

THIS CIRCULAR TO THE 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).

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M N C WIRELESS BERHAD
(Registration No. 200301033463 (635884-T))
(Incorporated in Malaysia)

CIRCULAR TO THE SHAREHOLDERS IN RELATION TO THE

- (I) **PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 998,490,198 NEW ORDINARY SHARES IN MNC (“MNC SHARES” OR “SHARES”) (“RIGHTS SHARES”) TOGETHER WITH UP TO 332,830,066 FREE DETACHABLE WARRANTS IN MNC (“WARRANTS D”) 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 ON AN ENTITLEMENT DATE TO BE DETERMINED (“PROPOSED RIGHTS ISSUE WITH WARRANTS”); AND**
- (II) **PROPOSED VARIATION OF THE UTILISATION OF PROCEEDS PREVIOUSLY RAISED FROM A PRIVATE PLACEMENT EXERCISE UNDERTAKEN BY THE COMPANY (“PROPOSED VARIATION”)**
- (COLLECTIVELY, THE “PROPOSALS”)**

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser



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 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 Friday, 27 December 2024 at 10.30 a.m. or any adjournment thereof. The Notice of EGM together with the Form of Proxy and Administrative Notes are enclosed in this Circular.

If you are unable to participate in 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 and deposit it at the Company’s Share Registrar’s office at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan or lodge electronically via e-mail to ir@shareworks.com.my not less than forty-eight (48) hours before the time appointed for holding the EGM or at any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending and voting at the EGM should you subsequently decide to do so and in such an event, your Form of Proxy shall be deemed to have been revoked.

| | |
|---|---|
| Last day, date and time for lodging the Form of Proxy | : Wednesday, 25 December 2024 at 10.30 a.m. |
| Day, date and time of the EGM | : Friday, 27 December 2024 at 10.30 a.m. |
| Online meeting platform of the EGM | : 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 |

This Circular is dated 5 December 2024

DEFINITIONS

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

| | | |
|-------------------------------|---|--|
| Act | : | Companies Act 2016, as amended from time to time including any re-enactment thereof |
| Additional Warrants C | : | Additional Warrants C to be issued arising from the Adjustments pursuant to the Proposed Rights Issue with Warrants |
| Adjustments | : | The adjustments to the exercise prices and/or number of Warrants C in accordance with the provisions of the Deed Poll C, consequential to the Proposed Rights Issue with Warrants |
| Base Case Scenario | : | Assuming that none of the Convertible Securities are exercised / converted into new Shares prior to the Entitlement Date, and all the Entitled Shareholders and/or their renounee(s) fully subscribe for their respective entitlements under the Proposed Rights Issue with Warrants |
| BNM | : | Bank Negara Malaysia |
| Board | : | The Board of Directors of MNC |
| Bursa Depository | : | Bursa Malaysia Depository Sdn Bhd (198701006854 (165570-W)) |
| Bursa Securities | : | Bursa Malaysia Securities Berhad (200301033577 (635998-W)) |
| By-Laws | : | The by-laws governing the ESOS |
| Circular | : | This circular to the Shareholders in relation to the Proposals |
| Code | : | Malaysian Code on Take-Overs and Mergers, 2016, as amended from time to time and any re-enactment thereof |
| Convertible Securities | : | Collectively, Warrants C and ICPS |
| Deed Poll C | : | The deed poll constituting the Warrants C dated 7 November 2022 |
| Deed Poll D | : | The deed poll constituting the Warrants D and governing the rights of Warrant D holders to be executed by MNC |
| Directors | : | Directors of the Company for the time being and shall have the meaning ascribed to it in Section 2(1) of the Act and Section 2(1) of the Capital Markets and Services Act 2007 |
| EGM | : | Extraordinary general meeting |
| Entitled Shareholders | : | Shareholders whose names appear in the Record of Depositors of the Company as at the close of business on the Entitlement Date in order to be entitled to participate in the Proposed Rights Issue with Warrants |
| Entitlement Date | : | 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 participate in the Proposed Rights Issue with Warrants |
| EPS | : | Earnings per Share |

DEFINITIONS (CONT'D)

| | | |
|-----------------------------|---|--|
| e-SIJIL Platform | : | An electronic document management system designed to streamline the issuance, verification, and management of digital documents, further details of which are set out in Section 4 of this Circular |
| ESOS | : | Employees' share option scheme of the Company which took effect on 3 September 2021, for a period of 5 years |
| ESOS Options | : | 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 |
| FPE | : | Financial period ended |
| FYE | : | Financial year ended / ending, as the case may be |
| GP | : | Gross profit |
| ICPS | : | 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 RM0.60 in any of the following manner: <ul style="list-style-type: none">(i) by surrendering for cancellation 2 ICPS (which were issued at the issue price of RM0.30 each and thus collectively have an aggregate issue price equivalent to the conversion price of RM0.60); or(ii) by surrendering for cancellation 1 ICPS and paying RM0.30 in cash (being the difference between the issue price of the ICPS surrendered of RM0.30 and the conversion price of RM0.60) |
| IMR or Providence | : | Providence Strategic Partners Sdn Bhd (201701024744 (1238910-A)) |
| IMR Report | : | Independent market research report dated 2 December 2024 prepared by Providence |
| LAT | : | Loss after taxation |
| LBT | : | Loss before taxation |
| Listing Requirements | : | ACE Market Listing Requirements of Bursa Securities, including any amendments that may be made from time to time |
| LPD | : | 22 November 2024, being the latest practicable date prior to the printing of this Circular |
| LPS | : | Loss per Share |
| Market Day | : | Any day on which Bursa Securities is open for trading in securities |
| Maximum Scenario | : | Assuming that all the outstanding Convertible Securities are exercised / converted into new Shares prior to the Entitlement Date, and all the Entitled Shareholders and/or their renounee(s) fully subscribe for their respective entitlements under the Proposed Rights Issue with Warrants |

DEFINITIONS (CONT'D)

| | |
|---|--|
| Minimum Scenario | : Assuming that none of the outstanding Convertible Securities are exercised / converted into new Shares prior to the Entitlement Date, and the Proposed Rights Issue with Warrants is undertaken based on the Minimum Subscription Level |
| Minimum Subscription Level | : Minimum subscription level of 142,857,143 Rights Shares together with 47,619,047 Warrants D based on an illustrative issue price of RM0.07 per Rights Share to arrive at RM10.0 million |
| MNC or the Company | : M N C Wireless Berhad (200301033463 (635884-T)) |
| MNC Group or the Group | : Collectively, MNC and its subsidiaries |
| MNC Shares or Shares | : Ordinary shares in the Company |
| Mobile Advertisement Platform | : A platform designed to connect e-hailing companies, advertisers, and passengers, creating a seamless and personalised advertisement experience during commutes, further details of which are set out in Section 4 of this Circular |
| MOU | : Memorandum of understanding |
| NA | : Net assets |
| Official List | : The official list of the ACE Market of Bursa Securities |
| Private Placement | : 30% private placement exercise previously undertaken by the Company which involved the issuance of 527,642,000 Shares and was completed on 11 March 2022 |
| Proposals | : Collectively, the Proposed Rights Issue with Warrants and Proposed Variation |
| Proposed Rights Issue with Warrants | : Proposed renounceable rights issue of up to 998,490,198 Rights Shares together with up to 332,830,066 free detachable Warrants D on the basis of 3 Rights Shares together with 1 free Warrant D for every 1 existing Share held by the Entitled Shareholders on the Entitlement Date |
| Proposed Variation | : Proposed variation of the utilisation of proceeds previously raised from the Private Placement |
| Record of Depositors | : A record of securities holders established by Bursa Depository under the Rules of Bursa Depository |
| Rights Shares | : Up to 998,490,198 new Shares to be allotted and issued pursuant to the Proposed Rights Issue with Warrants |
| RM and sen | : Ringgit Malaysia and sen respectively |
| Rules of Bursa Depository | : Rules of Bursa Depository as issued pursuant to the Securities Industry (Central Depositories) Act, 1991, as amended from time to time |
| SC | : Securities Commission Malaysia |
| Shareholders | : Registered holders of MNC Shares |
| TA Securities or the Principal Adviser | : TA Securities Holdings Berhad (197301001467 (14948-M)) |

DEFINITIONS (CONT'D)

| | |
|---------------------------------|---|
| TEAP | : Theoretical ex-all price |
| Undertakings | : The written undertakings from the Undertaking Shareholders dated 6 September 2024 pursuant to which the Undertaking Shareholders have irrevocably and unconditionally undertaken, amongst others, to apply and subscribe in full for their respective Rights Share entitlements and additional Rights Shares not taken up by other Entitled Shareholders by way of excess Rights Shares application to the extent that the aggregate subscription proceeds of the Rights Shares received by MNC arising from the subscription by all Entitled Shareholders and/or their renouncee(s) (including the Undertaking Shareholders) amount to not less than RM10.0 million, details of which are set out in Section 2.3 of this Circular |
| Undertaking Shareholders | : Collectively, Datuk Tan Chor How Christopher (Chief Executive Officer cum Executive Director as well as the substantial shareholder of the Company) and Ho Jien Shiung (substantial shareholder of the Company) |
| VWAP | : Volume-weighted average market price |
| Warrants B | : Warrants 2019/2024 of the Company. Each warrant holder is entitled the right to subscribe for 1 MNC Share for each warrant held at an exercise price of RM0.60, which has since expired on 5 September 2024 |
| Warrants C | : Warrants 2022/2025 of the Company. Each warrant holder is entitled the right to subscribe for 1 MNC Share for each warrant held at an exercise price of RM0.09, which will expire on 13 November 2025 |
| Warrants D | : Up to 332,830,066 free detachable warrants in MNC to be allotted and issued pursuant to the Proposed Rights Issue with Warrants |

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. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Circular should not be regarded as a representation or warranty that the Company’s plans and objectives will be achieved.

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EXECUTIVE SUMMARY

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 | | | | | | | | | | | | | | | |
|---|-------------------------------------|--|----------------------------------|---------------------------------|-------------------------------------|--|----------------------------|--------------------------------|------------|------------|---------------------------|----------------|---------------------------|---|---------------------------|
| <u>Summary of the Proposals</u> | | | | | | | | | | | | | | | |
| Proposed Rights Issue with Warrants | : | Proposed renounceable rights issue of up to 998,490,198 Rights Shares together with up to 332,830,066 free detachable Warrants D on the basis of 3 Rights Shares together with 1 free Warrant D for every 1 existing Share held by the Entitled Shareholders on the Entitlement Date | | | | | | | | | | | | | |
| Proposed Variation | : | Proposed variation of the utilisation of proceeds previously raised from the Private Placement | | | | | | | | | | | | | |
| Please refer to Section 2 and Section 3 of this Circular for further information. | | | | | | | | | | | | | | | |
| <u>Shareholders' Undertakings</u> | | | | | | | | | | | | | | | |
| Undertaking Shareholders and undertaking amount | : | Collectively, Datuk Tan Chor How Christopher (Chief Executive Officer cum Executive Director as well as the substantial shareholder of the Company) and Ho Jien Shiung (substantial shareholder of the Company) amounting to RM5.00 million each. | | | | | | | | | | | | | |
| Minimum Rights Shares to be subscribed for pursuant to the Undertakings | : | <table border="1"><thead><tr><th>Undertaking Shareholders</th><th>Entitlement of Rights Shares</th><th>Excess application of Rights Shares</th><th>Total Rights Shares</th></tr></thead><tbody><tr><td>Datuk Tan Chor How Christopher</td><td>40,014,999</td><td>31,413,573</td><td>⁽¹⁾71,428,572</td></tr><tr><td>Ho Jien Shiung</td><td>⁽²⁾71,428,571</td><td>-</td><td>⁽¹⁾71,428,571</td></tr></tbody></table> | | Undertaking Shareholders | Entitlement of Rights Shares | Excess application of Rights Shares | Total Rights Shares | Datuk Tan Chor How Christopher | 40,014,999 | 31,413,573 | ⁽¹⁾ 71,428,572 | Ho Jien Shiung | ⁽²⁾ 71,428,571 | - | ⁽¹⁾ 71,428,571 |
| Undertaking Shareholders | Entitlement of Rights Shares | Excess application of Rights Shares | Total Rights Shares | | | | | | | | | | | | |
| Datuk Tan Chor How Christopher | 40,014,999 | 31,413,573 | ⁽¹⁾ 71,428,572 | | | | | | | | | | | | |
| Ho Jien Shiung | ⁽²⁾ 71,428,571 | - | ⁽¹⁾ 71,428,571 | | | | | | | | | | | | |
| Notes: | | | | | | | | | | | | | | | |
| (1) Based on an illustrative issue price of RM0.07 per Rights Share. | | | | | | | | | | | | | | | |
| (2) Based on the shareholdings of Ho Jien Shiung as at the LPD, he is entitled to subscribe for up to 101,425,599 Rights Shares pursuant to the Proposed Rights Issue with Warrants. Nonetheless, Ho Jien Shiung has undertaken to apply and subscribe for up to RM5.00 million worth of Rights Shares pursuant to his Undertaking. Based on an illustrative issue price of RM0.07 per Rights Share, this would represent a subscription of 71,428,571 Rights Shares. | | | | | | | | | | | | | | | |
| Please refer to Section 2.3 of this Circular for further information. | | | | | | | | | | | | | | | |
| <u>Utilisation of Proceeds</u> | | | | | | | | | | | | | | | |
| The gross proceeds to be raised from the Proposed Rights Issue with Warrants (based on an illustrative issue price of RM0.07 per Rights Share) and the proceeds to be reallocated via the Proposed Variation are as follows: | | | | | | | | | | | | | | | |
| | Minimum Scenario (RM'000) | Base Case Scenario (RM'000) | Maximum Scenario (RM'000) | | | | | | | | | | | | |
| Proceeds to be raised from the Proposed Rights Issue with Warrants | 10,000 | 49,849 | 69,894 | | | | | | | | | | | | |
| Proceeds to be reallocated via the Proposed Variation | 8,893 | 8,893 | 8,893 | | | | | | | | | | | | |
| Total proceeds | 18,893 | 58,742 | 78,787 | | | | | | | | | | | | |

Summary

Utilisation of Proceeds (cont'd)

The aforesaid proceeds are intended to be utilised in the following manner:

| Utilisation of proceeds | Expected timeframe for utilisation from completion of the Proposed Rights Issue with Warrants | Minimum Scenario (RM'000) | Base Case Scenario (RM'000) | Maximum Scenario (RM'000) |
|---|--|----------------------------------|------------------------------------|----------------------------------|
| (i) e-SIJIL Platform | Within 36 months | 10,500 | 25,000 | 35,000 |
| (ii) Mobile Advertisement Platform | Within 36 months | 7,500 | 30,000 | 40,000 |
| (iii) Working capital | Within 12 months | 143 | 2,992 | 3,037 |
| (iv) Estimated expenses for the Proposals | Immediate | 750 | 750 | 750 |
| Total | | 18,893 | 58,742 | 78,787 |

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

Rationale for the Proposals

Proposed Rights Issue with Warrants

- Enable the Company to raise funds and channel them towards the proposed utilisation as set out in **Section 4** of this Circular; and
- Enable the Company to raise the requisite funds without incurring additional interest expense from bank borrowings, thereby minimising any potential cash outflow in respect of interest servicing costs.

Proposed Variation

Enable the Group to reallocate the unutilised proceeds from the Private Placement towards the proposed utilisation as set out in **Section 4** of this Circular.

Please refer to **Section 5** of this Circular for further information.

Approvals Required

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

- (i) Bursa Securities for the following:
 - (a) the admission of Warrants D to the Official List;
 - (b) listing and quotation of the Rights Shares, Warrants D and Additional Warrants C; and
 - (c) listing and quotation of the new Shares to be issued upon the exercise of the Warrants D and Additional Warrants C.
- (ii) Shareholders at the forthcoming EGM for the Proposals; and
- (iii) any other relevant parties / authorities, if required.

The approval of Bursa Securities was obtained on 20 November 2024. Please refer to **Section 9** of this Circular for further information.

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 with them have any interest, whether direct or indirect, in the Proposals, save for their respective entitlements under the Proposed Rights Issue with Warrants (including the right to apply for additional Rights Shares via excess shares applications), to which all Entitled Shareholders are similarly entitled to.

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

Board's Recommendation

The Board, having considered all aspects of the Proposals, including but not limited to the rationale and effects of the Proposals as well as the utilisation of proceeds, is of the view that the Proposals are in the best interest 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 12** 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 Darul Ehsan

5 December 2024

Board of Directors

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

To: The Shareholders

Dear Sir / Madam,

- (I) PROPOSED RIGHTS ISSUE WITH WARRANTS; AND**
- (II) PROPOSED VARIATION**

(COLLECTIVELY, THE "PROPOSALS")

1. INTRODUCTION

On 6 September 2024, TA Securities had, on behalf of the Board, announced that the Company proposes to undertake the Proposals.

On 21 November 2024, TA Securities had, on behalf of the Board, announced that Bursa Securities had vide its letter dated 20 November 2024 granted its approval for the following:

- (i) admission of the Warrants D to the Official List;
- (ii) listing and quotation of the Rights Shares, Warrants D and Additional Warrants C; and
- (iii) listing and quotation of the new Shares to be issued upon the exercise of the Warrants D and Additional Warrants C.

The approval of Bursa Securities is subject to the conditions as set out in **Section 9** 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 RIGHTS ISSUE WITH WARRANTS

2.1 Basis and number of Rights Shares and Warrants D to be issued

The Proposed Rights Issue with Warrants involves the issuance of up to 998,490,198 Rights Shares together with up to 332,830,066 free Warrants D to be implemented on a renounceable basis of 3 Rights Shares together with 1 free Warrant D for every 1 existing Share held by the Entitled Shareholders on the Entitlement Date at an issue price to be determined and announced by the Board.

The basis of 3 Rights Shares together with 1 free Warrant D for every 1 existing Share was arrived at after taking into consideration, amongst others, the following:

- (i) the amount of proceeds to be raised from the subscription of the Rights Shares which is to be channelled towards the purposes as set out in **Section 4** of this Circular. The proceeds to be raised are subject to the final issue price of the Rights Shares, further details of which are set out in **Section 2.4** of this Circular; and
- (ii) Rule 6.51 of the Listing Requirements which states that the number of new Shares which will arise from all outstanding convertible equity securities, when exercised or converted, does not exceed 50% of the total number of issued shares of the Company (excluding treasury shares and before the exercise of the convertible equity securities) at all times.

