

THIS CIRCULAR TO SHAREHOLDERS OF M N C WIRELESS BERHAD ("MNC" OR THE "COMPANY") IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately. This Circular has been reviewed and approved by Mercury Securities Sdn Bhd, being the Principal Adviser to the Company for the Proposals (as defined herein) and Placement Agent for the Proposed Private Placement (as defined herein).

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



M N C WIRELESS BERHAD

Registration No: 200301033463 (635884-T)
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE:-

- (I) **PROPOSED PRIVATE PLACEMENT OF UP TO 527,642,000 NEW ORDINARY SHARES IN THE COMPANY, REPRESENTING 30% OF THE EXISTING TOTAL NUMBER OF ISSUED SHARES OF THE COMPANY, TO INDEPENDENT THIRD-PARTY INVESTOR(S) TO BE IDENTIFIED AND AT AN ISSUE PRICE TO BE DETERMINED LATER ("PROPOSED PRIVATE PLACEMENT"); AND**
- (II) **PROPOSED ESTABLISHMENT OF AN EMPLOYEES' SHARE OPTION SCHEME ("ESOS" OR THE "SCHEME") INVOLVING UP TO 30% OF THE TOTAL NUMBER OF ISSUED SHARES OF THE COMPANY (EXCLUDING TREASURY SHARES, IF ANY) FOR ELIGIBLE DIRECTORS AND EMPLOYEES OF MNC AND ITS SUBSIDIARIES ("PROPOSED ESOS")**

(COLLECTIVELY REFERRED TO AS THE "PROPOSALS")

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

***Principal Adviser for the Proposals and
Placement Agent for the Proposed Private Placement***



MERCURY SECURITIES SDN BHD

Registration No. 198401000672 (113193-W)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Extraordinary General Meeting of the Company ("EGM") will be held on a fully virtual basis and entirely via remote participation and voting. The Notice of EGM together with the Form of Proxy, Administrative Notes and this Circular can be downloaded from the Company's website at www.mnc.com.my.

If you decide to appoint a proxy or proxies for the EGM, you must complete, sign and return the Form of Proxy and deposit it at the Share Registrar's Office at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur or submitted electronically via Securities Services e-Portal at <https://www.sshsb.net.my/>, on or before the date and time indicated below or at any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the EGM should you subsequently decide to do so. Please follow the procedures provided in the Administrative Notes for the EGM in order to register, participate and vote remotely.

Last day, date and time for lodging the Form of Proxy	: Wednesday, 7 April 2021 at 10:30 a.m.
Day, date and time of the EGM	: Friday, 9 April 2021 at 10:30 a.m.
Broadcast venue of the EGM	: Conference Room of M N C Wireless Berhad, 100-3.011, 129 Offices, Jaya One, No.72A, Jalan Profesor Diraja Ungku Aziz, 46200 Petaling Jaya, Selangor Darul Ehsan

This Circular is dated 25 March 2021

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular:-

Act	- Companies Act 2016, as amended from time to time and any re-enactment thereof
ASEAN	- Association of Southeast Asian Nations
BNM	- Bank Negara Malaysia
Board	- Board of Directors of the Company
Bursa Depository	- Bursa Malaysia Depository Sdn Bhd
Bursa Securities	- Bursa Malaysia Securities Berhad
By-laws	- The rules, terms and conditions governing the Scheme as may be modified, amended, varied or supplemented from time to time, a draft of which is appended in Appendix II of this Circular
CAGR	- Compound annual growth rate
Circular	- This circular to Shareholders
CMSA	- Capital Markets and Services Act, 2007, as amended from time to time and any re-enactment thereof
Convertible Securities	- Collectively, the Warrants A, Warrants B and ICPS
COVID-19	- Coronavirus disease 2019
Deed Poll A	- Deed poll dated 27 September 2016 constituting the Warrants A
Deed Poll B	- Deed poll dated 18 July 2019 constituting the Warrants B
Date of Offer	- The date of the Offer made by the ESOS Committee to an Eligible Person in the manner provided in the By-laws
Directors	- The executive and non-executive directors of the Company for the time being
e-commerce	- Electronic commerce
Effective Date	- The date on which the Scheme shall take effect, to be determined by the ESOS Committee, following full compliance with all relevant requirements prescribed under the Listing Requirements
EGM	- Extraordinary general meeting
Eligible Directors	- Directors of the Group who meet the criteria of eligibility for participation in the Scheme as set out in the By-laws
Eligible Persons	- Collectively, the Eligible Directors and the Eligible Employees
Eligible Employees	- Employees who fulfil the eligibility criteria for participation in the Scheme as set out in the By-laws
EPS	- Earnings per Share
Existing ESOS	- The Company's existing employees' share option scheme which has been terminated on 19 January 2021

DEFINITIONS (CONT'D)

ESOS Committee	- The committee to be duly appointed and authorised by the Board from time to time to administer the Scheme in accordance with the By-laws, comprising such number of Directors and/or other persons identified and appointed from time to time by the Board
ESOS or Scheme	- Employees' share option scheme for the granting of Options to the Eligible Person(s) to subscribe for new Shares upon the terms as set out in the By-laws, such scheme to be known as the "MNC Employees' Share Option Scheme"
FPE	- Financial period ended
FYE	- Financial year ended / ending, as the case may be
Government	- Malaysian Government
Grantee	- Any Eligible Person who has accepted an Offer in the manner provided in the By-laws
ICPS	- Irredeemable convertible preference shares in the Company
IMR Report	- The independent market research report dated 23 March 2021 prepared by Providence
Interested Person	- A director, major shareholder or chief executive of the Company or a holding company of the Company
IT	- Information technology
KOL	- Key opinion leader, being a person or organisation who are regarded as experts in a related field and whose opinions are trusted or has influence over the consumer's decision (e.g. social media influencers)
LAT	- Loss after taxation
Lifestyle E-commerce Platform	- A lifestyle-based e-commerce platform which combines social media features with an e-commerce marketplace that matches buyers and merchants. The platform aims to eliminate layers of sales channels in product adoption via a business-to-consumer (B2C) model. Further details are set out in Section 3 of this Circular
Listing Requirements	- ACE Market Listing Requirements of Bursa Securities including any amendments made thereto from time to time
LPD	- 3 March 2021, being the latest practicable date prior to the printing of this Circular
LPS	- Loss per Share
Market Day	- Any day on which Bursa Securities is open for trading in securities
Maximum Shares	- Maximum number of new Shares to be issued pursuant to the exercise of the Options that may be granted under the Scheme and shall not in aggregate exceed 30% of the total number of issued shares of the Company (excluding treasury shares, if any)
MCO	- Movement control order issued by the Government under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967

DEFINITIONS (CONT'D)

Mercury Securities or the Principal Adviser or the Placement Agent	- Mercury Securities Sdn Bhd
MFRS 2	- Malaysian Financial Reporting Standards 2
MNC or the Company	- M N C Wireless Berhad
MNC Group or the Group	- Collectively, MNC and its subsidiaries
MNC Shares or Shares	- Ordinary shares in the Company
MOU	- Memorandum of understanding
NA	- Net assets
Official List	- Official list of the ACE Market of Bursa Securities
Offer	- Written offer of Options at the discretion of the ESOS Committee, to an Eligible Person from time to time within the duration of the Scheme
Option Period	- The period commencing from the Effective Date and expiring on (a) the last day of the duration of the Scheme, or (b) such other date as stipulated by the ESOS Committee in the Offer, or (c) on the date of termination or expiry of the Scheme as provided in the By-laws
Option Price	- The price per Share at which a Grantee shall be entitled to subscribe for a new Share upon the exercise of the Options as set out in the By-laws
Options	- The right of a Grantee to subscribe for new Shares, during the Option Period, at the Option Price pursuant to an Offer duly accepted by the Grantee
Placement Shares	- Up to 527,642,000 new Shares to be issued pursuant to the Proposed Private Placement
Proposals	- Collectively, the Proposed ESOS and Proposed Private Placement
Proposed ESOS	- Proposed establishment of an ESOS involving up to 30% of the total number of issued Shares (excluding treasury shares, if any) of the Company
Proposed Private Placement	- Proposed private placement of up to 527,642,000 new Shares, representing 30% of the existing total number of issued Shares, to independent third-party investors to be identified and at an issue price to be determined later
Providence or the IMR	- Providence Strategic Partners Sdn Bhd, an independent market researcher
Record of Depositors	- A record of securities holders provided by Bursa Depository under the Rules of Bursa Depository
RM and sen	- Ringgit Malaysia and sen respectively
Rules of Bursa Depository	- The rules of Bursa Depository as issued pursuant to the Securities Industry (Central Depositories) Act, 1991 of Malaysia as amended from time to time, including Securities Industry (Central Depositories) Amendment Act, 1998 of Malaysia

DEFINITIONS (CONT'D)

Shareholders	- Registered holders of the Shares
SMS	- Short message service
TAC	- Type allocation code
USD	- United States Dollars, the lawful currency of the United States
VWAP	- Volume weighted average market price
Warrants A	- Outstanding MNC warrants 2016/2021 issued by the Company pursuant to the Deed Poll A and expiring on 5 November 2021
Warrants B	- Outstanding MNC warrants 2019/2024 issued by the Company pursuant to the Deed Poll B and expiring on 5 September 2024

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include corporations, unless otherwise specified. All references to “you” in this Circular are to the shareholders.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise stated. Any discrepancies in the tables included in this Circular between the amounts stated, actual figures and the totals thereof are due to rounding.

Certain statements in this Circular may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by the Board after due enquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Circular should not be regarded as a representation or warranty that Company’s plans and objectives will be achieved.

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EXECUTIVE SUMMARY

This Executive Summary highlights only the salient information of the Proposals. The shareholders of the Company are advised to read the Circular in its entirety for further details and not to rely solely on this Executive Summary in forming a decision on the Proposals before voting at the EGM.

Key information	Description	Reference to Circular															
Summary of the Proposals	1. Proposed Private Placement The Proposed Private Placement involves the issuance of up to 527,642,000 new Shares, representing 30% of the existing total number of issued Shares as at the LPD to independent third-party investor(s) to be identified and at an issue price to be determined later.	Section 2															
	2. Proposed ESOS The Proposed ESOS involves granting of Options to the Eligible Persons as set out in the By-laws. The Options granted under the Scheme shall entitle the Eligible Persons to subscribe for new Shares at an Option Price to be determined at a later date. The Scheme will be administered by the ESOS Committee. The ESOS Committee will have the absolute discretion in administering the Scheme. The maximum number of new Shares which may be made available under the Scheme shall not exceed 30% of the Company's total number of issued shares (excluding treasury shares, if any) at any point of time during the duration of the Scheme.	Section 5															
Utilisation of proceeds	Based on an illustrative issue price of RM0.0384 per Placement Share, the gross proceeds to be raised from the Proposed Private Placement will be utilised in the following manner:- <table border="1"> <thead> <tr> <th>Proposed utilisation of proceeds</th><th>Expected timeframe for utilisation from completion of the Proposed Private Placement</th><th>(RM'000)</th></tr> </thead> <tbody> <tr> <td>(i) Development of the Lifestyle E-commerce Platform</td><td>Within 18 months</td><td>5,500</td></tr> <tr> <td>(ii) Working capital for the Lifestyle E-commerce Platform</td><td>Within 24 months</td><td>13,761</td></tr> <tr> <td>(iii) Estimated expenses for the Proposals</td><td>Immediate</td><td>1,000</td></tr> <tr> <td>Total</td><td></td><td>20,261</td></tr> </tbody> </table>	Proposed utilisation of proceeds	Expected timeframe for utilisation from completion of the Proposed Private Placement	(RM'000)	(i) Development of the Lifestyle E-commerce Platform	Within 18 months	5,500	(ii) Working capital for the Lifestyle E-commerce Platform	Within 24 months	13,761	(iii) Estimated expenses for the Proposals	Immediate	1,000	Total		20,261	Section 4
Proposed utilisation of proceeds	Expected timeframe for utilisation from completion of the Proposed Private Placement	(RM'000)															
(i) Development of the Lifestyle E-commerce Platform	Within 18 months	5,500															
(ii) Working capital for the Lifestyle E-commerce Platform	Within 24 months	13,761															
(iii) Estimated expenses for the Proposals	Immediate	1,000															
Total		20,261															
Rationale for the Proposals	1. Proposed Private Placement (i) To meet the Company's fund-raising objective, i.e. to raise funds for the development of the Lifestyle E-Commerce platform. Further details are set out in Section 3 of this Circular; and (ii) Enables the Group to raise additional funds expeditiously without incurring additional interest expense from bank borrowings, thereby minimising any potential cash outflow in respect of interest servicing costs.	Section 6.1															

EXECUTIVE SUMMARY (CONT'D)

Key information	Description	Reference to Circular
	<p>2. Proposed ESOS</p> <ul style="list-style-type: none"> (i) To drive and motivate the Eligible Persons to work towards achieving the Group's goals and objectives; (ii) To reward the Eligible Persons in recognition of their accumulated contribution to the operations and continued growth of the Group; (iii) To retain the Eligible Persons by giving the Eligible Persons a sense of ownership, loyalty and belonging to the Group by enabling them to participate directly in the equity of the Company and thereby provides an incentive for the Eligible Persons to participate in the future growth of the Group and motivate them towards better performance through greater productivity and loyalty; (iv) To align the interests of the Eligible Persons, including management personnel of the Group, with the interests of the Shareholders via direct participation in the equity of the Company; and (v) To attract and retain high-calibre Eligible Persons. 	Section 6.2
Approvals required	<p>The Proposals are subject to approvals being obtained from the following:-</p> <ul style="list-style-type: none"> (i) Bursa Securities for the following:- <ul style="list-style-type: none"> (a) listing and quotation of up to 527,642,000 Placement Shares to be issued pursuant to the Proposed Private Placement; and (b) listing and quotation such number of additional new Shares, representing up to 30% of the total number of issued shares of the Company (excluding treasury shares, if any) to be issued upon exercise of the Options under the Proposed ESOS; (ii) Shareholders at the forthcoming EGM for the Proposals; and (iii) any other relevant authorities and/or parties, if required. 	Section 10.1
Interests of directors, major shareholders, chief executives of the Company and/or persons connected to them	<p>None of the Directors, major Shareholders, chief executives of the Company and/or persons connected to them have any interest, direct or indirect, in the Proposed Private Placement.</p> <p>All the Directors are entitled to participate in the Proposed ESOS and are therefore deemed interested in the Proposed ESOS to the extent of their respective specific allocations as well as specific allocations to persons connected to them, if any, under the Proposed ESOS.</p> <p>Accordingly, the Directors have abstained and will continue to abstain from all deliberations and voting in relation to any specific allocation of Options to themselves respectively as well as any specific allocation of Options to persons connected to them, if any, at all relevant Board meetings.</p>	Section 12 as well as Section 2 of Appendix I
Board's recommendation	<p>The Board recommends that you vote in favour of the resolution pertaining to the Proposals to be tabled at the forthcoming EGM, the details of which are set out in the cover page of this Circular and the Notice of EGM as enclosed.</p>	Section 14

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wireless

M N C WIRELESS BERHAD

Registration No: 200301033463 (635884-T)
(Incorporated in Malaysia)

Registered Office

Third Floor, No. 77, 79 & 81
Jalan SS21/60
Damansara Utama
47400 Petaling Jaya
Selangor
Malaysia

25 March 2021

Board of Directors

Wong Kok Seong (Chairman, Senior Independent Non-Executive Director)
Datuk Tan Chor How Christopher (Chief Executive Officer cum Executive Director)
Dato' Kua Khai Shyuan (Independent Non-Executive Director)
Dato' Muhammad Shuib Bin Md Hashim (Independent Non-Executive Director)
Thu Soon Shien (Independent Non-Executive Director)
Pang Siaw Sian (Non-Independent Non-Executive Director)

To: The Shareholders

Dear Sir / Madam,

- (I) **PROPOSED PRIVATE PLACEMENT; AND**
- (II) **PROPOSED ESOS**

(COLLECTIVELY REFERRED TO AS THE "PROPOSALS")

1. INTRODUCTION

On 9 March 2021, Mercury Securities had, on behalf of the Board, announced that the Company proposes to undertake the Proposals.

On 19 March 2021, Mercury Securities had, on behalf of the Board, announced that Bursa Securities had, vide its letter dated 19 March 2021, granted its approval for the following:-

- (i) listing and quotation of 527,642,000 Placement Shares to be issued pursuant to the Proposed Private Placement; and
- (ii) listing and quotation of such number of new Shares, representing up to 30% of the Company's total number of issued shares (excluding treasury shares, if any), to be issued pursuant to the Proposed ESOS.

The approval of Bursa Securities is subject to the conditions as set out in Section 10 of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH RELEVANT INFORMATION ON THE PROPOSALS AND TO SET OUT THE VIEWS AND RECOMMENDATION OF THE BOARD AS WELL AS TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS PERTAINING TO THE PROPOSALS WHICH WILL BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF EGM AND THE FORM OF PROXY ARE ENCLOSED IN THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR TOGETHER WITH ITS APPENDICES BEFORE VOTING ON THE RESOLUTIONS TO GIVE EFFECT TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED PRIVATE PLACEMENT

2.1 Size of placement

The Proposed Private Placement involves the issuance of up to 527,642,000 new Shares, representing 30% of the total number of issued Shares as at the LPD to independent third-party investor(s) to be identified and at an issue price to be determined later.

As at the LPD, the Company has an issued share capital comprising 1,758,807,413 Shares as well as the following Convertible Securities:-

- (i) 188,946,927 outstanding Warrants A;
- (ii) 29,959,264 outstanding Warrants B; and
- (iii) 210,491,300 outstanding ICPS.

Further details on the Convertible Securities are set out in Section 8.5 of this Circular.

Based on the total number of 1,758,807,413 issued Shares as at the LPD and assuming no exercise and/or conversion of the Convertible Securities, the Proposed Private Placement would entail the issuance of up to 527,642,000 Placement Shares, representing 30% of the total number of issued Shares (after rounding down to the nearest 1,000 Shares). The Company does not have any treasury shares as at the LPD.

The effects of the Proposed Private Placement are set out in Section 8 of this Circular.

2.2 Placement arrangement

The Placement Shares are intended to be placed to independent third-party investor(s) to be identified later. Such investor(s) shall qualify under Schedules 6 and 7 of the CMSA. The Placement Shares are not intended to be placed to the following persons:-

- (i) Interested Person;
- (ii) a person connected with an Interested Person; or
- (iii) nominee corporations, unless the names of the ultimate beneficiaries are disclosed.

The Proposed Private Placement may be implemented in 1 or more tranches (as the placees may be identified and procured over a period of time rather than simultaneously) within a period of 6 months from the date of approval from Bursa Securities for the listing and quotation of the Placement Shares or any extended period as may be approved by Bursa Securities, subject to the prevailing market conditions.

2.3 Ranking of the Placement Shares

The Placement Shares shall, upon allotment, issuance and full payment of the issue price, rank equally in all respects with the existing issued Shares.

2.4 Listing of the Placement Shares

The Placement Shares to be issued will be listed on the ACE Market of Bursa Securities.

2.5 Basis of determining and justification for the issue price of the Placement Shares

The Placement Shares will be issued based on a discount of not more than 20% to the 5-day VWAP of the Shares up to and including the last trading day immediately preceding the price-fixing date, to be determined by the Board after taking into consideration prevailing market conditions.

As the Proposed Private Placement may be implemented in several tranches within 6 months, there could potentially be several price-fixing dates and issue prices.

For illustrative purposes only, based on an illustrative issue price of RM0.0384 per Placement Share, the issue price of the Placement Shares would represent a discount of 19.83% to the 5-day VWAP of the Shares up to and including the LPD of RM0.0479 (Source: Bloomberg).

3. DETAILS OF THE LIFESTYLE E-COMMERCE PLATFORM

Along with the proliferation of internet technologies, the e-commerce landscape in the ASEAN region has been witnessing an upward trend in adoption by both merchants and consumers in recent years. According to Providence, the e-commerce market in ASEAN, based on gross merchandise value, rose from USD5.5 billion in 2015 to USD38 billion in 2019 at a CAGR of 62.1%. ASEAN's e-commerce market is expected to further grow from USD38 billion in 2019 to USD150 billion by 2025 at a CAGR of 25.7%.

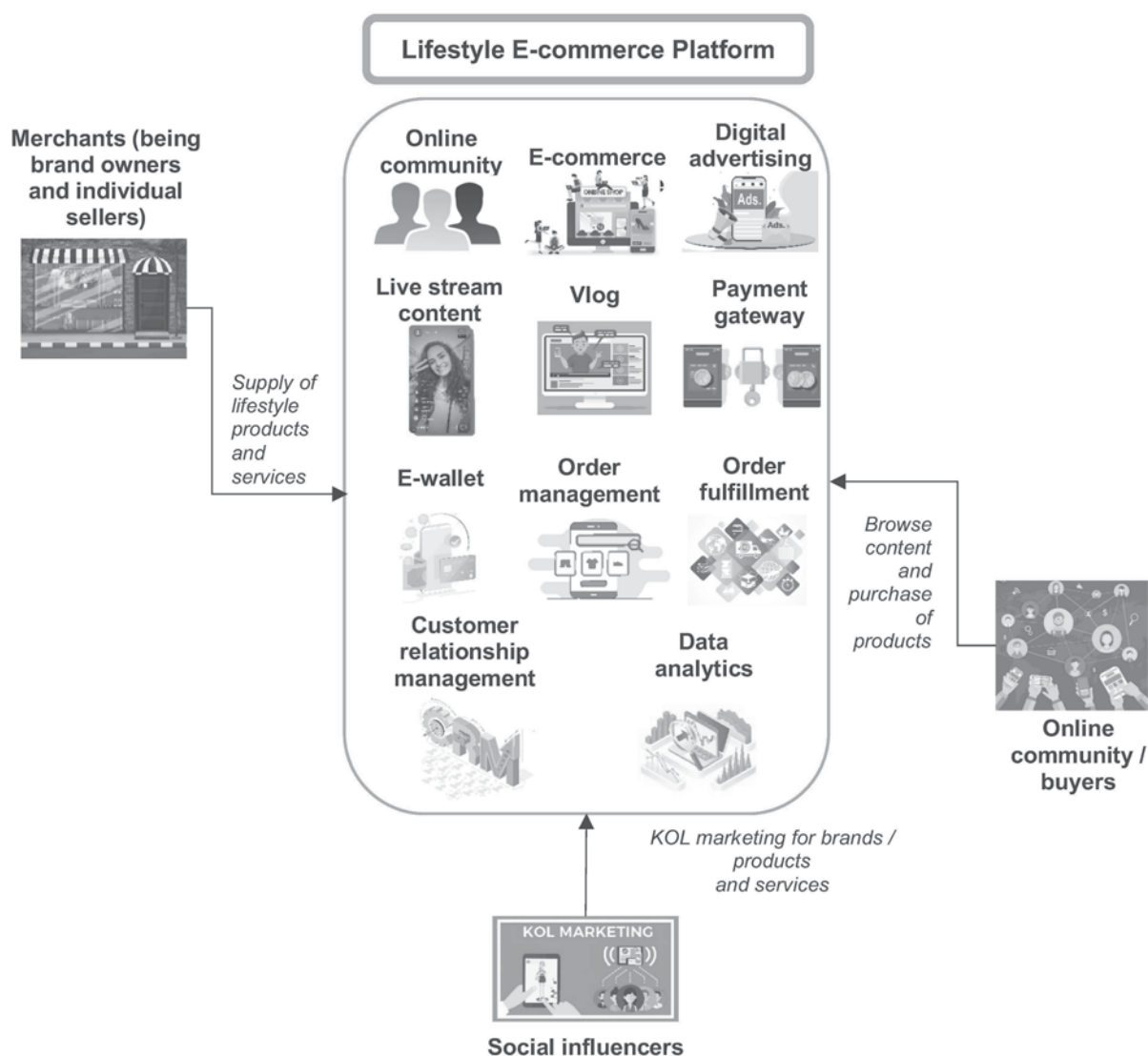
To capitalise on the rapid growth in the e-commerce industry, the Group intends to develop, launch and operate a Lifestyle E-commerce Platform by first quarter of 2023.

