

DIVERSIFIED GATEWAY SOLUTIONS BERHAD

(Company No. 675362-P)

(Incorporated in Malaysia)

SUMMARY OF KEY MATTERS DISCUSSED AT THE 14TH AGM OF DIVERSIFIED GATEWAY SOLUTIONS BERHAD HELD ON 21 NOVEMBER 2019

No.	Questions raised by shareholders/proxy	The Company's responses
1.	<p>The Company is disposing of ISS Consulting (Thailand) Ltd ("ISS Thailand") which is the main profit contributor to the Group for financial period ended 30 June 2019. The Company also allocated RM4.81 million out of the total proceeds of RM9.22 raised from the private placement to ISS Thailand.</p> <p>What are the impact of the proposed disposal of ISS Thailand on the Group's revenue and profit and the rationale of the disposal of ISS Thailand, as well as reason of allocating placement proceeds to them?</p>	<p>The presence of ISS Thailand in the SAP business in Thailand is mainly limited to the SME-based or Tier-2 market due to its small capital base and lack of a regional or global presence. It has been challenging for the Group to assist ISS Thailand to compete with other global players and to further grow its business due to its operations being located overseas, primarily Thai language based, and the lack of SAP expertise within the Group.</p> <p>ISS Thailand have low profit margins of about 4% to 6% over the last few years. It is also the Board's concern on succession risk of ISS Thailand which is currently led by Mr Wisit, almost single-handed from its founding, in terms of business growth and sustainability.</p> <p>The Board was of the opinion that the proposed disposal provides an opportunity to unlock and realise the value of its investment in ISS Thailand. With the proceeds from disposal, the Group will be able to invest further into its existing businesses in Malaysia and to expand its food-based technology and manufacturing business.</p> <p>The private placement proceeds of RM4.81 million which was allocated for the operations of ISS Thailand has not been disbursed and utilised yet.</p>
2.	<p>When is the estimated timeframe for the completion of proposed disposal of ISS Thailand?</p>	<p>The Extraordinary General Meeting is targeted to be held, tentatively by third week of December 2019 and the proposed disposal is expected to be completed by end December 2019 or early January 2020.</p>
3.	<p>When is QBI Packing Sdn Bhd ("QBI"), the newly acquired subsidiary expected to make positive contribution to the Group's performance?</p>	<p>The Group will expand its food technology and manufacturing business in QBI, which will be an important focus following the completion of the disposal of ISS Thailand.</p>

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		<p>QBI will expand its existing operations to include the production of the sweetened creamer products by using the latest steam infusion technology and sale for domestic and overseas market. The use of steam infusion technology will offer a significant improvement in manufacturing margin over traditional manufacturing methods with the advantage of energy saving. With this, QBI is expected to contribute positively to the Group for the financial year ending (“FYE”) 2021 once the new production line goes into volume production.</p>
4.	<p>How will the Group benefit from the rollout of 5G services in Malaysia and the major projects announced by the Malaysian Government including National Fiberisation and Connectivity Plan (NFCP)?</p>	<p>The implementation of telecommunication projects and infrastructure projects in the country have slowed down in the past one year following a change in the government of Malaysia in May 2018. Recently, the government has announced the kick-off of some telecommunication and infrastructure projects but the project margins have been low with fierce competition in the project bids.</p> <p>With the announcement of NFCP, a 5-years RM21.6 billion plan and the rollout of 5G services, the Group will focus on the infrastructure aspects of 5G service rollout and the efforts is expected to bear fruit for the FYE 2021.</p> <p>Meanwhile, the Group’s digital media business will continue to expand into new areas such as media-linked products which have been rollout recently and expected to contribute positively to the Group’s performance for FYE 2020.</p>
5.	<p>What are the 5G-related services provided by DGSB Group?</p>	<p>The 5G rollout plan in Malaysia requires a lot of CAPEX investment in the related equipment as well as fiberisation and infrastructure. The Group will be focusing on the infrastructure aspects of 5G service rollout through its subsidiary, Diversified Gateway Berhad (“DGB”).</p> <p>The Group expects more opportunities in the 5G rollout plan and NFCP with established partnerships by DGB with the business partners like telcos, infrastructure players, IT services providers in deploying, commissioning, managing and providing equipment and maintenance services in the 5G-related projects.</p>