

REDTONE DIGITAL BERHAD
(**"Company"** or **"REDtone"**)
[Registration No. 200201028701 (596364-U)]
(Incorporated in Malaysia)

MINUTES OF THE NINETEENTH ANNUAL GENERAL MEETING OF THE COMPANY CONDUCTED ON A VIRTUAL MEETING AT THE BROADCAST VENUE AT MANHATTAN V, LEVEL 14, BERJAYA TIMES SQUARE HOTEL KUALA LUMPUR, NO. 1 JALAN IMBI, 55100 KUALA LUMPUR, WILAYAH PERSEKUTUAN ON WEDNESDAY, 1 DECEMBER 2021 AT 10:00 A.M.

DIRECTORS PRESENT AT BROADCAST VENUE : Encik Abdul Jalil bin Abdul Rasheed (*Chairman of Meeting*)
(*Deputy Chairman / Non-Independent Non-Executive Director*)
Mr. Lau Bik Soon
(*Group Chief Executive Officer*)
Mr. Mathew Thomas a/l Vargis Mathews
(*Senior Independent Non-Executive Director*)
Dato' Mohd Zaini bin Hassan
(*Independent Non-Executive Director*)
Ms. Loh Paik Yoong
(*Non-Independent Non-Executive Director*)
Encik Zakaria bin Abdul Hamid
(*Non-Independent Non-Executive Director*)

DIRECTORS WHO PARTICIPATED REMOTELY : YAM Tunku Tun Aminah binti Sultan Ibrahim Ismail
(*Chairman / Non-Independent Non-Executive Director*)
Dato' Avinderjit Singh a/l Harjit Singh
(*Independent Non-Executive Director*)

IN ATTENDANCE : Ms. Tan Ley Theng (*Company Secretary*)

MEMBERS : As per Attendance List

PROXY HOLDERS : As per Attendance List

INVITEES : As per Attendance List

WELCOMING ADDRESS BY THE BOARD CHAIRMAN

YAM Tunku Tun Aminah binti Sultan Ibrahim Ismail (**"YAM Tunku Tun Chairman"**) the Non-Independent Non-Executive Chairman of the Company welcomed and thanked all present for participating in the Nineteenth Annual General Meeting (**"19th AGM"** or **"Meeting"**) of REDtone from various locations through live streaming.

YAM Tunku Tun Chairman informed the Meeting that in line with the National Recovery Plan announced by the Government and the Guidance Note and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers issued by Securities Commission Malaysia, the Board of Directors (**"Board"**) of the Company had decided that the 19th AGM be conducted on a virtual basis via live streaming webcast and remote participation and voting facilities (**"RPV"**) without physical attendance by shareholders, proxies and corporate representatives at the Broadcast Venue.

Taking cognisance of the COVID-19 pandemic, YAM Tunku Tun Chairman conveyed her apologies for not being physically present at the Broadcast Venue.

For purpose of complying with Section 327(2) of the Companies Act 2016 which stipulated that the chairman shall be present at the main venue of the general meeting, the Board has elected Encik Abdul Jalil bin Abdul Rasheed (**"Encik Jalil"** or **"Chairman"**), the Deputy Chairman of the Company, as Chairman of this Meeting to chair the proceedings of the 19th AGM in accordance with Clause 98 of the Company's Constitution.

YAM Tunku Tun Chairman then handed over the Chair to Encik Jalil.

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CHAIRMAN OF MEETING

Encik Jalil took over the Chair of the Meeting and welcomed all shareholders, proxies and invitees to the Meeting.

The Chairman informed that the Company has taken the necessary measures to ensure that the standard operating procedures on health and safety measures against COVID-19 pandemic has been complied with at this 19th AGM. These included a COVID-19 self-test requirement for every attendee, who must also be fully vaccinated individuals, before attending the 19th AGM at the Broadcast Venue, temperature check, sanitising and maintaining social distancing throughout the Meeting.

The Chairman then introduced the Board members, the Company Secretary, the Chief Financial Officer and the External Auditors of the Company to the shareholders.

QUORUM

With the requisite quorum being present pursuant to Clause 95 of the Company's Constitution, The Chairman declared the Meeting duly convened.

The Chairman advised the Meeting that the Company was using 24 November 2021 as the determinant date of the General Meeting Record of Depositors, being the cut-off date for determining who is entitled to participate in the 19th AGM.

NOTICE

The Notice convening the Meeting dated 22 October 2021 having been circulated within the prescribed period was, with the permission of the Meeting, taken as read.

PROCEEDINGS AND VOTING PROCEDURES

The Chairman informed that all resolutions set out in the Notice of 19th AGM would be voted by poll in compliance with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Chairman briefed the shareholders, proxies and corporate representatives present virtually at the Meeting of their rights to ask questions and vote at the 19th AGM.

The Meeting was informed that there were shareholders who were unable to participate in the Meeting via RPV, had appointed the Chairman of the Meeting to vote on their behalf. Accordingly, the Chairman would be voting in his capacity as proxy in accordance with their instructions, where indicated.

The Chairman further highlighted that as there was no legal requirement for a proposed resolution to be seconded, he would take the Meeting through each item on the Agenda. The voting session has been made available to all shareholders, proxies and corporate representatives from the start of the Meeting and shall continue until the closure of the voting session to be announced. Shareholders, proxies and corporate representatives may nonetheless proceed to cast and submit their votes, after all the resolutions to be tabled at the 19th AGM were being read out.

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The Chairman advised that the Company had taken all efforts to ensure a smooth live streaming, however the quality of the broadcast may be affected by the participants' own internet bandwidth connection and stability.

The Chairman invited the Company Secretary, Ms. Tan Ley Theng, to give an overview of the polling and voting procedures at this Meeting.

The Company Secretary briefed the Meeting that the shareholders, proxies and corporate representatives may use the text box facility under the RPV to transmit their questions real time to the Chairman or the Board during the Meeting. For smooth running of the proceedings of the Meeting, the question-and-answer session would be conducted upon completion of the deliberations of all items to be transacted at the Meeting, prior to the poll voting session.

In the interest of time, the Board may not be able to address all questions received. The questions received would be grouped and combined to avoid repetition, and may also be summarised for expediency. If there was time constraint, the responses will be e-mailed to the respective shareholders and proxies at the earliest possible, after the AGM.

The Meeting was also informed that the Company had appointed SS E Solutions Sdn. Bhd. as the Poll Administrator for the Meeting, and Commercial Quest Sdn. Bhd. would act as the Independent Scrutineers to verify the results of the poll. All votes were to be submitted via Securities Services e-Portal ("**SSeP**").

The step-by-step guide together with a pre-recorded short audio clip on the online voting module within the SSeP was played.

PRESENTATION BY THE GROUP CHIEF EXECUTIVE OFFICER

The Chairman invited the Group Chief Executive Officer, Mr. Lau Bik Soon, to give a brief overview of the financial highlights and operational review of the Group for the financial year ended 30 June 2021, project updates and outlook for the ensuing year.

Mr. Lau Bik Soon proceeded with his presentation, the details of which were attached herewith and marked as **Annexure "A"**.

LETTER FROM THE MINORITY SHAREHOLDERS WATCH GROUP

The Chairman informed that the Company had received questions from the Minority Shareholders Watch Group ("**MSWG**") via its letter dated 19 November 2021, seeking clarification or information on several issues raised pertaining to REDtone Group's operational and financial matters.

At the invitation of the Chairman, Mr. Lau Bik Soon read out the Company's responses to the questions of MSWG which were also flashed on the screen at the Meeting, the details were attached herewith and marked as **Annexure "B"**.

The Chairman thanked Mr. Lau Bik Soon for his presentation and continued with the proceedings of the Meeting.

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1.0 AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 TOGETHER WITH THE REPORTS OF THE DIRECTORS AND THE AUDITORS THEREON

The Chairman informed that the first item on the Agenda was to receive the Audited Financial Statements for the financial year ended 30 June 2021 together with the Reports of the Directors and the Auditors thereon.

The Chairman explained that the Audited Financial Statements for the financial year ended 30 June 2021 were meant for discussion only and shareholders' approval was not required pursuant to Section 340(1)(a) of the Companies Act 2016. As such, the Audited Financial Statements would not be put forward for voting.

The Chairman declared that the Audited Financial Statements for the financial year ended 30 June 2021 together with the Reports of the Directors and the Auditors thereon be received and adopted.

**2.0 ORDINARY RESOLUTION 1
APPROVAL OF THE PAYMENT OF DIRECTORS' FEES FOR AN AGGREGATE AMOUNT OF UP TO RM1,200,000 PAYABLE TO THE NON-EXECUTIVE DIRECTORS OF THE COMPANY ON A MONTHLY BASIS FROM 2 DECEMBER 2021 UNTIL THE NEXT ANNUAL GENERAL MEETING OF THE COMPANY TO BE HELD IN YEAR 2022**

The Chairman advised the Meeting that the next item on the Agenda was to approve the payment of Directors' fees for an aggregate amount of up to RM1,200,000 payable to the Non-Executive Directors of the Company on a monthly basis for the period commencing from 2 December 2021 until the next Annual General Meeting of the Company to be held in year 2022.

