

EFFICIENT E-SOLUTIONS BERHAD

Registration No. 200301030059 (632479-H)

(Incorporated in Malaysia)

Minutes of the Twenty-First Annual General Meeting (“21st AGM” or “Meeting”) of Efficient E-Solutions Berhad (“Efficient” or “Company”, and references to “Group” are to Efficient and its subsidiaries) duly convened and held at Auditorium, Efficient Building, No. 3 Jalan Astaka U8/82, Taman Perindustrian Bukit Jelutong, Seksyen U8 Bukit Jelutong, 40150 Shah Alam, Selangor Darul Ehsan on Thursday, 27 June 2024 at 10:00 a.m.

- Present: Members of the Board
Dato’ Abdul Latif bin Abdullah (*Chairman*)
Victor Cheah Chee Wai
Dato’ Robiah Binti Abdul Ghani
Voong Kian Yee
- Absent with apologies: Cheah Chee Kong
Tuan Haji Mokhtar Ahmad Bin Jamaludin
- Shareholders & Proxy holders
As per attendance lists
- By Invitation: Rachel Tan Chiew Lan (*Group Finance Manager*)
Saifuddin Bin Sajad Hussein (*Head of Strategy*)
Chen Voon Hann (*CAS Malaysia PLT*)
Yong Hoi Ying (*CAS Malaysia PLT*)
Noor Liana Mohamed (*CAS Malaysia PLT*)
- In Attendance: Tan Kean Wai (*Company Secretary*)

WELCOME ADDRESS

The Chairman presided over the Meeting and welcomed the members, proxy holders and invitees to the 21st Annual General Meeting of the Company.

QUORUM

With the quorum being present pursuant to the Company’s Constitution, the Chairman called the meeting to order and the meeting proceeded to business.

NOTICE OF MEETING

The Notice of 21st AGM dated 30 April 2024, having been given to shareholders in accordance with the provisions of the Companies Act 2016 and the Constitution of the Company within the prescribed period, was taken as read.

The Chairman informed the shareholders that pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of Meeting are to be decided by poll. The Company has appointed the share registrar, Messrs. Boardroom Share Registrar Sdn. Bhd. as the poll administrators to conduct the voting process and Messrs. Coresec PLT as the independent scrutineers to validate the votes cast at the Meeting. The Company Secretary explained the procedures of the poll voting process for the shareholders’ information.

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TO RECEIVE AND ADOPT THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 AND THE REPORTS OF THE DIRECTORS AND AUDITORS THEREON

The Chairman proceeded with the 1st item of the Agenda, which was to receive and adopt the audited financial statements for the financial year ended 31 December 2023 and the Reports of the Directors and Auditors thereon.

The Chairman informed the shareholders that, as item 1 of the agenda was meant for discussion only and pursuant to Section 340(1)(a) of the Companies Act 2016 ("Act"), it does not require shareholders' approval of the Audited Financial Statements and the Reports of the Directors and Auditors thereon be laid before the Company at the Annual General Meeting and henceforth this item was not put forward for voting.

Ms Rachel Tan assisted the Chairman in presenting the Board's replies to the issues and queries raised by the Minority Shareholders Watch Group ("MSWG") in their letter dated 21 June 2024, via presentation slides. The Board's replies to MSWG as annexed hereto as "Annex A" would also be posted on the website of the Company after the conclusion of the Meeting.

Thereafter, the Chairman opened the Question & Answer session to the floor for any further questions. The members present were invited to raise any question they might have concerning the Reports and Financial Statements.

There being no question raised by the members present, the Audited Financial Statements for the financial year ended 31 December 2023 and, in accordance with the Act, were properly laid and received be and is hereby adopted.

**ORDINARY RESOLUTION 1
TO APPROVE THE DIRECTORS' BENEFITS OF UP TO RM280,000.00 WITH EFFECT FROM 28 JUNE 2024 UNTIL THE CONCLUSION OF THE NEXT ANNUAL GENERAL MEETING OF THE COMPANY**

The Chairman informed the members that the 2nd item in the Agenda was to approve the directors' benefits of up to RM280,000.00 with effect from 28 June 2024 until the next Annual General Meeting of the Company.

Moved : Wong Chee Ling
Seconded : Lim Choon Chai

The shareholders casted votes and the results were as follows:-

- i) 639,562,700 shares (representing 100.00% present) voted in favour of the resolution;
and
- ii) 300 shares (representing 0.00% present) voted against the resolution.

The following resolution was majority approved and carried as an Ordinary Resolution:

Resolved:
THAT the payment of Directors' Benefits of up to RM280,000.00 with effect from 28 June 2024 until the conclusion of the next Annual General Meeting of the Company be and is hereby approved.

