

**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 by TA Securities Holdings Berhad, being the Principal Adviser to the Company for the Proposals (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 CONSOLIDATION OF EVERY 10 EXISTING ORDINARY SHARES IN MNC (“MNC SHARES” OR “SHARES”) INTO 1 MNC SHARE (“CONSOLIDATED SHARES”) (“PROPOSED SHARE CONSOLIDATION”); AND**
- (II) PROPOSED BONUS ISSUE OF UP TO 94,734,940 NEW WARRANTS IN MNC (“WARRANTS C”) ON THE BASIS OF 3 WARRANTS C FOR EVERY 8 CONSOLIDATED SHARES HELD ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER (“PROPOSED BONUS ISSUE OF WARRANTS”)**

**(COLLECTIVELY, THE “PROPOSALS”)**

**AND**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Principal Adviser**

**TA SECURITIES**

AN UNWAVERING COMMITMENT

**TA SECURITIES HOLDINGS BERHAD**  
(Registration No. 197301001467 (14948-M))  
(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 through an online meeting platform hosted on Securities Services e-Portal at <https://sshb.net.my/> (MYNIC Domain Registration Number D4A004360) provided by SS E Solutions Sdn Bhd. The Notice of EGM together with the Form of Proxy are enclosed in this Circular.

If you are unable to participate in the EGM and wish to appoint proxy(ies) instead, the appointment of proxy(ies) may be made in the following manner and must be deposited not less than forty-eight (48) hours before the time appointed for holding the EGM or any adjournment thereof at which the person named in the appointment proposes to vote:

(i) In hard copy form

In the case of an appointment made in hard copy form, the Form of Proxy must be deposited with the Share Registrar’s office, Securities Services (Holdings) Sdn Bhd at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan.

(ii) By electronic form

The Form of Proxy can be electronically lodged via Securities Services e-Portal’s platform at <https://sshb.net.my/> or by fax to +603-2094 9940 or by email to [eservices@sshb.com.my](mailto:eservices@sshb.com.my). Kindly refer to the Administrative Notes on the procedures for electronic lodgement of Form of Proxy.

Last date and time for lodging the Form of Proxy : Wednesday, 19 October 2022, 11.30 a.m.  
Date and time of the EGM : Friday, 21 October 2022, 11.30 a.m.  
Online meeting platform of the EGM : Securities Services e-Portal at <https://sshb.net.my/> (MYNIC Domain Registration Number D4A004360) provided by SS E Solutions Sdn Bhd

This Circular is dated 30 September 2022

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## DEFINITIONS

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

<b>BNM</b>	:	Bank Negara Malaysia
<b>Board</b>	:	The Board of Directors of MNC
<b>Books Closing Date</b>	:	A date to be determined and announced later by the Board, at the close of business on which the Shareholders must be registered in the Record of Depositors of the Company as at 5.00 p.m. in order to be entitled to participate in the Proposed Share Consolidation
<b>Bursa Depository</b>	:	Bursa Malaysia Depository Sdn Bhd (198701006854 (165570-W))
<b>Bursa Securities</b>	:	Bursa Malaysia Securities Berhad (200301033577 (635998-W))
<b>By-Laws</b>	:	The by-laws governing the ESOS
<b>Circular</b>	:	This circular to Shareholders in relation to the Proposals
<b>Consolidated ICPS</b>	:	Adjusted ICPS after the Proposed Share Consolidation
<b>Consolidated Shares</b>	:	Shares that have been consolidated following the completion of the Proposed Share Consolidation
<b>Consolidated Warrants B</b>	:	Adjusted Warrants B after the Proposed Share Consolidation
<b>Convertible Securities</b>	:	Collectively, Warrants B and ICPS
<b>COVID-19</b>	:	Coronavirus disease of 2019
<b>Deed Poll B</b>	:	The deed poll constituting the Warrants B dated 18 July 2019
<b>Deed Poll C</b>	:	The deed poll constituting the Warrants C to be executed by the Company in relation to the Proposed Bonus Issue of Warrants
<b>Directors</b>	:	Directors of the Company for the time being and shall have the meaning ascribed to it in Section 2(1) of the Companies Act 2016 and Section 2(1) of the Capital Markets and Services Act 2007 and Director shall be construed accordingly
<b>EGM</b>	:	Extraordinary general meeting of the Company
<b>Entitled Shareholders</b>	:	The Shareholders whose names appear in the Record of Depositors of the Company as at the close of business at 5.00 p.m. on the Entitlement Date
<b>Entitlement Date</b>	:	A date to be determined by the Board and announced later, on which the names of Shareholders must appear in the Record of Depositors of the Company as at the close of business on that date in order to be entitled to the Proposed Bonus Issue of Warrants
<b>EPS</b>	:	Earnings per Share
<b>ESOS</b>	:	Employees' share option scheme of the Company which took effect on 3 September 2021, for a period of 5 years

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**DEFINITIONS (CONT'D)**

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<b>ESOS Options</b>	:	Options granted or which may be granted under the ESOS pursuant to the By-Laws, where each holder of the ESOS Options can subscribe for 1 new Share for every 1 ESOS Option held
<b>FPE</b>	:	Financial period ended / ending, as the case may be
<b>FYE</b>	:	Financial year ended / ending, as the case may be
<b>GP</b>	:	Gross profit
<b>Hot TV</b>	:	Hot TV Entertainment Sdn Bhd (201801038201 (1300232-T))
<b>ICPS</b>	:	Irredeemable convertible preference shares of the Company which will mature on 5 September 2029. Each ICPS holder is entitled to convert his/her ICPS into 1 new Share at the conversion price of RM0.06 in any of the following manners: <ul style="list-style-type: none"><li>(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</li><li>(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)</li></ul>
<b>ICT</b>	:	Information and Communication Technology
<b>LAT</b>	:	Loss after taxation
<b>LBT</b>	:	Loss before taxation
<b>Lifestyle-E-commerce Platform</b>	:	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
<b>Listing Requirements</b>	:	ACE Market Listing Requirements of Bursa Securities
<b>LPD</b>	:	21 September 2022, being the latest practicable date prior to the printing of this Circular
<b>LPS</b>	:	Loss per Share
<b>Market Day</b>	:	Any day on which Bursa Securities is open for trading in securities
<b>Maximum Scenario</b>	:	Assuming full exercise of outstanding Warrants B and full conversion of outstanding ICPS 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)
<b>Minimum Scenario</b>	:	Assuming no exercise of outstanding Convertible Securities
<b>MNC or the Company</b>	:	M N C Wireless Berhad (200301033463 (635884-T))

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**DEFINITIONS (CONT'D)**

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<b>MNC Group or the Group</b>	:	Collectively, MNC and its subsidiaries
<b>MNC Shares or Shares</b>	:	Ordinary shares in the Company
<b>MOU</b>	:	Memorandum of Understanding
<b>NA</b>	:	Net assets
<b>Official List</b>	:	The official list of the ACE Market of Bursa Securities
<b>Private Placement</b>	:	Private placement of 527,642,000 new Shares, representing approximately 30% of the total number of issued Shares, which was completed on 11 March 2022
<b>Proposals</b>	:	Collectively, the Proposed Share Consolidation and Proposed Bonus Issue of Warrants
<b>Proposed Bonus Issue of Warrants</b>	:	Proposed bonus issue of up to 94,734,940 Warrants C in MNC on the basis of 3 Warrants C for every 8 Consolidated Shares held on the Entitlement Date
<b>Proposed Consolidation</b>	<b>Share</b> :	Proposed consolidation of every 10 existing MNC Shares into 1 Consolidated Share held by the Shareholders on the Books Closing Date
<b>Record of Depositors</b>	:	A record of securities holders provided by Bursa Depository under the Rules of Bursa Depository as issued pursuant to the Securities Industry (Central Depositories) Act, 1991, including the Securities Industry (Central Depositories) Amendment Act, 1998
<b>RM and sen</b>	:	Ringgit Malaysia and sen respectively
<b>Shareholders</b>	:	Registered holders of MNC Shares
<b>TA Securities or the Principal Adviser</b>	:	TA Securities Holdings Berhad (197301001467 (14948-M))
<b>VWAP</b>	:	Volume-weighted average market price
<b>Warrants A</b>	:	Warrants 2016/2021 of the Company. Warrant holder is entitled the right to subscribe for 1 MNC Share for each warrant held at an exercise price of RM0.10, which expired on 5 November 2021
<b>Warrants B</b>	:	Warrants 2019/2024 of the Company. Warrant holder is entitled the right to subscribe for 1 MNC Share for each warrant held at an exercise price of RM0.06, which will expire on 5 September 2024
<b>Warrants C</b>	:	Up to 94,734,940 free warrants in MNC to be allotted and issued pursuant to the Proposed Bonus Issue of Warrants

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**DEFINITIONS (CONT'D)**

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All references to “you” in this Circular are to the Shareholders.

In this Circular, words referring to 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. References to persons shall include corporations, unless otherwise specified.

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 between the amounts stated, actual figures and the totals thereof in this Circular 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. There can be no assurance that such forward-looking statements will materialise, be fulfilled or be achieved, and the inclusion of a forward-looking statement in this Circular should not be regarded as a representation or warranty that the Company’s plans and objectives will be achieved.

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## EXECUTIVE SUMMARY

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This Executive Summary only highlights the key information from other parts of the Circular. It does not contain all the information that may be important to you. You should read and understand the contents of the whole Circular for further details before voting at the EGM.

### Summary

#### **Summary of the Proposals**

Proposed Share Consolidation : Proposed share consolidation of every 10 existing MNC Shares into 1 Consolidated Share held by the Shareholders on the Books Closing Date.

Proposed Bonus Issue of Warrants : Proposed bonus issue of up to 94,734,940 Warrants C in MNC on the basis of 3 Warrants C for every 8 Consolidated Shares held on the Entitlement Date.