The Lifestyle E-commerce Platform combines social media features with an e-commerce marketplace that matches buyers and merchants. The platform aims to eliminate layers of sales channels in product adoption via a business-to-consumer (B2C) model. The Group looks to achieve this through firstly developing a sizable online community in adopting the Lifestyle E-commerce Platform, via the curation of lifestyle content based on current trends and partnering with social media influencers and key brands.

The Group will curate lifestyle-related online materials such as displays, videos, vlogs and articles to attract individuals and businesses to its platform and create an online community, to eventually support the development of a merchant and customer base. The Lifestyle E-commerce Platform's key unique feature is the ability to seamlessly allow customers to directly make a purchase seamlessly from browsing of the content, all without having to leave the platform.

This platform is envisioned to feature lifestyle products and services, such as fashion apparel, food and beverages, health and beauty care products, entertainment, electrical and electronic devices, home products, sporting goods and services, and hobbies. The Lifestyle E-commerce Platform will be web-based and mobile responsive in the initial phase, and the Group intends to develop a mobile application for this platform after the completion of the web-based development of the platform.

Lifestyle E-commerce Platform flowchart



(Source: Management of MNC Group)

3.1 Features of the Lifestyle E-commerce Platform

The Lifestyle E-commerce Platform will offer a range of features to provide a seamless shopping experience for the buyers. It will be equipped with functions to facilitate sellers in securing orders directly from the live stream video viewers. The key features of the Lifestyle E-commerce Platform are described as follows:-

(i) Social media online community

An online community is an aggregation of individuals or businesses (being the members of the community) who interact around a shared interest. Commonly, community members communicate through social networking sites, chat rooms, forums, electronic mail (e-mail), discussion boards, and social media platforms.

These online community members are potential merchants and buyers for the Group's Lifestyle E-commerce Platform.

(ii) Live stream videos, vlogs and curated contents

Live stream videos refer to videos that are simultaneously recorded and broadcast in real time online. In live stream videos, streamers can engage with viewers in real time.

Vlog is a form of blog for which the medium is video and is a form of web television. A vlog is designed to share experiences, thoughts, and ideas with an audience. It is a form of communication which is used to engage an audience in a personal manner.

Curated content is content developed by third party content creators which is gathered and displayed on a specific website. Content curation is the process of finding from multiple sources content that would interest a specific group of audience and strategically sharing it through a variety of channels.

Merchants can utilise live stream video, vlog and/or curated content features on the Lifestyle E-commerce Platform to promote and share products to viewers and/or online buyers, whereby they can explain the value of the product, address questions from viewers as well as help interested buyers to make purchase decisions. Viewers can easily gain access to the product page and online store of the respective streaming merchants through the links provided in the live streams, vlogs and/or content page for order placement and online payment on the same platform.

(iii) Online payment processing system

The Lifestyle E-commerce Platform will be equipped with an online payment processing system that will facilitate the platform to process, verify and accept direct payments or credit card payments on behalf of merchants over secure internet connections. The Group also intends to gradually incorporate electronic wallet payment options on the Lifestyle E-commerce Platform to increase the payment methods on the platform. As at the LPD, the Group is in discussions with major payment processing system providers.

(iv) End-to-end fulfilment

The Lifestyle E-commerce Platform will provide an integrated one-stop solution to address the core aspects of e-commerce operations. The Group's provision of end-to-end fulfilment services shall encompass the operations and management of the mobile platform, provision of branding, marketing and promotional services, order placement and fulfilment (collectively order management), warehousing, logistics as well as data analytics. The Lifestyle E-commerce Platform will be equipped with customer relationship management feature that will allow buyers to track the status of orders placed.

The Group will engage third party vendors for order fulfilment comprising warehousing and delivery logistics. As at the LPD, the Group is in discussions with major warehousing and delivery logistics service providers.

3.2 Benefits to merchants and consumers

The Lifestyle E-commerce Platform is expected to create values for both the merchants and buyers via the following:-

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(i) Merchants

The Lifestyle E-commerce Platform will be an aggregator of brand owners and individual sellers who will be the merchants of the platform. The Group aims to offer merchants a convenient and interactive application that would allow them to manage their online stores on the platform. Merchants can have multiple channels to market their products to viewers and/or online buyers, either through their online store, live streaming videos, vlogs or content articles to promote and increase sales potential with easy online payment processing on the same platform as well.

Through the live stream video and messaging features on the platform, merchant can explain the value of the product, address questions from viewers live or through the chat rooms as well as help interested buyers to make purchase decisions. Viewers can easily gain access to the product page and online store of the respective streaming merchants through the links provided in the live streams or vlogs. These features will allow merchants to be able to engage with buyers and *vice versa* more interactively and instantaneously.

Further, the Lifestyle E-commerce Platform will be enhanced with value-added services for merchants such as sales data analytics, inventory monitoring, communication tracking with buyers, as well as order management and fulfilment encompassing warehousing and delivery logistics to support these merchants in the day-to-day management of their online stores.

(ii) Buyers

Buyers can access the products and services on the Lifestyle E-commerce platform at their convenience using their own digital devices such as mobile phones and tablets. The Lifestyle E-commerce Platform will be equipped with multiple features such as live streaming videos, order placement modules connected to the live streaming videos and live interaction with merchants during live streaming integrated with easy online payment processing system and customer service for tracking of orders placed allowing a seamless shopping experience for the buyers.

Customers can also make a more informed purchasing decisions based on the Group's merchant rating system. Each merchant's score will be aggregated based on previous customers' shopping experiences, merchant responsiveness, product quality and how quickly the product is dispatched.

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4. UTILISATION OF PROCEEDS FROM THE PROPOSED PRIVATE PLACEMENT

Based on an illustrative issue price of RM0.0384 per Placement Share, the gross proceeds to be raised from the Proposed Private Placement will be utilised in the following manner:-

Proposed utilisation of proceeds	Expected timeframe for utilisation from completion of the Proposed Private Placement	⁽¹⁾ (RM'000)
(i) Development of the Lifestyle E-commerce Platform	Within 18 months	5,500
(ii) Working capital for the Lifestyle E-commerce Platform	Within 24 months	13,761
(iii) Estimated expenses for the Proposals	Immediate	⁽²⁾ 1,000
Total		⁽³⁾20,261

Notes:-

- (1) The proceeds to be raised from the Proposed Private Placement after deducting the estimated expenses for the Proposals will be allocated up to the respective maximum allocation in the following order:-

- (i) development of the Lifestyle E-commerce Platform; and
- (ii) working capital for the Lifestyle E-commerce Platform.

Any additional proceeds raised in excess of RM20.3 million will be allocated to working capital for the Lifestyle E-commerce Platform. Any shortfall between the actual proceeds raised and the total intended proceeds to be raised will be adjusted from the amount earmarked for the working capital.

- (2) If the actual expenses incurred are higher than the budgeted amount of RM1.0 million, the deficit will be funded via internal generated funds and/or bank borrowings. However, the funding breakdown cannot be determined at this juncture as it will depend on, amongst others, the cash position of the Group at the relevant time. Conversely, any surplus of funds following payment of expenses will be utilised in the order as set out in Note (1) above.
- (3) Pending the utilisation of proceeds as and when they may be utilised, the unutilised proceeds shall be placed in interest-bearing deposits and/or money market financial instruments.

(i) Development of the Lifestyle E-commerce Platform

As set out in Section 3 of this Circular, the Group intends to develop, launch and operate a Lifestyle E-commerce Platform. The breakdown of the funding requirements for the development of Lifestyle E-commerce Platform is set out as follows:-

Breakdown of utilisation	RM'000
Development costs ⁽¹⁾	2,400
Purchase of hardware and setting up of infrastructure ⁽²⁾	3,100
Total	5,500

Notes:-

- (1) The Group intends to undertake the development of the Lifestyle E-commerce Platform through a combination of development by its in-house IT team and partnership with third-party technology partners. As at the LPD, the Group is in the midst of identifying suitable third-party technology partners to co-develop the platform based on the Group's development roadmap. The software development costs shall include the cost of the Lifestyle E-commerce Platform with social media, content, live stream, marketplace and e-commerce features, further details of which are set out in Section 3.1 above.

Presently, the Group has 7 developers and 2 system engineers. The Group expects to also hire 5 additional developers and 3 system and database engineers to support the development of the Lifestyle E-commerce Platform and maintenance of the platform upon its commercialisation. The Group is in the midst of hiring the developers and engineers and expects to have the full team set up by June 2021.

If the total development cost is higher than the budgeted cost of RM2.4 million, the shortfall shall be funded via the funds allocated to the working capital.

As at the LPD, the development of the Lifestyle E-commerce Platform has yet to commence. The development of the Lifestyle E-commerce Platform is expected to commence in the third quarter of 2021 and is expected to complete by the fourth quarter of 2022. Upon completion of the development, the Group will take approximately 3 months to conduct the necessary testing and market acceptances on the platform before officially launching the platform by first quarter of 2023. The Group plans to first launch the Lifestyle E-commerce Platform in Malaysia, then gradually launch the platform regionally in other region in Asia Pacific in future.

- (2) To support the operations of the Lifestyle E-commerce Platform, the Group intends to allocate RM3.1 million from the proceeds for the purchase of IT systems, hardware and equipment. The breakdown is set out as follows:-

Breakdown	RM'000
Purchase of software application modules coupled with firewalls for operation of the platform with cybersecurity protection to mitigate risks in relation to data breaches and hacking activities	1,800
Purchase of disaster recovery system server licenses through cloud computing platform subscription services and physical servers for data backup. Disaster recovery system is important to reduce the platform's downtime	1,100
Purchase of hardware for employees such as laptops and software tools and licenses for employees to carry out their respective roles	200
Total	3,100

(ii) **Working capital for the Lifestyle E-commerce Platform**

As at the LPD, the Group's cash and bank balances stood at RM68.4 million, which comprises balance proceeds of RM42.7 raised from past fund-raising exercises (private placement exercise completed on 22 August 2017, rights issue with warrants exercise completed on 11 November 2016 and rights issue of irredeemable convertible preference shares with warrants exercise completed on 13 September 2019). Out of the balance proceeds of RM42.7 million, RM3.8 million was allocated for the general working capital requirements of the Group while the rest have been earmarked for specific purposes other than working capital.

Notwithstanding the above, the Group will require additional funds for working capital to support its venture into the e-commerce industry as well as to provide more flexibility to the Group in terms of cash flow management during the COVID-19 pandemic. As such, the balance proceeds from the Proposed Private Placement will be utilised in the following manner:-

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Breakdown of working capital	RM'000
Marketing expenses for the Lifestyle E-commerce Platform:- - Engagement with content developers and KOLs ⁽¹⁾ - Marketing and promotional campaigns to raise awareness for the platform ⁽²⁾	4,000 9,000
Operating expenses and administrative expenses for the Lifestyle E-commerce Platform such as staff costs ⁽³⁾ for the for the marketing and operation of the Lifestyle E-commerce Platform, travelling costs associated with the development of the platform, including discussions with content developer, campaign owners, merchants and other partners and other miscellaneous items ⁽⁴⁾	761
Total	13,761

Notes:-

- (1) Content development involves researching, producing, and publishing information to meet a specific objective, either to build a connection with an audience or to encourage a marketing or sales outcome. Content development is therefore a vital part of a content marketing strategy.

The Lifestyle E-commerce Platform will be lifestyle focused, and as such the Group will curate lifestyle-related online materials such as displays, videos, vlogs and articles to attract users to its platform and create a follower base, to eventually support the development of a merchant and customer base. For this purpose, the Group intends to engage content developers who may create display, video, vlogs or articles on lifestyle-related activities and/or products that are relevant and informative to establish trust and credibility. Such content is also intended to increase brand and/or product awareness among viewers and convert them into potential buyers.

The Group also intends to engage social media influencers to offer KOL marketing as well as strategy planning to merchants who opt to list their products on the Lifestyle E-commerce Platform.

KOL marketing involves the sharing of brands, products and/or services by social media influencers who have developed a reputation for prior knowledge or expertise on a specific topic and have dedicated social followers or subscribers on social media platforms. These social media influencers will collaborate with merchants in promoting products and/or brands through the lifestyle e-commerce platform or via live streaming videos. This allows merchants to benefit from the social media influencer's network of followers, stability and security of the Lifestyle E-commerce Platform as well as the Group's marketing and promotional services, to convert marketing into sales revenue.

- (2) The Group intends to engage in various marketing strategies to increase awareness and attract users (e.g. buyers and merchants / brand owners) to utilise the Lifestyle E-commerce Platform.

The marketing strategies includes the following:-

- (i) implementation of digital marketing campaigns to create a heightened brand awareness;
- (ii) promotions, discounts and other reward programmes to attract new merchants/users and encourage the merchants/users to use the features through the platform;
- (iii) advertising through other channels such as out-of-home advertising by way of digital billboard advertisements, radio advertisements and television commercials; and/or
- (iv) guerrilla roadshows and events in high-traffic locations, including malls and campuses, subject to the COVID-19 situation.

Depending on various factors which may impact the marketing initiatives to be adopted by the Group, including the severity of the COVID-19 pandemic, the Group is only able to finalise the respective marketing and promotional campaigns at the relevant time. As such, the breakdown of funds for the respective campaigns cannot be determined at this juncture.

These marketing initiatives are expected to create awareness on the Lifestyle E-commerce Platform and then generates a larger traffic and user base, thereby increasing transaction volume and revenue for the Group. With every successful transaction, the Group will be able to derive revenue through the fees from merchants (e.g. merchants who opt to list their brands and/or products on the Lifestyle E-commerce Platform will pay a fee for hosting their brands and/or products as well as for the on-going services provided) and advertising revenue. By acquiring a higher number of merchants and brand owners, users are expected to be more inclined to utilise the Lifestyle E-commerce Platform as a one-stop e-commerce platform.

- (3) The Group intends to hire sales and marketing team that comprises 5 marketing personnel and 4 administrative personnel to support the sales and marketing operation of the Lifestyle E-commerce Platform. The team is expected to be set up closer to the completion date of development of the Lifestyle E-commerce Platform, i.e. fourth quarter of 2022.
- (4) The actual breakdown of these expenses cannot be determined at this juncture as it will depend on the actual operating and administrative requirements of the Group at the relevant time.

(iii) **Estimated expenses for the Proposals**

The breakdown of the estimated expenses for the Proposals is illustrated below:-

Estimated expenses	RM'000
Professional fees ⁽¹⁾	920
Fees to the relevant authorities	40
Printing, despatch, advertising and meeting expenses	30
Miscellaneous charges	10
Total	1,000

Note:-

- (1) These include advisory fees payable to the Principal Adviser, management fees and placement commission payable to the Placement Agent for the management of the placement process and identification of the placees respectively as well as other professional fees payable to the company secretarial agent, independent market researcher and solicitors in relation to the Proposals.

5. DETAILS OF THE PROPOSED ESOS

The Company proposes to establish and implement the Proposed ESOS, which involves granting of Options to the Eligible Persons as set out in the By-laws. The Options granted under the Scheme shall entitle the Eligible Persons to subscribe for new Shares at an Option Price to be determined at a later date.

The Scheme will be administered by the ESOS Committee. The ESOS Committee will have the absolute discretion in administering the Scheme. Any liberty, power or discretion which may be exercised or any decision or determination which may be made by the ESOS Committee pursuant to the By-laws may be exercised in the ESOS Committee's sole and absolute discretion having regard to the terms of reference which the Board may establish to regulate and govern the ESOS Committee's functions and responsibilities.

5.1 Maximum number of Shares available under the Scheme

The maximum number of new Shares which may be made available under the Scheme shall not exceed 30% of the Company's total number of issued shares (excluding treasury shares, if any) at any point of time during the duration of the Scheme.

Notwithstanding the above or any other provision contained in the By-laws, in the event that the number of new Shares to be issued pursuant to the exercise of the Options granted under the Scheme exceeds the Maximum Shares as a result of the Company purchasing its own Shares in accordance with the Act, or the Company undertaking any other corporate proposal and thereby diminishing its total number of issued shares, then such Options granted prior to the adjustment of such total number of issued shares (excluding treasury shares) of the Company shall remain valid and exercisable in accordance with the provisions of the By-laws.

However, in such a situation, the ESOS Committee shall not make any further Offers until the total number of new Shares to be issued pursuant to the exercise of the Options granted or to be granted under the Scheme falls below the Maximum Shares at any point of time over the the duration of the Scheme.

It should be noted that even if the Maximum Shares are granted to the Eligible Persons, the actual number of new Shares to be issued pursuant to the exercise of the Options may be lesser in view that not all Grantees under the Proposed ESOS will exercise their Options in full or at all.

5.2 Basis of allotment and maximum allowable allocation of new Shares

Subject to the Maximum Shares and any adjustments which may be made under the By-laws, the aggregate maximum number of Options that may be granted to any one of the Eligible Person shall be determined entirely at the discretion of the ESOS Committee after taking into consideration, amongst other relevant factors, the performance, seniority, length of service, contribution, category or designation of employment of the Eligible Person or such other matters which the ESOS Committee may in its sole and absolute discretion deem fit, subject to the following conditions:-

- (i) the Eligible Persons do not participate in the deliberation or discussion in respect of their own allocation;
- (ii) the number of new Shares to be allocated to any Eligible Person who, either singly or collectively through persons connected with such Eligible Person, holds 20% or more of the total number of issued shares of the Company (excluding treasury shares, if any), does not exceed 10% (or such other percentage as may be permitted by Bursa Securities or any other relevant authorities from time to time) of the total number of new Shares to be issued under the Scheme; and
- (iii) not more than 70% of the Options available under the Scheme shall be allocated in aggregate to the Eligible Directors and senior management personnel of the companies in the Group (which are not dormant),

provided always that it is in accordance with any prevailing guidelines issued by Bursa Securities, including the Listing Requirements or any other requirements of the relevant authorities and as amended from time to time.

The ESOS Committee also has the discretion to determine, amongst others:-

- (i) whether or not to stagger the Offer over the duration of the Scheme and each Offer shall be separate and independent from the others provided always that the aggregate number of new Shares in respect of the Offers granted to any Eligible Person shall not exceed the amount stipulated in Section 5.1 and Section 5.2(ii) of this Circular;
- (ii) the number of Options to be offered in each Offer;

- (iii) whether or not the Options are subject to any vesting period and if so, the vesting conditions and whether such vesting is subject to performance target; and
- (iv) such other terms and conditions as it shall deem fit and appropriate to be imposed for the participation in the Scheme.

The ESOS Committee shall at a later date determine whether the Shares available for vesting under this Scheme are to be offered to the Grantees via:-

- (i) 1 single Offer at a time determined by the ESOS Committee; or
- (ii) several Offers (including the maximum allocation available for each financial year during the duration of the Scheme), where the vesting of the Options comprised in those Offers is staggered or made in several tranches at such times and on such terms and conditions as may be determined by the ESOS Committee.

No performance target has been set for the allocation of Options at this juncture. Notwithstanding this, the ESOS Committee may from time to time at its own discretion decide on the performance targets.

5.3 Eligibility to participate in the Scheme

Only Eligible Persons who fulfil the following conditions on the Date of Offer shall be eligible to participate in the Scheme:-

- (i) in respect of an employee of the Group, the employee must fulfil the following criteria as at the Date of Offer:-
 - (a) he / she is at least 18 years of age and he / she is not an undischarged bankrupt or subject to any bankruptcy proceedings;
 - (b) he / she is employed on the Date of Offer:-
 - (aa) on a full time basis and is on the payroll of any company in the Group (which are not dormant) and his/her employment has been confirmed by any company in the Group (which are not dormant) on the Date of Offer; or
 - (bb) serving in a specific designation under an employment contract for a continuous fixed period of at least 1 year (which shall include any probation period) and may include contract staff employed for a period of 1 year or more for any purposes or specific requirements of the Group as the ESOS Committee deemed fit; and
 - (c) such employee falls within any other eligibility criteria (including variations to the eligibility criteria under Section 5.3(i)(a) or (b) above) that may be determined by the ESOS Committee from time to time at its sole discretion, whose decision shall be final and binding.
- (ii) in respect of a director of the Group, the director must fulfil the following criteria as at the Date of Offer:-
 - (a) he / she is at least 18 years of age and he/she is not an undischarged bankrupt or subject to any bankruptcy proceedings;
 - (b) he / she has been appointed as a Director or any other company in the Group (which are not dormant); and

- (c) such Director fulfils any other criteria as may be determined by the ESOS Committee from time to time at its sole discretion, whose decision shall be final and binding.
- (iii) in respect of a Director, a chief executive officer of the Company or a person connected with a them, the specific allocation of Options granted under the Scheme must have been approved by the Shareholders at a general meeting.
- (iv) if the Eligible Person is employed by a company which is acquired by the Group during the duration of the Scheme and becomes a subsidiary whether directly or indirectly held by the Company upon such acquisition, the Eligible Person must fulfil the following as at the Date of Offer:-
 - (a) he / she is at least 18 years of age and he/she is not an undischarged bankrupt or subject to any bankruptcy proceedings; and
 - (b) he / she is employed full time basis and is on the payroll of the newly acquired company for a continuous period of at least 1 year and his / her employment has been confirmed by the newly acquired company.

The Eligible Person must fulfil any other criteria and/or fall within such category / designation of employment as may be determined by the ESOS Committee from time to time at its sole discretion, whose decision shall be final and binding.

Eligibility under the Scheme does not confer upon the Eligible Person a claim or right to participate in or any rights whatsoever under the Scheme and an Eligible Person does not acquire or have any rights over or in connection with the Options unless an Offer has been made by the ESOS Committee to the Eligible Person and the Eligible Person has accepted the Offer in accordance with the terms of the By-laws.

5.4 Duration of the Proposed ESOS

The Scheme shall be in force for a duration of 5 years from the Effective Date subject however to any extension of the Scheme as provided under the By-laws.

On or before the expiry of such 5 years of the Scheme, the Board shall have the discretion, without having to obtain approval of the Shareholders, to extend the duration of the Scheme, provided that the initial period of the Scheme and such extension of the Scheme made pursuant to the By-laws shall not in aggregate exceed a duration of 10 years from the Effective Date or such longer period as may be permitted by Bursa Securities or any other relevant authorities from time to time.

For the avoidance of doubt, no further sanction, approval, consent or authorisation of the Shareholders in a general meeting is required for any such extension. In the event the Scheme is extended in accordance with the provision of the By-laws, the ESOS Committee shall furnish a written notification to all Grantees and the Company shall make the necessary announcements to Bursa Securities prior to such extension.

The Scheme may be terminated by the ESOS Committee at any time before its expiry provided that the Company shall make an announcement immediately through Bursa Securities.

