



**SNS NETWORK TECHNOLOGY BERHAD**  
**Registration No.: 201601002835 (1173761-W)**  
**(Incorporated in Malaysia)**

**2023 ANNUAL GENERAL MEETING**  
**7 JULY 2023**

**LIVE AGM QUESTIONS AND RESPONSES**

**Shareholder 1**

*Question:*

SNS won a tender valued at RM41 million from MOE on 20 February 2023. Will SNS participate in more Government tenders?

*Reply:*

Yes, this tender won is for the leasing of ICT devices for school laboratories. This latest tender win underscores the importance of how the government is addressing the gap for learning through upgrading devices and technology to ensure that teachers and students are equipped. It definitely motivates us to participate and win more tenders for both public and private sector.

SNS is not purely a project-based company. Our products, services and solutions are also extended to our diverse customer base, which consists of end consumers, education institutions, SMEs, SMBs, large corporations as well as the government sector.

**Shareholder 2**

*Question:*

What is your plan to further increase your margin?

*Reply:*

We continuously seek to grow our business and we are always open to available opportunities. One of the strategies is to expand and grow our DaaS, a subscription-based IT service that forms part of our ICT services and solutions. The service is typically offered on a monthly subscription basis where ICT products and services are bundled together according to customer needs and preferences.

Items for subscription include devices and hardware (e.g. desktops, laptops, notebooks, printers and accessories), software and ICT services. We manage product configuration, deployment and commissioning, to the provision of ICT services including value-added ICT services and solutions to ICT asset management and support and maintenance services. Even though our product margin is more consistent, we are able to further enhance our margin through service element.

**Shareholder 3**

*Question:*

Is there any door gift provided to Attendees?

*Reply:*

The management believed that the distribution of dividends would be a better reward tool to the shareholders as compared to gift gesture.

#### Shareholder 4

*Question:*

- (1) Do you have any plans to transfer to the main market?
- (2) What are your prospects moving forward? Future Plan?

*Reply:*

- (1) As we have just listed on the ACE Market not long ago but nonetheless, the Board will consider this option.
- (2) Growth prospects on Commercial are huge. As the demand for DaaS subscription is expected to grow in the long term, the Group intends to expand DaaS subscription-based service. The Group has allocated RM30.90 million from the IPO proceeds to purchase various types of devices to support the expansion of the DaaS subscription-based service for the Group's existing and future DaaS subscription agreements.

The Group remains positive with the ICT industry as it is expected to be continuously driven by the wide usage of ICT in everyday lives by the general public and businesses to perform daily and business activities, the replacement cycle of devices and continuous technology advancement, the implementation of initiatives by the Government for digital transformation, as well as the incorporation of ICT to promote digital education in schools.

Our encouraging quarterly results have validated and made evident that our strategies are on the correct technological path. After the digital transformation is being accelerated during the pandemic period, we will further enhance our solutions required to meet the digital imperative for every organization.

We will continue to prioritize the integration of cutting-edge technologies such as 5G connectivity, artificial intelligence, machine learning, and data analytics into our products, services, and solutions.

We observed that the shift towards remote work, online learning, and digitalization in the hybrid environment has significantly boosted the demand for laptops, desktops, workstations, servers and related technologies. Consequently, with the increased reliance on ICT, the demand for ICT products and services is expected to remain strong moving forward.

There are also huge growth opportunities as our market share is only 1.47% Malaysia's ICT products and services spending according to IMR report as of 2021.

#### Shareholder 5

*Question:*

- (1) SNS Network is already listed for more than 6 months. What are the differences you can see before and after Listing?
- (2) Do you have any dividend policy?

*Reply:*

- (1) Being listed has greatly helped to boost the company visibility. It also enabled us to raise capital to support our aggressive growth. In addition, our company structure, reputation, and credibility towards the public has been strengthened as well.

However, despite the listing, we remain and continue to focus on our business and operations. We are positive with the ICT industry on its continuous growth and demand in both public and private sectors. The listing has helped us in strengthening our existing customers base and at the same time expanding the Group's market share.

As our results shown, as of FYE2023, the group has successfully achieved our highest annual revenue at RM1.40 billion

(2) Our Group does not have any formal dividend policy at the moment.

On 27 June 2023, the Board of Directors approved a first interim single-tier dividend of 0.25 Sen per ordinary share amounting to RM4,031,949 in respect of financial year ended 31 January 2024. The dividend to be paid on 28 August 2023.

