M N C WIRELESS BERHAD

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(Incorporated in Malaysia)

SUMMARY OF KEY MATTERS DISCUSSED AT THE NINETEENTH ANNUAL GENERAL MEETING ("19TH AGM") OF M N C WIRELESS BERHAD ("MNC" OR "THE COMPANY") 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 THURSDAY, 19 OCTOBER 2023 AT 10:30 A.M.

QUESTIONS RECEIVED FROM THE MINORITY SHAREHOLDERS WATCH GROUP ("MSWG") PRIOR TO THE MEETING

Operational & Financial Matters

Q1. MNC is optimistic about the future of bulk SMS, anticipating strong demand in marketing and notifications across diverse industries, including banking, insurance, healthcare, property, travel, retail, automotive, and government agencies (Page 13 of Annual Report ("AR") 2023).

a) What percentage of businesses in the mentioned industries (banking, insurance, healthcare, etc.) currently utilise bulk SMS, and how has this penetration grown over the past few years?

MNC and its subsidiaries' ("the Group") bulk SMS growth is across diverse industries, with percentages ranging from 1% to 40%, namely banking, insurance, property, government agencies, healthcare, consumer goods and services, education, loyalty and rewards, food & beverages, motor vehicle, events, associations, etc.

This was especially during movement restriction lock-down periods arising from Covid-19 pandemic, during 2021/2022. During these periods, the growth of bulk SMS was (amongst others) one of the means to ensure up-to-date and urgent information is timely sent by our clients. Volumes remain healthy and encouraging with bulk SMS as a means of communication channels for clients for marketing, notifications, greetings, reminders, etc.

This is in tandem with the Group's strategies to continually grow and actively broaden its customer base, with ever increasing business development activities to serve these markets, while nurturing and increasing the market share of existing clientele.

b) How is the bulk SMS market adapting to emerging trends in communication technology, and what is the outlook for bulk SMS in the face of competition from popular messaging platforms such as Whatsapp and Telegram?

Notwithstanding emerging trends in technology communications, the outlook of bulk SMS in the face of competition remains encouraging and relevant, especially in business-to-consumer (B2C) interactions, given its competitive cost efficiency, device compatibility, immediacy, high delivery rate, independence from applications and internet accessibility, and unobtrusive nature (amongst others), all of which augurs well for the bulk SMS industry in ensuring timely notification and communication reaches intended recipients promptly and effectively. Bulk SMS has its unique advantages in the B2C communication space as it remains a crucial tool for businesses looking to maintain cost-efficiency with reliable and broad-reaching communication with their customers and stakeholders.

c) **With growing concerns about privacy, how is MNC navigating user preferences and regulatory requirements in the context of bulk SMS, and how does this compare to messaging apps known for their end-to-end encryption?**

The Group is an Application Service Provider (ASP) license holder of the Malaysian Communications and Multimedia Commission (MCMC) for delivery of bulk SMS, which is bound by the Communications and Multimedia Act 1998 (CMA), Communications and Multimedia (Licensing) Regulations 2000, Personal Data Protection Act 2010, and Consumer Protection Act 1999. This ensures bulk SMS deliveries are governed by the afore-mentioned laws and regulations in place.

In adherent to these regulatory requirements, the Group operates under its strict Standard Operating Procedures (SOPs) to ensure that the bulk SMS, sent out are encrypted within our system, coupled with messages broadcasted by clients consisting of mass broadcasted content.

Q2. MNC signed a Memorandum of Understanding ("MOU") with Sanichi Property Sdn. Bhd. on January 15, 2018, aiming to offer short-term luxury rentals for 120 units in Marina Point, Melaka, and establish an online marketplace for luxury homestay bookings (Page 13 of AR 2023).

a) **What is the expiration date of the MOU, considering it was signed five years ago in January 2018?**

The expiration date of MOU is on 14 January 2024. Melaka, in which the Marina Point project is located, remains an attractive tourist destination for its multiple offerings from its rich historical heritage to local cuisines, more so with the return of tourists, post Covid-19 pandemic, especially over the weekends and holiday seasons as a popular tourist destination for both locals and foreigners.

b) **As announced on** Bursa Malaysia Securities Berhad **on 27 September 2023, there is no material development on the status of the MOU. Why has there been no development?**

Discussions are on-going and parties will enter into a definitive agreement, upon satisfying relevant requirements on the aforesaid collaboration on said short-term lease rentals of units at The Marina Point, Melaka, in which construction is on-going.

c) **When can stakeholders expect material development or updates on the MOU, and what are MNC's plans in this regard?**

Plans includes amongst others, the development and operation of an in-house community platform to support the booking and management of said units at The Marina Point, Melaka, via web-based and mobile applications for individuals and businesses. Timely updates will be furnished on any material developments pertaining to this MOU, expected before the year ending 2023.