#### **Rationale for the Proposals**

##### **Proposed Share Consolidation**

The Company has a large number of Shares in issue and a relatively low trading price range. The Board noted that a small movement in the Share price may result in high percentage movement in the Share price, and the effects of such change will transcend to the market capitalisation of the Company (as the market capitalisation is a function of Share price and number of Shares). The Proposed Share Consolidation would lead to a reduction in the number of Shares available in the market and may reduce the magnitude of fluctuation of the Company's market capitalisation.

##### **Proposed Bonus Issue of Warrants**

- (i) Reward Shareholders for their continuous support by enabling them to participate in convertible securities of the Company, which are tradeable on Bursa Securities, without incurring any cost;
- (ii) Provide Shareholders with an opportunity to increase their equity participation in the Company at a pre-determined exercise price during the tenure of the Warrants C; and
- (iii) Provide the Company with additional working capital when the Warrants C are exercised in the future.

Please refer to Section 4 of this Circular for further information.

#### **Approvals required**

- (i) Bursa Securities for the following:
  - (a) Proposed Share Consolidation;
  - (b) admission of the Warrants C to the Official List as well as listing and quotation of the Warrants C; and
  - (c) listing and quotation of the new Shares to be issued arising from the exercise of the Warrants C;
- (ii) Shareholders at the forthcoming EGM; and
- (iii) any other relevant parties / authorities, if required.

Please refer to Section 8 of this Circular for further information.

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**EXECUTIVE SUMMARY (CONT'D)**

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**Summary****Interests of Directors, major Shareholders, chief executive and/or persons connected with them**

None of the Directors, major Shareholders, chief executive and/or persons connected to them has any interest, direct or indirect, in the Proposals other than their respective entitlements under the Proposals as Shareholders of the Company, to which all Entitled Shareholders are similarly entitled to.

Please refer to Section 10 of this Circular for further information.

**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 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.

Please refer to Section 11 of this Circular for further information.

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**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

30 September 2022

**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 SHARE CONSOLIDATION; AND**
- (II) PROPOSED BONUS ISSUE OF WARRANTS**

**(COLLECTIVELY, THE "PROPOSALS")**

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**1. INTRODUCTION**

On 29 August 2022, TA Securities had, on behalf of the Board, announced that the Company proposes to undertake the Proposals.

On 19 September 2022, TA Securities had, on behalf of the Board, announced that Bursa Securities had vide its letter dated 19 September 2022 granted its approval for the following:

- (i) Proposed Share Consolidation;
- (ii) admission of the Warrants C to the Official List as well as listing and quotation of the Warrants C; and
- (iii) listing and quotation of the new Shares to be issued arising from the exercise of the Warrants C.

The approval of Bursa Securities is subject to the conditions as set out in Section 8 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 THE 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 THE APPENDICES BEFORE VOTING ON THE RESOLUTIONS TO GIVE EFFECT TO THE PROPOSALS AT THE FORTHCOMING EGM.**

## **2. DETAILS OF THE PROPOSED SHARE CONSOLIDATION**

The Proposed Share Consolidation entails the consolidation of every 10 existing Shares held by the Shareholders, whose name appear in the Company's Record of Depositors at the close of business on the Books Closing Date, into 1 Consolidated Share.

It is the intention of the Company to implement the Proposed Share Consolidation prior to the implementation of the Proposed Bonus Issue of Warrants.

As at the LPD, the Company has 2,287,084,313 issued Shares. The Company does not have any treasury shares. The Company has the following convertible securities:

- (i) 29,959,264 outstanding Warrants B;
- (ii) 209,221,500 outstanding ICPS; and
- (iii) up to 686,125,200 ESOS Options which may be granted and/or exercised pursuant to the maximum allowable amount under the ESOS. As at the LPD, there are no ESOS Options which have been granted but not exercised.

The Company does not intend to grant any ESOS Options prior to the completion of the Proposals. For illustration:

- (i) assuming none of the Convertible Securities are exercised / converted into new Shares prior to the Books Closing Date, the 2,287,084,313 Shares as at the LPD will be consolidated into 228,708,431 Consolidated Shares; and
- (ii) assuming full exercise of Warrants B and full conversion of ICPS 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), prior to the Books Closing Date, the enlarged number of 2,526,265,077 Shares will be consolidated into 252,626,507 Consolidated Shares.

The actual number of Consolidated Shares will be determined based on the total number of issued shares of the Company at the Books Closing Date to be determined later after taking into consideration any new Shares that may be issued arising from the exercise of any Convertible Securities.

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

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THE PROPOSED SHARE CONSOLIDATION WILL RESULT IN A REDUCTION IN THE NUMBER OF SHARES AVAILABLE IN THE MARKET AND THE TRADING PRICE OF THE SHARES WILL BE ADJUSTED ACCORDINGLY IN PROPORTION TO THE BASIS OF THE PROPOSED SHARE CONSOLIDATION. YOU ARE STRONGLY ADVISED TO TRADE CAUTIOUSLY TO PREVENT OVERSELLING OF YOUR POSITION IN RESPECT OF YOUR SHARES.

**2.1 Theoretical adjusted reference price of the Consolidated Shares, Consolidated Warrants B and Consolidated ICPS**

The Proposed Share Consolidation will result in an adjustment to the reference price of the Shares, Warrants B and ICPS as quoted on the ACE Market of Bursa Securities but theoretically shall not have any impact on the market value of these securities held by the Shareholders, Warrant B holders and ICPS holders.

**(i) Consolidated Shares**

The Proposed Share Consolidation will result in an adjustment to the reference price of the Shares. For illustration, based on the last transacted market price of the Shares as at the LPD, the theoretical adjusted reference price of the Consolidated Shares upon completion of the Proposed Share Consolidation is as follows:

	No. of Shares	Closing market price / Theoretical adjusted reference price per Share (RM)	Total value <sup>(1)</sup> (RM)
As at the LPD	2,287,084,313	0.010	22,870,843
After the Proposed Share Consolidation	228,708,431	0.100	22,870,843

Notes:

- (1) The total value is arrived at by multiplying the number of Shares with the closing market price / theoretical adjusted reference price per Share.  
 (2) The theoretical adjusted reference price is arrived at based on the following formula:

$$\begin{aligned}
 \text{Theoretical adjusted reference price} &= \text{Market price per Share} \times \frac{\text{Number of Shares before the Proposed Share Consolidation}}{\text{Number of Shares after the Proposed Share Consolidation}} \\
 &= 0.010 \times \frac{2,287,084,313}{228,708,431} \\
 &= 0.100
 \end{aligned}$$

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**(ii) Consolidated Warrants B**

The Proposed Share Consolidation will also result in an adjustment to the reference price of the existing Warrants B. For illustration, based on the last transacted market price of the Warrants B as at the LPD, the theoretical adjusted reference price of the Warrants B upon completion of the Proposed Share Consolidation is as follows:

	<b>No. of Warrants B</b>	<b>Closing market price / Theoretical adjusted reference price per Warrant B (RM)</b>	<b>Total value<sup>(1)</sup> (RM)</b>
As at the LPD	29,959,264	0.005	149,796
After the Proposed Share Consolidation	2,995,926	0.050	149,796

**Notes:**

- (1) The total value is arrived at by multiplying the number of Warrants B with the closing market price / theoretical adjusted reference price per Warrant B.  
(2) The theoretical adjusted reference price is arrived at based on the following formula:

$$\begin{aligned} \text{Theoretical adjusted reference price} &= \text{Market price per Warrant B} \times \frac{\text{Number of Warrants B before the Proposed Share Consolidation}}{\text{Number of Warrants B after the Proposed Share Consolidation}} \\ &= 0.005 \times \frac{29,959,264}{2,995,926} \\ &= 0.050 \end{aligned}$$

**(iii) Consolidated ICPS**

The Proposed Share Consolidation will also result in an adjustment to the reference price of the existing ICPS. For illustration, based on the last transacted market price of the ICPS as at the LPD, the theoretical adjusted reference price of the ICPS upon completion of the Proposed Share Consolidation is as follows:

	<b>No. of ICPS</b>	<b>Closing market price / Theoretical adjusted reference price per ICPS (RM)</b>	<b>Total value<sup>(1)</sup> (RM)</b>
As at the LPD	209,221,500	0.005	1,046,108
After the Proposed Share Consolidation	20,922,150	0.050	1,046,108

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Notes:

- (1) The total value is arrived at by multiplying the number of ICPS with the closing market price / theoretical adjusted reference price per ICPS.
- (2) The theoretical adjusted reference price is arrived at based on the following formula:

$$\begin{aligned} \text{Theoretical adjusted reference price} &= \text{Market price per ICPS} \times \frac{\text{Number of ICPS before the Proposed Share Consolidation}}{\text{Number of ICPS after the Proposed Share Consolidation}} \\ &= 0.005 \times \frac{209,221,500}{20,922,150} \\ &= 0.050 \end{aligned}$$

Based on the illustration above, the Proposed Share Consolidation will increase the reference prices of the Shares, Warrants B and ICPS respectively but it will not have any impact on the total value of these securities.

Further, the Proposed Share Consolidation is expected to result in adjustments to the exercise price and the number of outstanding Warrants B as well as the conversion price, cash payment for conversion and the number of outstanding ICPS, further details of which are set out in Section 6.5 of this Circular.

## **2.2 Ranking of the Consolidated Shares, Consolidated Warrants B and Consolidated ICPS**

The Consolidated Shares shall rank equally in all respects with one another. The Consolidated Warrants B shall rank equally in all respects with one another. The Consolidated ICPS shall rank equally in all respects with one another.

## **2.3 Suspension of trading, listing date and notices of allotment**

There will not be any suspension of trading of the Shares, Warrants B and ICPS on the ACE Market of Bursa Securities pursuant to the Proposed Share Consolidation.

