & Technology: Impacts and Implications"

## Financing A Sustainable Future

**E S G**

### Expanding Tech Financing Footprints via an Inclusive, Innovative & Flexible Financing

20 years since inception, MDV continues to become the catalyst for the nation's growth to finance high-impact and technology driven sectors of the economy including ICT, Green Technology, Biotechnology, Strategic and Emerging Technology, and Start-ups. MDV presents a significant potential in driving the nation towards its ambition of becoming a developed nation. MDV is emerging as one of the premier funding catalysts for technological innovation and digital disruption in Malaysia.

From nation building perspective, MDV has also made significant contributions through its financing such as supporting the construction of 5,900 3G/4G towers and helping to generate a staggering RM 21.00 billion in income and created over 25,000 job opportunities. This represents a strong commitment to supporting social development by promoting widespread internet access and uplifting the standard of living. We are proud to be part of this continuous effort and will continue to strive towards creating a sustainable future for all.

### Focused Efforts to Financing a Sustainable Future

#### Programmes

Following are some of the programmes offered by MDV:

- Liquidity Financing for Tech Start-Ups (LIFTS)
- Energy Performance Contracting (EPC)
- Green Technology Financing Scheme (GTFS/GTFS2.0)
- MDV Technology Acceleration & Commercialisation Scheme (MDV-TACT/MDV-TACT 2.0)

#### Projects

Following are some of the green-related tech projects highlights and its contributions:

	Drone development for sustainable agriculture
	Waste management project for a greener environment
	Biomass and biogas projects for sustainable business
	Various RE projects (e.g., solar, hydro) as a sustainable energy source
	Heat pump technology for innovative, economical and sustainable energy solution

# MARKET & INDUSTRY OUTLOOK

## ON MDV'S MANDATED TECHNOLOGIES

### Connecting the Dots: MDV's Mandated Sectors and the Strategic Vision of Budget 2023

#### Driving Malaysia's Economic Growth: MDV's Role in Supporting High-Value Technology and Innovation

MDV has been at the forefront of providing innovative financing facilities to develop the technology-driven sectors of Malaysia's economy for over two decades. Established by the Government of Malaysia in 2002, MDV's initial objective was to support the growth of the ICT sector, identified as the catalyst for the nation's development. Since then, MDV's financing mandate has been extended to other high-impact and technology-driven sectors such as Green Technology, Biotechnology, Strategic and Emerging Technology, and start-ups. As one of the few financiers in Malaysia solely focused on technology-driven companies, MDV has played a vital role in supporting the Government's initiatives to promote high-value technology and innovation as a path towards a high-income nation. Cumulatively, MDV has assisted over 1,000 high-potential and innovative technology companies with an aggregate fund size of RM4.10 billion.

#### Emerging Technologies, Driving Growth: The Bright Future of ICT Industry in Malaysia

The ICT industry in Malaysia is a vital contributor to the country's economy. According to the Department of Statistics Malaysia (DOSM), ICT contributed 23.20% to the Gross Domestic Product (GDP) with a growth of 12.10% to RM 359.30 billion in 2021. This growth is driven by the increasing adoption of emerging technologies such as Artificial Intelligence, Cloud Computing, and the Internet of Things (IoT).

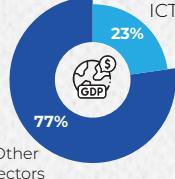
As part of MDV's mandate to support the growth of technology-based industries, the Company has financed numerous ICT industry projects, including software development and the manufacturing of ICT equipment, enabling local tech companies to expand and compete globally.

In recent years, there has been a significant increase in investment in the sector, particularly in the areas of digitalisation and data centres. In terms of specific investments made in the ICT sector in Malaysia, there have been significant developments in areas such as data centres, cloud computing, and semiconductors. For instance, several major international tech companies have announced plans to establish data centres in Malaysia, including Equinix's fourth data centre, which is expected to bring in billions of dollars in investments and create thousands of jobs.

The Digital Economy Blueprint has identified semiconductors as a key area for growth and has announced plans to establish a semiconductor cluster in Malaysia. Cloud computing is also an increasingly popular field, with several local and international companies investing in the development of cloud infrastructure and services in Malaysia. For example, Microsoft has announced plans to launch its first data centre region in Malaysia, scheduled to be operational by 2023. Google also plans to construct a new cloud region in Malaysia, anticipated to be operational also by 2023.

Budget 2023 has allocated RM725.00 million to the National Digital Infrastructure Plan (JENDELA) to strengthen Malaysia's digital infrastructure and accelerate the adoption of digital technologies. This includes initiatives such as the deployment of 5G infrastructure, the expansion of fibre optic networks, and the establishment of a digital village programme to provide digital access to rural communities. Additionally, the recent budget announcement also includes allocations for initiatives such as digital infrastructure development and promoting digital adoption among small and medium-sized enterprises (SMEs).

The budget also includes measures to support the growth of the ICT industry, such as tax incentives for businesses involved in research and development and the development of a digital talent pipeline through education and training programmes.

Contribution of ICT Sector to Malaysia's GDP	Key Technology Drivers	ICT Highlights in Budget 2023
 <p>Total GDP (2021) = RM1,549 billion</p>	 <p>Artificial Intelligence</p>  <p>Cloud Computing</p>  <p>Internet of Things</p>	<p>RM 725.00 million for the Jendela Digital Infrastructure Plan</p> <p>RM 50.00 million matching grant to support automation in agriculture through usage of robotics and AI</p> <p>Government pledged to enhance cybertechnology, as a means of strengthening, monitor, detect, and report cyber threats, assessment, and cyber forensics systems abilities.</p> <p>MAMPU to improve MyGovCloud functions by combining Public Cloud in public sectors</p>

In summary, the ICT industry in Malaysia is set to continue its growth trajectory, driven by the adoption of emerging technologies and the government's commitment to digital transformation. **MDV's financing support will play a key role in this growth, and the initiatives outlined in Budget 2023 will further support the development of the industry.**

### Going Green: The Rapid Growth and Development of Green Technology in Malaysia

The green technology industry in Malaysia is experiencing rapid growth and development in recent years, driven by the increasing awareness of environmental issues and the Government's efforts to promote sustainable development. In 2021, the Malaysian Investment Development Authority (MIDA) approved 882 green technology (green tech) projects worth RM3.66 billion and seven green tech services worth RM21.90 million in 2021.

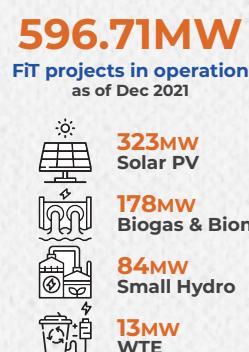
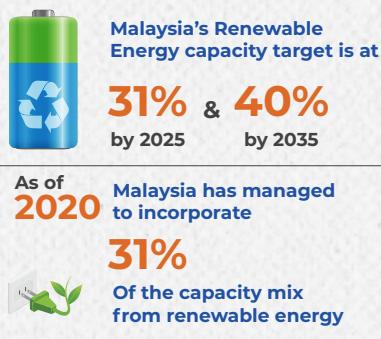
One of the Government's focus areas is the development of renewable energy sources. Malaysia has abundant natural resources that can be harnessed for renewable energy, such as solar, hydro and biomass/biogas. The Government has set a target of generating 31% of the country's electricity from renewable sources by 2025. To achieve this goal, the Government has implemented various initiatives, including tax incentives, feed-in tariffs, and net energy metering schemes, to encourage the adoption of renewable energy.

MDV's mandated technologies, including renewable energy, energy efficiency, and waste management, are closely aligned with the development of the green technology industry in Malaysia. As a technology financier with a pivotal role in nation-building, MDV is committed to

supporting businesses and organisations that invest in green technology projects. Through its financing and advisory services, MDV has been instrumental in promoting the growth of the green technology industry in Malaysia.

Budget 2023 has significant allocations for the green technology industry, which is expected to further boost the growth and development of this sector. The Government has allocated RM3.00 billion for the Green Technology Financing Scheme (GTFS) for green technology projects, in which MDV is the highest financier with more than RM900.00 million in funding approved for 64 companies since the scheme was first introduced in 2010. Additionally, RM150.00 million has also been allocated for SMEs to develop environmentally friendly projects via Khazanah Nasional. The Government has also pledged to install solar panels at Government and commercial facilities by 2024 and 500 units of EV charging facilities via Gentari.

These budgetary allocations are expected to create a favourable environment for green technology companies and encourage more investments in this sector. With the Government's support and MDV's expertise in financing innovative and sustainable projects, the green technology industry in Malaysia is poised for a bright future.



### GreenTech Highlights in Budget 2023

RM3.00 billion has been allocated for the Green Technology Financing Scheme (GTFS)

Allocation of RM150.00 million for SMEs via Khazanah to develop environmentally friendly projects

Extension of Green Investment Tax Allowance (GITA) and Green Income Tax Exemption (GITE) until Dec 2025

Installation of solar panels installation at Government and commercial facilities by 2024 & 500 units of EV charging facilities

## Vital Sectors for Malaysia's Economic Development: MDV's Focus on Strategic Sectors, Technologies, and MRO Industries

The strategic sectors, technologies, and MRO play a crucial role in Malaysia's economic development. MDV is committed to promoting investments in these sectors and ensuring its growth.

The electronics and semiconductor industry is one of the largest sectors in Malaysia, contributing 36.10% of the country's total exports. With the continued demand for electronic devices worldwide, this sector is projected to grow significantly in the future. MDV's mandated technologies in this industry involve the development and production of passive and electromechanical components, integrated circuit development, and semiconductor manufacturing.

Another significant strategic technology sector that MDV is involved in is nanotechnology. The application of nanotechnology in the design, characterisation, and production process has the potential to revolutionise industries such as pharmaceuticals and manufacturing. The use of nanomaterials in diagnostics and the development of new materials for structures and devices are some of the areas that MDV may potentially finance.

Maintenance, Repair, and Overhaul (MRO) is another critical area that MDV is focusing on. In Budget 2023, the Government has allocated a total of RM2.42 billion to upgrade and develop MRO capabilities for the railway, airport, and aerospace industries. The railway MRO sector received the most significant allocation of RM2.02 billion, which is inclusive of upgrading KTMB's capabilities and refurbishing the East Coast railway tracks. The aviation MRO sector also received significant allocations totalling RM 399.20 million, for the upgrading and development of air traffic control systems and the construction and upgrading of airport infrastructure.

