

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

MINUTES OF THE TWENTIETH ANNUAL GENERAL MEETING OF THE COMPANY CONDUCTED ON A VIRTUAL BASIS 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 THURSDAY, 1 DECEMBER 2022 AT 10:00 A.M.

DIRECTORS PRESENT AT BROADCAST VENUE	: Mr. Kua Choo Kai (<i>Chairman of Meeting</i>) (<i>Independent Non-Executive Director</i>) Mr. Lau Bik Soon (<i>Group Chief Executive Officer</i>) Dato' Mohd Zaini Bin Hassan (<i>Independent Non-Executive Director</i>) Dato' Sri Badrul Hisham Bin Abdul Aziz (<i>Non-Independent Non-Executive Director</i>) Ms. Loh Paik Yoong (<i>Non-Independent Non-Executive Director</i>)
DIRECTORS WHO PARTICIPATED REMOTELY	: YAM Tunku Tun Aminah Binti Sultan Ibrahim Ismail (<i>Chairman / Non-Independent Non-Executive Director</i>) Dato' Avinderjit Singh A/L Harjit Singh (<i>Independent Non-Executive Director</i>)
IN ATTENDANCE	: Ms. Tan Ley Theng (<i>Company Secretary</i>) Mr. Chong Tse Heng (<i>Messrs. Ernst & Young PLT</i>) Mr. Niki Poon (<i>Messrs. Ernst & Young PLT</i>)
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 Twentieth Annual General Meeting ("**20th AGM**" or "**Meeting**") of REDtone from various locations through live streaming.

YAM Tunku Tun Chairman informed the Meeting that the Board of Directors ("**Board**") of the Company had decided that the 20th AGM be conducted on a virtual basis via live streaming webcast with online remote participation and voting facilities ("**RPV**") without physical attendance by shareholders, proxies and corporate representatives at the Broadcast Venue.

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 Mr. Kua Choo Kai ("**Mr. Simon Kua**" or "**Chairman**"), the Independent Non-Executive Director of the Company, as Chairman of this Meeting to chair the proceedings of the 20th AGM in accordance with Clause 98 of the Company's Constitution.

YAM Tunku Tun Chairman then handed over the Chair to Mr. Simon Kua.

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CHAIRMAN OF MEETING

Mr. Simon Kua took over the Chair of the Meeting and welcomed all shareholders, proxies and invitees to the Meeting.

The Chairman then introduced the Board members, the Company Secretary, the Chief Financial Officer and the representatives of External Auditors present at the Broadcast Venue 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 2022 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 20th AGM.

NOTICE

The Notice convening the 20th AGM which was sent on 21 October 2022, within the prescribed period, together with the Addendum to the Notice of 20th AGM ("**Addendum**") for inclusion of an additional Special Resolution to be considered under Special Business sent on 9 November 2022, were 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 20th AGM and Addendum 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 20th 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 20th 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 Q&A platform 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 is time constraint, the responses will be e-mailed to the respective shareholders and proxies at the earliest possible, after the 20th AGM.

The Meeting was also informed that the Company had appointed Berjaya Registration Services Sdn. Bhd. as the Poll Administrator for the Meeting, and Symphony Corporate Services Sdn. Bhd. was the Independent Scrutineers to verify the results of the poll. All votes were to be submitted via Berjaya Registration Services Sdn. Bhd.'s e-Portal ("**BReg e-Portal**").

The step-by-step guide clip on the online voting module within the BReg e-Portal was played.

PRESENTATION BY THE GROUP CHIEF EXECUTIVE OFFICER

The Chairman invited the Group Chief Executive Officer, Mr. Lau Bik Soon, to give shareholders a brief overview of the financial highlights and operational review of the Group for the financial year ended 30 June 2022, 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 17 November 2022, 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 2022 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 2022 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 2022 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 for the financial year ended 30 June 2022 would not be put forward for voting.

The Chairman declared that the Audited Financial Statements for the financial year ended 30 June 2022 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 2022 UNTIL THE NEXT ANNUAL GENERAL MEETING OF THE COMPANY TO BE HELD IN YEAR 2023**

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 2022 until the next Annual General Meeting of the Company to be held in year 2023.

**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 2022 UNTIL THE NEXT ANNUAL GENERAL MEETING OF THE COMPANY TO BE HELD IN YEAR 2023**

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 2022 until the next Annual General Meeting of the Company to be held in year 2023.

The Directors' benefits comprised the meeting allowances payable to the Directors of the Company, which were estimated based on the number of scheduled Board and/or Board Committee meetings to be held from 2 December 2022 until the next Annual General Meeting of the Company in year 2023.

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4.0 ORDINARY RESOLUTIONS 3 AND 4
RE-ELECTION OF THE FOLLOWING DIRECTORS WHO RETIRED IN
ACCORDANCE WITH CLAUSE 117 OF THE COMPANY'S CONSTITUTION:-
4.1 DATO' MOHD ZAINI BIN HASSAN
4.2 DATO' AVINDERJIT SINGH A/L HARJIT SINGH

The Chairman tabled the next two (2) Ordinary Resolutions pertaining to the re-election of Directors who retired pursuant to Clause 117 of the Company's Constitution.

In accordance with Clause 117 of the Company's Constitution, Dato' Mohd Zaini Bin Hassan and Dato' Avinderjit Singh A/L Harjit Singh retired as Directors of the Company and being eligible, had offered themselves for re-election.

5.0 ORDINARY RESOLUTIONS 5 AND 6
RE-ELECTION OF THE FOLLOWING DIRECTORS WHO RETIRED IN
ACCORDANCE WITH CLAUSE 116 OF THE COMPANY'S CONSTITUTION:-
5.1 MR. KUA CHOO KAI
5.2 DATO' SRI BADRUL HISHAM BIN ABDUL AZIZ

The Chairman tabled the next two (2) Ordinary Resolutions pertaining to the re-election of Directors who retired pursuant to Clause 116 of the Company's Constitution.

In accordance with Clause 116 of the Company's Constitution, Mr. Kua Choo Kai and Dato' Sri Badrul Hisham Bin Abdul Aziz retired as Directors of the Company and being eligible, had offered themselves for re-election.

6.0 ORDINARY RESOLUTION 7
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 7 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 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 have reviewed the performance of Messrs. Ernst & Young PLT as Auditors of the Company for the past financial years and were satisfied with their effectiveness and performance as External Auditors of the Company.

SPECIAL BUSINESS

7.0 ORDINARY RESOLUTION 8
RETENTION OF DATO' MOHD ZAINI BIN HASSAN AS AN INDEPENDENT NON-
EXECUTIVE DIRECTOR

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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 2021.

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.

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 through a two-tier voting process pursuant to Practice 5.3 of the Malaysian Code on Corporate Governance 2021. The justifications and recommendations of the Board for the retention of Dato' Mohd Zaini Bin Hassan were set out on Page 7 of the Annual Report.

8.0 ORDINARY RESOLUTION 9
AUTHORITY TO ISSUE SHARES PURSUANT TO THE COMPANIES ACT 2016

The Chairman announced that the motion for consideration as set out in Ordinary Resolution 9, 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.

9.0 ORDINARY RESOLUTION 10
PROPOSED RENEWAL OF AND NEW 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 10 in relation to the Proposed Renewal of and New 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 21 October 2022 ("**Circular**") issued together with the Annual Report 2022.

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 shareholdings on Ordinary Resolution 10 at this Meeting.