The Consolidated Shares, Consolidated Warrants B and Consolidated ICPS will be listed and quoted on the ACE Market of Bursa Securities on the next Market Day after the Books Closing Date.

The notices of allotment of the Consolidated Shares, Consolidated Warrants B and Consolidated ICPS will be issued and despatched to the entitled holders within 4 Market Days after the listing and quotation of the Consolidated Shares, Consolidated Warrants B and Consolidated ICPS on the ACE Market of Bursa Securities.

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### 3. DETAILS OF THE PROPOSED BONUS ISSUE OF WARRANTS

#### 3.1 Basis and number of Warrants C to be issued

The Proposed Bonus Issue of Warrants entails the issuance of up to 94,734,940 Warrants C on the basis of 3 Warrants C for every 8 Consolidated Shares held by the Entitled Shareholders on the Entitlement Date.

It is the intention of the Company to implement the Proposed Bonus Issue of Warrants after the completion of the Proposed Share Consolidation.

Based on the total number of 2,287,084,313 issued Shares as at the LPD and assuming:

- (i) all the 29,959,264 outstanding Warrants B as at the LPD are fully exercised into new Shares prior to the Entitlement Date; and
- (ii) all the 209,221,500 outstanding ICPS are fully converted into new Shares 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), prior to the Entitlement Date.

The Proposed Bonus Issue of Warrants would entail the issuance of up to 94,734,940 Warrants C, computed as follows:

	Minimum Scenario	Maximum Scenario
	No. of Shares	No. of Shares
Issued share capital as at the LPD	2,287,084,313	2,287,084,313
Assuming full exercise of Warrants B	-	29,959,264
Assuming full conversion of ICPS	-	209,221,500
<b>After full exercise / conversion of the Convertible Securities</b>	<b>2,287,084,313</b>	<b>2,526,265,077</b>
<b>Issued share capital after the Proposed Share Consolidation [A]</b>	<b>228,708,431</b>	<b>252,626,507</b>
<b>Warrants C to be issued pursuant to the Proposed Bonus Issue of Warrants</b>	<b>85,765,661</b>	<b>94,734,940</b>
<b>Number of new MNC Shares which will arise from the exercise / conversion of all convertible equity securities of MNC:</b>		
Warrants B	2,995,926	-
ICPS	20,922,150	-
Warrants C to be issued pursuant to the Proposed Bonus Issue of Warrants	85,765,661	94,734,940
<b>Total [B]</b>	<b>109,683,737</b>	<b>94,734,940</b>
Percentage of [B] against [A]	47.96%	37.50%

The number of Warrants C to be issued under the Minimum Scenario and Maximum Scenario complies with Rule 6.51 of the Listing Requirements (i.e. the number of new Shares which will arise from the exercise or conversion of all outstanding convertible equity securities (which includes warrants and preference shares), shall not exceed 50% of the total number of issued Shares (excluding treasury shares, if any, and prior to the exercise or conversion of such convertible equity securities) at all times).

The ratio for the Proposed Bonus Issue of Warrants was determined after taking into consideration, amongst others, the following:

- (i) compliance with Rule 6.51 of the Listing Requirements as stated above; and
- (ii) dilutive effects arising from the full exercise of Warrants C on the consolidated EPS of the Company.

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

The Entitlement Date will be determined and announced at a later date upon receipt of all relevant approvals for the Proposed Bonus Issue of Warrants. The Proposed Bonus Issue of Warrants is not intended to be implemented in stages over a period of time.

### 3.2 Salient terms of the Warrants C

Issuer	: MNC
Issue size	: Up to 94,734,940 Warrants C to be issued pursuant to the Proposed Bonus Issue of Warrants.
Form	: The Warrants C will be issued in registered form and constituted by the Deed Poll C.
Board lot	: For the purpose of trading on Bursa Securities, a board lot of Warrants C shall be 100 units of Warrants C, unless otherwise revised by the relevant authorities.
Tenure	: 3 years commencing on and including the date of issuance of the Warrants C.
Exercise Period	: The Warrants C may be exercised at any time within a period of 3 years commencing from and including the date of issuance of the Warrants C to the close of business at 5.00 p.m. (Malaysia time) on the Market Day immediately preceding the date which is the 3 <sup>rd</sup> anniversary from the date of issuance of the Warrants C. Any Warrant C not exercised during the exercise period will thereafter lapse and cease to be valid for any purpose.
Exercise Price	: The exercise price of the Warrants C shall be determined by the Board at a later date after obtaining the relevant approvals but prior to the Entitlement Date.
	The exercise price and/or the number of Warrants C in issue during the exercise period shall however be subject to adjustments under circumstances prescribed in accordance with the terms and provisions of the Deed Poll C.

Exercise Rights	:	Each Warrant C shall entitle its registered holder to subscribe for 1 new Share at any time during the exercise period at the exercise price, subject to adjustments under circumstances prescribed in accordance with the terms and provisions of the Deed Poll C.
Mode of exercise	:	The holders of the Warrants C are required to lodge a duly completed, signed and stamped subscription form at the Company's registrar's office or by electronic submission via email or fax as set out in the subscription form, together with payment by way of banker's draft or cashier's order drawn on a bank operating in Malaysia, money order or postal order issued by a post office in Malaysia or internet bank transfer for the electronic subscription form lodged for the full amount of the exercise price payable when exercising their Warrants C to subscribe for new Shares. The payment of such fee must be made in RM.
Adjustments to the Exercise Price and/or the number of the Warrants C	:	Subject to the provisions of the Deed Poll C, the exercise price and/or the number of unexercised Warrants C in issue may be subject to adjustments by the Board in consultation with an approved adviser appointed by the Company or the auditors in the event of any alteration in the share capital of the Company at any time during the tenure of the Warrants C, whether by way of, amongst others, rights issue, bonus issue, consolidation of shares or subdivision of shares, in accordance with the provisions of the Deed Poll C.
Rights of the Warrant C holders	:	The Warrants C do not confer on their holders any voting rights or any right to participate in any form of distribution and/or offer of further securities in the Company until and unless such holders of Warrants C exercise their Warrants C for new Shares in accordance with the provisions of the Deed Poll C and such new Shares have been allotted and issued to such holders.
Ranking of the new Shares to be issued pursuant to the exercise of the Warrants C	:	The new Shares to be issued pursuant to the exercise of the Warrants C in accordance with the provisions of the Deed Poll C shall, upon allotment, issuance and full payment of the exercise price of the Warrants C, rank equally in all respects with the existing issued Shares, save and except that the holders of such new Shares shall not be entitled to any dividends, 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 of the new Shares arising from the exercise of the Warrants C.
Rights of the Warrant C holders in the event of winding up, liquidation, compromise and/or arrangement	:	Where a resolution has been passed by the Company for a members' voluntary winding-up of the Company, or there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of the Company or the amalgamation of the Company with 1 or more companies, then: <ul style="list-style-type: none"> <li>(i) for the purposes of such winding-up, compromise or arrangement (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation) to which the holders of Warrants C (or some other persons designated by them for such purpose by special resolution) shall be a party, the terms of such winding-up, compromise and arrangement shall be binding on all the holders of Warrants C; and</li> </ul>



	(ii)	in the event a notice is given by the Company to its Shareholders to convene a general meeting for the purpose of considering, and if thought fit, approving a resolution to voluntarily wind up the Company, and in any other cases, every Warrant C holder shall be entitled to exercise his / her Warrants C at any time within 6 weeks after the passing of such resolution for a members' voluntary winding up of the Company or within 6 weeks after the granting of the court order approving the winding-up, compromise or arrangement, whereupon the Company shall allot the relevant new Shares to the Warrants C holder credited as fully paid subject to the prevailing laws, and such Warrants C holder shall be entitled to receive out of the assets of the Company which would be available in liquidation if he / she had on such date been the holder of the new Shares to which he / she would have become entitled pursuant to such exercise and the liquidator of the Company shall give effect to such election accordingly. Upon the expiry of the above 6 weeks, all the outstanding exercise rights of the Warrants C shall lapse and cease to be valid for any purpose.
Modification of rights of Warrants C holders	:	Save as otherwise provided in the Deed Poll C, a special resolution of the Warrant C holders is required to sanction any modification, alteration or abrogation in respect of the rights of the Warrant holders.
Modification of the Deed Poll C	:	Any modification to the terms and conditions of the Deed Poll C may be effected only by a further deed poll, executed by the Company and expressed to be supplemental to the Deed Poll C. Any of such modification shall however be subjected to the approval of Bursa Securities (if so required).  No amendment or addition may be made to the provisions of the Deed Poll C without the sanction of a special resolution unless the amendments or additions are required to correct any typographical errors or relate purely to administrative matters or are required to comply with any provisions of the prevailing laws or regulations of Malaysia or in the opinion of the Company, will not be materially prejudicial to the interests of the Warrant C holders.
Listing status	:	The Warrants C will be listed and traded on the ACE Market of Bursa Securities. The listing and quotation of Warrants C on the ACE Market of Bursa Securities is subjected to a minimum of 100 holders of Warrants C holding not less than 1 board lot of the Warrants C each.
Transferability	:	The Warrants C shall be transferable in the manner provided under the Securities Industry (Central Depositories) Act, 1991 and the Rules of Bursa Depository.
Deed Poll C	:	The Warrants C shall be constituted under the Deed Poll C.
Governing Law	:	The Warrants C and the Deed Poll C shall be governed by the laws and regulations of Malaysia.

### **3.3 Basis and justification of the issue price and exercise price of the Warrants C**

The Warrants C will be issued at no cost to the Entitled Shareholders.

The exercise price of the Warrants C shall be determined by the Board at a later date after obtaining all the relevant approvals but prior to the Entitlement Date. The Board in determining the exercise price of the Warrants C will take into consideration, amongst others, the prevailing market conditions, the market price of the Shares and the future prospects of the Company. The price-fixing announcement will also include the basis and justification for the exercise price of the Warrants C.

