



M N C WIRELESS BERHAD

200301033463 (635884-T)
(Incorporated in Malaysia)

SUMMARY OF KEY MATTERS DISCUSSED AT THE TWENTIETH ANNUAL GENERAL MEETING (“20TH AGM”) OF M N C WIRELESS BERHAD (“MNC” OR “THE COMPANY”) HELD ON A VIRTUAL BASIS THROUGH LIVE STREAMING AND REMOTE PARTICIPATION AND VOTING VIA AN ONLINE MEETING PLATFORM AT WWW.SWSB.COM.MY PROVIDED BY SHAREWORKS SDN. BHD. FROM THE BROADCAST VENUE AT 100-3.011, BLOCK J, 129 OFFICES, JAYA ONE, NO. 72A, JALAN PROFESOR DIRAJA UNGKU AZIZ, 46200 PETALING JAYA, SELANGOR DARUL EHSAN ON TUESDAY, 29 OCTOBER 2024 AT 10:30 A.M.

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

Operational & Financial Matters

Q1. Below is a snapshot of the operating segments in terms of revenue and segmental results to the Group from the financial year ended (“FYE”) 30 April 2020 to 30 April 2024. (Source: Annual Report (“AR”) from 2020 to 2024)

Segmental Revenue	2020	2021	2022	2023	2024
Mobile Application	8,161,575	4,861,732	1,854,790	910,065	381,633
Wireless and Multimedia related services	11,872,848	16,376,812	13,170,413	11,525,538	13,770,968
Others	22,000				
Total Revenue	20,056,423	21,238,544	15,025,203	12,435,603	14,152,601
Segmental Results	2020	2021	2022	2023	2024
Mobile Application	- 1,988,385	- 4,254,164	- 2,331,233	- 326,013	150,993
Wireless and Multimedia related services	- 2,861,335	- 14,330,214	- 16,553,523	- 2,880,767	- 2,988,632
Others	- 722,879			- 560,065	- 1,544,775
Total Segmental Results	- 5,572,599	- 18,584,378	- 18,884,756	- 3,766,845	- 4,382,414

- (a) Why did mobile application sales drastically decline from RM8.2 million in FYE 30 April 2020 to only RM381,633.00 in FYE 30 April 2024 (“FYE 2024”)? What is the Group’s plan to revitalise the sales of the mobile application business?
- (b) What is the Group’s outlook on the sales of the mobile application business segment? Will the declining trend continue next year?

The decline in the mobile application sales due to the reduction in sales of premium mobile content services, initiatives are continuing in place to revive his business segment with business partners and new markets, with the intention of reversing this trend going forward. Among the markets being further explored with increase penetration includes the likes of Thailand, Indonesia, Philippines, Cambodia (amongst others).

The Group is strategically focusing on enhancing the quality and investing in the development and improvement of its services within the wireless and multimedia services segment, which includes bulk SMS services and other digital solutions and services which includes subscription, hosting and maintenance fees, to drive future growth and create sustainable value for our shareholders.

(c) How does the Group achieve a profitable turnaround of RM150,993 with a 40% profit margin in this business segment in FYE 2024 despite the declining trend in revenue?

Aside from continuous cost rationing on this business segment, given its declining revenue trend, profit margin improvement was also due to charging-back network infrastructure costs to business partners, resulting in positive contribution to this business segment.

(d) What do the “Others” comprise? What are the reasons for the significant increase in segment losses from RM560,065 in FYE 30 April 2023 (“FYE 2023”) to RM1.5 million in FYE 2024?

"Others" segment refers to investment holding activities expenses per Notes to Financial Statements 30, such as properties expenses, impairment of fair value of quoted shares and deposits per Notes to Financial Statements 8,12 and 25 which were higher in FYE 2024, compared to FYE 2023.

Q2. The sales and distribution costs increased significantly from RM172 in FYE 2023 to RM1.79 million in FYE 2024. (Source: Page 58 of the AR 2024).