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10.0 ORDINARY RESOLUTION 11

PROPOSED RENEWAL OF AND NEW 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 11 in respect of the Proposed Renewal of and New 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 (**"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 2022.

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 matters pertaining to the Proposed Mandate II. 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 11 at this Meeting.

11.0 ORDINARY RESOLUTION 12

PROPOSED NEW SHAREHOLDERS' MANDATE FOR RRPTS WITH PERSONS CONNECTED WITH DATUK MOHD TAIB BIN HASSAN

The Chairman moved on to Ordinary Resolution 12 in respect of the Proposed New Shareholders' Mandate for RRPTs with persons connected with Datuk Mohd Taib Bin Hassan (**"Proposed Mandate III"**).

The details of the Proposed Mandate III together with the rationale and the recommendation of the Board were provided in the Circular issued together with the Annual Report 2022.

It was highlighted that Datuk Mohd Taib Bin Hassan had abstained and will continue to abstain from deliberations and voting on matters pertaining to the Proposed Mandate III. Datuk Mohd Taib Bin Hassan had also undertaken to ensure that persons connected with him will abstain from voting in respect of their direct or indirect shareholdings on Ordinary Resolution 12 at this Meeting.

12.0 SPECIAL RESOLUTION

PROPOSED ADOPTION OF NEW CONSTITUTION OF THE COMPANY

The Chairman moved on to Special Resolution in respect of the Proposed Adoption of New Constitution of the Company.

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The Meeting was informed that this Special Resolution, if passed, will streamline the Company's existing Constitution with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and other prevailing statutory and regulatory requirements, while facilitating the proposed transfer of the listing of and quotation for the Company's entire issued share capital from the ACE Market to the Main Market of Bursa Malaysia Securities Berhad, which was subject to the approval of Securities Commission Malaysia and Bursa Malaysia Securities Berhad as well as to enhance administrative efficiency.

It was highlighted that the Proposed Adoption of New Constitution of the Company will take effect only on the date of listing of the Company on the Main Market of Bursa Malaysia Securities Berhad.

13.0 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.

14.0 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 and proxies together with the responses and clarifications from the Group Chief Executive Officer, 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.

15.0 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 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.

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16.0 ANNOUNCEMENT OF POLL RESULTS

The Meeting resumed at 11:30 a.m. for the announcement of the poll results which had been verified by the Independent Scrutineers, Symphony Corporate Services Sdn. Bhd.

The Independent Scrutineer then announced 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 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 2022 until the next Annual General Meeting of the Company to be held in year 2023.	554,605,557	99.1712	4,634,834	0.8288
<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 2022 until the next Annual General Meeting of the Company to be held in year 2023.	555,625,155	99.3535	3,615,336	0.6465
<u>Ordinary Resolution 3</u> To re-elect Dato' Mohd Zaini Bin Hassan who retires by rotation in accordance with Clause 117 of the Company's Constitution and being eligible, has offered himself for re-election.	530,298,809	94.9973	27,926,182	5.0027

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Resolutions	Votes in favour		Votes against	
	No. of shares	%	No. of shares	%
<u>Ordinary Resolution 4</u> To re-elect Dato' Avinderjit Singh A/L Harjit Singh who retires by rotation in accordance with Clause 117 of the Company's Constitution and being eligible, has offered himself for re-election.	531,048,709	95.1317	27,176,282	4.8683
<u>Ordinary Resolution 5</u> To re-elect Mr. Kua Choo Kai who retires by casual vacancy in accordance with Clause 116 of the Company's Constitution and being eligible, has offered himself for re-election.	559,207,311	99.9938	34,680	0.0062
<u>Ordinary Resolution 6</u> To re-elect Dato' Sri Badrul Hisham Bin Abdul Aziz who retires by casual vacancy in accordance with Clause 116 of the Company's Constitution and being eligible, has offered himself for re-election.	554,178,934	99.2752	4,046,057	0.7248
<u>Ordinary Resolution 7</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.	559,206,416	99.9936	35,675	0.0064
<u>Ordinary Resolution 8 – Tier 1</u> Retention of Dato' Mohd Zaini Bin Hassan as an Independent Non-Executive Director of the Company.	500,864,692	100.0000	0	0

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Resolutions	Votes in favour		Votes against	
	No. of shares	%	No. of shares	%
<u>Ordinary Resolution 8 – Tier 2</u> Retention of Dato' Mohd Zaini Bin Hassan as an Independent Non-Executive Director of the Company.	30,178,217	52.6117	27,182,082	47.3883
<u>Ordinary Resolution 9</u> Authority to Issue Shares pursuant to the Companies Act 2016.	529,687,914	94.7153	29,554,077	5.2847
<u>Ordinary Resolution 10</u> Proposed Renewal of and New 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.	189,498,142	98.5034	2,879,157	1.4966
<u>Ordinary Resolution 11</u> Proposed Renewal of and New 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.	55,497,142	95.0679	2,879,157	4.9321
<u>Ordinary Resolution 12</u> Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with Persons Connected with Datuk Mohd Taib Bin Hassan.	556,361,834	99.4852	2,879,157	0.5148

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Resolutions	Votes in favour		Votes against	
	No. of shares	%	No. of shares	%
<u>Special Resolution</u>				
Proposed Adoption of New Constitution of the Company.	559,213,214	99.9915	47,577	0.0085

The Chairman declared that Ordinary Resolutions 1 to 12 and Special Resolution were **CARRIED** as follows:-

16.1 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 2022 UNTIL THE NEXT ANNUAL GENERAL MEETING OF THE COMPANY TO BE HELD IN YEAR 2023

"**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 2022 until the next Annual General Meeting of the Company to be held in year 2023 be and is hereby approved."

16.2 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 2022 UNTIL THE NEXT ANNUAL GENERAL MEETING OF THE COMPANY TO BE HELD IN YEAR 2023

"**THAT** the payment of Directors' benefits for an amount of up to RM130,000 payable to the Directors of the Company from 2 December 2022 until the next Annual General Meeting of the Company to be held in year 2023 be and is hereby approved."

16.3 ORDINARY RESOLUTION 3

RE-ELECTION OF DATO' MOHD ZAINI BIN HASSAN WHO RETIRED IN ACCORDANCE WITH CLAUSE 117 OF THE COMPANY'S CONSTITUTION

"**THAT** Dato' Mohd Zaini Bin Hassan who retired 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."

16.4 ORDINARY RESOLUTION 4

RE-ELECTION OF DATO' AVINDERJIT SINGH A/L HARJIT SINGH WHO RETIRED IN ACCORDANCE WITH CLAUSE 117 OF THE COMPANY'S CONSTITUTION

"**THAT** Dato' Avinderjit Singh A/L Harjit Singh who retired 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."

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16.5 ORDINARY RESOLUTION 5
RE-ELECTION OF MR. KUA CHOO KAI WHO RETIRED IN ACCORDANCE WITH
CLAUSE 116 OF THE COMPANY'S CONSTITUTION

"THAT Mr. Kua Choo Kai 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."

16.6 ORDINARY RESOLUTION 6
RE-ELECTION OF DATO' SRI BADRUL HISHAM BIN ABDUL AZIZ WHO
RETIRED IN ACCORDANCE WITH CLAUSE 116 OF THE COMPANY'S
CONSTITUTION

"THAT Dato' Sri Badrul Hisham Bin Abdul Aziz 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."

16.7 ORDINARY RESOLUTION 7
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."

16.8 ORDINARY RESOLUTION 8
RETENTION OF DATO' MOHD ZAINI BIN HASSAN AS AN INDEPENDENT NON-
EXECUTIVE DIRECTOR OF THE COMPANY

"THAT subject to the passing of Ordinary Resolution 3, 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."