As we can see, the Group has been paying dividends for up to 3 times since its listing in September 2022. The Company is mindful of rewarding its shareholders for their unceasing support by distributing dividends after considering the variable circumstances such as the cashflow, retained earnings, the projected level of capital expenditure as well as other investment plans.

## Shareholder 6

*Question:*

Has US Dollar currency fluctuation affected SNS?

*Reply:*

Yes, even though we have local and overseas suppliers, our local suppliers may also purchase their supplies from overseas manufacturers or suppliers due to the nature of the industry whereby ICT product manufacturers are mainly foreign-based manufacturers. Hence, the weakening of the RM against the US dollar has contributed to the increase in purchase price of our supplies.

However, the increase in price is transferable to customers and the increase in prices is not significant, hence, the impact is minimal. Generally, the fluctuation in currency does not have direct impact to the Company.

## Shareholder 7

*Question:*

What is your competitive advantage for expansion?

*Reply:*

Our 5 main competitive strengths that set us apart and built our impressive track records.

- Extensive range of ICT products, services and solutions with wide market coverage through various sales channels such as physical stores, online stores and through commercial channels to meet the demand and unique needs of our clients.
- Long-term business relationships with global brand principals, appointed distributors, suppliers and OEMs with some span more than 20 years working relationships. For example: Apple, AMD, HP, Intel, Microsoft, Samsung and etc.
- Our house brand JOI® established in 2014 which offers good quality ICT products at affordable prices. We introduced JOI smart classroom solution framework in 2016 to help education institution in digital transformation.
- Our strong financial performance year by year with positive operating cash flows which helps us to continuously expanding our business reach and serving diverse customers.
- Over 25 years of experience in ICT industry with proven records and growth with experienced management team.

## Shareholder 8

*Question:*

Could you explain on how DaaS works for SNS?

*Reply:*

DaaS is a subscription-based ICT service that forms part of our ICT services and solutions business. The service is typically offered on a monthly subscription basis where ICT products and services are bundled together according to customer needs and preferences. DaaS can be offered to customers through direct subscriptions or via third party leasing.

Items for subscription include devices and hardware (e.g. desktops, laptops, interactive smartboards, workstations, digital signages, printers, servers and accessories), software and ICT services. We manage product configuration, deployment and commissioning, to the provision of ICT services including value-added ICT services and solutions to ICT asset management, support and maintenance services; and even training. It is very tailor-made to customer requirements.

### Shareholder 9

*Question:*

Do you have any indication or guidance on SNS' moving forward result performance? Perhaps RM1.8 billion in the next 1 or 2 year?

*Reply:*

While we are not able to give any guidance in our financial performance, what we can notice is the demand of ICT products is growing gradually in the past 1-2 years especially on the commercial side. We expect our result will continue to grow positively and hope for even better year ahead.

### Shareholder 10

*Question:*

Would AI and ChatGPT oppose a treat / opportunities to SNS?

*Reply:*

It is definitely an opportunity, and the next big potential growth driven for ICT industry. The existence of AI, such as ChatGPT, creates additional business opportunities for us.

In fact, technologies such as AI required computing devices to function effectively. Regular data storage refresh is necessary to accommodate the demands of AI applications. Upgrading devices or buying new computing devices becomes essential to meet the requirements of running AI algorithms efficiently. By providing the necessary hardware and connectivity, we can cater to the growing demand for AI implementation. Capitalizing on these opportunities allows us to serve customers in leveraging AI technologies effectively.

### Shareholder 11

*Question:*

What are the strengths for JOI®?

*Reply:*

JOI, our house brand was established in 2014 with the collaborations and supports from the industry leaders, both Intel and Microsoft to address the market gap of affordable devices.

JOI products and services do not compete with our third-party brand partners as it is aimed at customers seeking more affordable options across the product range of desktops, laptops and tablets. Majority of JOI devices are equipped with Intel processors and Microsoft Windows as the operating system.

To date, our Joi product range from Desktop, laptops, content media server, tablet, interactive smart board, mobile charging station, related peripherals to software and component.

### Shareholder 12

*Question:*

- (1) Will 2023 be better than 2022 or be worse due to new challenges?
- (2) Who are your nearest competitors?
- (3) How do you differentiate yourself?
- (4) The cost of hardware like computer, laptops and accessory are there moving up?