The aerospace Industry is yet another sector that the Government is prioritising. The allocation of RM53.00 million in Budget 2023 for this sector aims to strengthen the country's aerospace capabilities. The National Industry Policy 4.0, which focuses on the development of Industry 4.0 technologies, received an allocation of RM44.50 million, while the Ministry of Science, Technology, and Innovation (MOSTI) received RM22.10 million for the Nanotechnology Commercialisation Programme.

**MDV's mandated technologies are closely related to the strategic sectors, technologies, and MRO industries in Malaysia.** The Government's commitment to developing these sectors and the allocation of significant resources in Budget 2023 will undoubtedly drive growth and create more opportunities for investment and development in these crucial areas.

## Strategic Sectors



**Oil & Gas**



**Maintenance Repair & Overhaul (MRO)**



**Nanotechnology**



**Electronics & Semiconductors**

### Strategic Sector Highlights in Budget 2023

RM 1.58 billion allocation to upgrade KTMB's capabilities

RM 276.20 million allocation to upgrade and develop air traffic control and management system

RM 44.50 million allocation for National Industry Policy 4.0

RM 22.10 million allocation for Nanotechnology Commercialisation Programme

## Thriving Ecosystem: The Growth and Development of Malaysia's Start-up Industry

The start-up ecosystem in Malaysia has been experiencing significant growth in recent years, currently ranking 42nd globally in the StartupBlink's 2021 Startup Ecosystem Rankings Report. According to the report, Kuala Lumpur is the leading hub for start-ups in Malaysia, with a high concentration of start-ups, investors, and support organisations.

In terms of sectors, FinTech has been a substantial investment, followed by e-commerce, logistics, and healthcare. The thriving FinTech sector is attributed to the country's increasing adoption of digital payments and the emergence of digital banks. The e-commerce sector has been flourishing due to the growing trend of online shopping, while the logistics sector has benefited from the rise of e-commerce and the need for efficient delivery services. The healthcare sector has also gained attention due to the pandemic, and the need for digital health solutions has led to increased investment in healthtech start-ups.

MDV plays a significant role in supporting start-ups through its Venture Debt/Financing programme, which helps start-ups extend their growth runway while minimising equity dilution. MDV provides flexible financing solutions that are tailored to meet the specific needs, providing them with the necessary funding to accelerate their growth.

Budget 2023 initiatives and allocations are expected to have a positive impact on the start-up ecosystem in Malaysia. The investment of RM1.50 billion by Khazanah Nasional and the Employees Provident Fund Malaysia

(EPF) for innovative and high-growth local start-ups is a significant step towards promoting entrepreneurship and innovation in the country. The additional RM40.00 million allocated to the Malaysia Co-Investment Fund (MYCIF) will further enhance the liquidity of equity crowdfunding (ECF) and Peer-to-Peer (P2P) markets, providing much-needed support for start-ups that often struggle to secure funding from traditional sources.

The RM100.00 million allocation under the Small and Medium Enterprise (SME) Grant Scheme will also support business automation and digitalisation activities, providing start-ups with the necessary resources to expand their market reach and compete on a global scale. Additionally, tax deductions of up to RM1.50 million on the listing expenses for high-growth technology companies who want to list on the ACE and LEAP Markets, as well as the Main Bursa Malaysia Market, will incentivise start-ups to list and generate trading interest.

Furthermore, it is worth mentioning that RM20.00 million has been allocated to MDV in 2023 as part of MDV's RM100.00 million RMK-12 allocation for its Venture Debt/Financing programme, which will further enhance its ability to support and finance high-potential start-ups. The continued support and funding from the Government will undoubtedly create a conducive environment for the start-up ecosystem to thrive, providing opportunities for entrepreneurship, innovation, and economic growth.

Overall, Malaysia's start-up ecosystem is thriving with promising outlooks for the future. With the support of Government's initiatives and MDV's Venture Debt/Financing, start-ups can continue to drive innovation, create jobs, and contribute to the country's economic growth.

According to StartupBlink  
In 2021, Malaysia's Start-up  
Ecosystem ranked

**3rd** & **42nd**  
in SEA worldwide



**FinTech**



**E-commerce**

### Start-up Highlights in Budget 2023

Investment of RM1.50 billion by Khazanah Nasional and EPF for innovative and high-growth local start-ups

RM40.00 million allocation for the Malaysia Co-Investment Fund (MYCIF)

RM100.00 million allocation under the SME Grant Scheme will support business automation and digitalisation activities

Tax deductions of up to RM1.50 million on the listing expenses for high-growth technology companies

### Top Start-up Verticals in Malaysia



**HealthTech**



**Logistics**

## MDV's Continued Support: Empowering Innovation and Economic Growth in Malaysia

In summary, this report has discussed various industry outlooks such as ICT, Greentech, Strategic tech/MRO, and Start-ups, which are all in line with MDV's mandated sectors. These sectors have shown significant potential for growth and development, with innovative technologies and solutions driving progress in Malaysia.

MDV remains committed to catalysing the growth of local technopreneurs and high-growth companies, by providing them with the necessary financing and support to achieve their full potential. With an allocation of RM20.00 million under Budget 2023, MDV will be able to further strengthen its efforts to support these sectors, creating new opportunities and driving progress in technology-driven industries.

Overall, MDV believes that the initiatives and allocations under Budget 2023 will have a positive impact on the technology-driven sectors in Malaysia. With continued support and investments in these areas, we can look forward to a bright future for innovation and growth in the country. MDV remains dedicated to driving this progress, and we look forward to continuing to work closely with local technopreneurs and high-growth tech companies and start-ups to achieve their goals and bring new ideas to life.

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# 06

- Noomi Fessler  
Co-Founder, Lapasar
- Warren Leow  
Chief Executive Officer, Imagine
- Mohd Farid Mohd Rosli  
Acting Chief Business Officer, MDV



Kuala Lumpur Venture Finance Forum 2022 panelists: from right, En. Mohd Farid Mohd Rosli, SVP Venture Finance MDV, Mr. Warren Leow, Group CEO Inimagine Group, Ms. Noomi Fessler, Co-Founder Lapasar, Mr. Adrian Yap, CEO Moneymatch Sdn. Bhd., and Pn. Azaria Tagaya as moderator.

## FUNDING THE NATION'S FUTURE IN TECHNOLOGY & INNOVATION

Chief Business Officer's Insights	49
Customer Outreach & Stakeholder Initiatives For Greater Engagement	
With The Tech Fraternity	51
MDV Venture Finance Activities & Initiatives	53
Building The Ecosystem For Soonicons	54

# CHIEF BUSINESS OFFICER'S INSIGHTS

## THE BUSINESS DIVISION'S TWO-DECADE JOURNEY OF FOSTERING TECH-DRIVEN BUSINESS GROWTH AND SUCCESS

As MDV marked two decades of operations in 2022, I would like to reflect on our transformative journey, with a focus on the Business Division's crucial role in fostering tech-driven business growth and driving its success.

From the outset, our mission was clear: to support the funding needs of young technology companies, particularly the Small and Medium Enterprises (SMEs) in Malaysia. MDV aimed to bridge the existing funding gap, providing vital capital to fuel their growth.

To this end, MDV devised a broad spectrum of financing products based on both the Islamic and conventional financing principles. These include trade financing and guarantees, project and contract financing, working capital and asset financing, growth, venture, and acquisition financing. We also extend cash lines and factoring facilities to young technology companies that may not have established credit histories yet. Furthermore, we partake in syndicated financing to allow us to support larger technological ventures.

Apart from direct financing solutions, MDV also manages government-initiated financing programmes aimed at providing targeted support to the technology sector. We then took this initiative a step further by strategically collaborating with various partners, easing financial access for promising tech companies.

Throughout the years, we have continuously adapted to meet the unique financing needs of technology-based businesses in Malaysia. Our customer-centric approach fosters a collaborative relationship built on trust and understanding. Recognising the distinct challenges and goals of each business, we work closely with our customers to structure financing arrangements that cater to their specific requirements, providing tailored solutions that support their growth ambitions.

Drawing upon our extensive expertise in technology sectors, we fine-tuned our processes to capture the nuances and intricacies of these industries, enabling us to create financing structures that align with our customers' cash flows, ensuring effective disbursement and payment arrangements. Through close collaboration with our customers, we thoroughly analyse their revenue streams, business cycles, and projected cash flows to identify viable financing options that empower them to seize opportunities, invest in innovation, and drive their businesses forward.

**MARAZIZI OMAR**  
Chief Business Officer



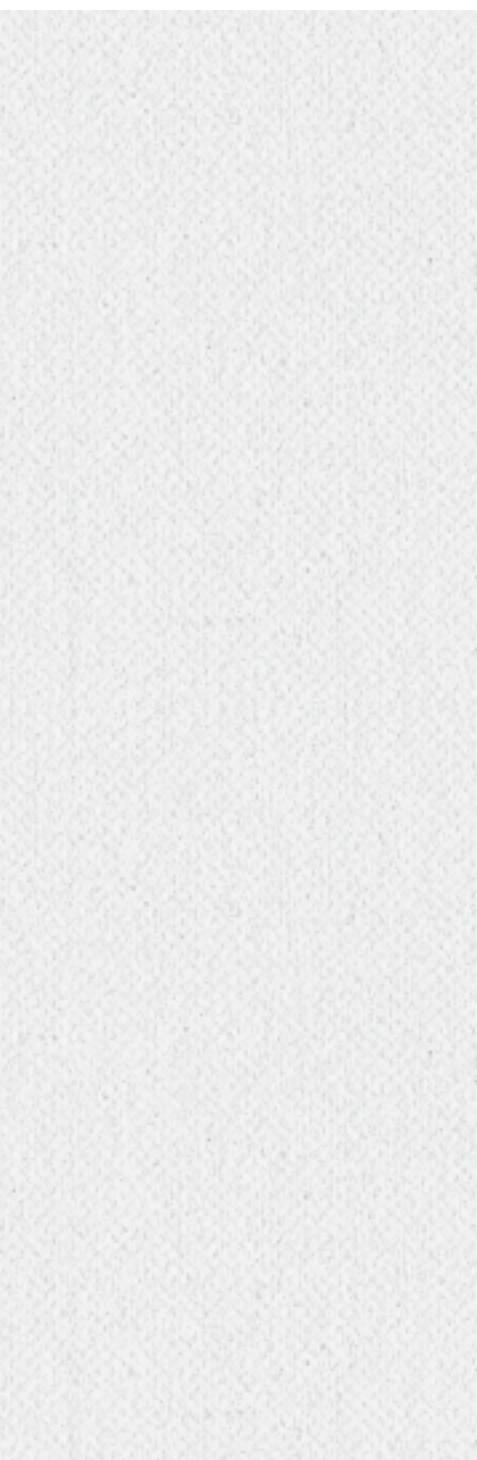
At MDV, we offer more than just financial support. Our comprehensive range of initiatives includes mentorships, networking opportunities, and access to valuable resources and expertise. We understand that young technology companies and start-ups require more than just capital; they need guidance, connections, and the right ecosystem to thrive. That is why we actively engage with technopreneurs, equipping them with the necessary tools and support to navigate market challenges successfully.