16.9 ORDINARY RESOLUTION 9
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 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;

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;

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

(Minutes of the Twentieth Annual General Meeting held on 1 December 2022 - cont'd)

AND 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;

AND FURTHER THAT pursuant to Section 85 of the Companies Act 2016 to be read together with Clause 13 of the Constitution of the Company, the shareholders of the Company do hereby waive their pre-emptive rights to be offered new shares ranking equally to the existing issued shares in the Company arising from any issuance of new shares in the Company pursuant to the Companies Act 2016."

16.10 ORDINARY RESOLUTION 10
PROPOSED RENEWAL OF AND NEW 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 ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, 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 YOUN as specified in Section 2.3 of the Circular to Shareholders dated 21 October 2022 (**"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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16.11 ORDINARY RESOLUTION 11

PROPOSED RENEWAL OF AND NEW 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 ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, 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 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 21 October 2022 (**"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."

16.12 ORDINARY RESOLUTION 12

PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH PERSONS CONNECTED WITH DATUK MOHD TAIB BIN HASSAN

"THAT subject to the provisions of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, 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 Datuk Mohd Taib Bin Hassan as specified in Section 2.3 of the Circular to Shareholders dated 21 October 2022 (**"Proposed Mandate III"**) which are necessary for the day-to-day operations

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(Minutes of the Twentieth Annual General Meeting held on 1 December 2022 - cont'd)

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 III 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."

16.13 SPECIAL RESOLUTION
PROPOSED ADOPTION OF NEW CONSTITUTION OF THE COMPANY

"THAT subject to the approval of Securities Commission Malaysia and Bursa Malaysia Securities Berhad for the proposed transfer of the listing of and quotation for the entire issued share capital of the Company from the ACE Market to the Main Market of Bursa Malaysia Securities Berhad, and the approval of any other relevant regulatory authority and/or third party, if required, approval be and is hereby given for the Company to revoke the existing Constitution of the Company with effect from the date of listing of the Company on the Main Market of Bursa Malaysia Securities Berhad and in place thereof, the proposed new Constitution of the Company, as annexed herewith as Appendix "A", be and is hereby adopted as the Constitution of the Company ("**Proposed Adoption of New Constitution**");

AND THAT the Directors be and are hereby authorised to do all acts, deeds and things as are necessary and/or expedient in order to give full effect to the Proposed Adoption of New Constitution with full powers to assent to any conditions, modifications, variations and/or amendments as may be required by any relevant authorities."

CONCLUSION

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

REDTONE DIGITAL BERHAD
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(Minutes of the Twentieth Annual General Meeting held on 1 December 2022 - cont'd)

The Meeting ended at 11:32 a.m. with a vote of thanks to the Chair.

SIGNED AS A CORRECT RECORD

- Duly Signed -

CHAIRMAN

Dated: 1 December 2022

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



About Us

REDtone



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



Close to **350** staffs 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 **41** awards over the past 26 years.

Most recent : 2 awards from The Edge Malaysia Centurion Club & Corporate Awards 2022.

- "HIGHEST GROWTH IN PROFIT AFTER TAX OVER 3 YEARS"
- "HIGHEST RETURN ON EQUITY OVER 3 YEARS"

Joint sector of Telecommunications, Media & Utilities.



Our Purpose

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

3 Engines Of Growth

REDtone

Telecommunications Services

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

Managed Telco Network Services (MTNS)

- Telco Engineering
- USP
- Large Scale WiFi

Industry Digital Services

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



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 guard against threats that target network resources.
- Safeguard enterprise data against next-generation threats. From security strategy, risk assessment, compliance to operation.

Our Value Propositions

REDtone



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



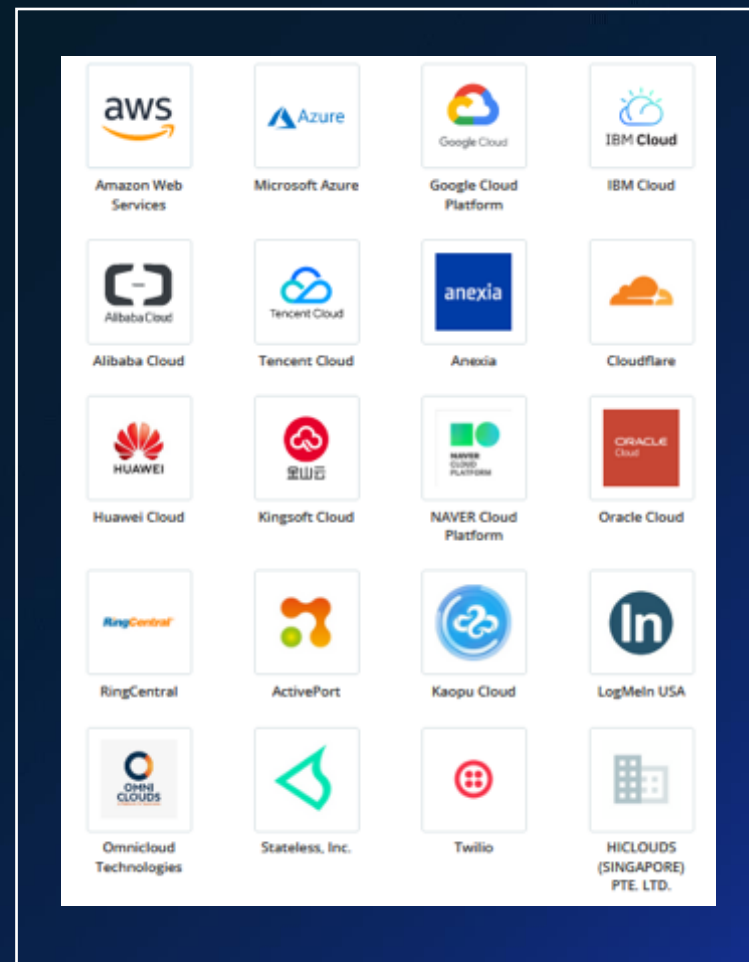
Global Points-Of-Presence, partnered with leading international operators. Connect directly to 3,200 peers over 32 major IXs globally to ensure the lowest latency for connectivity requirement. Cater for Malaysian companies with global presence



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 pay 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, "Pusat Internet Komuniti" & Jendela

Industry Digital Services

A step change in infrastructure, operations, customer 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

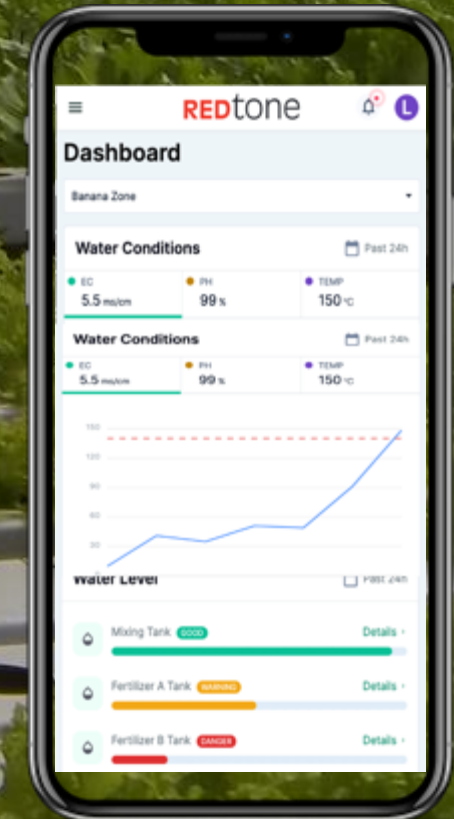
Smart Farming

Agriculture Meets Technology

REDtone

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

- Actively involved in driving **innovation and adoption** for Smart Farming.
- AgriTech and smart farming are major focus for the Malaysian government. We are committed to growing a partnership ecosystem for tech collaborations & awareness building through Government agencies, higher education institutions & agricultural associations
- Smart Fertigation
- Smart Irrigation
- Smart Pesticide Misting
- Smart Plantation Monitoring
- Satellite IoT Solutions
- Plantation Monitoring System