**3.0 ORDINARY RESOLUTION 2
APPROVAL OF THE PAYMENT OF DIRECTORS' BENEFITS FOR AN AMOUNT OF UP TO RM130,000 PAYABLE TO THE DIRECTORS OF THE COMPANY FROM 2 DECEMBER 2021 UNTIL THE NEXT ANNUAL GENERAL MEETING OF THE COMPANY TO BE HELD IN YEAR 2022**

The Chairman proceeded to Ordinary Resolution 2 in respect of the payment of Directors' benefits for an aggregate amount of up to RM130,000 payable to the Directors of the Company from 2 December 2021 until the next Annual General Meeting of the Company to be held in year 2022.

The Directors' benefits comprised the meeting allowances payable to the Directors, which were estimated based on the number of scheduled Board and/or Board Committee meetings to be held from 2 December 2021 until the next AGM of the Company in year 2022.

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**4.0 ORDINARY RESOLUTIONS 3, 4 AND 5
RE-ELECTION OF THE FOLLOWING DIRECTORS WHO RETIRED IN
ACCORDANCE WITH THE COMPANY'S CONSTITUTION:-**
4.1 LAU BIK SOON (CLAUSE 117)
4.2 LOH PAIK YOONG (CLAUSE 117)
4.3 ABDUL JALIL BIN ABDUL RASHEED (CLAUSE 116)

The Chairman tabled the next three (3) Ordinary Resolutions pertaining to the re-election of Directors who retired pursuant to Clause 117 and Clause 116 of the Company's Constitution.

In accordance with Clause 117 of the Company's Constitution, Mr. Lau Bik Soon and Ms. Loh Paik Yoong retired as Directors of the Company and being eligible, had offered themselves for re-election.

The Meeting was informed that pursuant to Clause 116 of the Company's Constitution, Encik Jalil retired as a Director of the Company and being eligible, had offered himself for re-election.

**5.0 ORDINARY RESOLUTION 6
RE-APPOINTMENT OF MESSRS. ERNST & YOUNG PLT AS AUDITORS OF THE
COMPANY FOR THE ENSUING YEAR AND TO AUTHORISE THE BOARD OF
DIRECTORS TO FIX THEIR REMUNERATION**

The Chairman informed that Ordinary Resolution 6 was to seek shareholders' approval on the re-appointment of Messrs. Ernst & Young PLT as Auditors of the Company for the ensuing year and to authorise the Board of Directors to fix their remuneration.

The Meeting was informed that the retiring Auditors, Messrs. Ernst & Young PLT have indicated their willingness to continue in office and the Audit Committee and the Board of Directors have reviewed the performance of Messrs. Ernst & Young PLT as Auditors of the Company for the past financial year and were satisfied with their effectiveness and performance as External Auditors of the Company.

SPECIAL BUSINESS

**6.0 ORDINARY RESOLUTION 7
RETENTION OF DATO' MOHD ZAINI BIN HASSAN AS AN INDEPENDENT NON-
EXECUTIVE DIRECTOR**

The Chairman proceeded to the next item on the Agenda under Special Business in relation to the retention of Dato' Mohd Zaini bin Hassan as an Independent Non-Executive Director pursuant to the Malaysian Code on Corporate Governance.

Dato' Mohd Zaini Bin Hassan was appointed as an Independent Non-Executive Director of the Company on 23 April 2012 and has served the Board in that capacity for a cumulative term of more than nine (9) years.

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The Chairman advised the Meeting that the Board recommended that Dato' Mohd Zaini bin Hassan be retained as an Independent Non-Executive Director of the Company. The justifications and recommendations of the Board for the retention of Dato' Mohd Zaini Bin Hassan are set out on Pages 6 and 7 of the Annual Report.

Retirement of Mr. Mathew Thomas A/L Vargis Mathews

The Meeting was informed that as stated in the Notice of the 19th AGM, Mr. Mathew Thomas A/L Vargis Mathews (**"Mr. Matthew Thomas"**) was retained at the 18th AGM held on 2 December 2020, to continue to serve as an Independent Non-Executive Director of the Company until the conclusion of 19th AGM of the Company.

Mr. Mathew Thomas has expressed his intention to retire as an Independent Non-Executive Director at the 19th AGM. Hence, Mr. Mathew Thomas would retire as an Independent Non-Executive Director upon the conclusion of the 19th AGM.

7.0 ORDINARY RESOLUTION 8
AUTHORITY TO ISSUE SHARES PURSUANT TO THE COMPANIES ACT 2016

The Chairman announced that the motion for consideration as set out in Ordinary Resolution 8, was to seek the shareholders' approval to authorise the Directors to issue and allot an aggregate number of shares up to ten per centum (10%) of the total number of issued shares of the Company pursuant to the Companies Act 2016.

The Meeting was informed that this general mandate would provide flexibility to the Board to issue and allot shares at any time at their absolute discretion without convening a general meeting, for any possible fund-raising activities, including but not limited to further placing of shares, for purpose of funding the Company's investment project(s), working capital, repayment of bank borrowings and/or acquisitions.

8.0 ORDINARY RESOLUTION 9
PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH PERSONS CONNECTED WITH TAN SRI DATO' SERI VINCENT TAN CHEE YIOUN

The Chairman tabled the Ordinary Resolution 9 in relation to the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature (**"RRPTs"**) with persons connected with Tan Sri Dato' Seri Vincent Tan Chee Yioun (**"Proposed Mandate I"**).

The details of the Proposed Mandate I together with the rationale and the recommendation of the Board were provided in the Circular to Shareholders dated 22 October 2021 (**"Circular"**) issued together with the Annual Report 2021.

As disclosed in the Circular, the Interested Directors and Interested Major Shareholders had abstained and will continue to abstain from all deliberations and voting on matters pertaining to the Proposed Mandate I. The Interested Directors and Interested Major Shareholders had also undertaken to ensure that persons connected with them will abstain from voting in respect of their direct or indirect

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shareholdings on Ordinary Resolution 9 at this Meeting.

9.0 ORDINARY RESOLUTION 10

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RRPTS WITH PERSONS CONNECTED WITH TAN SRI DATO' SERI VINCENT TAN CHEE YIOUN AND COMPANIES IN WHICH D.Y.M.M. SULTAN IBRAHIM ISMAIL IBNI ALMARHUM SULTAN MAHMUD ISKANDAR AL-HAJ IS ALSO A MAJOR SHAREHOLDER

The Chairman moved on to Ordinary Resolution 10 in respect of the Proposed Renewal of Shareholders' Mandate for RRPTs with persons connected with Tan Sri Dato' Seri Vincent Tan Chee Yioun and companies in which D.Y.M.M. Sultan Ibrahim Ismail Ibni Almarhum Sultan Mahmud Iskandar Al-Haj was also a major shareholder (**"Proposed Mandate II"**).

The details of the Proposed Mandate II together with the rationale and the recommendation of the Board were provided in the Circular issued together with the Annual Report 2021.

It was highlighted that the Directors and Major Shareholders who were deemed interested in the Proposed Mandate II, had abstained and will continue to abstain from deliberations and voting on this proposal. They had also undertaken to ensure that persons connected with them will abstain from voting in respect of their direct or indirect shareholdings on Ordinary Resolution 10 at this Meeting.

10.0 ANY OTHER ORDINARY BUSINESS

The Chairman sought confirmation from the Company Secretary whether the Company had received any notice for transaction of other business at this Meeting.

The Company Secretary confirmed that there was no other business to be transacted at this Meeting of which due notice had been given.

11.0 QUESTION AND ANSWER SESSION

After tabling all resolutions, the Chairman announced that the Meeting was opened for question-and-answer session.

The Meeting was informed that questions received which were similar in nature would be collated to avoid repetition and may also be summarised for reasons of brevity.

The Chairman invited the Group Chief Executive Officer, Mr. Lau Bik Soon to address the questions received from the shareholders and proxies accordingly.

The list of questions received from the shareholders together with the responses and clarifications from the Group Chief Executive Officer and the Company's External Auditors, were attached herewith and marked as **Annexure "C"**.

After all relevant questions were dealt with, the Chairman announced the closure of the question-and-answer session.

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12.0 POLLING VOTING

The Chairman announced that the voting session would continue for another 10 minutes to allow the shareholders, corporate representatives and proxies to complete their voting via the RPV facility.

The step-by-step guide together with a short audio clip on the online voting process was played again.

After 10 minutes, the Scrutineers proceeded to verify the poll results while the Company's corporate videos were played for the viewing pleasure of all participants.

13.0 ANNOUNCEMENT OF POLL RESULTS

The Meeting resumed at 11:31 a.m. for the announcement of the poll results which had been verified by the Independent Scrutineers, Commercial Quest Sdn. Bhd.