The Board intends to fix the exercise price of the Warrants C at a discount of between 0% and 10% to the 5-day VWAP of MNC Shares prior to the price-fixing date. This range of discount will provide the Board with the flexibility to fix the exercise price of the Warrants C at a later date, taking into consideration prevailing market conditions and Share price at the relevant point in time as well as at a discount that is deemed sufficiently attractive to Warrant C holders, to encourage the exercise of the Warrants C.

For illustrative purposes only, based on the illustrative exercise price of RM0.09 per Warrant C, this represents a discount of approximately 8.16% to the theoretical adjusted 5-day VWAP of MNC Shares of RM0.098, calculated based on the 5-day VWAP of MNC Shares up to and including the LPD of RM0.0098 (Source: Bloomberg) and after adjusting for the effects of the Proposed Share Consolidation.

### **3.4 Listing and quotation of the Warrants C and new Shares pursuant to the exercise of the Warrants C**

The Warrants C and the new Shares to be issued arising from the exercise of the Warrants C will be listed on the ACE Market of Bursa Securities.

### **3.5 Ranking of the Warrants C and the new Shares to be issued arising from the exercise of Warrants C**

The holders of the Warrants C are not recognised as Shareholders and are not entitled to any dividends, rights, allotments and/or other distributions until and unless such holders of the Warrants C have exercised their Warrants C into new Shares.

The new Shares to be issued arising from the exercise of the Warrants C shall, upon allotment and issuance, rank equally in all respects with the existing issued Shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid to the shareholders, the entitlement date of which is prior to the date of allotment of the new Shares.

### **3.6 Utilisation of proceeds**

The Proposed Bonus Issue of Warrants will not raise any immediate funds as the Warrants C will be issued at no cost to the Entitled Shareholders.

The exact quantum of proceeds that may be raised by the Company from the exercise of the Warrants C would depend on the actual number of Warrants C exercised as well as the exercise price of the Warrants C, which shall be determined by the Board at a later date. The proceeds from the exercise of the Warrants C will be received on an "as and when basis" over the tenure of the Warrants C. Nevertheless, any proceeds to be raised from the exercise of the Warrants C is expected to be utilised by the Group within 12 months from the date of receipt of such proceeds.

For illustrative purposes, based on the illustrative exercise price of RM0.09 per Warrant C, the Company will raise gross proceeds of up to RM8.53 million upon full exercise of the Warrants C. Any proceeds arising from the exercise of the Warrants C in the future is intended to be used to finance the future working capital requirements of the Group including the payment of staff salaries, operating and administrative expenses such as utilities, rental costs and upkeep of office. The exact breakdown of utilisation cannot be determined at this juncture as it would depend on the actual requirements of the Group at the relevant point in time. The estimated expenses for the Proposals are approximately RM0.26 million, which will be funded from the Group's existing cash and bank balances.

Notwithstanding the above, it should be noted that the Warrants C may not be fully exercised and the total proceeds arising from the exercise of the Warrants C cannot be reliably estimated at this juncture, as it will depend on the actual number of Warrants C exercised over the tenure of the Warrants C.

Pending utilisation of the proceeds to be raised as and when the Warrants C are exercised, the proceeds may be placed in deposits with financial institutions and/or short-term money market instruments. The interest derived from the deposits with financial institutions and/or any gains arising from the short-term money market instruments will be used as additional funds for the working capital requirements of the Group, including the payment of staff salaries, operating and administrative expenses such as utilities, rental costs and upkeep of office. The exact breakdown of utilisation cannot be determined at this juncture as it would depend on the actual requirements of the Group at the relevant point in time.

#### **4. RATIONALE FOR THE PROPOSALS**

##### **4.1 Proposed Share Consolidation**

The Company has a large number of Shares in issue and a relatively low trading price range. The Board noted that a small movement in the Share price may result in high percentage movement in the Share price, and the effects of such change will transcend to the market capitalisation of the Company (as the market capitalisation is a function of Share price and number of Shares). The Proposed Share Consolidation would lead to a reduction in the number of Shares available in the market and may reduce the magnitude of fluctuation of the Company's market capitalisation.

Following the completion of the Proposed Share Consolidation, the theoretical market price of each Share will increase by 10 times and the total number of Shares in issue will be reduced by the corresponding ratio. Notwithstanding this, Shareholders should note that the Proposed Share Consolidation is not expected to alter the total value of the Consolidated Shares held by them.

##### **4.2 Proposed Bonus Issue of Warrants**

The rationale for the Proposed Bonus Issue of Warrants is as follows:

- (i) reward Shareholders for their continuous support by enabling them to participate in convertible securities of the Company, which are tradeable on Bursa Securities, without incurring any cost;
- (ii) provide Shareholders with an opportunity to increase their equity participation in the Company at a pre-determined exercise price during the tenure of the Warrants C, and to allow Shareholders to further participate in the future growth of the Company when the Warrants C are exercised; and
- (iii) provide the Company with additional working capital when the Warrants C are exercised in the future. The exercise of the Warrants C will allow the Company to obtain proceeds without incurring interest expenses as compared to bank borrowings.

#### 4.3 Details of fund-raising exercises undertaken by the Company in the past 12 months

##### Private Placement

On 11 March 2022, the Company completed the Private Placement, which involved the issuance of 527,642,000 new Shares, representing approximately 30% of the total number of issued Shares, at an issue price of RM0.0176 per Share. The Private Placement raised total proceeds of RM9.29 million. The said proceeds have been utilised as follows:

Utilisation of proceeds	Actual proceeds raised	Actual utilisation up to the LPD	Balance unutilised	Estimated timeframe for utilisation from completion of the Private Placement
	(RM'000)	(RM'000)	(RM'000)	
Development of the Lifestyle E-commerce Platform <sup>(1)</sup>	5,500	-	5,500	Within 18 months
Working capital for the Lifestyle E-commerce Platform <sup>(2)</sup>	3,393	-	3,393	Within 24 months
Expenses for the corporate exercises	393	393	-	Immediate
<b>Total</b>	<b>9,286</b>	<b>393</b>	<b>8,893</b>	

##### Notes:

(1) The Group intends to develop, launch and operate a Lifestyle E-commerce Platform. In this regard, RM2.4 million is to be allocated for the development costs for the Lifestyle E-commerce Platform and RM3.1 million for the purchase of hardware (e.g. laptops, network equipment and computer data storage) and setting up the infrastructure to support the operations of the Lifestyle E-commerce Platform.

As at the LPD, the Company is in the midst of finalising the definitive agreement with Hot TV to co-develop the Lifestyle E-commerce Platform and is expected to finalise the agreement by first quarter of 2023. The development of the Lifestyle E-commerce Platform is expected to commence by first quarter of 2023 and is expected to complete by second quarter of 2024. After conducting the necessary testing, the Company expects to launch the Lifestyle E-commerce Platform by third quarter 2024.

(2) The Group intends to allocate RM3.4 million for the working capital for the Lifestyle E-commerce Platform which includes the following:

- (i) RM3.0 million for marketing expenses for the Lifestyle E-commerce Platform, such as:
  - (a) engage with content developers to do 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;
  - (b) engage with social media influencers to offer key opinion leader marketing as well as strategy planning to merchants who opt to list their products on the Lifestyle E-commerce Platform; and

- (c) 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.
- (ii) RM0.4 million for operating and administrative expenses for the Lifestyle E-commerce Platform such as staff cost for the marketing and operation of the Lifestyle E-commerce Platform and travelling expenses associated with the development of the platform.

## **5. INDUSTRY OVERVIEW, OUTLOOK AND PROSPECTS**

### **5.1 Overview and outlook of the Malaysian economy**

The Malaysian economy registered a strong growth of 8.9% in the second quarter of 2022 (1Q 2022: 5.0%). While growth was lifted to some extent by the low base from the Full Movement Control Order (FMCO) in June 2021, growth in April and May 2022 was particularly robust, underpinned by the continued recovery in labour market conditions and policy support. The improvement also reflected normalising economic activity as the country moved towards endemicity and reopened international borders. Exports remain supported by strong demand for E&E products. In terms of economic activity, the services and manufacturing sectors continued to drive growth. On a quarter-on-quarter seasonally-adjusted basis, the economy increased by 3.5% (1Q 2022: 3.8%).

During the quarter, domestic demand registered a higher growth of 13.0% (1Q 2022: 4.4%). This was mainly supported by a robust growth in private expenditure amid further normalisation of economic activity, as well as improving labour market conditions. On the external front, demand for Malaysia's exports, particularly for E&E products, remained strong.

Private consumption grew at a faster pace of 18.3% (1Q 2022: 5.5%), driven by higher spending on necessities and selected discretionary items such as restaurants and hotels, recreational services and household furnishings. The strength in consumer expenditure was primarily driven by the recovery in the labour market. Policy support, including the implementation of minimum wage hike,<sup>1</sup> Bantuan Keluarga Malaysia and an Employees Provident Fund (EPF)-related measure also provided additional lift to consumer spending.

Public consumption expanded at a moderate pace of 2.6% (1Q 2022: 6.7%), weighed down by lower supplies and services spending, reflecting smaller COVID-19 related expenditure.

Gross fixed capital formation (GFCF) registered a higher growth of 5.8% (1Q 2022: 0.2%) as capital spending by both private and public sectors improved. By type of asset, investments in structures and other assets expanded by 3.8% (1Q 2022: -7.9%) and 0.2% (1Q 2022: -0.9%) respectively. Meanwhile, machinery and equipment (M&E) investments grew by 9.6% (1Q 2022: 12.0%).

Private investment expanded by 6.3% (1Q 2022: 0.4%), supported by increased capital spending in the services and manufacturing sectors. Structures investments improved, as businesses across the key sectors resumed investment projects, particularly in the non-residential segment. Furthermore, capital spending in manufacturing and ICT-related machinery and equipment continued to lift investment growth. This is in line with firms' efforts to expand capacity amid continued demand and further adoption of automation and digitalisation.