SATELLITE IoT SOLUTIONS


Real Time Data, Deep Learning
Algorithms and Actionable Insights



- A digital precision agriculture tool
- Utilises the latest satellite data, processed, analysed with custom algorithms
- Field contours, tile-based map rendering, VI dynamics, cloud/shadow mapping, change detection, correlation with the weather, growth stages, crop rotation and other data.
- Get notified via email and make precision-driven decisions, thus increasing yields and revenue.

← Back

 **Field Monitoring**
Plot Name
Total Area
Coordinate

Crop rotation 

Season 2022

 Rice

Sowing date

2022-03-01

Maturity

Early maturing

Harvesting

2022-06-30

Growth stages

No data

Notes

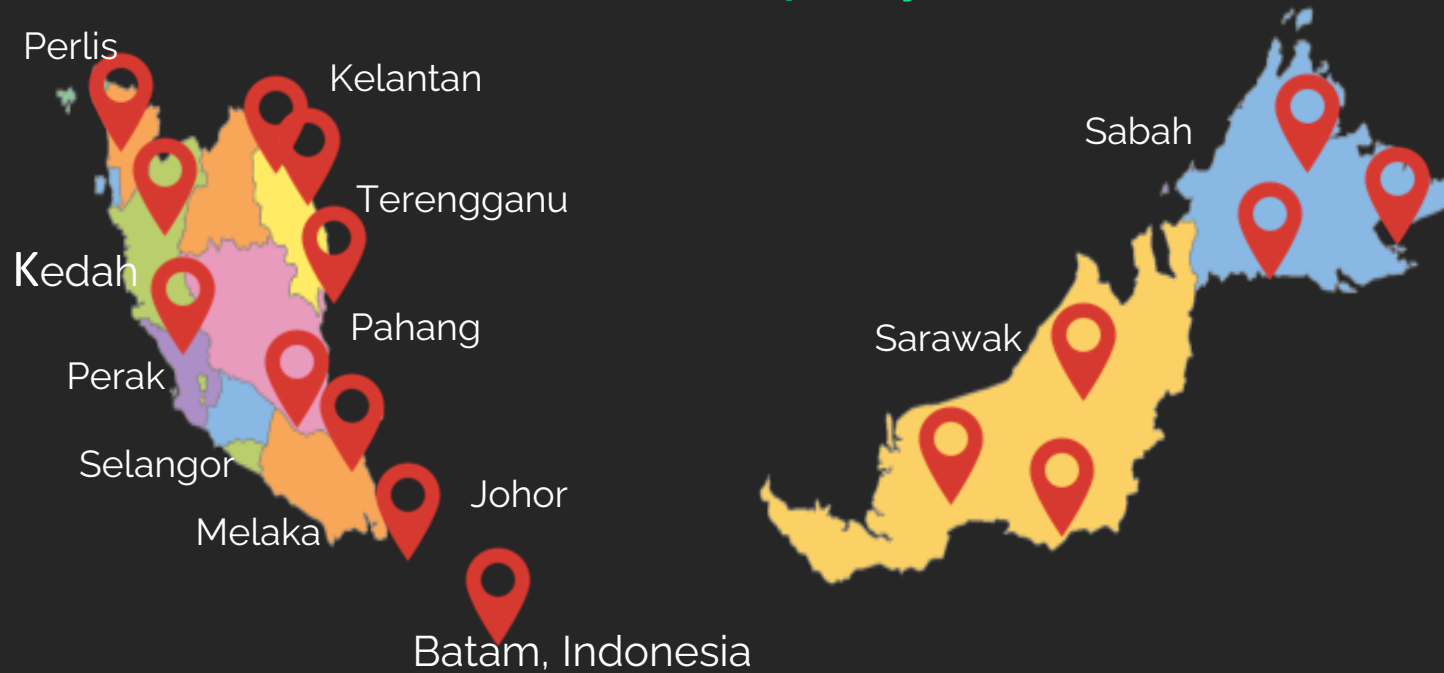
[Add](#) some helpful details

Current weather

Nov 7, 2022, 10:00 - 11:00

 ADD NEW TASK

Nationwide Deployments



Our systems are deployed in various types of farms & crops, from plantation, 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 Product Engineering

Transform the new train design process and engineering showcase

Virtual Reality

Game Changer for Product-Engineering

- Integration of state-of-the-art simulation and animation technology,
- Helped the design engineers create full-size 3D models of the product's components (both exterior and interior)
- Industry : Rail, Automotive, Healthcare etc

A person is shown in the foreground wearing a VR headset, looking at a 3D model of a high-speed train. The train is white and yellow, moving on a track. The background is a blurred cityscape at night.

*flexi***CRAFT**

Malaysia's economy is expected to grow by 4% to 5% in 2023 after posting a growth rate of between 6.5% and 7% this year.

Nevertheless, business outlook remains challenging.