The Independent Scrutineers read out the poll results which were projected on the screen at the Meeting as follows:-

Resolutions	Votes in favour		Votes against	
	No. of shares	%	No. of shares	%
<u>Ordinary Resolution 1</u> To approve the payment of Director's fees for an aggregate amount of up to RM1,200,000 payable to the Non-Executive Directors of the Company on a monthly basis from 2 December 2021 until the next Annual General Meeting of the Company to be held in year 2022.	546,721,939	99.9692	168,516	0.0308
<u>Ordinary Resolution 2</u> To approve the payment of Directors' benefits for an amount of up to RM130,000 payable to the Directors of the Company from 2 December 2021 until the next Annual General Meeting of the Company to be held in year 2022.	546,832,444	99.9894	58,016	0.0106

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<u>Ordinary Resolution 3</u>				
To re-elect Mr. Lau Bik Soon who retires by rotation in accordance with Clause 117 of the Company's Constitution and being eligible, has offered himself for re-election.	546,915,323	99.9990	5,307	0.0010
<u>Ordinary Resolution 4</u>				
To re-elect Ms. Loh Paik Yoong who retires by rotation in accordance with Clause 117 of the Company's Constitution and being eligible, has offered herself for re-election.	545,108,623	99.6687	1,812,007	0.3313
<u>Ordinary Resolution 5</u>				
To re-elect Encik Abdul Jalil Bin Abdul Rasheed who retires in accordance with Clause 116 of the Company's Constitution and being eligible, has offered himself for re-election.	545,224,741	99.6899	1,695,889	0.3101
<u>Ordinary Resolution 6</u>				
To re-appoint Messrs. Ernst & Young PLT as Auditors of the Company for the ensuing year and to authorise the Board of Directors to fix their remuneration.	546,913,323	99.9987	7,307	0.0013
<u>Ordinary Resolution 7</u>				
Retention of Dato' Mohd Zaini Bin Hassan as an Independent Non-Executive Director.	531,180,831	97.1221	15,739,799	2.8779
<u>Ordinary Resolution 8</u>				
Authority to Issue Shares pursuant to the Companies Act 2016.	531,253,531	97.1354	15,667,097	2.8646

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<u>Ordinary Resolution 9</u> Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with Persons Connected with Tan Sri Dato' Seri Vincent Tan Chee Yioun.	182,459,029	99.9854	26,609	0.0146
<u>Ordinary Resolution 10</u> Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with Persons Connected with Tan Sri Dato' Seri Vincent Tan Chee Yioun and companies in which D.Y.M.M. Sultan Ibrahim Ismail Ibni Almarhum Sultan Mahmud Iskandar Al-Haj is also a major shareholder.	48,456,229	99.9393	29,409	0.0607

The Chairman declared that Ordinary Resolutions 1 to 10 were **CARRIED** as follows:-

14.1 ORDINARY RESOLUTION 1

APPROVAL OF THE PAYMENT OF DIRECTORS' FEES FOR AN AGGREGATE AMOUNT OF UP TO RM1,200,000 PAYABLE TO THE NON-EXECUTIVE DIRECTORS OF THE COMPANY ON A MONTHLY BASIS FROM 2 DECEMBER 2021 UNTIL THE NEXT ANNUAL GENERAL MEETING OF THE COMPANY TO BE HELD IN YEAR 2022

"**THAT** the payment of Directors' fees for an aggregate amount of up to RM1,200,000 payable to the Non-Executive Directors of the company on a monthly basis from 2 December 2021 until the next Annual General Meeting of the Company to be held in year 2022 be and is hereby approved."

14.2 ORDINARY RESOLUTION 2

APPROVAL OF THE PAYMENT OF DIRECTORS' BENEFITS FOR AN AMOUNT OF UP TO RM130,000 PAYABLE TO THE DIRECTORS OF THE COMPANY FROM 2 DECEMBER 2021 UNTIL THE NEXT ANNUAL GENERAL MEETING OF THE COMPANY TO BE HELD IN YEAR 2022

"**THAT** the payment of Directors' benefits for an amount of up to RM130,000 payable to the Directors of the Company from 2 December 2021 until the next Annual General Meeting of the Company to be held in year 2022 be and is hereby approved."

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14.3 ORDINARY RESOLUTION 3
RE-ELECTION OF MR. LAU BIK SOON WHO RETIRED BY ROTATION IN
ACCORDANCE WITH CLAUSE 117 OF THE COMPANY'S CONSTITUTION

"THAT Mr. Lau Bik Soon who retired by rotation in accordance with Clause 117 of the Company's Constitution and being eligible for re-election, be and is hereby re-elected as a Director of the Company."

14.4 ORDINARY RESOLUTION 4
RE-ELECTION OF MS. LOH PAIK YOONG WHO RETIRED BY ROTATION IN
ACCORDANCE WITH CLAUSE 117 OF THE COMPANY'S CONSTITUTION

"THAT Ms. Loh Paik Yoong who retired by rotation in accordance with Clause 117 of the Company's Constitution and being eligible for re-election, be and is hereby re-elected as a Director of the Company."

14.5 ORDINARY RESOLUTION 5
RE-ELECTION OF ENCIK ABDUL JALIL BIN ABDUL RASHEED WHO RETIRED
IN ACCORDANCE WITH CLAUSE 116 OF THE COMPANY'S CONSTITUTION

"THAT Encik Abdul Jalil Bin Abdul Rasheed who retired in accordance with Clause 116 of the Company's Constitution and being eligible for re-election, be and is hereby re-elected as a Director of the Company."

14.6 ORDINARY RESOLUTION 6
RE-APPOINTMENT OF MESSRS. ERNST & YOUNG PLT AS AUDITORS OF THE
COMPANY FOR THE ENSUING YEAR AND TO AUTHORISE THE BOARD OF
DIRECTORS TO FIX THEIR REMUNERATION

"THAT Messrs. Ernst & Young PLT be re-appointed as the Auditors of the Company for the ensuing year and that authority be and is hereby given to the Board of Directors to fix their remuneration."

14.7 ORDINARY RESOLUTION 7
RETENTION OF DATO' MOHD ZAINI BIN HASSAN AS AN INDEPENDENT
NON-EXECUTIVE DIRECTOR

"THAT Dato' Mohd Zaini Bin Hassan who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, be and is hereby retained as an Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance 2021."

14.8 ORDINARY RESOLUTION 8
AUTHORITY TO ISSUE SHARES PURSUANT TO THE COMPANIES ACT 2016

"THAT, subject always to the Companies Act 2016, the Constitution of the Company, the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad and the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered pursuant to the Companies Act 2016, to issue and allot shares in the capital of the Company from time to time at such price and to such persons, upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided

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always that the aggregate number of shares issued pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being;

AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares to be issued on Bursa Malaysia Securities Berhad;

AND FURTHER THAT such authority shall commence immediately upon passing of this resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company."

14.9 ORDINARY RESOLUTION 9
PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH PERSONS CONNECTED WITH TAN SRI DATO' SERI VINCENT TAN CHEE YIOUN

"**THAT**, subject to the provisions of the Bursa Malaysia Securities Berhad's ACE Market Listing Requirements, approval be and is hereby given for the Company and its subsidiary companies ("**Group**"), to enter into recurrent related party transactions of a revenue or trading nature with persons connected with Tan Sri Dato' Seri Vincent Tan Chee Yioun as specified in Section 2.3 of the Circular to Shareholders dated 22 October 2021 ("**Proposed Mandate I**"), which are necessary for the day-to-day operations and/or in the ordinary course of business of the Group on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company and that such approval shall continue to be in force until:-

- (a) the conclusion of the next Annual General Meeting ("**AGM**") of the Company following the AGM at which such ordinary resolution for the Proposed Mandate I was passed, at which time it will lapse, unless by ordinary resolution passed at that AGM, the authority is renewed;
- (b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("**Act**") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever is the earlier;

AND FURTHER THAT authority be and is hereby given to the Directors of the Company and its subsidiary companies to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or deem fit and in the best interest of the Group to give effect to such transactions as authorised by this resolution."

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14.10 ORDINARY RESOLUTION 10

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH PERSONS CONNECTED WITH TAN SRI DATO' SERI VINCENT TAN CHEE YIOUN AND COMPANIES IN WHICH D.Y.M.M. SULTAN IBRAHIM ISMAIL IBNI ALMARHUM SULTAN MAHMUD ISKANDAR AL-HAJ IS ALSO A MAJOR SHAREHOLDER

"THAT, subject to the provisions of the Bursa Malaysia Securities Berhad's ACE Market Listing Requirements, approval be and is hereby given for the Company and its subsidiary companies (**"Group"**), to enter into recurrent related party transactions of a revenue or trading nature with persons connected with Tan Sri Dato' Seri Vincent Tan Chee Yiou and companies in which D.Y.M.M. Sultan Ibrahim Ismail Ibni Almarhum Sultan Mahmud Iskandar Al-Haj is also a major shareholder as specified in Section 2.3 of the Circular to Shareholders dated 22 October 2021 (**"Proposed Mandate II"**) which are necessary for the day-to-day operations and/or in the ordinary course of business of the Group on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company and that such approval shall continue to be in force until:-

- (a) the conclusion of the next Annual General Meeting (**"AGM"**) of the Company following the AGM at which such ordinary resolution for the Proposed Mandate II was passed, at which time it will lapse, unless by ordinary resolution passed at that AGM, the authority is renewed;
- (b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340(2) of the Companies Act 2016 (**"Act"**) (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever is the earlier;

AND FURTHER THAT authority be and is hereby given to the Directors of the Company and its subsidiary companies to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or deem fit and in the best interest of the Group to give effect to such transactions as authorised by this resolution."