Q3. MNC has raised capital through a Rights Issue with Warrants A in 2016, a Rights Issue of Irredeemable Convertible Preference Shares ("ICPS") with Warrant B in 2019, and a Private Placement in 2022. Yet, there are still 27% unutilised proceeds (Pages 9 to 11 of 1st Quarter Results (1Q2023) released on 27 September 2023).

Date	Corporate Proposal	Proposed Utilization (RM'000)	Amount Utilisation (RM'000)	Balance to Utilised (RM'000)
11 November 2016	Right Issue with Warrants A	28,342	-20,278	8,064
13 September 2019	Right Issue of ICPS with Warrants B	44,939	-34,302	10,637
11 March 2022	Private Placement	9,286	-5,988	3,296
Total		**82,567**	**-60,569**	**21,997**

The total amount of unutilised proceeds is still high, recorded at 27% as of the current date. What factors are influencing the lower-than-expected expenditure in each case?

Balance unutilised proceeds raised from respective capital fund-raising exercises, includeing amongst others, marketing initiatives, branch expansions, hiring of man-power resources, and infrastructure support equipment for respective mandated utilisations.

With regards to the Rights Issue with Warrants A, the unutilised proceeds are mainly for working capital for its branch expansion of marketing and IT-support offices, and recruitment of talent-resources man-power, which the Group is in the midst of identifying suitable talent/locations for its marketing and IT-support offices.

With regards to the Rights issue of ICPS with Warrant B, the unutilised proceeds are mainly for marketing expenses for promotion and advertising initiatives for respective mandated utilised platforms development, which are on-going as the Group is continuously evaluating new trends of advertising to improve its effective yield from marketing investments to capture quality prospects for its platforms, under the mandated utilisations.

With regards to Private Placement, the unutilised proceeds are mainly for marketing initiatives on the engagement with content developers and Key Opinion Leaders (KOLs), marketing and promotional campaigns on the said lifestyle e-commerce platform, coupled with operating and administrative expenses for the operation of said platform. The unutilised proceeds are expected to be utilised upon the completion of said platform, expected before mid of 2024.

The Group will continually evaluate the required utilisation of unutilised proceeds raised from its fund raising exercises, and channel them according to the mandated utilisation, when the need arises, to ultimately improve its performance for its stakeholders.

Q4. In Note 10 (Page 99 of AR 2023), the deposits increased significantly from RM243,196 in the financial year ended 30 April 2022 to RM12.5 million in the financial year ended 30 April 2023.

OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		*Company*	
	2023 RM	2022 RM	**2023 RM**	2022 RM
Other receivables	**208,987**	229,874	**208,507**	229,394
Deposits	**12,499,791**	243,196	**12,446,857**	97,047
Prepayments	**569**	369	**569**	369
	12,709,347	473,439	**12,655,933**	326,810
Less: Accumulated impairment losses	**(52,022)**	–	**(52,022)**	–
	12,657,325	473,439	**12,603,911**	326,810

What are the reasons for the substantial increase in the deposits?

The increase in said refundable deposits is mainly deposits to vendors and business development collaborative partners, identified for the development of platforms and marketing initiatives under the mandated utilisation of proceeds raised. The Group continually evaluates the proposals and performance of said vendors and collaborative partners over time, in its efforts to ensure that platforms developed and marketing initiatives are effective, for the intended utilisation per mandate.

Corporate Governance Matters

Q1. Datuk Tan Chor How Christopher ("Datuk Christopher"), Chief Executive Officer ("CEO") cum Executive Director ("ED") of MNC is also the ED cum CEO of PDZ Holdings Bhd. ("PDZ") (Page 5 of AR 2023).

As the CEO cum ED of the Company, Datuk Christopher is expected to devote his full-time commitment to MNC as he is drawing salary, bonus and other benefits under the contract of service with the Company.

Please explain how Datuk Christopher manages his time commitment to the Company vis-à-vis his position as the ED cum CEO of PDZ given that both are positions that require full-time commitment.

Datuk Christopher serves as the CEO cum ED of MNC and concurrently holds the positions of ED cum CEO of PDZ. He has consistently demonstrated adeptness in managing his professional obligations. Although he holds the executive role in both companies, he ensures that the day-to-day operations are managed by a competent leadership and management team, allowing him to focus on wider strategic initiatives. Business operations at both MNC and PDZ are overseen by experienced department heads, managers and their respective management teams, all of whom are well-supported by their subordinates. By allocating specific time for each company, he ensures undivided attention is given to the distinct needs of each entity.

Additionally, the use of advanced digital communication tools ensure that he remains connected, thus expediting decision-making processes. Annual reviews of his duties and responsibilities further bolster his effectiveness in every role.