In the event of termination of the Scheme, the following provisions shall apply:-

- (i) no further Offer shall be made by the ESOS Committee from the effective date of termination of the Scheme ("**Termination Date**");
- (ii) all Offers which have yet to be accepted by the Eligible Person(s) shall automatically lapse on the Termination Date;

- (iii) all Offers which have yet to be vested in the Eligible Person(s) shall automatically lapse on the Termination Date; and
- (iv) all outstanding Options which have yet to be exercised by the Grantees and/or vested (if applicable) shall be automatically terminated on the Termination Date.

Approval or consent of Shareholders by way of a resolution in a general meeting and written consent of the Grantees who have yet to exercise their Options are not required to effect the termination of the Scheme unless otherwise required by the Listing Requirements and/or other applicable laws.

5.5 Exercise of Options

Subject to the By-laws, a Grantee shall be allowed to exercise the Options granted to him / her either in whole or part in multiples of 100 Shares as the Grantee may be entitled under the Options at any time during the Option Period whilst he / she is in the employment of any company within the Group (which are not dormant).

There will be no restriction to the Grantee on the percentage of Options exercisable by him / her during the Option Period.

5.6 Option Price

Subject to any adjustments that may be made in accordance with the By-laws, the Option Price shall be based on a price to be determined by the Board upon recommendation of the ESOS Committee based on the 5-day VWAP of the Shares immediately preceding the Date of Offer, i.e. the date of an Offer made by the ESOS Committee to an Eligible Person, with a discount of not more than 10% or such other percentage of discount as may be permitted by Bursa Securities during the duration of the Scheme. The Option Price as determined by the ESOS Committee shall be conclusive and binding on the Grantees.

5.7 Ranking of the new Shares to be issued pursuant to the exercise of the Options

The new Shares to be allotted and issued arising from the exercise of any Options granted under the Scheme will be subject to the provisions of the Constitution and will, upon allotment and issuance, rank equally in all respects with the existing issued Shares, save and except that Shares so allotted and issued will not be entitled to any dividends, rights, allotments and/or other distributions, which may be declared, made or paid to Shareholders, the entitlement date of which is prior to the date of allotment and issuance of such new Shares.

5.8 Retention period

The new Shares to be allotted and issued and/or transferred to a Grantee pursuant to the exercise of an Option under the Scheme will not be subject to any retention period or restriction on transfer unless otherwise stated in the Offer as may be determined by the ESOS Committee from time to time at its discretion. The Grantees are encouraged to hold the Shares as an investment rather than for any speculative purposes and/or for the realisation of any immediate gain.

Notwithstanding the above, pursuant to Rule 8.22 of the Listing Requirements, a Grantee who is a non-executive director of any company within the Group (excluding any dormant subsidiary) must not sell, transfer or assign his / her Shares obtained through the exercise of the Options offered to him / her pursuant to the Scheme within 1 year from the Date of Offer of such Options or such period as may be prescribed by Bursa Securities.

5.9 Alteration of share capital during the Option Period

In the event of any alteration in the capital structure of the Company during the duration of the Scheme, whether by way of rights issue, bonus issue or other capitalisation issue consolidation or subdivision of Shares or reduction or any other alteration in the capital structure of the Company or otherwise howsoever, the ESOS Committee may, at its discretion, determine whether the Option Price; and/or the number of unexercised Options shall be adjusted, and if so, the manner in which such adjustments should be made.

Such adjustments must be confirmed in writing by the external auditors of the Company or principal advisers (acting as experts and not as arbitrators), to be in their opinion, fair and reasonable.

5.10 Modification, variation and/or amendment to the Scheme

Subject to the compliance with the Listing Requirements and any other relevant authorities, the ESOS Committee may at any time recommend to the Board any additions, modifications or amendments to or deletions of the By-laws as it shall in its discretion think fit.

Subject to the By-laws, the approval of the Shareholders in a general meeting shall not be required in respect of the additions or amendments to or modifications or deletion of the By-laws provided that no additions, modifications or amendments or deletions shall be made to the By-laws which will:-

- (i) prejudice any rights which would have accrued to any Grantee without the prior consent or sanction of that Grantee; or
- (ii) increase the number of Shares available under the Scheme beyond the maximum set out in Section 5.1 of this Circular; or
- (iii) alter any matter which are required to be contained in the By-laws by virtue of the Listing Requirements to the advantage of the Eligible Person and/or Grantee.

5.11 Utilisation of proceeds from the exercise of the Options

The proceeds arising from the exercise of the Options will depend on, amongst others, the number of Options granted and exercised at the relevant point in time as well as the Option Price. As such, the actual amount of proceeds arising from the exercise of the Options as well as the timeframe for the utilisation of proceeds from the date of receipt of the proceeds could not be determined at this juncture. On a best estimate basis, the Board envisages that the timeframe for the utilisation of proceeds is within 24 months from the date of the receipt of the aforesaid proceeds.

Nevertheless, the Company intends to utilise the proceeds arising from the exercise of the Options, if any, as working capital for the Group which commensurate with the business operations of the Group. The working capital raised from the exercise of the Options will be utilised to finance the Group's day-to-day operations, including the payment of staff salaries as well as defrayment of operational and administrative expenses (e.g. utilities, transportation costs, marketing costs and other miscellaneous items).

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6. RATIONALE FOR THE PROPOSALS

6.1 Proposed Private Placement

As detailed in Section 4 of this Circular, the proceeds to be raised from the Proposed Private Placement will be utilised mainly for the development of the Lifestyle E-commerce Platform. The Group expects that its expansion into the e-commerce industry will contribute positively to the future earnings of the Group. Through the Lifestyle E-commerce Platform, the Group will be able to derive advertising revenue from advertisers on the platform and also derive merchant fees who host their products on the platform, thereby providing additional source of income to the Group's revenue. Further details on the benefits and future prospects of the Lifestyle E-Commerce Platform are set out in Section 7.4 below.

After due consideration of the various methods of fund raising, the Board is of the opinion that the Proposed Private Placement is the most appropriate avenue of fund-raising at this juncture as it would enable the Group to raise additional funds expeditiously without incurring additional interest expense from bank borrowings, thereby minimising any potential cash outflow in respect of interest servicing costs.

On the other hand, other fund-raising exercises such as a rights issue may not be suitable as it will involve a cash call from existing Shareholders. Moreover, it will also require the Company to identify certain Shareholders to provide irrevocable undertakings to subscribe for a minimum number of rights shares or, alternatively, procure underwriting arrangements (which will incur additional cost), in order to achieve a minimum subscription level. In addition, a rights issue exercise is likely to take a longer time to complete as compared to a private placement exercise.

Upon completion of the Proposed Private Placement, the enlarged capital base is also expected to further strengthen the financial position of the Company.

For information, the Company has not undertaken any other fund-raising exercises in the past 12 months before the first announcement of the Proposed Private Placement.

6.2 Proposed ESOS

The Proposed ESOS is established primarily to achieve the following objectives:-

- (i) to drive and motivate the Eligible Persons to work towards achieving the Group's goals and objectives;
- (ii) to reward the Eligible Persons in recognition of their accumulated contribution to the operations and continued growth of the Group;
- (iii) to retain the Eligible Persons by giving the Eligible Persons a sense of ownership, loyalty and belonging to the Group by enabling them to participate directly in the equity of the Company and thereby provides an incentive for the Eligible Persons to participate in the future growth of the Group and motivate them towards better performance through greater productivity and loyalty;
- (iv) to align the interests of the Eligible Persons, including management personnel of the Group, with the interests of the Shareholders via direct participation in the equity of the Company; and
- (v) to attract and retain high-calibre Eligible Persons.

The allocation of Options to non-executive Directors is to recognise the contributions and efforts made by the non-executive Directors as they play a constructive role in contributing towards the growth and performance of the Group. Their participation in the equity of the Company is expected to enhance their level of commitment and contribution as well as to enable the Company to attract and retain capable individuals to act as non-executive Directors of the Company who will assist in the overall strategic decision-making of the Group.

Any proceeds to be received by the Company pursuant to the exercise of the Options (which will depend on, amongst others, the number of Options granted and exercised at the relevant point in time and the Option Price) will be utilised for the Company's working capital purposes as detailed in Section 5.11 of this Circular. The exact utilisation breakdown cannot be determined at this juncture as it would depend on, amongst others, the actual proceeds to be raised from the exercise of the Options as well the actual requirements of the Group at the relevant time.

7. INDUSTRY OVERVIEW AND FUTURE PROSPECTS

7.1 Malaysian economy

The Malaysian economy recorded a negative growth of 3.4% in the fourth quarter (Third quarter ("3Q") 2020: -2.6%), largely attributable to the imposition of the Conditional Movement Control Order on a number of states since mid-October. The restrictions on mobility, especially on inter-district and inter-state travel, weighed on economic activity. Nevertheless, the continued improvement in external demand provided support to growth. Consequently, except for manufacturing, all economic sectors continued to record negative growth. On the expenditure side, moderating private consumption and public investment activities weighed on domestic demand. On a quarter-on-quarter seasonally-adjusted basis, the economy registered a decline of 0.3% (3Q 2020: +18.2%).

For Malaysia, the momentum in economic recovery was affected by the resurgence in COVID-19 cases and the introduction of targeted containment measures in several states in the fourth quarter. While there were minimal restrictions on production capacity, the movement restrictions implemented in selected states partly affected domestic demand during the quarter.

For 2021, while near-term growth will be affected by the re-introduction of stricter containment measures, the impact, however, will be less severe than that experienced in 2020. The growth trajectory is projected to improve from the second quarter onwards. The improvement will be driven by the recovery in global demand, turnaround in public and private sector expenditure amid continued support from policy measures including PENJANA, KITA PRIHATIN, 2021 Budget and PERMAI, and higher production from existing and new facilities in the manufacturing and mining sectors. The vaccine rollout from February onwards is also expected to lift sentiments.

The balance of risks remains tilted to the downside, stemming mainly from ongoing uncertainties surrounding the dynamics of the pandemic and potential challenges that might affect the rollout of vaccines both globally and domestically.

(Source: Economic and Financial Developments in the Malaysia in the Fourth Quarter of 2020, BNM)

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Reinforced by the reopening of the economy in phases, growth is expected to improve gradually during the second half of the year, cushioning the significant contraction in the first half. Thus, Malaysia's gross domestic product is expected to contract by 4.5% in 2020, before rebounding between 6.5% and 7.5% in 2021. After a dismal economic performance in 2020 due to the COVID-19 pandemic, the Malaysian economy is expected to rebound firmly in 2021, in line with the expectation of a more synchronised global recovery. At the same time, domestic demand is projected to record a steady growth, supported by improvements in labour market conditions, low inflation and favourable financing conditions as well as the revival of major infrastructure projects. All sectors in the economy are expected to turnaround, with services and manufacturing sectors continuing to spearhead growth.

Nevertheless, downside risks to the growth outlook remain, arising from the resurgence of COVID-19 cases and the duration of containment measures domestically and globally. Geopolitical tensions, volatility in financial and commodity markets as well as prolonged trade and tech war may dampen the recovery pace. Against this background, the Government will continue to promote resilient and sustainable economic growth, while safeguarding the welfare of the people. Efforts will be enhanced to accelerate the shift to digitalisation, skilled workforce, quality foreign direct investments and strengthening environmental, social and governance principles to ensure sustainable and inclusive growth.

(Source: Economic Outlook 2021, Ministry of Finance Malaysia)

7.2 E-commerce market in Malaysia

The e-commerce market in Malaysia, as depicted by e-commerce transaction values, increased from RM195.1 billion in 2015 to RM268.6 billion in 2019 at a CAGR of 8.3%. Providence estimates that the e-commerce market in Malaysia will grow from RM296.8 billion in 2020 to reach RM355.5 billion in 2022 at a CAGR of 9.4%. Malaysia's e-commerce market registered a year-on-year growth rate of 8.3% in 2019 and an estimated 10.5% in 2020. The e-commerce market in Malaysia is expected to register a year-on-year growth rate of 10.5% in 2021.

E-commerce activities have increased from 35.3% of internet users in 2015 to 53.3% of internet users in 2018. As Internet connectivity provides a platform for e-commerce activities to take place, the e-commerce market in Malaysia is expected to grow in line with the increasing broadband penetration rate in the country. As an illustration, the percentage of internet users performing e-commerce activities have increased from 35.3% of internet users in 2015 to 53.3% of internet users in 2018.

Digital payments, such as using credit cards, debit cards and electronic wallets, are the most common and convenient way of paying for electronic transactions, including products and services purchased over e-commerce platforms. Digital payments offer better security as they are encrypted and there is a lower risk of fraud. As digital payments become more widespread and widely-accepted, they will support the use of e-commerce platforms, which are typically linked to a digital payment gateway. The number of digital payment transactions in Malaysia increased at a CAGR of 13.6% between 2015 and 2020, from 1.8 billion to 2.8 billion transactions. This growth is attributed to changing consumer behaviour and increasing acceptance of digital payment.

To spur the adoption of cashless transactions, the Government introduced the e-Tunai Rakyat programme. Between 15 January and 14 March 2020, the Government gave an incentive of RM30 to eligible applicants through 3 electronic wallet service providers, with a total allocation of RM450 million.

As part of the stimulus package to cushion the headwinds arising from COVID-19, the Government also announced that RM50 worth of e-wallet credits and additional RM50 in vouchers, cashback and discounts will be given between July to September 2020 to drive e-wallet usage. These incentives aim to promote digital payment and cashless transactions, in a bid to encourage both customers and merchants to use and accept digital payments. This is in conjunction with the various ongoing discounts, rebates, cashback and other promotions that individual electronic wallet providers are offering in a bid to increase awareness and usage of their respective platforms.

On 27 February 2020, the Government announced the 2020 Economic Stimulus Package as a response to the outbreak of COVID-19 which resulted in the closure of cities, shut down of businesses and factories as well as restrictions on travel. Among the measures under the 2020 Economic Stimulus Package that impact the e-commerce industry are as follows:

- (i) RM1,000 grant to 10,000 local entrepreneurs to promote the sale of their products on the e-commerce platform;
- (ii) RM20 million allocation to Malaysian Digital Economy Corporation (MDEC) for Perkhidmatan e-Dagang Setempat (PeDAS) programme to transform Pusat Internet Desa into an e-commerce hub; and
- (iii) Central Bank of Malaysia will provide a small and medium enterprise (“SME”) Automation and Digitalisation Facility of RM300 million at an interest cost of 3.75%.

In June 2020, the Government announced the National Economic Recovery Plan (PENJANA). Among the measures under the 2020 Economic Stimulus Package that impact the e-commerce industry are as follows:

- (i) RM0.07 billion allocation for micros and SMEs e-commerce campaign to encourage adoption of e-commerce by micro enterprises and SMEs in order to widen their market reach;
- (ii) RM0.07 billion allocation to encourage online consumer consumption through e-commerce vouchers;
- (iii) RM0.7 billion allocation to assist as well as incentivise SMEs and mid-tier companies to digitalise operations and trade channels; and
- (iv) RM0.75 billion allocation for ePenjana Credits in e-wallet to encourage e-wallet usage for safe, contact-free payment experience and to boost consumer spending.

The e-commerce market in Malaysia stands to benefit from the abovementioned initiatives and plans driven by the Government.

(Source: IMR Report)

7.3 E-commerce market in ASEAN

The e-commerce market in ASEAN, based on gross merchandise value, rose from USD5.5 billion in 2015 to USD38 billion in 2019 at a CAGR of 62.1%. ASEAN's e-commerce market is expected to further grow from USD38 billion in 2019 to USD150 billion by 2025 at a CAGR of 25.7%. ASEAN's e-commerce market registered a year-on-year growth rate of 65.2% in 2019 and an estimated 18.0% in 2020. The e-commerce market in ASEAN is expected to register a year-on-year growth rate of 16.4% in 2021.

Approximately 67 million households in ASEAN states are part of the “consuming class,” with incomes exceeding the level at which they can begin to make significant discretionary purchases. That number is projected to almost double to 125 million households by 2025, making ASEAN a pivotal consumer market of the future.

Collectively, Indonesia, Philippines, Thailand and Vietnam are the most populous member nations of ASEAN and have a total population of 543 million. The large pool of consumers in these countries makes them attractive to investors, brand owners and retailers, as well as e-commerce platform operators. One of the biggest reasons online shopping has been so popular in the region is because of the growing middle class. A growing middle class means more disposable income which results in an increase in consumer spending.

Digital consumers in ASEAN are expected to spend three times as much in 2025. While consumers in Southeast Asia spent USD125 on average on online purchases in 2018, that sum is expected to more than triple to USD390 in 2025. The increasing choices, better internet access, urbanisation and rising affluence are factors that will continue to drive more spending online in ASEAN. Southeast Asia is anticipated to be home to approximately 310 million digital consumers by 2025, in comparison to 250 million in 2018 and just 90 million in 2015.

More than 90% of Southeast Asians were connected to the internet primarily through their smartphones in 2019, and this connectivity, along with a rise in incomes, presents opportunities for the e-commerce industry.

(Source: IMR Report)

7.4 Prospects and future plans of the Group

The Group is principally engaged in sales, marketing, research and development of solutions and contents, which can be categorised into wireless and mobile application services, multimedia related service which includes provision of mobile messaging platforms for bulk short message services to enterprises as well as digital related service, which includes customised mobile applications development, social media management, web design and development and customised digital solutions.

In the recent years, the Group has been facing challenges in its business, mainly due to increasing competition within the industry arising from new development in mobile business solutions and multimedia related services and recently, the weakened demand, both locally and globally, pursuant to the impact of the COVID-19 pandemic.

However, the Group implemented work-from-home policies during the implementation of the MCO (including subsequent phases of MCO), leveraging on digital tools to enable file sharing, virtual video and audio teleconferencing as well as project management tools. As such, the COVID-19 pandemic did not materially affect the operations of the Group. During this period, the Group further intensified its collaborative efforts with business partners for customer acquisition, and further streamlined operational and customer acquisition activities, in servicing established clientele operating across diverse industries from its core business segments of mobile/wireless application services and multimedia related services.

Notwithstanding the on-going COVID-19 pandemic, the Group believes that the industry outlook for mobile and digital applications and its multimedia related services continues to be favourable in view of the on-going developments in smart devices and high-speed internet, including but not limited to the anticipated introduction of 5G networks in Malaysia and the increasing trend of digital marketing environment being embraced by consumers and business units, thereby contributing positively to the business segments that the Group operates within.

The Group continues to remain upbeat in developing of its mobile and digital marketing initiatives, with support from business partners and clients, to meet market trends with the Group's bespoke information technologies solutions, which in turn may drive revenue growth for the Group.

Moving forward, the Group intends to venture into the e-commerce industry by launching and operating the Lifestyle E-Commerce Platform by capitalising on the rapid growth in the e-commerce industry. The Lifestyle E-commerce Platform combines social media features with an e-commerce marketplace that matches buyers and merchants. The platform aims to eliminate layers of sales channels in product adoption via a business-to-consumer (B2C) model. Further details on the Lifestyle E-Commerce Platform are set out in Section 3 of this Circular.

Further, the adoption of e-commerce by merchants and consumers in the ASEAN region has been witnessing an upward trend in recent years. Many brands are beginning to emerge, offering a variety of services to meet the demands of the modern consumer. According to Providence, the e-commerce market in ASEAN, based on gross merchandise value, rose from USD5.5 billion in 2015 to USD38 billion in 2019 at a CAGR of 62.1%. ASEAN's e-commerce market is expected to further grow from USD38 billion in 2019 to USD150 billion by 2025 at a CAGR of 25.7%.

The Group's mobile e-commerce platform will be equipped with the necessary infrastructure and capacity to generate sales directly from buyers on the same platform, with payment and order fulfilment features to offer buyers a more holistic shopping experience. Apart from boosting revenue growth, the Lifestyle E-commerce Platform will also allow the Group to obtain meaningful analysis on consumer behaviour and their transaction patterns, which could be useful in making strategic business decisions in the future. The Group will be able to derive advertising revenue through advertisements display by merchants and other advertisers, affiliate marketing and key opinion leader marketing on the platform. Further, the Group may also derive fees from merchants who list their brands and/or products on the platform.

Riding on the digitalisation trend, the Group envisions itself to become an integrated e-commerce provider in Malaysia and over the long term, regionally in Asia Pacific. It plans to first launch the Lifestyle E-commerce Platform in Malaysia, then gradually launch the platform regionally in other region in Asia Pacific within an estimated timeframe of two years following the launch of the platform in Malaysia. Apart from the estimated cost required by the Group for the development of the Lifestyle E-commerce Platform as set out in Section 4 of this Circular, there are no other committed cost required at this juncture. Any future financial resources required to be committed by the Group cannot be determined at this juncture as it will depend on, amongst others, the funding required to develop the platform at the relevant time.

Premised on the above, the Group is of the view that its present expansion into the e-commerce industry would contribute positively towards the future prospects of the Group.

8. EFFECTS OF THE PROPOSALS

8.1 Share capital

The Proposed ESOS is not expected to have an immediate effect on the Company's share capital until such time when the Options granted under the Scheme are exercised. The Company's share capital will increase progressively depending on the number of new Shares to be issued upon the exercise of the Options granted under the Scheme and the Option Price.

For illustration, assuming the Proposed Private Placement is completed and the Maximum Shares made available under the Proposed ESOS are fully issued to the Eligible Persons upon the exercise of Options granted under the Scheme, the pro forma effects of the Proposed ESOS on the issued share capital of the Company as at the LPD is as follows:-

	No. of Shares	Share capital (RM)	No. of ICPS	Share capital (RM)
Issued share capital as at the LPD	1,758,807,413	121,195,192	210,491,300	6,122,302
Number of Placement Shares to be issued	527,642,000	⁽¹⁾ 20,261,453	-	-
Enlarged issued share capital after the Proposed Private Placement	2,286,449,413	141,456,645	210,491,300	6,122,302
New Shares to be issued assuming full granting and exercise of the Options	685,934,823	⁽²⁾ 29,570,650	-	-
Enlarged issued share capital	2,972,384,236	171,027,295	210,491,300	6,122,302

Notes:-

- (1) Based on the illustrative issue price of RM0.0384 per Placement Share.
(2) Based on an illustrative Option Price of RM0.0431 per Option (calculated based on 10% discount to the 5-day VWAP of the Shares up to and including the LPD of RM0.0479).

8.2 NA and gearing

8.2.1 Proposed Private Placement

The pro forma effects of the Proposed Private Placement on the NA and gearing of the Group are as follows:-

	Audited as at 30 April 2020 (RM'000)	(I) After subsequent events ⁽¹⁾ (RM'000)	(II) After (II) and the Proposed Private Placement ⁽²⁾ (RM'000)
Share capital	83,196	121,196	141,457
ICPS	7,167	6,122	6,122
Revaluation reserve	2,748	2,748	2,748
Warrant reserves	6,075	6,075	6,075
Accumulated losses	(18,603)	(29,993)	(30,993)
Total equity / NA	80,583	106,147	125,409
No. of Shares in issue ('000)	1,141,151	1,758,807	2,286,449
NA per Share (RM)	0.07	0.06	0.05
Total borrowings (RM'000)	-	-	-
Gearing (times)	N/A	N/A	N/A

Notes:-

- (1) After accounting for the following subsequent events:-
(i) granting of 861,900,000 options under the Existing ESOS from 1 May 2020 up to 30 October 2020, out of which 266,850,001 options have lapsed, pursuant to the termination of the Existing ESOS on 19 January 2021;

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- (ii) issuance of 595,049,999 new Shares from 1 May 2020 up to 23 December 2020, arising from the exercise of the options granted under the Existing ESOS as follows:-

Issue date	Number of options	Exercise price (RM)
19 August 2020	91,949,999	0.046
23 September 2020	186,300,000	0.045
10 December 2020	155,000,000	0.040
23 December 2020	161,800,000	0.040

- (iii) issuance of 22,606,900 new Shares from 1 May 2020 up to the LPD, arising from the following:-
- 26,611,800 ICPS converted by surrendering for cancellation 2 ICPS (which were issued at the issue price of RM0.03 each and thus collectively have an aggregate issue price equivalent to the conversion price of RM0.06); and
 - 9,301,000 ICPS converted by surrendering for cancellation 1 ICPS and paying RM0.03 in cash (being the difference between the issue price of the ICPS surrendered; and
- Based on the issuance of up to 527,642,000 Placement Shares at the illustrative issue price of RM0.0384 per Placement Share.
 - After deducting estimated expenses incidental to the Proposals of RM1.0 million.