Promoting innovation and technological advancements is also a core commitment of ours. We do this by closely collaborating with Government agencies and industry leaders, cultivating an environment that nurtures ideas, fosters breakthroughs, and encourages knowledge sharing as well as technology transfer.

As we navigated through the initial years, the Business Division's role expanded in tandem with our growing customer base. We witnessed firsthand the transformation of many of MDV's portfolio companies into key players and industry leaders within the domestic market, and we are proud to have played a part in their growth.

As part of our efforts to keep the public, especially the pipeline of technopreneurs in Malaysia, informed about our various programmes and offerings, we actively participate in industry-related events and speaking engagements. These include the International Greentech & Eco Products Exhibition & Conference Malaysia (IGEM), Malaysia Technology Expo (MTE), World Congress on Innovation & Technology (WCIT), International Sustainable Industry Summit (ISES), and many others. These engagements not only enhance our visibility within our target market but also strengthen our overall market presence.

The past two decades have also seen us continually refining our approach and diversifying our product portfolio to better serve our clients. This has been essential to our growth, allowing us to adapt to evolving market conditions and tailor our services to meet the changing needs of our customers. These adaptations have resulted in a broader customer base, as we now serve a multitude of sectors under our financing mandate, spreading new approvals across different industries. Evolving market conditions and tailor our services to meet the changing needs of our customers. These adaptations have resulted in a broader customer base, as we now serve a multitude of sectors under our financing mandate, spreading new approvals across different industries.



MDV has financed numerous technology projects in various sectors as part of our mandate and developmental role in the technology industry, including, but not limited to, E-Government, Satellite, Enterprise Software, Digital Content, Flight Simulator, Business Intelligence, RFID, Smart Cards, Telco Tower, Wireless Broadband, Fibre Optics, Algae Cultivation, Bio-Fertiliser, Bio-Diversity Research, Bio-Mass and Biogas, Renewable Energy and Solar PV, Green Public Technology, LED, Mini Hydro, Water Treatment and Management.

Our expertise in technology financing is recognised not only through our participation in several government-initiated schemes/programmes, such as the Green Technology Financing Scheme (GTFS) and the Energy Performance Contracting (EPC), but also through the accolades we have received over the years, including Malaysia's Most Innovative Technology Financier Award, GreenTech Financial Institution Award, and the National Energy Award (NEA).

As we move forward into the future, we find ourselves amidst a rapidly evolving economic landscape, largely influenced by the aftermath of the global pandemic. In response to this shift, we have realigned our strategies, expanded our mandated sectors further, and are now actively venturing into previously untapped markets and extending our financial assistance to emerging sectors such as Medtech and Agritech, as well as emerging technology areas identified by the Ministry of Science, Technology & Innovation (MOSTI) under the 10-10 mySTIE framework.

At the core, MDV is more than a financier; we are a dynamic catalyst in the tech fraternity and start-up ecosystem. Our mission is to empower innovation and fuel transformative ideas, especially in a rapidly evolving, post-pandemic world. Through our specialised programmes targeted to address the specific needs of technology companies, such as MDV's Liquidity Financing for Tech Start-ups (LIFTs) and Venture Debt/Financing, we intend to assist tech companies and start-ups in fortifying their businesses and transcending traditional boundaries.

Moving forward, as part of our business expansion strategy, MDV is aggressively pursuing collaborations with State's Development Agencies and State Investment Agencies throughout the country to infuse technical capabilities and expand the commercial viability of the companies in relation to their state technology enhancement agenda. This initiative complements our ongoing efforts to engage with our targeted segments and enhance our existing offerings and services to meet the evolving needs of technology-driven businesses.

Aligned with MOSTI's vision under the National Science, Technology, and Innovation Policy (NSTIP) 2021-2030, MDV aims to fast-track the nation's economic growth by nurturing the technology sector over the coming decade. With an optimistic outlook for the future, MDV is fully prepared to continue to adapt, innovate, and grow alongside the businesses that we serve.

## CUSTOMER OUTREACH & STAKEHOLDER INITIATIVES FOR GREATER ENGAGEMENT WITH THE TECH FRATERNITY



From left, En. Zulkifli bin Umar, Head of Energy Efficiency & Conservation Suruhanjaya Tenaga, En. Sharul Sazman bin Samaan, SVP Business MDV and En. Ar. Zulkifli bin Zahari, President of Malaysia Association of Energy Service Companies during Coffee Chat with MDV Session

In line with its vision of becoming the Nation's Technology Financier, it is pertinent for MDV to consistently reinforce its position as the preferred financing partner for high-potential technology companies and start-ups that are in need of assistance, particularly in the aftermath of the pandemic. As it became increasingly crucial for the affected technology companies and start-ups to secure financing support for their business trajectory, MDV's long-standing reputation and expertise in financing technology-related projects have positioned us as the perfect partner to support their business requirements, in line with our mandate.

In addition to managing our existing programmes like Liquidity Financing for Tech Start-Ups (LIFTs) and Venture Debt/Financing, which are tailored specifically for tech start-ups, we are expanding our product offerings to include working capital financing and term financing under various programmes, designed for sub-sectors within the ICT, Green Technology, Start-ups, and Strategic & Emerging Sectors. We are actively focusing on key areas such as Medical Technology, Agriculture Technology, and Fintech, in line with the nation's focus.

In 2022, the Client Coverage team (previously the Business Building Team) collaborated with PR & Communications in Customer Outreach activities, where we initiated and participated in several events, including organising various

Stakeholder Engagement Initiatives, which serve as our medium for networking sessions. The two-pronged approach was devised to ensure that we canvass the sector thoroughly and in a timely manner.



MDV Client Coverage Team from left, Pn. Raja Zainon Raja Md Daud, Pn. Azlina Othman and En. Muzammil Arif Kamaruddin

Four targeted events under Customer Outreach activities were held with the intention to present MDV and its product offerings to customers within the tech fraternity and to actively engage with stakeholders within the technology ecosystem. Several events were organised in collaboration with agencies under MOSTI.

The year also saw MDV hosting Malaysia's first forum on Venture Debt/Financing in September as part of our ongoing efforts to promote and raise awareness on Venture Debt/Financing as a viable alternative funding for start-ups.



In addition, MDV had participated in numerous events relevant to its mandate, namely the International Greentech & Eco Products Exhibition and Conference Malaysia (IGEM), Cyberview's i-Incentive Seminar, Supercharging Your Commercialisation Potential - IP & Commercialisation Clinic by MRANTI, Cradle's Meet & Pitch Series, MPRC Industry Engagement Series, Funding Opportunity & Advisory Webinar by Bioeconomy Corporation, Smart Nation Expo 2022, i - Nation Conference 2022, International Sustainable Energy Summit (ISES), and Energy Efficiency And Conservation Seminar.



The events not only provided us with market coverage but also allowed us to identify key players and potential companies that may require MDV's assistance. They also served as a platform for us to listen and understand the pain points of technology companies and start-ups, especially post-pandemic, presenting us with perspectives on how we can better structure our products to assist them.

For the Stakeholder Engagement Initiatives, networking sessions were conducted with key agencies, enablers, and authorities, as well as market players. Among the networking sessions held were with Cradle, MRANTI, Cyberview, Ministry of International Trade and Industry - MITI, Medical Device Authority - MDA, Malaysia Venture Capital & Private Equity Association (MVCA), and various venture capital companies. The initiatives aimed to understand the objectives and implementation plans devised by the key stakeholders and provide input from financing and commercialisation standpoints.



The engagement sessions serve as a constant reminder to stakeholders of our presence and role in relation to the National Agenda. The feedback has been overwhelmingly positive, leading MDV to participate in numerous discussions and engagements to share how we can expedite the development of technology companies in specific sectors. We were also invited to conduct funding briefing sessions to help technology companies that are in the early stages of growth to prepare them for future funding requirements.

Moving forward, we plan to expand our reach by collaborating with State Development Agencies and Investment Arms, while continuing to focus on helping to fund viable projects/technology with potential for commercialisation.

# MDV VENTURE FINANCE

## ACTIVITIES & INITIATIVES

In 2022, MDV made significant strides in expanding our presence within the local Venture Debt/Financing landscape.

Since the introduction of the Venture Debt product by MDV in 2017, MDV has to-date financed over 60 technology start-ups across various sectors including FinTech, e-Commerce, Software-as-a-Service (SaaS), EduTech, PropTech, Logistics & Mobility, Artificial Intelligence (AI) and Digital Content/Media. MDV concluded 2022 with a total start-up financing portfolio size of RM87.95 million and total cumulative disbursement amounting to RM86.17 million. Of the start-ups financed, a 126% growth in valuation was observed for those who had successfully closed their fundraising rounds.

With a strategic focus on advocating Venture Debt/Financing as a crucial funding alternative for tech-based start-ups and promoting it as an attractive asset class offering appealing risk-adjusted returns and substantial diversification benefits, the year marked a transformative point in our journey.

### Expansion of Venture Debt/ Finance Footprint via Fund Management Model

As part of MDV's strategy to further expand its Venture Debt/Financing footprint in FY 2022, MDV successfully completed the acquisition of its two new subsidiaries, MDV Startup Accelerator Sdn Bhd (formerly known as Bywings Sdn Bhd) and MDV Venture Management Sdn Bhd (formerly known as Feroblue Sdn Bhd), which will be earmarked for future fund management activities.

The move is in line with MDV's aims to attract accredited investors to participate into the domestic (or regional) venture debt market, promote Venture Debt/Financing as a preferred alternative asset class and ensure a diverse pool of capital for start-ups and tech-based companies.

With the new companies in place, MDV is well-positioned to drive the growth and development of the local venture debt market while facilitating access to diverse investment opportunities for investors.