Public investment registered a growth of 3.2% (1Q 2022: -0.9%), driven mainly by improvement in capital expenditure by public corporations in the oil and gas, and telecommunication sectors.

(Source: BNM Quarterly Bulletin Vol. 37, No. 2, the Second Quarter of 2022, BNM)

The Malaysian economy improved in 2021, registering a growth of 3.1%: The recovery momentum in the early part of the year was affected by the reimposition of nationwide containment measures from June to September 2021, following a rapid resurgence of cases due to the Delta variant. However, unlike the movement restrictions in the second quarter of 2020, more essential economic sectors were allowed to operate, while businesses and households were better adapted to the containment measures and standard operating procedures (SOPs). Notwithstanding this, some sectors, such as high-touch services, tourism related industries and construction, were slower to recover due to continued restrictions on movement and operating capacity. As these restrictions were eventually lifted in October 2021 amid rapid progress in domestic vaccinations, economic activities picked up and labour market conditions improved. The expansion in employment and subsequent increase in private sector wages contributed towards increased household spending. Private investment growth was supported by expansion in productive capacity, especially in the manufacturing sector, alongside higher capital spending by firms on automation and digitalisation. In addition, external demand also provided additional support to our economic growth in 2021.

The Malaysian economy is expected to improve further, with growth projected to be between 5.3% and 6.3% in 2022: The economic recovery is underpinned by the continued expansion in external demand, full upliftment of containment measures, reopening of international borders, and further improvement in labour market conditions. In addition, the implementation of investment projects and targeted policy measures will provide further support to economic activity and aggregate demand.

(Source: Economic and Monetary Review 2021, BNM)

## 5.2 Overview and outlook of the ICT industry in Malaysia

The Government's long-standing commitment in harnessing the potential of technology for country-wide transformation began back in 1996. Establishing the Multimedia Super Corridor ("MSC") was the first step in this transformation journey. MSC introduced high-technology business districts and special economic zones to transform Malaysia into an advanced nation by 2020.

In 1996, Malaysia Digital Economy Corporation (MDEC) was established to advise the government on ICT and multimedia development as well as facilitate MSC rollout across the nation in the early 2000s. Efforts were intensified and focused on digitalisation, technology adoption and connectivity. The National Broadband Initiative was introduced in 2010 as the backbone for connectivity in accelerating internet usage in Malaysia. The National Policy on Science, Technology and Innovation, launched in 2013, sought to advance mainstream science, technology and innovation. The 11th Malaysia Plan identified ICT as a necessary enabler for a knowledge-based economy.

Other initiatives included The National eCommerce Strategic Roadmap (launched in 2014) and the Malaysia Productivity Blueprint in 2017 to strengthen digitalisation among micro, small and medium enterprises ("MSMEs") through eCommerce and innovative technology adoption. In 2017, the Digital Free Trade Zone was also launched to facilitate cross-border eCommerce and widen global market access for MSMEs.

Initiatives to modernise and improve data sharing in the public sector started since early 2010s, which include the Public Sector Big Data Analytics Project (initiated in 2015) and the Public Sector ICT Strategic Plan, 2016-2020. These were introduced to implement data analysis to gain insights and enhance public service delivery. In 2019, the Public Sector Modernisation and Digitisation Committee was formed as a governance mechanism for the implementation and monitoring of digitalisation initiatives. The coverage, affordability and quality of the domestic broadband services were strengthened to unleash the full potential of digitalisation. The Government established the National 5G Task Force in 2018 and the National Fiberisation and Connectivity Plan (NFCP) in 2019 to enhance digital infrastructure and accelerate digital economy transformation.



The government is formulating new policies and related initiatives to create a more conducive environment and provide opportunities for the continued growth of the digital economy. Some of the focus areas include cyber security, eCommerce, data sharing and emerging technologies.

(Source: Malaysia Digital Economy Blueprint, Economic Planning Unit, Prime Minister's Department)

The information and communication subsector expanded by 6.1% in the first half of 2021, boosted by greater digital usage among businesses and individuals, particularly online transactions, entertainment, education, and work from home (WFH) activities. The subsector is projected to increase by 5.5% in the second half of the year, buoyed by the extension of special tax relief of up to RM2,500 for the purchase of mobile phones, computers and tablets. The Jaringan Prihatin initiative, which provides subsidies to Bantuan Prihatin Rakyat (BPR) recipients to purchase broadband internet plans and smartphones from participating telecommunication service providers, would also support the growth of the subsector. As at 7 October 2021, 4.1 million individuals have subscribed to the broadband internet plans and 1.6 million smartphones valued at RM525.8 million were redeemed under this initiative. Therefore, the subsector is anticipated to rise by 5.8% in 2021 and the expected growth rate for 2022 is 5.7%.

The digital economy incorporates all economic activities reliant on or significantly enhanced by digital inputs, including digital technologies, infrastructure, services and data. It refers to all producers and consumers, including the Government utilising digital inputs in their economic activities (OECD, 2020). With ICT contributing 22.6% of GDP in 2020, Malaysia is on track to realising the aspiration of integrating the digital element into its national economy (Department of Statistics Malaysia, 2021). This is in line with the Fourth Industrial Revolution (4IR), where digital technologies are being widely adopted (Economic Planning Unit, 2021). Digital economy is led by a strong e-commerce sector and includes online retailing, usage of internet-related devices as well as information technology and telecommunications investments by public and private sectors.

(Source: Economy Outlook 2022, Ministry of Finance Malaysia)

The historical growth rate for the information and communication industry in Malaysia is as follows:

Services	2020	2021	2021			2022	
			Q2	Q3	Q4	Q1'	Q2
• Information & Communication							
Revenue (RM billion)	146.1	153.3	37.7	37.9	40.1	40.2	40.2
(Growth YoY, %)	5.2	5.0	4.6	6.6	3.4	6.6	6.5

(Source: Pocket Stats Q2 2022, Department of Statistics Malaysia)

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### 5.3 Prospects of the MNC 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.

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 has further expanded downstream into related business activities, namely mobile gaming applications, bespoke management platforms, provision of authentication tool for online transactions, supply of advertising display panels, amongst others, to further enable the Group to increase its market presence across the business sector it operates within.

Moving forward, the Group will be continuously seeking market opportunities in the domestic markets either through acquisition, joint venture or collaboration to strengthen the Group's market presence, as well as continuously improve its services or products to expand its customer base.

Premised on the above and after having considered all the relevant aspects including the overview of the Malaysia ICT industry, the Board is optimistic about the prospects of the Group.

(Source: Management of the Group)

#### 5.3.1 Steps 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. 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 development by SPSB in the fourth quarter of 2023.
- (ii) On 13 April 2022, the Group entered into a MOU with Hot TV (which specialises in e-commerce lifestyle digital platforms and wireless telecommunications services) for the purpose of co-developing the Lifestyle E-commerce Platform. As at the LPD, MNC is still in the midst of finalising the definitive agreement with Hot TV and expects to finalise the agreement in first quarter of 2023.
- (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 209.9 million in the latest FYE 30 April 2022, representing an increase of 324.9%.

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.

### **5.3.2 Impact of the Proposals and value creation to the Group and its Shareholders**

The Proposed Share Consolidation will lead to a reduction in the number of Shares available in the market and may reduce the magnitude of fluctuation of the Company's market capitalisation. Following the completion of the Proposed Share Consolidation, the theoretical market price of each Shares will increase by 10 times and the total number of Shares in issue will be reduced by the corresponding ratio.

The Proposed Bonus Issue of Warrants rewards the existing Shareholders by enabling them to participate in a convertible security of the Company, which would be tradable on the ACE Market of Bursa Securities, without incurring any costs. The Warrants C provides Shareholders an opportunity to increase their participation in the Company at a pre-determined price over the tenure of the Warrants C. If Shareholders exercise the Warrants C into new Shares, the Shareholders may also benefit from capital gain in the event of Share price appreciation.

The potential proceeds that may be raised from the exercise of Warrants C would allow the Group to fund its future working capital requirements without relying solely on internally generated funds and/or bank borrowings.

### **5.3.3 Adequacy of the Proposals in addressing the Company's financial requirements**

The Proposed Share Consolidation will not raise any funds. Further, the Proposed Bonus Issue of Warrants will not raise any immediate funds as the Warrants C will be issued at no cost to the Entitled Shareholders. However, as and when the Warrants C are exercised, this would translate to additional funds for the Company. For illustrative purposes, based on the illustrative exercise price of RM0.09 per Warrant C, the Company will raise gross proceeds of up to RM8.53 million upon full exercise of the Warrants C.

As stated above, the potential proceeds that may be raised from the exercise of Warrants C would allow the Group to fund its future working capital requirements without relying solely on internally generated funds and/or bank borrowings.

The Group will continuously explore other measures to improve its financial performance / financial condition including acquisitions and/or investments in any suitable and complementary business and/or assets. Such acquisitions and/or investments may include, amongst others business and/or assets in the industry which the Group is involved in.

As at the LPD, the Group has yet to identify any specific acquisitions and/or investments. The Company will make the necessary announcements as provided in the Listing Requirements as and when it has entered into any agreement in relation to the acquisitions and/or investments. If Shareholders' approval and/or other regulatory approvals are required under the Listing Requirements and/or other relevant rules / guidelines for the acquisitions and/or investments, the necessary approvals will be sought.