8.2.2 Proposed ESOS

The Proposed ESOS is not expected to have an immediate effect on the NA and gearing of the Group until such time when the Options granted under the Scheme are exercised. Any potential effects on the NA and gearing of the Group will depend on the number of new Shares to be issued upon the exercise of the Options granted under the Scheme and the Option Price.

For illustrative purposes, upon exercise of the Options under the Proposed ESOS, the NA per Share is expected to:-

- increase if the Option Price is higher than the NA per Share; or
 - decrease if the Option Price is lower than the NA per Share,
- at such point of exercise of the Options.

8.3 Losses and LPS

8.3.1 Proposed Private Placement

The Board expects the Proposed Private Placement to contribute positively to the future earnings of the Group via the utilisation of proceeds as set out in Section 4 of this Circular.

Subsequent to the completion of the Proposed Private Placement, the EPS / LPS shall be correspondingly diluted as a result of the increase in the number of Shares arising from Proposed Private Placement.

The potential effects of the Proposed Private Placement on the consolidated earnings / losses of the Company moving forward will depend on, amongst others, the number of Placement Shares to be issued and the level of returns generated from the utilisation of the proceeds to be raised from the Proposed Private Placement.

For illustration purposes, assuming the Proposed Private Placement had been completed at the beginning of FYE 30 April 2020, the pro forma effects of Proposed Private Placement on the Company's consolidated losses and LPS are as follows:-

	Audited FYE 30 April 2020	After the Proposed Private Placement
LAT attributable to owners of the Company (RM'000)	(4,085)	⁽¹⁾ (5,085)
Weighted average no. of Shares ('000)	853,748	1,381,390
(LPS) (sen)	(0.48)	(0.37)

Note:-

(1) After accounting for estimated expenses incidental to the Proposals of RM1.0 million.

8.3.2 Proposed ESOS

The Proposed ESOS is not expected to have any immediate effect on the earnings and EPS of the Group until such time when the Options are granted and exercised.

Any potential effect on the EPS of the Group in the future will depend on the number of Options granted and exercised, the Option Price and the non-cash expenses arising from the granting of the Options under MFRS 2.

The quantum of such impact cannot be determined at this juncture as it will be measured at the date of granting the Options and recognised as an expense in the profit or loss account of the Group over the vesting period of such Options. However, it should be noted that the estimated cost does not represent a cash outflow by the Group as it is merely an accounting treatment.

The Board takes note of the potential impact of MFRS 2 on the Group's future earnings and shall take into consideration such impact in the allocation and granting of Options to the Eligible Persons.

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8.4 Substantial Shareholders' shareholdings

8.4.1 Proposed Private Placement

The pro forma effects of the Proposed Private Placement on the substantial Shareholders' shareholdings based on the register of substantial Shareholders of the Company as at the LPD are as follows:-

Substantial Shareholders	As at the LPD			After the Proposed Private Placement		
	Direct		Indirect	Direct		Indirect
	No. of Shares	(1)%		No. of Shares	(2)%	No. of Shares
Metronic Global Berhad	137,356,400	7.81	-	137,356,400	6.01	-
Datuk Tan Chor How Christopher	133,383,333	7.58	-	133,383,333	5.83	-
Cita Realiti Sdn. Bhd.	87,094,133	4.95	-	87,094,133	3.81	-

Notes:-

(1) Based on the total number of issued shares of 1,758,807,413 Shares as at the LPD.

(2) Based on the total number of issued shares of 2,286,449,413 Shares after the Proposed Private Placement.

8.4.2 Proposed ESOS

The Proposed ESOS is not expected to have any immediate effect on the substantial Shareholders' shareholdings in the Company until and unless new Shares are issued pursuant to the exercise of the Options. Any potential effect on the substantial Shareholders' shareholdings in the Company would depend on the number of new Shares to be issued at the relevant point in time.

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8.5 Convertible Securities

Save for the following, the Company does not have any other outstanding convertible securities as at the LPD:-

8.5.1 Warrants A

As at the LPD, there are 188,946,927 outstanding Warrants A, which have an exercise price of RM0.10 each and are expiring on 5 November 2021.

In accordance with the provisions of the deed poll governing the Warrants A, the Proposals will not result in any adjustment to the exercise price and number of outstanding Warrants A.

8.5.2 Warrants B

As at the LPD, there are 29,959,264 outstanding Warrants B, which have an exercise price of RM0.06 each and are expiring on 5 September 2024.

In accordance with the provisions of the deed poll governing the Warrants B, the Proposals will not result in any adjustment to the exercise price and number of outstanding Warrants B.

8.5.3 ICPS

As at the LPD, there are 210,491,300 outstanding ICPS, which have a conversion price of RM0.06⁽¹⁾ each and are expiring on 5 September 2029.

Note:-

(1) Holders of the ICPS are entitled to convert their ICPS into 1 new Share at the conversion price of RM0.06 in any of the following manner:-

- (i) by surrendering for cancellation 2 ICPS (which were issued at the issue price of RM0.03 each and thus collectively have an aggregate issue price equivalent to the conversion price of RM0.06); or
- (ii) by surrendering for cancellation 1 ICPS and paying RM0.03 in cash (being the difference between the issue price of the ICPS surrendered of RM0.03 and the conversion price of RM0.06).

In accordance with the terms of the ICPS as stipulated in the Constitution of the Company, the Proposals will not result in any adjustment to the conversion price and number of the outstanding ICPS.

9. TENTATIVE TIMELINE

The tentative timeline of events leading to the completion of the Proposals is as follows:-

Date	Events
9 April 2021	EGM for the Proposals
Second quarter of 2021	<ul style="list-style-type: none">• Establishment of the ESOS• Listing and quotation of the Placement Shares and completion of the Proposed Private Placement

10. APPROVALS REQUIRED AND CONDITIONALITY

10.1 Approvals required

The Proposals are subject to approvals being obtained from the following:-

- (i) Bursa Securities for the following:-
 - (a) listing and quotation of up to 527,642,000 Placement Shares to be issued pursuant to the Proposed Private Placement; and
 - (b) listing and quotation such number of additional new Shares, representing up to 30% of the total number of issued shares of the Company (excluding treasury shares, if any) to be issued upon exercise of the Options under the Proposed ESOS.

The approval of Bursa Securities was obtained on 19 March 2021, subject to, amongst others, the following conditions:-

Conditions imposed by Bursa Securities	Status of compliance
1. MNC and Mercury Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Private Placement;	To be complied
2. MNC and Mercury Securities to inform Bursa Securities upon completion of the Proposed Private Placement;	To be complied
3. MNC to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Private Placement is completed;	To be complied
4. Mercury Securities is required to submit a confirmation to Bursa Securities of full compliance of the Proposed ESOS pursuant to Rule 6.44(1) of the Listing Requirements and stating the effective date of implementation;	To be complied
5. Mercury Securities is required to submit a certified true copy of the resolution passed by the Shareholders in general meeting approving the Proposed ESOS; and	To be complied
6. MNC is required to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the Proposed ESOS, as at the end of each quarter together with a detailed computation of listing fees payable.	To be complied

- (ii) Shareholders at the forthcoming EGM for the Proposals; and
- (iii) any other relevant authorities and/or parties, if required.

10.2 Conditionality

The Proposed Private Placement and Proposed ESOS are not conditional upon each other. Save for this, the Proposals are not conditional upon any other corporate exercise / scheme being or proposed to be undertaken by the Company.

11. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

Save for the Proposals, there are no other corporate exercises which have been announced by the Company but are pending completion before the printing of this Circular.

12. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVES OF THE COMPANY AND/OR PERSONS CONNECTED TO THEM

None of the Directors, major Shareholders, chief executives of the Company and/or persons connected to them have any interest, direct or indirect, in the Proposed Private Placement.

All the Directors are entitled to participate in the Proposed ESOS and are therefore deemed interested in the Proposed ESOS to the extent of their respective specific allocations as well as specific allocations to persons connected to them, if any, under the Proposed ESOS.

Accordingly, the Directors have abstained and will continue to abstain from all deliberations and voting in relation to any specific allocation of Options to themselves respectively as well as any specific allocation of Options to persons connected to them, if any, at all relevant Board meetings.

All the Directors further undertake to ensure that they and the persons connected to them, if any, will abstain from voting in respect of their direct and/or indirect shareholdings in the Company, if any, on the relevant resolutions pertaining to the specific allocation of Options to themselves and persons connected to them to be tabled at the forthcoming EGM.

The shareholdings of the Directors of the Company as at the LPD are set out below:-

Directors	As at the LPD			
	Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%
Wong Kok Seong	-	-	-	-
Datuk Tan Chor How Christopher	133,383,333	7.58	-	-
Pang Siaw Sian	-	-	-	-
Thu Soon Shien	-	-	-	-
Dato' Kua Khai Shyuan	-	-	-	-
Dato' Muhammad Shuib Bin Md Hashim	-	-	-	-

Note:-

(1) Based on the total number of issued shares of 1,758,807,413 Shares as at the LPD.

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13. ADDITIONAL INFORMATION

13.1 Commentary on the financial performance and financial position of the Group

A summary of the historical financial information of the Group is as follows:-

	Audited			Unaudited	
	FYE 31 December 2017	16-month FPE 30 April 2019	FYE 30 April 2020	6-month FPE 31 October 2019	6-month FPE 31 October 2020
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	16,364	27,529	20,056	10,110	11,963
Cost of sales	(12,550)	(21,901)	(14,665)	(7,124)	(10,013)
GP	3,814	5,628	5,391	2,986	1,950
Other operating income	609	924	1,906	659	965
Sales and distribution costs	(39)	(14)	(32)	(31)	(3)
Administrative expenses	(5,038)	(9,654)	(11,108)	(8,712)	(9,542)
Finance costs	(51)	(60)	(45)	(18)	(27)
LBT	(705)	(3,176)	(3,888)	(5,116)	(6,657)
Tax expense	6	(218)	(197)	(107)	(349)
LAT	(699)	(3,394)	(4,085)	(5,223)	(7,006)
GP margin (%)	23.31	20.44	26.88	29.54	16.30
LAT margin (%)	(4.27)	(12.33)	(20.37)	(51.66)	(58.56)
Weighted average number of Shares in issue ('000)	431,055	478,383	853,748	1,125,406	1,323,560
LPS					
- basic (sen)	(0.16)	(0.71)	(0.48)	(0.46)	(0.53)
- diluted (sen)	(1) ₋	(1) ₋	(1) ₋	(1) ₋	(1) ₋

Note:-

(1) The diluted LPS was not applicable as the exercise price of the Convertible Securities have exceeded the average market price of ordinary shares during the financial year/period.

(i) 6-month FPE 31 October 2020 versus ("vs") 6-month FPE 31 October 2019

The Group's revenue for the unaudited 6-month FPE 31 October 2020 increased by RM1.9 million or 18.3% to RM12.0 million from RM10.1 million in the previous corresponding period. The higher revenue was mainly due to higher contribution from both operating segments (mobile applications and wireless and multimedia related services) following the increase in sales through the Group's collaborative efforts with its business partners to increase its customer base.

Despite the higher revenue, the Group recorded a lower GP of RM2.0 million (GP margin of 16.3%) in 6-month FPE 31 October 2020 as compared to a GP of RM3.0 million (GP margin of 29.5%) in the previous corresponding period, representing a decrease of RM1.0 million or 34.7%. The lower GP was mainly due to higher revenue contribution from customers with lower margin.

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The Group's LAT for the 6-month FPE 31 October 2020 increased by RM1.8 million or 34.1% to RM7.0 million from RM5.2 million in the previous corresponding period. Apart from the lower GP, the higher LAT was mainly due to higher operating expenses of RM9.5 million as compared to RM8.7 million recorded in the previous corresponding period. The higher operating expenses were due to higher business development expenses such as various engagements and preliminary collaborations with business associates arising from the Group's increased efforts to promote its wireless and multimedia related services.

(ii) FYE 30 April 2020 vs 16-month FPE 30 April 2019

The Group's revenue for the FYE 30 April 2020 decreased by RM7.5 million or 27.2% to RM20.1 million from RM27.5 million as compared to 16-month FPE 30 April 2019 (the annualised revenue for 16-month FPE 30 April 2019 was RM20.7 million, representing a decrease in revenue by RM0.6 million or 2.9% on an annualised basis). The decrease in revenue was mainly due to lower revenue contribution from the wireless and multimedia related services segment as the bulk SMS messaging services received less demand from clients arising from uncertainties amidst the MCO imposed by the Malaysian Government to curb the COVID-19 pandemic.

Despite the lower revenue, the Group recorded a GP of RM5.4 million (GP margin of 26.9%) in FYE 30 April 2020 as compared to a GP of RM5.6 million (GP margin of 20.4%) in 16-month FPE 30 April 2019 (the annualised GP for 16-month FPE 30 April 2019 was RM4.2 million, representing an increase in GP by RM1.2 million or 27.7% on an annualised basis). The higher GP was mainly due to the higher margin projects secured and delivered by the Group in wireless and multimedia related services segment during FYE 30 April 2020.

The Group's LAT for the FYE 30 April 2020 increased by RM0.7 million or 20.4% to RM4.1 million from RM3.4 million in 16-month FPE 30 April 2019 (the annualised LAT for 16-month FPE 30 April 2019 was RM2.6 million, representing an increase in LAT by RM1.5 million or 60.5% on an annualised basis). Apart from the lower revenue, the higher LAT was mainly due to the amortisation of new intangible assets purchased by the Group during FYE 30 April 2020, i.e. mobile TAC solution and mobile game platform of RM0.9 million (16-month FPE 30 April 2019: Nil).

(iii) 16-month FPE 30 April 2019 vs FYE 31 December 2017

The Group's revenue for the 16-month FPE 30 April 2019 increased by RM11.2 million or 68.2% to RM27.5 million from RM16.4 million as compared to FYE 31 December 2017 (the annualised revenue for 16-month FPE 30 April 2019 was RM20.7 million, representing an increase in revenue by RM4.3 million or 26.2% on an annualised basis). The revenue growth was mainly due to higher contribution from both the bulk SMS messaging platform and premium mobile content platform as a result of increased marketing efforts vis SMS broadcasting campaign and online advertisement by the Group with its business partners.

The Group recorded a GP of RM5.6 million (GP margin of 20.4%) in 16-month FPE 30 April 2019 as compared to a GP of RM3.8 million (GP margin of 23.3%) in FYE 31 December 2017 (the annualised GP for 16-month FPE 30 April 2019 was RM4.2 million, representing an increase in GP by RM0.4 million or 10.7% on an annualised basis). The increase in GP was mainly due to higher revenue as described above but partly offset by the slightly lower GP margin. The slightly lower GP margin was mainly due to sales of outdoor digital display panels which commenced during the 16-month FPE 30 April 2019 which attracted a lower GP margin compared to the Group's other businesses.

Despite the higher GP, the Group's LAT for the 16-month FPE 30 April 2019 increased by RM2.7 million or 385.6% to RM3.4 million from RM0.7 million in FYE 31 December 2017 (the annualised LAT for 16-month FPE 30 April 2019 was RM2.6 million, representing an increase in LAT by RM1.9 million or 264.2% on an annualised basis). The higher LAT was mainly due to the higher impairment loss on investment in quoted shares of RM2.1 million in the 16-month FPE 30 April 2019 as a result of reduction in the market value of quoted shares held by the Group (FYE 31 December 2017: RM0.1 million).

(iv) FYE 31 December 2017 vs FYE 31 December 2016

The Group's revenue for FYE 31 December 2017 decreased by RM0.8 million or 4.6% to RM16.4 million from RM17.1 million in the previous financial year. The lower revenue was mainly due to lower contribution from the Group's premium mobile content platform but partly offset by higher contribution from the Group's bulk SMS messaging platform. The Group's premium mobile content platform recorded lower revenue as a result of intense competition from other similar platform providers. On the other hand, the higher contribution from the Group's bulk SMS messaging platform was achieved on the back of marketing initiatives undertaken by the Group.

In line with the lower revenue, the Group recorded a lower GP of RM3.8 million (GP margin of 23.3%) in FYE 31 December 2017 as compared to a GP of RM4.4 million (GP margin of 25.9%) in the previous financial year, representing a decrease of RM0.6 million or 14.0%.

The Group recorded a LAT of RM0.7 million in FYE 31 December 2017 as compared to a PAT of RM0.3 million for the previous financial year. This was mainly attributable to:-

- (a) one-off share-based payment of RM0.2 million in FYE 31 December 2017 arising from the issuance of options under the Existing ESOS to eligible employees; and
- (b) higher depreciation of property, plant and equipment of RM0.6 million in FYE 31 December 2017 (FYE 31 December 2016: RM0.3 million) as a result of higher depreciable amounts following purchases of property, plant and equipment amounting to RM2.1 million during the FYE 31 December 2017.

13.2 Steps undertaken or to be undertaken to improve the financial condition of the Group

In recent years, the Group has been undertaking the following business initiatives to improve its financial condition:-

- (i) On 15 January 2018, MNC entered into an MOU with Sanichi Property Sdn Bhd ("**SPSB**") for the purpose of providing online leasing or short-term luxury rental service for Marina Point, SPSB's property project located at Melaka. Marina Point is a mixed development project comprising 121 mall retail units and 352 small office home office (SOHO) units. The construction of the project has commenced in January 2017 and is presently at 70% completion. It is expected to complete in the third quarter of 2021. As at the LPD, MNC is still in the midst of finalising the definitive agreement with SPSB and expects to finalise the agreement upon completion of the project in the third quarter of 2021.
- (ii) On 22 January 2020, the Group entered into an MOU with Vision Works Sdn Bhd ("**VWSB**") for the purpose of establishing a close collaborative partnership in producing high quality, feature films for both local and international markets.

As at the LPD, MNC is still in the midst of finalising the definitive agreement with VWSB and expects to finalise the agreement in the third quarter of 2021. This has been delayed due to restriction in the film industry arising from the restriction in movement control measures to curb COVID-19 pandemic.

- (iii) Over the years, the Group has been undertaking several marketing initiatives to attract new customers for its bulk SMS messaging platform. Such initiatives include, amongst others, the following:-
- (a) engaging directly with government agencies to promote the Group's bulk SMS service;
 - (b) participating in direct tenders from government agencies via e-Perolehan (the government's electronic procurement system);
 - (c) search engine optimisation (SEO) and search engine marketing (SEM); and
 - (d) broadcasting marketing emails directly to potential clients.

On the back of these marketing initiatives, the number of SMS delivered through the Group's bulk SMS platform has grown from 49.4 million in the FYE 31 December 2015 to 175.2 million in the latest FYE 30 April 2020, representing an increase of 254.7%.

Moving forward, the Group expects that its expansion into the e-commerce industry will contribute positively to the future earnings of the Group. Through the Lifestyle E-commerce Platform, the Group will be able to derive advertising revenue from advertisers on the platform and also derive merchant fees who host their products on the platform, thereby providing additional source of income to the Group's revenue. Further details on the benefits and future prospects of the Lifestyle E-Commerce Platform are set out in Section 7.4 of this Circular.

13.3 Impact of the Proposals to the Group and its Shareholders

The Proposed Private Placement will enable the Group to raise funds without incurring additional interest expense, thereby minimising any potential cash outflow in respect of interest servicing costs and preserving the Group's cash flow.

Notwithstanding the above, the consolidated LPS of the Group shall be diluted as a result of the increase in the number of Shares arising from the Proposed Private Placement. Further details on the effects of the Proposed Private Placement on the NA and gearing as well as the losses and LPS of the Group are set out in Section 8 of this Circular.

As set out in Section 4 of this Circular, the proceeds to be raised from the Proposed Private Placement are intended to be utilised mainly to fund the development of the Lifestyle E-Commerce Platform. Premised on the outlook and prospects of the e-commerce industry as set out in Sections 7.2 and 7.3 of this Circular, the successful commercialisation of the Lifestyle E-Commerce Platform is expected to contribute positively to the Group's future financial performance through additional income sources to be derived from the platform, such as advertising revenue and the merchant fees.

The Proposed ESOS was established to, amongst others, motivate, reward and retain the Eligible Persons. Further, any proceeds to be received by the Company pursuant to the exercise of the Options will be utilised for the Group's working capital purposes.

13.4 Value creation to the Company and its Shareholders

Despite the expected dilution in the consolidated LPS of the Company due to the Proposed Private Placement, the Proposals are expected to generate the benefits as disclosed in Section 13.3 of this Circular. This will aid the Company in its effort to improve its financial performance and to enhance value for the Shareholders moving forward.

13.5 Adequacy of the Proposals in addressing the financial requirements of the Group

Premised on Sections 13.2, 13.3 and 13.4 above, the effects of the Proposals as set out in Section 8 of this Circular as well as the industry overview and future prospects as set out in Section 7 of this Circular, the Board is of the view that the Proposed Private Placement is adequate to address the Group's current financial concerns while the Proposed ESOS will also be able to motivate, reward and retain the Eligible Persons and provide additional working capital for the Group upon the exercise of the Options. The Group will continuously assess its financial position and condition moving forward and address its financial concerns as required.

14. BOARD'S RECOMMENDATION

The Board, having considered the current and prospective financial position, needs and capacity of the Group, and after careful deliberation and taking into consideration the rationale and all other aspects of the Proposals, is of the opinion that the Proposals are in the best interests of the Company.

Accordingly, the Board recommends that you vote in favour of the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM.

15. EGM

The Notice of EGM which is enclosed with this Circular can be downloaded from the Company's website at www.mnc.com.my. The EGM will be held on a fully virtual basis and entirely via remote participation and voting from the Broadcast Venue at Conference Room of M N C Wireless Berhad, 100-3.011, 129 Offices, Jaya One, No.72A, Jalan Profesor Diraja Ungku Aziz, 46200 Petaling Jaya, Selangor Darul Ehsan on the date and time indicated below or at any adjournment thereof for the purpose of considering and, if thought fit, passing the resolutions, with or without any modifications, to give effect to the Proposals.

Day, date and time of the EGM	: Friday, 9 April 2021 at 10:30 a.m.
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If you are unable to attend and vote in person at the EGM, you may appoint a proxy or proxies to attend and vote on your behalf by completing, signing and returning the enclosed Form of Proxy in accordance with the instructions contained therein as soon as possible, so as to arrive at the office of the Company's Share Registrar at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur not less than 48 hours before the date and time appointed for holding the EGM as indicated above or at any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the EGM should you subsequently decide to do so.

Shareholders are advised to refer to the Administrative Notes for the EGM on the registration and voting process for the EGM.

16. FURTHER INFORMATION

You are requested to refer to the appendices for further information.