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ORDINARY RESOLUTION 2

TO RE-ELECT MR. CHEAH CHEE KONG, THE DIRECTOR RETIRED IN ACCORDANCE WITH CLAUSE 86.1 OF THE COMPANY'S CONSTITUTION

The Chairman informed the members that the 3rd item in the Agenda was to re-elect Mr Cheah Chee Kong who retired in accordance with Clause 86.1 of the Company's Constitution, being eligible, offered himself for re-election.

The corporate representative of Minority Shareholders Watch Group, Ms Lim Cian Yai raised her concern on the absent of Mr Cheah Chee Kong who also standing for re-election as director in this Meeting. The Board noted on it and responded that his absent was due to personal matter and currently not in town.

Moved : Lee Chen Luan

Seconded : Lai Ee Lynn

The shareholders casted votes and the results were as follows:-

- i) 625,205,000 shares (representing 99.94% present) voted in favour of the resolution; and
- ii) 358,000 shares (representing 0.06% present) voted against the resolution.

The following resolution was majority approved and carried as an Ordinary Resolution:

Resolved:

THAT the Director, Mr Cheah Chee Kong retiring in accordance with Clause 86.1 of the Company's Constitution be and is hereby re-elected Director of the Company.

ORDINARY RESOLUTION 3

TO RE-ELECT MR VICTOR CHEAH CHEE WAI, THE DIRECTOR RETIRED IN ACCORDANCE WITH CLAUSE 86.1 OF THE COMPANY'S CONSTITUTION

The Chairman informed the members that the next item in the Agenda was to re-elect Mr Victor Cheah Chee Wai who retired in accordance with Clause 86.1 of the Company's Constitution, being eligible, offered himself for re-election.

Moved : So Soon Chan

Seconded : Wong Chee Ling

The shareholders casted votes and the results were as follows:-

- i) 639,563,700 shares (representing 100.00% present) voted in favour of the resolution; and
- ii) None against the resolution.

The following resolution was unanimously approved and carried as an Ordinary Resolution:

Resolved:

THAT the Director, Mr Victor Cheah Chee Wai retiring in accordance with Clause 86.1 of the Company's Constitution be and is hereby re-elected Director of the Company.

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ORDINARY RESOLUTION 4

TO RE-ELECT TUAN HAJI MOKHTAR AHMAD BIN JAMALDIN, THE DIRECTOR RETIRED IN ACCORDANCE WITH CLAUSE 86.1 OF THE COMPANY'S CONSTITUTION

The Chairman informed the members that the Resolution 4 was to re-elect Tuan Haji Mokhtar Ahmad Bin Jamaldin who retired in accordance with Clause 85.3 of the Company's Constitution, being eligible, offered himself for re-election.

Moved : Lai Ee Lynn
Seconded : Gan Bao Yuh

The shareholders casted votes and the results were as follows:-

- i) 639,563,700 shares (representing 100.00% present) voted in favour of the resolution;
 and
- ii) None against the resolution.

The following resolution was unanimously approved and carried as an Ordinary Resolution:

Resolved:

THAT the Director, Tuan Haji Mokhtar Ahmad Bin Jamaldin retiring in accordance with Clause 85.3 of the Company's Constitution be and is hereby re-elected Director of the Company.

ORDINARY RESOLUTION 5

TO RE-APPOINT MESSRS. CAS MALAYSIA PLT AS AUDITORS OF THE COMPANY AND TO AUTHORISE THE DIRECTORS TO FIX THEIR REMUNERATION

The Chairman informed the members that the retiring Auditors, Messrs. CAS Malaysia PLT, have expressed their willingness to continue in office.

Moved : Lim Choon Chai
Seconded : Lee Chen Luan

The shareholders casted votes and the results were as follows:-

- i) 213,784,100 shares (representing 33.43% present) voted in favour of the resolution;
 and
- ii) 425,778,900 shares (representing 66.57% present) voted against the resolution.

The following resolution was not carried:

Resolved:

THAT CAS Malaysia PLT was not re-appointed as Auditors of the Company for the ensuing year.

SPECIAL BUSINESS

ORDINARY RESOLUTION 6

APPROVAL FOR ALLOTMENT OF SHARES OR GRANT OF RIGHTS

The Chairman informed the members that the passing of the Resolution 6 would empower the Directors of the Company to issue and allot shares up to 10% of the share capital of the Company for the time being for such purposes as the Directors consider would be in the

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interest of the Company. With the authority, it would avoid any delay and cost involved in convening a general meeting to specifically approve such an issue of shares for fund raising activities, including but not limited to placing of shares for the purpose of funding current and/or future investment project(s), working capital, Operational expenditure, repayment of bank borrowings and/or strategic opportunities involving equity deals and/or so forth which may require the Company to allot and issue new shares on urgent basis.