## 6. EFFECTS OF THE PROPOSALS

### 6.1 Share capital

The pro forma effects of the Proposals on the issued share capital of the Company are as follows:

	Minimum Scenario		Maximum Scenario	
	No. of Shares	Share capital (RM)	No. of Shares	Share capital (RM)
Issued share capital as at the LPD	2,287,084,313	123,661,613	2,287,084,313	123,661,613
Assuming full exercise of Warrants B	-	-	29,959,264	<sup>(1)</sup> 3,148,719
Assuming full conversion of ICPS	-	-	209,221,500	<sup>(2)</sup> 12,364,991
<b>After full exercise / conversion of the Convertible Securities</b>	<b>2,287,084,313</b>	<b>123,661,613</b>	<b>2,526,265,077</b>	<b>139,175,323</b>
<b>Issued share capital upon completion of the Proposed Share Consolidation</b>	<b>228,708,431</b>	<b>123,661,613</b>	<b>252,626,507</b>	<b>139,175,323</b>
New Shares to be issued assuming full exercise of Warrant C	85,765,661	<sup>(3)</sup> 7,718,909	94,734,940	<sup>(3)</sup> 8,526,145
<b>Enlarged issued share capital after full exercise of the Warrants C</b>	<b>314,474,092</b>	<b>131,380,522</b>	<b>347,361,447</b>	<b>147,701,468</b>

Notes:

- (1) Assuming full exercise of 29,959,264 outstanding Warrants B at the exercise price of RM0.06 each and after accounting for the reversal of warrant reserve.
- (2) Assuming full conversion of 209,221,500 outstanding ICPS at the conversion price of RM0.06 each by surrendering for cancellation 1 ICPS and paying RM0.03 in cash (being the difference between the issue price of the ICPS surrendered).
- (3) Based on an illustrative exercise price of RM0.09 per Warrant C.

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## 6.2

### NA and gearing

The pro forma effect of the Proposals on the NA and gearing of the Group are as follows:

#### Minimum Scenario

	Audited as at 30 April 2022 (RM'000)	(I) After subsequent events (RM'000)	(II) After (I) and the Proposed Share Consolidation (RM'000)	(III) After (II) and the assuming full exercise of Warrants C (RM'000)
Share capital	123,651	123,662	123,662	131,381
ICPS	6,096	6,085	6,085	6,085
Revaluation reserve	2,684	2,684	2,684	2,684
Warrant reserve	1,351	1,351	1,351	1,351
Accumulated losses	(49,046)	(49,046)	(49,046)	(49,046)
<b>Shareholders' equity / Total equity</b>	<b>84,736</b>	<b>84,736</b>	<b>84,736</b>	<b>92,455</b>
No. of Shares in issue ('000)	2,286,899	2,287,084	228,708	314,474
NA per Share (RM)	0.04	0.04	0.37	0.29
Total borrowings (RM'000)	-	-	-	-
Gearing (times)	N/A	N/A	N/A	N/A

#### Notes:

- (1) After accounting for the issuance of 185,000 new Shares from 1 May 2022 up to the LPD, arising from 370,000 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 after accounting for the conversion of the ICPS.
- (2) Based on the consolidation of every 10 existing Shares into 1 Consolidated Share pursuant to the Proposed Share Consolidation.
- (3) Based on the issuance of 85,765,661 new Shares arising from the exercise of Warrants C at an illustrative exercise price of RM0.09 per Warrant C.

**Maximum Scenario**

	Audited as at 30 April 2022 (RM'000)	(I) (1) After subsequent events (RM'000)	(II) (2) After (I) and assuming full exercise / conversion of Convertible Securities (RM'000)	(III) (3) After (II) and the Proposed Share Consolidation (RM'000)	(IV) (4) After (III) and assuming full exercise of Warrants C (RM'000)
Share capital	123,651	123,662	139,175	139,175	147,701
ICPS	6,096	6,085	-	-	-
Revaluation reserve	2,684	2,684	2,684	2,684	2,684
Warrant reserve	1,351	1,351	-	-	-
Accumulated losses	(49,046)	(49,046)	(49,046)	(49,046)	(49,046)
<b>Shareholders' equity / Total equity</b>	<b>84,736</b>	<b>84,736</b>	<b>92,813</b>	<b>92,813</b>	<b>101,339</b>
No. of Shares in issue ('000)	2,286,899	2,287,084	2,526,265	252,627	347,361
NA per Share (RM)	0.04	0.04	0.04	0.37	0.29
Total borrowings (RM'000)	-	-	-	-	-
Gearing (times)	N/A	N/A	N/A	N/A	N/A

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Notes:

- (1) After accounting for the issuance of 185,000 new Shares from 1 May 2022 up to the LPD, arising from 370,000 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 after accounting for the conversion of the ICPS.
- (2) Assuming the following:
- (i) full exercise of 29,959,264 outstanding Warrants B at the exercise price of RM0.06 each and after accounting for the reversal of the warrants reserve; and
  - (ii) full conversion of 209,221,500 outstanding ICPS at the conversion price of RM0.06 each by surrendering for cancellation 1 ICPS and paying RM0.03 in cash (being the difference between the issue price of the ICPS surrendered) and after accounting for the full conversion of the ICPS.
- (3) Based on the consolidation of every 10 existing Shares into 1 Consolidated Share pursuant to the Proposed Share Consolidation.
- (4) Based on the issuance of 94,734,940 new Shares arising from the exercise of Warrants C at an illustrative exercise price of RM0.09 per Warrant C.

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### 6.3 Substantial Shareholders' shareholdings

The pro forma effects of the Proposals on the substantial Shareholders' shareholdings in the Company based on the register of substantial Shareholders as at the LPD are as follows:

#### Minimum Scenario

Substantial Shareholders	As at the LPD				(I) After the Proposed Share Consolidation			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(2)%
Ho Jien Shiung	267,085,333	11.68	-	-	26,708,533	11.68	-	-
Metronic Global Berhad	137,356,400	6.01	-	-	13,735,640	6.01	-	-
Datuk Tan Chor How Christopher	133,383,333	5.83	-	-	13,338,333	5.83	-	-

Substantial Shareholders	(II) After (I) and assuming full exercise of the Warrants C			
	Direct		Indirect	
	No. of Shares	(3)%	No. of Shares	(3)%
Ho Jien Shiung	36,724,232	11.68	-	-
Metronic Global Berhad	18,886,505	6.01	-	-
Datuk Tan Chor How Christopher	18,340,207	5.83	-	-

#### Notes:

(1) Based on 2,287,084,313 issued Shares as at the LPD.

(2) Based on 228,708,431 Consolidated Shares upon completion of the Proposed Share Consolidation.

(3) Based on 314,474,092 issued Shares upon completion of the Proposed Share Consolidation and assuming full exercise of Warrants C.

### Maximum Scenario

Substantial Shareholders	(I)						
	As at the LPD		Assuming all Convertibles Securities are exercised / converted				
	Direct	Indirect	Direct	Indirect			
No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(2)%
Ho Jien Shiung	267,085,333	11.68	-	-	267,085,366	10.57	-
Metronic Global Berhad	137,356,400	6.01	-	-	137,356,400	5.44	-
Datuk Tan Chor How Christopher	133,383,333	5.83	-	-	138,716,666	5.49	-

Substantial Shareholders	(II)				(III)				
	After (I) and the Proposed Share Consolidation		After (II) and the exercise of Warrants C		After (I) and the Proposed Share Consolidation		After (II) and the exercise of Warrants C		
	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect	
No. of Shares	(3)%	No. of Shares	(3)%	No. of Shares	(3)%	No. of Shares	(4)%	No. of Shares	(4)%
Ho Jien Shiung	26,708,536	10.57	-	-	36,724,237	10.57	-	-	
Metronic Global Berhad	13,735,640	5.44	-	-	18,886,505	5.44	-	-	
Datuk Tan Chor How Christopher	13,871,666	5.49	-	-	19,073,540	5.49	-	-	

#### Notes:

- (1) Based on 2,287,084,313 issued Shares as at the LPD.
- (2) Based on 2,526,265,077 enlarged issued Shares after assuming all full exercise / conversion of the Convertible Securities.
- (3) Based on 252,626,507 issued Shares under the Maximum Scenario and upon completion of the Proposed Share Consolidation.
- (4) Based on 347,361,447 issued Shares under the Maximum Scenario, upon completion of the Proposed Share Consolidation and assuming full exercise of Warrants C.

## 6.4 Earnings and EPS

### 6.4.1 Proposed Share Consolidation

The Proposed Share Consolidation will not have any effect on the consolidated earnings of the Group, save for the lower number of MNC Shares in issue upon completion of the Proposed Share Consolidation will result in a corresponding increase in the EPS of the Group.

### 6.4.2 Proposed Bonus Issue of Warrants

The Proposed Bonus Issue of Warrants is not expected to have an immediate material effect on the consolidated earnings of the Group, save for the dilution to EPS due to the increase in the number of Shares arising from the exercise of the Warrants C.

The potential effects of the Proposed Bonus Issue of Warrants on the future earnings of the Group and EPS of the Company will depend on, amongst others, the number of Shares issued pursuant to the exercise of the Warrants C at any point in time, the actual exercise price of the Warrants C and the returns generated by the Group from the use of the proceeds raised from the exercise of the Warrants C.

Although the EPS will be diluted due to the increase in the number of Shares upon the exercise of the Warrants C, the Proposed Bonus Issue of Warrants is expected to contribute positively to the earnings of the Group thereafter through the utilisation of proceeds.

## 6.5 Convertible securities

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

### 6.5.1 Warrants B

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

Consequential to the Proposed Share Consolidation, the exercise price and/or the number of outstanding Warrants B may be adjusted in accordance with the provisions of the Deed Poll B ("**Adjustments of Warrants B**") to ensure that the status of the Warrant B holders is not prejudiced as a result of the Proposed Share Consolidation.

For illustrative purposes, the adjustments to the exercise price and number of the 29,959,264 outstanding Warrants B are set out below based on the assumption that the Books Closing Date has been fixed on the LPD.