NOTES OF APPRECIATION TO MR. MATHEW THOMAS

On behalf of the Board and Management, the Chairman wished to put on record the utmost appreciation to Mr. Mathew Thomas, who retired as an Independent Non-Executive Director at the close of the 19th AGM, for his immense contribution to REDtone Group during his tenure of service as Director of the Company.

REDTONE DIGITAL BERHAD
(**"Company"** or **"REDtone"**)
[Registration No. 200201028701 (596364-U)]
(Incorporated in Malaysia)

(Minutes of the Nineteenth Annual General Meeting held on 1 December 2021 - cont'd)

CONCLUSION

There being no other business, the Chairman concluded the Meeting and thanked all present for their attendance.

The Meeting ended at 11:40 a.m. with a vote of thanks to the Chair.

SIGNED AS A CORRECT RECORD

CHAIRMAN

Dated: 1 December 2021

A Leading Provider Of Integrated Telecommunications & Digital Infrastructure Services For Organizations

19TH ANNUAL GENERAL MEETING
1 DEC 2021 | 10AM

About Us

REDtone



Incorporated in **1996**. Listed on ACE Market (MESDAQ) in **2004** and has been a subsidiary of Berjaya Corporation Bhd since May 2015.



Close to **350 staff** nationwide.
50% are engineers, R&D, technical and customers support personnel



Served more than **15,000** corporate customers, ranging from MNCs, PLCs, GLCs & SMEs / SMIs

Hold **FULL Telco licenses** :
NFP, NSP, ASP, LTE, WIMAX & Satellite

Won **39** awards over the past
25 years



Our Purpose

To serve and make positive impact on community and organisations by delivering reliable and cost-effective digital infrastructure and solutions.

3 Engine Of Growth

REDtone

Telecommunications Services

- Broadband & Corporate Internet
- Managed Services
- Next-Gen Voice

Managed Telco Network Services

- Telco Engineering
- USP

Industry Digital Services

- Data Centre & Cloud
- IoT / Smart Farming
- Virtual Reality (VR)
- E-Health



DATA

- Growing need for connectivity, increasing data consumption & demand for highly reliable connectivity
- Internet Connectivity, Managed Network and security services are vital components for business transformation and digital economy.

DATA SOLUTIONS

01

Corporate Internet

Comprehensive & customized connectivity, VPN & MPLS solutions to cater for different business needs

02

SD Wan (Software Defined WAN)

Re-architect enterprise WAN and branches' networks. Combines multiple connections, enables a highly reliable enterprise grade network. Central management. Reduces costs, flexibility, simplifies operations

03

Managed Security Services

- 360 DDoS Protection - Clean Pipe & DDoS web protection to guards against threats that target network resources.
- Safeguard enterprise data against next-generation threats. From security strategy, risk, assessment, compliances to operation

Our Value Propositions



Infrastructure integration expertise, bonding solutions & on demand service which help to reduce cost, yet offer high availability & SLAs up to 99.9%



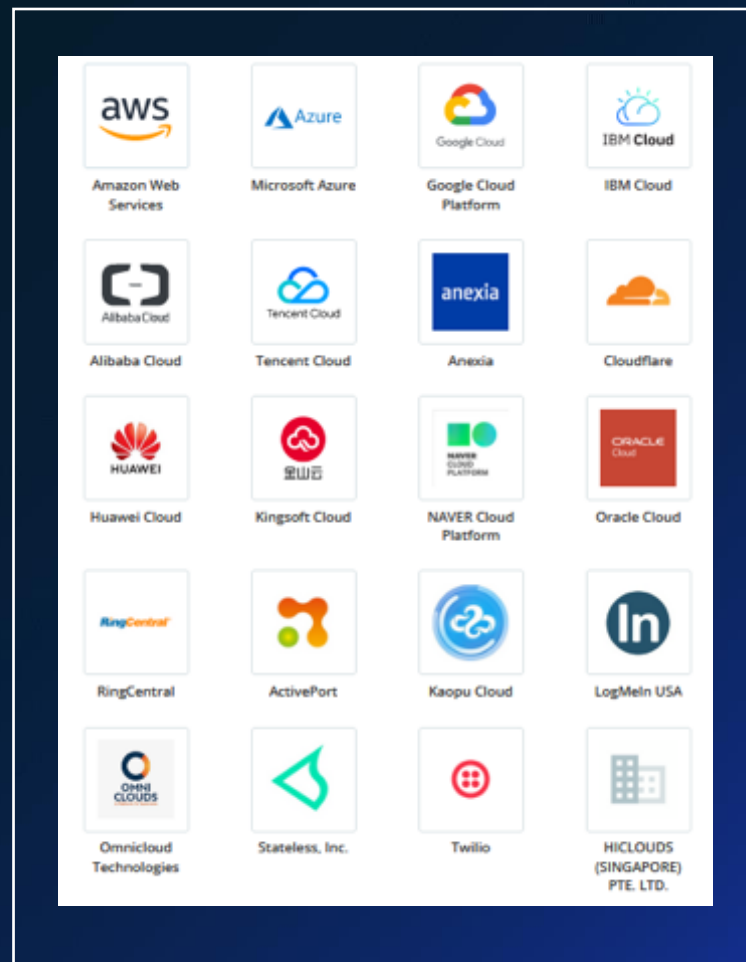
Global Points-Of-Presence, partnered with leading international operators. Connect directly to 3,200 peers over 32 major IXs globally to ensure the lowest latency for connectivity requirement. Cater for Malaysia companies with global presence



Direct access to all major public cloud. Connect data centers and clouds Provider on-demand with Software Defined Interconnection

5G

5G ready for Enterprise Segment. Wireless enterprise networks, internet-as-a-service and SD Wan for highly reliable enterprise-grade network.



NEXT-GENERATION VOICE

Intelligent Cloud Communications,
IP Telephony & Humanised Voice AI
for Enterprises

VOICE SOLUTIONS

01 Cloud PBX

Fully managed enterprise grade CLOUD BASED phone system, with comprehensive IP PBX feature set. Built to support work from home and remote workforce

02 IP Telephony

- SIP Trunk - Send and receive calls via an IP network / connect to VoIP/IP PBX. Eliminating the need for physical installation or additional costs for hardware when scale up
 - **SIPhony (Prepaid)**. Designed for Small businesses, freelancers, co-working space operators, remote & **#workfromhome**. No contract. Only paid for Apps needed. No physical phone line required.
-

03 AI voice

Humanised conversational voice AI. Revolutionised customer engagement method, data driven and workflow streamline

Manage Telco Network Services

REDtone

- We are THE TRUSTED USP Partner
- The Largest 3rd Party Neutral MORAN / MOCN Operator In Malaysia
- Offer **end-to-end solutions** from design & site acquisition, civil, M&E construction works, network design, configuration, optimization, operation, management, fault diagnostic & rectification, acceptance, drive testing to project management.

Our Expertise



RF Design & Network Optimization

Site acquisitions, network & RF Design, Drive test, Post Processing & Analysis Optimisation, Fibre Hybrid & Coaxial DAS network design



Equipment Installation, commissioning & Integration

BTW, Node-B, eNode B, Microwave, VSAT



FIXED / FIBRE Network Solutions

Fibre Specialist , Micro trenching & open trenching



Civil Materials Engineering Work

SELAMAT DATANG
ANJUNG KAYANGAN CAFE
BANJARAN CROCKER

Connecting The Unconnected Via USP

- Committed to nation building. Leveraged our telco engineering and technical expertise to facilitate connectivity across the country, especially in rural areas.
- Kampung Tanpa Wayar (KTW), Time-3, T3-extension and "Pusat Internet Komuniti"

Industry Digital Services

A step change in infrastructure, operations, customers engagement and content delivery through automation and technologies

IoT

Smart Farming

Cloud

Data Centre

VR

E-Health

Digital Training



REDtone

Cloud & Data Centre

B2B Private & Hybrid Cloud Platform in Malaysia.

Leverage on cloud computing, Big Data, IoT and enhanced applications to facilitate enterprise digitization towards agile and smart operations.