The actual number of Rights Shares and Warrants D to be issued will depend on the total number of issued Shares held by the Entitled Shareholders on the Entitlement Date after taking into consideration any new Shares that may be issued arising from the exercise of any Convertible Securities as well as the eventual subscription level for the Proposed Rights Issue with Warrants.

As at the LPD, the Company has 237,377,301 issued Shares. The Company does not have any treasury shares. The Company has the following convertible securities:

- (i) 82,043,015 Warrants C;
- (ii) 13,409,750 ICPS; and
- (iii) up to 71,213,100 ESOS Options which may be granted and 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 and the Company does not intend to grant any ESOS Options prior to the completion of the Proposals.

Based on the enlarged number of 332,830,066 issued Shares assuming full exercise and conversion of the Convertible Securities prior to the Entitlement Date and all Entitled Shareholders fully subscribe their entitlement of the Rights Shares with Warrants D, the Proposed Rights Issue with Warrants would entail the issuance of up to 998,490,198 Rights Shares together with up to 332,830,066 Warrants D.

The Rights Shares and Warrants D will be provisionally allotted and issued to the Entitled Shareholders. The Entitlement Date shall be determined by the Board after obtaining all approvals for the Proposed Rights Issue with Warrants.

The Warrants D are attached to the Rights Shares without any cost and will be issued only to the Entitled Shareholders and/or their renouncee(s) who subscribe for the requisite number of Rights Shares. Each Warrant D will entitle its holder to subscribe for 1 new Share at an exercise price to be determined by the Board. The Warrants D will be immediately detached from the Rights Shares upon issuance and will be traded separately. The Warrants D will be issued in registered form and constituted by the Deed Poll D.

The entitlements for the Rights Shares together with the Warrants D are renounceable in full or in part. Accordingly, the Entitled Shareholders may fully or partially renounce their entitlements under the Proposed Rights Issue with Warrants.

However, the Rights Shares and Warrants D cannot be renounced separately and only the Entitled Shareholders who subscribe for the Rights Shares will be entitled to the Warrants D. As such, the Entitled Shareholders who renounce all of their Rights Share entitlement shall be deemed to have renounced all the accompanying entitlements to the Warrants D to be issued together with the Rights Shares. If the Entitled Shareholders accept only part of their Rights Share entitlement, they shall be entitled to the Warrants D in proportion to their acceptance of their Rights Share entitlement.

Any Rights Shares which are not validly taken up shall be offered to other Entitled Shareholders and/or their renouncee(s) under excess shares application. It is the intention of the Board to reduce the incidence of odd lots and to allocate excess Rights Shares in a fair and equitable manner and on a basis to be determined by the Board later.

Fractional entitlements of the Rights Shares and/or Warrants D arising from the Proposed Rights Issue with Warrants, if any, shall be disregarded and/or dealt with by the Board in such manner and on such terms and conditions as the Board in its absolute discretion may deem fit or expedient and in the best interest of the Company.

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2.2 Indicative salient terms of Warrants D

- Issuer : MNC
- Issue size : Up to 332,830,066 Warrants D
- Form : The Warrants D will be issued in registered form and constituted by the Deed Poll D
- Board lot : For the purpose of trading on Bursa Securities, a board lot of Warrants D shall be 100 units of Warrants D, or such denominations as permitted by the Bursa Securities.
- Tenure : 3 years commencing on and including the date of issuance of the Warrants D
- Exercise Period : The Warrants D may be exercised at any time within a period of 3 years commencing from and including the date of issuance of the Warrants D to the close of business at 5.00 p.m. (Malaysia time) on the Market Day immediately preceding the date which is the 3rd anniversary from the date of issuance of the Warrants D.
- Any Warrant D 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 D 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 D 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 D.
- Exercise Rights : Each Warrant D 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 D.
- Mode of exercise : The holders of the Warrants D are required to lodge a duly completed, signed and stamped subscription form at the Company's registrar's office or by electronic submission via e-mail 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 or internet bank transfer for the electronic subscription form lodged for the full amount of the exercise price payable when exercising their Warrants D 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 D : Subject to the provisions of the Deed Poll D, the exercise price and/or the number of unexercised Warrants D 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 D, 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 D.

- Rights of the Warrant D holders : The Warrants D 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 D exercise their Warrants D for new Shares in accordance with the provisions of the Deed Poll D 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 D : The new Shares to be issued pursuant to the exercise of the Warrants D in accordance with the provisions of the Deed Poll D shall, upon allotment, issuance and full payment of the exercise price of the Warrants D, 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 D.
- Rights of the Warrant D 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:
- (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 D (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 D; and
 - (ii) in any other cases, every Warrant D holder shall be entitled to exercise his / her Warrants D 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 D holder credited as fully paid subject to the prevailing laws, and such Warrants D 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 exercise rights of the Warrants D shall lapse and cease to be valid for any purpose.
- Modification of rights of Warrant D holders : Save as otherwise provided in the Deed Poll D, a special resolution of the Warrant D holders is required to sanction any modification, alteration or abrogation in respect of the rights of the Warrant D holders.

Modification of the Deed Poll D : Any modification to the terms and conditions of the Deed Poll D may be effected only by a further deed poll, executed by the Company and expressed to be supplemental to the Deed Poll D. 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 D 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 D holders.

Listing status : The Warrants D will be listed and traded on the ACE Market of Bursa Securities. The listing and quotation of Warrants D on the ACE Market of Bursa Securities is subjected to a minimum of 100 holders of Warrants D holding not less than 1 board lot of the Warrants D each.

Transferability : The Warrants D shall be transferable in the manner provided under the Securities Industry (Central Depositories) Act, 1991 and the Rules of Bursa Depository.

Deed Poll D : The Warrants D shall be constituted under the Deed Poll D.

Governing Law : The Warrants D and the Deed Poll D shall be governed by the laws and regulations of Malaysia.

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2.3 Minimum Subscription Level and Undertakings

The Company intends to raise a minimum of RM10.0 million from the Proposed Rights Issue with Warrants to meet the funding requirements of the Group, which will be channelled towards the proposed utilisation as set out in **Section 4** of this Circular.

As such, the Proposed Rights Issue with Warrants will be undertaken on the Minimum Subscription Level. Based on an illustrative issue price of RM0.07 per Rights Share, the Minimum Subscription Level would involve 142,857,143 Rights Shares together with 47,619,047 Warrants D, to arrive at RM10.0 million.

The Minimum Subscription Level will be met via the undertakings from Undertaking Shareholders to apply and subscribe in full for their respective Rights Shares entitlements and additional Rights Shares not taken up by other Entitled Shareholders by way of excess Rights Shares application, to the extent such that the aggregate subscription proceeds of the Rights Shares received by the Company arising from the subscription by all Entitled Shareholders and/or their renounee(s) (including the Undertaking Shareholders) amount to not less than RM10.0 million. For the avoidance of doubt, the subscription of Rights Shares (including excess Rights Shares, where applicable) by the Undertaking Shareholders pursuant to their Undertakings is for an amount of up to RM10.0 million.

A summary of the Undertakings are set out below:

| Undertaking Shareholders | Existing direct shareholdings as at the LPD | | Subscription amount pursuant to Undertakings | Minimum Rights Shares to be subscribed for pursuant to the Undertakings | | | Assuming none of the other Entitled Shareholders subscribe for their Rights Shares | |
|--------------------------------|---|------------------|--|---|--|----------------------|--|------------------|
| | No. of Shares | ⁽¹⁾ % | RM | Subscription based on entitlement | Subscription based on excess application | ⁽²⁾ Total | No. of Shares held after the Proposed Rights Issue with Warrants | ⁽³⁾ % |
| Datuk Tan Chor How Christopher | 13,338,333 | 5.62 | 5,000,000 | 40,014,999 | 31,413,573 | 71,428,572 | 84,766,905 | 22.29 |
| Ho Jien Shiung | 33,808,533 | 14.24 | 5,000,000 | ⁽⁴⁾ 71,428,571 | - | 71,428,571 | 105,237,104 | 27.68 |
| Total | 47,146,866 | 19.86 | 10,000,000 | 111,443,570 | 31,413,573 | 142,857,143 | 190,004,009 | 49.97 |

Notes:

- (1) Based on 237,377,301 issued Shares as at the LPD.
- (2) Based on an illustrative issue price of RM0.07 per Rights Share.
- (3) Based on the enlarged number of 380,234,444 issued Shares under the Minimum Scenario.

- (4) Based on the shareholdings of Ho Jien Shiung as at the LPD, he is entitled to subscribe for up to 101,425,599 Rights Shares pursuant to the Proposed Rights Issue with Warrants. Nonetheless, Ho Jien Shiung has undertaken to apply and subscribe for up to RM5.00 million worth of Rights Shares pursuant to his Undertaking. Based on an illustrative issue price of RM0.07 per Rights Share, this would represent a subscription of 71,428,571 Rights Shares.

Pursuant to the Undertakings, the Undertaking Shareholders have confirmed that they have sufficient financial means and resources to fulfil their obligations under their respective Undertakings.

TA Securities has verified the sufficiency of financial resources of the Undertaking Shareholders for the purpose of subscribing for the Rights Shares and excess Rights Shares pursuant to their respective Undertakings.

For illustrative purposes, assuming none of the other Entitled Shareholders subscribe for their entitlements to the Rights Shares, the Undertaking Shareholders will be subscribing for a total of 142,857,143 Rights Shares based on an illustrative issue price of RM0.07 per Rights Share.

However, should the actual issue price be higher or lower than RM0.07 per Rights Share, the total number of Rights Shares and excess Rights Shares to be subscribed by the Undertaking Shareholders (which is computed based on RM10.0 million divided by the actual issue price of the Rights Shares) will be adjusted correspondingly to arrive at RM10.0 million.

The Undertaking Shareholders have confirmed that:

- (i) their subscription for Rights Shares and excess Rights Shares pursuant to the Undertakings will not give rise to any consequence of mandatory take-over offer obligation under the Code and the Rules on Take-Overs, Mergers and Compulsory Acquisitions immediately after the completion of the Proposed Rights Issue with Warrants (based on an illustrative issue price of RM0.07 per Rights Share); and
- (ii) they will observe and comply at all times with the provision of the Code and the Rules on Take-Overs, Mergers and Compulsory Acquisitions and will seek from the SC the necessary exemptions from undertaking such mandatory take-over offer, if required.

The Undertaking Shareholders are not deemed persons acting in concert with one another pursuant to Sections 216(2) and 216(3) of the CMSA.

As the Minimum Subscription Level will be fully satisfied via the Undertakings, the Company will not procure any underwriting arrangement for the remaining Rights Shares not subscribed for by other Entitled Shareholders.

For avoidance of doubt, the Undertaking Shareholders are not obliged to subscribe for the Rights Shares pursuant to the Undertakings if the Minimum Subscription Level has been achieved via subscription by all other Entitled Shareholders and/or their renounees. Notwithstanding this, the Undertaking Shareholders may still choose to do so at their own discretion. At this juncture, the Undertaking Shareholders have not decided on whether they will subscribe for the Rights Shares in the event the Minimum Subscription Level has been achieved.

The Undertakings are not expected to result in any breach in the public shareholding spread requirement by the Company under Rule 8.02(1) of the Listing Requirements, which stipulates that a listed corporation must ensure that at least 25% of its total listed shares (excluding treasury shares) are in the hands of public shareholders.

2.4 Basis and justification of determining the issue price of the Rights Shares and the exercise price of the Warrants D

(i) Issue price of the Rights Shares

The issue price of the Rights Shares shall be determined and announced by the Board at a later date before the announcement of the Entitlement Date after taking into consideration, amongst others, the following:

- (a) the funding requirements of the Group as set out in **Section 4** of this Circular;
- (b) the TEAP of MNC Shares based on the 5-day VWAP of MNC Shares up to and including the last trading day prior to the price-fixing date.

The Board intends to fix the issue price of the Rights Shares such that the issue price is at a discount of not more than 20% to the TEAP of MNC Shares. This was determined by the Board after taking into consideration the need of the Company to price the Rights Shares at an issue price deemed sufficiently attractive to encourage subscription of the Rights Shares and to enable the Group to raise the necessary funds to meet its funding requirements as set out in **Section 4** of this Circular. The price-fixing announcement will also include the basis and justification for the issue price of the Rights Shares; and

- (c) the rationale for the Proposed Rights Issue with Warrants as set out in **Section 5** of this Circular.

The illustrative issue price of RM0.07 per Rights Share represents a discount of approximately 2.37% to the TEAP of MNC Shares of RM0.0717, calculated based on the 5-day VWAP of MNC Shares up to and including the LPD of RM0.0786 and assuming an illustrative exercise price of RM0.07 per Warrant D.

(ii) Exercise price of the Warrants D

The exercise price of the Warrants D shall be determined and announced by the Board at a later date before the announcement of the Entitlement Date after taking into consideration, amongst others, the TEAP of MNC Shares based on the 5-day VWAP of MNC Shares up to and including the last trading day prior to the price-fixing date.

The price-fixing announcement will also include the basis and justification for the exercise price of the Warrants D. The Board intends to fix the exercise price of the Warrants D such that it is at a discount of not more than 20% to the TEAP of MNC Shares. This was determined by the Board after taking into consideration the future prospects of the Group, further details of which are set out in **Section 6** of this Circular, as well as the need to fix an exercise price that makes the Warrants D attractive for the purposes of enhancing the subscription level of the Rights Shares.

The illustrative exercise price of RM0.07 per Warrant D represents a discount of approximately 2.37% to the TEAP of MNC Shares of RM0.0717, calculated based on the 5-day VWAP of MNC Shares up to and including the LPD of RM0.0786 and assuming an illustrative issue price of RM0.07 per Rights Share. The illustrative exercise price of RM0.07 per Warrant D is based on the illustrative issue price of the Rights Shares.

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2.5 Ranking of the Rights Shares and the new Shares to be issued arising from the exercise of Warrants D

(i) Rights Shares

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

(ii) New Shares to be issued arising from the exercise of the Warrants D

The new Shares to be issued pursuant to the exercise of the Warrants D shall, upon allotment and issuance, rank equally in all respects with the then 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 and issuance of such new Shares.

3. DETAILS OF THE PROPOSED VARIATION

On 11 March 2022, the Company completed the Private Placement and raised total gross proceeds of approximately RM9.29 million. As at the LPD, the utilisation of proceeds raised from the Private Placement is as follows:

| Purpose | Proposed utilisation (RM'000) | Actual utilisation (RM'000) | Balance unutilised (RM'000) | Timeframe for utilisation from completion of the Private Placement |
|---|-------------------------------|-----------------------------|-----------------------------|--|
| Development of the lifestyle e-commerce platform | 5,500 | - | 5,500 | Within 30 months |
| Working capital for the lifestyle e-commerce platform | 3,393 | - | 3,393 | Within 36 months |
| Corporate expenses | 393 | 393 | - | Immediate |
| Total | 9,286 | 393 | 8,893 | |

As shown from the above, save for the corporate expenses in relation to the Private Placement, the Company has not utilised any of the proceeds raised from the Private Placement, which was intended for the development and working capital of the lifestyle e-commerce platform.

Capitalising on the growth in the e-commerce industry, the lifestyle e-commerce platform was a platform intended to combine social media features with an e-commerce marketplace that matches buyers and merchants, and was envisaged to feature lifestyle products and services. Further details of the lifestyle e-commerce platform are set out in the circular to Shareholders dated 25 March 2021 in relation to the Private Placement ("**Private Placement Circular**").

As set out in the Private Placement Circular, the lifestyle e-commerce platform was intended to be co-developed through the Group's in-house IT team and partnership with third-party technology partners, following which the Group had subsequently in April 2022 entered into a MOU with Hot TV Entertainment Sdn Bhd to jointly develop the said platform. Nonetheless, both parties were not able to reach an agreement on the material terms of the collaboration even after various discussions and the Company had on 29 July 2024 announced their mutual decision to terminate the MOU.

Following this, the Board has resolved to undertake the Proposed Variation whereby the remaining unutilised proceeds of RM8.89 million will be reallocated towards the proposed utilisation as set out in **Section 4** of this Circular.

As the Proposed Variation entails the variation of more than 25% of the total proceeds raised from the Private Placement of RM9.29 million (i.e. approximately 95.69%), this is deemed a material change to the utilisation of proceeds raised from the Private Placement in accordance with Rule 8.24(2)(a) of the Listing Requirements. Accordingly, the Company is required to seek for its Shareholders' approval for the Proposed Variation.

4. UTILISATION OF PROCEEDS FROM THE PROPOSALS

The gross proceeds to be raised from the Proposed Rights Issue with Warrants (based on an illustrative issue price of RM0.07 per Rights Share) and the proceeds to be reallocated via the Proposed Variation are as follows:

| | Minimum Scenario (RM'000) | Base Case Scenario (RM'000) | Maximum Scenario (RM'000) |
|--|---------------------------|-----------------------------|---------------------------|
| Proceeds to be raised from the Proposed Rights Issue with Warrants | 10,000 | 49,849 | 69,894 |
| Proceeds to be reallocated via the Proposed Variation | 8,893 | 8,893 | 8,893 |
| Total proceeds | 18,893 | 58,742 | 78,787 |

The aforesaid proceeds are intended to be utilised in the following manner:

| Utilisation of proceeds | Expected timeframe for utilisation from completion of the Proposed Rights Issue with Warrants | ⁽¹⁾ Minimum Scenario (RM'000) | ⁽¹⁾ Base Case Scenario (RM'000) | ⁽¹⁾ Maximum Scenario (RM'000) |
|--|---|--|--|--|
| (i) e-SIJIL Platform | Within 36 months | 10,500 | 25,000 | 35,000 |
| (ii) Mobile Advertisement Platform | Within 36 months | 7,500 | 30,000 | 40,000 |
| (iii) Working capital | Within 12 months | 143 | 2,992 | 3,037 |
| (iv) Estimated expenses for the Proposals ⁽²⁾ | Immediate | 750 | 750 | 750 |
| Total | | 18,893 | 58,742 | 78,787 |

Notes:

- (1) As set out in **Section 9** of this Circular, the Proposed Variation is conditional upon the Proposed Rights Issue with Warrants but not vice versa. Accordingly, if the Proposed Variation was not approved by Shareholders, the Company will only raise RM10.00 million from the Proposed Rights Issue with Warrants pursuant to the Minimum Subscription Level and Undertakings, and shall be allocated to defray the estimated expenses for the Proposals of RM0.75 million and the remaining RM9.25 million will be utilised for the e-SIJIL Platform.