### KL Venture Finance Forum 2022 (KLVF22)

In September 2022, MDV organised Malaysia's inaugural Venture Finance forum, the KLVF22. This landmark event was focused on exploring the potential of Venture Debt as an alternative funding option for start-ups and as an attractive asset class for investors. KLVF22 served as a dynamic platform for networking and fostering cohesive relationships between the public and private sectors, in line with the Government's vision of nurturing homegrown tech start-ups and unicorns. The forum brought together key stakeholders, including entrepreneurs, investors, government officials, and industry experts, facilitating insightful discussions, idea exchange, and innovative solutions to drive the growth of the local start-up ecosystem.

### Participation in the Asia PE-VC Summit 2022 by DealStreetAsia (Nikkei Group)

As part of our strategic plans to enter into fund management and expand our network for future fundraising, MDV participated in the prestigious Asia PE-VC Summit 2022 held in Singapore on 27 and 28 September 2022.

The summit brought together prominent private equity players, venture capital firms, and notable Limited Partners, including East Ventures, Openspace Ventures, Golden Equator Ventures, and GGV Capital. MDV's participation aimed to establish valuable connections, learn from industry leaders, and explore potential collaborations in fund management.

By actively engaging in the Asia PE-VC Summit 2022, MDV demonstrated its commitment to building a robust network and preparing for future fundraising endeavors. The event provided a platform to exchange ideas, gain industry insights, and foster relationships with key players in private equity and venture capital.



# BUILDING THE ECOSYSTEM FOR SOONICORNS

Since the rise of the early-stage technology industry in 2015, the technology ecosystem in Southeast Asia (SEA) has experienced remarkable growth. The emergence of unicorns like Grab, Gojek, Tokopedia, Sea Group, and Lazada within just eight years has solidified the region's importance in the technology renaissance. This growth in the SEA technology landscape can be attributed to the substantial influx of global technology funding and the maturation of early-stage technology investors. In 2022, approximately RM83.00 billion was invested in technology funding in the region, a staggering nine-fold increase compared to the RM9.24 billion invested in 2015. The SEA technology ecosystem has made significant progress and promises more achievements to come.

As one of the key markets in SEA, Malaysia has become a preferred beachhead for technology companies. Entrepreneurs are drawn to Malaysia's technology market due to factors such as affordable labour, lower cost of living, and high mobile penetration rates. From 2017 to 2021, Malaysia received a total of RM30.50 billion in venture capital (VC) funding. The technology ecosystem in Malaysia has matured with the presence of over 105 VCs, increased Government grants, and improved accessibility to various types of funds.

Currently, Malaysia has produced one unicorn, the Carsome Group, who reached a valuation of RM6.00 billion with a RM1.40 billion funding. The stage is set for the development of more soonicorns aiming to achieve unicorn status in Malaysia.

Soonicorns are companies that have recently secured funding rounds at valuations ranging from RM2.78 billion to RM3.70 billion. These companies have demonstrated a strong product-market fit, high-growth revenue performance, and robust unit economics. With the evolution of technology investment themes, expanding beyond e-commerce marketplaces into areas like payments, mobility, and software, it is no surprise that soonicorns will emerge in these categories.

With the strong support from the Government, Penjana Kapital was formed in 2020 to catalyse foreign investments in tech companies that have market expansion plans in Malaysia, with a fund size of RM1.20 billion. Thus far, eight selected fund managers have matched RM370.00 million in funds. The Ministry of Science, Technology, and Innovation (MOSTI) has also launched the Malaysian Startup Ecosystem Roadmap (SUPER) 2021-2030, aiming to accelerate technology development in Malaysia through the MYStartup platform.

This digital resource portal facilitates knowledge-sharing and connectivity among start-up founders. In nurturing the next wave of technology unicorns, ScaleUp Malaysia and Proficeo have partnered with MDEC and Penjana Kapital to launch "100 Soonicorns", a 12-month accelerator programme introduced in 2022. Malaysia Debt Ventures Berhad (MDV) plays a complementary role by offering venture debt/finance facilities as an alternative funding option for founders who wish to avoid diluting their equity.

The future of soonicorns in Malaysia looks promising, presenting an opportune time for technology founders to ride the next wave of technology evolution in SEA.

Company	Industry	Last funding amount (RM)
TNG Digital	Payment	778.00 mil
iProperty	Real Estate	462.00 mil
BigPay	Payment	277.00 mil
Socar	Mobility	255.00 mil
Boost	Payment	324.00 mil
Aerodyne	Drone	139.00 mil
myTukar	Car marketplace	139.00 mil

↗ List of soonicorns in Malaysia and their latest fundraising amounts

# 07



## CORPORATE GOVERNANCE & ACCOUNTABILITY

Chief Risk, Integrity & Governance Officer's Insights	56
The Role Of Risk Management Division (RMD) And Key Achievements In 2022	58
2022 Audit Committee Report	66
Corporate Governance	70
Sustainability At MDV	72

## CHIEF RISK, INTEGRITY & GOVERNANCE OFFICER'S INSIGHTS

### RECALIBRATING & TRANSFORMING MDV'S CORPORATE GOVERNANCE INTO A ROBUST RISK MANAGEMENT PROCESS

For the past 20 years, as a mandated and specialised lending organisation, MDV has witnessed the rapid pace of technological changes and the emergence of more complex business models in today's swiftly evolving and competitive economic landscape. This pragmatic paradigm shift has resulted in ongoing challenges to our existing governance structure and risk management foundation. Under the Risk Management Division (RMD), our responsibility is to recalibrate and transform MDV's corporate governance into a more robust risk management process, which requires understanding, adapting and continuous adoption to address these fast-paced challenges.

Corporate governance refers to a system of rules, practices, and processes by which a company is directed and controlled. Key to this, to say the least, is balancing the interests of MDV's stakeholders, including the Government, management, customers, financiers, and the overall community that we serve.

MDV has in place the highest standard of corporate governance that governs all aspects of Company's business activities. By practicing and adopting good corporate governance, MDV ensures that it is managed ethically, transparently, and in a manner that enhances long-term shareholders' value without neglecting the interests of other stakeholders.

To date, MDV's corporate governance has promoted accountability and integrity across all levels of the organisation. This is largely attributable to various initiatives and controls introduced to mitigate the risks associated with governance, specifically bribery and corruption. Key among these are the development and introduction of MDV's Organisational Anti-Corruption Plan (OACP) 2021-2023, the distribution of the Anti-Bribery and Corruption (ABC) Handbook for employees, and the conducting of trainings and seminars related to corruption and bribery.

Ultimately, effective corporate governance helps to build trust and confidence in MDV, potentially leading to greater success and stability over the long term. It not only provides the right direction for MDV in achieving its objectives, but it also serves as a measure for mitigating risk.

Transforming our corporate governance into more robust risk management measures requires a strategic approach at our end. The process involves continuously assessing MDV's risk appetite, identifying current and future potential threats, and designing a framework to address them without compromising risk and returns.



**RIZAL FAUZI**  
Chief Risk, Integrity &  
Governance Officer

At MDV, we have developed and implemented a comprehensive and robust risk management process that was integrated into the Company's corporate governance framework. This serves to ensure the protection and sustainability of MDV's financial performance and to fulfil our given mandate. Through this framework, MDV has established a strong risk management mindset and culture that assist in effectively identifying, evaluating, and managing potential risks, thus minimising losses and improving the Company's overall performance.

Integrating and transforming corporate governance into a robust risk management process require continuous assessments and adaptation to changes. Recalibrating it also demands a strategic approach that involves assessing the company's risk profile, identifying potential threats, and designing a framework to address them. The integration and adoption follow a similar evaluation process as that of a standard risk management framework.

For every adoption process that we undertake, we continuously review the existing corporate governance structure in a timely manner. This involves examining the company's policies and procedures related to risk management, including the responsibilities of the board, risk management committees, risk management frameworks, and reporting mechanisms. Through continuous reviews, we can identify potential risks that MDV may be facing. Risk identification involves evaluating existing controls and identifying areas where the company may be vulnerable.

A comprehensive risk management strategy is crucial in managing potential risks in the corporate governance process. The strategy should identify specific actions to reduce or eliminate risks and establish procedures for monitoring and reporting of these actions. Once the risk management strategy is in place, a governance framework would then be established to ensure effective implementation of the strategy, and to outline the roles and responsibilities, and the necessary reporting structures.

Following the above processes, any identified gaps will correspondingly be analysed, and additional steps must be introduced through clear policies and procedures. We will also ensure that there is a clear guidance for employees on how to identify, assess, and mitigate risks. For example, the adoption of Risk Control Self-Assessment (RCSA) and Fraud Control Risk Assessment (FCRA) by all divisions and departments, has provided an avenue for all employees to understand the importance of managing risk and fostered a culture of risk awareness in their daily tasks. This had resulted in the integration of risk management into decision-making processes, ensuring that risks are evaluated and addressed early on and in a timely manner. Most importantly, the Management, led by the Board, also encourages the cultivation of a risk management culture in MDV's corporate governance framework. This instils and encourages all employees to identify and report potential risks, ensuring that they understand their role in managing risk and providing them with the opportunity to report any findings.

To conclude, MDV, as a responsible and ethical organisation, consistently reassesses our risk management approach through regular reviews, adjusting it as necessary, to ensure that our approach continues to be effective and relevant over time.

By diligently following this process, we have successfully transformed our corporate governance into a robust risk management process that is effective in identifying and mitigating risks, safeguarding MDV from potential losses, and enhancing our performance for the longer term.

# THE ROLE OF RISK MANAGEMENT DIVISION (RMD) AND KEY ACHIEVEMENTS IN 2022

The primary responsibility of RMD is to prevent MDV's exposure to any form of losses, manage risks, and protect the value of its assets. RMD is committed to continuously improve the risk management framework, capabilities, and risk culture across all of MDV's operations 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 principle for Islamic financing and managing the Integrity and Governance of MDV. Our ultimate objective is to ensure that any 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 to unfamiliar, high-risk, and advanced technology-based companies and projects. Despite this responsibility, RMD always pursue appropriate vigilance and prudence when we undertake 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 for 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;
  - Adequate risk management and internal controls;
  - Ensuring the highest standard of integrity in the daily task; and
  - Compliance with the Shariah principles where applicable.