Under the Deed Poll B, the exercise price and the number of outstanding Warrants B which are not exercised prior to the Books Closing Date will be adjusted based on the following formulas:

$$\text{Adjusted exercise price of warrants} = \text{Existing exercise price of warrants} \times \frac{Y}{Z}$$

$$\text{Adjusted number of warrants} = \text{Existing number of warrants} \times \frac{Z}{Y}$$

where:

Y = The aggregate number of issued MNC Shares as at the Books Closing Date

Z = The aggregate number of issued MNC Shares on the next Market Day after the Books Closing Date



Following the above, the Adjustments of Warrants B are as follows:

$$\begin{aligned}
 \text{Adjusted exercise price of Warrants B} &= \text{RM0.06} \quad \times \quad \frac{2,287,084,313}{228,708,431} \\
 &= \quad \quad \quad \mathbf{RM0.60} \\
 \\ 
 \text{Adjusted number of outstanding Warrants B} &= 29,959,264 \quad \times \quad \frac{228,708,431}{2,287,084,313} \\
 &= \quad \quad \quad \mathbf{2,995,926}
 \end{aligned}$$

Such Adjustments of Warrants B will only be finalised on the Books Closing Date and will be effective on the next Market Day after the Books Closing Date. The rights and obligations of the holders of the existing Warrants B will remain unchanged, save for the aforesaid Adjustments of Warrants B.

The holders of the outstanding Warrants B will be officially notified in due course on the effective Adjustments of Warrants B arising from the Proposed Share Consolidation.

In accordance with the provisions of the Deed Poll B, the implementation of the Proposed Bonus Issue of Warrants will not give rise to any adjustments to the exercise price and/or number of the outstanding Warrants B.

### 6.5.2 ICPS

As at the LPD, there are 209,221,500 outstanding ICPS, which have a conversion price of RM0.06 each and expiring on 5 September 2029.

Consequential to the Proposed Share Consolidation, the conversion price, cash payment for conversion and the number of outstanding ICPS may be adjusted in accordance to the Constitution of the Company. The adjustments of the ICPS shall be adjusted, calculated or determined by the Board in consultation with and certified by an approved adviser or external auditor appointed by the Company ("**Adjustments of ICPS**") to ensure that the status of the ICPS holders is not prejudiced as a result of the Proposed Share Consolidation.

For illustrative purposes, the adjustments to the conversion price, cash payment for conversion and the number of outstanding ICPS are set out below based on the assumption that the Books Closing Date has been fixed on the LPD.

The conversion price, cash payment for conversion and the number of outstanding ICPS which are not exercised prior to the Books Closing Date will be adjusted. The Adjustments of ICPS are based on the following formulas:

$$\begin{aligned}
 \text{Adjusted conversion price of ICPS} &= \text{Existing conversion price of ICPS} \quad \times \quad \frac{Y}{Z} \\
 \\ 
 \text{Adjusted cash payment for conversion of ICPS} &= \text{Existing cash payment for conversion of ICPS} \quad \times \quad \frac{Y}{Z} \\
 \\ 
 \text{Adjusted number of outstanding ICPS} &= \text{Existing number of ICPS} \quad \times \quad \frac{Z}{Y}
 \end{aligned}$$

where:

Y = The aggregate number of issued MNC Shares as at the Books Closing Date

Z = The aggregate number of issued MNC Shares on the next Market Day after the Books Closing Date



## 8. APPROVALS REQUIRED AND CONDITIONALITY

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

- (i) Bursa Securities for the following:
  - (a) Proposed Share Consolidation;
  - (b) admission of the Warrants C to the Official List as well as listing and quotation of the Warrants C; and
  - (c) listing and quotation of the new Shares to be issued arising from the exercise of the Warrants C.

The approval of Bursa Securities for the above was obtained on 19 September 2022 subject to the following conditions:

Conditions	Status of compliance
(a) MNC and TA Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Bonus Issue of Warrants.	To be complied
(b) MNC and TA Securities to inform Bursa Securities upon the completion of the Proposed Bonus Issue of Warrants.	To be complied
(c) MNC to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Bonus Issue of Warrants is completed.	To be complied
(d) MNC to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of Warrants C 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; and
- (iii) any other relevant parties / authorities, if required.

The Proposed Bonus Issue of Warrants is conditional upon the Proposed Share Consolidation but not vice versa.

The Proposals are not conditional upon any other proposals undertaken or to be undertaken by the Company.

## 9. 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 as at the date of this Circular.

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**10. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED WITH THEM**

None of the Directors, major Shareholders, chief executive and/or persons connected to them has any interest, direct or indirect, in the Proposals other than their respective entitlements under the Proposals as Shareholders of the Company, to which all Entitled Shareholders are similarly entitled to.

**11. 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 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.

**12. EGM**

The Notice of EGM which is enclosed with this Circular together with the Administrative Notes can be downloaded from the Company's website at [www.mnc.com.my](http://www.mnc.com.my). The EGM will be held on a fully virtual basis and entirely via remote participation and voting through an online meeting platform hosted on Securities Services e-Portal at <https://sshsb.net.my/> (MYNIC Domain Registration Number D4A004360) provided by SS E Solutions Sdn Bhd 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.

Date and time of the EGM : Friday, 21 October 2022 at 11.30 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 via hardcopy or by electronic means through the following manner and must be deposited not less than forty-eight (48) hours before the time set for holding the EGM or any adjournment thereof at which the person named in the appointment proposes to vote:

- (i) In hard copy form  
In the case of an appointment made in hard copy form, the Form of Proxy must be deposited with the Share Registrar's office, Securities Services (Holdings) Sdn Bhd at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan.
- (ii) By electronic form  
The Form of Proxy can be electronically lodged via Securities Services e-Portal's platform at <https://sshsb.net.my/> or by fax to +603-2094 9940 or by email to [eservices@sshsb.com.my](mailto:eservices@sshsb.com.my). Kindly refer to the Administrative Notes on the procedures for electronic lodgement of Form of Proxy.

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.

**13. 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

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**APPENDIX I – FURTHER INFORMATION**

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**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 contained 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**

TA Securities, being the Principal Adviser for the Proposals, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereto in the form and context in which it appears in this Circular.

TA Securities has confirmed that there is no conflict of interest that exists or any circumstances which would or is likely to give rise to a possible conflict of interests in relation to its role as the Principal Adviser for the Proposals.

**3. HISTORICAL SHARE PRICES**

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

	<b>High RM</b>	<b>Low RM</b>
<b><u>2021</u></b>		
September	0.035	0.030
October	0.030	0.025
November	0.030	0.015
December	0.025	0.015
<b><u>2022</u></b>		
January	0.030	0.015
February	0.025	0.020
March	0.030	0.015
April	0.045	0.020
May	0.040	0.010
June	0.020	0.010
July	0.015	0.010
August	0.035	0.025
Last transacted market price on 26 August 2022, being the last market day immediately prior to the first announcement of the Proposals	0.015	
Last transacted market price on the LPD (RM)	0.010	

(Source: Bloomberg)

## APPENDIX I – FURTHER INFORMATION (CONT'D)

### 4. 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, which upon becoming due or enforceable, may have a material impact on the financial position or financial performance of 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 position or financial performance of the Group.

### 5. MATERIAL LITIGATION

As at the LPD, the Board has confirmed that the Group is not 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 the Board confirmed that there are no 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.

### 6. HISTORICAL FINANCIAL INFORMATION

	Audited			
	<sup>(1)</sup> 16-month FPE 30 April 2019	FYE 30 April 2020	FYE 30 April 2021	FYE 30 April 2022
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	27,529	20,056	21,239	15,025
Cost of sales	(21,901)	(14,665)	(17,979)	(12,627)
<b>GP</b>	<b>5,628</b>	<b>5,391</b>	<b>3,260</b>	<b>2,398</b>
Other operating income	924	1,845	9,914	1,296
Operating expenses	(9,668)	(11,079)	(30,260)	(21,430)
Finance costs	(60)	(45)	(50)	(36)
<b>LBT</b>	<b>(3,176)</b>	<b>(3,888)</b>	<b>(17,136)</b>	<b>(17,772)</b>
Income tax expense	(218)	(197)	(640)	317
<b>LAT</b>	<b>(3,394)</b>	<b>(4,085)</b>	<b>(17,776)</b>	<b>(17,455)</b>
GP margin (%)	20.44	26.88	15.35	15.96
LAT margin (%)	(12.33)	(20.37)	(83.70)	(116.17)
Weighted average no. of Shares in issue ('000)	478,383	853,748	1,450,365	1,835,654
Basic LPS (sen)	(0.71)	(0.48)	(1.23)	(0.95)

#### Note:

- (1) On 27 November 2018, the Company announced the change of its financial year end from 31 December to 30 April.

**Financial commentaries****(i) FYE 30 April 2022 vs FYE 30 April 2021**

The Group's revenue for the FYE 30 April 2022 decreased by RM6.2 million or 29.3% to RM15.0 million from RM21.2 million as compared to FYE 30 April 2021. The lower revenue was mainly due to a lower contribution from both operating segments mobile applications and wireless and multimedia related services due to lower demand from clients, as a result of the economic slowdown from the COVID-19 pandemic.

The Group recorded a lower GP of RM2.4 million (GP margin of 16.0%) in FYE 30 April 2022 as compared to a GP of RM3.3 million (GP margin of 15.3%) in FYE 30 April 2021, representing a decrease of RM0.9 million or 26.4%. The decrease in GP was in line with the decrease in revenue.

The Group's LAT for the FYE 30 April 2022 decreased by RM0.3 million or 1.8% to RM17.5 million from RM 17.8 million as compared to FYE 30 April 2021. The lower LAT was mainly due to lower operating expenses of RM21.4 million (FYE 30 April 2021: RM30.3 million). The lower operating expenses were due to lower business development expenses of RM4.7 million (FYE 30 April 2021: RM13.7 million). The decrease in LAT was partially offset by the loss on disposal of quoted shares of RM8.8 million.

