

## EFFICIENT E-SOLUTIONS BERHAD

Registration No. 200301030059 (632479-H)

(Incorporated in Malaysia)

Minutes of the Extraordinary General Meeting (“EGM” 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, 22 February 2024 at 10:00 a.m.

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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 apology: Cheah Chee Kong\*  
Tuan Haji Mokhtar Ahmad Bin Jamaldin

Shareholders & Proxy holders  
As set out in the Attendance Lists of the Meeting

Others present  
As set out in the Attendance Lists of the Meeting

In Attendance: Tan Kean Wai (*Company Secretary*)

\* Also holding direct and/or indirect interests in the Company

### 1. WELCOME ADDRESS

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

### 2. 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.

### 3. NOTICE OF MEETING

The Circular in relation to the Proposed Regularisation Plan comprised of Proposed Regalia Acquisition; and Proposed Private Placement together with Notice of EGM dated 07 February 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. Lawco Corporate Services Sdn. Bhd. as the independent scrutineers to validate the votes cast at the Meeting. Questions & Answer session would be opened after all resolutions set out in the Notice of EGM have been put to the Meeting.

The Chairman then invited the Company Secretary to brief the participants on the voting procedures.

#### 4. ORDINARY RESOLUTION 1

**PROPOSED ACQUISITION OF 4,200,000 ORDINARY SHARES IN REGALIA RECORDS MANAGEMENT SDN BHD (“REGALIA”) (“REGALIA SHARE(S)”), REPRESENTING THE REMAINING 70% EQUITY INTEREST IN REGALIA NOT ALREADY HELD BY EFFICIENT FROM SPEKTRUM SEJAHTERA SDN BHD (“SPEKTRUM SEJAHTERA”) FOR A PURCHASE CONSIDERATION OF RM52,500,000 TO BE SATISFIED VIA A COMBINATION OF RM18,500,000 IN CASH AND RM34,000,000 VIA THE ISSUANCE OF 170,000,000 NEW ORDINARY SHARES IN EFFICIENT SHARES (“EFFICIENT SHARE(S)” OR “SHARE(S)”) AT AN ISSUE PRICE OF RM0.20 PER EFFICIENT SHARE (“PROPOSED REGALIA ACQUISITION”)**

The Chairman put the following Ordinary Resolution 1 to the Meeting for consideration:

**“THAT**, subject to the passing of Ordinary Resolution 2 and all applicable laws and regulations, and the approvals of all relevant authorities in respect of the listing and quotation for 170,000,000 new Efficient Shares on the Main Market of Bursa Malaysia Securities Berhad (**“Bursa Securities”**), and/ or parties being obtained, approval be and is hereby given to the Company to acquire 4,200,000 ordinary shares of Regalia, representing the remaining 70% equity interest in Regalia from Spektrum Sejahtera for a purchase consideration of RM52,500,000 to be satisfied via a combination of RM18,500,000 in cash and RM34,000,000 via the issuance and allotment of 170,000,000 new Efficient Shares to Spektrum Sejahtera at an issue price of RM0.20 per Share, in accordance with the terms and conditions as stipulated in the conditional share sale agreement dated 26 June 2023 entered into between the Company and Spektrum Sejahtera pursuant to the Proposed Regalia Acquisition.

**THAT** such new Efficient Shares, upon allotment and issuance, rank equally in all respects with the existing Efficient Shares, save and except that new Efficient Shares will not be entitled to any dividends, rights, allotment and/ or other forms of distributions where the entitlement date of such dividends, rights, allotments and/ or any other forms of distribution precedes the date of allotment and issuance of new Efficient Shares.

**AND THAT** the Board of Directors of Efficient (**“Board”**) be and are hereby authorised to sign and execute all documents, do all things and acts as may be required to give effect to the aforesaid Proposed Regalia Acquisition with full power to assent to any conditions, variations, modifications and/ or amendments in any manner as may be required or permitted by any relevant authorities and to deal with all matters relating thereto and to take all such steps and do all acts and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the aforesaid Proposed Regalia Acquisition.”

Moved : Wong Chee Ling  
Seconded : Tan Jun Yan

**5. ORDINARY RESOLUTION 2**

**PROPOSED PRIVATE PLACEMENT WHICH INVOLVES THE ISSUANCE OF UP TO 70,913,010 NEW EFFICIENT SHARES (“PLACEMENT SHARE(S)”) REPRESENTING APPROXIMATELY 10% OF THE TOTAL NUMBER OF ISSUED SHARES OF EFFICIENT TO THIRD PARTY INVESTOR(S) TO BE IDENTIFIED LATER (“PROPOSED PRIVATE PLACEMENT”)**

The Chairman put the following Ordinary Resolution 2 to the Meeting for consideration:

“**THAT**, subject to the passing of Ordinary Resolution 1 and all approvals being obtained from the relevant authorities and/ or parties, approval be and is hereby given to the Board to issue and allot up to 70,913,010 Placement Shares representing approximately 10% of the total number of issued shares of Efficient to third-party investor(s), where such investor(s) qualify under Schedules 6 and 7 of the Capital Market and Services Act 2007.