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 (CRIGO), deliberates on accounts which show early signs of distress and the possibility of an increase in 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
<b>4.1 Credit Risk</b>	<p><b>Risk assessment and monitoring of MDV's financing portfolio.</b></p> <ul style="list-style-type: none"> <li>• In assisting the relevant approving committees (i.e., MFIC and BFIC) in making informed financing decisions, RMD performs an independent credit risk assessments and evaluations and provide 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.</li> <li>• 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.</li> <li>• Analyse NPF accounts and perform Post-Mortem Review, in which the outcome of the evaluation will be presented to the relevant committee and to the credit division for lessons learnt purposes.</li> <li>• Implementation of Risk-based Expected Financing Loss (RBEFL) Framework for monitoring and management of MDV's portfolio exposure. 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 risk grading.</li> </ul>
<b>4.2 Portfolio Risk</b>	<p><b>Review and track exposures of portfolio to identify and manage systemic risk, concentration risk, and associated profitability considerations.</b></p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• 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, as well as performance of sectoral/sub-sectoral. RMD ensures that the portfolio adheres to the exposure capping for the sub-sectors and financing/loan exposures.</li> <li>• MDV portfolio management also covers any economic or industry events/trends that may impact the portfolio accounts and risk-reward structures.</li> </ul>

Risks Covered	RMD's Roles and Responsibilities
<b>4.3 Operational Risk</b>	<p><b>Provides overarching governance of operational risks through relevant policies, standard operating procedures (SOPs), and operational risk management (ORM) tools.</b></p> <ul style="list-style-type: none"> <li>• RMD monitors the day-to-day operational risks via three key ORM tools i.e. Risk Control Self-Assessment (RCSA), Fraud &amp; Corruption Risk Assessment (FCRA) and MDV's Global Key Risk Indicators (KRIs). All divisions and departments in MDV must scrutinise all the risk factors outlined in these three 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 appropriate recommendations and RMD shall propose new controls or improvement of existing controls to RMC/BRMC.</li> <li>• 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.</li> <li>• To ensure the continuity of MDV's business operations during a disaster, RMD consistently monitors, reviews, and conducts business continuity processes and procedures to affirm MDV's non-compromising stance on operational disruptions to both MDV employees and external parties.</li> </ul>
<b>4.4 Market Risk</b>	<p><b>Optimise the Company's returns by maintaining market risk exposures within acceptable parameters.</b></p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• 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, RMD examines and analyses the areas of risks as follows: <ul style="list-style-type: none"> <li>i. The liquidity position to cover the monthly operating expenses and payment of the Sukuk/ Islamic Revolving Credit (RC-I) obligations;</li> <li>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;</li> <li>iii. The negative carry position;</li> <li>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;</li> <li>v. The availability of cash for funding purposes (capital management);</li> <li>vi. Timely issuance of Sukuk/RC-I for lending purposes; and</li> <li>vii. The competitiveness of Effective Cost of Funds (ECOF) rate levied to the customers.</li> </ul> </li> </ul>

Risks Covered	RMD's Roles and Responsibilities
<b>4.5 Credit Compliance Risk</b>	<p><b>Credit Compliance to Enhance MDV's Overall Credit Quality.</b></p> <ul style="list-style-type: none"> <li>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.</li> </ul>
<b>4.6 Shariah Compliance Risk</b>	<p><b>Shariah Compliance Unit (SCU) to align MDV's Financing in accordance with Islamic Principles.</b></p> <ul style="list-style-type: none"> <li>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.</li> <li>SCU is responsible to deliberate and provide advice on Shariah compliance matters, specifically on the financing principles.</li> <li>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.</li> </ul>
<b>4.7 Integrity and Governance</b>	<p><b>Integrity and Governance to Ensure Good Governance</b></p> <ul style="list-style-type: none"> <li>The Integrity &amp; Governance Unit (IGU) functions is in line with the Government's vision to strengthen and enhance corporate integrity and governance at all Government-Linked Companies. IGU reports directly to the BODs of MDV. On half-yearly basis, IGU also provides 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.</li> <li>IGU ensures that all MDV's internal and external business relationships are guided by MDV's Code of Conduct, and all Anti-Corruption policies and SOPs.</li> </ul>

## 5. KEY INITIATIVES FOR 2022

Areas	Initiatives Carried Out
<b>5.1 Portfolio and Credit Risk Management</b>	<ul style="list-style-type: none"> <li>With the continuous uncertainty in the economic and business environment in Malaysia due to the supply chain disruption resulting from the ongoing Russia – Ukraine conflict and the aftermath of the pandemic, RMD conducted Portfolio Stress-Test in early and end of 2022. This analysis is to analyse the impact 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 the BRMC which resulted in MDV being able to reduce or eliminate any possible unfavourable outcomes for MDV.</li> <li>RMD will continue to assess and monitor the current economic and political scenario in the country to stay vigilant against any uncertainties. RMD opines that while the economic impact from the COVID-19 pandemic might be less severe, there are other external factors that could potentially require increased vigilance. RMD will persist in analysing these external conditions and will continue to provide recommendations to the Management in safeguarding MDV's portfolio.</li> <li>The Credit Risk Grading model has managed to streamline the Company's portfolio across various types of companies, products, programmes, and other external factors.</li> </ul> <p>It is more robust and reliable as it considers key credit parameters and MDV's financing of high-risk sectors.</p>
<b>5.2 Business Continuity Management (BCM)</b>	<ul style="list-style-type: none"> <li>Advancement in technologies and the impact from the post-Movement Control Order (MCO) due to COVID-19 have led to the implementation of a hybrid working arrangement for all MDV employees. To ensure a secure and conducive working environment, RMD has developed a Cyber Incident Response Plan. RMD will continue to uphold the health and safety of all employees as its utmost priority.</li> </ul>

Areas	Initiatives Carried Out
<b>5.3 Integrity and Governance</b>	<ul style="list-style-type: none"> <li>RMD continuously enhanced the requirements under Section 17A since its introduction in 2019. We conducted several activities and programmes for employee awareness throughout 2022.</li> <li>RMD via the Organisation Anti-Corruption Plan (OACP) 2021-2023 shall continue to monitor the implementation of the strategic initiatives and action plans relating to the integrity and anti-corruption in line with the National Anti-Corruption Plan 2019-2023.</li> </ul> <p>The OACP has strengthened 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. In 2022, the CRIGO has attended the Certified Integrity Officer Programme conducted by the Malaysia Anti-Corruption Academy (MACA).</p> <ul style="list-style-type: none"> <li>Other encompassing activities, programmes, and initiatives conducted under the IGU could be broadly divided into three (3) main categories: <ul style="list-style-type: none"> <li>A) Reviews and revisions of policies, SOPs, forms, and checklists to ensure consistent compliance to MDV's existing regulations and governance via: <ul style="list-style-type: none"> <li>The Anti-Fraud SOP, Anti-Money Laundering and Counter-financing of Terrorism (AML/CFT) Guidelines and Integrity and Anti-Corruption Policy</li> <li>Whistleblowing Policy and SOP</li> <li>Due Diligence Checklist on Third Party</li> <li>Third Party Declaration of Conflict of Interest Form for the solicitors</li> <li>Customer's Annual Declaration Form and Customer's Declaration of Conflict of Interest with MDV Form</li> <li>Third Party Declaration Form</li> <li>The Code of Corporate Governance and Corporate Governance Framework</li> </ul> </li> <li>B) Organised talks/trainings as well as sharing of information and updates to create awareness amongst all employees: <ul style="list-style-type: none"> <li>Annual Talk/ Webinar on MDV's Code of Conduct, Anti-Fraud, Whistleblowing, and Integrity and Anti-Corruption</li> <li>Shared BNM's AML/CFT Newsletter</li> <li>Distributed Integrity and Governance News</li> </ul> </li> <li>C) Other initiatives: <ul style="list-style-type: none"> <li>Submission of Declaration on Conflict of Interest with Third Party form</li> <li>Updated the link for MACC's Corruption Offenders (<i>Data Pesalah Rasuah</i>) portal</li> </ul> </li> </ul> </li> </ul>

## 6. MOVING FORWARD

- 6.1 Moving into 2023, RMD will continue to strengthen MDV's internal processes and implement several initiatives such as reviewing of existing credit process, anti-corruption SOPs, and policies.
- 6.2 With the controls and processes in place, the task of inculcating integrity and good governance will continue in ensuring that MDV upholds the highest level of integrity and fostering trust in our business. This includes the continuation of initiatives outlined in the OACP for 2023.
- 6.3 As the economy is expected to become more open and robust, MDV will be more stringent in monitoring all controls and capping. The Watchlist Committee will continue to play an important part in ensuring adherence to the risk tolerance levels in supporting the achievement of MDV's business plan and growth.

# 2022 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 risks within an acceptable risk profile, rather than 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, primarily comprising independent directors, possess a range of necessary skills, knowledge, and experience to fulfil their duties and responsibilities.

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

The Committee members are:

1. Datuk Puvanesan Subenthiran - Independent Non-Executive Director, Chairman (appointed on 28 February 2022)
2. Dr Azura Othman - Independent Non-Executive Director, Member (resigned as Chairman on 28 February 2022)
3. Puan Nahidah Usman - Non-Independent Non-Executive Director, Member.

## Duties and Responsibilities

The primary duties and responsibilities of the Committee among 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 the management being present) and discuss 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 the management's 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

Five (5) 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
Datuk Puvanesan Subenthiran	5/5
Dr Azura Othman	5/5
Puan Nahidah Usman	4/5

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

The Committee met on a quarterly basis. The Chief Executive Officer (CEO), Chief Finance Officer (CFO), Chief Business Officer (CBO), Chief Strategy Officer (CSO), 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 2022, taking into consideration changes in risks, ad-hoc investigations and special reviews, as well as availability of IA resources.
2. Reviewed IA's reports particularly on significant risk audit findings and improvement opportunities on strengthening internal controls and enhancing operational procedures. The Committee considered IA's recommendations after reviewing the management's responses, and upon which, approved IA's proposals for rectification and implementation of the agreed remedial actions for improvement.
3. Reviewed and deliberated the rectification actions and timelines taken by the management to ensure unresolved audit findings 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 investigation and 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 investigations or 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 2021.
8. Deliberated and approved the key performance indicators for Vice President of IA and internal auditors for year 2022.
9. Reviewed and deliberated the annual IA plan for financial year 2023 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 together with the external auditors on the Audit Plan for financial year 2022 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, unrealised gain on loan/financing at FVTPL, and accounting for soft financing from Government; and
  - Tax related matters.