**(ii) FYE 30 April 2021 vs FYE 30 April 2020**

The Group's revenue for the FYE 30 April 2021 increased by RM1.2 million or 5.9% to RM21.2 million from RM20.1 million as compared to FYE 30 April 2020. The higher revenue was mainly due to higher contribution from wireless and multimedia related services segment 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 RM3.3 million (GP margin of 15.3%) in FYE 30 April 2021 as compared to a GP of RM5.4 million (GP margin of 26.9%) in FYE 30 April 2020, representing a decrease of RM2.1 million or 39.5%. The lower GP was mainly due to higher revenue contribution from customers with lower margin from wireless and multimedia related services segment (bulk SMS messaging services).

The Groups LAT for the FYE 30 April 2021 increased by RM13.7 million or 335.2% to RM17.8 million from RM4.1 million as compared to FYE 30 April 2020. Apart from the lower GP, the higher LAT was mainly due to higher operating expenses of RM30.3 million (FYE 30 April 2020: RM11.1 million). The higher operating expenses were due to higher business development expenses of RM13.7 million (FYE 30 April 2020: RM2.4 million) 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.

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**(iii) 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 the 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 movement control order imposed by the Malaysian Government to curb the COVID-19 pandemic.

Despite the lower revenue, the Group recorded a lower 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 on an annualised basis 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 RM 3.4 million as compared to 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).

**(iv) 16-month FPE 30 April 2019 compared to 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 by RM4.3 million or 26.2% on an annualised basis). The increase in revenue 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 higher 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 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 RM2.5 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).

**7. 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:

- (i) Constitution of the Company;
- (ii) audited consolidated financial statements of MNC for the FYE 30 April 2021 and FYE 30 April 2022;
- (iii) draft Deed Poll C; and
- (iv) the letter of consent referred to in Section 2 of Appendix I above.

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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**”) will be held on a fully virtual basis and entirely via remote participation and voting through an online meeting platform hosted on Securities Services e-Portal at <https://sshsb.net.my/> (MYNIC Domain Registration Number D4A004360) provided by SS E Solutions Sdn Bhd on Friday, 21 October 2022 at 11.30 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 CONSOLIDATION OF EVERY 10 EXISTING ORDINARY SHARES IN MNC (“MNC SHARES” OR “SHARES”) INTO 1 MNC SHARE (“CONSOLIDATED SHARE”) (“PROPOSED SHARE CONSOLIDATION”)**

“**THAT** subject to the approvals of all the relevant regulatory authorities having being obtained, where required, approval be and is hereby given to the Company to give effect to the Proposed Share Consolidation;

**THAT** the Consolidated Shares shall, upon allotment and issuance, rank equally in all respects with one another **AND THAT** the fractional entitlements arising from the Proposed Share Consolidation shall be disregarded and dealt with by the Board of Directors of the Company (“**Board**”) in such manner at its absolute discretion as it may deem fit or expedient and in the best interest of the Company;

**AND THAT** the Board be and is hereby authorised with full power to do all such acts, deeds and things and to execute and deliver on behalf of the Company all such documents and/or agreements as the Board may deem fit, necessary or expedient or appropriate in the best interest of the Company, in order to finalise, implement and/or give effect to the Proposed Share Consolidation with full power to assent to any terms, conditions, modifications, variations and/or amendments as may be imposed or required by the relevant authorities.”

### **ORDINARY RESOLUTION 2**

**PROPOSED BONUS ISSUE OF UP TO 94,734,940 NEW WARRANTS IN MNC (“WARRANTS C”) ON THE BASIS OF 3 WARRANTS C FOR EVERY 8 CONSOLIDATED SHARES HELD ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER (“PROPOSED BONUS ISSUE OF WARRANTS”)**

“**THAT** subject to the approvals of all relevant regulatory authorities or parties having been obtained, where required, the Board be and is hereby authorised to issue and allot up to 94,734,940 Warrants C in registered form and constituted by a deed poll to be executed by the Company constituting the Warrants C (“**Deed Poll C**”), by way of bonus to the shareholders of the Company whose names appear on the Record of Depositors of the Company as at the close of business at 5.00 p.m. on the entitlement date to be determined and announced later by the Board (“**Entitlement Date**”), on the basis of 3 Warrants C for every 8 Consolidated Shares held on the Entitlement Date;

**THAT** the Board be and is hereby authorised to fix the exercise price of the Warrants C at a later date and that the Board be and is hereby authorised to issue and allot the new MNC Shares arising from the exercise of the Warrants C by the holders of the Warrants C in accordance with the Deed Poll C and such new MNC Shares shall, upon allotment and issuance, rank equally in all aspects with the existing Shares, save and except that the new MNC Shares will not be entitled to any dividends, rights, allotments and/or other forms of distribution where the entitlement date precedes the relevant date of allotment and issuance of the new MNC Shares;

**THAT** all fractional entitlements arising from the Proposed Bonus Issue of Warrants, if any, shall be disregarded and the Board be and is hereby authorised to deal with any fractional entitlements of the Warrants C that may arise from the Proposed Bonus Issue of Warrants, if any, in such manner as the Board shall in its absolute discretion deem fit and expedient and in the best interests of the Company;

**THAT** the proceeds arising from the exercise of the Warrants C, if any, be utilised for the purposes set out in the Circular in relation to the Proposed Bonus Issue of Warrants, and the Board be authorised with full power to vary the manner and/or purpose of utilisation of such proceeds in such manner as the Board may deem fit, necessary and/or expedient, subject to the approval of the relevant authorities, where required;

**THAT** approval be and is hereby given to the Board to issue and allot such appropriate number of Warrants C in accordance with the provisions of the Deed Poll C, including any additional Warrants C as may be required or permitted to be issued as a consequence of any adjustments in accordance with the terms and conditions of the Deed Poll C and to adjust from time to time the exercise price and/or number of the Warrants C to which the holders of the Warrants C are entitled to be issued as a consequence of the adjustments under the provisions of the Deed Poll C and to issue and allot further new Shares as may be required or permitted to be issued pursuant to such adjustments and upon any exercise by the holders of such additional Warrants C;

**THAT** the Board be and is hereby authorised to finalise, enter into, execute and deliver for and on behalf of the Company the Deed Poll C with full power to assent to any conditions, modifications, variations and/or amendments in any manner as may be imposed, required or permitted by the relevant authorities or as may be deemed necessary by the Board, and to take all steps as the Board may deem fit or expedient in order to implement, finalise and give full effect to the Deed Poll C (including, without limitation, the affixing of the Company's common seal, where necessary);

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

**AND THAT** this Ordinary Resolution 2 constitutes a specific approval for the issuance of securities of the Company as contemplated herein which is made pursuant to an offer, agreement or option and shall continue in full force and effect until all Warrants C, additional Warrants C (if any) and new Shares to be issued pursuant to or in connection with the Proposed Bonus Issue of Warrants have been duly allotted and issued in accordance with the terms of the Proposed Bonus Issue of Warrants.”

**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  
30 September 2022

Notes:

1. A member of the Company who is entitled to attend, participate, speak and vote at the EGM shall be 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 may be made in a hardcopy or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time for holding the EGM or adjourned meeting at which the person named in the appointment proposes to vote:
  - (i) **In Hardcopy Form**  
In the case of an appointment made in hard copy form, the Form of Proxy must be deposited with the Share Registrar's office, Securities Services (Holdings) Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan.
  - (ii) **By Electronic Means**  
The Form of Proxy can be electronically lodged via Securities Services e-Portal's platform at <https://sshbs.net.my/> or by fax to +603-2094 9940 or by email to [eservices@sshbs.com.my](mailto:eservices@sshbs.com.my). Kindly refer to the Administrative Notes on the procedures for electronic lodgement of Form of Proxy.
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 12 October 2022. Only members whose names appear in the General Meeting Record of Depositors as at 12 October 2022 shall be regarded as members and entitled to attend, speak and vote at the EGM.
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. Given the constantly evolving COVID-19 situation in Malaysia, we may be required to change the arrangements of our EGM at short notice. Kindly check Bursa Malaysia Securities Berhad's website and the Company's website at [www.mnc.com.my](http://www.mnc.com.my) for the latest updates on the status of the EGM.



**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 \_\_\_\_\_  
 (FULL NAME IN BLOCK LETTERS)

(NRIC No./ Registration No./ Passport No. \_\_\_\_\_)

of \_\_\_\_\_  
 (FULL ADDRESS)

(Contact No. \_\_\_\_\_ and Email Address \_\_\_\_\_)

being a member/members of **M N C WIRELESS BERHAD ("Company")**, hereby appoint(s):

Full Name as per NRIC/Passport	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address	Email address		

and/ or failing him/ her

Full Name as per NRIC/Passport	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address	Email address		

or failing him / her\*, 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 through an online meeting platform hosted on Securities Services e-Portal at <https://sshbsb.net.my/> (MYNIC Domain Registration Number D4A004360) provided by SS E Solutions Sdn Bhd on Friday, 21 October 2022 at 11.30 a.m., or at any adjournment thereof, and to vote as indicated below:

My / our proxy is to vote as indicated below:

Item	Agenda	Resolution	For	Against
1.	Proposed Share Consolidation	Ordinary Resolution 1		
2.	Proposed Bonus Issue of Warrants	Ordinary Resolution 2		

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

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2022.

\_\_\_\_\_  
 Signature of Member(s)

\* Delete if not applicable



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1. A member of the Company who is entitled to attend, participate, speak and vote at the EGM shall be 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.
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AFFIX  
STAMP

THE SHARE REGISTRAR OF  
**M N C WIRELESS BERHAD**  
Registration No. 200301033463 (635884-T)

**c/o Securities Services (Holdings) Sdn Bhd**  
Level 7, Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
Damansara Heights  
50490 Kuala Lumpur  
Wilayah Persekutuan

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