**THAT** approval be and is hereby given to the Board to determine the issue price for the Placement Shares at a later date based on not more than 10% discount to the five-day volume weighted average market price of the Efficient Shares immediately preceding the price-fixing date.

**THAT** the Placement Shares will, upon allotment and issuance, rank equally and carry the same rights with the existing Efficient Shares, save and except that the Placement Shares will not be entitled to any dividends, rights, allotments and/ or any other forms of distribution that may be declared, made or paid for which the entitlement date precedes the date of allotment and issuance of the Placement Shares.

**THAT** the Board be and are hereby authorised to utilise the proceeds to be derived from the Proposed Private Placement for such purposes as set out in the Company's circular to shareholders dated 7 February 2024 and the Board be and is hereby authorised with full power to vary the manner and/ or purpose of the utilisation of such proceeds from the Proposed Private Placement in the manner as the Board may deem fit, necessary and/ or expedient, subject (where required) to the approval of the relevant authorities and the requirements under law and the Main Market Listing Requirements of Bursa Securities (“**Listing Requirements**”) and in the best interest of the Company.

**THAT** the Board be and are hereby empowered and authorised to do all acts, deeds and things and to execute, sign, deliver and cause to be delivered on behalf of the Company all such documents and/ or arrangements as may be necessary to give effect and complete the Proposed Private Placement and to assent to any conditions, modifications, variations and/ or amendments in any manner as may be required by the relevant authorities or as the Board may deem necessary in the best interest of the Company and to take such steps as they may deem appropriate, necessary and/ or expedient in order to implement, finalise, give full effect and to complete the Proposed Private Placement.”

Moved : Lee Chen Luan  
Seconded : Ng Geok Khiam

**6. TO TRANSACT ANY OTHER BUSINESS**

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

**7. QUESTIONS FROM THE MINORITY SHAREHOLDERS WATCH GROUP**

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 15 February 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.

**8. QUESTIONS & ANSWERS ("Q&A") SESSION**

The Chairman then opened the Q&A session to the floor.

With regard to the concerns/comments/suggestions relating to the resolutions and/or the Group's matters duly raised by the members, Ms Rachel Tan provided the Board's replies as annexed hereto as "Annex B".

Subsequent thereto, there were no other questions from the floor, and the Chairman declared the Q&A session closed.

**9. VOTING PROCESS**

There being no further discussion, the Chairman advised the members that the voting session would be closed and members who have yet to cast their votes were reminded to do so. The votes cast would be counted by the poll administrator and be scrutineered by the independent scrutineers, and the Board would provide the poll results as soon as they were available.

The Chairman then adjourned the Meeting at 10.48 a.m. for the verification of poll results by the independent scrutineers.

**10. ANNOUNCEMENT OF POLL RESULTS**

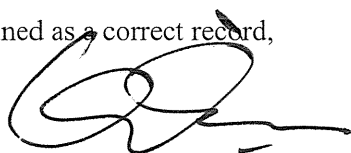
With the quorum being present pursuant to the Company's Constitution, the Chairman called the EGM to resume at 11.38 a.m. for declaration of the results of the poll.

The poll results as set out in "Annex C" annexed hereto were read out by the Chairman for the members' information. Based on the said poll results, the Chairman declared that all resolutions as set out in the Notice of EGM and put to the Meeting for consideration, were duly carried.

**11. TERMINATION**

There being no other business, the Chairman concluded the Meeting at 11.40 a.m. and thanked all present for their attendance.

Signed as a correct record,



**DATO' ABDUL LATIF BIN ABDULLAH**  
Chairman

Date: 28 February 2024

## EFFICIENT E-SOLUTIONS BERHAD



### Extraordinary General Meeting

#### Questions from MSWG

DATE: THURSDAY, 22 FEBRUARY 2024

#### Questions from MSWG & Answers – Operational & Financial Matters

Answer:

- iii. Cost and space optimization:
  - The rising cost of keeping physical document in-house has prompted businesses to consider offsite storage options and digitalization solutions
  - Hybrid or remote work model driving the office space-saving.
- iv. Secure and centralized access to physical records is essential for employees who work remotely; advances in document scanning, indexing, and retrieval are making it easier and faster to access physical records digitally.
- v. Certain industries, such as banking and insurance, have additional regulations regarding physical record retention and management, which necessitate the physical storage of important files (instead of digitizing the storage of these files)
- vi. Disaster preparedness – secure offsite storage.

#### Questions from MSWG & Answers – Proposed Regalia Acquisition

**Q1.** For the past 7 financial years up to FYE 2022, the increase in the Group's revenue was mainly due to an increase in revenue from the IT services segment. In particular, the IT services have grown progressively, representing a 7-year CAGR of 51.22% vs record management business, at 7-year CAGR of 15.58% (page 7-10 and 23 of Circular 2024).

**a.** What factors influencing the decision to accelerate the record management business over the IT services segment, especially given the substantial growth (51.22% CAGR) observed in the IT services business over the past 7 financial years?