Furthermore, any additional proceeds raised in excess of RM10.00 million as set out above (whether through proceeds from the Proposed Variation or subscriptions above the Minimum Subscription Level) will be allocated up to its respective maximum allocation under the Minimum Scenario, Base Case Scenario and Maximum Scenario in the following order:

- (i) estimated expenses for the Proposals;
 - (ii) e-SIJIL Platform;
 - (iii) Mobile Advertisement Platform; and
 - (iv) working capital.
- (2) If the actual expenses incurred for are higher than the allocated amount, the deficit will be funded via the proceeds allocated for working capital. Conversely, any surplus of funds following payment of expenses for the Proposals will be utilised in the order as set out in Note (1) above.

With regard to the Group's funding requirement for the e-SIJIL Platform, Mobile Advertisement Platform and working capital, should there be any shortfall from the actual proceeds raised (ie. when the actual proceeds raised exceed RM10.00 million but fall short of the Maximum Scenario), this shall be funded via the Group's internally generated funds, bank borrowings and/or future fundraising exercises to be undertaken (if required).

The breakdown of such funding cannot be determined at this juncture as it will depend on amongst others, the actual shortfall amount as well as the availability and suitability of other funding options at the relevant time.

Pending the utilisation of the proceeds from the Proposed Rights Issue with Warrants, the unutilised proceeds shall be placed in interest-bearing deposits and/or money market financial instruments of licenced financial institutions. The interests derived from the deposits with financial institutions or any gains arising from money market financial instruments will be used 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 which includes, amongst others, repair and/or maintenance of office equipment, office insurance as well as general cleaning services. The exact breakdown of such utilisation cannot be determined at this juncture as it would depend on the actual working capital needs of the Group at the relevant time.

(i) e-SIJIL Platform

The Group noted that there is a growing need for secure and verifiable digital transactions, particularly in government sectors or such other sectors like finance, education and legal where the integrity of digital documents is critical. Pursuant thereto, the Group intends to develop the e-SIJIL Platform to provide effective solutions to address these needs.

The e-SIJIL Platform is an electronic document management system designed to streamline the issuance, verification, and management of digital documents. The platform aims to offer a comprehensive digital document management solution that facilitates the creation, archiving, reviewing, sharing and verification of digital documents. The e-SIJIL Platform is envisaged to have the following key features:

- (a) creation and issuance of documents via an application programming interface ("API"), which can be integrated with existing systems to generate and issue documents. API also allows for sharing only necessary information while keeping the remaining details / information hidden from the other users, where relevant;
- (b) customisable templates and designs for various types of certificates and documents, including predefined templates from which the user can choose;

- (c) support for the generation of multiple documents for groups of recipients simultaneously, using data inputs such as identification numbers, e-mail addresses, certificate numbers and validity periods;
- (d) notification to recipients during the issuance process with customised e-mail messages;
- (e) document file management system, allowing issuers to store and archive issued documents for future reference and compliance, with search functionality based on inputs like name and date; and
- (f) tracking the status of certificates and their expiry, making updates to issued documents and maintaining proper trails and records on the system.

Recipients of the digital documents will also benefit from a comprehensive portfolio management system, which will include features such as user identification allowing them to maintain a personal portfolio of all received digital certificates from different issuers. They will be able to review, view, and share their certificates via links, download them in a portable document format and keep track of expiry dates and renewal deadlines. The platform will provide a user-friendly interface for easy navigation and document search.

The platform will also enable public and industry stakeholders to verify digital documents with multiple verification options. This includes confirming the authenticity and integrity of digital certificates, ensuring certificates are not tampered with, verifying they are issued by registered institutions, and checking if they have not been revoked or expired. Additionally, mobile devices can also be used to quickly verify certificates via unique quick-response (QR) codes printed on the digital certificate.

e-SIJIL Platform flowchart

E-Sijil User Portal

Users will be able to use the **E-Sijil User Portal** to view and share their verified e-certificates



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The e-SIJIL platform offers advantages over traditional certificates, including the ability to track the origin and history of each certificate, helping to eliminate counterfeit documents. It ensures the certificate is legitimate and issued by a recognised authority, providing assurance to the public and industry stakeholders. The tamper-proof nature of the platform prevents any unauthorised alterations to the certificates, as any modification will invalidate the certificate.

The development of the e-SIJIL Platform is expected to be completed within a period of 18 months following the completion of the Proposals, with a basic version ready for commercialisation. Thereafter, the Group intends to market the e-SIJIL Platform locally to, amongst others, government agencies, corporations and businesses. The Group intends to charge a periodic subscription fee for the e-SIJIL Platform where the quantum will be dependent on the final pricing structure to be negotiated with the relevant users.

In this respect, the Group intends to utilise proceeds of up to RM35.00 million under the Maximum Scenario for the total development cost of e-SIJIL Platform, as follows:

| e-SIJIL Platform | Minimum Scenario (RM'000) | Base Case Scenario (RM'000) | Maximum Scenario (RM'000) |
|--|----------------------------------|------------------------------------|----------------------------------|
| (i) Development costs ⁽¹⁾ | 6,000 | 6,000 | 6,000 |
| (ii) Infrastructure costs ⁽²⁾ | 4,000 | 4,000 | 4,000 |
| (iii) Marketing expenses ⁽³⁾ | 500 | 7,500 | 12,500 |
| (iv) Working capital ⁽³⁾ | - | 7,500 | 12,500 |
| Total | 10,500 | 25,000 | 35,000 |

Notes:

(1) This comprises the development costs for the e-SIJIL Platform, which shall include the following modules:

- (i) user registration, authentication and user management modules;
- (ii) document template creation, preview, archive, generation, sharing and document management modules;
- (iii) audit trail and logging modules;
- (iv) API gateway for integration with external subsystems modules;
- (v) security modules; and
- (vi) mobile responsive user interface modules.

The Group intends to undertake the aforesaid development through a combination of its in-house IT team and partnership with third-party technology partners. As at the LPD, the Group is in the midst of identifying suitable third-party technology partners to co-develop the platform based on the intended specifications of the platform.

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- (2) This comprises the infrastructure costs^(a) for the e-SIJIL Platform, the breakdown of which is estimated as follows:

| Infrastructure costs | Amount (RM'000) |
|--|----------------------------|
| Renovation cost | 1,700 |
| Rental of servers and network equipment as well as subscription of software application modules (ie. cloud hosting, storage and data transfer via the Amazon web services (AWS)) coupled with firewalls for operation of the platform with cybersecurity protection (ie. deployment of firewall software and security system via AWS) on an annual basis | 1,200 |
| Hardware such as laptops and software tools and licenses for employees to carry out their respective roles of project manager, solution architect, creative designers and web developers | 1,000 |
| Office equipment as well as furniture and fittings | 100 |
| Total | 4,000 |

- (a) The Group intends to establish several support centres within the Klang Valley area, followed by other states in Malaysia such as Melaka and Johor through renting of such new office spaces. Nonetheless, the exact location cannot be determined at this juncture as it will depend on amongst others, the operational requirements of the Group at the relevant time. For the avoidance of doubt, these infrastructure costs, which include the renovation cost and office equipment are earmarked for the aforesaid new support centres.
- (3) These comprise the marketing expenses and working capital to operate the e-SIJIL Platform, the percentage allocation of which are 50% each under the Base Case Scenario and Maximum Scenario respectively, as follows:
- (a) the marketing activities are intended to promote the e-SIJIL Platform and will include but not limited to digital marketing such as engagement with content developers / key opinion leaders as well as promotional campaigns to raise awareness for the platform; and
- (b) working capital for the operations of the e-SIJIL Platform upon commercialisation and shall include operating and administrative expenses such as utilities, office rental, upkeep and maintenance of the platform as well as the payment of staff salaries deployed for the e-SIJIL Platform. Under the Minimum Scenario, the working capital, if any shall be funded via the Group's internally generated funds and/or bank borrowings.

The breakdown of such funding cannot be determined at this juncture as it will depend on amongst others, the actual shortfall amount as well as the availability and suitability of other funding options at the relevant time.

(ii) **Mobile Advertisement Platform**

Leveraging on the Group's experience in digital advertising solutions as set out in **Section 6.4** of this Circular, the Group intends to utilise proceeds of up to RM40.00 million under the Maximum Scenario for the total development cost of Mobile Advertisement Platform.

The Mobile Advertisement Platform will be designed to connect e-hailing companies, advertisers and passengers, creating a seamless and personalised advertisement experience during commutes. The core feature of the Mobile Advertisement Platform is the use of headrest-mounted tablets in ride-sharing vehicles to display advertisements. These tablets serve as dynamic interfaces for delivering tailored content to passengers. The platform employs location-based technology, ensuring that advertisements are relevant to the passenger's location and timeframe.

With the end user's consent, the Mobile Advertisement Platform can obtain relevant data via API from e-hailing companies such as age, gender, pickup point and drop-off point. This data will then enable the platform to tailor advertisements to passengers, enhancing the relevance of the content and increasing engagement. Using data on the average rideshare trip time, the platform could also match the duration of the advertisements for a seamless viewing experience.

The Mobile Advertisement Platform will also feature engaging video advertisements with interactive calls to action. The types of content could include e-coupons, market research participation, and campaign offers, transforming the commute into an interactive and engaging experience.

Key features of the platform as compared to traditional advertising methods include, amongst others, the following:

- (a) **Targeted Advertising:** By using personalised inputs, the platform ensures that content is highly relevant to the audience. This increases the likelihood of passengers engaging with the advertisement, leading to a higher return on investment ("**ROI**") for advertisers.
- (b) **Enhanced Passenger Engagement:** The platform's interactive features significantly enhance passenger engagement. Time-based and location-based content, along with calls to action, provide a rich and interactive experience that goes beyond traditional advertising methods.
- (c) **Cost-Efficient Targeting:** Geotargeting technology allows advertisers to focus their efforts on specific locations and timeframes, reducing wasted advertisement spend. This precise targeting is more cost-efficient and effective compared to traditional advertising methods.
- (d) **Detailed Analytics:** The platform offers comprehensive analytics on advertisement performance, including engagement rates and return on investment. This data-driven approach allows advertisers to fine-tune their campaigns for maximum effectiveness.

The development of the Mobile Advertisement Platform is expected to be completed within a period of 18 months following the completion of the Proposals, with a basic version ready for commercialisation. The Group aims to generate income from the Mobile Advertisement Platform through advertising fees charged to businesses. The exact fees will vary based on, among others, type of advertising options chosen by the customers (e.g. time-based advertisement, location-based advertisement and/or interactive options).

In this respect, the proceeds allocated for the Mobile Advertisement Platform is expected to be utilised as follows:

| Mobile Advertisement Platform | Minimum Scenario (RM'000) | Base Case Scenario (RM'000) | Maximum Scenario (RM'000) |
|---|----------------------------------|------------------------------------|----------------------------------|
| (i) Development costs ⁽¹⁾ | 5,500 | 5,500 | 5,500 |
| (ii) Hardware and infrastructure costs ⁽²⁾ | 1,000 | 10,500 | 17,500 |
| (iii) Marketing expenses ⁽³⁾ | 500 | 7,000 | 8,500 |
| (iv) Working capital ⁽³⁾ | 500 | 7,000 | 8,500 |
| Total | 7,500 | 30,000 | 40,000 |

Notes:

(1) This comprises the development costs for the Mobile Advertisement Platform, which shall include the following modules:

- (i) campaign management modules;
- (ii) content delivery and management modules;
- (iii) vehicle management and data analytics modules;
- (iv) security modules;
- (v) mobile responsive user interface modules; and
- (vi) payment processing modules.

The Group intends to undertake the aforesaid development through a combination of its in-house IT team and partnership with third-party technology partners. As at the LPD, the Group is in the midst of identifying suitable third-party technology partners to co-develop the platform based on the intended specifications of the platform.

(2) This comprises the hardware and infrastructure costs for the Mobile Advertisement Platform, the breakdown of which is estimated as follows:

| Hardware and infrastructure costs | Minimum Scenario (RM'000) | Base Case Scenario (RM'000) | Maximum Scenario (RM'000) |
|--|----------------------------------|------------------------------------|----------------------------------|
| Purchase of tablet and installation cost ^(a) | 500 | 10,000 | 17,000 |
| Hardware such as laptops and software tools and licenses for employees to carry out their respective roles | 500 | 500 | 500 |
| Total | 1,000 | 10,500 | 17,500 |

Sub-note:

(a) Based on an estimated cost of RM1,000 per tablet, including the installation cost.

- (3) These comprise the marketing expenses and working capital to operate the Mobile Advertisement Platform, the percentage allocation of which are 50% each:
- (a) the marketing activities are intended to promote the Mobile Advertisement Platform and will include but not limited to digital marketing such as engagement with content developers / key opinion leaders as well as promotional campaigns to raise awareness for the platform; and
 - (b) working capital for the operations of the Mobile Advertisement Platform upon commercialisation and shall include operating and administrative expenses such as utilities, office rental, upkeep and maintenance of the platform as well as the payment of staff salaries deployed for the Mobile Advertisement Platform.

(iii) Working capital

The Group intends to utilise up to RM3.04 million of the total proceeds to fund working capital of the Group's existing business operations, as follows:

| Working capital | Percentage allocation (%) | Minimum Scenario (RM'000) | Base Case Scenario (RM'000) | Maximum Scenario (RM'000) |
|--|----------------------------------|----------------------------------|------------------------------------|----------------------------------|
| Operating and administrative expenses such as utilities, rental costs and upkeep of office | 50 | 72 | 1,496 | 1,519 |
| Payment of staff salaries | 50 | 71 | 1,496 | 1,518 |
| Total | | 143 | 2,992 | 3,037 |

(iv) Estimated expenses for the Proposals

The breakdown of the estimated expenses for the Proposals is as follows:

| Estimated expenses | Amount (RM'000) |
|---|------------------------|
| Professional fees ⁽¹⁾ | 570 |
| Fees to relevant authorities | 72 |
| Printing, despatch and advertising expenses | 100 |
| Miscellaneous expenses and contingencies | 8 |
| Total | 750 |

Note:

- (1) These include advisory fees payable to the Principal Adviser and other professional fees payable to the company secretary, share registrar, solicitors, reporting accountants, and independent market researcher in relation to the Proposals.

The actual gross proceeds to be raised from the Proposed Rights Issue with Warrants will depend on the actual number of Rights Shares that will be issued as well as the issue price of the Rights Shares, which shall be determined at a later date.

The exact quantum of proceeds that may be raised by the Company from the exercise of the Warrants D would depend on the actual number of Warrants D exercised as well as the exercise price of the Warrants D, which shall be determined by the Board at a later date. The proceeds from the exercise of the Warrants D will be received on an “as and when basis” over the tenure of the Warrants D.

For illustrative purposes, based on the illustrative exercise price of RM0.07 per Warrant D, the Company will raise gross proceeds of up to RM23.30 million upon full exercise of the Warrants D under the Maximum Scenario. Any proceeds arising from the exercise of the Warrants D in the future will be used to finance the future working capital requirements of the Group including the payment of staff salaries, operating expenses and administrative expenses such as utilities, rental costs and upkeep of office which includes, amongst others, repair and/or maintenance of office equipment, office insurance as well as general cleaning services. 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 time.

5. RATIONALE FOR THE PROPOSALS

5.1 Proposed Rights Issue with Warrants

The Proposed Rights Issue with Warrants will enable the Company to raise funds and channel them towards the proposed utilisation as set out in **Section 4** of this Circular.

After due consideration of the various options available, the Board is of the opinion that the Proposed Rights Issue with Warrants is the most suitable means of fund raising for the Company for the following reasons:

- (i) it will involve the issuance of new Shares without diluting the Entitled Shareholders' shareholdings provided that they subscribe in full for their respective entitlements under the Proposed Rights Issue with Warrants and exercise their Warrants D subsequently;
- (ii) it provides an opportunity for the Entitled Shareholders to participate in the equity offering of the Company on a pro-rata basis; and
- (iii) it will enable the Company to raise the requisite funds without incurring additional interest expense from bank borrowings, thereby minimising any potential cash outflow in respect of interest servicing costs.

The free Warrants D are attached to the Rights Shares and they are intended to provide an added incentive to the Entitled Shareholders to subscribe to the Rights Shares. In addition, the free Warrants D will provide the Entitled Shareholders with an opportunity to increase their equity participation in the Company at a pre-determined exercise price during the tenure of the Warrants D and will allow Entitled Shareholders to further participate in the future growth of the Company as and when the Warrants D are exercised.

The exercise of the Warrants D in the future will allow the Company to obtain additional funds without incurring additional interest expenses from borrowings. Furthermore, should the Company increase its borrowings in the future, the exercise of Warrants D will increase Shareholders' funds and lower the Company's gearing, thereby providing the Company with flexibility in terms of the options available to meet its funding requirements.

5.2 Proposed Variation

The Proposed Variation will enable the Group to reallocate the unutilised proceeds from the Private Placement towards the proposed utilisation as set out in **Section 4** of this Circular. Through the Proposed Variation along with the Proposed Rights Issue with Warrants, the Group would be able to fund its intended development of the e-SIJIL Platform and the Mobile Advertisement Platform while minimising or avoiding the need to secure bank borrowings, which would incur finance costs and increase its gearing level.

5.3 Details of fund-raising exercises undertaken by the Company in the past 5 years

Save for the Private Placement (as set out in **Section 3** of this Circular) and the Rights Issue of ICPS with Warrants B as disclosed below, the Company has not undertaken any equity fund-raising exercises in the past 5 years prior to the announcement of the Proposals.

Rights Issue of ICPS with Warrants B

On 13 September 2019, the Company completed the Rights Issue of ICPS with Warrants B which involved the issuance of 1,497,963,330 ICPS and 29,959,264 Warrants B and raised proceeds of RM44.94 million.