Moved : Lim Wei Ying
Seconded : So Soon Chan

The shareholders casted votes and the results were as follows:-

- i) 639,205,100 shares (representing 99.94% present) voted in favour of the resolution;
and
- ii) 357,900 shares (representing 0.06% present) voted against the resolution.

The following resolution was majority approved and carried as an Ordinary Resolution:

Resolved:

THAT pursuant to Sections 75 and 76 of the Companies Act 2016 ("CA2016"), Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and the approval(s) of the relevant regulatory authorities, where such approval(s) is required, the Directors of the Company be and are hereby empowered to allot and issue shares in the Company, grant rights to subscribe for shares in the Company, convert any security into shares in the Company, or allot and issue shares in pursuance of offers, agreements or options to be made or granted by the Directors while this approval is in force, and to make or grant offers, agreements or options which would or might require shares to be allotted and issued, after the expiration of the approval hereof, at such price, to such persons and for such purposes and upon such terms and conditions as the Directors may in their absolute discretion deem fit, provided that the aggregate number of such additional shares to be allotted and issued pursuant to this resolution, when aggregated with the total number of any such shares issued during the preceding 12 months does not exceed 10% of the total number of issued shares (excluding any treasury shares) of the Company for the time being.

THAT the Directors be and are hereby also empowered to obtain the approval for the listing of and quotation for the additional shares so allotted and issued on the Bursa Malaysia Securities Berhad.

THAT pursuant to Section 85 of the CA2016 read together with Clause 10 of the Constitution of the Company, the shareholders of the Company do hereby waive their statutory preemptive rights to be offered new shares of the Company ranking equally to the existing issued shares arising from any issuance of new shares in the Company pursuant to Sections 75 and 76 of the CA2016.

AND THAT the Directors be and are hereby authorised to do all such acts and things (including executing such documents as may be required) in the said connection and to delegate all or any of the powers herein vested in them to any Director(s) or any officer(s) of the Company to give effect to the transactions contemplated and/or authorised by this resolution.

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ORDINARY RESOLUTION 7

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE TO ENABLE EFFICIENT E-SOLUTIONS BERHAD TO PURCHASE UP TO 10% OF ITS ISSUED AND PAID-UP SHARE CAPITAL

The Chairman informed the members that the passing of the Resolution 7 would empower the Directors of the Company to purchase the Company's shares up to ten percent (10%) of the issued and paid-up share capital of the Company by utilising the funds allocated which shall not exceed the total retained profits of the Company.

Moved : Gan Bao Yuh

Seconded : Lim Wei Ying

The shareholders casted votes and the results were as follows:-

- i) 639,205,200 shares (representing 99.94% present) voted in favour of the resolution;
and
- ii) 357,800 shares (representing 0.06% present) voted against the resolution.

The following resolution was majority approved and carried as an Ordinary Resolution:

Resolved:

THAT subject to all the applicable laws and regulations, the Directors be and are hereby authorised to purchase the ordinary shares of the Company through the stock exchange of Bursa Malaysia Securities Berhad at any time upon such terms and conditions as the Directors in their absolute discretion deem fit provided that the aggregate number of shares purchased (which are to be treated as treasury shares) does not exceed 10% of the issued and paid-up share capital of the Company; and the funds allocated for the purchase of shares shall not exceed its retained profits for the time being.

THAT the Directors be and are hereby further authorised to deal with the treasury shares in their absolute discretion (which may be distributed as dividends, resold and/or cancelled).

THAT such authority shall continue to be in force until the conclusion of the next annual general meeting of the Company following the general meeting at which the Proposed Share Buy-Back was passed at which time it will lapse, unless by an ordinary resolution passed at that meeting, the authority is renewed either unconditionally or subject to conditions; or the expiration of the period within which the next annual general meeting after that date is required by law to be held; or the revocation or variation by ordinary resolution passed by the shareholders of the Company in a general meeting, whichever occurs first.

AND THAT the Directors be and are hereby authorised to do all such acts and things (including executing such documents as may be required) in the said connection and to delegate all or any of the powers herein vested in them to any Director(s) or any officer(s) of the Company to give effect to the aforesaid share buy-back in the best interest of the Company.

TO TRANSACT ANY OTHER BUSINESS

The Meeting noted that there was no notice received for transacting any other ordinary business.