	Note	2024 RM	Group 2023 RM	2024 RM	Company 2023 RM
Revenue	22	14,152,601	12,435,603	1,055,116	908,945
Cost of sales		(11,291,784)	(10,697,090)	(365,126)	(866,771)
Gross profit		2,860,817	1,738,513	689,990	42,174
Other operating income	23	922,779	802,401	1,459,670	1,482,091
Sales and distribution costs		(1,791,068)	(172)	(1,019,068)	(172)
Administrative expenses		(9,933,227)	(9,077,269)	(8,524,112)	(6,310,578)
Net allowance of impairment on financial assets	25(b)	(695,344)	(149,608)	(13,556,094)	(149,608)
Loss from operations		(8,636,043)	(6,686,135)	(20,949,614)	(4,936,093)
Finance cost	24	(8,500)	(21,465)	-	-
Loss before taxation	25	(8,644,543)	(6,707,600)	(20,949,614)	(4,936,093)
Income tax expense	26	17,760	62,946	17,764	63,231
Loss after taxation		(8,626,783)	(6,644,654)	(20,931,850)	(4,872,862)

What factors caused the sales and distribution costs to significantly increase in FYE 2024 compared to FYE 2023?

These were mainly utilisation of funds raised during the Rights Issue of Irredeemable Convertible Preference Shares, for marketing initiatives for bulk SMS and online property marketing platforms, as part of the Group’s ongoing business strategies to continuously expand its bottom line, aimed at enhancing visibility and driving growth for its services, which are essential in strengthening our competitive position and supporting long-term business development growth.

Q3. The impairment losses on term deposits in FYE 2024 was RM683,401 (FYE2023: Nil). (Source: Pages 91 and 100 of the AR 2024)

(a) What is the nature of this impairment, and what made it necessary?

These impairments are on deposits which the Group applies the expected credit losses (“ECL”) model in accordance with MFRS 9, on financial instruments, as part of its prudent approach in assessing the credit risk of default associated with its financial instruments, as disclosed in Notes to Financial Statements 12 and 25.

(b) What is the likelihood of further impairment or reversal or recoverability, if applicable, in the financial year ending 30 April 2025?

Given the historical track record of placement and withdrawals, the Group opines the likelihood of further impairment as low, with reversal and recoverability intact. Having said that, the Group continues to perform relevant risk assessment with close monitoring, and application of aforesaid ECL model, as part of its continuous prudent risk management.

Sustainability Matters

Q1. Currently, there is no “Statement of Assurance” on whether the Group’s Sustainability Statement has been subjected to an assurance process.

Are there plans to initiate such assurance process in the future to enhance transparency pertaining to the credibility of the Sustainability Statements?

The Board noted that, as per the enhanced Sustainability Reporting Guide (3rd edition), ACE market-listed issuers are required to disclose a Statement of Assurance in the AR for the financial year ending on or after 31 December 2025. Therefore, no Statement of Assurance was provided in the AR 2024.

Nonetheless, in compliance with this requirement, the Company will initiate the assurance process at the appropriate time and will include a Statement of Assurance in the AR for the financial year ending 30 April 2026. This will enhance the transparency and credibility of our sustainability disclosures moving forward.

Corporate Governance Matters

Q1. The Chairman of the Board, Mr. Wong Kok Seong is also a member of Audit Committee (“AC”) and Nomination Committee or Remuneration Committee (“NRC”). Hence, the Group has departed from Practice 1.4 of the Malaysian Code on Corporate Governance (MCCG), which emphasizes that the Chairman of the board should not be a member of the AC and NRC (Source: Page 7 of Corporate Governance (“CG”) Report 2024).

While it is understood that companies with small board sizes, mainly if the Chairman is an Independent Director, often require the Chairman's involvement in board committees, as each committee typically requires at least three members, we would like to call upon the Group to adopt Practice 1.4 of the MCCG to safeguard the independence of board committees, minimise conflicts of interest, and ensure a clear separation between governance and oversight roles.

Although Mr. Wong Kok Seong does not chair these Board Committees, excluding the chairman from committee meetings may strengthen internal checks and balances, preventing individuals from wielding undue influence over crucial decisions. This approach also encourages diverse perspectives within committees, ensuring that discussions are thorough, balanced, and unbiased. Embracing these practices will contribute to a more effective and independent governance structure, enhancing organisational transparency and accountability.

The Board acknowledges the concerns raised regarding the Chairman's involvement in Board Committees under Practice 1.4 of the MCCG. The Company is committed to maintaining sound governance practices while balancing the practicalities of its current Board structure.

MNC operates with a small-sized Board, which currently includes one (1) CEO cum ED, one (1) Senior Independent Non-Executive Director, two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. This composition ensures that a range of skills, perspectives, and expertise are available to the Board, particularly through the Independent Directors who provide valuable oversight and contribute to the strength and effectiveness of decision-making processes.