The Rights Issue of ICPS with Warrants B was approved by Shareholders via a specific approval at an extraordinary general meeting on 10 June 2019. As at the LPD, the status of utilisation of proceeds raised from the Rights Issue of ICPS with Warrants B are as follows:

| Details of utilisation of proceeds | Timeframe for utilisation from completion of the Rights Issue of ICPS with Warrants B | Proposed utilisation (RM'000) | ⁽¹⁾ Variation (RM'000) | After variation (RM'000) | Actual utilisation (RM'000) | Balance unutilised (RM'000) |
|--|---|-------------------------------|-----------------------------------|--------------------------|-----------------------------|-----------------------------|
| Upgrading of the Group's bulk short messaging service ("SMS") messaging platform | Within 72 months | 11,000 | (500) | 10,500 | 7,900 | 2,600 |
| Upgrading of the Group's premium mobile content platform | Within 72 months | 15,100 | (500) | 14,600 | 6,800 | 7,800 |
| Development of an online property management platform | Within 72 months | 10,000 | (1,050) | 8,950 | 6,950 | 2,000 |
| Acquisition and/or investments in other complementary business and/or assets | Within 72 months | 8,239 | 2,050 | 10,289 | 8,052 | 2,237 |
| Corporate expenses | Immediate | 600 | - | 600 | 600 | - |
| Total | | 44,939 | - | 44,939 | 30,302 | 14,637 |

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Note:

(1) Based on the Company's quarterly report for the 3-month FPE 31 July 2024, the Company has varied an amount of RM2.05 million of the proceeds raised from the Rights Issue of ICPS with Warrants B (which was originally earmarked for upgrading of the Group's bulk SMS messaging platform and premium mobile content platform as well as the development of an online property management platform) for the acquisition and/or investments in other complementary business and/or assets.

The aforesaid variation of RM2.05 million represented less than 25% of the total proceeds raised from the Rights Issue of ICPS with Warrants B (i.e. approximately 4.56%), and hence, was not subject to the approval from Shareholders.

6. INDUSTRY OVERVIEW, OUTLOOK AND PROSPECTS

6.1 Overview and outlook of the Malaysian Economy

The Malaysian economy continued to expand in 2023 despite external headwinds: The Malaysian economy grew by 3.7% despite facing challenges stemming from weak external demand, disruptions in commodity production and higher cost of living. Growth was mainly supported by resilient domestic demand and recovery in tourism activities. On the external front, exports declined due to subdued global demand, lower commodity prices and shifts towards services spending. Additionally, improving labour market conditions coupled with supportive policy measures helped household spending, especially among the vulnerable households affected by higher cost of living. Private sector capital spending drove overall investment activity, particularly in information technology and electrical and electronics. In tandem with external trade performance, export-oriented industries saw some moderation in growth. Nonetheless, all sectors continued to expand in 2023.

Headline inflation moderated in 2023 to an average of 2.5% (2022: 3.3%), largely on account of lower food, non-alcoholic beverages and fuel inflation. Some subsidy rationalisation measures were introduced, namely through the revision of electricity tariffs and removal of price ceilings for chicken. The impact on consumer price index ("CPI") inflation was rather muted given the relatively smaller weights of these items in the CPI basket. In addition, upward pressure on import prices from the sustained strength of the US dollar against the ringgit was offset by the moderating global cost environment. Existing price controls and subsidies on key expenditure items as well as the relatively stable firms' pricing behaviour also partially mitigated exchange rate pass-through effects. Meanwhile, core inflation averaged at 3% (2022: 3%). The more gradual disinflation pace was partly due to persistent demand pressure, particularly in the first half of 2023. Core inflation steadily converged to its long-term average in the second half. Overall, price pressures were generally less pervasive in 2023. The share of CPI items recording monthly price increases trended lower, approaching their respective long-term average levels.

Financing activities remained sustained, in tandem with the pace of domestic economic growth. Credit growth to the private non-financial sector increased to 4.8% (2022: 4.7%), driven by higher outstanding loans growth, while outstanding corporate bond recorded a more moderate pace of expansion at 4.2% (2022: 4.6%). Household loans, particularly for home and car purchases, were the key drivers of loan growth. They were supported by steady employment and government incentives such as extended stamp duty exemptions. On the other hand, business loans moderated in the first half of 2023 due to slower non-small and medium enterprises' ("SMEs") working capital financing growth, but rebounded thereafter by end-2023 supported by the improvement in business outlook. Despite the weaker loan growth among non-SMEs, funding activities remained broadly sustained amid favourable conditions as reflected by narrowing bond spreads. Overall, credit conditions remained supportive of economic activity. This was underpinned by a stable loan approval rate, continued prudent lending standards and availability of financing support facilities in ensuring continuous credit flow to the economy.

The Malaysian economy is projected to grow between 4.0% and 5.0% in 2024, underpinned by continued expansion in domestic demand and improvement in external demand. Growth will be driven by resilient domestic expenditure, with additional support from the expected recovery in exports. Tourism is expected to improve further, while the implementation of new and ongoing multi-year projects by both the private and public sectors would support investment activity. Nevertheless, domestic growth remains subject to downside risks from both external and domestic factors. External factors include a weaker-than-expected global growth and further escalation of geopolitical conflict. Domestically, more severe shocks on commodity production and the implementation of subsidy rationalisation could also weigh on the growth outlook, although this could be partially offset by targeted cash assistance from the Government. Greater spillover from the tech upcycle, stronger-than-expected tourism activity, and faster implementation of existing and new investment projects would provide upside risks to the domestic growth.

(Source: Economic and Monetary Review 2023, BNM)

The Malaysian economy expanded by 5.3% in the third quarter of 2024 (2Q 2024: 5.9%), driven by strong investment activity and continued improvement in exports. Investment activity was underpinned by strong spending on structures and machinery and equipment (M&E), while household spending sustained its expansion amid positive labour market conditions and policy support. In the external sector, exports continued to strengthen on the back of recovering external demand and positive spillovers from the global tech upcycle. Meanwhile, imports also grew at a faster pace, following strong demand for capital and intermediate goods to support rising investments and trade. On the supply side, most sectors remained supportive of growth. In particular, the improvement in the manufacturing sector was driven by export-oriented clusters. However, growth was partly offset by maintenance activities in the mining sector. On a quarter-on-quarter, seasonally-adjusted basis, growth momentum moderated to 1.8% (2Q 2024: 2.9%). Overall, the Malaysian economy expanded by 5.2% in the first three quarters of 2024.

During the quarter, both headline and core inflation remained stable at 1.9% (2Q 2024: 1.9%). Higher inflation was observed for diesel (20.1%; 2Q 2024: 5.3%) and vehicle insurance (0.8%; 2Q 2024: -0.1%), which was offset by broader moderation in inflation for food and beverages (1.6%; 2Q 2024: 1.9%), particularly food away from home, cereals, and fresh vegetables. On the whole, the share of CPI items recording monthly price increases was lower at 38.9% during the quarter (2Q 2024: 49.4%).

Credit growth to the private non-financial sector moderated (4.8%, 2Q 2024: 5.5%), following slower growth in outstanding business loans and corporate bonds. Slower loan growth was attributed to non-SMEs, while SME loan growth remained forthcoming. By sector, loan growth to the services sector was sustained, while loan growth for the manufacturing and construction sectors moderated. For households, loan growth remained steady, driven by loans for the purchase of housing and cars. Growth in household loan applications remained robust with sustained approval rates.

BNM Governor Dato' Seri Abdul Rasheed Ghaffour said, 'Going forward, growth of the Malaysian economy will be driven by robust expansion in investment activity, continued improvement in exports, and resilient household spending.'

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On the domestic front, investment activities will be supported by progress in multi-year projects across private and public sectors. Catalytic initiatives announced in national master plans and higher realisation of approved investments are also key drivers for investment activities. These investments, which are supported by higher capital imports, will raise exports and expand productive capacity in the economy. Household spending will be underpinned by continued employment and wage growth as well as policy measures. Externally, the ongoing global tech upcycle, continued strong demand for manufactured goods and commodities, and higher tourist spending are expected to lift exports. The growth outlook remains subject to downside risks stemming from slower external demand, further escalation of geopolitical tensions and protectionist measures, as well as weaker-than-expected commodity production. Nevertheless, upside risks to growth include greater spillovers from the tech upcycle, faster implementation of investment projects and more robust tourism activity.

(Source: Quarterly Bulletin Third Quarter 2024, BNM)

In 2024, Malaysia's economy is forecast to expand between 4.8% and 5.3%. During the first half of 2024, the economy posted a commendable growth of 5.1% driven by robust domestic demand, combined with further expansion in exports as well as positive growth in all economic sectors. Growth is forecast to continue its momentum in the second half of 2024, albeit at a moderate pace. Overall, real gross domestic product in 2024 is revised upward, ranging between 4.8% and 5.3%, surpassing the initial target of 4% to 5%.

For 2025, the economy is projected to grow between 4.5% and 5.5%, supported by a resilient external sector, benefitting from improved global trade and stronger demand for E&E goods, leveraging the country's strategic position within the semiconductor supply chain. Additionally, robust domestic demand, fuelled by strong private sector expenditure, will support the expansion, through continued implementation of key national master plans and ongoing initiatives. A pertinent initiative which is GEAR-uP, will synergise efforts across government-linked entities to catalyse growth in high growth sectors, encompassing energy transition, advanced manufacturing, food security, healthcare, Islamic finance and biopharmaceuticals. The potential investment from this initiative is expected to amount to RM120 billion over the span of five years. On the production side, most sectors are expected to expand, highlighting the resilience and agility of Malaysia's economy.

(Source: Economic Outlook 2025, Ministry of Finance Malaysia)

6.2 Overview and outlook of the digital signature market

Malaysia's digital signature market, in terms of the number of issued digital certificates, grew from 13.8 million in 2019 to 20.6 million in 2023 at a compound annual growth rate ("CAGR") of 10.5%. PROVIDENCE projects the number of issued digital certificates to further increase from 20.6 million in 2023 to 33.0 million in 2027 at a CAGR of 12.5% driven by the:

- **digitalisation of Malaysia's economy supports demand for digital signatures**

MyDIGITAL is a national initiative which symbolises the aspirations of the Government of Malaysia ("**Government**") to transform Malaysia into a digitally-driven, high income nation and a regional leader in digital economy. The Malaysia Digital Economy Blueprint (2021 – 2030) outlines efforts and initiatives to deliver the aspirations of MyDIGITAL. MyDIGITAL aspires to enable the rakyat to embrace digitalisation to improve their quality of life and standard of living. The future Malaysia envisioned by MyDIGITAL will see:

- the rakyat enjoy improved digital literacy, more high-paying jobs, improved social wellbeing and environmental sustainability;
- businesses, including micro, small and medium enterprises ("**MSMEs**") that form the backbone of Malaysia's economy, enjoy greater opportunities to build and expand locally, regionally and even globally through digital revenue streams, more opportunities to integrate between economic sectors, and to be more cost efficient through shared economy; and

- a digitally-enabled government that will provide integrated end-to-end online government services which are more efficient, effective and transparent.

Under the thrust of driving digital transformation in the public sector, the Government intends to accelerate digital signature implementation across public sector online services to enable end-to-end digital transaction. This initiative aims to ensure civil servants thoroughly understand and master digital signature processes for smooth implementation, and implement suitable security measures to avoid cyber fraud. This initiative is being led by the Malaysian Communications and Multimedia Commission with the implementation phase between 2021 and 2025. The Government anticipates full adoption of digital signature in the public sector by 2025.

- **growth of the e-commerce market in Malaysia**

Malaysia's e-commerce market is among the fastest growing in Southeast Asia. The income of e-commerce establishments rose from RM675.4 million in 2019 to RM1.2 billion in 2023 at a CAGR of 15.5%.

Digital signatures are used in e-commerce transactions to enhance security and improve the overall user experience. E-commerce transactions gain an additional layer of security by incorporating digital signatures. Customers will be able to trust that information exchanged during the transaction is from a legitimate source and has not been tampered with, thereby instilling confidence and reducing the risk of fraud. The adoption of digital signatures streamlines the signing process and eliminates the need for physical paperwork and manual signatures. Digital signatures simplify the signing process, allowing customers to complete transactions conveniently from anywhere, at any time. This convenience enhances the overall customer experience, leading to increased customer satisfaction.

Thus, the growth of e-commerce transactions will bode well for the digital signature market.

- **foreign investment and domestic investment growth supports demand for digital signatures**

Malaysia recorded a total of RM329.5 billion worth of approved investments in the manufacturing, services and primary sectors in 2023 across 5,101 projects. From the total investments approved, foreign investments accounted for RM188.4 billion or 57.2%, with domestic investments accounting for RM141.1 billion or 42.8%.

The services sector accounted for the largest share of the total investments in 2023, amounting to RM168.4 billion (51.1%), followed by the manufacturing sector with RM152.0 billion (46.1%) and the primary sector with RM9.1 billion (2.8%). While foreign investments lead the approved investments in the manufacturing sector, investments from local companies dominated in the services and primary sectors. Malaysia's services sector saw an increase of 9.4% in approved investments in 2023 from 2022 (2023: RM168.4 billion; 2022: RM154.0 billion). During the year, the services sector included the information and communications (RM63.7 billion), real estate (RM61.0 billion), utilities (RM11.1 billion), distributive trade (RM11.1 billion) and support services (RM10.5 billion) which made up 93.5% of total approved investments for the services sector in 2023.

Malaysia aims to attract quality investments, as this will be key in driving a more sustainable economic recovery for Malaysia and to achieve its aspirations of becoming a high-income nation. Foreign investment and domestic investment are important contributors to the country's economic growth and the Government has been proactive in encouraging growth based on productivity, innovation and shared prosperity in order for wages to continue rising. Foreign investment also plays an important role in supporting Malaysia's move to become a high-income technology-based economy. Malaysia's transformation into a high-income technology-based economy signifies growth potential for the digital signature market.

- **growing number of companies and businesses signify potential demand for digital signatures**

Malaysia has seen a steady growth of newly registered companies at an average increase of 3.8% annually between 2016 and 2022. According to the Companies Commission of Malaysia, new companies in Malaysia grew from 1.2 million in 2016 to 1.5 million in 2023. This steady growth trend is expected to continue in light of the nation's developing economy over the long-term.

The growing number of registered companies provides opportunities for growth of the digital signature market in Malaysia, where these companies and businesses may seek to maintain the integrity and authenticity of their digital communications through digital signatures.

(Source: IMR Report)

6.3 Overview and outlook of the digital advertising market

Digital advertising expenditure in Malaysia grew from RM937.8 million in 2019 to RM1.5 billion in 2023 at a CAGR of 12.5%. PROVIDENCE projects digital advertising expenditure to rise from RM1.5 billion in 2023 to RM2.1 billion in 2027 at a CAGR of 8.8% supported by the convergence of mobile and digital devices in consumer lifestyles, the rise of social media, strong connectivity services and improving internet infrastructure as well as stimulus packages announced by the Government which would contribute to the recovery in consumer sentiment and spending.

The demand drivers supporting the further growth of advertising expenditure include:

- **convergence of mobile and digital devices in consumer lifestyles create digital and social media advertising opportunities for brand owners and advertisers**

According to latest available statistics from the International Telecommunication Union ("ITU"), the percentage of households in Malaysia with a computer more than doubled from 31.3% in 2005 to 96.4% in 2022. The percentage of households in Malaysia with access to the internet increased from 15.2% in 2005 to 96.0% in 2022.

In Malaysia, smartphone penetration has increased from 51.0% in 2014 to 98.4% in 2023. Mobile devices, and particularly smartphones, are becoming part of the lifestyle for Malaysians who use it for communication, and as a platform for obtaining information, socialising, entertainment, shopping and performing banking activities.

- **rise of social media has led to new digital advertising opportunities**

According to We Are Social in their latest Digital 2024 report, Malaysia has 28.7 million active social media users who spend an average of 2 hours and 48 minutes on social media consumption daily. Social media penetration in Malaysia stood at 83.1% in January 2024. Social media provides brands with an intimate platform to connect with customers and shape their perceptions, whether through timely and targeted promotions, responsive customer service or the creation of communities of interest.

- **strong connectivity services support the growth of digital and social media advertising**

Connectivity services are a driver for digital advertising expenditure growth. Total broadband subscriptions in Malaysia grew from 43.4 million in 2019 to reach 49.9 million in 2023 at a CAGR of 3.6%. Malaysia's broadband market is predominantly mobile based with subscriptions, totalling 45.3 million and penetration rate of 134.5% in 2023, supported by 3G and 4G LTE population coverage. Wider coverage along with more affordable mobile data packages have increased usage of data-intensive content to suit digital lifestyle of Malaysians.

- **improving internet infrastructure increases the adoption of mobile and digital devices, thereby creating digital and social media advertising opportunities for brand owners and advertisers**

Malaysia launched the Jalanan Digital Negara (“**JENDELA**”) digital infrastructure plan in 2020 to provide wider coverage and better quality of broadband experience through various initiatives, especially in the rural, remote as well as urban poor areas.

JENDELA is implemented in phases with Phase 1 from 2020 to 2022 and Phase 2 from 2023 to 2025. Phase 1 focuses on maximising the use of existing resources and infrastructure to achieve 7.5 million premises passed with fibre connectivity, 96.9% 4G coverage at populated areas and 35 Mbps average mobile broadband speed. JENDELA Phase 2 aspires to continue benefitting all Malaysians by achieving the targets under the 12th Malaysia Plan (RMK-12) which are 9 million premises passed with fibre connectivity, 100% internet coverage in populated areas and 100 Mbps average mobile broadband speed.

JENDELA Phase 1 focused on the development of digital infrastructure to increase access with fibre optic and to enhance 4G coverage and quality of experience nationwide. JENDELA Phase 1 succeeded in expanding the coverage and improving the quality of experience through:

- an additional 2,780,580 premises nationwide have access to fibre optic;
- a total of 37,977 existing base stations have been upgraded to improve the speed and quality of 4G services;
- a total of 1,778 new 4G towers have been built to enhance 4G coverage in populated areas; and
- a total of 839 locations have access to wireless broadband via satellite to provide internet coverage in rural areas.

In 2022, 160 new communications towers were deployed to provide public cellular services and broadband access services in rural and suburban areas nationwide. From the 160 new communications towers that were deployed in 2022, 68 towers were deployed in Sarawak, 27 in Sabah while the remaining 65 towers were deployed in Peninsular Malaysia.

The fiberisation of towers is one of the key initiatives identified under the JENDELA, with the aim of connecting or upgrading the existing base stations’ backhaul with fibre optic cables to increase network capacity and reliability, and resulting in better quality of services to end users. This would also enable these communications towers to be used for the delivery of 5G services in the future. Of the 426 towers across the country identified for the project, 65 towers in Sarawak have been fiberised in 2022.

The implementation of 5G is also part of the main projects under JENDELA in line with the goals for the Malaysian Digital Economy Blueprint to drive digitalisation across the country. Digital Nasional Berhad (“**DNB**”), a wholly owned subsidiary of the Ministry of Finance, was mandated to implement 5G infrastructure and networks nationwide. DNB will provide 5G services wholesale to service providers at a transparent and competitive rate. The 5G rollout which was initially scheduled to commence under JENDELA Phase 2, was accelerated to commence in the last quarter of 2021. As of 31 December 2022, a total of 3,906 sites have been completed with 5G infrastructure and 2,576 sites have started 5G operations. The DNB is on track to achieving 80% 5G coverage in populated areas by the end of 2023. As at the end of 2023, 80.2% of Malaysia had 5G mobile broadband coverage while 60.8% of Sarawak had 5G mobile broadband coverage.