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TERMINATION

There being no other business, the meeting terminated at 11:23 a.m. with a vote of thanks to the Chair.

Signed as a correct record,



DATO' ABDUL LATIF BIN ABDULLAH
Chairman

Date: 31 JUL 2024

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“Annex A”

EFFICIENT E-SOLUTIONS BERHAD



21st Annual General Meeting

Questions from MSWG

DATE: THURSDAY, 27TH JUNE 2024

Questions from MSWG & Answers – Operational & Financial Matters

Q1. In FYE2023, revenue rose 5.95% to RM20.0 million. Despite an RM0.48 million loss, it improved from FYE2022's RM1.25 million loss due to higher revenue and gross profits, asset disposal gains, and associates' increased earnings (page 9 of Annual Report (AR) 2023).

a. How much is the recurring revenue from document storage compared to one-time service offerings?

Answer:

FYE2023 approximately RM3.02 million was recorded in recurring revenue for document storage; approximately RM0.28 million was generated in one-time service revenue.

Questions from MSWG & Answers – Operational & Financial Matters

1b. What proportion of the Group's overall profitability is contributed by document storage over the IT services business?

Answer:

FYE2023, recorded a minor loss of RM80k for document storage segment. Please refer to AR2023 page 155.

Questions from MSWG & Answers – Operational & Financial Matters

1c. Can we anticipate continued revenue growth beyond the 5.95% reported for FYE2023 in FYE2024? Also, does the Group expect a turnaround in FYE2024?

Answer:

The Group is expecting continue positive growth and turnaround in FYE2024 after the restructuring.

Questions from MSWG & Answers – Operational & Financial Matters

Q2. The Group has recently acquired the remaining stake in Regalia Records Management Sdn Bhd (Regalia) in 1QFYE2024 (page 10 of AR2023).

a. What key milestones or achievements have been reached regarding integration and synergistic benefits?

Answer:

Key milestones/ achievements :

- 1) optimization of manpower and resources
- 2) broader customer base
- 3) positive contribution on revenue and profit

Questions from MSWG & Answers – Operational & Financial Matters

2c. How does the Group measure the operational effectiveness of this technology migration and its impact on the Group's profitability?

Answer:

Moving to cloud may:

- 1) reduce resources to manage data center, reduce further investment on hardware and infrastructure.
- 2) unlimited standard and web users' licenses
- 3) Automatic software upgrades
- 4) Real-time Management Dashboard

Financial Impact:

- 1) One-time set-up and migration expenses
- 2) Additional monthly subscription fee

Questions from MSWG & Answers – Operational & Financial Matters

2b. How much Regalia's document storage has transitioned to O'Neil Cloud, the Group's cloud-based records and information management service?

Answer:

O'Neil Software is a leading provider of software solutions specifically designed for managing physical records and information. They help businesses organize and track of every box, file and document through barcodes, indexing, digital capture and location it stored.

Currently, Regalia is using on-premise O'Neil solutions. Regalia is studying the cost and benefit of migrating to O'Neil cloud and at the same time it is in stage of user acceptance test (UAT) as it involve large data and customization of reports requirements.

Questions from MSWG & Answers – Operational & Financial Matters

Q3. The IT services business's sales decreased slightly by 2.6% to RM16.5 million in FYE2023 due to lower IT hardware sales. However, the revenue decline has been partially offset by the revenue contribution from the newly acquired entity FCS International Sdn Bhd (FCS) (pages 10-11 of AR2023).

a. What market share gains or competitive advantages does the integration of FCS bring to the Group's IT services segment?

Answer:

FCS provides document imaging and capturing solutions. The solutions built by FCS complement the document storage business segment which in line with digitization transformation process.

Competitive advantages:

- 1) in-house build IP as principle which provides price competitiveness.
- 2) can be customised based on customer requirement.

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“Annex A”

Questions from MSWG & Answers – Operational & Financial Matters

3b. What are the expected revenue contribution and operational efficiencies anticipated from the integration of FCS, and how will these translate into improved financial performance for the IT services business in FYE2024?

Answer:

The acquisition of FCS allows vertical integration that resulted in reduce reliance on external vendor.

FCS has been contributing positive financial performance to the Group since acquisition.

The Group is expecting continue positive contribution from FCS in FYE 2024.

Questions from MSWG & Answers – Operational & Financial Matters

4b. What percentage of the Group's total revenue and profitability was attributed to Vigilant in FYE2023?

Answer:

Revenue 64.7%, profit 25.7%

4c. What is Vigilant's market share in the cybersecurity sector compared to its competitors, particularly in the MSSP segment?