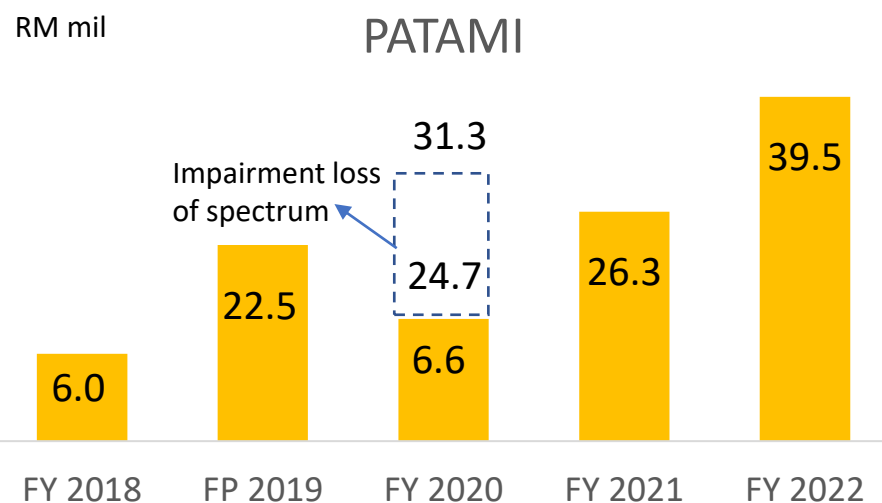
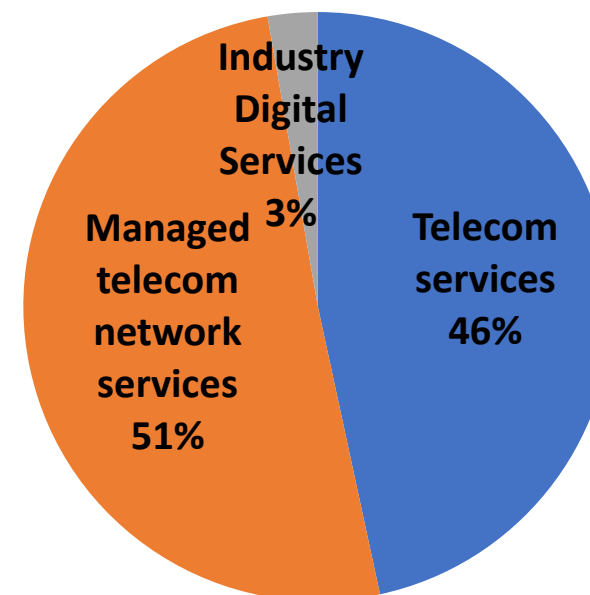
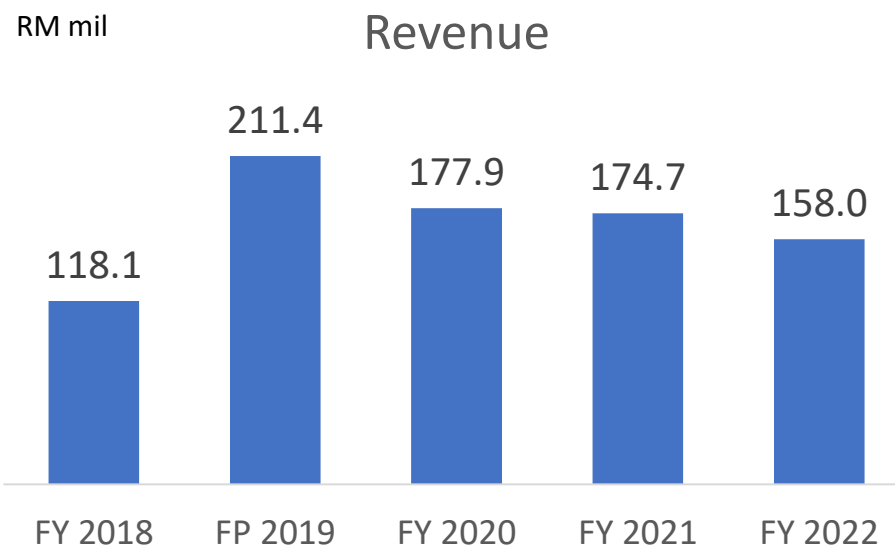
Continue to

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

REDtone

FINANCIALS

Record high PATAMI of RM39.5 mil



	FY 2018	FP 2019	FY 2020	FY 2021	FY 2022
(sen)					
NA	18.54	21.54	20.74	23.11	28.22
EPS	0.77	2.91	0.86	3.40	5.10

RM'000	FY 2018	FP 2019	FY 2020	FY 2021	FY 2022
Revenue	118,081	211,391	177,906	174,673	158,042
Cost of sales	(65,586)	(126,207)	(101,606)	(93,911)	(59,170)
Gross profit	52,495	85,184	76,300	80,762	98,872
GP %	44%	40%	43%	46%	63%
Other income	2,759	2,755	1,858	1,687	6,155
	55,254	87,939	78,158	82,449	105,027
General and administrative expenses	(46,630)	(49,774)	(30,757)	(39,381)	(47,480)
Investment related expense	-	(2,521)	-	-	-
Impairment loss on intangible asset	-	-	(24,670)	-	-
Finance costs	(2,111)	(1,100)	(1,513)	(997)	(1,079)
Share of result of an associated company	-	(937)	(1,527)	-	-
Profit before tax	6,513	33,607	19,691	42,071	56,468
Taxation	(1,744)	(11,617)	(10,974)	(13,400)	(15,992)
Profit for the year/period	4,769	21,990	8,717	28,671	40,476
Profit/(loss) attributable to:					
Owners of the parent	5,969	22,495	6,610	26,286	39,458
Non-controlling interests	(1,200)	(505)	2,107	2,385	1,018
	4,769	21,990	8,717	28,671	40,476

RM'000	As at 30 Jun 2021	As at 30 Jun 2022
ASSETS		
Non-current Assets	45,520	60,410
Current Assets	227,424	237,557
TOTAL ASSETS	272,944	297,967
Equity		
Share capital	149,813	149,813
Treasury shares	(5,653)	(5,653)
Reserves	34,499	73,949
	178,659	218,109
Non-controlling interests	4,262	5,280
TOTAL EQUITY	182,921	223,389
Non-current Liabilities	3,684	2,289
Current Liabilities	86,339	72,289
TOTAL EQUITY AND LIABILITIES	272,944	297,967
Net Assets per share (sen)	23.11	28.22
Earnings per share (sen)	3.40	5.10
Net Current Assets	141,085	165,268

RM'000	FY 2021	FY 2022
Net cash generated from operating activities	22,355	66,579
Net cash generated from/(used in) investing activities	8,427	(10,553)
Net cash used in financing activities	(21,515)	(21,486)
Net change in cash and cash equivalents	9,267	34,540
Opening cash and cash equivalents	5,570	14,837
Closing cash and cash equivalents	14,837	49,377
Cash and bank balances comprise of:		
- Cash in hand and at banks	14,837	49,377
- Deposits with licensed banks	27,612	28,941
As reported in statement of financial position	42,449	78,318
Add: Short term investments	50,002	50,007
Total cash and bank balances, and investment fund	92,451	128,325

RM'000	Q1 FY 2022	Q1 FY 2023
Revenue	38,522	42,053
Cost of sales	(17,448)	(20,795)
Gross profit	21,074	21,258
GP%	55%	51%
Other income	669	5,152
	21,743	26,410
General and administrative expenses	(9,002)	(8,991)
Finance costs	(289)	(166)
Profit before tax	12,452	17,253
Taxation	(3,539)	(3,555)
Profit for the quarter	8,913	13,698
Profit/(loss) attributable to:		
Owners of the parent	8,037	13,952
Non-controlling interests	876	(254)
	8,913	13,698



MINORITY SHAREHOLDERS WATCH GROUP QUESTIONS & ANSWERS

Question 1

In the last four financial years, revenue has been declining and FY 2022 was the lowest. However, profit after tax was the highest in FY 2022. (page 16 of AR 2022)

- (a) What were the main reasons for the continuous declining revenue? What key measures were adopted to improve the revenue?
- (b) How did the Group manage to register the highest profit after tax despite recording the lowest revenue in FY 2022? Is the much higher profit sustainable?

Answer to Question 1

- (a) The revenue was hovering between RM158 million and RM178 million over the FY 2020 to FY 2022, mainly due to lower revenue registered from the Managed Telecommunications Network Services (“MTNS”) segment, particularly contributed by the Universal Service Provision (“USP”) projects. The MTNS segment is project-based and the revenue is recognized based on project deployment and maintenance, hence resulting in fluctuations of revenue over the contract period. The deployment revenue is dependent on the stages of project activities, where the revenue contribution is generally higher at the early stages of the project activities. Therefore, the MTNS segment’s revenue was higher in the past few financial years and subsequently lowered in the FY 2022, as most of the projects are in the maintenance phase which only contributes annual recurring revenue to the Group.

Answer to Question 1 – cont'd

- (a) The Group has been actively participating in tender processes and exploring other business opportunities to improve the revenue. The revenue is expected to improve moving forward with new projects deployment.

Answer to Question 1 – cont'd

(b) The increase in the profit for the FY 2022 was primarily due to improved cost management and operational efficiency. In addition, the Group has been continuously reviewing the project cost structure to ensure there is no budget overrun.