#### **D. Annual Report**

Reviewed and approved the Audit Committee Report for inclusion in Annual Report for financial year 2021.

#### **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 are:

- Kuala Lumpur Venture Finance Forum 2022
- Setting Sustainable Goals and Strategies
- Chairman's Quorum: ESG Driven Economic Policy Post Pandemic
- Board Effectiveness Forum
- National Human Capital Conference
- Global Islamic Finance
- Cybersecurity Briefing
- Seminar on Affordable and Clean Energy: A Journey Towards Energy Transition.

#### **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 October 2022 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 investigations or special reviews requested by Board Committee and/or 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 Shariah Audit to Tawafuq Consultancy Sdn Bhd in August 2022.
7. Monitored and reported the status of implementation plans on unresolved audit findings. Requests for deadline extension were also escalated to the Committee for deliberation and approval.
8. Established the risk-based audit plan for year 2023 and tabled to the Committee in December 2022 for approval.
9. Reviewed new and updated product guidelines, 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 IA's Standard Operating Procedures, which was approved by the Committee on 11 October 2022.
11. Prepared the Audit Committee Report for inclusion in the Annual Report for financial year 2021, upon approval by the Committee.
12. Conduct training on Whistleblowing Policies and Procedures to employees in April 2022.

### **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.

# 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 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 in charge of leading and managing 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 establishes MDV's values and standards and ensures the fulfillment of its obligations to shareholders and other stakeholders. The Memorandum and Articles of Association of MDV, the Companies Act 2016, other governing laws of Malaysia and the 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 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 has also delegated 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.

BRMC is assisted by the Risk Management Committee (RMC) and supported by the Risk Management Division (RMD) to ensure the risk is controlled, monitored and evaluated. Additionally, any approved policy and standard operating procedures 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 and ensures that 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 pay-for-performance plans to ensure it 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.

### Board Audit Committee

The Board Audit Committee (BAC) plays a critical role in MDV's governance structure. BAC's primary functions among others, are:

- To equip the Directors and the Management in effectively discharging their duties and responsibilities in relation to the compliance with the rules and regulations in particular compliance with the requirements of MDV's stakeholders, accounting policies, financial reporting and adherence to the laws of Malaysia and other applicable rules, regulations and guidelines.
- To execute all transactions in accordance with the Management's general and specific authorisation.
- To assist the Board to ascertain that the Company's policies and procedures are reasonable and are being adhered to and management is effective and efficient in discharging their duties.
- To provide, by way of regular meetings, a line of communication between the Board and the auditors.

The BAC is assisted by the Management Audit Committee (MAC) and supported by the Internal Audit Division (IAD) to among others, provide oversight of the financial reporting process, the audit process, MDV's system of internal controls and compliance with laws and regulations.

### **Board Financing and Investment Committee**

The role of the Board Financing and Investment Committee (BFIC) is to make financing decisions regarding financing applications that satisfy among others, MDV's, project eligibility and application criteria.

The objectives of the BFIC among others, are:

- To endorse, veto or modify a financing decision in accordance with the Limits of Authority as stated in the relevant internal policies and standard operating procedures.
- To make investment decisions, approve investment policies & procedures, monitor the application and compliance of MDV officers with established investment policies, and determine the terms of any options (including conversion, put and call options) and/ or subscription rights to be agreed by MDV including the quantum and all pricing related issues.
- To review and ensure compliance of investment activities with relevant regulatory requirements.
- To make other investment decisions not related to MDV's financing operations; and
- To decide on other matters as may be determined by the Board.

The BFIC is assisted by the Management Financing and Investment Committee (MFIC) and supported by the Business Division.

### **Procurement Committee II**

The Procurement Committee II (PC II) comprises of all members of the Board of Directors and are responsible to approve the procurement of goods and/or services for an aggregate cost exceeding the contract value as stipulated in the terms of reference of the PC II subject to the relevant internal policies and standard operating procedures of MDV.

The PC II is assisted by the Procurement Committee I (PC I) and supported by the Finance and Administration Division.

## SUSTAINABILITY AT MDV

MDV, through its Environmental and Social Management Policy Statement, affirms that the principles of sound environmental and social management goes hand in hand with credible financial and investment performance. It is MDV's mission to support the country's technology agenda, is committed to sustainable development, environmental protection, conservation of natural resources and the protection of the rights of its people, beneficiaries, communities and vulnerable groups.



### Environment

Strategies to drive ESG within MDV and adherence among customers. MDV continuously emphasises the integration of ESG considerations into risk assessment and lending practices for sustainable practices.



### Social

Promotes responsible corporate behavior which are pivotal for organisations committed to a sustainable future. MDV emphasises on understanding the impact of stakeholder management to foster and optimise outcomes for all involved parties.



### Governance

Commitment to transparency, accountability, and ethical conduct. Strong governance is key for long-term sustainability, fostering stakeholder trust, enhancing risk management, and promoting responsible decision-making in pursuit of our sustainability goals.



## GOALS

- ESG Financing Focus
- Lending activities guided by Environmental & Social Management Policy Statement
- Will develop and implement Environmental and Social Management System (ESMS) into all aspects of its business operations

- Contribution to Nation Building
- Financial Inclusion and Developmental Finance
- Responsible Lending and Financing
- Employee Well-being and Diversity
- Responsible Investment Practices
- Active Stakeholder Engagement

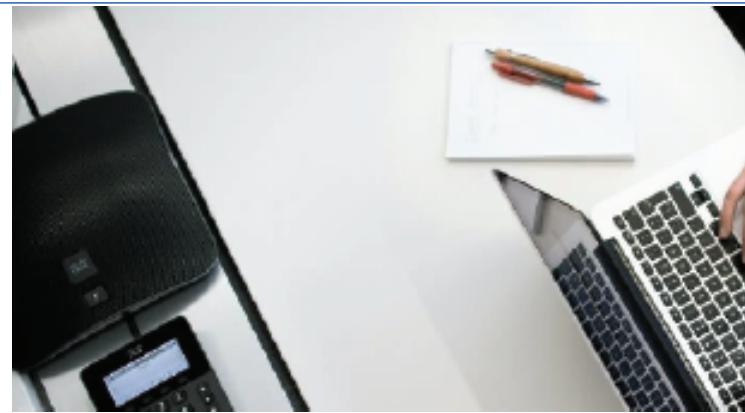
- Balanced Board Composition and Diversity
- Strong Competencies, Ethics and Anti-Corruption culture
- Robust Risk Management and Compliance Framework
- Projects meet all required certification, standards and regulation



**Sustainable And Responsible long-term value creation for all stakeholders**

## STAKEHOLDER ENGAGEMENT

MDV recognises the crucial role of stakeholder engagement, valuing perspectives, fostering collaboration, and aligning strategies. Through open dialogue, trust-building, and inclusive decision-making, MDV ensures effective partnerships, sustainable growth, and positive societal impact.



KEY STAKEHOLDERS	ENGAGEMENT CHANNEL	KEY PRIORITIES	MDV'S ACTIONS
<b>Key Ministries</b> <ul style="list-style-type: none"><li>Ministry of Finance (MOF)</li><li>Ministry of Science, Technology, and Innovation (MOSTI)</li><li>Ministry of Economy</li><li>Ministry of Natural Resources, Environment and Climate Change (NRECC)</li></ul>	<ul style="list-style-type: none"><li>Meeting</li><li>Programme</li><li>Forum</li><li>Reporting</li></ul>	<ul style="list-style-type: none"><li>Strengthen local economy by providing financing access to technology companies impacted by the lingering impact of COVID-19.</li><li>Pandemic related product offerings/ programmes to support economic recovery</li><li>Performance of Government Agencies</li><li>Supporting Nation's Energy Efficiency initiatives</li></ul>	<ul style="list-style-type: none"><li>Ongoing engagement with Key Ministries on uplifting local technology businesses and economy</li><li>Continuation of MDV LIFTS to support start-ups</li><li>Involvement in the 2022 Malaysia Commercialisation Year to accelerate product/ services commercialisation</li><li>Targeted Energy Efficiency Financing Programme to support the nation's agenda</li></ul>
<b>Government Agencies/ Regulators</b> <ul style="list-style-type: none"><li>Sustainable Energy Development Authority (SEDA)</li><li>Energy Commission</li><li>TERAJU</li><li>Securities Commission Malaysia</li></ul>	<ul style="list-style-type: none"><li>Meeting</li><li>Programme</li><li>Engagement</li><li>Networking</li></ul>	<ul style="list-style-type: none"><li>Improve funding access for local technology companies</li><li>Energy Efficiency/Renewable Energy Workshop for financing solution</li><li>Improve investment asset offering choice to market</li></ul>	<ul style="list-style-type: none"><li>Collaboration with TERAJU to develop a financing programme dedicated to SUPERB winners</li><li>Engagement with SC for the registration of Venture Capital Management Corporation</li></ul>
<b>Strategic Partners</b> <ul style="list-style-type: none"><li>Malaysia Venture Capital Management Berhad (MAVCAP)</li><li>Cradle Fund</li><li>Kumpulan Modal Perdana</li><li>Malaysian Technology Development Corporation (MTDC)</li><li>Malaysian Research Accelerator for Technology &amp; Innovation (MRANTI)</li><li>Malaysia Association of Energy Service Companies (MAESCO)</li></ul>	<ul style="list-style-type: none"><li>Meeting</li><li>Programme</li><li>Collaboration</li><li>Roadshow</li></ul>	<ul style="list-style-type: none"><li>Involvement in developing the local technology start-ups roadmap</li><li>The growth of the local technology companies</li><li>Increase fundraising initiatives/ activities</li><li>Workshop on Financing Solution for Energy Efficiency/ Renewable Energy</li><li>Promote seamless funding pathway for local start-ups</li></ul>	<ul style="list-style-type: none"><li>Inaugural Kuala Lumpur Venture Finance Forum as platform for start-ups, funders, and government</li><li>To market, filter, and provide pipelines for LIFTS programme</li><li>To co-market and co-finance MDV-TACT programme</li><li>Follow-on funding initiatives within funding agencies under MOSTI to bridge start-ups for fundraising</li><li>Participation in co-funding agencies' roadshow in Malaysia</li></ul>
<b>Board of Directors</b>	<ul style="list-style-type: none"><li>Meeting</li><li>Forum</li><li>Board Retreat</li></ul>	<ul style="list-style-type: none"><li>Mandatory training for the Board members</li><li>Strategy to drive MDV's long-term self-sustained funding</li></ul>	<ul style="list-style-type: none"><li>Enrolled Board members to participate in training programmes and industry-specific business conference.</li></ul>
<b>Customers</b>	<ul style="list-style-type: none"><li>Site Visit</li><li>Networking &amp; Conferences</li><li>Engagement</li></ul>	<ul style="list-style-type: none"><li>Awareness on MDV's financing product that can be utilised to grow businesses</li></ul>	<ul style="list-style-type: none"><li>Connects customers with investors &amp; industry leaders</li><li>Roadshows and Dialogue sessions</li></ul>
<b>Employees</b>	<ul style="list-style-type: none"><li>Townhall</li><li>Survey</li><li>Meetings</li><li>Knowledge Sharing</li></ul>	<ul style="list-style-type: none"><li>Upskill and upscale employee capabilities</li><li>Awareness on Health and Safety, Employee Morale and Motivation</li><li>Workplace culture and environment</li></ul>	<ul style="list-style-type: none"><li>Team building and employee engagement activities by Sports &amp; Recreational Club</li><li>Quarterly Townhall session with senior management</li></ul>
<b>Communities</b>	<ul style="list-style-type: none"><li>Zakat/ Donation</li><li>Corporate Social Responsibilities</li></ul>	<ul style="list-style-type: none"><li>Assistance during COVID-19 pandemic</li><li>Communities impacted by natural disaster such as flood</li></ul>	<ul style="list-style-type: none"><li>Back-to-School Programme in various areas in Malaysia</li><li>Contributions to old folk's home, disabled and the poor</li></ul>