Answer:

We are unable to ascertain Vigilant's market share as:

- 1) there's no readily available and reliable industry data for MSSP segment in relation to Vigilant's marker share.

Questions from MSWG & Answers – Operational & Financial Matters

Q4. Vigilant Asia (M) Sdn Bhd (Vigilant), the Group's wholly owned subsidiary, is an award-winning Managed Security Service Provider (MSSP) operating a 24 x 7 x 365 Regional Security Operations Centre, offering a full range of Cybersecurity solutions and services (page 12 of AR2023).

a. Considering its specialised capabilities and industry recognition, what are Vigilant's growth trajectory and expansion plans within the cybersecurity market?

Answer:

- 1) expanding into various existing & new industries beyond its current customer's base.
- 2) promoting through various sales channel like channel partners, system integrator, ISP and online lead generation as well as increasing our sales force.
- 3) working closely with principals to offer wider range of cybersecurity services.

Questions from MSWG & Answers – Operational & Financial Matters

Q5. The cost of sales reduced significantly from RM12.0 million in FYE2022 to RM9.9 million in FYE2023 (page 58 of AR2023).

a. What are the fundamental changes that contributed to the reduction in the cost of sales?

Answer:

The cost of sales reduced significantly in FYE2023 mainly due to a one-off project in FYE2022 that increased the sales and cost of sales of hardware and licenses.

Questions from MSWG & Answers – Operational & Financial Matters

5b. Any potential challenges that could impact maintaining or further reducing the cost of sales in FYE2024?

Answer:

The potential challenges that could impact maintaining or further reducing the cost of sales in FYE2024 are:

- 1) exposure to foreign exchange risk
- 2) sales mix such as more sales in hardware and licenses will result in higher cost of sales

Questions from MSWG & Answers – Sustainability Matters

Q1. The acquisition of customers' contracts for document storage resulted in increased warehouse usage (relocation of customers' cartons), which in turn caused an increase in electricity consumption, as shown below.

| Year | 2021 | 2022 | 2023 |
|------------------|------------|------------|------------|
| kWh | 384,604.54 | 365,662.44 | 536,459.90 |
| YoY increase (%) | | -4.9 | 46.7 |

(page 16 of AR2023).

Considering the significant increase, almost doubled, in electricity consumption, will the Group install solar photovoltaic (PV) systems on the Group's buildings and plants? If yes, what is the estimated energy cost savings the Group expects to achieve annually by installing solar PV systems?

Questions from MSWG & Answers – Sustainability Matters

Answer:

The increased in electricity consumption during the year was mainly due to installation of racks to expand capacity and accommodate cartons from new customers acquired.

Although the Group does not currently have plans to install solar panels on its current properties, it may do so in the future when expanding its warehouse.

Questions from MSWG & Answers – Corporate Governance Matters

Q1. Practice 5.2 of the Malaysian Code on Corporate Governance (MCCG) stipulates that at least half of the board comprises independent directors. For large companies, the board comprises a majority of independent directors.

The Board currently consists of 2 Executive Directors, 2 Non-Independent Non-Executive Directors and 2 Independent Non-Executive Directors, which falls short of the recommended 50% independent directors (page 18 of CG Report 2023).

Will the Board consider adopting this practice by appointing more Independent Directors? If yes, by when?

Answer:

Presently, the Board is of the view that the number of its Independent Directors and Non-independent Non-Executive Directors are adequate at present to provide the necessary check and balance to the Board's decision-making process. Hence, the Board is not considering this practice.

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“Annex A”

Questions from MSWG & Answers – Corporate Governance Matters

Q2. Practice 5.9 of the MCG states that the board comprises at least 30% women directors.

Currently, the Board has only one (1) female Director, equivalent to 17% women representation. The Board endeavors to fulfil this recommendation at the next board refreshment exercise (page 25 of CG Report 2023).

What was the board's stance on increasing the number of female directors, and what progress has been made toward implementing this decision?

We recommend that the Board prioritises the appointment of more women directors, citing their critical role in enhancing corporate governance and decision-making. We suggest sourcing candidates from organizations such as the 30% Club Malaysia and the Institute of Corporate Directors Malaysia (ICDM) to facilitate the identification of women candidates.

Answer: Thank you for your recommendation.

The Company endeavors to fulfil 30% women directors on our Board as recommended by the MCG by focusing on the quality, experience, knowledge and expertise that will bring the Board's diversity.

When necessary, the Board also will source women director candidates from ICDM and 30% Club Malaysia to meet the objective.

Thank You