

M'sian Company To Subscribe RM1.87mil Shares In Chinese F&B Enterprise, Boosting E-Commerce Via Digital Free Trade Zone

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NetX Holdings Berhad announced its subscription of shares in Flavours of Malaysia (FoM) on Thursday, May 25.

NetX's subscription of FoM's shares represent 51% of the issued and paid-up share capital, for a cash consideration sum of RMB 3 million (RM1.87 million).

FoM is a wholly-owned foreign enterprise company incorporated under the laws of China and has its business operations in Shenzhen, China and intends to expand by establishing fulfilment centres in HangZhou together with NetX.

As FoM offers Malaysian specialty Food & Beverage products in China, these fulfilment centres will conduct research and development on Chinese national acceptance of Malaysian products and to use the research findings to acclimatise the product to suit the local taste buds.

Together with NetX, the partnership also intends to develop a Halal-certified e-commerce market place for goods and services between Chinese and Malaysian consumers and will use NetX's integrated Mobile Electronic Payment Exchange for the payment services of this eCommerce market place.

"According to a report online, Consumers in China spent \$798 billion on food and beverage in 2014 and this is projected to grow by a Cumulative Annual Growth Rate (CAGR) of 11 per cent to reach \$1.5 trillion by 2020.

"Of this aggregate, China's estimated 26 million Muslims contributed around 0.1 percent, or \$10 billion, estimates the State of the Global Islamic Economy 2015/16 report.

"To disregard this huge market group is foolhardy.

"NetX is always and will continue to be on the lookout for populous, profitable market penetration and our ultimate goal is to provide and ensure a seamless, e-commerce and e-payment experience," said Steve Tan, Executive Director of NetX Holdings Berhad.



Steve Tan, Executive Director of NetX Holdings Berhad

The decision to open the new fulfilment centres in HangZhou is based on Malaysia's recent e-commerce roadmap for the Digital Free Trade Zone (DFTZ) and the establishment of regional e-fulfillment centres in Malaysia.

The DFTZ was launched by Prime Minister Datuk Seri Najib Razak and Alibaba founder Jack Ma on March 22, 2017 to provide physical and virtual zones to facilitate SMEs to capitalise on the convergence of exponential growth of the internet economy and cross-border e-commerce activities.

"DFTZ is a testament to Malaysia's unwavering commitment to propel the growth of SMEs through e-commerce. It also marks a new phase of collaboration between Malaysian and Chinese businesses through the participation of Mr. Ma and Alibaba Group. I strongly believe that together, we can achieve a more prosperous economic landscape that benefits the industry and people," Najib had commented.

The partnership between NetX and FoM could also be seen as a prelude to China's One Belt, One Road (OBOR) initiative, which is poised to contribute to the local economic development.

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