The Group's profit is expected to be sustainable moving forward with new projects deployment in the pipeline.

Question 2

For the financial year ended 30 June 2022 (“FY 2022”), the Group reported a revenue of RM158.0 million, which represents a decrease of 9.6% as compared to previous year corresponding period (“FY 2021”) of RM174.7 million. The decline was largely due to lower revenue from MTNS segment from Universal Service Provision projects which by nature will have fluctuations in revenue over its contract period. (page 16 of AR 2022)

What is the total value of the Universal Service Provision projects?
How long is the contract and when is it expected to end?

Answer to Question 2

The total value for USP projects is about RM328 million as at 30 September 2022. The contracts tenure ranges from 2 to 5 years and will be completed progressively from December 2022 until June 2024. In the past, Malaysian Communications and Multimedia Commission has awarded extensions for some of the REDtone Group's projects for a period between 1 to 5 years. The Group is currently working on getting extension for its other on-going projects.

Question 3

The revenue of the Telecommunications Services (“TS”) segment was also affected as many businesses only progressively resumed to full operation towards late 2021. However, the management expects that the TS segment will contribute positively in the next financial year in view of the country’s transition to the endemic phase from April 2022. (page 16 of AR 2022)

Is the TS segment expected to register significant revenue growth in FY 2023? Are there any new contracts or customers secured?

Answer to Question 3

The TS segment is expected to register growth in FY 2023 with a progressive recovery of the economy as compared to the past 2 financial years. The Group has secured new contracts which is expected to contribute positively to the recurring revenue for the coming financial years.

Question 4

Group trade receivables from third parties decreased from RM49.280 million in FY 2021 to RM42.571 million in FY 2022. Allowance for expected credit loss increased from RM845,000 to RM4.630 million over the same period. Allowance for expected credit loss for other receivables increased from RM2.048 million to RM5.574 million. (pages 128 and 129 of AR 2022)

- (a) What were the main reasons for the substantial increase in allowance for expected credit loss from trade receivables? What is the probability of recovering the amount set aside as allowance?

Question 4 – cont'd

- (b) What is the nature of other receivables? What were the main reasons for the substantial increase in allowance for expected credit loss from other receivables? What is the probability of recovering the amount set aside as allowance?
- (c) In view of the significant increases in allowances set aside, is the Management taking any measures to review the credit risk management policies?

Answer to Question 4

- (a) The main reason for the substantial increase in allowance for expected credit loss from trade receivables was that the debtors are in severe financial difficulties and have defaulted on their payments. The probability of recovering the amount set aside as allowance is low. Nevertheless, the Group will continue to pursue the outstanding amount.

Answer to Question 4 – cont'd

- (b) The other receivables comprise of the accumulated amount due from an associated company (formerly a subsidiary of the Group) which is more than 5 years and is non-trade in nature. The allowance for expected credit loss is derived from impairment assessment, after taking into consideration the timing of the repayment and the financial status of the associated company. The probability of recovering the amount set aside as allowance is low.

Answer to Question 4 – cont'd

- (c) The Group's credit risk management policy remains effective as it is subject to periodic review. REDtone maintains strict control on receivables and its Credit Control Department constantly reviews and monitors all outstanding receivables as to minimize the Group's credit risk.

Question 5

Cash flow from operating activities rose sharply from RM 22.355 million in FY 2021 to RM66.579 million in FY 2022. (page 72 of AR 2022). Cash in hand and at banks also increased significantly from RM14.837 million in FY 2021 to RM28.941 million in FY 2022. (page 133 of AR 2022).

In view of the Group's healthy cash flows, is the Group not considering a higher payout of dividends to reward shareholders? What are the plans for capital expenditure in the near term?

Answer to Question 5

The Group will continuously assess the dividend payout on a yearly basis to reward its shareholders. It is important for the Group to maintain sufficient cash reserve particularly for the rolling out of Jendela project and other large scale projects.

We will continue to maintain asset light model with low capital expenditure in the near term.

Question 6

The Group is involved in a number of significant long term construction and maintenance and support services for telecommunication infrastructure and USP sites which span more than one accounting period. (page 156 of AR 2022).

What is the total orderbook of the Group? How many more years will the contracts last?

Answer to Question 6

The Group's total orderbook for the MTNS segment is about RM600 million over the next 5 years and the contracts duration ranges from 1 to 5 years.

Question 7

What are the services offered by the Group which constitutes recurring income? What percentage of Group revenue is generated from recurring income?

Answer to Question 7

Most of REDtone Group's revenues are recurring in nature. The yearly recurring revenue contribution was within the range of 60% to 80%.

Question 8

Kindly brief shareholders on the Group's plans and status in regard to 5G rollout.

Answer to Question 8 – cont'd

The 5G roll out in Malaysia is based on the single wholesale network model being spearheaded by Digital National Berhad (“DNB”)

REDtone’s participation will be in the following 3 main areas: (cont’d)

- (1) Via REDtone’s MTNS segment. REDtone is a trusted USP partner and the largest 3rd party neutral Multi-Operator Radio Access Network (“MORAN”) operator in Malaysia, thus the Group expects to continue in leveraging its telecommunications engineering expertise and know-how in contributing to the nationwide deployment of 5G network.

Answer to Question 8 – cont'd

- (2) As an access seeker. REDtone will buy 5G network capacity (as a base product) from DNB on a wholesale arrangement and offer as-a-service via its telecommunications business. This will allow the Group to implement virtual networks (network slicing), create subnets and offer high performance connectivity solutions to its enterprise customers.
- (3) In order to succeed and maximise its real potential, 5G needs to be integrated into industry know-how and applications to boost performance with precision. This will add value to the Group's Industry Digital Services segments like Virtual Reality, Internet of Things and Smart Farming businesses.

REDtone

Thank you



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 2022

Head, Corporate Monitoring
Minority Shareholders' Watch Group
Level 23, Unit 23-2, Menara AIA Sentral
No.30, Jalan Sultan Ismail
50250 Kuala Lumpur.

Attention.: Ms Rita Foo

Dear Madam,

REDTONE DIGITAL BERHAD ("REDtone")
20TH ANNUAL GENERAL MEETING ("AGM") HELD ON THURSDAY, 1 DECEMBER 2022

We refer to your letter dated 17 November 2022 and the questions raised with regards to REDtone's Annual Report for the financial year ended 30 June 2022 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 2022.

Operational & Financial Matters

1. In the last four financial years, revenue has been declining and financial year ended 30 June 2022 ("FY 2022") was the lowest. However, profit after tax was the highest in FY 2022. (page 16 of AR 2022)
 - (a) What were the main reasons for the continuous declining revenue? What key measures were adopted to improve the revenue?
 - (b) How did the Group manage to register the highest profit after tax despite recording the lowest revenue in FY 2022? Is the much higher profit sustainable?

REDtone's reply:

- (a) The revenue was hovering between RM158 million and RM178 million over the FY 2020 to FY 2022, mainly due to lower revenue registered from the Managed Telecommunications Network Services ("MTNS") segment, particularly contributed by the Universal Service Provision ("USP") projects. The MTNS segment is project-based and the revenue is recognized based on project deployment and maintenance, hence resulting in fluctuations of revenue over the contract period. The deployment revenue is dependent on the stages of project activities, where the revenue contribution is generally higher at the early stages of the project activities. Therefore, the MTNS segment's revenue was higher in the past few financial years and subsequently lowered in the FY 2022, as most of the projects are in the maintenance phase which only contributes annual recurring revenue to the Group.