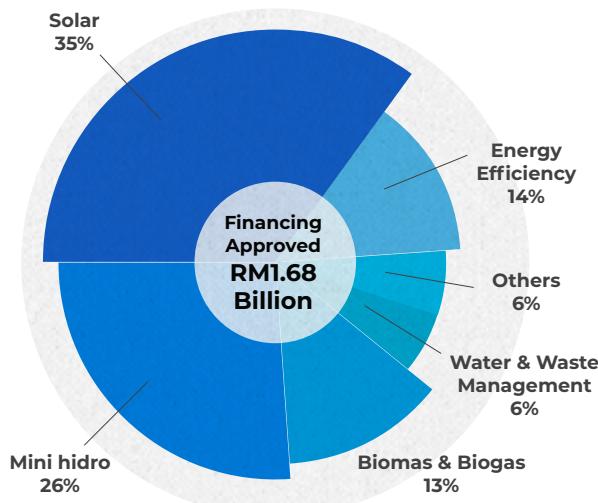
## SUSTAINABILITY SNAPSHOT

### Sustainable Financing Initiatives

MDV as the nation's technology financier, having financed diverse technology sectors of the economy, upholds a crucial responsibility in supporting the local businesses and the nation's environmental and UNSDG objectives through our financing while fostering the advancement of sustainable economy.



#### A GLANCE INTO MDV'S GREEN FINANCING



#### UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (UNSDGs) THAT MDV HAS CONTRIBUTED



#### PROVIDING FINANCING TO ENSURE START-UPS SURVIVABILITY (LIFTS)



72 start-ups  
were approved and received  
COVID-19 relief funding



>2,000 jobs  
were supported during COVID-19  
pandemic

#### DIVERSE AND INDEPENDENT BOARD OF DIRECTORS



>70%  
Independent Directors



>40%  
Women Representation in  
Board of Directors

# 08



## EVENTS

MDV's Corporate Social Responsibility Activities In 2022	76
KL Venture Finance Forum 2022	78
KLVF Decodes Event In 2022	83
MDV Sports & Recreation Club 2022	84

# MDV'S CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES IN 2022

MDV remains committed to its strategic and developmental role, extending its impact beyond the tech sector to deliver societal returns through Corporate Social Responsibility (CSR) activities. By leveraging our capabilities, we aim to address societal challenges and contribute to the socio-economic wellbeing and prosperity of the communities we serve.

In 2022, we continued to fulfill our commitment to community engagement through diverse CSR programmes and initiatives. These efforts were specifically designed to provide relevant assistance to underprivileged and vulnerable groups, as well as other segments in need of urgent support. Collaborating with stakeholders, NGOs, state councils/agencies, and other partners, we actively supported initiatives such as educational and welfare assistance, festive contributions, community empowerment, and more.

We firmly believe that social responsibility is a fundamental aspect of our core mission. Through our active engagement in CSR activities, we strive to make a positive impact on individuals and communities. As we progress, we will continuously explore approaches and initiatives that align with our role as a tech and innovation advocate. By addressing societal needs, forging strategic partnerships, and leveraging our influence, we are dedicated to building a more prosperous and inclusive society.

JAN	<ul style="list-style-type: none"> <li>Contribution to Surau Ubudiah</li> </ul>
FEB	<ul style="list-style-type: none"> <li>Contribution to Repair &amp; Upgrade the Stall of Encik Iqbal</li> </ul>
MAR	<ul style="list-style-type: none"> <li>Donation &amp; Distribution of 4-Ply Medical Grade Face Masks to NGOs &amp; Students In Johor           <p>Through our Donation &amp; Distribution of 4-Ply Medical Grade Face Masks, MDV extended protection and support to NGOs and students in Johor. With a commitment to public health and safety, we ensure the well-being of the community and promote a healthier future for all.</p> </li> <li>MDV Back-to-School Programme           <p>MDV is dedicated to empowering education, igniting dreams, and enriching lives. By providing essential support, resources, and opportunities, we strive to create a brighter future for students, fostering their growth, and unlocking their full potential in education and beyond.</p> </li> <li>Monetary Contribution to Rumah Orang-Orang Tua Langkap           <p>It's our duty to honour our elders and embrace compassion. MDV is committed to making a difference and fulfilling the needs of senior citizens.</p> </li> <li>The Breakfast Talk Series with YBhg Dato' Dr Fadzilah Kamsah</li> </ul>



APR

- The Breakfast Talk Series with Tuan Amin Idris
- Sumbangan Buka Puasa Sempena Ramadan  
MDV celebrates generosity and spreads Ramadan joy through Iftar contribution
- Sumbangan Bakul Makanan untuk Keluarga B40 in Johor  
Through our contribution of food baskets to B40 families in Johor, MDV aims to alleviate food insecurity and support those in need. By providing nourishment and solidarity, we strive to make a positive impact on the lives of underserved communities, fostering resilience and well-being in Johor.
- Sumbangan Ihya Ramadhan Kelab Sukarelawan Al-Hasanah Bangi
- The Breakfast Talk Series with YBrs. Tn Hj Mohd Bahroddin Badri
- Donation to Masjid Parit 2B in Sungai Manik, Perak  
Supporting the heart of the community

AUG

- Wheelchair & Zakat Contribution for Cik Nurul Hadfina Afande (Asnaf/OKU)  
At MDV, we believe in transforming lives and inspiring possibilities. We are privileged to be able to support Nurul Hadfina Afande in her pursuit of a better future, by sponsoring her matriculation tuition fees and expenses as well as gifting her with a brand-new wheelchair to ease her mobility and daily activities.

Nov

- Contributions to Pertubuhan Kami Anak FELDA (KAF) Wilayah Johor Bharu  
Through our contributions to Pertubuhan Kami Anak FELDA (KAF) Wilayah Johor Bharu, MDV is committed to enhancing the socioeconomic wellbeing of the community.
- Contributions to PIBG Sekolah Kebangsaan Dato' Sagor, Kg. Gajah Perak  
MDV's contribution aims to support the school in upgrading and maintaining its learning facilities, ensuring a more comfortable and conducive learning environment for students to thrive.
- Contributions to Koperasi KEMAS Negeri Perak Berhad
- Sumbangan Pinjaman Komputer Riba dan Mesin Pencetak Untuk Bengkel Pendidikan SMK Dato Seri Maharaja Lela, Kg. Gajah



## KL VENTURE FINANCE FORUM 2022: ACCELERATING START-UPS

The KL Venture Finance Forum 2022 (KLVF22) made its debut as Malaysia's inaugural venture finance event, bringing together esteemed speakers from the regulatory and finance sectors, as well as successful start-ups and technology unicorns. With the theme "Accelerating Start-Ups", this strategic platform facilitated discussions on the evolving landscape of start-up funding, the role of venture finance as an alternative financing option, and the latest opportunities and challenges in the start-up space.



The forum was held at The Westin Hotel in Kuala Lumpur on 12 September 2022 and was graced by YB Dato' Sri Dr. Adham Bin Baba, Minister of Science, Technology & Innovation (MOSTI), who officiated the opening ceremony, highlighting the Government's dedication to nurturing a thriving start-up ecosystem in Malaysia.



Keynote speech by YB Dato' Sri Dr. Adham Bin Baba, Former Minister MOSTI

The forum attracted a diverse audience, including start-up founders, stakeholders, investors, and key participants from the thriving regional start-up ecosystem. Networking opportunities, collaboration, and knowledge sharing were at the forefront, as participants actively connected, collaborated, and shared ideas.



KLVF22 featured an engaging panel of moderators and speakers, such as Ibrahim Sani of Astro Awani; Mr. Eric Cheng, CEO of Carsome; Ms. Noomi Fessler, Co-Founder of Lapasar; YB Dr. Ong Kian Ming, Former Deputy Minister of International Trade and Industry (MITI); Encik Shahril Sufian Hamdan, Economic Director at the Prime Minister's Office; Mr. Martin Tang, Partner at Genesis Alternative Ventures-Singapore; and more.



Beyond insightful discussions, KLVF22 served as a catalyst for public-private partnerships, aligning with the government's vision to foster the growth of homegrown tech start-ups and unicorns. Technopreneurs, public sector representatives, and private sector professionals seized the opportunity to connect, exchange ideas, and establish cohesive relationships that contribute to the overall development of the start-up ecosystem.

The event also marked a significant milestone for MDV as it celebrated its 20th anniversary of supporting the growth and development of technology-based companies in Malaysia. MDV's invaluable contributions to the nation's start-up ecosystem were recognised and celebrated, underscoring its commitment to driving innovation and success.



KLVF22 successfully showcased the vibrant and dynamic nature of Malaysia's start-up scene, emphasising the promising role of venture finance in expanding access to financing for tech start-ups to foster growth and innovation.