Two Data Centres in Malaysia

Smart Farming

Agriculture Meets Technology

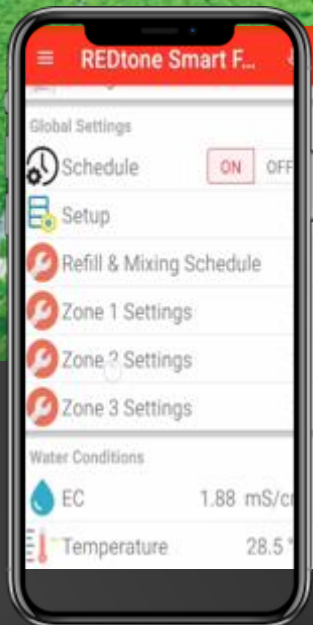
Winner of Malaysia **APICTA Award 2019** - “**Best Industrial Provider for the Agriculture Sector**”

Empower farm owners, smallholder and youth:

- to adopt technology,
 - increase farm's yields
 - reduce costs.
-
- An **integrated IoT platform** :
 - **Remote monitoring**
 - **Automation**
 - **Remote control**

SMART FARMING SOLUTIONS

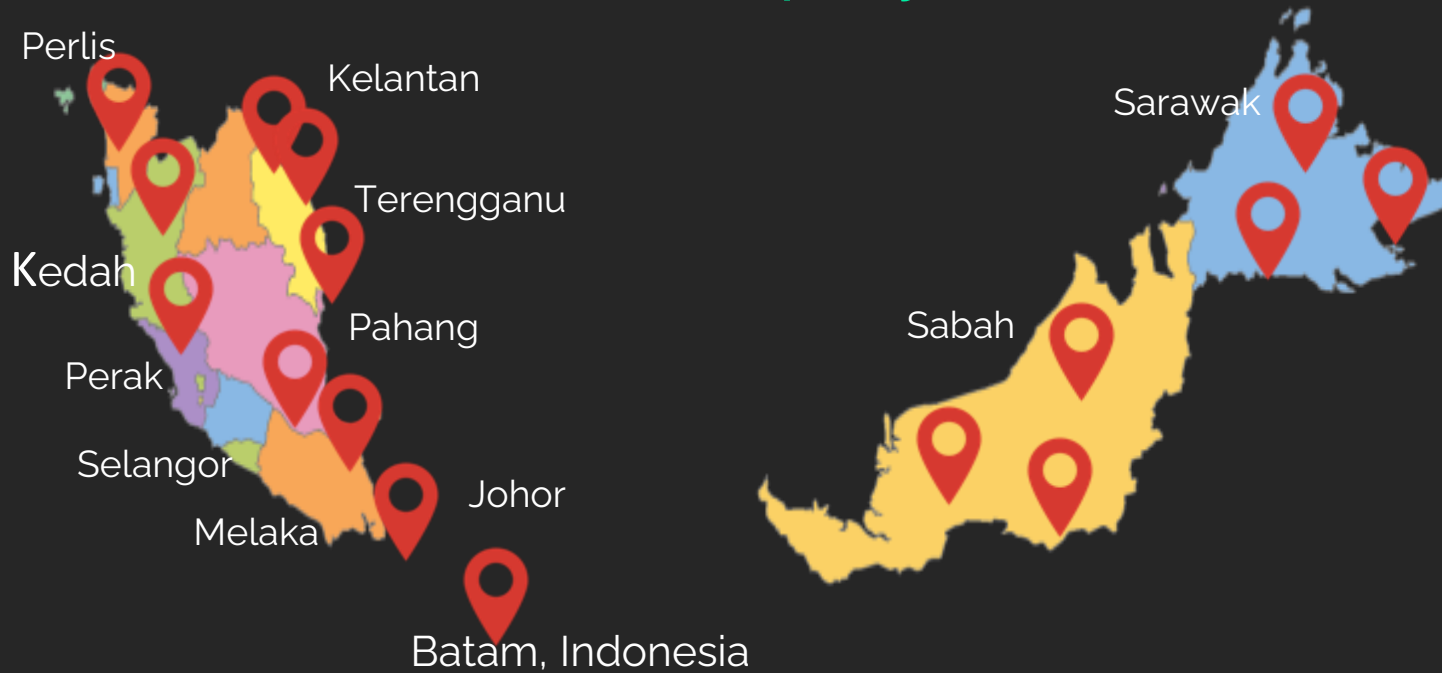
REDtone



- Actively involved in driving **innovation and adoption** for Smart Farming.
- ArgiTech and smart farming are major focus for the Malaysian government. Committed to growing a partnership ecosystem for tech collaborations & awareness building through Government agencies, higher education institutions & agricultural associations

- 01 **Smart Fertigation**
- 02 **Smart Irrigation**
- 03 **Smart Pesticide Misting**
- 04 **Smart Plantation Monitoring**
- 05 **Satellite Crops Monitoring System**
- 06 **Ambient Monitoring System**

Nationwide Deployments



Our systems are deployed in various types of farms & crops, from open field, vertical to greenhouses.



flexiCRAFT

REDtone

Enable businesses to digitize physical assets, spaces, events and integrate e-commerce platform for a revolutionary and immersive experience

Application across myriad industries :
property, retail, hospitality, training & events



VR SOLUTIONS

REDtone



01

VR Property Gallery & Showroom

Complete platform enables property developers to digitize their show gallery and show units

02

VR Store (Retail / Hospitality)

Immersing customers into a fully interactive and immersive environment .

3D product presentation vs 2D images

Integrated with e-commerce platform. Analytic dashboard allows retargeting

03

VR Training Simulator

Immersive experiences allows users to practice and develop skills that may be necessary in certain high-stress careers.



REDtone

e-HEALTH

Allows radiologists to read 2D & 3D scan images loselessly in real-time over mobile networks to provide 24/7, onsite & offsite radiology reporting services.

In the midst of deploying Sri Lanka Project. Setting up nationwide medical imaging, filmless radiology information system infrastructure and network connectivity to **20 of the largest hospitals in Sri Lanka**, including the national hospital in Colombo.

Digital Upskilling Training

REDtone

Building digital skills set. Help talents to embrace digital technologies and be future ready. Support business to kick-start digital transformation journey



11

International Certification Training Programs, from data analytics, Machine Learning, Phyton programming to Digital transformation



HRDF

All training programs are HRDF claimable



Virtual Classes

Short courses. 3-5 days

Our Past Participants

 **TNB ENERGY SERVICES**
(424407-M)

 **POS Digicert**


PETRONAS


MEMUDAHKAN ANDA BERZAKAT

 **KPJ DAMANSARA**
PROVIDER OF HEALTHCARE


NEX NIPPON EXPRESS

 **intel.**

 **Great Eastern**
A member of the OCBC Group

 **BUMIARMADA**


cara SKADIMO


SERA DINAMIK


AIMST UNIVERSITY
Innovative Education

 **Mewah**

 **KULIM**


Q&Q
The Security Specialist

 **[DATAKRAF]**

 **FUSIONEX**
Engineering & Technology

Business outlook remains challenging in 2022.
Constantly adopt measures to improve operational
efficiencies and profitability

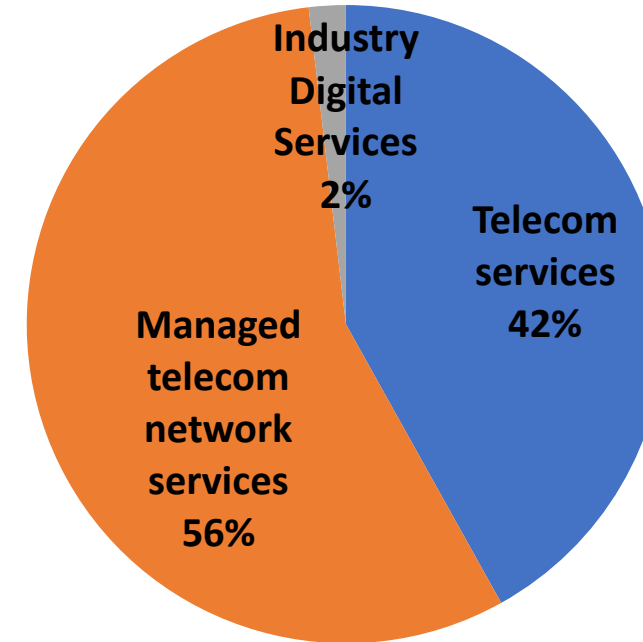
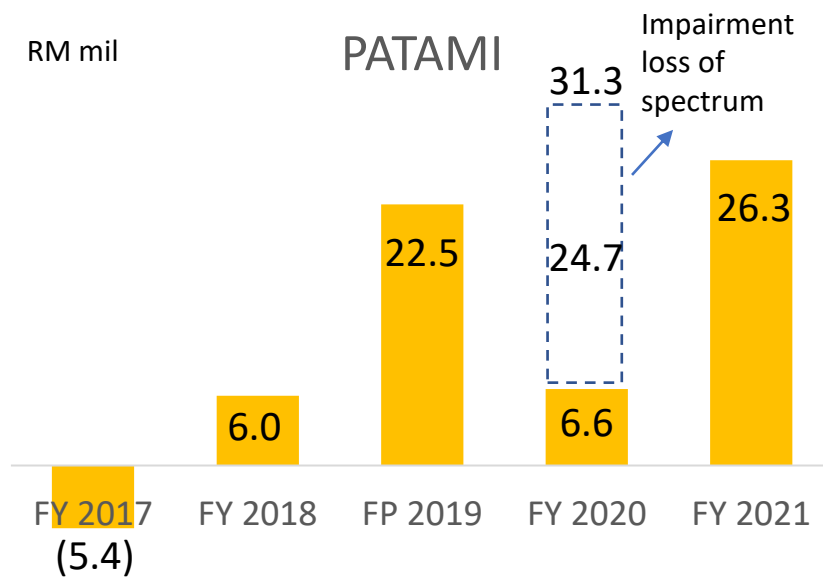
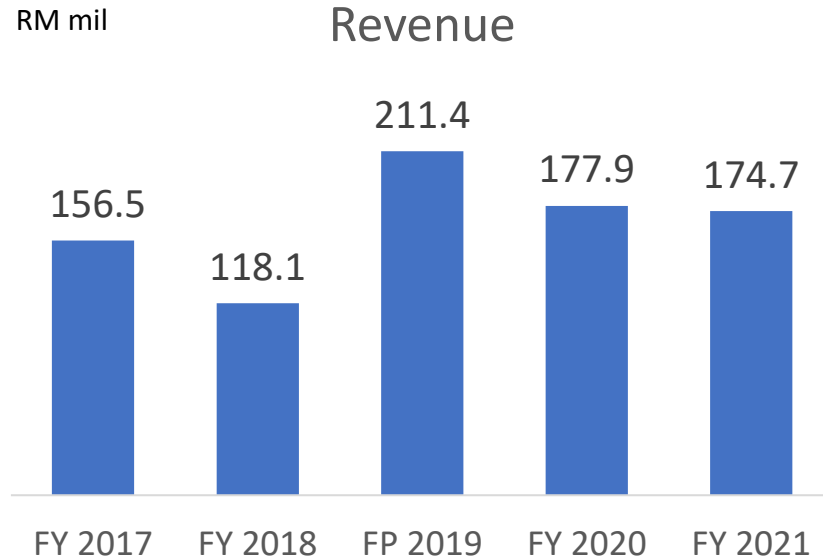
Focus on our playing fields.
Standing firm to deliver our commitment to each and
everyone of our stakeholders, based on our
unchanging principles – meeting customers' need &
providing values.