The Group has been actively participating in tender processes and exploring other business opportunities to improve the revenue. The revenue is expected to improve moving forward with new projects deployment.

- (b) The increase in the profit for the FY 2022 was primarily due to improved cost management and operational efficiency. In addition, the Group has been continuously reviewing the project cost structure to ensure there is no budget overrun.

The Group's profit is expected to be sustainable moving forward with new projects deployment in the pipeline.

2. For the FY 2022, the Group reported a revenue of RM158.0 million, which represents a decrease of 9.6% as compared to previous year corresponding period ("FY 2021") of RM174.7 million. The decline was largely due to lower revenue from MTNS segment from Universal Service Provision projects which by nature will have fluctuations in revenue over its contract period. (page 16 of AR 2022)

What is the total value of the Universal Service Provision projects? How long is the contract and when is it expected to end?

REDtone's reply:

The total value for USP projects is about RM328 million as at 30 September 2022. The contracts tenure ranges from 2 to 5 years and will be completed progressively from December 2022 until June 2024. In the past, Malaysian Communications and Multimedia Commission has awarded extensions for some of the REDtone Group's projects for a period between 1 to 5 years. The Group is currently working on getting extension for its other on-going projects.

3. The revenue of the Telecommunications Services ("TS") segment was also affected as many businesses only progressively resumed to full operation towards late 2021. However, the management expects that the TS segment will contribute positively in the next financial year in view of the country's transition to the endemic phase from April 2022. (page 16 of AR 2022)

Is the TS segment expected to register significant revenue growth in FY 2023? Are there any new contracts or customers secured?

REDtone's reply:

The TS segment is expected to register growth in FY 2023 with a progressive recovery of the economy as compared to the past 2 financial years. The Group has secured new contracts which is expected to contribute positively to the recurring revenue for the coming financial years.

4. Group trade receivables from third parties decreased from RM49.280 million in FY 2021 to RM42.571 million in FY 2022. Allowance for expected credit loss increased from RM845,000 to RM4.630 million over the same period. Allowance for expected credit loss for other receivables increased from RM2.048 million to RM5.574 million. (pages 128 and 129 of AR 2022)

- (a) What were the main reasons for the substantial increase in allowance for expected credit loss from trade receivables? What is the probability of recovering the amount set aside as allowance?

- (b) What is the nature of other receivables? What were the main reasons for the substantial increase in allowance for expected credit loss from other receivables? What is the probability of recovering the amount set aside as allowance?
- (c) In view of the significant increases in allowances set aside, is the Management taking any measures to review the credit risk management policies?

REDtone's reply:

- (a) The main reason for the substantial increase in allowance for expected credit loss from trade receivables was that the debtors are in financial difficulties and have defaulted on their payments. The probability of recovering the amount set aside as allowance is low. Nevertheless, the Group will continue to pursue the outstanding amount.
 - (b) The other receivables comprise of the accumulated amount due from an associated company (formerly a subsidiary of the Group) which is more than 5 years and is non-trade in nature. The allowance for expected credit loss is derived from impairment assessment, after taking into consideration the financial status of the associated company. The probability of recovering the amount set aside as allowance is low.
 - (c) The Group's credit risk management policy remains effective as it is subject to periodic review. REDtone maintains strict control on receivables and its Credit Control Department constantly reviews and monitors all outstanding receivables as to minimize the Group's credit risk.
5. Cash flow from operating activities rose sharply from RM 22.355 million in FY 2021 to RM66.579 million in FY 2022. (page 72 of AR 2022). Cash in hand and at banks also increased significantly from RM14.837 million in FY 2021 to RM28.941 million in FY 2022. (page 133 of AR 2022).

In view of the Group's healthy cash flows, is the Group not considering a higher payout of dividends to reward shareholders? What are the plans for capital expenditure in the near term?

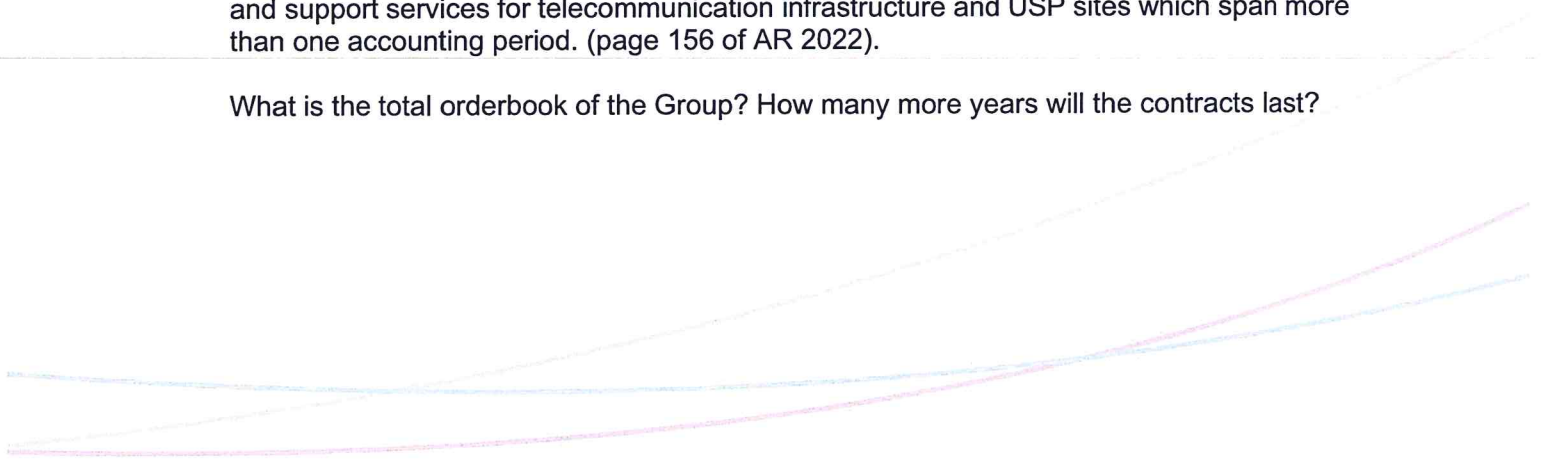
REDtone's reply:

The Group will continuously assess the dividend payout on a yearly basis to reward its shareholders. It is important for the Group to maintain sufficient cash reserve particularly for the rolling out of Jendela project and other large scale projects.

We will continue to maintain asset light model with low capital expenditure in the near term.

-
6. The Group is involved in a number of significant long term construction and maintenance and support services for telecommunication infrastructure and USP sites which span more than one accounting period. (page 156 of AR 2022).

What is the total orderbook of the Group? How many more years will the contracts last?



REDtone's reply:

The Group's total orderbook for the MTNS segment is about RM600 million over the next 5 years and the contracts duration ranges from 1 to 5 years.

7. What are the services offered by the Group which constitutes recurring income? What percentage of Group revenue is generated from recurring income?

REDtone's reply:

Most of REDtone Group's revenues are recurring in nature. The yearly recurring revenue contribution was within the range of 60% to 80%.