Looking ahead, KLVF22 has set the stage for future editions, promising even greater engagement, collaboration, and innovation. The success of KLVF22 highlights the potential and dynamism of Malaysia's start-up ecosystem, positioning it as a leading destination for entrepreneurial growth and investment opportunities.

## KL VENTURE FINANCE FORUM 2022: KEY TAKEAWAYS

In 2021, Asia Pacific hit a record high of USD181bil in VC investment. VC investment in Southeast Asia (SEA) in 2021 was approximately \$17.20 billion



Top 5 countries in Southeast Asia in terms of total venture capital investment in 2021

**Malaysia's VC scene still lags in comparison to its neighbouring countries, but with potential to be competitive**

### CHALLENGES

- A less matured market scene of start-ups and talent pool**
- Conservative target by being reluctant to expand into secondary markets outside of Malaysia**
- Low risk appetite in venturing into disruptive technologies**
- Start-ups have slower digital adoption due to unreliable regulations and tech cybersecurity issues**

### OPPORTUNITIES

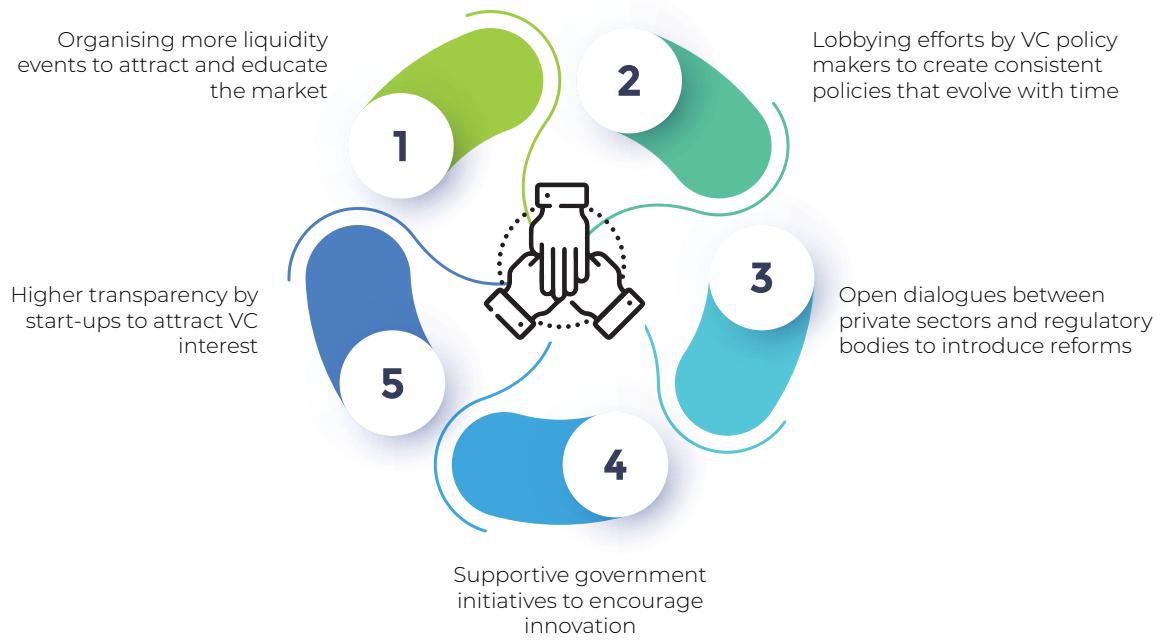
- Major potential in the emerging technology sector including FinTech, Cybersecurity, Climate Tech and Metaverse, AgriTech and MedTech.**
- To look beyond equity financing into other options i.e. venture finance to increase liquidity options**
- Diversify from e-commerce and into the latest market interest i.e. ESG.**
- Increase capital formation, capital allocation, and risk-taking activities from private sectors**



## With many country's economies affected by the pandemic, VC investment has undergone several changes

Old way	New way
Volumes of funding rounds and flexible/lenient due diligence process	Early-stage companies are being valued more conservatively and selectively
Higher valuations focusing on asset growth versus asset quality	Diversification of portfolio, VCs are looking to finance outside of traditional tech hubs and into unique and sustainable disruptive verticals
Higher tolerance to long gestation periods for market growth	More focus on industries positively affected by economic disruptions i.e. remote work, e-commerce, and adtech, supply chain, AgriTech and MedTech

## Building a vibrant start-up ecosystem requires the participation of all stakeholders



## Is Funding Winter Coming?

In the past, investors are always worrying that the the low points will never recover.

However, with certain changes i.e.hiring of professional consultants and more protective covenants, market players are optimistic that there will be continuous deployment cash into the start-up industries.

Start-ups will need to acknowledge the change and adopt to the new way of strategising their business towards a sustainable future funding.



## KLVF DECODES EVENT IN 2022



KLVF Decodes (formerly known as MDV Decodes) is a curated and intimate talk series organised by MDV. The series delves into contemporary issues and developments within the tech sphere, serving as a precursor to the next chapter of the Kuala Lumpur Venture Finance Forum. The KLVF Decodes sessions feature esteemed speakers from the industry - tech experts, thought leaders, and influencers who offer insights on the chosen topics from a grounded, practical, and relatable perspective. Each session is designed to foster a candid conversation between the speakers and the participants, while simultaneously offering an engaging platform for startups to network and broaden their connections.



Networking session



From left: Mr. Yashvin Metha Vythy, Chief Strategy Officer MDV, Dr. Sivapalan Vivekarajah, Sr. Partner & Co-Founder ScaleUp Malaysia, Mr. Kien Poon Chai, CFA, Country Head of Funding Societies Malaysia and En. Jamaludin Bujang, Managing Director Gobi Partner

The inaugural session of the series took place on 7 December 2022 at the Colony Coworking Space & Events KLCC, focusing on 'Start-Up Funding Dilemma: Issues, Solutions & The Way Forward'. The event hosted a dynamic panel of speakers, including Dr. Sivapalan Vivekarajah, Sr. Partner & Co-Founder of ScaleUp Malaysia, Jamaludin Bujang, MD of Gobi Partners, and Kien Poon Chai, CFA, Country Head for Funding Societies Malaysia. The panel was moderated by MDV's Chief Strategy Officer, Mr. Yashvin Metha Vythy. It was an enlightening session that allowed speakers and representatives from various tech start-ups to delve deep into the challenges faced by tech start-ups, the nuances of start-up funding, and maintaining constant visibility to potential investors. Jason Lee Hau Yuan from MDV's Technology Research & Advisory also gave a compelling presentation on the start-ups landscape for 2022.

## MDV SPORTS & RECREATION CLUB 2022

In the post-Covid era, as we gradually returned to a sense of normalcy, the importance of sports and recreation took on even greater significance. After months of a demanding and heavy workload, engaging in physical activities and recreational pursuits served as a much-needed outlet for our employees.

MDV's Sport and Recreation Club (SRC) recognised this need and strived to provide exciting opportunities for our employees to participate in various sports and recreational events. These activities not only promoted physical well-being but also rejuvenated the mind and fostered a sense of camaraderie among #teamMDV.

Embracing the principle of "SPORTS FOR ALL" throughout the entire programme, we organised various activities such as sports, Staycation, makan-makan, movie nights and more.

For 2022, employees were divided into four sub-teams: Vega – led by Adrian Khor Yew Meng; Mimosa – led by Sharul Sazman Samaan; Rigel – led by Mohd Farid Mohd Rosli; and Spica – led by Rizal Fauzi. These sub-teams were named after the brightest stars, each carrying its own unique symbolism and embodying qualities of strength, beauty, and significance.

At the end of 2022, team Rigel was crowned as the overall winner for the year.

### ACTIVITIES:

#### **Majlis Doa Selamat & Makan-makan**

The company organised a Majlis Doa Selamat to mark the start of the new year. This event provided an opportunity for employees to gather and seek blessings for the company's prosperity in 2022.



#### **Company Townhall Meeting**

The SRC played a key role in organising a Townhall meeting on behalf of the company at TAMU Hotel. The meeting was attended by 114 employees and served as a platform to provide updates on the latest developments and future plans of the company. It fostered open discussions and included Q&A sessions to address employees' queries and concerns regarding the business development progress for 2022.



#### **Movie Nights on Quarterly Basis**

The company organised movies night on a quarterly basis to provide employees with an opportunity to relax and socialise outside of work. Employees had the chance to vote for their preferred movie in each quarter throughout the year 2022.

Avatar: The Way of Water - 21st December 2022

Wakanda Forever - 16th November 2022

Black Adam - 26th October 2022

Morbius - 30th March 2022

### Quarterly Birthday Gift Vouchers

As part of our ongoing commitment to employee appreciation, the SRC distributes gift vouchers to employees on a quarterly basis to celebrate their birthdays. This initiative aims to recognise the special occasion of each employee and show our appreciation for their contributions.

### Tadarus Khatam al-Quran during Ramadan 2022

During the holy month of Ramadhan, the company organised Tadarus Khatam Al-Quran, in which all Muslim employees were encouraged to recite the Quran together so as to increase their ibadah.



### Ceramah Agama

A series of religious talks by qualified speakers that was held to provide employees with an opportunity to learn and deepen their understanding of Islam.

### Staycation at the Lost World of Tambun, Ipoh, Perak

SRC had organised a staycation at the Lost World of Tambun in Perak for all employees in July 2022. The purpose of the event was to gather employees and their families under one place, in fostering camaraderie and promoting teamwork through various recreational and fun activities.



### Sports Activities & Traditional Games

The SRC also organised a variety of sports activities, including futsal, badminton, footgolf, bowling and virtual runs. In addition, traditional games such as Ceper, Jenga, Congkak, Snake & Ladders, Scrabble, and Batu Seremban were also held as part of the activities.



With all these activities and programmes, SRC remains committed to cultivating work-life balance and nurturing important qualities such as skill-building, leadership, teamwork, patience, competitiveness, and determination. SRC is pleased to be a driving force in promoting and upholding these attributes.



**MALAYSIA DEBT VENTURES BERHAD** (200201010450 (578113-A))  
Level 5, Menara Bank Pembangunan  
1016, Jalan Sultan Ismail,  
50250 Kuala Lumpur, Malaysia

T: +60 3 2617 2888  
F: +60 3 2697 8998  
E: [mdvinfo@mdv.com.my](mailto:mdvinfo@mdv.com.my)  
W: [www.mdv.com.my](http://www.mdv.com.my)