- **efforts by the Government to improve consumer wellbeing and raise the standards of living are anticipated to support the digital and social media advertising industry**

Improvements in the level of consumer wellbeing promote consumer confidence and spending. Brands and businesses are more likely to increase spending on advertising, including digital advertising, to attract consumers when there is positive consumer sentiment.

The Government has announced several initiatives under Budget 2025 drive reforms, reinvigorate the economy and prosper Malaysians. These initiatives will collectively boost consumer sentiment and promote spending in line with the growth of Malaysia's economy. Among others, these initiatives include:

- Overall, RM40.0 billion is provided as loan facilities and business financing guarantees under Government agencies:
 - Micro-sized loans amounting to RM3.2 billion are available, including through Tabung Ekonomi Kumpulan Usaha Niaga (TEKUN) Nasional and Bank Simpanan Nasional, to assist small traders, including the special needs community, the Chinese community, and the Bumiputera;
 - Bank Pembangunan Malaysia Berhad provides RM6.4 billion in financing funds, among others, to support the financing of infrastructure development, digitalisation, tourism, logistics, transportation, renewable energy, and the energy transition;
 - The Government, through Syarikat Jaminan Pembiayaan Perniagaan Berhad, will continue to guarantee SME financing up to RM20.0 billion, including a special RM5.0 billion guarantee for Bumiputera SMEs;
 - An RM3.8 billion SME loan fund is provided by Bank Negara Malaysia to support entrepreneurs transitioning to digitalisation and automation, in addition to continuing to assist the agri-food sector and sustainable practices;
 - RM650.0 million will also be allocated to support women and youth in venturing into entrepreneurship; and
 - To preserve the human capital, social, and welfare aspects of the Indian community, RM130.0 million is specifically allocated to implement various programmes, including business financing for the Indian community;
- In 2025, RM800.0 million in financing under Majlis Amanah Rakyat ("**MARA**") and Perbadanan Usahawan Nasional Berhad will be made available for more Bumiputera entrepreneurs, including to support local artisans;
- For the year 2025, the Government will provide the highest increase for the Sumbangan Tunai Rahmah ("**STR**") and Sumbangan Asas Rahmah ("**SARA**"), amounting to RM13.0 billion compared to RM10.0 billion. This increase will continue to benefit 9.0 million recipients, equivalent to 60% of the adult population of the country:
 - In 2025, 5.4 million STR recipients will receive SARA up to RM100 per month, compared to 700,000 recipients in 2024;
 - The SARA assistance will be credited to the recipients' MyKAD starting from April 2025, and it can be used to purchase essential items such as food and beverages, medicines, school supplies, and personal hygiene products at more than 600 supermarkets and retail stores nationwide;
 - The STR rate for the single category has been increased to RM600; and
 - An additional allocation of RM3.0 billion raises the maximum amount for households to RM4,600, from RM3,700 previously;
- This will also be supplemented by an increase in the cash assistance allocation under the Department of Social Welfare to RM2.9 billion, compared to RM2.4 billion;

- A total of RM1.0 billion has been allocated to broaden efforts in addressing the cost of living which include:
 - RM300.0 million allocation for Payung RAHMAH⁽¹⁾, up from RM200.0 million. RAHMAH sales will be stepped up to offer essential goods at affordable prices in all state constituencies every month; and
 - RM700.0 million is allocated to expand other cost of living programmes to control the prices of goods, including through collaboration with supermarket operators, wholesale markets, retail stores, farmers' markets, cooperatives, and others;
- In addition, RM250.0 million is allocated for the distribution of essential goods in rural and remote areas, including expanding to new areas such as Magandai, Kota Marudu and Nanga Pelawan, Bintulu;
- The individual income tax relief on premium payments of education and medical insurance has been increased to RM4,000;
- The individual income tax relief on medical expenses of up to RM10,000 also covers the portion of medical payments made by taxpayers under insurance and takaful products for medical and health with co-payment features;
- An income tax exemption on incomes derived from foreign sources and already subjected to income tax in the source country and received by individuals in Malaysia, which is currently granted on a periodic basis until 31 December 2026, is proposed extended until 31 December 2036;
- The Government has agreed to raise the minimum wage from RM1,500 currently to RM1,700 per month, effective 1 February 2025;
- The Government has also decided that the enforcement of a minimum wage of RM1,700 per month for employers with fewer than five workers will have a grace period of six months, effective 1 August 2025;
- Additionally, the Progressive Wage Policy is an effort by the MADANI Government to reform the labour market with the aim of increasing workers' income. This policy was piloted in June and will be fully enforced next year. The Progressive Wage Policy, with an allocation of RM200.0 million, will benefit 50,000 workers;
- Digital Nasional Berhad has been taken over by private entities after the nation's 5G coverage has exceeded 80% of populated areas. Moving forward the Government will announce a second 5G network in an effort to enhance the competitiveness of the ICT sector, and continue to promote the use of 5G especially in driving 5G use cases by industries ahead of Malaysia's Chairmanship of ASEAN in 2025. Subsequently on 1st November 2024, the Malaysian Communications and Multimedia Commission announced that U Mobile Sdn Bhd had been selected to implement the second 5G network in Malaysia; and
- With a total fund of more than RM300.0 million, the Malaysian Communications and Multimedia Commission has agreed to enhance Internet coverage at public universities, schools, Armed Forces Camps and MARA institutes.

Note:

- (1) The Payung Rahmah initiative was introduced in 2023 by former Domestic Trade and Cost of Living Minister, the late Datuk Seri Salahuddin Ayub. It aims to assist the people in dealing with various challenges related to the rising cost of living, especially during the nation's recovery from the impact of the COVID-19 pandemic.

(Source: IMR Report)

6.4 Overview and prospects of the Group

The Group is principally engaged in sales, marketing, research and development of various digital solutions and content, which can be categorised into the following:

- (i) mobile application:
 - (a) premium mobile content platform (GO!CPA): enables content providers to sell premium mobile content such as wallpapers, animations, greeting cards, videos and mobile games to its customers.
- (ii) wireless and multimedia related services as well as digital related services:
 - (a) bulk SMS messaging platform (GO!SMS): a reliable, fast and cost efficient solution for sending bulk SMS messages, utilised by banks for transaction verification and by businesses for advertising and marketing purposes.
 - (b) website solution platform: allows users to build functional websites using user-friendly templates.
 - (c) property management platform: facilitates communication between homeowners, tenants and management office for amongst others, facilities bookings, payments, visitor registration and renovation applications.
 - (d) digital advertising solutions: includes the supply of advertising display panels and the development of cloud-based digital advertising solutions for organising and managing content from a central source.

Following the decline in overall economy as a result of the COVID-19 pandemic, the financial performance of the Group had also been negatively impacted. In this respect, the Group's revenue had decreased from RM21.24 million for the FYE 30 April 2021 to RM12.44 million for the FYE 30 April 2023, representing a decrease of approximately 41.45%. This was mainly due to an overall decrease in demand for the Group's products and services from its customers. As the COVID-19 pandemic subsided along with the upliftment of restriction measures from the Government, the Group's businesses have shown signs of recovery. For the latest audited FYE 30 April 2024, the Group's revenue had increased to RM14.15 million, or approximately 13.80% as compared to the previous financial year.

In view of this, the Group views that it is an opportune time to embark on its business plan to develop the e-SIJIL Platform and Mobile Advertisement Platform, both of which shall be an addition to the Group's existing products and services offering. On this end:

- (i) the e-SIJIL Platform leverages the Group's expertise in secure and reliable communications solutions, as demonstrated by its GO!SMS; and
- (ii) the Mobile Advertisement Platform is built premised on the Group's capabilities in digital advertising solutions. By creating a seamless and personalised advertisement experience for e-hailing passengers, it enhances customer engagement and expands the Group's reach into the rapidly growing e-hailing market.

Furthermore, the digital solutions industry has experienced rapid growth, driven by the increasing demand for streamlined processes, efficient communication and personalised user experiences. Capitalising on this, the proceeds to be raised from the Proposed Rights Issue with Warrants will provide the requisite funding for the Group to develop the e-SIJIL Platform and Mobile Advertisement Platform. Upon commercialisation, these platforms are expected to contribute positively towards the financial performance of the Group.

Premised on the above and after having considered all the relevant aspects including the overview and outlooks of the digital signature and digital advertisement market in Malaysia as set out in **Sections 6.2 and 6.3** of this Circular, the Board is cautiously optimistic of the future prospects of the Group.

(Source: Management of MNC)

6.5 Steps undertaken to improve the financial condition of the Group

In recent 7 years, the Group has undertaken the following business initiatives to improve its financial condition:

- (i) On 15 January 2018, MNC entered into a 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 first quarter of 2025. The development by SPSB is ongoing with approximately 94% of the construction works completed as at the LPD.
- (ii) On 13 September 2019, the Company completed a rights issue of ICPS with Warrants B exercise, raising proceeds of RM44.94 million. The said proceeds are mainly used for the upgrading of its bulk SMS messaging platform and premium mobile content platform as well as the development of an online property management platform.
 - The upgrading of the bulk SMS messaging platform was completed in March 2023. Prior to September 2019, the software and hardware of the bulk SMS messaging platform has not been upgraded since 2011.

These upgrades were conducted during off-peak hours to minimise service disruptions and resumed regular operations immediately after the upgrade was completed. The upgrades performed were based on the development of additional modules which includes, amongst others, user demographic filter, QR generator, pre-schedule and personalised SMS alerts or greeting message broadcasts, user access role management, reporting, rewards point management system and automated email.

Moving forward, the Group will continue to upgrade its infrastructure for this platform which includes, amongst others, procurement of servers as well as hardware improvements, to increase its capacity and/or capabilities to deliver more SMS per second. Currently, the bulk SMS platform operates at a throughput rate of approximately 130 SMS per second. Upon completion of these upgrades, the speed is expected to increase to approximately 180 SMS per second. The Group intends to commence its infrastructure upgrades in January 2025 and expects the upgrades to be completed by 3rd quarter of 2025.

The Group will also continue with its marketing and promotional activities for the bulk SMS messaging platform depending on the marketing requirements of the Group at the relevant point in time.

- The upgrading of the premium mobile content platform was completed in February 2023. The platform has already been operational for more than 10 years prior to September 2019 and the software and hardware of the premium mobile content platform has not been upgraded since then.

These upgrades were conducted during off-peak hours to minimise service disruptions and resumed regular operations immediately after the upgrade was completed. The upgrades performed were based on the development of additional modules which includes, amongst others, user management, mobile network operator management, premium mobile content short code, keywords, price codes management, subscription service management, gateway connectivity, broadcast and reporting and audit trail.

The Group intends to upgrade its existing infrastructure to support its plans for expansion into foreign markets, such as Thailand, Cambodia and Indonesia, through collaboration with foreign mobile network operators and messaging gateway providers. The Group intends to commence its infrastructure upgrades in January 2025 and expects the upgrades to be completed by 3rd quarter of 2025.

Meanwhile, the Group will continue its marketing and promotional activities for the premium mobile content platform depending on the marketing requirements of the Group at the relevant point in time.

- The development of an online property management platform was completed in September 2020. Subsequently, the Group commenced commercialisation of this platform in June 2023. The plan for commercialising the operations of this platform was deferred to 2023 after the COVID-19 pandemic.

The Group will continue to upgrade its infrastructure for this platform which includes, amongst others, procurement of servers as well as hardware improvements, in anticipation for increase in the number of users (i.e. residents, tenants or building management projects). The Group intends to commence its infrastructure upgrades in December 2024 and expects the upgrades to be completed by 3rd quarter of 2025.

(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 e-mails 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 171 million in the FYE 30 April 2023 to 180 million in the latest FYE 30 April 2024, representing an increase of approximately 5%. In this respect, the Group has 126 customers under its bulk SMS platform.

The Group has also taken other steps to improve its financial condition such as various cost control measures which include trimming operational costs and optimisation of manpower needs to keep the staff and operational costs at the minimal level and conserve the cash flows of the Group. This optimisation includes, amongst others, streamlining the Group's operational process as well as outsourcing certain job functions / tasks to external providers.

Moving forward, the Group expects that the e-SIJIL Platform and Mobile Advertisement Platform will contribute positively to the future earnings of the Group. Through these platforms, 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 an additional source of income to the Group's revenue.

6.6 Impact of the Proposed Rights Issue with Warrants and value creation to the Group and its Shareholders

The Proposed Rights Issue with Warrants will enable the Group to raise funds without incurring additional interest expense, thereby minimising any potential cash outflow in respect of interest servicing costs which will preserve the Group's cash flows.

Notwithstanding the above, the consolidated EPS / LPS of the Group is expected to be diluted as a result of the increased number of Shares in issue following the issuance of the Rights Shares. The effects of the Proposed Rights Issue with Warrants on the NA and gearing as well as the earnings and EPS of the Group are set out in **Section 7** of this Circular.

As set out in **Section 4** of this Circular, the proceeds from the Proposed Rights Issue with Warrants will provide the Group with the necessary funds mainly for the e-SIJIL Platform and Mobile Advertisement Platform. In this respect, the aforesaid platform is expected to provide an additional source of income on top of the Group's existing business operations.

6.7 Adequacy of the Proposed Rights Issue with Warrants in addressing the Company's financial requirements

Premised on **Sections 6.5 and 6.6** above as well as the effects of the Proposed Rights Issue with Warrants as set out in **Section 7** of this Circular, the Board is of the view that the Proposed Rights Issue with Warrants is adequate to address the Group's financial requirements at this juncture.

In addition, the proceeds from the Proposed Rights Issue with Warrants which are intended to be used mainly for the e-SIJIL Platform and Mobile Advertisement Platform are expected to contribute positively to the Group's financial performance in the future. The remaining proceeds will be used to satisfy the working capital requirements of the Group after considering the following:

- (i) as at the LPD, the Group's cash and bank balances (including term deposits) stood at approximately RM36.59 million, out of which approximately RM30.60 million represents the balance proceeds raised from previous fund-raising exercises that have been earmarked for their specific purposes respectively.

Following the above, the remaining balance of approximately RM5.99 million is intended to sustain the Group's ongoing operations; and

- (ii) based on the latest audited consolidated financial statements of the Group for the FYE 30 April 2024, the Group incurred administrative expenses of approximately RM5.55 million (after excluding non-cash expenses) for its business operations.

Considering the Group's current available cash and bank balances position as well as the need for the Group to meet its ongoing working capital requirements, the Group has allocated a small portion from its gross proceeds (ie. approximately 4%) for the aforesaid purpose.

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7. EFFECTS OF THE PROPOSALS

7.1 Share Capital

The Proposed Variation will not have any effect on the Group's issued share capital as the Proposed Variation does not involve any issuance of new MNC Shares.

The pro-forma effects of the Proposed Rights Issue with Warrants on the issued share capital of the Company as at the LPD is as follows:

| | Minimum Scenario | | Base Case Scenario | | Maximum Scenario | |
|---|--------------------|--------------------------|----------------------|---------------------------|----------------------|---------------------------|
| | No. of Shares | Share capital (RM) | No. of Shares | Share capital (RM) | No. of Shares | Share capital (RM) |
| Issued share capital as at the LPD | 237,377,301 | 126,289,861 | 237,377,301 | 126,289,861 | 237,377,301 | 126,289,861 |
| New Shares to be issued assuming full conversion of the ICPS | - | - | - | - | 13,409,750 | ⁽¹⁾ 3,899,241 |
| New Shares to be issued assuming full exercise of the Warrants C | - | - | - | - | 82,043,015 | ⁽²⁾ 7,383,871 |
| After full conversion / exercise of the Convertible Securities | 237,377,301 | 126,289,861 | 237,377,301 | 126,289,861 | 332,830,066 | 137,572,973 |
| New Shares to be issued pursuant to the Proposed Rights Issue with Warrants | 142,857,143 | ⁽³⁾ 7,715,423 | 712,131,903 | ⁽³⁾ 40,953,658 | 998,490,198 | ⁽³⁾ 57,673,255 |
| New Shares to be issued assuming full exercise of the Warrants D | 47,619,047 | ⁽⁴⁾ 4,867,910 | 237,377,301 | ⁽⁴⁾ 24,761,986 | 332,830,066 | ⁽⁴⁾ 34,769,164 |
| Enlarged share capital after the Proposed Rights Issue with Warrants | 427,853,491 | 138,873,194 | 1,186,886,505 | 192,005,505 | 1,664,150,330 | 230,015,392 |

Notes:

- (1) Assuming all outstanding ICPS are fully converted into new Shares based on the conversion price of RM0.60, by surrendering 1 ICPS (which is issued at an issue price of RM0.30 each) with additional cash payment of RM0.30 for 1 new Share.
- (2) Based on the exercise price of RM0.09 per Warrant C.

- (3) Based on the illustrative issue price of RM0.07 per Rights Share and adjusted for the apportionment of its relative fair value between the share capital account and warrant reserve account and after deducting estimated expenses for the Proposed Rights Issue with Warrants of RM0.75 million.
- (4) Based on the illustrative exercise price of RM0.07 per Warrant D and after accounting for the reversal of warrant reserve.