While the Chairman of the Board serves as a member of the Board Committees, he does not serve as the Chair of any of these committees. The Chairman also does not possess any overriding voting power within these committees, with all decisions being made based on the "one person, one vote" principle. This ensures that the Chairman's presence does not undermine the independence or objectivity of the committees' work.

Additionally, the Chairman does not hold any common equity in the Company, reinforcing his neutrality and independence in guiding the Board and participating in committee activities. The Board recognizes that the Chairman's experience and insights add value at the committee level, particularly in matters requiring strategic and high-level oversight.

The Board believes that this approach does not compromise the objectivity in receiving or assessing reports from the committees in any manner. The Company is confident that its current governance framework, particularly the involvement of the Chairman in Board Committees, is robust, transparent, and capable of upholding the principles of good corporate governance.

However, the Board remains open to refining its approach, where necessary, to enhance the overall governance and oversight mechanisms in line with evolving best practices. The Board will undertake a review of the Chairman's membership in the AC, and NRC to ensure a balance of power and authority.

Q2. Practice 5.9 of the MCCG states that the board comprises at least 30% women directors. In FYE 2023, the board has one (1) female Director, which was equivalent to 20% women representation (Source: page 37 of CG Report 2024).

When does the board plan to appoint additional women directors to address this shortfall and meet the recommended percentage of women directors?

We recommend that the group source female candidates from organisations such as the 30% Club Malaysia and the Institute of Corporate Directors Malaysia (ICDM).

The Board acknowledges Practice 5.9 of the MCCG and is committed to enhancing gender diversity within the Company. Women's representation on the Board will be considered when vacancies arise and suitable candidates are identified, while maintaining the primary aim of selecting the best candidate to support the achievement of the Company's strategic objectives.

The Board is aware of the valuable contributions that gender diversity brings to boardroom deliberations, enhancing the range of perspectives, promoting innovation, and improving corporate governance practices. While the Company has not yet achieved 30% women's representation at the Board level, decisions are made objectively in the best interests of the Group, considering diverse perspectives and insights.

While gender diversity is a key consideration, the Board also believes it is essential to recruit and retain the best talent, regardless of gender, ethnicity, or age. Ultimately, decisions will continue to be made objectively, with the goal of ensuring that the Company has a Board that is capable, experienced, and well-positioned to meet its strategic objectives.

The Board remains committed to making progress toward achieving the 30% women representation at the Board level.

QUESTIONS RAISED BY THE SHAREHOLDERS DURING THE MEETING

Q1. Given the ongoing losses despite sales, what immediate actions are being taken to stabilise and improve profitability? What specific cost-cutting measures or efficiency improvements are being implemented to address the financial issues?

The Company is renegotiating pricing, tenures and contract terms with our existing customers and business partners. Efforts are also being made to expand solutions and services for current customers, with the aim of increasing business volume. Additionally, the Company is seeking referrals for new customers from existing clientele.

Furthermore, a review and re-strategising of marketing initiatives is underway to optimise promotion efforts for platforms being introduced to the market, with the aim of improving profitability. Thus, the Company had on 6 September 2024 undertaken the proposed renounceable rights issue of up to 998,490,198 new ordinary shares in MNC ("Rights Shares") together with up to 332,830,066 free detachable warrants in MNC on the basis of 3 Rights Shares together with 1 free Warrant D for every 1 existing Share held by the entitled shareholders of MNC, aiming to raise funds to develop the e-SIJIL platform and the Mobile Advertisement Platform.

Q2. Is there a comprehensive review of the current business model underway? If so, what key areas are being re-evaluated?

The Company is strategically focusing on enhancing the quality and investing in the development and improvement of our services within the wireless and multimedia services segment, including bulk SMS services and other digital solutions and services. Efforts include marketing initiatives aimed at improving user-friendly integration and expanding services modules in response to ongoing customer feedback. These initiatives are aligned with the Company's goal to drive future growth and create value for shareholders.

Q3. Did all the Directors attend the Meeting? Was there an introduction for Board members, Management, and Auditors?

Yes, all Directors attended the Meeting, and introductions of the Board members, along with Management and Auditors, were conducted at the onset of the Meeting.

Q4. How many proxies were received?

Eighteen (18) proxies were received, as informed at the beginning of the Meeting.