Supporting businesses in the implementation of
digital solutions, core technology upgrading and
tech-capability building.



Financial Results

A good year with a PATAMI of RM26.3 mil



(sen)

NA

EPS

	FY 2017	FY 2018	FP 2019	FY 2020	FY 2021
(sen)	17.76	18.54	21.54	20.74	23.11
NA					
EPS	(0.70)	0.77	2.91	0.86	3.40

RM'000	FY 2017	FY 2018	FP 2019	FY 2020	FY 2021
Revenue	156,549	118,081	211,391	177,906	174,673
Cost of sales	(112,144)	(65,586)	(126,207)	(101,606)	(93,911)
Gross profit	44,405	52,495	85,184	76,300	80,762
GP %	28%	44%	40%	43%	46%
Other income	1,631	2,759	2,755	1,858	1,687
	46,036	55,254	87,939	78,158	82,449
General and administrative expenses	(53,488)	(46,630)	(49,774)	(30,757)	(39,381)
Investment related income/(expense)	5,732	-	(2,521)	-	-
Impairment loss on intangible asset	-	-	-	(24,670)	-
Finance costs	(2,468)	(2,111)	(1,100)	(1,513)	(997)
Share of result of an associated company	-	-	(937)	(1,527)	-
(Loss)/profit before tax	(4,188)	6,513	33,607	19,691	42,071
Taxation	(1,680)	(1,744)	(11,617)	(10,974)	(13,400)
(Loss)/profit for the year/period	(5,868)	4,769	21,990	8,717	28,671
(Loss)/profit attributable to:					
Owners of the parent	(5,366)	5,969	22,495	6,610	26,286
Non-controlling interests	(502)	(1,200)	(505)	2,107	2,385
	(5,868)	4,769	21,990	8,717	28,671

RM'000	As at 30 Jun 2020	As at 30 Jun 2021
ASSETS		
Non-current Assets	35,709	45,520
Current Assets	217,572	227,424
TOTAL ASSETS	253,281	272,944
Equity		
Share capital	149,813	149,813
Treasury shares	(5,653)	(5,653)
Reserves	16,130	34,499
	160,290	178,659
Non-controlling interests	1,417	4,262
TOTAL EQUITY	161,707	182,921
Non-current Liabilities	6,810	3,684
Current Liabilities	84,764	86,339
TOTAL EQUITY AND LIABILITIES	253,281	272,944
Net Assets per share (sen)	20.74	23.11
Earnings per share (sen)	0.86	3.40
Net Current Assets	132,808	141,085

RM'000	FY 2020	FY 2021
Net cash generated from operating activities	57,193	22,355
Net cash (used in)/generated from investing activities	(39,337)	8,427
Net cash used in financing activities	(14,994)	(21,515)
Net change in cash and cash equivalents	2,862	9,267
Opening cash and cash equivalents	2,708	5,570
Closing cash and cash equivalents	5,570	14,837
Cash and bank balances comprise of:		
- Cash on hand and at banks	5,488	14,837
- Deposits with licensed banks	38,551	27,612
As reported in statement of financial position	44,039	42,449
Add: Short term investment	58,605	50,002
Total cash and bank, and investment fund	102,644	92,451

RM'000	Q1 FY 2022
Revenue	38,522
Cost of sales	(17,448)
Gross profit	21,074
Other income	669
	21,743
General and administrative expenses	(9,002)
Finance costs	(289)
Profit before tax	12,452
Taxation	(3,539)
Profit for the quarter	8,913
Profit attributable to:	
Owners of the parent	8,037
Non-controlling interests	876
	8,913



Thank you

Lau Bik Soon

Group CEO

REDtone

biksoon.lau@redtone.com



REDtone Digital Bhd 200201028701 (596364-U)
(Formerly known as REDtone International Berhad)
Suites 22-30, 5th floor, IOI Business Park, 47100 Puchong Selangor, Malaysia
T : +603 8084 8888 W : www.redtone.com

1 December 2021

The Chief Executive Officer
Minority Shareholders' Watch Group
Tingkat 11, Bangunan KWSP
No. 3 Changkat Raja Chulan
Off Jalan Raja Chulan
50200 Kuala Lumpur.

Attn.: Mr Devanesan Evanson

Dear Sir,

REDTONE DIGITAL BERHAD (FORMERLY KNOWN AS REDTONE INTERNATIONAL BERHAD) ("REDtone")
19TH ANNUAL GENERAL MEETING ("AGM") HELD ON WEDNESDAY, 1 DECEMBER 2021

We refer to your letter dated 19 November 2021 and the questions raised with regards to REDtone's Annual Report for the financial year ended 30 June 2021 and are pleased to furnish our replies to your queries as below. We are also pleased to inform that the same responses were presented during our AGM held on 1 December 2021.

Operational and Financial Matters

1. One of the services offered by the Group is Industry Digital Services ("IDS") which covers cloud services and applications, data centre services, virtual reality and Internet of Things ("IoT") for smart farming. (Page 16 of Annual Report – AR)
 - (a) There are no details stated on each of the services offered by IDS. What are the status and achievements of each of the services and their respective prospects?
 - (b) Generally, the Management Discussion and Analysis as disclosed in the AR is rather brief and does not provide details on the various business segments/operations including operational and business risks. Please elaborate.

REDtone's reply:

- (a) Our IDS business plan is to embark on digital transformation journey that will create new sources of economic growth for the country as well as to enable our customers to remain competitive and meet the ever-changing needs of their customers. This is also in line with the Government's target of becoming a technologically advanced, digitally-driven nation and the regional digital economy leader by 2030, as set out under the MyDIGITAL initiative.

The services offered by IDS are as follows:

- i. Cloud Services - We provide a secure enterprise private & hybrid cloud platform that would allow IT to be agile, efficient, and adaptable to changing business needs by unifying computing, storage, networking and support.
- ii. Data Centre Services - To support mission critical business operations. Our services consist of ICT-as-a-Service, Business Continuity Services and Professional Consultation Services.
- iii. Virtual Reality (flexiCraft) - Enable businesses to digitize physical assets and events for a revolutionary and immersive experience. Applications include VR Property Gallery & Showroom, VR Store & Retail as well as VR Training Simulator.
- iv. Internet of Things for Smart Farming – We provide an integrated IOT platform that allows farmers to remote monitor, automate and remote control their farms. The solutions are aimed at increasing farming productivity and quality, reducing labour costs and maintaining the sustainability of the entire value chain.

The current IDS revenue contribution is about 2% of the Group's revenue. Nevertheless, the IDS revenue is growing and has improved 8% compared to FY 2020. The Group expects further substantial growth in this segment especially in Cloud Services and Smart Farming.

- (b) Telecommunications Services: This business segment was partially affected by the pandemic and the re-imposition of various lockdowns to curb the rise in COVID-19 cases. The ongoing pandemic and the various phases of Movement Control Orders by the Government (“MCO”) resulted in a drop in data and voice revenue. The impact is temporary, and we anticipate a revival in revenue when the lockdowns are lifted.