- (5) As the IPO Prospectus - there is a portion of fund from IPO to invest in icloud business. Can you share what is the scale of the investment and what is the status as of today on this business segment.
- (6) Also how are you going to compete with other icloud player who is many time larger than SNS and has the economy of scale and better cybersecurity infrastructure in place?
- (7) What is your margin on DAAS?

*Reply:*

- (1) Yes, we are positive and confidence with ICT industries due to various growth factors.
- (2) CTC Global for commercial segment.
- (3) Our main competitive advantages are as follows:
  - Extensive range of ICT products, services and solutions with wide market coverage through various sales channels such as physical stores, online stores and through commercial channels to meet the demand and unique needs of our clients.
  - Long-term business relationships with global brand principals, appointed distributors, suppliers and OEMs with some span more than 20 years working relationships. For example: Apple, AMD, HP, Intel, Microsoft, Samsung and etc.
  - Our house brand JOI® established in 2014 which offers good quality ICT products at affordable prices. We introduced JOI smart classroom solution framework in 2016 to help education institution in digital transformation.
  - Our strong financial performance year by year with positive operating cash flows which helps us to continuously expanding our business reach and serving diverse customers.
  - Over 25 years of experience in ICT industry with proven records and growth with experienced management team.
- (4) Although certain items might be affected by the currency, generally ICT product pricing will be lower along the advancing of new technology.
- (5) & (6) Referring to our IPO Prospectus, page 26 section 4.9.1, we don't have IPO Proceed for iCloud Business.
- (7) Each contract requirement may be different and may require different service elements. While product margin is more consistent, we are able to further enhance our margin through service element.

**Shareholder 13**

*Question:*

- (1) May I know what is the company's future outlook?
- (2) Will the Board consider giving door gift such e-voucher or e-wallets for those participating in this Agm as a token of appreciation ?

*Reply:*

- (1) Growth prospects on Commercial are huge. As the demand for DaaS subscription is expected to grow in the long term, the Group intends to expand DaaS subscription-based service. The Group has allocated RM30.90 million from the IPO proceeds to purchase various types of devices to support the expansion of the DaaS subscription-based service for the Group's existing and future DaaS subscription agreements.

The Group remains positive with the ICT industry as it is expected to be continuously driven by the wide usage of ICT in everyday lives by the general public and businesses to perform daily and business activities, the replacement cycle of devices and continuous technology advancement, the implementation of initiatives by the Government for digital transformation, as well as the incorporation of ICT to promote digital education in schools.

Our encouraging quarterly results have validated and made evident that our strategies are on the correct technological path. After the digital transformation is being accelerated during the pandemic period, we will further enhance our solutions required to meet the digital imperative for every organization.

We will continue to prioritize the integration of cutting-edge technologies such as 5G connectivity, artificial intelligence, machine learning, and data analytics into our products, services, and solutions.

We observed that the shift towards remote work, online learning, and digitalization in the hybrid environment has significantly boosted the demand for laptops, desktops, workstations, servers and related technologies. Consequently, with the increased reliance on ICT, the demand for ICT products and services is expected to remain strong moving forward.

There are also huge growth opportunities as our market share is only 1.47% Malaysia's ICT products and services spending according to IMR report as of 2021.

- (2) The management believed that the distribution of dividends would be a better reward tool to the shareholders as compared to gift gesture.

#### **Shareholder 14**

*Question:*

- (1) why is the share price not moving?
- (2) any doorgift?

*Reply:*

- (1) As far as we are concern, we have no control in the share price movement. Our focus is on growing the business to continuously gain shareholders' confidence in us.
- (2) The management believed that the distribution of dividends would be a better reward tool to the shareholders as compared to gift gesture.

#### **Shareholder 15**

*Question:*

- (1) What is the challenges that management foreseen and any plan to expand outside Malaysia?
- (2) Is SNS involving/offering any cybersecurity product?

*Reply:*

- (1) There is huge demand in local market. Local sales have been increasing tremendously in the past few months and we are anticipating the same trend moving forward. In addition, based on our prospectus, our market share is only 1.47% based on the size of the ICT products and services industry, as represented by the sales of ICT products and the gross value added of ICT services (computer programming, consultancy, information and related activities) in Malaysia, was recorded at RM75.32 billion. Hence, we would like to remain focus in Malaysia market at this moment.
- (2) The cybersecurity industry has been growing over the past few years, driven by the increasing frequency and sophistication of cyber threats and the growing importance of digital security. We see opportunities and we are currently working closely with a few cybersecurity brands.