7.2 NA and Gearing

The Proposed Variation is not expected to have any immediate material effect on the NA and gearing of Group. The pro forma effects of the Proposed Rights Issue with Warrants on the NA and gearing of the Group are as follows:

Minimum Scenario

| | Audited as at 30 April 2024 (RM'000) | (I) After subsequent events ⁽¹⁾ (RM'000) | (II) After (I) and the Proposed Rights Issue with Warrants ⁽²⁾⁽³⁾ (RM'000) | (III) After (II) and assuming full exercise of Warrants D ⁽⁴⁾ (RM'000) |
|---|--|--|---|---|
| Share capital | 126,156 | 126,290 | 134,006 | 138,873 |
| ICPS | 3,963 | 3,899 | 3,899 | 3,899 |
| Revaluation reserve | 2,547 | 2,547 | 2,547 | 2,547 |
| Warrant reserve | 1,351 | - | 1,534 | - |
| Accumulated losses | (64,180) | (62,829) | (62,829) | (62,829) |
| Shareholders' equity / NA / Total equity | 69,837 | 69,907 | 79,157 | 82,490 |
| No. of Shares in issue ('000) | 236,493 | 237,377 | 380,234 | 427,853 |
| NA per Share (RM) | 0.30 | 0.29 | 0.21 | 0.19 |
| Total borrowings (RM'000) | - | - | - | - |
| Gearing (times) | - | - | - | - |

Notes:

- (1) After accounting for the following:
- (a) issuance of 110,000 new Shares from 1 May 2024 up to the LPD, arising from 220,000 ICPS converted by surrendering for cancellation 2 ICPS (which were issued at the issue price of RM0.30 each and thus collectively have an aggregate issue price equivalent to the conversion price of RM0.60);

- (b) issuance of 774,100 Shares from 1 May 2024 up to the LPD pursuant to the exercise of Warrants C at an exercise price of RM0.09; and
- (c) expiry of Warrants B on 5 September 2024.
- (2) Based on the issuance of 142,857,143 Rights Shares at an illustrative issue price of RM0.07 each and adjusted for the apportionment of its relative fair value between the share capital account and warrant reserve account and after deducting estimated expenses for the Proposed Rights Issue with Warrants of RM0.75 million.
- (3) After accounting for the creation of warrant reserve based on the issuance of 47,619,047 Warrants D at an allocated fair value of RM0.0469 per Warrant D (computed based on the Trinomial option pricing model with data sourced from Bloomberg).
- (4) Based on the illustrative exercise price of RM0.07 per Warrant D and after accounting for the reversal of warrant reserve.

Base Case Scenario

| | Audited as at 30 April 2024 (RM'000) | (I) After subsequent events⁽¹⁾ (RM'000) | (II) After (I) and the Proposed Rights Issue with Warrants⁽²⁾⁽³⁾ (RM'000) | (III) After (II) and assuming full exercise of Warrants D⁽⁴⁾ (RM'000) |
|---|---|---|---|---|
| Share capital | 126,156 | 126,290 | 167,243 | 192,006 |
| ICPS | 3,963 | 3,899 | 3,899 | 3,899 |
| Revaluation reserve | 2,547 | 2,547 | 2,547 | 2,547 |
| Warrant reserve | 1,351 | - | 8,146 | - |
| Accumulated losses | (64,180) | (62,829) | (62,829) | (62,829) |
| Shareholders' equity / NA / Total equity | 69,837 | 69,907 | 119,006 | 135,623 |
| No. of Shares in issue ('000) | 236,493 | 237,377 | 949,509 | 1,186,887 |
| NA per Share (RM) | 0.30 | 0.29 | 0.13 | 0.11 |
| Total borrowings (RM'000) | - | - | - | - |
| Gearing (times) | - | - | - | - |

Notes:

- (1) After accounting for the following:
- (a) issuance of 110,000 new Shares from 1 May 2024 up to the LPD, arising from 220,000 ICPS converted by surrendering for cancellation 2 ICPS (which were issued at the issue price of RM0.30 each and thus collectively have an aggregate issue price equivalent to the conversion price of RM0.60);

- (b) issuance of 774,100 Shares from 1 May 2024 up to the LPD pursuant to the exercise of Warrants C at an exercise price of RM0.09; and
- (c) expiry of Warrants B on 5 September 2024.
- (2) Based on the issuance of 712,131,903 Rights Shares at an illustrative issue price of RM0.07 each and adjusted for the apportionment of its relative fair value between the share capital account and warrant reserve account and after deducting estimated expenses for the Proposed Rights Issue with Warrants of RM0.75 million.
- (3) After accounting for the creation of warrant reserve based on the issuance of 237,377,301 Warrants D at an allocated fair value of RM0.0469 per Warrant D (computed based on the Trinomial option pricing model with data sourced from Bloomberg).
- (4) Based on the illustrative exercise price of RM0.07 per Warrant D and after accounting for the reversal of warrant reserve.

Maximum Scenario

| | Audited as at 30 April 2024 (RM'000) | (I) After subsequent events⁽¹⁾ (RM'000) | (II) After (I) and assuming full exercise / conversion of Convertible Securities⁽²⁾ (RM'000) | (III) After (II) and the Proposed Rights Issue with Warrants⁽³⁾⁽⁴⁾ (RM'000) | (IV) After (III) and assuming full exercise of Warrants D⁽⁵⁾ (RM'000) |
|---|---|---|--|---|---|
| Share capital | 126,156 | 126,290 | 137,573 | 195,246 | 230,015 |
| ICPS | 3,963 | 3,899 | - | - | - |
| Revaluation reserve | 2,547 | 2,547 | 2,547 | 2,547 | 2,547 |
| Warrant reserve | 1,351 | - | - | 11,471 | - |
| Accumulated losses | (64,180) | (62,829) | (62,829) | (62,829) | (62,829) |
| Shareholders' equity / NA / Total equity | 69,837 | 69,907 | 77,291 | 146,435 | 169,733 |
| No. of Shares in issue ('000) | 236,493 | 237,377 | 332,830 | 1,331,320 | 1,664,150 |
| NA per Share (RM) | 0.30 | 0.29 | 0.23 | 0.11 | 0.10 |
| Total borrowings (RM'000) | - | - | - | - | - |
| Gearing (times) | - | - | - | - | - |

Notes:

- (1) After accounting for the following:
 - (a) issuance of 110,000 new Shares from 1 May 2024 up to the LPD, arising from 220,000 ICPS converted by surrendering for cancellation 2 ICPS (which were issued at the issue price of RM0.30 each and thus collectively have an aggregate issue price equivalent to the conversion price of RM0.60);
 - (b) issuance of 774,100 Shares from 1 May 2024 up to the LPD pursuant to the exercise of Warrants C at an exercise price of RM0.09; and
 - (c) expiry of Warrants B on 5 September 2024.
- (2) After assuming the following:
 - (a) full conversion of 13,409,750 outstanding ICPS based on the conversion price of RM0.60, by surrendering 1 ICPS (which is issued at an issue price of RM0.30 each) with additional cash payment of RM0.30 for 1 new Share; and
 - (b) full exercise of 82,043,015 outstanding Warrants C at the exercise price of RM0.09 each.
- (3) Based on the issuance of 998,490,198 Rights Shares at an illustrative issue price of RM0.07 each and adjusted for the apportionment of its relative fair value between the share capital account and warrant reserve account and after deducting estimated expenses for the Proposed Rights Issue with Warrants of RM0.75 million.
- (4) After accounting for the creation of warrant reserve based on the issuance of 332,830,066 Warrants D at an allocated fair value of RM0.0469 per Warrant D (computed based on the Trinomial option pricing model with data sourced from Bloomberg).
- (5) Based on the illustrative exercise price of RM0.07 per Warrant D and after accounting for the reversal of warrant reserve.

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7.3 Substantial Shareholders' shareholdings

The Proposed Variation will not have any effect on the substantial Shareholders' shareholdings of the Company as the Proposed Variation does not involve any issuance of new MNC Shares. The proforma effects of the Proposed Rights Issue with Warrants on the substantial Shareholders' shareholdings in the Company based on the Record of Depositors as at the LPD are as follows:

Minimum Scenario

| Substantial Shareholders | As at the LPD | | | | (I) After the Proposed Rights Issue with Warrants | | | |
|-------------------------------------|---------------|-------|---------------|---------|--|-------|---------------|---------|
| | Direct | | Indirect | | Direct | | Indirect | |
| | No. of Shares | (1)% | No. of Shares | (1)% | No. of Shares | (2)% | No. of Shares | (2)% |
| Ho Jien Shiung | 33,808,533 | 14.24 | - | - | 105,237,104 | 27.68 | - | - |
| Metronic Global Berhad | 13,735,640 | 5.79 | - | - | 13,735,640 | 3.61 | - | - |
| Datuk Tan Chor How Christopher | 13,338,333 | 5.62 | - | - | 84,766,905 | 22.29 | - | - |
| Morgan Stanley | 19,649,324 | 8.28 | - | - | 19,649,324 | 5.17 | - | - |
| Mitsubishi UFJ Financial Group, Inc | - | - | 19,649,324 | (4)8.28 | - | - | 19,649,324 | (4)5.17 |

| Substantial Shareholders | (II) After (I) and assuming full exercise of Warrants D | | | |
|-------------------------------------|--|-------|---------------|---------|
| | Direct | | Indirect | |
| | No. of Shares | (3)% | No. of Shares | (3)% |
| Ho Jien Shiung | 129,046,628 | 30.16 | - | - |
| Metronic Global Berhad | 13,735,640 | 3.21 | - | - |
| Datuk Tan Chor How Christopher | 108,576,428 | 25.38 | - | - |
| Morgan Stanley | 19,649,324 | 4.59 | - | - |
| Mitsubishi UFJ Financial Group, Inc | - | - | 19,649,324 | (4)4.59 |

Notes:

- (1) Based on 237,377,301 MNC Shares as at the LPD.
- (2) Based on the enlarged number of 380,234,444 MNC Shares after the Proposed Rights Issue with Warrants.
- (3) Based on the enlarged number of 427,853,491 MNC Shares assuming full exercise of the Warrants D.
- (4) Deemed interested in the shares held by Morgan Stanley pursuant to Section 8 of the Act.

Base Case Scenario

| Substantial Shareholders | As at the LPD | | | | (1) After the Proposed Rights Issue with Warrants | | | |
|-------------------------------------|---------------|-------|---------------|---------|--|-------|---------------|---------|
| | Direct | | Indirect | | Direct | | Indirect | |
| | No. of Shares | (1)% | No. of Shares | (1)% | No. of Shares | (2)% | No. of Shares | (2)% |
| Ho Jien Shiung | 33,808,533 | 14.24 | - | - | 135,234,132 | 14.24 | - | - |
| Metronic Global Berhad | 13,735,640 | 5.79 | - | - | 54,942,560 | 5.79 | - | - |
| Datuk Tan Chor How Christopher | 13,338,333 | 5.62 | - | - | 53,353,332 | 5.62 | - | - |
| Morgan Stanley | 19,649,324 | 8.28 | - | - | 78,597,296 | 8.28 | - | - |
| Mitsubishi UFJ Financial Group, Inc | - | - | 19,649,324 | (4)8.28 | - | - | 78,597,296 | (4)8.28 |

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| Substantial Shareholders | (II) After (I) and assuming full exercise of Warrants D | | | |
|-------------------------------------|--|------------------|---------------|---------------------|
| | Direct | | Indirect | |
| | No. of Shares | ⁽³⁾ % | No. of Shares | ⁽³⁾ % |
| Ho Jien Shiung | 169,042,665 | 14.24 | - | - |
| Metronic Global Berhad | 68,678,200 | 5.79 | - | - |
| Datuk Tan Chor How Christopher | 66,691,665 | 5.62 | - | - |
| Morgan Stanley | 98,246,620 | 8.28 | - | - |
| Mitsubishi UFJ Financial Group, Inc | - | - | 98,246,620 | ⁽⁴⁾ 8.28 |

Notes:

- (1) Based on 237,377,301 MNC Shares as at the LPD.
- (2) Based on the enlarged number of 949,509,204 MNC Shares after the Proposed Rights Issue with Warrants.
- (3) Based on the enlarged number of 1,186,886,505 MNC Shares assuming full exercise of the Warrants D.
- (4) Deemed interested in the shares held by Morgan Stanley pursuant to Section 8 of the Act.

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Maximum Scenario

| Substantial Shareholders | As at the LPD | | | | (I) After full conversion / exercise of the Convertible Securities | | | |
|-------------------------------------|---------------|-------|---------------|---------|---|-------|---------------|---------|
| | Direct | | Indirect | | Direct | | Indirect | |
| | No. of Shares | (1)% | No. of Shares | (1)% | No. of Shares | (2)% | No. of Shares | (2)% |
| Ho Jien Shiung | 33,808,533 | 14.24 | - | - | 43,824,235 | 13.17 | - | - |
| Metronic Global Berhad | 13,735,640 | 5.79 | - | - | 18,886,505 | 5.67 | - | - |
| Datuk Tan Chor How Christopher | 13,338,333 | 5.62 | - | - | 18,873,540 | 5.67 | - | - |
| Morgan Stanley | 19,649,324 | 8.28 | - | - | 24,416,189 | 7.34 | - | - |
| Mitsubishi UFJ Financial Group, Inc | - | - | 19,649,324 | (5)8.28 | - | - | 24,416,189 | (5)7.34 |

| Substantial Shareholders | (II) After (I) and the Proposed Rights Issue with Warrants | | | | (III) After (II) and assuming full exercise of Warrants D | | | |
|-------------------------------------|---|-------|---------------|---------|--|-------|---------------|---------|
| | Direct | | Indirect | | Direct | | Indirect | |
| | No. of Shares | (3)% | No. of Shares | (3)% | No. of Shares | (4)% | No. of Shares | (4)% |
| Ho Jien Shiung | 175,296,940 | 13.17 | - | - | 219,121,175 | 13.17 | - | - |
| Metronic Global Berhad | 75,546,020 | 5.67 | - | - | 94,432,525 | 5.67 | - | - |
| Datuk Tan Chor How Christopher | 75,494,160 | 5.67 | - | - | 94,367,700 | 5.67 | - | - |
| Morgan Stanley | 97,664,756 | 7.34 | - | - | 122,080,945 | 7.34 | - | - |
| Mitsubishi UFJ Financial Group, Inc | - | - | 97,664,756 | (5)7.34 | - | - | 122,080,945 | (5)7.34 |

Notes:

- (1) Based on 237,377,301 MNC Shares as at the LPD.
- (2) Based on the enlarged number of 332,830,066 MNC Shares after assuming full conversion / exercise of the Convertible Securities.
- (3) Based on the enlarged number of 1,331,320,264 MNC Shares after the Proposed Rights Issue with Warrants.
- (4) Based on the enlarged number of 1,664,150,330 MNC Shares assuming full exercise of the Warrants D.
- (5) Deemed interested in the shares held by Morgan Stanley pursuant to Section 8 of the Act.

7.4 Earnings and EPS

The Proposals will not have any material effect on the Group's earnings and EPS for the FYE 30 April 2025, save for the dilution to the EPS as a result of the increase in the number of Shares in issue following the issuance of the Rights Shares and the new Shares arising from the exercise of the Warrants D.

Nonetheless, although the EPS will be diluted as a result of the increase in the number of Shares, the Proposals are expected to contribute positively to the financial performance and future earnings of the Group as and when the benefits from the utilisation of the proceeds from the Proposals are realised.

7.5 Convertible securities

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

7.5.1 Warrants C

As at the LPD, there are 82,043,015 outstanding Warrants C, which have an exercise price of RM0.09 each and will expire on 13 November 2025.

Consequential to the Proposed Rights Issue with Warrants, the exercise price and/or number of Warrants C which are not exercised prior to the Entitlement Date may be adjusted in accordance with the provisions of the Deed Poll C to ensure that the status of the Warrant C holders is not prejudiced as a result of the Proposed Rights Issue with Warrants.

For illustrative purposes, the adjustments arising from the Proposed Rights Issue with Warrants under the Minimum Scenario and Base Case Scenario are based on the following parameters:

- (i) the Entitlement Date has been fixed on the LPD;
- (ii) the 5-day VWAP of the Shares up to and including the last market day immediately preceding the date of the first announcement of the Proposed Rights Issue with Warrants of RM0.1108;
- (iii) an illustrative price of RM0.07 per Rights Share and an illustrative exercise price of RM0.07 per Warrant D; and
- (iv) the following formulae as provided in the Deed Poll C:

$$\text{Adjusted exercise price of Warrants C} = \frac{P \times (G \times C) + (H \times I) + (J \times K)}{(G + H + J) \times C}$$

$$\text{Adjusted number of Warrants C} = \frac{T \times (G + H^*) \times C}{(G \times C) + (H^* \times I^*)}$$

where:

- P = existing exercise price of Warrants C
- T = existing number of Warrants C held
- G = the aggregate number of issued Shares on the Entitlement Date
- C = the current market price of each Share on the Market Day immediately preceding the date on which the capital distribution or as the case may be, the offer or invitation is publicly announced to Bursa Securities or (failing such announcement), immediately preceding the date of the announcement of the Entitlement Date of the capital distribution or, as the case may be, of the offer or invitation or (where appropriate), any relevant date as may be determined by the Company in consultation with an approved adviser
- H = the aggregate number of new Shares to be issued pursuant to an offer or invitation to acquire or subscribe for Shares by way of rights or by way of rights to acquire or subscribe for securities convertible into Shares or the rights to acquire or subscribe for Shares, as the case may be
- H* = the aggregate number of new Shares under an offer or invitation to acquire or subscribe for Shares by way of rights
- I = the subscription consideration of 1 additional Share under the offer or invitation to acquire or subscribe for Shares or the exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for 1 additional Share, as the case may be
- I* = The subscription consideration of 1 additional Share under the offer or invitation to acquire or subscribe for Shares.
- J = the aggregate number of Shares to be issued to its Shareholders upon conversion of such securities or exercise of such rights to subscribe for Shares by the Shareholders
- K = the exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for one additional Share

Hence, the Adjustments under the Minimum Scenario, Base Case Scenario and Maximum Additional Warrants C Scenario (as defined below) are as follows:

Minimum Scenario

$$\text{Adjusted exercise price of Warrants C} = \frac{\text{RM0.09} \times [(237,377,301 \times \text{RM0.1108}) + (142,857,143 \times \text{RM0.07}) + (47,619,047 \times \text{RM0.07})]}{(237,377,301 + 142,857,143 + 47,619,047) \times \text{RM0.1108}}$$

$$= \text{RM0.08 (rounded up to the nearest one Sen as provided in the Deed Poll C)}$$

$$\text{Adjusted number of Warrants C} = \frac{82,043,015 \times [(237,377,301 + 142,857,143) \times \text{RM0.1108}]}{(237,377,301 \times \text{RM0.1108}) + (142,857,143 \times \text{RM0.07})}$$

$$= \mathbf{95,215,882}$$

$$\text{Additional number of Warrants C} = 95,215,882 - 82,043,015$$

$$= \mathbf{13,172,867}$$

Base Case Scenario

$$\begin{aligned} \text{Adjusted exercise price of Warrants C} &= \frac{\text{RM0.09} \times [(237,377,301 \times \text{RM0.1108}) + (712,131,903 \times \text{RM0.07}) + (237,377,301 \times \text{RM0.07})]}{(237,377,301 + 712,131,903 + 237,377,301) \times \text{RM0.1108}} \end{aligned}$$

$$= \text{RM0.07 (rounded up to the nearest one Sen as provided in the Deed Poll C)}$$

$$\begin{aligned} \text{Adjusted number of Warrants C} &= \frac{82,043,015 \times [(237,377,301 + 712,131,903) \times \text{RM0.1108}]}{(237,377,301 \times \text{RM0.1108}) + (712,131,903 \times \text{RM0.07})} \end{aligned}$$

$$= \mathbf{113,346,210}$$

$$\begin{aligned} \text{Additional number of Warrants C} &= 113,346,210 - 82,043,015 \end{aligned}$$

$$= \mathbf{31,303,195}$$

Maximum Additional Warrants C Scenario

The number of Additional Warrants C to be issued is based on the adjustment formulae in the Deed Poll C and is subject to various parameters, including the issue price of the Rights Shares and the exercise price of the Warrants D. Solely for the purpose of computing the maximum number of Additional Warrants C that may be issued and should not be construed to be the same as the Maximum Scenario (as defined in the Definitions Page of this Circular), we have assumed an illustrative issue price of RM0.01 per Rights Share and an illustrative exercise price of RM0.01 per Warrant D, being the minimum issue price and exercise price to undertake the Proposed Rights Issue with Warrants (“**Maximum Additional Warrants C Scenario**”).