Yours faithfully,
For and on behalf of the Board of
M N C WIRELESS BERHAD

DATUK TAN CHOR HOW CHRISTOPHER
Chief Executive Officer cum Executive Director

1. RESPONSIBILITY STATEMENT

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

2. CONSENT AND CONFLICT OF INTEREST**2.1 Mercury Securities**

The written consent of Mercury Securities, being the Principal Adviser for the Proposals and Placement Agent for the Proposed Private Placement, for the inclusion of its name and all references thereto in the form and context in which it appears in this Circular has been given and has not been subsequently withdrawn before the issuance of this Circular.

Mercury Securities is not aware of any conflict of interest which exists or is likely to exist in relation to its role as the Principal Adviser for the Proposals and Placement Agent for the Proposed Private Placement.

2.2 Providence

The written consent of Providence, being the independent market researcher, for the inclusion of its name and extracts of its IMR Report referred to in this Circular in the form and context in which it appears in this Circular has been given and has not been subsequently withdrawn before the issuance of this Circular.

Providence is not aware of any conflict of interest which exists or is likely to exist in relation to its role as the independent market researcher for the Proposals.

3. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES**Material commitments**

As at the LPD, the Board confirmed that there are no material commitments incurred or known to be incurred by the Group.

Contingent liabilities

As at the LPD, the Board confirmed that there are no contingent liabilities incurred or known to be incurred by the Group which, upon becoming due or enforceable, may have a material impact on the financial results or position of the Group.

4. MATERIAL LITIGATION

As at the LPD, the Board confirmed that neither the Company nor its subsidiaries are engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, which has or would have a material and adverse effect on the financial position or business of the Group and, to the best of the Board's knowledge and belief, the Board is not aware of any proceedings pending or threatened against the Group or of any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of the Group.

APPENDIX I – FURTHER INFORMATION (CONT'D)

5. HISTORICAL SHARE PRICES

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

	High RM	Low RM
2020		
March	0.020	0.010
April	0.020	0.010
May	0.035	0.015
June	0.050	0.025
July	0.070	0.040
August	0.090	0.055
September	0.065	0.040
October	0.050	0.035
November	0.070	0.035
December	0.060	0.045
2021		
January	0.055	0.045
February	0.055	0.040
Last transacted market price on 8 March 2021, being the last Market Day immediately prior to the first announcement of the Proposals	0.045	
Last transacted market price on the LPD	0.055	

(Source: Bloomberg)

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at Third Floor, No. 77, 79 & 81, Jalan SS21/60, Damansara Utama, 47400 Petaling Jaya, Selangor, Malaysia, during normal business hours from Monday to Friday (except public holidays) following the date of this Circular up to and including the date of the EGM of the Company:-

- (i) Constitution of the Company;
- (ii) audited consolidated financial statements of the Company for the 16-month FPE 30 April 2019 and FYE 30 April 2020 as well as the latest unaudited consolidated financial statements of the Company for the 6-month FPE 31 October 2020;
- (iii) the IMR Report referred to in Sections 7.2 and 7.3 of this Circular;
- (iv) draft By-laws as set out in Appendix II of this Circular; and
- (v) letters of consent and conflict of interest referred to in Section 2 of this Appendix I.

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**THE BY-LAWS OF
M N C WIRELESS BERHAD
EMPLOYEES' SHARE OPTION SCHEME**

1. NAME OF SCHEME

This Scheme (as defined herein) shall be called the "MNC Employees' Share Option Scheme".

2. OBJECTIVES OF SCHEME

The objectives of the Scheme are:

- (a) to drive and motivate the Eligible Persons (as defined herein) to work towards achieving the Group's (as defined herein) goals and objectives;
- (b) to reward the Eligible Persons in recognition of their accumulated contribution to the operations and continued growth of the Group;
- (c) to retain the Eligible Persons by giving the Eligible Persons a sense of ownership, loyalty and belonging to the Group by enabling them to participate directly in the equity of the Company (as defined herein) and thereby provides an incentive for the Eligible Persons to participate in the future growth of the Group and motivate them towards better performance through greater productivity and loyalty;
- (d) to align the interests of the Eligible Persons, including management personnel of the Group, with the interests of the Shareholders (as defined herein) via direct participation in the equity of the Company; and
- (e) to attract and retain high-calibre Eligible Persons.

In addition to the objectives set above, the allocation of Options to non-executive Directors is to recognise the contributions and efforts made by the non-executive Directors as they play a constructive role in contributing towards the growth and performance of the Group. Their participation in the equity of the Company is expected to enhance their level of commitment and contribution as well as to enable the Company to attract and retain capable individuals to act as non-executive Directors of the Company who will assist in the overall strategic decision-making of the Group.

3. DEFINITIONS AND INTERPRETATION

3.1 In these By-Laws, the following terms and expressions shall have the following meanings:

- | | |
|----------------------------|---|
| "Act" | - The Companies Act, 2016 as may be amended from time to time and includes any re-enactment thereof or any new act enacted and gazetted to replace and supersede the Act |
| "Available Balance" | - The unissued shares of the Company which is available for the offer of further Options subject to the limit set out in By-Law 4.2 and after deducting all Options which have been offered and accepted |
| "Board" | - The Board of Directors of the Company |
| "Bursa Securities" | - Bursa Malaysia Securities Berhad [Registration No. 200301033577 (635998-W)] |
| "By-Law(s)" | - The rules, terms and conditions of the Scheme (as may be amended, varied or supplemented from time to time in accordance with By-Law 22) |

APPENDIX II – DRAFT BY-LAWS (CONT'D)

"CDS"	- A Central Depository System governed under the Security Industry (Central Depositories) Act 1991
"CDS Account"	- An account established by Bursa Malaysia Depository Sdn Bhd [Registration No. 198701006854 (165570-W)] for a depositor for the recording of deposits of securities and dealings in such securities by the depositor
"Constitution"	- The Constitution of the Company, as amended from time to time
"Date Acceptance"	of - The date whereupon the ESOS Committee shall receive the written notice from an Eligible Person accepting an Offer
"Date of Expiry"	- The last day of the duration of the Scheme as provided in By-Law 19.3
"Date of Offer"	- The date on which an Offer (including any subsequent Offers) is made by the ESOS Committee to an Eligible Person in the manner provided in By-Law 7
"Director(s)"	- Directors (either an executive director or a non-executive director) of any company within the Group (excluding dormant subsidiaries) and 'Director' shall be construed accordingly
"Effective Date"	- The effective date for the launching and/or implementation of the Scheme, as provided in By-Law 19.1
"Eligible Director(s)"	Director(s) who fulfils the conditions of eligibility stipulated in By-Law 5.1
"Eligible Employee(s)"	Employee(s) who fulfils the conditions of eligibility stipulated in By-Law 5.1
"Eligible Person(s)"	- Eligible Employee(s) or Eligible Director(s), as the case may be
"Entitlement Date"	- The date as at the close of business on which shareholders' names must appear on the Record of Depositors of MNC in order to participate in any dividends, rights, allotments or other distributions
"Employee(s)"	- A natural person which is employed by and on the payroll of any company in the Group
"ESOS" or "Scheme"	- The scheme for the granting of Options to Eligible Persons to subscribe for new Shares upon the terms as herein set out, such scheme to be known as the "MNC Employees' Share Option Scheme"
"ESOS Committee"	- A committee comprising of Director(s) and/or Senior Management (as defined in By-Law 6.1) or other persons appointed from time to time by the Board to administer the Scheme, in accordance with the provisions of By-Law 21
"Grantee"	- An Eligible Person who has accepted an Offer (or any part thereof) in the manner provided in By-Law 8
"Listing Requirements"	- The ACE Market Listing Requirements of Bursa Securities, as may be amended from time to time

APPENDIX II – DRAFT BY-LAWS (CONT'D)

"Market Day(s)"	- A day in which Bursa Securities is open for the trading of securities
"Maximum Allowable Allocation"	- The maximum number of new Shares that may be offered and allotted to the Eligible Persons in accordance with the provisions of By-Law 6
"MNC" or the "Company"	- M N C Wireless Berhad [Registration No. 200301033463 (635884-T)]
"MNC Group" or "Group"	- The Company and its subsidiaries as defined under Section 4 of the Act which are not dormant. Subsidiaries shall include subsidiaries which are existing as at the Effective Date and subsidiaries which are incorporated or acquired at any time during the duration of the Scheme, but exclude any subsidiaries which have been divested in the manner provided under By-Law 17.2
"MNC Share(s)" or "Share(s)"	- Ordinary share(s) in MNC
"Offer(s)"	- Written offer(s) made by the ESOS Committee to an Eligible Person in the manner provided in By-Law 7
"Option(s)"	- The right of a Grantee to subscribe for new Shares pursuant to the contract constituted by acceptance by the Grantee in the manner provided in By-Law 8 of an Offer made to such Grantee by the ESOS Committee pursuant to By-Law 7
"Option Period"	- The period commencing from the Date of Offer and expiring on the Date of Expiry of the Scheme as provided in By-Law 19.3 . In the event that the duration of the Scheme shall be extended, the Date of Expiry of the Scheme shall be the date of expiry as so extended
"Option Price"	- The price at which a Grantee shall be entitled to subscribe for each new Share as calculated in accordance with the provisions of By-Law 11

- 3.2 For the purposes of these By-Laws, all references made to "Bursa Securities" and "Listing Requirements" shall where the context so permits and requires, include or refer to such other relevant authority(ies) and such acts, enactments, rules, regulations and guidelines currently or from time to time hereafter in force affecting the valid implementation and continuation of the Scheme in accordance with the provisions of these By-Laws.
- 3.3 The headings in these By-Laws are for ease of reference only and shall not be taken into account in the interpretation of these By-Laws.
- 3.4 References to the provisions of statutes include such provisions as amended or re-enacted from time to time, and references to statutes or listing requirements include any consolidations, replacements or revisions of the same.
- 3.5 Words importing the masculine gender shall include the feminine and neuter genders and vice versa.
- 3.6 Words importing the singular number shall include the plural number and vice versa.
- 3.7 If an event is to occur on a stipulated day, which is not a Market Day, then the stipulated day will be taken to be the first (1st) Market Day after that day.

- 3.8 Any liberty or power which may be exercised or any determination which may be made hereunder by the ESOS Committee shall be exercised in the ESOS Committee's absolute and unfettered discretion and the ESOS Committee shall not be under any obligation to give any reason there for except as may be required by the relevant authorities or under the law.

4. MAXIMUM NUMBER OF NEW SHARES AVAILABLE UNDER THE SCHEME

- 4.1 Each Option shall be exercisable into one (1) new Share in accordance with the provisions of these By-Laws.
- 4.2 The maximum number of new Shares to be allotted and issued pursuant to the exercise of the Options that may be granted under the Scheme shall not, in aggregate, exceed thirty percent (30%) of the total number of issued shares (excluding treasury shares) of the Company at any one time throughout the duration of the Scheme as provided in **By-Law 19.3**.

The aggregate number of new Shares available pursuant to the Scheme shall consist of:

- (i) the Options exercised by all the Grantees;
- (ii) the remaining Options exercisable by all the Grantees; and
- (iii) the unexpired Offers pending acceptance by all the Eligible Persons,

and shall not exceed an amount equivalent to thirty percent (30%) of the prevailing total number of issued shares of the Company (excluding treasury shares) at any one (1) time.

- 4.3 Notwithstanding **By-Law 4.2** above or any other provision herein contained, in the event the maximum number of new Shares comprised in the Options granted under the Scheme exceeds the aggregate of thirty percent (30%) of the prevailing total number of issued shares (excluding treasury shares), at any one time of the Company as a result of the Company:
- (i) purchasing its own Shares pursuant to Section 127 of the Act whereby the shares so purchased in treasury will not be taken into account in calculating the number of its issued shares; or
 - (ii) undertaking any other corporate proposal and thereby diminishing the total number of issued shares of the Company,

then the Options granted prior to the adjustment of the total number of issued shares of the Company shall remain valid and exercisable in accordance with these By-Laws. However, in such a situation, the ESOS Committee shall not make any further Offers, unless and until such time when the total number of Shares to be issued under the Scheme falls below thirty percent (30%) of the Company's prevailing total number of issued shares (excluding treasury shares), at any one time throughout the duration of the Scheme as provided in **By-Law 19.3**.

5. ELIGIBILITY

- 5.1 To qualify as an Eligible Person for participation in the Scheme, a person must, as at the Date of Offer fulfil the following conditions:
- (a) in respect of an Employee, the Employee must fulfil the following criteria as at the Date of Offer:
 - (i) he/she is at least eighteen (18) years of age and he/she is not an undischarged bankrupt or subject to any bankruptcy proceedings;

- (ii) he/she is employed on the Date of Offer –
 - (1) on a full-time basis and is on the payroll of any company in the Group and his/her employment has been confirmed by any company in the Group on the Date of Offer; or
 - (2) serving in a specific designation under an employment contract for a continuous fixed period of at least 1 year (which shall include any probation period) and may include contract staff employed for a period of 1 year or more for any purposes or specific requirements of the Group as the ESOS Committee deemed fit; and
 - (iii) such Employee falls within any other eligibility criteria (including variations to the eligibility criteria under By-Law 5.1(a)(i) or (ii) above) that may be determined by the ESOS Committee from time to time at its sole discretion, whose decision shall be final and binding.
- (b) in respect of an Eligible Director, the Eligible Director must fulfil the following criteria as at the Date of Offer:
- (i) he/she is at least eighteen (18) years of age and he/she is not an undischarged bankrupt or subject to any bankruptcy proceedings;
 - (ii) he/she has been appointed as a Director of any company within the Group which is not dormant; and
 - (iii) such Director fulfils any other criteria as may be determined by the ESOS Committee from time to time at its sole discretion, whose decision shall be final and binding.
- (c) In respect of a Director, a chief executive officer of the Company or a person connected with a Director or chief executive officer of the Company, the specific allocation of Options granted under the Scheme must have been approved by the shareholders of the Company at a general meeting.
- (d) If the Eligible Person is employed by a company which is acquired by the Group during the duration of the Scheme and becomes a subsidiary whether directly or indirectly held by the Company upon such acquisition, the Eligible Person must fulfil the following as at the Date of Offer:
- (i) he/she is at least eighteen (18) years of age and he/she is not an undischarged bankrupt or subject to any bankruptcy proceedings; and
 - (ii) he/she is employed full time basis and is on the payroll of the newly acquired company for a continuous period of at least one (1) year and his/her employment has been confirmed by the newly acquired company.

The Eligible Person must fulfil any other criteria and/or fall within such category / designation of employment as may be determined by the ESOS Committee from time to time at its sole discretion, whose decision shall be final and binding.

Notwithstanding that, the selection of any Eligible Person for participation in the Scheme as well as the allocation of Options to any Eligible Person shall be at the sole and absolute discretion of the ESOS Committee and that the decision of the ESOS Committee shall be final and binding.

- 5.2 The Eligible Employees or Eligible Directors of the subsidiaries of the Company which are dormant shall not be eligible to participate in the Scheme.

APPENDIX II – DRAFT BY-LAWS (CONT'D)

- 5.3 Subject to **By-Law 6.1**, in the event that the ESOS Committee has determined that certain Eligible Persons are entitled to be offered additional Options and the Available Balance is insufficient to grant their full additional entitlements, the Available Balance may be distributed on such basis as the ESOS Committee may determine and such decision shall be final and binding.
- 5.4 The ESOS Committee has the sole and absolute discretion not to make further additional Offers regardless of the amount of the Available Balance.
- 5.5 Each Eligible Director can only participate in the Scheme in one (1) capacity irrespective of the number of directorships or positions he holds in the Group.
- 5.6 Eligibility under the Scheme does not confer a claim or right to participate in the Scheme unless the ESOS Committee has made an Offer to the Eligible Person under **By-Law 7**, and an Eligible Person does not acquire or has any rights over or in connection with any Options or the Shares comprised therein unless an Offer has been made by the ESOS Committee and has been accepted by the Eligible Person in accordance with the terms of the Offer and the Scheme.
- 5.7 A set of criteria on eligibility and criteria for allocation as determined by the Board from time to time shall be made available to the Eligible Persons. The allocation of the Options pursuant to the Scheme shall be verified by the audit committee of the Company at the end of each financial year and a statement made by the audit committee on the verification of such allocation shall be included in the annual report of the Company.
- 5.8 Where an Offer is made to an Eligible Person who is a member of the ESOS Committee, such grant of Option shall be decided and carried out by the ESOS Committee PROVIDED ALWAYS that such Eligible Person and persons connected to him/her who are also members of the ESOS Committee shall abstain from all deliberations and voting in respect of the Offer proposed to be granted to him/her at the relevant ESOS Committee meetings.

6. BASIS OF ALLOCATION AND MAXIMUM ALLOWABLE ALLOCATION

- 6.1 Subject to any adjustment which may be made under the By-Laws, the aggregate number of new Shares comprised in the Options to be offered to an Eligible Person shall be at the sole and absolute discretion of the ESOS Committee after taking into consideration, amongst other factors, the performance, seniority, length of service, contribution, category or designation of employment of the Eligible Person or such other matters which the ESOS Committee may in its sole and absolute discretion deem fit, subject to the following:
 - (a) any Eligible Person shall not participate in the deliberation or discussion of their own allocation under the Scheme;
 - (b) the allocation to an Eligible Person who, either singly or collectively through persons connected with him, holds twenty percent (20%) or more of the total number of issued shares (excluding treasury shares) of MNC, does not exceed ten percent (10%) (or such other percentage as may be permitted by Bursa Securities or any other relevant authorities from time to time) of the total number of new Shares to be issued under the Scheme; and
 - (c) not more than seventy percent (70%) of the new Shares to be issued under the Scheme shall be allocated in aggregate to the Eligible Directors and Senior Management,

provided always that it is in accordance with any prevailing guidelines, rules or regulations issued by Bursa Securities, the Listing Requirements or any other requirements of the relevant authorities as may be amended from time to time.

The term “**Senior Management**” shall refer to an Employee of the Group holding the position of senior manager (including Director) and above or other senior position and shall be subject to criteria to be determined by the ESOS Committee that may change

APPENDIX II – DRAFT BY-LAWS (CONT'D)

from time to time and the term "**person(s) connected**" shall have the same meaning as defined in Rule 1.01 of the Listing Requirements.

- 6.2 (a) An Offer by the ESOS Committee to an Eligible Person shall be subject to a minimum of one hundred (100) Shares for each Option and in multiples of one hundred (100) Shares for each Option.
- (b) For avoidance of doubt, the ESOS Committee shall have the sole and absolute discretion in determining whether the Shares available for vesting under this Scheme are to be offered to the Eligible Person via:
- (i) one single Offer (as the case may be) at a time to be determined by the ESOS Committee; or
 - (ii) several Offers (as the case may be) where the vesting of Shares comprised in those Offers is staggered or made in several tranches at such times and on terms determined by the ESOS Committee.
- (c) The ESOS Committee also has the discretion to determine, amongst others:-
- (i) whether or not to stagger the Offer over the duration of the Scheme and each Offer shall be separate and independent from the others;
 - (ii) the number of Options to be offered in each Offer;
 - (iii) whether or not the Options are subject to any vesting period and if so, the vesting conditions and whether such vesting is subject to performance target; and
 - (iv) such other terms and conditions as it shall deem fit and appropriate to be imposed for the participation in the Scheme.
- (d) In the event that an Eligible Person is moved to a higher category of employment or entitlement within the Scheme, his/her Maximum Allowable Allocation shall be increased accordingly with the scale of such category upon his/her confirmation in the higher category. However, the ESOS Committee has the sole and absolute discretion in deciding whether to grant Options or further Options, as the case may be, notwithstanding any such change in the Employee's Maximum Allowable Allocation.
- (e) In the event that an Eligible Person is moved to a lower category, the following provisions shall apply:
- (i) his/her Maximum Allowable Allocation shall be reduced accordingly with the scale of such category;
 - (ii) in the event that the total number of Options which have been offered to him/her up to the date he/she is moved to the lower category is greater than his/her Maximum Allowable Allocation under such lower category, he/she shall be entitled to continue to hold and to exercise all unexercised Options held by him/her on such date but he/she shall not be entitled to be offered any further Options unless and until he/she is subsequently moved to a higher category or there is an increase to his/her Maximum Allowable Allocation under such lower category, so that his/her new Maximum Allowable Allocation is increased to an amount greater than the total number of Options which have already been offered to him/her; and
 - (iii) in the event that the total number of Options which have been offered to him/her as of the date he/she is moved to the lower category is less than his/her Maximum Allowable Allocation under such lower category, he/she shall be entitled to continue to hold and to exercise all

unexercised Options held by him/her on such date and, subject to **By-Law 6.1** to be offered further Options up to his/her Maximum Allowable Allocation under such lower category.

- 6.3 The ESOS Committee shall not be obliged in any way to offer to an Eligible Person all of the specified Maximum Allowable Allocation. The decision of the ESOS Committee shall be final and binding.
- 6.4 The ESOS Committee may at its sole and absolute discretion introduce additional categories of Eligible Persons which it shall deem necessary during the duration of the Scheme provided always that the Maximum Allowable Allocation in respect of these additional categories are in compliance with the relevant Listing Requirements and applicable laws.
- 6.5 The ESOS Committee may make more than one (1) Offer to an Eligible Person provided that the aggregate number of Options offered to an Eligible Person throughout the entire duration of the Scheme does not exceed his Maximum Allowable Allocation.

7. OFFER

- 7.1 During the existence of the Scheme, the ESOS Committee may at its sole and absolute discretion at any time and from time to time make Offers in writing to an Eligible Person, subject to the Eligible Person's Maximum Allowable Allocation.
- 7.2 The ESOS Committee shall state the following particulars in the Offer:
 - (a) date of the Offer;
 - (b) the vesting conditions of the Options (if any/if applicable);
 - (c) the vesting date(s) of the Options (if any/if applicable);
 - (d) the number of Options that are being offered to the Eligible Person;
 - (b) the number of Shares which the Eligible Person shall be entitled to subscribe for upon the exercise of the Options being offered;
 - (c) the Option Period;
 - (d) the Option Price;
 - (e) the Offer Period as defined in **By-Law 7.3**; andmay include such / any other conditions as may be stipulated by the ESOS Committee.
- 7.3 An Offer shall be valid for a period of thirty (30) days from the Date of Offer or such period as may be determined by the ESOS Committee on a case-to-case basis ("**Offer Period**").
- 7.4 No Offer shall be made to any Eligible Person who is a Director, chief executive officer of the Company or who is a person connected with a Director or chief executive officer of the Company, unless such Offer and the grant of Options have previously been approved by the shareholders of the Company in a general meeting.
- 7.5 Without prejudice to **By-Law 21**, in the event of an error on the part of the Company in stating any of the particulars referred to in **By-Law 7.2**, the following provisions shall apply:
 - (a) within one (1) month after the discovery of the error, the Company shall issue a supplemental Offer, stating the correct particulars referred to in **By-Law 7.2**;

- (b) in the event that the error relates to particulars other than the Option Price, the Option Price applicable in the supplemental Offer shall remain as the Option Price as set out in the original Offer; and
- (c) in the event that the error relates to the Option Price, the Option Price applicable in the supplemental Offer shall be the correct Option Price applicable as at the date of the initial Offer (as determined in accordance with **By-Law 11**), but it shall not apply to any Options which have already been exercised as at the date of issue of the supplemental Offer.

7.6 The Company shall keep and maintain at its expense a register of Grantees and shall enter in that register the names and addresses of the Grantees, the Maximum Allowable Allocation, the number of Options offered and accepted, the number of Options exercised, the Date of Offer and the Option Price.