8. Kindly brief shareholders on the Group's plans and status in regard to 5G rollout.

REDtone's reply:

The 5G roll out in Malaysia is based on the single wholesale network model being spearheaded by Digital National Berhad ("DNB")

REDtone's participation will be in the following 3 main areas:

- (1) Via REDtone's MTNS segment. REDtone is a trusted USP partner and the largest 3rd party neutral Multi-Operator Radio Access Network ("MORAN") operator in Malaysia, thus the Group expects to continue in leveraging its telecommunications engineering expertise and know-how in contributing to the nationwide deployment of 5G network.
- (2) As an access seeker. REDtone will buy 5G network capacity (as a base product) from DNB on a wholesale arrangement and offer as-a-service via its telecommunications business. This will allow the Group to implement virtual networks (network slicing), create subnets and offer high performance connectivity solutions to its enterprise customers.
- (3) In order to succeed and maximise its real potential, 5G needs to be integrated into industry know-how and applications to boost performance with precision. This will add value to the Group's Industry Digital Services segments like Virtual Reality, Internet of Things and Smart Farming businesses.

We trust that the above have clarified the questions raised.

Yours faithfully,
For and on behalf of
REDtone Digital Berhad



Lau Bik Soon
Group Chief Executive Officer

REDTONE DIGITAL BERHAD
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APPENDIX C – RESPONSES AND CLARIFICATIONS TO QUESTIONS RECEIVED DURING THE TWENTIETH ANNUAL GENERAL MEETING OF THE COMPANY HELD ON THURSDAY, 1 DECEMBER 2022

No.	Questions
1	Request for e-voucher amounting to RM60 via BInfinite as a token of appreciation to the loyal shareholders.
	<u>Response</u> The Board takes note of the suggestion.
2	Please consider organising physical Annual General Meeting next year.
	<u>Response</u> The Board takes note of the suggestion.
3.	Is the loss from the industry digital service ("IDS") segment continue to increase? How soon does the Company expect to breakeven?
	<u>Response</u> The contribution from IDS segment is currently not so significant and it is expected to breakeven soon. The Company endeavours to secure more projects. The IDS segment is undergoing investment phase where it will take few years to generate revenue to the Group.
4.	How much is the current book order from the Managed Telecommunications Network Services ("MTNS") segment?
	<u>Response</u> The total book order of the Group for the MTNS segment is about RM600 million over the next five (5) years.
5.	What are the intangible assets amounting to RM3.66 million acquired in the first quarter of the financial year ending 30 June 2023?
	<u>Response</u> The intangible assets acquired amounting to RM3.66 million are in respect of the spectrum assignment fees paid to Malaysian Communications And Multimedia Commission.

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6.	What is the estimated contract value of the awarded Jalanan Digital Negara ("JENDELA") project? Is the JENDELA project ready?
	<p><u>Response</u></p> <p>The revenue contribution from the JENDELA project is about RM500 million. The JENDELA Phase 1 project has been divided into two (2) parts. Part 1 covers passive infrastructure, which includes site acquisition and installation of tower, whereas Part 2 covers the installation of active infrastructure and deployment of public cellular services. The Management expects the installation of tower to be completed in December 2022 or January 2023 for the Company to commence works.</p>
7.	Please provide updates on Sri Lanka project undertaken by the Company's associate company, REDtone MEX Sdn. Bhd., both positive and negative impacts on the Company.
	<p><u>Response</u></p> <p>The COVID-19 pandemic has severely impacted the project in Sri Lanka. However, the first phase of the project has been completed by deploying the nationwide medical imaging, filmless radiology information system infrastructure and network connectivity to five (5) hospitals in Sri Lanka. The Management is in midst of assessing and discussing with the local authorities to kickstart the next phase. As of to-date, the project in Sri Lanka is not in default state.</p>
8.	Please provide more business insights for the areas of revenue and profit growth within the next two (2) years.
	<p><u>Response</u></p> <p>We foresee the Telecommunications Services ("TS") and MTNS segments remain as the key growth areas. The TS and IDS segments are expected to grow whereas the MTNS segment is expected to contribute a consistent revenue and profit to the Group.</p>
9.	Appreciation for using Berjaya Registration Services Sdn. Bhd.'s e-Portal.
	<p><u>Response</u></p> <p>The Group Chief Executive Officer thanks the shareholder and appreciates the kind compliment.</p>

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10.	What is the percentage of the recurring revenue contribution for the financial year ended 30 June 2022?
	<p><u>Response</u></p> <p>The annual recurring revenue contribution for the financial year ended 30 June 2022 was within the range of 60% to 80%. The Management expects the annual recurring revenue contribution to increase up to 80%.</p>
11.	What is the current headcount in MTNS segment?
	<p><u>Response</u></p> <p>About 70% of the Group's headcount is involved in the MTNS segment.</p>
12.	Does the formation of new government bring any potential impact to the Group?
	<p><u>Response</u></p> <p>We are of view that the formation of new government does not bring any material impact to the business operations of the Group.</p>
13.	Is the impairment loss on the telecommunications licenses with allocated spectrum for the financial year ended 30 June 2020 amounting to RM24.7 million is recoverable?
	<p><u>Response</u></p> <p>The Management would continue to assess the likelihood of reversing the impairment loss.</p>
14.	Does the Company consider paying higher dividend to the shareholders?
	<p><u>Response</u></p> <p>The Board would continue to assess the dividend payout on an annual basis. The Company has declared an interim dividend from RM0.01 to RM0.018 for the financial years ended 30 June 2019, 2020, 2021 and 2022, which has translated into a dividend yield of approximately above 4%.</p>

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15.	When is the Company being listed on the List of Shariah-Compliant Securities?
	<p><u>Response</u></p> <p>The securities of the Company are classified as Shariah-compliant since May 2022.</p>
16.	What are the challenges and profit growth outlook of the Group subsequent to the merger of Celcom Axiata Berhad and Digi.Com Berhad (" Celcom-Digi Merger ")? By virtue of the smaller scale and resources of the Group, what are the new initiatives of the Company's Board to thrive in the competitive environment?
	<p><u>Response</u></p> <p>Although the size of the Group is relatively smaller as compared to Celcom-Digi Merger, but the Group is flexible and able to respond to the customers' requirements promptly. In addition, Celcom-Digi Merger is primarily engaged in mobile player whereas REDtone is involved in enterprise and solution base driven TS, MTNS and IDS. We are of view that the merger in the network sector would bring positive impacts to us, i.e. enable our Group to provide services to them. For information purpose, both Celcom Axiata Berhad and Digi.Com Berhad are existing customers of REDtone.</p>
17.	Since REDtone was performing well and profitable for the past few years, please consider increasing the dividend payout, especially upon completion of the proposed transfer of the Company's listing from ACE Market to the Main Market of Bursa Malaysia Securities Berhad.
	<p><u>Response</u></p> <p>The Board takes note of the suggestion.</p>
18.	What is the status of the JENDELA project in Sarawak? Is the Sarawak government offering more book orders to REDtone?
	<p><u>Response</u></p> <p>The JENDELA project involves several states, but East Malaysia is expected to benefit the most, which has resulted in REDtone to be considered as one of the largest workforce in Malaysia for MTNS business by having a current headcount of 150 employees in our MTNS segment.</p> <p>We are confident that REDtone is well-positioned to capture any arising opportunities from East Malaysia.</p>

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19.	Please provide the latest status of the 5G infrastructure that REDtone participates in.
	<p><u>Response</u></p> <p>REDtone has participated in two (2) phases of the 5G infrastructure: -</p> <p>(i) Continue to leverage its telecommunications engineering expertise and know-how in contributing to the nationwide deployment of 5G network.</p> <p>(ii) Once the network is available, REDtone may purchase the 5G network capacity from Digital National Berhad on a wholesale arrangement and offer as a service via its telecommunications business and offer high performance connectivity solutions in our IDS segment.</p>