Hence, the computation for the adjusted exercise price and the adjusted number of Warrants C based on the assumed parameters above and the formulae as provided for in the Deed Poll C is as follows:

$$\begin{aligned} \text{Adjusted exercise price of Warrants C} &= \frac{\text{RM0.09} \times [(237,377,301 \times \text{RM0.1108}) + (712,131,903 \times \text{RM0.01}) + (237,377,301 \times \text{RM0.01})]}{(237,377,301 + 712,131,903 + 237,377,301) \times \text{RM0.1108}} \end{aligned}$$

$$= \text{RM0.03 (rounded up to the nearest one Sen as provided in the Deed Poll C)}$$

$$\begin{aligned} \text{Adjusted number of Warrants C} &= \frac{82,043,015 \times [(237,377,301 + 712,131,903) \times \text{RM0.1108}]}{(237,377,301 \times \text{RM0.1108}) + (712,131,903 \times \text{RM0.01})} \end{aligned}$$

$$= \mathbf{258,249,036}$$

$$\begin{aligned} \text{Additional number of Warrants C} &= 258,249,036 - 82,043,015 \end{aligned}$$

$$= \mathbf{176,206,021}$$

Notwithstanding the above Adjustments, Rule 6.51 of the Listing Requirements states that a listed corporation must ensure that the number of new shares which will arise from all outstanding warrants, when exercised, does not exceed 50% of the total number of issued shares of the listed corporation (excluding treasury shares and before the exercise of the warrants) at all times.

The total number of Additional Warrants C to be issued pursuant to the Adjustments are summarised as follows:

| | Minimum Scenario | Base Case Scenario | Maximum Additional Warrants Scenario |
|---|------------------|--------------------|--------------------------------------|
| Additional Warrants C pursuant to the adjustments illustrated in Section 7.5.1 | 13,172,867 | 31,303,195 | 176,206,021 |

Depending on the total number of outstanding convertible securities on the Entitlement Date, the maximum number of Additional Warrants C that can be issued pursuant to the Adjustments under the Minimum Scenario, Base Case Scenario and Maximum Additional Warrants Scenario are illustrated below:

| | Minimum Scenario | Base Case Scenario | Maximum Additional Warrants Scenario |
|---|--------------------|--------------------|--------------------------------------|
| Existing total no. of issued Shares | 237,377,301 | 237,377,301 | 237,377,301 |
| Add: Total no. of Rights Shares to be issued | 142,857,143 | 712,131,903 | 712,131,903 |
| After the Proposed Rights Issue with Warrants [A] | 380,234,444 | 949,509,204 | 949,509,204 |
| 50% of [A] | 190,117,222 | 474,754,602 | 474,754,602 |
| Less: Total no. of existing Warrants C | (82,043,015) | (82,043,015) | (82,043,015) |
| Less: Total no. of Warrants D to be issued | (47,619,047) | (237,377,301) | (237,377,301) |
| Maximum additional number of warrants that can be issued pursuant to the adjustments (rounded down to the nearest warrant) | 60,455,160 | 155,334,286 | 155,334,286 |

Based on the above, the 50% threshold under Rule 6.51 of the Listing Requirements will not be breached under the Minimum Scenario and Base Case Scenario. Accordingly, under the Minimum Scenario and Base Case Scenario, the exercise price and number of Warrants C will be fully adjusted in accordance with the provisions of the Deed Poll C respectively.

Notwithstanding the Adjustments provision under the Deed Poll C, in any circumstances where the Directors consider that an adjustment should not be made or should be calculated on a different basis or at a different date, the Company may appoint and consult an approved adviser to consider whether such adjustments to be made is appropriate or inappropriate, as the case may be.

If the Directors following consultation with the approved adviser shall consider such Adjustments to be inappropriate or an adjustment should be made, the said Adjustments shall be made in such manner as the Directors may deem appropriate, subject to the auditors confirming or certifying the calculation of such Adjustments.

Further, the Deed Poll C provides that all Adjustments made shall be subject to MNC's compliance with the applicable rules and regulations (including the 50% threshold stipulated under Rule 6.51 of the Listing Requirements).

In view of the above, the maximum number of Additional Warrants C to be issued is 155,334,286 under the Maximum Additional Warrants Scenario in order to comply with the Adjustments provisions under the Deed Poll C and the 50% threshold under Rule 6.51 of the Listing Requirements.

7.5.2 ICPS

As at the LPD, there are 13,409,750 outstanding ICPS, which will be expiring on 5 September 2029. Each ICPS holder is entitled to convert his/her ICPS into 1 new Share at the conversion price of RM0.60 in any of the following manners:

- (i) by surrendering 2 ICPS (which is issued at an issue price of RM0.30 each and thus collectively have an aggregate issue price equivalent to the conversion price of RM0.60); or
- (ii) by surrendering 1 ICPS (which is issued at an issue price of RM0.30 each) with an additional cash payment of RM0.30 for 1 new Share.

The Proposed Rights Issue with Warrants is not expected to result in any adjustment to the number of ICPS. Consequential to the Proposed Rights Issue with Warrants, the conversion price of the ICPS which are not exercised prior to the Entitlement Date may be adjusted in accordance with the terms of the ICPS as stated in the Constitution of the Company. The adjustment 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 to ensure that the status of the ICPS holders is not prejudiced as a result of the Proposed Rights Issue with Warrants.

For illustrative purposes, the adjustments arising from the Proposed Rights Issue with Warrants are based on the following parameters:

- (i) the Entitlement Date is fixed on the LPD;
- (ii) the 5-day VWAP of the Shares up to and including the last market day immediately preceding the date of the first announcement of the Proposed Rights Issue with Warrants of RM0.1108;
- (iii) an illustrative issue price of RM0.07 per Rights Share and an illustrative exercise price of RM0.07 per Warrant D; and

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(iv) the following formulae:

$$\text{Adjusted conversion price of ICPS} = \frac{C - D}{C} \times P$$

where:

C = the current market price of each Share on the Market Day immediately preceding the date on which the Proposed Rights Issue with Warrants is publicly announced on Bursa Securities

value of the rights attributable to 1 Share which is to be calculated in accordance with this formula:

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

where:

D = C = as C above;

E = the subscription consideration for 1 additional Share under the terms of such offer or invitation or subscription price of 1 additional Share upon conversion of the convertible securities or exercise of such rights to acquire or subscribe for 1 Share under the offer or invitation; and

F = the number of Shares which is necessary to hold in order to be offered or invited to acquire or subscribe for 1 additional Share or such number of securities with rights to acquire or subscribe for 1 additional Share.

P = existing exercise price of the ICPS

Hence, the adjustments to the conversion price of ICPS arising from the Proposed Rights Issue with Warrants is as follows:

$$\begin{aligned} \text{Adjusted conversion price of ICPS} &= \frac{\text{RM0.1108} - \frac{\text{RM0.1108} - \text{RM0.07}}{1 + 1}}{\text{RM 0.1108}} \times 0.60 \\ &= \text{RM0.49 (rounded down to the nearest one Sen as provided in the Constitution)} \end{aligned}$$

Based on the above, the conversion price of the ICPS would be adjusted from RM0.60 to RM0.49.

Notwithstanding the above which are shown for illustrative purposes only based on the stated assumptions, the necessary adjustments will only be finalised on the Entitlement Date and will be effective on the date following the Entitlement Date, and the relevant notifications to the respective holders will be issued by the Company at a later date.

7.5.3 ESOS Options

As at the LPD, there are up to 71,213,100 ESOS Options which may be granted and exercised pursuant to the maximum allowable amount under the ESOS. There are no ESOS Options which have been granted but not exercised as at the LPD and the Company does not intend to grant any ESOS Options prior to the completion of the Proposals and hence no adjustment to exercise price and/or number of granted ESOS Options is required due to the Proposals.

8. TENTATIVE TIMELINE

Subject to all relevant approvals being obtained, the Proposals are expected to be completed by the second quarter of 2025. The tentative timeline for the Proposals is as follows:

| Date | Events |
|------------------|--|
| 27 December 2024 | EGM for the Proposals |
| March 2025 | <ul style="list-style-type: none">• Announcement of the Entitlement Date• Despatch of abridged prospectus, notices of provisional allotment and rights subscription form• Closing date for acceptance and application for the Rights Shares and Warrants D |
| April 2025 | <ul style="list-style-type: none">• Listing and quotation of the Rights Shares and Warrants D |

9. APPROVALS REQUIRED AND CONDITIONALITY

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

- (i) Bursa Securities for the following:
 - (a) the admission of Warrants D to the Official List;
 - (b) listing and quotation of the Rights Shares, Warrants D and Additional Warrants C on the ACE Market of Bursa Securities; and
 - (c) listing and quotation of the new Shares to be issued upon the exercise of the Warrants D and Additional Warrants C on the ACE Market of Bursa Securities.

The approval of Bursa Securities for the above was obtained via its letter dated 20 November 2024 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 Rights Issue with Warrants. | To be complied |
| (b) MNC and TA Securities to inform Bursa Securities upon the completion of the Proposed Rights Issue with 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 Rights Issue with 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 D as at the end of each quarter together with a detailed computation of listing fees payable. | To be complied |
| (e) MNC is required to incorporate Bursa Securities' comments made on the Circular. | Complied via this Circular |

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

The Proposed Variation is conditional upon the Proposed Rights Issue with Warrants but not vice versa. Save for the above, the Proposals are not conditional upon any other proposals undertaken or to be undertaken by the Company.

10. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

Save for the Proposals, there are no other corporate exercises / schemes which have been announced by the Company but are pending completion as at the date of this Circular.

11. 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 with them have any interest, whether direct or indirect, in the Proposals, save for their respective entitlements under the Proposed Rights Issue with Warrants (including the right to apply for additional Rights Shares via excess shares applications), to which all Entitled Shareholders are similarly entitled to.

12. BOARD'S RECOMMENDATION

The Board, having considered all aspects of the Proposals, including but not limited to the rationale and effects of the Proposals as well as the utilisation of proceeds, is of the view that the Proposals are in the best interest 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.

13. EGM

The EGM, the notice of which is enclosed in this Circular, will be held on a virtual basis through live streaming and remote participation and voting via an online meeting platform at via 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 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 modifications, to give effect to the Proposals.

| | |
|-------------------------------|--|
| Day, date and time of the EGM | : Friday, 27 December 2024 at 10.30 a.m. |
|-------------------------------|--|

If you are unable to participate in 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 and deposit it at the Company's Share Registrar's office at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan or lodge electronically via e-mail to ir@shareworks.com.my not less than forty-eight (48) hours before the time appointed for holding the EGM or at any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending and voting at the EGM should you subsequently decide to do so and in such an event, your Form of Proxy shall be deemed to have been revoked.

14. 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

APPENDIX I – HISTORICAL FINANCIAL INFORMATION

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

| | Audited | | | | Unaudited | |
|--|-----------------|-----------------|----------------|----------------|----------------|----------------|
| | FYE 30 April | | | | 3-month | 3-month |
| | 2021 | 2022 | 2023 | 2024 | FPE 31 | FPE 31 |
| | (RM'000) | (RM'000) | (RM'000) | (RM'000) | July 2023 | July 2024 |
| | (RM'000) | (RM'000) | (RM'000) | (RM'000) | (RM'000) | (RM'000) |
| Revenue | 21,238 | 15,025 | 12,436 | 14,152 | 3,357 | 4,351 |
| Cost of sales | (17,979) | (12,627) | (10,697) | (11,291) | (2,826) | (3,101) |
| GP | 3,259 | 2,398 | 1,739 | 2,861 | 531 | 1,250 |
| Other operating income | 9,914 | 1,296 | 802 | 923 | 150 | 398 |
| Sales and distribution costs | (3) | 3 | * | (1,791) | - | - |
| Administrative expenses | (30,137) | (21,531) | (9,077) | (9,933) | (3,269) | (2,644) |
| Net (allowance) / reversal of impairment on receivables and deposits | (120) | 98 | (150) | (696) | - | (154) |
| Finance expenses | (49) | (36) | (21) | (8) | (3) | (1) |
| LBT | (17,136) | (17,772) | (6,707) | (8,644) | (2,591) | (1,151) |
| Tax expense | (640) | 317 | 63 | 18 | 5 | 11 |
| LAT | (17,776) | (17,455) | (6,644) | (8,626) | (2,586) | (1,140) |
| LAT attributable to owners of the Company | (17,776) | (17,455) | (6,644) | (8,626) | (2,586) | (1,140) |
| GP margin (%) | 15.35 | 15.96 | 13.98 | 20.21 | 15.82 | 28.73 |
| LAT margin (%) | (83.70) | (116.17) | (53.43) | (60.95) | (77.03) | (26.20) |
| Weighted average no. of Shares in issue ('000) | 1,450,365 | 1,835,654 | 230,496 | 234,541 | 232,281 | 237,147 |
| Basic LPS (sen) | (1.23) | (0.95) | (2.88) | (3.68) | (1.11) | (0.48) |

* Less than RM1,000.

(i) 3-month FPE 31 July 2024 vs 3-month FPE 31 July 2023

The Group's revenue for the 3-month FPE 31 July 2024 increased by RM 0.99 million or 29.61% to RM 4.35 million from RM3.36 million in the previous corresponding period. This was mainly due to higher contribution from its wireless and multimedia related services due to increase in customer demand. The higher customer demand was attributable to an increase in the Group's marketing activities and collaborative efforts with business partners undertaken during the FYE 30 April 2024. The Group believes that these initiatives have created a positive spillover effect that carries over to the current financial period.

In line with the increase in revenue, the Group recorded a higher GP of RM1.25 million (GP margin of 28.73%) in the 3-month FPE 31 July 2024 as compared to a GP of RM0.53 million (GP margin of 15.82%) in the previous corresponding period. The higher GP and GP margin was due to higher revenue contribution from newly acquired customers with higher margins from wireless and multimedia related services.

The Group's LAT for the 3-month FPE 31 July 2024 decreased by RM1.45 million or 55.92% to RM1.14 million from RM 2.59 million in the previous corresponding period. The lower LAT was mainly due to higher gross profit as explained above, coupled with lower administrative expenses contributed by a decrease in fair value loss on quoted share investments recorded amounting to RM0.55 million (3-month FPE 31 July 2023: RM1.21 million).

(ii) FYE 30 April 2024 vs FYE 30 April 2023

The Group's revenue for the FYE 30 April 2024 increased by RM1.71 million or 13.75% to RM14.15 million from RM12.44 million in the previous corresponding year. This was mainly due to the higher contribution from its wireless and multimedia related services due to increased clients demand and collaborative efforts with its business partners to increase its customer base.

In line with the increase in revenue, the Group recorded a higher GP of RM2.86 million (GP margin of 20.22%) in FYE 30 April 2024 as compared to a GP of RM1.74 million (GP margin of 13.98%) in the previous corresponding year. The higher GP and GP margin was due to higher revenue contribution from customers with higher margin from wireless and multimedia related services.

Despite a higher revenue and GP, the Group recorded a higher LAT of RM8.63 million for the FYE 30 April 2024 as compared to a LAT of RM6.65 million in the previous corresponding year, representing an increase of 29.77% or RM1.98 million. The higher LAT was mainly due to higher operating expenditure from sales and distribution cost as a result of increased marketing activities and efforts to increase the Group's revenue and customer base as well as higher administrative expenses incurred due to higher amortisation of intangible assets of RM4.37 million (FYE 30 April 2023: RM2.90 million).

(iii) FYE 30 April 2023 vs FYE 30 April 2022

The Group's revenue for the FYE 30 April 2023 decreased by RM2.59 million or 17.23% to RM12.44 million from RM15.03 million in the previous corresponding year. This was mainly due to lower contribution from both its operating segments, namely the mobile applications and wireless and multimedia related services as a result of the lower customer demand from its business partners.

As a result of the decrease in revenue, the Group recorded a lower GP of RM1.74 million (GP margin of 13.98%) in FYE 30 April 2023 as compared to a GP of RM2.40 million (GP margin of 15.96%) in the previous corresponding year.

Despite the lower revenue and GP, the Group recorded lower LAT of RM6.65 million for the FYE 30 April 2023 as compared to a LAT of RM17.46 million in the previous corresponding year, representing a decrease of 61.93% or RM10.81 million. The lower LAT was mainly due to lower administrative expenses of RM9.08 million incurred during the year (FYE 30 April 2022: RM21.53 million) as a result of the Group's cost optimisation measures taken for the FYE 30 April 2023.

(iv) FYE 30 April 2022 vs FYE 30 April 2021

The Group's revenue for the FYE 30 April 2022 decreased by RM6.21 million or 29.25% to RM15.03 million from RM21.24 million in the previous corresponding year. The lower revenue was mainly due to lower contribution from both its operating segments, namely the 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 RM2.40 million (GP margin of 15.96%) in FYE 30 April 2022 as compared to a GP of RM3.26 million (GP margin of 15.35%) in the previous corresponding year, representing a decrease of RM0.86 million or 26.42%. The decrease in GP was in line with the decrease in revenue.

APPENDIX I – HISTORICAL FINANCIAL INFORMATION (CONT'D)

The Group's LAT for the FYE 30 April 2022 decreased by RM0.32 million or 1.81% to RM17.46 million from RM 17.78 million in the previous corresponding year. The lower LAT was mainly due to lower operating expenses of RM21.43 million (FYE 30 April 2021: RM30.26 million). The lower operating expenses were due to lower business development expenses of RM4.71 million (FYE 30 April 2021: RM13.69 million). Due to the economic slowdown caused by the COVID-19 pandemic, the Group focused on maintaining its existing operations, resulting in a more cautious approach to business development spending. The decrease in LAT was partially offset by the loss on disposal of quoted shares of RM8.78 million (FYE 30 April 2021: gain on disposal of quoted shares of RM8.15 million).