8. ACCEPTANCE

- 8.1 An Offer must be accepted by an Eligible Person within the Offer Period by written notice to the ESOS Committee accompanied by a payment of a nominal non-refundable consideration of Ringgit Malaysia One (RM1.00) only for the grant of the Options. The date of receipt by the ESOS Committee of such written notice shall constitute the Date of Acceptance.
- 8.2 If an Offer is not accepted in the foregoing manner, the Offer shall automatically lapse upon the expiry of the Offer Period and shall be null and void and be of no further force and effect. The number of Options offered in the lapsed Offer shall be deducted from the Maximum Allowable Allocation or the balance of the Maximum Allowable Allocation of that Eligible Person, and that Eligible Person shall not be entitled to be offered the number of Options offered in the lapsed Offer, in any Offers made in the future unless otherwise decided by the ESOS Committee. However, Options not taken up resulting from the non-acceptance of Offers within the Offer Period shall thereafter form part of the balance of Options available under the Scheme for future Offers.
- 8.3 The Offer shall automatically lapse and be null and void in the event of death of an Eligible Person or in the event an Eligible Person shall cease to be an Eligible Director or an Eligible Employee within the Group for any reason whatsoever, or become a bankrupt prior to the acceptance of the Offer by the Eligible Person in the manner set out in **By-Law 8**.

9. NON-TRANSFERABILITY

- 9.1 An Option is personal to the Grantee and subject to the provisions of **By-Laws 14.1, 14.2 and 14.3**, is exercisable only by the Grantee personally during his lifetime.
- 9.2 An Option shall not be transferred, assigned, disposed of or made subject to any encumbrances by the Grantee save and except in the event of the death of the Grantee as provided under **By-Law 14.3**. Any such transfer, assignment, disposal or encumbrance shall result in the automatic cancellation of the Option.

10. EXERCISE OF OPTIONS

- 10.1 Subject to **By-Laws 14, 16 and 17**, an Option granted to an Eligible Person under the Scheme is exercisable by the Eligible Person in full or in part as the Eligible Person may be entitled under the Option at any time during the Option Period. There will be no restriction to the Eligible Person on the percentage of Options exercisable during the Option Period. Any partial exercise of an Option shall not preclude the Eligible Person from exercising the Option in respect of the balance of the Shares comprised in the Option.

APPENDIX II – DRAFT BY-LAWS (CONT'D)

- 10.2 Any Options which remain unexercised at the expiry of the Option Period shall be automatically terminated without any claim against the Company.
- 10.3 A Grantee shall exercise his Options by notice in writing to the Company in the prescribed form stating the number of Options exercised, the number of new Shares relating thereto and the Grantee's individual/nominee CDS Account number ("**Exercise Notice**"). The procedure for the exercise of Options to be complied with by a Grantee shall be determined by the ESOS Committee from time to time. The Options shall be exercised in multiples of and not less than one hundred (100) new Shares. The exercise by a Grantee of some but not all of the Options which have been offered to and accepted by him/her shall not preclude the Grantee from subsequently exercising any other Options which have been or will be offered to and accepted by him/her, during the Option Period. In the event that the balance of the Options exercisable by a Grantee in accordance with these By-Laws shall be less than one hundred (100) new Shares, the said balance shall, if exercised, must be exercised in a single tranche.
- 10.4 Every Exercise Notice shall be accompanied by a remittance in Ringgit Malaysia as may be determined by the ESOS Committee in the form of a banker's draft or banker's cheque for the full amount of the subscription money in relation to the number of new Shares in respect of which the Exercise Notice is given.
- 10.5 Within eight (8) Market Days of the receipt by the Company of such Exercise Notice and payment, or such other period as may be prescribed by Bursa Securities, and subject to the Constitution, the Company shall allot the relevant number of new Shares to the Grantee. The said new Shares will be credited directly into the Grantee's individual/nominee CDS Account as stipulated by the Grantee in the Exercise Notice, and a notice of allotment stating the number of new Shares so credited will be issued to the Grantee. No physical certificates will be issued. An application will be made by the Company for the listing of and quotation for such new Shares to Bursa Securities.
- 10.6 The Company, the Board and the ESOS Committee shall not under any circumstances be held liable to any person for any costs, losses, expenses, damages or liabilities howsoever arising in the event of any delay on the part of the Company in allotting and issuing the new Shares or in procuring Bursa Securities to list and quote the new Shares subscribed for by a Grantee or any delay in receipt or non-receipt by the Company of the Exercise Notice or for any errors in any Offers.
- 10.7 Any failure to comply with the procedures specified by the ESOS Committee or to provide information as required by the Company in the Exercise Notice or inaccuracy in the CDS Account number provided shall result in the Exercise Notice being rejected at the discretion of the ESOS Committee, and the ESOS Committee shall inform the Grantee of the rejection of the Exercise Notice within fourteen (14) Market Days from the date of rejection and the Grantee shall be deemed to not have exercised his/her Option.
- 10.8 Every Options shall be subjected to the condition that no new Shares shall be issued pursuant to the Options if such issue would be contrary to any law, enactment, rule and/or regulation of any legislative or non-legislative body which may be in force during the duration of the Scheme or such period as may be extended.

10A. DISCIPLINARY PROCEEDING

- 10A.1 Notwithstanding anything to the contrary contained in these By-Laws, the ESOS Committee shall have the discretion by giving notice in writing to any Grantee who is being subjected to any disciplinary proceeding (whether or not such disciplinary proceedings will give rise to a dismissal or termination of service) to suspend his rights to exercise his Option pending the outcome of such disciplinary proceeding. In addition to this rights of suspension, the ESOS Committee may impose such terms and conditions as it shall deem appropriate in its discretion, on the rights of exercise of the Option having regard to the nature of the charges made or brought against such Grantee, provided always that:

- (a) in the event such Grantee is found not guilty of the charges which gave rise to such disciplinary proceeding at the end of its proceedings, the ESOS Committee shall reinstate the rights of such Grantee to exercise his Option as if such disciplinary proceeding had not been instituted in the first place;
- (b) in the event the disciplinary proceeding resulted in a recommendation for the dismissal or termination of service of such Grantee, the Option shall be immediately terminated and be null and void and be of no further force and effect upon the Grantee being served the notice of the dismissal or termination of service notwithstanding that such recommendation may be subsequently challenged (successfully or otherwise) by the Grantee in any other forum; and
- (c) in the event such Grantee is found guilty but is not dismissed or terminated, the ESOS Committee shall have the rights to determine at its discretion whether or not the Grantee may continue to exercise his Option and if so, to impose such limits, terms and conditions as it deems appropriate, on such exercise rights; and
- (d) in the event that no decision is made and/or the disciplinary proceedings are not concluded prior to the Date of Expiry, the Options of such Grantee shall immediately lapse on the Date of Expiry without notice,

and nothing herein shall impose any obligation on the ESOS Committee to enquire into or investigate the substantiveness and/or validity of such disciplinary proceeding(s) and the ESOS Committee shall not under any circumstances be held liable for any costs, losses, expenses, damages or liabilities, gains or profits foregone, arising from the ESOS Committee's exercise of or failure to exercise any of its rights under this By-Law.

For the purpose of this By-Law, a Grantee shall be deemed to be subject to "**disciplinary proceedings**" if:

- (i) the Grantee is suspended from work pending investigation into his/her conduct;
- (ii) the Grantee is issued with a letter requiring him/her to attend an internal domestic inquiry; or
- (iii) such other instances as the Board may deem as being subject to disciplinary proceedings.

11. OPTION PRICE

The Option Price of each new Share comprised in any Option shall be determined by the Board upon recommendation of the ESOS Committee and fixed based on the five (5)-day volume weighted average market price of the Shares, immediately preceding the Date of Offer, with a discount of not more than ten percent (10%) or such other percentage of discount in accordance with any prevailing guidelines, rules or regulations issued by Bursa Securities or any other relevant authorities from time to time during the duration of the ESOS, subject to such adjustments as stipulated under **By-Law 15** or as may be amended, varied or supplemented from time to time.

12. RANKING OF THE NEW SHARES TO BE ISSUED PURSUANT TO THE EXERCISE OF THE OPTIONS

The new Shares to be issued upon the exercise of any Options shall, upon allotment and issuance, rank *pari passu* in all respects with the existing Shares, except that the new Shares shall not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid, for which the entitlement date (namely the date as at the close of business on which shareholders must be registered in order to be entitled to any dividends, rights, allotments and/or other distributions) is prior to the date of allotment of the new Shares to be issued upon the exercise of any Options.

The new Shares will be subject to all the provisions of the Constitution including those relating to the transfer, transmission and otherwise of the Shares.

13. RETENTION/RESTRICTION OF SHARES

The new Shares to be allotted and issued to a Grantee (save for an Eligible Director who is a non-executive Director) pursuant to the exercise of Options under the Scheme will not be subject to any retention period or restriction on transfer. However, the Company encourages the Grantee to hold such Shares for as long as possible although a Grantee may sell such Shares at any time after such Shares have been credited to the Grantee's individual/nominee CDS Account. The Shares allocated under the Scheme are intended for the Grantee to hold as an investment rather than for realisation to yield quick profit.

A Grantee, who is a non-executive Director shall not sell, transfer or assign the new Shares obtained through the exercise of Options offered to him pursuant to the Scheme within one (1) year from the Date of Offer, as per Listing Requirements or such period as may be prescribed by Bursa Securities.

14. TERMINATION OF OPTION

14.1 Any Option which has not been exercised by a Grantee shall be automatically terminated in the following circumstances:

- (a) cessation of directorship or employment of the Grantee with the Group for any reason whatsoever, in which event the Option shall be automatically terminated on the day which the ESOS Committee shall at its absolute discretion determine on a case to case basis; or
- (b) upon the happening of any event which results in the Grantee being deprived of the beneficial ownership of the Option; or
- (c) if the Grantee becomes a bankrupt in which event the Option shall be automatically terminated on the day the Grantee is adjudicated bankrupt; or
- (d) winding up or liquidation of the Company, in which event the Options shall be automatically terminated and/or cease to be valid on the following date:
 - (i) in the case of a voluntary winding up, the date on which a provisional liquidator is appointed by the Company; or
 - (ii) in the case of an involuntary winding up, the date on which a petition for winding up is served on the Company; or
- (e) termination of the Scheme pursuant to By-Law 19.6, in which event the Options shall be automatically terminated and cease or cease to be valid without any claim against the Group on the Termination Date (as defined in By-Law 19.6).

Upon the termination of Options pursuant to **By-Law 14.1** above, the Grantee shall have no right to compensation or damages or any claim against the Company for any loss of any right or benefit or prospective right or benefit under the Scheme which he might otherwise have enjoyed, whether for wrongful dismissal or breach of contract or loss of office or otherwise howsoever arising from his ceasing to hold office or employment or from the suspension of his right to exercise his Options or his Options ceasing to be valid on having been terminated.

14.2 Notwithstanding **By-Law 14.1** above, the ESOS Committee may at its sole and absolute discretion allow an Option to remain exercisable during the Option Period on such terms and conditions as it shall deem fit if the cessation occurs as a result of:

APPENDIX II – DRAFT BY-LAWS (CONT'D)

- (a) retirement in accordance with the applicable retirement policy of the Group, as may be amended from time to time, on attaining the Group's then prevailing retirement age;
 - (b) retirement before attaining the Group's then prevailing retirement age with the consent of his/her employer;
 - (c) ill-health, injury, physical or mental disability;
 - (d) redundancy, retrenchment or voluntary separation scheme;
 - (e) secondment or transfer to any company outside the Group at the direction of the Company; or
 - (f) any other circumstances which are acceptable to the ESOS Committee in its sole and absolute discretion.
- 14.3 In the event that a Grantee dies before the expiry of the Option Period and, at the date of death, holds any Options which are unexercised, such Options may be exercised by the personal or legal representative of the deceased Grantee within the Option Period or within twelve (12) months after the Grantee's death, whichever expires first, subject to the approval of the ESOS Committee and/or terms and conditions as set out by the ESOS Committee.
- 14.4 Unless otherwise agreed in writing by the ESOS Committee at its sole discretion, upon the resignation of the Grantee from his/her employment or directorship with the Group (as the case may be) or on the Grantee's last day of employment, an Option shall lapse forthwith on the date the Grantee tenders his/her resignation. Any Option which lapses upon the resignation of the Grantee from his/her employment or directorship with Group (as the case may be), at the discretion of the ESOS Committee, shall be offered to other Eligible Persons.
- 14.5 In the event of the liquidation of the Company, all unexercised or partially exercised Options shall lapse.

15. ALTERATION OF CAPITAL

- 15.1 Subject to **By-Law 15.3**, in the event of any alteration in the capital structure of the Company during the Option Period, whether by way of a rights issue, bonus issue or other manner of capitalisation, consolidation or subdivision of shares or reduction of capital or otherwise howsoever implemented, the Company shall cause such adjustment to be made to:

- (a) the number of Options granted to each Grantee (excluding Options already exercised); and/or
- (b) the Option Price,

for purposes of ensuring that the capital outlay to be incurred by the Grantee in subscribing for the same proportion of the total number of issued shares to which he was entitled prior to the event giving rise to such adjustment (i.e. not taking into account any Options already exercised) shall remain unaffected. Any such adjustment must be confirmed in writing by the external auditors or the adviser of the Company.

The computation for the adjustment to the number of Options granted to each Grantee and/or the Option Price is set out in **Attachment 1** to these By-Laws.

- 15.2 **By-Law 15.1** shall not be applicable where an alteration in the capital structure of the Company arises from any of the following:

- (a) an issue of new Shares pursuant to the exercise of Options under the Scheme;

- (b) an issue of securities as consideration for an acquisition;
 - (c) an issue of securities as a private placement;
 - (d) an issue of securities as a special issue approved by the relevant governmental authorities;
 - (e) a restricted issue of securities;
 - (f) an issue of warrants, convertible loan stocks or other instruments by the Company which give a right of conversion into new Shares arising from the conversion of such securities;
 - (g) an issue of new Shares arising from the exercise of any conversion rights in respect of securities convertible into new Shares including but not limited to warrants, convertible loan stocks and convertible preference shares;
 - (h) an issue of further Options to Eligible Persons under these By-Laws; or
 - (i) a purchase by the Company of its own Shares pursuant to Section 127 of the Act. In such event, the following provisions shall apply:
 - (i) if the number of Shares in respect of Options granted by the Company as at the date of designation of the Shares so purchased as treasury shares or cancellation of such purchased Shares is greater than thirty percent (30%) of the prevailing total number of issued shares of the Company after such designation or cancellation, the ESOS Committee shall not make any further Offers; and
 - (ii) if the number of Shares in respect of Options granted by the Company as at the date of designation of the Shares so purchased as treasury shares or cancellation of such purchased Shares is less than thirty percent (30%) of the prevailing total number of issued shares of the Company after such designation or cancellation, the ESOS Committee may make further Offers only until the total number of Options granted by the Company but which remains unexercised is equivalent to thirty percent (30%) of the prevailing total number of issued shares of the Company after such designation or cancellation.
- 15.3 In the event that the Company enters into any scheme of arrangement or reconstruction pursuant to Division 7, Subdivision 2 of the Act, **By-Law 15.1** shall be applicable in respect of such part(s) of the scheme which involve(s) any alteration(s) in the capital structure of the Company provided always that **By-Law 15.1** shall not be applicable in respect of such part(s) of the scheme which involve(s) any alteration(s) in the capital structure of the Company to which **By-Law 15.2** applies.
- 15.4 Upon any adjustment being made in accordance with **By-Law 15.1**, the ESOS Committee shall give notice in writing within a period of thirty (30) days from the date of the adjustment, to the Grantee, or his legal or personal representative where the Grantee is deceased, to inform him of the adjustment and the event giving rise thereto. Any adjustments must be confirmed in writing by the Company's external auditors or a licensed investment bank. Nevertheless, for the avoidance of doubt, by virtue of **By-Law 26**, the decision of the Board shall be final and binding in all respects.
- 15.5 In the event of a dispute in respect of any adjustment, any Grantee may request the Company to seek the opinion of an approved company auditor or a licensed investment bank, acting as an expert and not as an arbitrator, as to its fairness and that this be confirmed in writing. In addition, the Company shall in such situations, at the request of any Grantee, furnish such Grantee with a certificate from an approved company auditor or a licensed investment bank stating the opinion of such auditor/investment bank, acting as an expert and not as an arbitrator. For the purposes of this By-Law, an approved

company auditor shall have the meaning given in Section 263 of the Act and a licensed investment bank shall be licensed by Bank Negara Malaysia. Nevertheless, for the avoidance of doubt, by virtue of **By-Law 26**, the decision of the Board shall be final and binding in all respects.

16. TAKE-OVERS, SCHEME OF ARRANGEMENT, AMALGAMATION, RECONSTRUCTION, ETC.

- 16.1 In the event of a take-over offer being made for the Shares under the Malaysian Code on Take-Overs and Mergers, 2016 and such offer being declared unconditional, or such other period as the Board/ESOS Committee may determine, the following provisions shall apply:
- (a) a Grantee shall be entitled to exercise all or any of the Options held by him as at the date of such take-over offer being declared unconditional, after such date and in accordance with the provisions of **By-Law 10.3**. In the event that the Grantee elects not to so exercise some or all of the Options held by him, the unexercised Options shall be automatically terminated on the expiry of the said period of three (3) months; and/or
 - (b) if during the said period of three (3) months, the offeror becomes entitled or bound to exercise any rights of compulsory acquisition in respect of the Shares under the provisions of the Capital Market and Services Act, 2007 or the then prevailing applicable laws, and gives notice to the Grantee that he intends to exercise such rights on a specific date ("**Specified Date**"), the Grantee shall be entitled to exercise all or any of the Options held by him at any time prior to the expiry of the said period of three (3) months or the Market Day immediately preceding the Specified Date, whichever is the earlier, and in accordance with the provisions of **By-Law 10.3**. In the event that the Grantee elects not to so exercise some or all of the Options held by him within this period, the unexercised Options shall be automatically terminated on the expiry of the said period of three (3) months or on the Specified Date, whichever is the earlier.
- 16.2 In the event that the take-over offer is made on the basis that acceptance is unconditional, a Grantee shall within three (3) months of the date the take-over offer is made or before the first (1st) closing date of the take-over offer, whichever is earlier, be entitled to exercise all or any of the Options held by him as at the date of such take-over offer was made, and in accordance with the provisions of **By-Law 10.3**. In the event that the Grantee elects not to so exercise some or all of the Options held by him, the unexercised Options shall be automatically terminated on the expiry of the said period of three (3) months or the first (1st) closing date of the take-over offer, whichever is the earlier.
- 16.3 In the event the court has sanctioned a compromise or arrangement between the Company and its members for the purpose of, or in connection with, a scheme for reconstruction of the Company or amalgamation with any other company or companies under the provisions of the Act, then the Grantee shall immediately become entitled at any time upon which compromise or arrangement is sanctioned by the court and ending on the date upon which it becomes effective to exercise in whole or in part his Options. All unexercised Options held by a Grantee shall be automatically terminated on the date such scheme of compromise or arrangement becomes effective.

17. DIVESTMENT FROM AND TRANSFER TO/FROM THE GROUP

- 17.1 In the event that a company within the Group shall be divested from the Group, a Grantee who is holding directorship in or employed by such company shall be entitled to continue to hold and to exercise all the Options held by him on the date of completion of such divestment until the expiry of three (3) months from the date of completion of such divestment subject to such exercise being made within the Option Period and in accordance with the provisions of **By-Law 10.3**. In the event that the Grantee does not so exercise some or all of such Options, the unexercised Options shall be automatically terminated upon the expiry of the said three (3) months period.

APPENDIX II – DRAFT BY-LAWS (CONT'D)

17.2 For the purposes of **By-Law 17.1**, a company shall be deemed to be divested from the Group in the event that such company would no longer be a subsidiary of the Company pursuant to Section 4 of the Act.

17.3 In the event that the Grantee is transferred from the Group to any associated companies of the Group (which definition shall be that which is adopted by the Financial Reporting Standard issued by the Malaysian Accounting Standards Board) or to any related companies (as defined in Section 6 of the Act) of the Company which have an existing employees' share issuance scheme in which the Grantee will be entitled to participate, unless approved by the ESOS Committee in writing, the Options unexercised on the date of transfer shall be null and void and be of no effect.

17.4 In the event that:

- (a) an Eligible Person who was employed in a company which is related to the Company pursuant to Section 6 of the Act (that is to say, a company which does not fall within the definition of "the Group") and is subsequently transferred from such company to any company within the Group; or
- (b) an Eligible Person who was in the employment of a company which subsequently becomes a member of the Group as a result of a restructuring or acquisition exercise or otherwise involving the Company and/or any company within the Group with any of the first mentioned company stated in (a) above;

(the first abovementioned company in (a) and (b) herein referred to as the "**Previous Company**"), such Eligible Person of the Previous Company will be eligible to participate in this Scheme for its remaining Option Period, if the affected Eligible Person becomes an "**Eligible Person**" within the meaning under these By-Laws.

For the avoidance of doubt, in the event of any acquisition or incorporation of any company into the Group pursuant to part (b) above as a subsidiary as defined in Section 5 of the Act or any other statutory regulation in place thereof during the tenure of the Scheme, the Scheme shall apply to the Eligible Person of such company on the date such company becomes a subsidiary of the Group (provided that such subsidiary is not dormant) falling within the meaning of the expression of "**Eligible Person**" under **By-Law 3** and the provisions of the By-Laws shall apply.

18. WINDING UP

All outstanding Options shall be automatically terminated in the event that a resolution is passed or a court order is made for the winding up of the Company.

19. DURATION, TERMINATION AND EXTENSION OF THE SCHEME

19.1 The effective date for the implementation and launching of the Scheme shall be the date of full compliance with all the relevant requirements of the Listing Requirements including the following:

- (a) the submission of the final copy of the By-Laws to Bursa Securities pursuant to the Listing Requirements;
- (b) the receipt of approval-in-principle from Bursa Securities for the listing of and quotation for the new Shares to be issued from the exercise of the Options under the Scheme;
- (c) the approval of the Company's shareholders in a general meeting for the Scheme;
- (d) the approval(s) of any other relevant authorities, if any; and

(e) the fulfilment of all conditions attaching to the aforesaid approvals, if any.

19.2 The Adviser of the Company shall submit a confirmation letter to Bursa Securities of full compliance pursuant to the Listing Requirements stating the Effective Date of the Scheme together with a certified true copy of the relevant resolution passed by the shareholders of the Company in a general meeting. The confirmation letter must be submitted to Bursa Securities no later than five (5) Market Days after the Effective Date.

19.3 The Scheme shall be in force for a period of five (5) years from the Effective Date, provided always that on or before the expiry thereof, the Board shall have the absolute discretion, without the approval of the Company's shareholders in a general meeting, to extend the duration of the Scheme (as the Board may deem fit) for up to a further five (5) years provided that the Company shall serve appropriate notices on each Grantee and/or make the necessary announcements to Bursa Securities (if required). Any extended Scheme under this provision shall be implemented in accordance with the terms of the By-Laws, subject however to any revisions and/or changes to the relevant laws and/or regulations then in force.

For avoidance of doubt, the duration of the Scheme shall not in aggregate exceed ten (10) years or such other period as may be prescribed by Bursa Securities or any other relevant authorities from the Effective Date.