Managed Telecommunications Network Services: This business segment was stable despite the Covid-19 pandemic. REDtone continues to capture revenue for this segment by delivering the services according to the requested specifications of its customers.

Industry Digital Services: This business was partially affected by the pandemic and various phases of MCO. Some of the services could not be delivered during the MCO as inter-state and cross border travelling are required to complete the deployment. The deployments is expected to resume when the lockdowns are lifted, and we are optimistic that this segment will continue to grow once the revival of economy activities starts.

2. The Group recorded an improvement in its gross profit of RM80.8 million in FY 2021 (FY 2020: RM76.3 million) or gross profit margin of 46% as compared to a gross profit margin of 43% in FY 2020. The improvement in the gross profit margin was mainly driven by higher contribution from MTNS segment for FY 2021. (Page 16 of AR)

How was the MTNS segment able to generate higher gross profit margin and will it be sustainable in FY 2022 and moving forward?

REDtone's reply:

MTNS segment is project-based and revenue is recognised based on the projects deployment and maintenance. Higher gross profit margin was mainly due to revenue contribution from new projects deployment that were awarded during the year. The gross profit margin is expected to be sustainable moving forward with additional new projects deployment.

3. General and Administrative expenses for FY 2021 was RM39.4 million (FY 2020: RM30.8 million) and mainly comprises staff costs, depreciation and amortisation and general and administrative expenses. (Page 16 of AR)

What were the reasons for the considerable increase in general and administrative expenses when Group revenue had registered a 2% decline?

REDtone's reply:

There were some accounting adjustments in General and Administrative expenses in FY 2020 due to overprovision of expenses, hence, it resulted in a lower amount. Without the adjustments, FY 2020 General and Administrative expenses is comparable to FY 2021. General and Administrative expenses recorded in FY 2021 were reflective of normal operations of the Group.

4. The Group delivered a sharp growth in its profit before tax in FY 2021 to achieve RM42.1 million, representing a 113.7% improvement compared to RM19.7 million in FY 2020, and it is the Group's highest ever profit before tax recorded in recent years. The growth was mainly contributed by its MTNS segment, notwithstanding the challenges. (Page 16 of AR)

How did the MTNS segment manage to register high growth and from which customer segments/industries? Is the growth sustainable and what growth rate is the Management expecting for FY 2022?

REDtone's reply:

The MTNS segment managed to register high growth as the services are mainly based on the customers' required specifications and not highly affected by Covid-19 pandemic. The Company has been focusing on cost efficiencies and in addition, the Company was awarded with new projects during the year, hence, MTNS segment managed to register higher growth. Our major customer is Malaysia Communications and Multimedia Commission ("MCMC"). As the government rolls out JENDELA and 5G initiative, the revenue contribution from MTNS is expected to remain significant in the next few years.

5. The Board expects the contributions from its MTNS segment to remain significant while data services for enterprise market would continue to be the focus in extracting growth from recurring businesses. (Page 17 of AR)

What percentage of Group revenue is generated from recurring businesses? What are the Group's plans in increasing recurring businesses and the targeted percentage of revenue contribution and timeline, if any?

REDtone's reply:

Most of the Group's revenues are recurring in nature even for the MTNS segment, where recurring revenue is generated during the maintenance period. The yearly recurring revenue contribution was in the range of between 70% to 80% in the past. We do not foresee any significant change in percentage of revenue to be derived from recurring businesses.

6. Under Other Receivables, net allowance for expected credit loss had increased from RM21,000 in FY 2020 to approximately RM2 million in FY 2021. (Page 119 of AR)

What is the nature of Other Receivables and the reasons for the significant increase in net allowance for expected credit loss?

REDtone's reply:

This is related to the amount due from an associated company, which is non-trade in nature. The net allowance for expected credit loss is derived from impairment assessment, after taking into consideration the timing of the repayment.

7. As at reporting date, the concentration of credit risk in the form of outstanding balances is mainly due to two (2020: two) customers representing approximately 79% (2020: 83%) of the total trade receivables. (Page 120 of AR)

What has the Board done to mitigate the credit concentration risk?

REDtone's reply:

The concentration of credit risk for the two customers is mainly related to MCMC's projects. MCMC is a regulatory body. The Group has a proven track record in delivering services that meet MCMC's required specifications. Payment and credit risk will only arise if the Group fails to deliver the required services according to the specifications.

8. The Group's cash management fund has a sizeable outstanding amount of RM50.002 million as at end of FY 2021. (Page 121 of AR)

What is the rationale and plan for maintaining such a huge amount under cash management fund? What is the average annual return from the fund?

REDtone's reply:

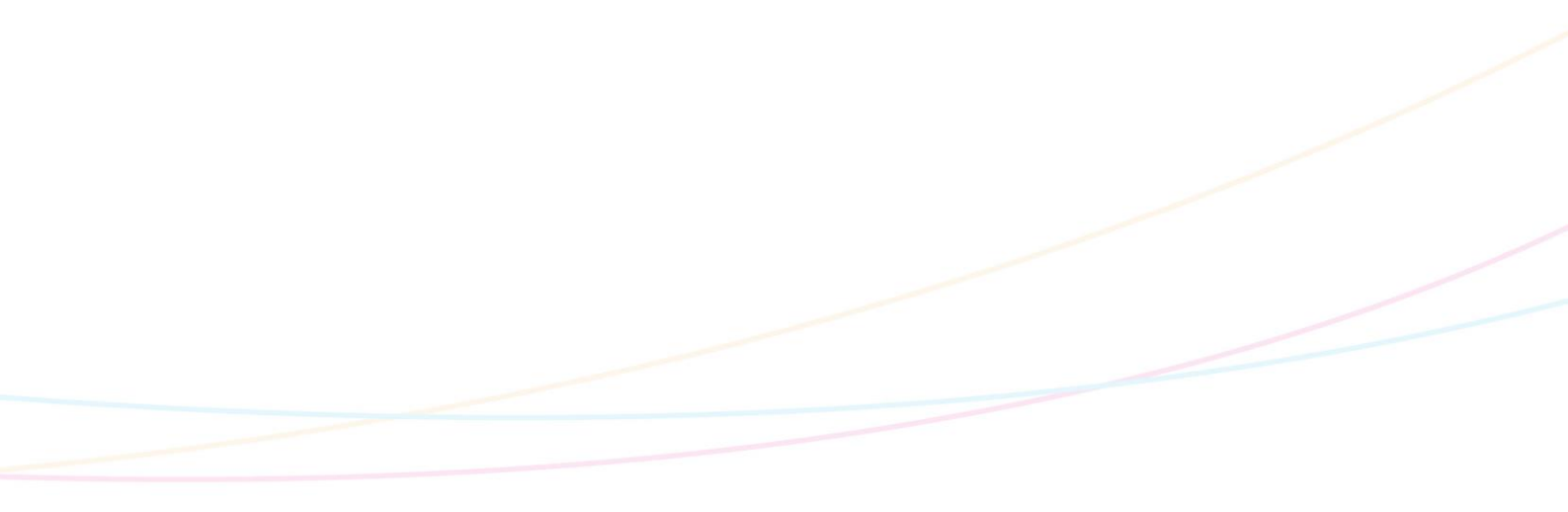
It is important for the Company to maintain sufficient cash reserve for undertaking new large projects. In the meantime, it is important to ensure cash reserve generates an above average return. The invested fund generates more than 3% per annum return.

We trust that the above have clarified the questions raised.

Yours faithfully,
For and on behalf of
REDtone Digital Berhad
(formerly known as REDtone International Berhad)



Lau Bik Soon
Group Chief Executive Officer



REDTONE DIGITAL BERHAD
(formerly known as REDtone International Berhad)
 ("Company" or "REDtone")
 [Registration No. 200201028701 (596364-U)]
 (Incorporated in Malaysia)

**RESPONSES AND CLARIFICATIONS TO QUESTIONS RECEIVED DURING THE
 NINETEENTH ANNUAL GENERAL MEETING OF THE COMPANY HELD ON WEDNESDAY,
 1 DECEMBER 2021**

No.	Questions & Answers
1.	<p>Request for e-voucher.</p> <p><u>Response</u></p> <p>As a token of appreciation, the Company decided to give out e-vouchers via BInfinite to the eligible shareholders and proxies who have attended and voted in the Meeting.</p>
2.	<p>Is the Company considering to transfer its listing to the Main Market of Bursa Malaysia Securities Berhad?</p> <p><u>Response</u></p> <p>The Board would consider and deliberate the proposed transfer of the Company's listing from ACE Market to the Main Market of Bursa Malaysia Securities Berhad in due course.</p>
3.	<p>Can the Company issue dividend twice a year?</p> <p><u>Response</u></p> <p>The Board takes note of the suggestion. The Board endeavours to grow the Company and to improve the shareholders' value via stable and sustainable returns to shareholders.</p> <p>The Board would vigilantly ensure the resilience of the Group by striking a balance between ensuring the sustainability of the Group by conserving cash and dividend payment to shareholders.</p>
4.	<p>How soon is Company able to convert the book orders of JENDELA 1 Project into revenue and is the Company planning to hire more workforce to fulfil a higher book order? Is the existing workforce able to support the Company to complete more projects in a faster way?</p> <p><u>Response</u></p> <p>Given that JENDELA project being a five (5)-year contract, the revenue recognition would spread across the tenure of five (5) years, which has included the deployment and operations maintenance.</p>