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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**2.1 TA Securities**

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 interest in relation to its role as the Principal Adviser for the Proposals.

2.2 Providence

Providence, being the independent market researcher for the Proposals, has given and has not subsequently withdrawn its written consent to the inclusion of its name and extracts of its IMR Report referred to in **Sections 6.2** and **6.3** of this Circular in the form and context in which it appears in this Circular.

Providence 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 interest in relation to its role as the independent market researcher 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:

| | High RM | Low RM |
|--------------------|--------------------|-------------------|
| <u>2023</u> | | |
| December | 0.140 | 0.125 |
| <u>2024</u> | | |
| January | 0.190 | 0.140 |
| February | 0.150 | 0.140 |
| March | 0.145 | 0.130 |
| April | 0.145 | 0.120 |
| May | 0.150 | 0.125 |
| June | 0.140 | 0.125 |
| July | 0.140 | 0.125 |
| August | 0.130 | 0.110 |
| September | 0.110 | 0.055 |
| October | 0.085 | 0.065 |
| November | 0.080 | 0.060 |

| | |
|--|-------|
| Last transacted market price on 5 September 2024, being the last market day immediately prior to the first announcement of the Proposals | 0.110 |
| Last transacted market price on the LPD (RM) | 0.080 |

(Source: Bloomberg)

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 that have not been provided for, 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 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. 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 2023 and FYE 30 April 2024 and unaudited consolidated financial statements of MNC for the 3-month FPE 31 July 2024;
- (iii) draft Deed Poll D;
- (iv) the letters of consent referred to in **Section 2 of Appendix II** above;
- (v) the Undertakings; and
- (vi) IMR Report.



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 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 Friday, 27 December 2024 at 10.30 a.m. or at any adjournment thereof for the purpose of considering and, if thought fit, passing the following resolutions with or without modifications:

ORDINARY RESOLUTION 1

PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 998,490,198 NEW ORDINARY SHARES IN MNC (“MNC SHARES” OR “SHARES”) (“RIGHTS SHARES”) TOGETHER WITH UP TO 332,830,066 FREE DETACHABLE WARRANTS IN MNC (“WARRANTS D”) 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 ON AN ENTITLEMENT DATE TO BE DETERMINED (“PROPOSED RIGHTS ISSUE WITH WARRANTS”)

“**THAT** subject to the approvals of all relevant parties and/or authorities being obtained (if required), including but not limited to the approval of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) for the listing and quotation of the Rights Shares and Warrants D to be issued pursuant to the Proposed Rights Issue with Warrants and the new Shares to be issued pursuant to the exercise of the Warrants D, the Board of Directors of the Company (“**Board**”) be and is hereby authorised:

- (i) to provisionally allot and issue by way of a renounceable rights issue of up to 998,490,198 Rights Shares together with up to 332,830,066 Warrants D to the shareholders of MNC (“**Entitled Shareholders**”) whose names appear in the Record of Depositors of the Company at the close of business on an entitlement date to be determined by the Board (“**Entitlement Date**”) and/or their renounee(s), on the basis of 3 Rights Shares together with 1 free Warrant D for every 1 existing Share held on the Entitlement date at an issue price to be determined by the Board and on such terms and conditions and in such manner as the Board may determine;
- (ii) to enter into and execute the deed poll constituting the Warrants D (“**Deed Poll D**”) and to do all acts, deeds and things as the Board may deem fit or expedient in order to implement, finalise and give effect to the Deed Poll D (including, without limitation, the affixing of the Company’s common seal, where necessary);
- (iii) to allot and issue the Warrants D in registered form to the Entitled Shareholders (and/or their renounee(s), as the case may be) and the Excess Applicants (as defined below), if any, who subscribe for and are allotted Rights Shares, each Warrant D conferring the right to subscribe for 1 new Share at an exercise price to be determined by the Board on the Entitlement Date, subject to the provisions for adjustment to the subscription rights attached to the Warrants D in accordance with the provisions of the Deed Poll D;

- (iv) to allot and issue such number of additional Warrants D pursuant to adjustments as provided for under the Deed Poll D (“**Additional Warrants D**”) and to adjust from time to time the exercise price of the Warrants D as a consequence of the adjustments under the provisions of the Deed Poll D and/or to effect such modifications, variations and/or amendments as may be imposed, required or permitted by Bursa Securities and any other relevant authorities or parties (where required); and
- (v) to allot and issue such number of new Shares credited as fully paid-up to the holders of the Warrants D upon their exercise of the relevant Warrants D to subscribe for new Shares during the tenure of the Warrants D, and such further new Shares as may be required or permitted to be issued pursuant to the exercise of the Additional Warrants D and such adjustments in accordance with the provisions of the Deed Poll D;

THAT the Board be and is hereby authorised to determine and vary if deemed fit, necessary and/or expedient, the issue price of the Rights Shares and the exercise price of the Warrants D to be issued in connection with the Proposed Rights Issue with Warrants;

THAT any Rights Shares which are not validly taken up or which are not allotted for any reason whatsoever to the Entitled Shareholders and/or their renounee(s) shall be made available for excess applications in such manner and to such persons (“**Excess Applicants**”) as the Board shall determine at its absolute discretion;

THAT the Rights Shares, Warrants D and the new Shares to be issued pursuant to the exercise of the Warrants D and Additional Warrants D (if any) shall be listed on the ACE Market of Bursa Securities;

THAT the proceeds of the Proposed Rights Issue with Warrants be utilised for the purposes as set out in Section 4 of the circular to shareholders of the Company dated 5 December 2024 (“**Circular**”) and the Board be and is hereby authorised with full powers 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 or in the best interests of the Company, subject to the approval of the relevant authorities (where required);

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

THAT the new Shares to be issued pursuant to the exercise of the Warrants D (including the Additional Warrants D, if any) shall, upon allotment, issuance and full payment of the exercise price of the Warrants D (or the Additional Warrants D, if any), 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 Shareholders, the entitlement date of which is prior to the date of allotment and issuance of such new Shares to be issued pursuant to the exercise of the Warrants D (including the Additional Warrants D, if any);

THAT the Board be and is hereby entitled to deal with all or any of the fractional entitlements of the Rights Shares and the Warrants D arising from the Proposed Rights Issue with Warrants, which are not validly taken up or which are not allotted for any reason whatsoever, in such manner and to such persons as the Board may in its absolute discretion deem fit and in the best interest of the Company (including without limitation to disregard such fractional entitlements altogether);

THAT the Board be and is hereby empowered and authorised to do all acts, deeds and things, and to execute, enter into, sign, deliver and cause to be delivered for and on behalf of the Company all such transactions, arrangements, agreements and/or documents as it may consider necessary or expedient in order to implement, give full effect to and complete the Proposed Rights Issue with Warrants, with full powers to assent to and accept any condition, modification, variation, arrangement and/or amendment to the terms of the Proposed Rights Issue with Warrants as the Board may deem fit, necessary and/or expedient in the best interests of the Company or as may be imposed by any relevant authority or consequent upon the implementation of the aforesaid conditions, modifications, variations, arrangements and/or amendments and to take all steps as it considers necessary in connection with the Proposed Rights Issue with Warrants in order to implement and give full effect to the Proposed Rights Issue with Warrants;

AND THAT this resolution constitutes specific approval for the issuance of securities in the Company contemplated herein which is made pursuant to an offer, agreement or option and shall continue in full force and effect until all Rights Shares, Warrants D (including Additional Warrants D, if any) and new Shares to be issued pursuant to or in connection with the Proposed Rights Issue with Warrants have been duly allotted and issued in accordance with the terms of the Proposed Rights Issue with Warrants.”

ORDINARY RESOLUTION 2

PROPOSED VARIATION OF THE UTILISATION OF PROCEEDS PREVIOUSLY RAISED FROM A PRIVATE PLACEMENT EXERCISE UNDERTAKEN BY THE COMPANY (“PROPOSED VARIATION”)

“**THAT** subject to the passing of Ordinary Resolution 1 as well as the approvals of all relevant parties and/or authorities being obtained (where required), approval be and is hereby given to the Company to vary the utilisation of proceeds previously raised from the Company’s previous private placement of 527,642,000 Shares, representing 30% of the total number of issued Shares which was completed on 11 March 2022, in the manner and extent as set out in Sections 3 and 4 of the Circular;

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

By Order of the Board
M N C WIRELESS BERHAD

TEA SOR HUA (MACS 01324) (SSM PC No. 201908001272)
WINNIE GOH KAH MUN (MAICSA 7068836) (SSM PC No. 202308000205)
Company Secretaries

Petaling Jaya, Selangor Darul Ehsan
5 December 2024

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. 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.
4. 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.
5. 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.
6. The instrument appointing a proxy or proxies must be deposited at the office of the Company's Share Registrar situated at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan or lodged electronically via email to ir@shareworks.com.my not less than forty-eight (48) hours before the time appointed for holding the EGM or at any adjournment thereof.
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 19 December 2024. Only members whose names appear in the General Meeting Record of Depositors as at 19 December 2024 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. Kindly check Bursa Malaysia Berhad's website at www.bursamalaysia.com and the Company's website at 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)

**ADMINISTRATIVE NOTES
FOR THE VIRTUAL EXTRAORDINARY GENERAL MEETING (“EGM”) OF
M N C WIRELESS BERHAD (“THE COMPANY”)**

Day/Date : Friday, 27 December 2024
Time : 10:30 a.m.
Online Meeting Platform : www.swsb.com.my
Broadcast Venue : Virtual basis through live streaming and remote participation and voting (“RPV”) 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

Mode Of Meeting

- The Company will hold and conduct its EGM on a virtual basis through live streaming and online remote voting using RPV facilities.
- Please note that it is your responsibility to ensure the stability of your internet connectivity throughout the EGM as the quality of the live webcast and online remote voting are dependent on your internet bandwidth and stability of your internet connection.
- The Broadcast Venue of the EGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the EGM to be present at the main venue of the EGM.
- **NO** members or proxy(ies)/corporate representative(ies)/attorney(s) from the public shall be physically present at the Broadcast Venue on the day of the EGM.
- Kindly check the latest updates via announcements on Bursa Malaysia Berhad’s website at www.bursamalaysia.com.

RPV Facility

1. Should you wish to attend the EGM, you are required to register yourself by using the RPV facilities in accordance with the instructions as set out under paragraph 6 below.

If a member is unable to participate in the online EGM, he/she/it is encouraged to appoint the Chairman of the EGM as his/her/its proxy(ies) and indicate the voting instructions in the Form of Proxy in accordance with the notes and instructions printed therein.

A member who wishes to appoint proxy(ies)/corporate representative(s)/attorney(s) to attend, participate and vote at the EGM via the RPV facilities must request his/her/its proxy(ies)/corporate representative(s)/attorney(s) to register himself/herself/themselves for the RPV facilities.

With the RPV facilities, you may exercise your rights as a member to attend, participate (including to pose questions (in the form of real-time submission of typed texts) to the Board of the Company) and vote remotely at the EGM.

2. **Individual Members** are strongly encouraged to take advantage of the RPV facilities to attend, participate and vote remotely at the EGM. Please refer to the details as set out below for information.
3. **Corporate Members** (through Corporate Representative(s) or appointed proxy(ies)) who wish to participate and vote remotely at the EGM must contact the poll administrator, ShareWorks with the details set out below for assistance and will be required to provide the following documents to the Company **no later than 25 December 2024 at 10:30 a.m.:**
 - a. Certificate of Appointment of its Corporate Representative or Form of Proxy under the seal of the corporation or signed by its attorneys or in accordance with the provision of its constitution or by an authorised officer duly authorised on behalf of the corporation. If the Form of Proxy is not executed under the seal of the corporation, please attach a copy of that corporation's constitution for verification;
 - b. Copy of the Corporate Representative's or proxy's identity card (MyKad) (front and back)/ Passport; and
 - c. Corporate Representative's or proxy's email address and mobile phone number.
4. **Nominee Company Members** who wish to attend, participate and vote remotely at the EGM can request their Nominee Companies to appoint their proxy(ies) to attend, participate and vote remotely at the EGM. Please contact the poll administrator, ShareWorks with the details set out below for assistance and will be required to provide the following documents to the Company **no later than 25 December 2024 at 10:30 a.m.:**
 - a. Form of Proxy under the seal of the Nominee Company or signed by its attorneys or in accordance with the provision of its constitution or by an authorised officer duly authorised on behalf of the corporation. If the Form of Proxy is not executed under the seal of the corporation, please attach a copy of that corporation's constitution for verification;
 - b. Copy of the proxy's identity card (MyKad) (front and back)/ Passport; and
 - c. Proxy's email address and mobile phone number.
5. Member who is appointing attorney(s) instead of proxy(ies) to participate and vote remotely at the EGM must contact the poll administrator, ShareWorks with the details set out below for assistance and will be required to provide the following documents to the Company **no later than 25 December 2024 at 10:30 a.m.:**
 - a. Power of Attorney which is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed;
 - b. Copy of the attorney's identity card (MyKad) (front and back)/ Passport; and
 - c. Attorney's email address and mobile phone number.
6. The procedures for the RPV in respect of the live streaming and remote voting at the EGM are as follows:

| Procedures | | Action |
|--------------------------|---|--|
| Before the EGM | | |
| (i) | Register as a user | <ul style="list-style-type: none"> If you have already registered an account at the website, you are not required to register again. Access website www.swsb.com.my Click "Login" and click "Register" to sign up as a user. The registration will be open from 10:30 a.m. on 6 December 2024 and close at 10:30 a.m. on 26 December 2024. Complete the registration process and upload softcopy of MyKad (front and back) (for Malaysian members) or Passport (for non-Malaysian members). Read and agree to the terms and conditions and thereafter submit your request. Upon submission, kindly login to the valid email address and verify your user ID within one (1) hour. Upon verification of the user ID, ShareWorks will send an email notification to approve you as a user. After verification of your registration against the General Meeting Record of Depositors of the Company as at 19 December 2024, the system will send you an email to notify you if your registration is approved or rejected after 19 December 2024. If your registration is rejected, you can contact ShareWorks for clarifications or to appeal. |
| On the day of EGM | | |
| (ii) | Login to www.swsb.com.my | <ul style="list-style-type: none"> Login with your user ID and password for remote participation at the EGM at any time from 10:00 a.m. (30 minutes before the commencement of the EGM on 27 December 2024 at 10:30 a.m.) |
| (iii) | Participate through Live Streaming | <ul style="list-style-type: none"> Select the "Virtual Meeting" from main menu. Click the "Join Meeting" located next to the event. You are required to provide your full name as per CDS records and your user registered email address. Kindly click the video link and insert the password given to you in your email notification in order to join the live video streaming. If you have any question for the Board, you may use the Q&A platform to transmit your question. The Board will try to respond to all questions submitted by remote participants during the EGM. If time is a constraint, the responses will be emailed to you at the earliest possible time after the EGM ended. Please take note that the quality of the live streaming is dependent on the bandwidth and stability of the internet connection at the location of the remote participants. |
| After the EGM | | |
| (iv) | Online remote voting | <ul style="list-style-type: none"> Select "Voting" located next to the "Join Meeting" and indicate your votes for the resolutions that are tabled for voting. Voting session will commence once the Chairman of the EGM declare that the voting platform is activated and will end once the Chairman announces the completion of the voting session. |

Appointment of Proxy

Only a member whose name appears on the Record of Depositors on 19 December 2024 shall be eligible to attend, participate and vote at the EGM or appoint proxy(ies)/corporate representative(s)/attorney(s) to attend, participate and vote on his/her/its behalf.

If a member appoints his/her/its proxy(ies)/corporate representative(s)/attorney(s) to attend, participate and vote at the EGM, please ensure the duly executed Form of Proxy/Certificate of Appointment of its Corporate Representative/Power of Attorney are submitted to the Share Registrar, **ShareWorks** as follows **not later than 25 December 2024 at 10:30 a.m.**:

- (a) In hardcopy form
The proxy form shall be deposited at the Share Registrar's office, ShareWorks Sdn. Bhd. at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan; or
- (b) By electronic means
The proxy form can be electronically lodged via email to ir@shareworks.com.my.

Revocation of Proxy

Please note that if an Individual Member has submitted his/her Form of Proxy prior to the EGM and subsequently decides to personally attend and participate in the EGM via RPV facilities, the Individual Member shall proceed to contact **ShareWorks** to revoke the appointment of his/her/its proxy **no later than 26 December 2024 at 10:30 a.m.**

Poll Voting

Pursuant to Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of the EGM of the Company shall be put to vote by way of a poll. The Company has appointed **ShareWorks** as Poll Administrator to conduct the poll by way of electronic means and **SharePoll Sdn. Bhd.** as Independent Scrutineers to verify the poll results.

The Independent Scrutineers will verify the poll results followed by the Chairman's declaration whether the resolutions are duly passed.

No Recording or Photography

Strictly **NO recording or photography** of the proceedings of the EGM is allowed. The Company reserves the right to take appropriate legal actions against anyone who violates this rule.

Enquiry

If you have any enquiry prior to the virtual meeting, please contact **Mr. Kou Si Qiang / Mr. Chan Wai Kien** during office hours from 8.30 a.m. to 5.30 p.m. on Mondays to Fridays (except public holidays):

ShareWorks Sdn. Bhd.

No. 2-1, Jalan Sri Hartamas 8

Sri Hartamas

50480 Kuala Lumpur

Wilayah Persekutuan

Telephone Number : 03-6201 1120

Email : ir@shareworks.com.my

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. 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.
4. 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.
5. 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.
6. The instrument appointing a proxy or proxies must be deposited at the office of the Company's Share Registrar situated at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan or lodged electronically via email to ir@shareworks.com.my not less than forty-eight (48) hours before the time appointed for holding the EGM or at any adjournment thereof.
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 19 December 2024. Only members whose names appear in the General Meeting Record of Depositors as at 19 December 2024 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. Kindly check Bursa Malaysia Berhad's website at www.bursamalaysia.com and the Company's website at www.mnc.com.my for the latest updates on the status of the EGM.

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AFFIX
STAMP

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

c/o ShareWorks Sdn. Bhd. (199101019611 (229948-U))
No. 2-1, Jalan Sri Hartamas 8,
Sri Hartamas,
50480 Kuala Lumpur,
Wilayah Persekutuan, Malaysia

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