19.4 Offers can only be made during the existence of the Scheme and before the Date of Expiry.

19.5 Notwithstanding anything to the contrary, all unexercised Options shall lapse on the Date of Expiry.

19.6 Notwithstanding the provisions of **By-Law 19.3**, and subject always to compliance with Bursa Securities and any other regulatory authorities' requirements, guidelines or directives, the Scheme may be terminated at any time during the duration of the Scheme by the ESOS Committee upon approval of the Board without obtaining the consents from the Grantees or approvals from the shareholders of the Company provided that the Company makes an announcement which shall include the effective date of termination ("**Termination Date**"), number of Options exercised or Shares vested and reasons for termination immediately to Bursa Securities pursuant to the Listing Requirements.

19.7 Upon termination of the Scheme, the following shall apply:

- (a) the ESOS Committee shall make no further Offers;
- (b) all Offers which have yet to be accepted by the Eligible Persons shall automatically lapse on the Termination Date;
- (c) all Offers which have yet to be vested in the Eligible Persons shall automatically lapse on the Termination Date; and
- (d) all outstanding Options which have yet to be exercised by the Grantees and/or vested (if applicable) shall be automatically terminated and be null and void on the Termination Date.

For the avoidance of doubt, Options which have been exercised but where the new Shares have yet to be issued or registered in the name of the Eligible Person or his estate as at the date of the resolution to terminate the Scheme shall remain effective and the Company shall issue and register the new Shares accordingly.

20. SUBSEQUENT EMPLOYEE SHARES OPTION SCHEME

Subject to the approval of the relevant authorities and compliance with the requirements of the relevant authorities, the Company may establish a new employees share option scheme after the Date of Expiry or after the termination of the Scheme pursuant to **By-Law 19.6**, provided that

APPENDIX II – DRAFT BY-LAWS (CONT'D)

the aggregate number of shares available under all the Schemes does not breach the maximum limit prescribed in the prevailing guidelines issued by Bursa Securities, the Listing Requirements or any other relevant authorities as amended from time to time.

21. ADMINISTRATION

- 21.1 The Scheme shall be administered by the ESOS Committee. The ESOS Committee shall, subject to these By-Laws, administer the Scheme in such manner as it shall think fit.
- 21.2 Without limiting the generality of **By-Law 21.1**, the ESOS Committee may, for the purpose of administering the Scheme, do all acts and things and enter into any transaction, agreement, deed, documents or arrangement, and make rules, regulations or impose terms and conditions, rectify any errors in Offers, execute all documents and delegate any of its powers and duties relating to the Scheme as it may in its discretion consider to be necessary or desirable for giving effect to the Scheme.
- 21.3 The Board shall have power at any time and from time to time to rescind the appointment of any person appointed to the ESOS Committee as it shall deem fit.

22. AMENDMENTS TO THE BY-LAWS

- 22.1 Subject to **By-Law 22.2**, the ESOS Committee may at any time and from time to time recommend to the Board any additions or amendments to or deletions of these By-Laws as it shall in its discretion think fit and the Board shall have the power by resolution to add to, amend or delete all or any of these By-Laws upon such recommendation subject to the Company submitting a confirmation letter to Bursa Securities for the amendment made, that the said amendment is in compliance with the provisions of the Listing Requirements pertaining to employees share option scheme and Rules of the Depository (as defined under the Listing Requirements) pursuant to the Listing Requirements.
- 22.2 The approval of the shareholders of the Company in general meeting shall not be required for any amendments to the By-Laws PROVIDED THAT no additions or amendments to or deletions of these By-Laws shall be made which will:
- (a) prejudice any rights then accrued to any Grantee without the prior consent or sanction of that Grantee;
 - (b) increase the number of Shares available under the Scheme beyond the maximum imposed by **By-Law 6.1**; or
 - (c) alter any matter which are required to be contained in the By-Laws by virtue of the Listing Requirements to the advantage of the Eligible Person and/or Grantee
- 22.3 For the purpose of complying with the provisions of Appendix 6E of the Listing Requirements, the provisions of **By-Laws 4, 5, 6, 8, 9, 10, 11, 12, 13, 14.1(d), 14.5, 15, 18, 19, 22 and 23** as well as **Attachment 1** to these By-Laws shall not be amended or altered in any whatsoever to the advantage of Eligible Persons or Grantees without the prior approval of the Company's shareholders in a general meeting.

23. RIGHTS OF GRANTEE

- 23.1 The Options shall not carry any right to attend and vote at any general meeting of the Company. The Grantee shall not in any event be entitled to any dividends, distributions, rights or other entitlement on his unexercised Options.
- 23.2 Subject to the Constitution, all Grantees are entitled to inspect the latest audited financial statements of the Company during the usual business hours on any working day at the Registered Office of the Company.

24. SCHEME NOT A TERM OF EMPLOYMENT

This Scheme shall not confer or be construed to confer on an Eligible Person any special rights or privileges over the Eligible Person's terms and conditions of employment nor any rights additional to any compensation or damages that the Eligible Person may be normally entitled to arising from the cessation of such employment. The Scheme shall not form part of or constitute or be in any way construed as a term or condition of employment of any employee of the Company.

25. NO COMPENSATION FOR TERMINATION

No Eligible Persons shall be entitled to any compensation for damages arising from the termination of any Options or this Scheme pursuant to the provisions of these By-Laws. Notwithstanding any provisions of these By-Laws:

- (a) this Scheme shall not form part of any contract of employment between the Company or any company within the Group and any Eligible Person. The rights of any Eligible Person under the terms of his/her employment with any company in the Group shall not be affected by his/her employment participation in the Scheme nor shall such participation or the Options afford such Eligible Person any additional rights to compensation or damages due to the termination of such employment for any reason whatsoever;
- (b) this Scheme shall not confer on any legal or equitable right or other rights under any other laws (other than those constituting the Options) against the Company or any company(ies) in the Group, or give rise to any course of legal action or in equity or under any other laws against the Company or company(ies) in the Group;
- (c) no Grantee or his/her personal or legal representative or any third party shall bring any claim action or proceeding against the Company, company in the Group, the ESOS Committee or the Board for any compensation, loss or damage whatsoever arising from the termination, suspension or cancellation of his/her rights to exercise of his/her Options or his/her Options ceasing to be valid pursuant to the provision of these By-Laws; and
- (d) the Company, the Board or the ESOS Committee or the company in the Group shall not in any event be liable to the Grantee and/or his/her personal or legal representative or any third party claim, loss of profits, loss of opportunity, loss of savings or any punitive, incidental or consequential damage/loss arising from the termination, breach or non-performance of these By-Laws or any loss suffered by reason of any change/adjustment in the price of the Share any other cause or reason whatsoever.

26. DISPUTES

Any disputes arising hereunder shall be referred for decision by the Board, whose decision shall be final and binding in all respects, provided that any Directors of such Board meeting convened to determine the dispute who are also in the ESOS Committee shall abstain from deliberations and voting, and no person shall be entitled to dispute any decision or certification which is stated to be final and binding under these By-Laws.

27. COSTS AND EXPENSES

All fees, costs and expenses incurred in relation to the Scheme including but not limited to the fees, costs and expenses relating to the allotment and issue of new Shares pursuant to the exercise of Options, shall be borne by the Company.

28. TAXES

Any income tax arising from the exercise of any Option under the Scheme shall be borne by the Grantee.

29. CONSTITUTION

In the event of a conflict between any of the provisions of these By-Laws and the Constitution, the Constitution shall prevail.

30. SEVERABILITY

Any term, condition, stipulation, provision in these By-Laws which is illegal, void, prohibited or unenforceable shall be ineffective to the extent of such illegality, voidness, prohibition or unenforceability without invalidating the remainder thereof, and any such illegality, voidness, prohibition or unenforceability shall not invalidate or render illegal, void or unenforceable any other term, condition, stipulation, provision herein contained.

31. DISCLOSURES IN ANNUAL REPORT

The Company will make such disclosures in its annual report for as long as the Scheme continues in operation as from time to time required by the Listing Requirements including (where applicable) a statement by the audit committee verifying that the allocation of Options pursuant to the Scheme is in compliance with the criteria for allocation disclosed by the Company to the Eligible Persons.

32. GOVERNING LAW

The Scheme and these By-Laws and all Options granted hereunder shall be governed by and construed in accordance with the laws of Malaysia.

33. NOTICE

33.1 Any notice or request which the Company is required to give, or may desire to give, to any Eligible Person or the Grantee pursuant to the Scheme shall be in writing and shall be deemed to be sufficiently given:-

- (a) if it is sent by ordinary post by the Company to the Eligible Person or the Grantee at the last address known to the Company as being his address, such notice shall be deemed to have been received three (3) Market Days after posting;
- (b) if it is given by hand to the Eligible Person or the Grantee, such notice or request shall be deemed to have been received on the date of delivery; or
- (c) if it is sent by electronic media, including but not limited to electronic mail, to the Eligible Person or the Grantee, such notice or request shall be deemed to have been received upon the date of delivery in the timestamp in such electronic media.

Any change of address of the Eligible Person or the Grantee shall be communicated in writing to the Company and the Option Committee.

33.2 Any certificate, notification or other notice required to be given to the Company or the ESOS Committee shall be properly given if sent by registered post or delivered by hand to the Company at its registered address or any other business address which may be notified in writing by the ESOS Committee from time to time.

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Attachment 1

The Option Price and/or the number of Shares to be comprised in the Options in respect of the right to subscribe for new Shares so far as unexercised to which a Grantee may be entitled from time to time be adjusted, calculated or determined by the ESOS Committee and certified by the external auditors or a licensed investment bank (acting as experts and not as arbitrators) in accordance with the following relevant provisions:

- (a) If and whenever a consolidation or subdivision or conversion of the Shares occurs, the Option Price and the Shares comprised in the Options so far as unexercised ("**Revised Number of Shares Under Option**") shall be adjusted, calculated or determined in the following manner:

$$\text{New Option Price} = \frac{S \times U}{V}$$

$$\text{Revised Number of Shares Under Option} = \frac{T \times V}{U}$$

Where:-

- S = Existing Option Price; and
- T = Existing number of Shares comprised in the Option in respect of the right to subscribe for new Shares so far as unexercised
- U = Aggregate number of Shares (excluding Shares held as treasury shares, if any) in the share capital of the Company immediately preceding such consolidation, subdivision or conversion; and
- V = Aggregate number of Shares in the share capital of the Company after such consolidation, subdivision or conversion.

Each such adjustment will be effective from the close of business of the Market Day next following the date on which the consolidation or subdivision or conversion becomes effective (being the date on which the Shares are traded on Bursa Securities after such consolidation or subdivision or conversion) or such other date as may be prescribed by Bursa Securities.

- (b) If and whenever the Company shall make an issue of new Shares credited as fully paid, by way of by way of bonus issue or capitalisation of profits or reserves (whether of a capital or income nature), the Option Price shall be adjusted by multiplying it by the following fraction:

$$\text{New Option Price} = \frac{S \times A}{A + B}$$

Whilst the additional Shares comprised in the Options so far as unexercised ("**Additional Shares Under Option**") shall be calculated in the following manner:-

$$\text{Additional Shares Under Option} = \frac{T \times (A + B)}{A} - T$$

Where:-

- A = The aggregate number of issued Shares immediately before such capitalisation issue;
- B = The aggregate number of new Shares to be issued pursuant to any allotment credited as fully-paid by way of capitalisation of profits or reserves (whether of a capital or income nature);
- S = Existing Option Price; and

APPENDIX II – DRAFT BY-LAWS (CONT'D)

T = Existing number of Shares comprised in the Option in respect of the right to subscribe for new Shares so far as unexercised

Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the day next following the entitlement date for such issue.

(c) If and whenever the Company shall make:

- (i) A Capital Distribution (as defined below) to ordinary shareholders whether on a reduction of capital or otherwise (but excluding any cancellation of capital which is lost or unrepresented by available assets); or
- (ii) Any offer or invitation to ordinary shareholders where under they may acquire or subscribe for new Shares by way of rights; or
- (iii) Any offer or invitation to ordinary shareholders by way of rights where under they may acquire or subscribe for securities convertible into new Shares or securities with rights to acquire or subscribe for new Shares;

then and in any such case, the Option Price shall be adjusted in the following manner:-

$$\text{New Option Price} = \frac{S \times (C - D)}{C}$$

Where:-

S = Existing Option Price

C = The Current Market Price (as defined in paragraph (h) below) of one (1) Share on the Market Day immediately preceding the date on which the Capital Distribution, or as the case may be, the offer or invitation is publicly announced or (failing any such announcement), immediately preceding the date of the Capital Distribution or, as the case may be, of the offer or invitation; and

D = (A) In the case of an offer or invitation to acquire or subscribe for new Shares under paragraph (c)(ii) above or for securities convertible into new Shares or securities with rights to acquire or subscribe for new Shares under paragraph (c)(iii) above, the value of rights attributable to one (1) Share (as defined below); or
(B) In the case of any other transaction falling within this paragraph (c), the fair market value, as determined (with the concurrence of the external auditors of the Company) by a licensed investment bank, of that portion of the Capital Distribution attributable to one (1) Share.

For the purpose of definition (A) of "D" above, the "value of rights attributable to one (1) Share" shall be calculated in accordance with the formula:

$$\frac{C - E}{F + 1}$$

Where:-

C = C in this paragraph (c);

E = The subscription price of one (1) additional Share under the terms of such offer or invitation to acquire or one (1) additional security convertible into new Shares or one (1) additional security with rights to acquire or subscribe for new Shares;

APPENDIX II – DRAFT BY-LAWS (CONT'D)

F = The number of Shares which it is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) new Share or security convertible into new Shares or right to acquire or subscribe for new Shares; and

1 = One (1)

In the case of paragraphs (c)(ii) and (c)(iii) above, the Additional Shares Under Option shall be calculated as follows:

$$\text{Additional Shares Under Option} = T \times \frac{(C)}{(C - D^*)} - T$$

Where:-

T = Existing number of Shares comprised in the Option in respect of the right to subscribe for new Shares so far as unexercised;

C = C in this paragraph (c); and

D* = The "value of the rights attributable to one (1) Share" (as defined below)

For the purpose of D* above, the "value of the rights attributable to one (1) Share" shall be calculated in accordance with the formula:

$$\frac{C - E^*}{F^* + 1}$$

Where:-

C = C in this paragraph (c);

E* = The subscription consideration of one (1) new Share under the terms of such offer or invitation to acquire or subscribe for one (1) new Share;

F* = The number of Shares which it is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) new Share; and

1 = One (1).

For the purpose of this paragraph (c), "**Capital Distribution**" shall (without prejudice to the generality of that expression) include distributions in cash or specie or by way of issue of Shares (other than an issue falling within paragraph (b) above) credited as fully or partly paid up by way of capitalisation of profits or reserves (whether of a capital or income nature). Any dividend charged or provided for in the accounts of any period or made shall (whenever paid and howsoever described) be deemed to be a Capital Distribution unless it is paid out of the aggregate of the net profits attributable to the ordinary shareholders as shown in the audited consolidated income statement of the Company.

Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the day next following the entitlement date for the above transaction.

- (d) If and whenever the Company makes any allotment to its ordinary shareholders as provided in paragraph (b) above and also makes any offer or invitation to its ordinary shareholders as provided in paragraph (c)(ii) or paragraph (c)(iii) above and the entitlement date for the purpose of the allotment is also the entitlement date for the purpose for the offer or invitation, the Option Price shall be adjusted in the following manner:

$$\text{New Option Price} = \frac{S \times [(G \times C) + (H \times I)]}{(G + H + B) \times C}$$

and in respect of each case referred to in paragraph (b) and paragraph (c)(ii) above, the Additional Shares Under Option shall be calculated in the following manner:-

APPENDIX II – DRAFT BY-LAWS (CONT'D)

$$\text{Additional Shares Under Option} = \frac{T \times [(G + H^* + B) \times C]}{(G \times C) + (H^* \times I^*)} - T$$

Where:-

- G = The aggregate number of issued Shares on the entitlement date;
- C = C in paragraph (c) above;
- H = The aggregate number of new Shares under an offer or invitation to acquire or subscribe for new Shares by way of rights or under an offer or invitation by way of rights to acquire or subscribe for securities convertible into new Shares or with rights to acquire or subscribe for new Shares as the case may be;
- H* = The aggregate number of Shares under an offer or invitation to acquire or subscribe for new Shares by way of rights;
- I = The subscription price of one (1) new Share under an offer or invitation to acquire or subscribe for new Shares or the exercise price on conversion of securities or exercise of such rights to acquire or subscribe for one (1) new Share as the case may be;
- I* = The subscription price of one (1) new Share under the offer or invitation to acquire or subscribe for new Shares;
- B = B in paragraph (b) above;
- S = Existing Option Price; and
- T = Existing number of Shares comprised in the Option in respect of the right to subscribe for new Shares so far as unexercised.

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the day next following the entitlement date for such issues.

- (e) If and whenever the Company makes any offer or invitation to its ordinary shareholders to acquire or subscribe for new Shares as provided in paragraph (c)(ii) above together with an offer or invitation to acquire or subscribe securities convertible into new Shares or securities with rights to acquire or subscribe for new Shares as provided in paragraph (c)(iii) above, the Option Price shall be adjusted in the following manner:-

$$\text{New Option Price} = \frac{S \times (G \times C) + (H \times I) + (J \times K)}{(G + H + J) \times C}$$

and the Additional Shares Under Option shall be calculated in the following manner:-

$$\text{Additional Shares Under Option} = \frac{T \times (G + H^*) \times C}{(G \times C) + (H^* \times I^*)} - T$$

Where:-

- G = G as in paragraph (d) above;
- C = C as in paragraph (c) above;
- H = H as in paragraph (d) above;
- H* = H* as in paragraph (d) above;
- I = I as in paragraph (d) above;

APPENDIX II – DRAFT BY-LAWS (CONT'D)

I*	=	I* as in paragraph (d) above;
J	=	The aggregate number of new Shares to be issued to its ordinary shareholders upon conversion of such exercise of such rights to subscribe for new Shares by the ordinary shareholders;
K	=	The exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for one (1) new Share;
S	=	Existing Option Price; and
T	=	Existing number of Shares comprised in the Option in respect of the rights to subscribe for new Shares so far as unexercised.

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the day next following the entitlement date for above transaction.

- (f) If and whenever the Company makes an allotment to its ordinary shareholders as provided in paragraph (b) above and also makes an offer or invitation to acquire or subscribe for new Shares to its ordinary shareholders as provided in paragraph (c)(ii) above together with rights to acquire or subscribe for securities convertible into or with rights to acquire or subscribe for new Shares as provided in paragraph (c)(iii) above and the entitlement date for the purpose of the allotment is also the entitlement date for the purpose of offer or invitation, the Option Price shall be adjusted in the following manner:

$$\text{New Option Price} = \frac{S \times [(G \times C) + (H \times I) + (J \times K)]}{(G + H + J + B) \times C}$$

and the Additional Shares Under Option shall be calculated in the following manner:-

$$\text{Additional Shares Under Option} = \frac{T \times [(G + H^* + B) \times C]}{(G \times C) + (H^* \times I^*)} - T$$

Where:-

G	=	G as in paragraph (d) above;
C	=	C as in paragraph (c) above;
H	=	H as in paragraph (d) above;
H*	=	H* as in paragraph (d) above;
I	=	I as in paragraph (d) above;
I*	=	I* as in paragraph (d) above;
J	=	J as in paragraph (e) above;
K	=	K as in paragraph (e) above;
B	=	B as in paragraph (b) above;
S	=	Existing Option Price; and
T	=	Existing number of Shares comprised in the Option in respect of the right to subscribe for new Shares so far as unexercised.

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the day next following the entitlement date for the above transaction.

APPENDIX II – DRAFT BY-LAWS (CONT'D)

- (g) If and whenever (otherwise than pursuant to a rights issue available to all ordinary shareholders alike and requiring an adjustment under paragraphs (c)(ii), (c)(iii), (d), (e) or (f) above), the Company shall issue either any Shares or any securities convertible into new Shares or with rights to acquire or subscribe for new Shares, and in any such case the Total Effective Consideration per Share (as defined below) is less than ninety percent (90%) of the Average Price for one (1) Share (as defined below) or, as the case may be, the price at which the Shares will be issued upon conversion of such securities or exercise of such rights is determined, the Option Price shall be adjusted in the following manner:

$$\text{New Option Price} = \frac{S \times (L + M)}{L + N}$$

Where:-

- L = The number of Shares in issue at the close of business on the Market Day immediately preceding the date on which the relevant adjustment becomes effective;
- M = The number of new Shares which the Total Effective Consideration (as defined below) would have purchased at the Average Price (exclusive of expenses);
- N = The aggregate number of new Shares which so issued or in the case of securities convertible into new Shares or with rights to acquire or subscribe for new Shares, the maximum number assuming no adjustment of such rights) of new Shares issuable upon full conversion of such securities or the exercise in full of such rights; and
- S = Existing Option Price

For the purposes of this paragraph (g) the "Total Effective Consideration" shall be determined by the Directors of the Company with the concurrence of the Company's external auditors or a licensed investment bank and shall be:

- (i) In the case of the issue of new Shares, the aggregate consideration receivable by the Company on payment in full for such new Shares; or
- (ii) In the case of the issue by the Company of securities wholly or partly convertible into new Shares, the aggregate consideration receivable by the Company on payment in full for such securities or such part of the securities as is convertible together with the total amount receivable by the Company upon full conversion of such securities (if any); or
- (iii) In the case of the issue by the Company of securities with rights to acquire or subscription for new Shares, the aggregate consideration attributable to the issue of such rights together with the total amount receivable by the Company upon full exercise of such rights;

in each case without any deduction of any commission, discounts or expenses paid, allowed or incurred in connection with the issue thereof, and the "Total Effective Consideration per Share" shall be the Total Effective Consideration divided by the number of new Shares issued as aforesaid or, in the case of securities convertible into new Shares by the maximum number of new Shares issuable on full conversion of such securities or on exercise in full of such rights.

For the purpose of this paragraph (g), the Average Price of a Share shall be the average price of one (1) Share as derived from the last dealt prices for one (1) or more board lots of the Shares as quoted on the Bursa Securities on the Market Days comprised in the period used as a basis upon which the issue price of such Shares is determined.

Each such adjustment will be calculated (if appropriate, retroactively) from the close of business on the Bursa Securities on the Market Day next following the date on which the issue is announced, or (failing any such announcement) on the Market Day next following the date on which the Company determined the offering/issue price of such Shares. Each such adjustment will

APPENDIX II – DRAFT BY-LAWS (CONT'D)

be effective (if appropriate, retroactively) from the commencement of the Market Day next following the completion of the above transaction.

- (h) For the purpose of paragraphs (c), (d), (e) and (f), the "Current Market Price" in relation to one (1) Share for any relevant day shall be the average of the last dealt price for the five (5) consecutive Market Days before such date or other period as many be determined in accordance with any guidelines issued, from time to time, by Bursa Securities.