Despite his dual roles, Datuk Christopher's qualifications and experiences are important in shaping the Group's business strategies. Rest assured, Datuk Christopher's dedication and ability to balance these roles have been consistently demonstrated, and we remain committed to upholding the trust and interests of our stakeholders.

Datuk Christopher is responsible for overseeing the Group's financial functions, shaping the business' strategic vision and leading business decisions to foster the Group's growth. His duties encompass collaboration with the Group's management, the execution of strategic growth plans and the management of stakeholder relationships. His engagements with other businesses and entities in no way diminish his contributions to the Group or hinder his efficacy within his role. Keeping this in perspective, MNC believes that the time and dedication Datuk Christopher devotes to MNC is fitting and adequate, especially in relation to his role.

Q2. According to Section 85 of the Companies Act 2016 ("the Act"), MNC shareholders have a statutory pre-emptive right to be offered any new shares to be issued by MNC which rank equally to the existing shares. However, the said pre-emptive right is subject to the Company's constitution.

The approval of the shareholders for the Proposed Amendments to the Constitution of the Company at the forthcoming Annual General Meeting ("AGM") shall mean that shareholders will be waiving their statutory pre-emptive rights under the Act for all future issuance of new shares by MNC, and accordingly, passing the Special Resolution in respect of the Proposed Amendments will exclude the said statutory pre-emptive rights for any future issuance of new shares by MNC. Any pre-emptive rights of the shareholders will thereafter strictly be as contained in the Constitution, and the provisions of Section 85 of the Act will no longer apply.

a) What is the reason for seeking a blanket approval from shareholders to waive their statutory pre-emptive rights under the Act for all future issuance of new shares by MNC via amending the Constitution of the Company?

b) Should not shareholders be given the right to decide whether to waive their statutory pre-emptive rights under the Act, for each future issuance of new shares by MNC given that this proposal may dilute the shareholders' stake?

As per Section 85 of the Act, MNC shareholders are entitled to a statutory pre-emptive right concerning any new shares issued by MNC, provided they rank equally to existing shares. Notably, this right is contingent upon the Company's constitution.

The upcoming AGM proposes amendments to the Company's Constitution. Approval of these amendments by shareholders implies a voluntary waiver of their statutory pre-emptive rights under the Act for all future issuances of new shares by MNC. Consequently, the passing of the Special Resolution for the Proposed Amendments to the Company's Constitution will eliminate the statutory pre-emptive rights and post-approval, shareholders will be governed by pre-emptive rights specified in the Constitution, with Section 85 of the Act no longer applicable.

The rationale for seeking this approval from shareholders to waive their statutory pre-emptive rights for all future share issuances is rooted in the aim to enhance operational efficiency. The proposed constitutional amendments specifically target the facilitation of Private Placement processes, particularly in the context of the 10% General Mandate. This alteration aims to bring flexibility to the fundraising process and expedite it, ensuring compliance with legal and regulatory frameworks.

However, a pertinent question arises: "Shouldn't shareholders have the right to decide on an individual basis whether to waive their statutory pre-emptive rights, especially considering the potential dilution of their stake?" The Company justifies this approach by emphasising that the amendment seeks to improve efficiency and enable timely access to funds in alignment with strategic initiatives. The Board pledges careful oversight of the 10% General Mandate, if activated, ensuring prudent and responsible utilisation.

In light of the proposed waiver amendment, it's crucial to mention that, in line with the Court of Appeal in Concrete Parade Sdn. Bhd. v Apex Equity Holdings Bhd. & Ors, the resolution presented to shareholders must comprehensively outline all necessary information regarding their pre-emptive rights under Section 85(1) of the Act. This includes clarifying that existing shareholders have a statutory pre-emptive right, and by voting in favour of the resolution, they would be waiving this right. The Company is committed to transparent communication, providing shareholders with all requisite information to make informed decisions.

QUESTIONS RAISED BY THE SHAREHOLDERS DURING THE MEETING

Q1. Does the Company provide door gifts?

The Company did not prepare any door gifts for the Meeting. However, we take note of this request and will consider it for our future meetings.

Q2. What is the Company's future development?

The Company's ongoing and future development includes, amongst others, continually increasing business development activities/initiatives to grow the bulk SMS industry. Despite competition from other messaging platforms, the outlook for this industry remains encouraging and healthy as elaborated in the Company's earlier response to MSWG's question 1 under "Operational & Financial Matters". This is aligned with the increasing emphasis on various businesses' digitalisation roadmaps, an area in which the Company operates.

The Company will continue to focus on these initiatives and ensure the mandated utilisation of unutilised proceeds raised from the previous fund-raising exercises to enhance the Company's bottom line and in turn, increase shareholders' value.