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(Appendix C of the Minutes of the Nineteenth Annual General Meeting of the Company held on 1 December 2021 – Cont'd)

	<p>The Managed Telecommunications Network Services ("MTNS") business segment has the current headcount of 150 employees and the Company was considered as one of the largest workforce in Malaysia for MTNS business.</p> <p>The Company would allocate more resources to its MTNS business, in tandem with the increase of MTNS contracts to ensure the projects are completed on time.</p>
5.	<p>How confident is the Management in sustaining or growing the recent decent business profitability?</p> <p><u>Response</u></p> <p>The Company's businesses are mainly recurring in nature with the contract period spread across three to five years. The Company expects the contributions from its MTNS segment to remain significant while data services for enterprise market would continue to be the main focus in extracting growth from recurring businesses.</p> <p>Given that the Government is focusing on JENDELA (Jalanan Digital Negara) action plan to accelerate the country's digital connectivity through widespread deployment of mobile and 5G technology development, the Company is optimistic that the Group's outlook is promising amid the disruptions from the pandemic.</p>
6.	<p>The Company's listing on the ACE Market of Bursa Malaysia Securities Berhad has restricted the investment of institutional fund in the Company.</p> <p><u>Response</u></p> <p>The Board is aware that if the Company is listed on the Main Market of Bursa Malaysia Securities Berhad, this will enhance the Company's credibility and reputation, and accord the Company with greater recognition and acceptance among investors, in particular institutional investors, while reflecting the Group's current scale of operations.</p> <p>As of to-date, the Group has met the profit requirements for a transfer to the Main Market of Bursa Malaysia Securities Berhad. The Board would consider and deliberate on this matter in due course.</p>

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(Appendix C of the Minutes of the Nineteenth Annual General Meeting of the Company held on 1 December 2021 – Cont'd)

7.	<p>Is the Company working to comply with Shariah-Compliant Status since it was removed from the List of Shariah-Compliant Securities since May 2021?</p> <p><u>Response</u></p> <p>Yes. We look forward to be redesignated as the Shariah-Compliant Securities in the forthcoming List of Shariah-Compliant Securities.</p>
8.	<p>In view that Sri Lanka project has been bought over by the Company's associate company, when will it start to contribute to the bottom line?</p> <p><u>Response</u></p> <p>The project in Sri Lanka is undertaken by REDtone MEX Sdn. Bhd. and the project has been deferred due to the COVID-19 pandemic. Given that the project is in midst of deployment, the Management expects the project to be completed in mid of year 2022 and to contribute to the bottom line accordingly.</p>
9.	<p>Is there any possibility for the Company to distribute higher dividend since the business is growing?</p> <p><u>Response</u></p> <p>The quantum of dividend would very much depend on its profitability. The Board would consider higher dividend payout to shareholders when profits continue to grow.</p>
10.	<p>How soon for the Company to recognise the contract value of JENDELA phase 1 project?</p> <p><u>Response</u></p> <p>The Company is required to submit a detailed universal service plan to Malaysian Communications and Multimedia Commission ("MCMC") with technical and financial proposals, following the receipt of the Notice of Approval from MCMC. Thereafter, the award of contract will be finalised by MCMC.</p> <p>Barring unforeseen circumstances, the Management expects the award of contract to take place in the first half of year 2022.</p>

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11.	<p>When will the JENDELA Phase 1 Project start to contribute to the Company's earnings?</p> <p><u>Response</u></p> <p>Based on the timeline, the JENDELA project is expected to commence its revenue contribution in second half of year 2022.</p>
12.	<p>The Management Discussion and Analysis does not provide a sufficient and meaningful insight for the minority shareholders to understand the operation and prospect of the Group. Please consider to further elaborate on the content in the Annual Report 2022.</p> <p><u>Response</u></p> <p>The Board and the Management take note of the suggestion.</p>
13.	<p>Why the general and administrative expenses increased by 28% or RM8.6 million in the financial year ended 30 June 2021 although the revenue and cost of sale have been decreased?</p> <p><u>Response</u></p> <p>The major component of the general and administrative expenses for the last financial year ended 30 June 2020 ("FY 2020"), was attributed to the overprovision of expenses. For the financial year ended 30 June 2021 ("FY 2021"), the general and administrative expenses were more reflective of the normal operations of the Group.</p> <p>Overall, the Group registered a significant drop of 20% in the general and administrative expenses since the past 2 financial years of 2019 and 2018. The Group has embarked on cost optimisation process to improve the business and operation efficiency of the Group.</p>
14.	<p>I would like to request for a copy of the Annual Report.</p> <p><u>Response</u></p> <p>In promoting sustainable practices, we are pleased to inform that a full copy of our Annual Report can be viewed or downloaded from our Company's website. A hard copy of the Annual Report will be sent to those requested for it.</p>

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15.	<p>Why the Group did not consider demanding for more board representative to have operational control in REDtone MEX Sdn. Bhd. being a 56%-owned subsidiary of the Company?</p> <p><u>Response</u></p> <p>In view that the tele-radiology service is considered as a specialised service, the Board and the Management are in view that it is in the best interest of the Group for the minority shareholder, who is experienced in the tele-radiology industry, to operate REDtone MEX Sdn. Bhd.</p>
16.	<p>The contract assets have increased by 45% in the FY 2021. How much of the balance has been received after the financial year end?</p> <p><u>Response</u></p> <p>The contract assets are primarily related to the MTNS project, of which the revenue is recognised over the contract period of five (5) years. Given that MCMC is a regulatory body and the Company is able to satisfy its performance obligation, we do not anticipate any collection risk and recoverability issue from the contract assets.</p>
17.	<p>The government has allocated a substantial portion of the budget on the deployment of broadband and 5G connectivity. While Berjaya Group is undergoing reorganisation, what are the initiatives to drive the Company to a key competitive and profitable player position?</p> <p><u>Response</u></p> <p>MyDIGITAL initiative focuses on two (2) main areas as follows:-</p> <p>(a) JENDELA projects to strengthen the existing digital connectivity by expanding and expediting the mobile coverage in underserved rural areas. To strengthen the local digital economy, the community internet centres have been transformed into Malaysian Family Digital Economy Centres (PEDi), which helps to empower the digital economic activities. In view that the digital development is consistent with the Company's core competency, the Company will continue to focus on the JENDELA projects to anchor Malaysia's digital economy.</p> <p>Ericsson has a partnership relationship with Digital Nasional Berhad to deliver a nationwide 5G single wholesale network for Malaysia. The Company has previously worked with Ericsson to roll out 4G networks.</p> <p>(b) When the 5G network is rolled out, we are confident that the Company has the opportunity to continue the partnership relationship with Ericsson, and 5G-enabled services could also drive the revenue of the Telecommunications Services segment.</p>

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	In light of the above, we are confident on the Company's core competency in supporting to accelerate Malaysia's digital transformation.
18.	<p>Why the share prices drop significantly recently?</p> <p><u>Response</u></p> <p>We do not have any control over the share price. However, we will continue our endeavours in building sustainable growth and increasing the Company's profitability. We look forward that market will realise the value of investing in our Company and the appreciation of share price will follow accordingly.</p>
19.	<p>Note 35 to the Financial Statement "Significant Events" stated that adjustments relating to asset impairment, write down, expected credit loss and fair value loss have been made to the financial statements as at 30 June 2021 for the impacts of COVID-19 pandemic, as appropriate. What is the amount of asset impairment and write down due to the COVID-19 pandemic in FY 2021?</p> <p><u>Response</u></p> <p>An impairment loss of about RM2.0 million has been recognised from REDtone MEX Sdn. Bhd., taking into consideration of the economic conditions.</p>
20.	<p>How is the audit procedure performed towards the <i>Key Audit Matter - Measurement of Expected Credit Loss for amount due from subsidiaries</i> is able to address the significant accounting estimate and assumptions used by the Management in securing the future contracts and the estimated profit margin?</p> <p><u>Response</u></p> <p>Mr. Chong Tse Heng, the Audit Engagement Partner of Ernst & Young PLT, explained that the audit procedures performed to address the aforesaid key audit matter, were disclosed in the Independent Auditors' Report on pages 142 and 143 of the Annual Report 2021.</p> <p>The audit procedures included the following:-</p> <ul style="list-style-type: none"> • Evaluated the probability and timing of the subsidiaries of securing the significant future contracts by making enquiries with the Management and reviewing the project proposals to obtain an understanding of the status of negotiations; and • Evaluated the reasonableness of estimated profits and cash flows to be derived from the subsidiaries' future contracts by comparing the estimated margins with the actual margins achieved.