The foregoing provisions on adjustment of the Option Price shall be subject to the following:

- (a) On any such adjustment the resultant Option Price shall be rounded up to the nearest one (1) sen and in no event shall any adjustment (otherwise than upon the consolidation of Shares) involve an increase in the Option Price or reduce the number of Shares comprised in the Option so far as unexercised to which the Grantee is already entitled to;
- (b) No adjustment shall be made to the Option Price in any case in which the amount by which the same would be reduced in accordance with the foregoing provisions of "would be less than one (1) sen" or the number of Shares comprised in the Option so far as unexercised is less than one (1) Share and any adjustment that would otherwise be required then to be made will not be carried forward;
- (c) If an event giving rise to any such adjustment shall be capable of falling within any two (2) or more of paragraphs (a) to (g) of **By-Law 15.1** (both inclusive) or if such event is capable of giving rise to more than one adjustment, the adjustment shall made in such manner as the Directors of the Company and the external auditors or a licensed investment bank may agree;
- (d) If for any reason an event giving rise to an adjustment to the Option Price and/or the number of Shares comprised in the Option so far as unexercised to which a Grantee may be entitled to is cancelled, revoked or not completed, the adjustment shall not be required to be made or shall be reversed with effect from such date and in such manner as the Directors of the Company and the external auditors or a licensed investment bank may agree; and
- (e) In determining a Grantee's entitlements to subscribe for Shares, any fractional entitlements will be disregarded.

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M N C WIRELESS BERHAD

Registration No: 200301033463 (635884-T)
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting (“**EGM**”) of M N C Wireless Berhad (“**MNC**” or the “**Company**”) (“**EGM**”) will be held on a fully virtual basis and entirely via remote participation and voting from the Broadcast Venue at Conference Room of M N C Wireless Berhad, 100-3.011, 129 Offices, Jaya One, No.72A, Jalan Profesor Diraja Ungku Aziz, 46200 Petaling Jaya, Selangor Darul Ehsan on Friday, 9 April 2021 at 10:30 a.m. or at any adjournment thereof, for the purpose of considering and, if thought fit, passing the following resolutions with or without modifications:-

ORDINARY RESOLUTION 1

PROPOSED PRIVATE PLACEMENT OF UP TO 527,642,000 NEW ORDINARY SHARES IN THE COMPANY, REPRESENTING 30% OF THE EXISTING TOTAL NUMBER OF ISSUED SHARES OF THE COMPANY, TO INDEPENDENT THIRD-PARTY INVESTOR(S) TO BE IDENTIFIED AND AT AN ISSUE PRICE TO BE DETERMINED LATER (“PROPOSED PRIVATE PLACEMENT”)

“**THAT** subject to the approval of all the relevant authorities and/or parties being obtained (where required), approval be and is hereby given to the Board of Directors of the Company (“**Board**” or “**Directors**”) to allot and issue up to 527,642,000 new ordinary shares in the Company (“**MNC Shares**” or “**Shares**”) (“**Placement Shares**”), representing 30% of the existing total number of issued shares of the Company, by way of private placement to independent third-party investor(s) to be identified later in one or more tranches at an issue price for each tranche to be determined at a later date by the Board (“**Price-Fixing Date**”) upon such terms and conditions as disclosed in the circular to the shareholders of the Company (“**Shareholders**”) dated 25 March 2021 (“**Circular**”);

THAT the issue price for each tranche of the Placement Shares will be determined based on a discount of not more than 20% to the 5-day volume-weighted average market price of MNC Shares up to and including the Price-Fixing Date;

THAT the Directors be and are hereby authorised to utilise the proceeds to be derived from the Proposed Private Placement for such purposes as set out in the Circular and the Board be and is hereby authorised with full power to vary the manner and/or purpose of the utilisation of such proceeds from the Proposed Private Placement in the manner as the Board may deem fit, necessary and/or expedient, subject (where required) to the approval of the relevant authorities and in the best interest of the Company;

THAT such Placement Shares shall, upon allotment, issuance and full payment of the issue price, rank equally in all respects with the existing issued Shares, save and except that the holders of such Placement Shares shall not be entitled to any dividend, rights, allotments and/or other distributions which may be declared, made or paid to the Shareholders, the entitlement date of which is prior to the date of allotment and issuance of the Placement Shares;

AND THAT the Directors be and are hereby empowered and authorised to do all acts, deeds and things and to execute, sign, deliver and cause to be delivered on behalf of the Company all such documents and/or arrangements as may be necessary to give effect and complete the Proposed Private Placement and to assent to any conditions, modifications, variations and/or amendments in any manner as may be required by the relevant authorities or as the Directors may deem necessary in the interest of the Company and to take such steps as they may deem necessary or expedient in order to implement, finalise, give full effect and to complete the Proposed Private Placement.”

ORDINARY RESOLUTION 2

PROPOSED ESTABLISHMENT OF AN EMPLOYEES' SHARE OPTION SCHEME ("ESOS" OR "SCHEME") INVOLVING UP TO 30% OF THE TOTAL NUMBER OF ISSUED SHARES OF THE COMPANY (EXCLUDING TREASURY SHARES, IF ANY) FOR ELIGIBLE DIRECTORS AND EMPLOYEES OF MNC AND ITS SUBSIDIARIES ("MNC GROUP") ("PROPOSED ESOS")

"**THAT** subject to the approvals of all relevant authorities/parties, where relevant/required being obtained, approval is given to the Board of Directors ("**Board**") to undertake the proposed establishment of an ESOS involving up to 30% of the total number of issued shares of MNC (excluding treasury shares, if any) to enable the granting of new ordinary shares in MNC ("**MNC Shares**") at any point in time to the eligible Directors and employees of MNC Group (excluding subsidiary companies which are dormant, if any) in accordance with the by-laws governing the ESOS ("**By-laws**") as set out in Appendix II of the circular to shareholders dated 25 March 2021, and to adopt and approve the By-laws and to do all such acts, as may be necessary or expedient in order to give full effect to the Proposed ESOS;

THAT the Board be and is hereby authorised to issue and allot from time to time such number of new MNC Shares as may be required pursuant to the exercise of the options under the Proposed ESOS ("**Options**"), provided that the aggregate number of new Shares to be issued and allotted and/or transferred shall not exceeding 30% of the total number of issued shares of the Company (excluding treasury shares, if any) at any point in time throughout the duration of the Proposed ESOS and such new Shares shall, upon allotment and issuance, rank equally in all respects with the existing issued shares of the Company, except that the new Shares so issued and allotted will not be entitled to any dividends, rights, allotments and/or other forms of distribution, for which the entitlement date is prior to the date of allotment and issuance of such new Shares;

THAT the Board be and is hereby authorised to extend the duration of the Scheme, provided always that such extension of the Scheme made pursuant to the By-laws shall not in aggregate exceed a duration of 10 years from the date on which the Scheme shall take effect following full compliance of all relevant requirements or such longer period as may be permitted by Bursa Malaysia Securities Berhad ("**Bursa Securities**") or any other relevant authorities from time to time without having to obtain any further sanction, approval, consent or authorisation of the shareholders of the Company in a general meeting;

THAT the Board be and is hereby authorised to do all such acts and things and to execute all such documents and enter into all such transactions, arrangements and agreements, deeds or undertakings, to make such rules or regulations, or impose such terms and conditions or delegate part of its power and to generally exercise such powers and perform such acts as may be necessary or expedient in order to give full effect to the Proposed ESOS and the terms of the By-laws;

AND THAT the Board be and is hereby authorised to add, modify and/or amend the Proposed ESOS, By-laws and all rules, regulations and administration relating to the Proposed ESOS and/or administration thereof, from time to time as may be permitted by the authorities or deemed necessary by the relevant regulatory authorities or the Board or any committee established to administer the Proposed ESOS, provided that such additions, modifications and/or amendments are effected and permitted in accordance with the provisions of the By-laws."

PROPOSED GRANTING OF OPTIONS TO THE DIRECTORS OF MNC AND PERSON CONNECTED WITH THEM

"**THAT** subject to the passing of Ordinary Resolution 2 as well as the approvals of all relevant authorities, and for so long as this approval remains in force, approval be and is hereby given to the Board at any time and from time to time during the duration of the Proposed ESOS, to offer and grant options to each of the Directors and persons connected with them as named therein below:-

ORDINARY RESOLUTION 3

WONG KOK SEONG

(Senior Independent Non-Executive Director)

ORDINARY RESOLUTION 4

DATUK TAN CHOR HOW CHRISTOPHER

(Chief Executive Officer cum Executive Director)

ORDINARY RESOLUTION 5

PANG SIAW SIAN

(Non-Independent Non-Executive Director)

ORDINARY RESOLUTION 6

THU SOON SHIEN

(Independent Non-Executive Director)

ORDINARY RESOLUTION 7

DATO' KUA KHAI SHYUAN

(Independent Non-Executive Director)

ORDINARY RESOLUTION 8

DATO' MUHAMMAD SHUIB BIN MD HASHIM

(Independent Non-Executive Director)

to subscribe for such number of Shares to be issued under the Proposed ESOS subject always to the following provisions:-

- (i) he/she must not participate in the deliberation or discussion of his/her own allocation of new Shares to be issued under the Proposed ESOS;
- (ii) not more than 70% of the total number of new Shares to be issued under the Proposed ESOS shall be allocated in aggregate to the Directors and senior management personnel of MNC Group;
- (iii) not more than 10% of the total number of new Shares to be issued under the Proposed ESOS shall be allocated to him/her, if he/she either singly or collectively through persons connected with him/her, holds 20% or more of the total number of issued shares of the Company (excluding treasury shares, if any); and

also subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-laws of the Proposed ESOS and any prevailing guidelines issued by Bursa Securities, ACE Market Listing Requirements of Bursa Securities or any other relevant authorities as amended from time to time;

AND THAT the Board be further authorised to issue, allot and/or transfer such number of new Shares arising from the exercise of the Options that may be granted to him/her under the Proposed ESOS."

By Order of the Board

M N C WIRELESS BERHAD

TEA SOR HUA (MACS 01324) (SSM PC No. 201908001272)

Company Secretary

Petaling Jaya, Selangor Darul Ehsan

25 March 2021

Notes:-

- 1. A member of the Company who is entitled to attend, participate, speak and vote at the EGM is entitled to appoint more than one (1) proxy to attend, participate, speak and vote at the EGM in his/her stead. Where a member appoints more than one (1) proxy, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.
- 2. A proxy may but need not be a member of the Company. A proxy appointed to attend, participate, speak and vote at the EGM shall have the same rights as the member to speak at the EGM.
- 3. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- 4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds. The appointment of multiple proxies shall not be valid unless the proportion of its shareholdings represented by each proxy is specified.
- 5. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the seal or under the hand of an officer or attorney duly authorised.

6. *To be valid, the instrument appointing a proxy must be deposited at the office of the Share Registrar of the Company situated at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, or submitted electronically via Securities Services e-Portal at <https://www.sshsb.net.my/>, not less than forty-eight (48) hours before the time for holding the EGM or adjourned meeting.*
7. *For the purpose of determining a member who shall be entitled to attend the EGM, the Company will be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Clause 67(b) of the Company's Constitution to issue a General Meeting Record of Depositors as at 2 April 2021. Only members whose names appear in the General Meeting Record of Depositors as at 2 April 2021 shall be entitled to attend the EGM and to participate, speak and vote thereat.*
8. *All the resolutions set out in this Notice of the EGM will be put to vote by poll.*
9. *The members are advised to refer to the Administrative Notes on the registration and voting process for the EGM.*
10. *In view of the constant evolving COVID-19 situation in Malaysia, the Company may be required to change the arrangements of the EGM at short notice. Kindly check Bursa Securities' website and the Company's website at www.mnc.com.my for the latest updates on the status of the EGM.*



wireless

M N C WIRELESS BERHAD

200301033463 (635884-T)
(Incorporated in Malaysia)

ADMINISTRATIVE NOTES FOR THE FULLY VIRTUAL EXTRAORDINARY GENERAL MEETING (“EGM”)

Day/Date : Friday, 9 April 2021
Time : 10:30 a.m.
Broadcast : Conference Room of M N C Wireless Berhad,
Venue : 100-3.011, 129 Offices, Jaya One, No.72A, Jalan Profesor Diraja Ungku Aziz, 46200 Petaling Jaya, Selangor Darul Ehsan

REMOTE PARTICIPATION AND VOTING (“RPV”) PROCEDURES AT THE FULLY VIRTUAL EGM OF M N C WIRELESS BERHAD (“MNC” OR THE “COMPANY”)

No shareholder should be physically present at the Broadcast Venue. Shareholders who wish to attend the fully virtual EGM will have to register and attend remotely.

Kindly refer to the following information on RPV procedures for remote participation in the EGM through live streaming and online remote voting:

BEFORE THE EGM	
(A) Sign up for a user account at Securities Services e-Portal	
Step 1 Visit https://sshsb.net.my/login.aspx Step 2 Sign up for a user account Step 3 Wait for a notification email that will be sent within one (1) working day Step 4 Verify your user account within seven (7) days of the notification email and log in	<ul style="list-style-type: none">• The e-Portal requires one (1) working day to process all user sign-ups. If you do not have a user account with the e-Portal, you will need to sign up for a user account by the deadlines stipulated below.• Your registered email address is your User ID.• Please proceed to either (B) or (C) below once you are a registered user.
ALL SHAREHOLDERS MUST REGISTER AS A USER BY 5 APRIL 2021	
(B) Register for Remote Participation	
Meeting Date and Time	Registration for Remote Participation Closing Date and Time
Friday, 9 April 2021 at 10:30 a.m.	Wednesday, 7 April 2021 at 10:30 a.m.
<ul style="list-style-type: none">➤ Log in to https://sshsb.net.my/login.aspx with your registered email and password➤ Look for M N C Wireless Berhad under Company Name and EGM on Friday, 9 April 2021 at 10:30 a.m. – Registration for Remote Participation under Corporate Exercise / Event and click “>” to register for remote participation at the EGM.	

Step 1 Check if you are attending as –

- Individual shareholder
- Corporate or authorised representative of a body corporate

For body corporates, the appointed corporate/authorised representative has to upload the evidence of authority (e.g. Certificate of Appointment of Corporate Representative, Power of Attorney, letter of authority or other documents proving authority). All documents that are not in English or Bahasa Malaysia have to be accompanied by a certified translation in English in 1 file. The original evidence of authority and translation thereof, if required, have to be submitted to the Share Registrar, Securities Services (Holdings) Sdn. Bhd at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan for verification before the registration closing date and time above.

Step 2 Submit your registration.

- A copy of your e-Registration for remote participation can be accessed via **My Records** (refer to the left navigation panel).
- Your registration will apply to all the **CDS account(s)** of each individual shareholder / body corporate shareholder that you represent. If you are both an individual shareholder and representative of body corporate(s), you need to register as an individual and also as a representative for each body corporate.
- As the EGM will be conducted on a fully virtual basis and only the Chairman and other essential individuals will be present at the broadcast venue, we highly encourage all shareholders to remotely participate and vote at the EGM, failing which, please appoint the Chairman of the EGM as proxy or your own proxy(ies) to represent you.

(c) Submit e-Proxy Form

Meeting Date and Time	Proxy Form Submission Closing Date and Time
Friday, 9 April 2021 at 10:30 a.m.	Wednesday, 7 April 2021 at 10:30 a.m.

- Log in to <https://sshsb.net.my/login.aspx> with your registered email and password
- Look for **M N C Wireless Berhad** under Company Name and **EGM on Friday, 9 April 2021 at 10:30 a.m. – Submission of Proxy Form** under Corporate Exercise / Event and click ">" to submit your proxy forms online for the EGM by the submission closing date and time above.

Step 1 Check if you are submitting the proxy form as –

- Individual shareholder
- Corporate or authorised representative of a body corporate

For body corporates, the appointed corporate/authorised representative is to upload the evidence of authority (e.g. Certificate of Appointment of Corporate Representative, Power of Attorney, letter of authority or other documents proving authority). All documents that are not in English or Bahasa Malaysia have to be accompanied by a certified translation in English in 1 file. The original evidence of authority and translation thereof, if required, have to be submitted to the Share Registrar, Securities Services (Holdings) Sdn. Bhd at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan for verification before the proxy form submission closing date and time above .

Step 2 Enter your CDS account number or the body corporate's CDS account number and corresponding number of securities. Then enter the information of your proxy(ies) and the securities to be represented by your proxy(ies).

You are strongly encouraged to appoint the Chairman of the EGM as your proxy where you are not able to participate remotely.

Step 3 Proceed to indicate how your votes are to be casted against each resolution.

Step 4 Review and confirm your proxy form details before submission.

- A copy of your submitted e-Proxy Form can be accessed via **My Records** (refer to the left navigation panel).
- Kindly submit your e-Proxy Form for **every CDS account(s)** you have or represent.

PROXIES

All appointed proxies need not register for remote participation under (B) above but if they are not registered Users of the e-Portal, they will need to register as Users of the e-Portal under (A) above by **5 April 2021**. **PLEASE NOTIFY YOUR PROXY(IES) ACCORDINGLY**. Upon processing the proxy forms, we will grant the proxy access to remote participation at the EGM to which he/she is appointed for instead of the shareholder, provided the proxy must be a registered user of the e-Portal, failing which, the proxy will not be able to participate at the EGM as the EGM will be conducted on a fully virtual basis.

ON THE DAY OF THE EGM

Log in to <https://sshsb.net.my/login.aspx> with your registered email and password

(D) Join the Live Stream Meeting (eLive)

Meeting Date and Time	eLive Access Date and Time
Friday, 9 April 2021 at 10:30 a.m.	Friday, 9 April 2021 at 10:00 a.m.

- Look for **M N C Wireless Berhad** under Company Name and **EGM on Friday, 9 April 2021 at 10:30 a.m. – Live Stream Meeting** under Corporate Exercise / Event and click ">" to join the EGM.

- The access to the live stream meeting will open on the abovementioned date and time.
- If you have any questions to raise, you may use the text box to transmit your question. The Chairman/Board/Management/relevant adviser(s) will endeavour to broadcast your question and their answer during the EGM. Do take note that the quality of the live streaming is dependent on the stability of the internet connection at the location of the user.

(E) Vote Online Remotely during the Meeting (eVoting)

Meeting Date and Time	eVoting Access Date and Time
Friday, 9 April 2021 at 10:30 a.m.	Friday, 9 April 2021 at 10:30 a.m.

- If you are already accessing the Live Stream Meeting, click **Proceed to Vote** under the live stream player.
OR
- If are not accessing from the Live Stream Meeting and have just logged in to the e-Portal, look **M N C Wireless Berhad** under Company Name and **EGM on Friday, 9 April 2021 at 10:30 a.m. – Remote Voting** under Corporate Exercise / Event and click ">" to remotely cast and submit the votes online for the resolutions tabled at the EGM.

Step 1 Cast your votes by clicking on the radio buttons against each resolution.

Step 2 Review your casted votes and confirm and submit the votes.

- The access to eVoting will open on the abovementioned date and time.
- Your votes casted will apply throughout all the CDS accounts you represent as an individual shareholder, corporate / authorised representative and proxy. Where you are attending as a proxy, and the shareholder who appointed you has indicated how the votes are to be casted, we will take the shareholder's indicated votes in the proxy form.
- The access to eVoting will close when the Chairman announces the closing of all voting at the EGM.
- A copy of your submitted eVoting can be accessed via **My Records** (refer to the left navigation panel).

RECORD OF DEPOSITORS FOR THE EGM

The date of Record of Depositors for the EGM is 2 April 2021. As such, only members whose name appears in the Record of Depositors of MNC as at 2 April 2021 shall be entitled to attend the EGM and to participate, speak and vote thereat.

POLL VOTING

The voting at the EGM will be conducted by poll in accordance with Rule 8.31A of ACE Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company has appointed SS E Solutions Sdn. Bhd. as Poll Administrator to conduct the poll by way of electronic voting and Commercial Quest Sdn. Bhd. as Scrutineers to verify the poll results.

The voting module has been made accessible to all shareholders and proxies to submit your votes from the commencement of the meeting and shall close upon the closure of the voting session to be announced by the Chairman of the meeting. Upon completion of the voting session for the meeting, the Scrutineers will verify and announce the poll results followed by the Chairman's declaration whether the resolutions are duly passed.

RECORDING OR PHOTOGRAPHY

STRICTLY NO unauthorised recording or photography of the EGM proceedings is allowed. MNC reserves the rights to take appropriate legal actions against anyone who violates this rule.

ENQUIRY

If you have any general queries prior to the EGM, please contact the Poll Administrator during office hours from 8:30 a.m. to 5:30 p.m. (Monday to Friday):

SS E Solutions Sdn. Bhd.

Contact Person : Mr. Wong Piang Yoong / Mr. Jerry Tan Hor Seng / Ms. Lee Pei Yeng / Ms. Rachel Ou

Tel No : (603) 2084 9000 (General Line)
(603) 2084 9168 (DID)
(603) 2084 9165 (DID)
(603) 2084 9169 (DID)
(603) 2084 9161 (DID)

Email : eservices@sshbsb.com.my



wireless

M N C WIRELESS BERHAD

Registration No: 200301033463 (635884-T)
(Incorporated in Malaysia)

FORM OF PROXY

CDS Account No.

No. of Shares held

I/We, Tel. No.:
[Full name in block, NRIC / Passport / Company No.]

of
[Address]

being member(s) of M N C Wireless Berhad, hereby appoint:-

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or* (*delete as appropriate)

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Extraordinary General Meeting ("EGM") of the Company to be held on a fully virtual basis and entirely via remote participation and voting from the Broadcast Venue at Conference Room of M N C Wireless Berhad, 100-3.011, 129 Offices, Jaya One, No.72A, Jalan Profesor Diraja Ungku Aziz, 46200 Petaling Jaya, Selangor Darul Ehsan on Friday, 9 April 2021 at 10:30 a.m. or any adjournment thereof, and to vote as indicated below:-

Item	Ordinary Resolutions	FOR	AGAINST
1.	Proposed Private Placement		
2.	Proposed ESOS		
3.	Proposed Granting of ESOS Options to Wong Kok Seong		
4.	Proposed Granting of ESOS Options to Datuk Tan Chor How Christopher		
5.	Proposed Granting of ESOS Options to Pang Siaw Sian		
6.	Proposed Granting of ESOS Options to Thu Soon Shien		
7.	Proposed Granting of ESOS Options to Dato' Kua Khai Shyuan		
8.	Proposed Granting of ESOS Options to Dato' Muhammad Shuib Bin Md Hashim		

Please indicate with an 'X' in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy may vote or abstain as he thinks fit.

Signed this.....

Signature*
Member

Notes:-

1. A member of the Company who is entitled to attend, participate, speak and vote at the EGM is entitled to appoint more than one (1) proxy to attend, participate, speak and vote at the EGM in his/her stead. Where a member appoints more than one (1) proxy, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.
2. A proxy may but need not be a member of the Company. A proxy appointed to attend, participate, speak and vote at the EGM shall have the same rights as the member to speak at the EGM.



3. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds. The appointment of multiple proxies shall not be valid unless the proportion of its shareholdings represented by each proxy is specified.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the seal or under the hand of an officer or attorney duly authorised.
6. To be valid, the instrument appointing a proxy must be deposited at the office of the Share Registrar of the Company situated at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, or submitted electronically via Securities Services e-Portal at <https://www.sshsb.net.my/>, not less than forty-eight (48) hours before the time for holding the EGM or adjourned meeting.
7. For the purpose of determining a member who shall be entitled to attend the EGM, the Company will be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Clause 67(b) of the Company's Constitution to issue a General Meeting Record of Depositors as at 2 April 2021. Only members whose names appear in the General Meeting Record of Depositors as at 2 April 2021 shall be entitled to attend the EGM and to participate, speak and vote thereat.
8. All the resolutions set out in this Notice of the EGM will be put to vote by poll.
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AFFIX
STAMP

**The Share Registrar of
M N C WIRELESS BERHAD
c/o SECURITIES SERVICES (HOLDINGS) SDN. BHD.**
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur

2nd Fold Here

Fold This Flap For Sealing