Answer:

Notwithstanding the CAGR of IT services has outpaced the CAGR of record management business over the past 7 financial years, the Group intends to continue expanding the record management business (which is also the core business of the Group) in view of the followings factors:

- i. Recurring revenue from customer contracts that provides the Group a steady and consistent source of income
- ii. Regulatory compliance, increased regulations and data privacy laws

#### Questions from MSWG & Answers – Operational & Financial Matters

**b.** What is the expected market share that Efficient plans to capture with the acquisition of Regalia?

Answer: The market share of Efficient in Malaysia is expected to increase from the current 11% to 20%

### Questions from MSWG & Answers – Operational & Financial Matters

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**Q2. Regalia intends to migrate its document storage to O'Neil Cloud, a cloud-based records and information management services (page 146 of Circular 2024)**

**a. When is the expected timeline for Regalia to migrate its document storage to O'Neil Cloud? Will the migration result in lesser usage of physical storage for documents? If yes, how will this migration align with the Group's plans to construct a new storage facility on the land held by ESSSB located in Bandar Enstek?**

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 every box, file and document through barcodes, indexing, digital capture and location it stored.

Regalia is presently evaluating O'Neil's cloud-based records management tracking system, which is a comprehensive tracking software that allows Regalia to easily and accurately manage, track and monitor the activity of any item stored (boxes, file folders, documents and security files) from deposit to destruction.

For clarification, this is in relation to cloud-based tracking system, but not the digitization of physical documents. As such, the utilization of O'Neil Cloud will not have any effect on the physical utilization of warehouse.

### Questions from MSWG & Answers – Operational & Financial Matters

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**Q3. Regalia pays suppliers promptly within a 30-day credit period. However, receiving payments from customers, especially larger corporations, takes longer due to extended invoice verification processes, exceeding the given credit period (page 172-174 of Circular 2024).**

**How does Regalia plan to address and mitigate delays in receiving payments particularly from larger corporations, caused by extended invoice verification processes performed by customers?**

Answer:

Regalia has taken the following measures to address the payment delays:

- i. Ensure invoices are accurate and complete. Include all necessary information, such as product and services descriptions, unit price, number of cartons or files and customers details.
- ii. Understand the customer's process, having a point of contact to address their questions and to build a relationship with them
- iii. Proactively follow up with customers by calling and email to find out the status of their invoices and providing them a statement of account.

### Questions from MSWG & Answers – Operational & Financial Matters

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**b. Explain how revenue will be recognized (the pricing model) with the migration of technology, given that currently, the revenue of Regalia is derived from sales of materials and storage service charges.**

Answer:

Reference to the answer of 2a, there will be no changes to the revenue recognition as the migration of the technology involved purely on the tracking system.

Thank You

**Q&A SESSION**

<b>No.</b>	<b>Questions</b>	<b>Board's Response</b>
1	Efficient has been in net profit position in the 4th quarter FY2022, 1st, 2nd, and 3rd quarter FY2023, being four consecutive quarters of net profit. Can Efficient actually apply to exit the PN17 status through this route rather than through this Proposed Regularisation Plan?	<ul style="list-style-type: none"> <li>• On 31 December 2015, following the completion of the disposal of its key subsidiaries (i.e. Mailcom, Printegrate and Softech), Efficient was deemed to be an affected listed issuer pursuant to Paragraph 8.03A(2) of the Listing Requirements.</li> <li>• Efficient was required to submit a regularisation plan to the authorities from thereon, pursuant to Paragraph 8.04(3) together with Paragraph 5.0 of PN17 of the Listing Requirements.</li> <li>• As such, notwithstanding that Efficient has turnaround its financial results, Efficient is still required to submit the Proposed Regularisation Plan to the authorities and complete the implementation of the Proposed Regularisation Plan.</li> </ul>
2	Why the letters by AER/Independent Value to appraise the fair value of the Customer Contracts in Datapos and the entire equity interest in FCS are not disclosed in the Circular to shareholders? Are the letters disclosed to the public at other avenues?	<ul style="list-style-type: none"> <li>• The letters by AER in relation to the Datapos Acquisition and FCS Acquisition were not disclosed in the Circular (for Proposed Regularisation Plan) as the transactions were disclosed purely for shareholders' information and did not form part of the Proposed Regularisation Plan.</li> <li>• The Company was only required to make general announcements regarding said acquisitions, announced on 22 February 2023 (Datapos Acquisition) and 28 February 2023 (FCS Acquisition).</li> <li>• However, Company shall be able to make available the letters by AER in relation to the Datapos Acquisition and FCS Acquisition for inspection upon request by shareholders.</li> </ul>

No.	Questions	Board's Response
3	Why the WACC used in the appraisal of fair value of the entire equity interest in FCS is added with 4.50% of Company Specific Risk Premium but no such risk premium included in the valuation of Customer Contracts in Datapos and Proposed Regalia Acquisition?	<ul style="list-style-type: none"> <li>• The Company Specific Risk Premium is a premium added to the computed required rate of return, based on assessment of company specific risk factors of each private company under valuation.</li> <li>• The Company Specific Risk Premium is only applied to FCS in view of the unique business risks applicable only to FCS, in particular the smaller size of FCS (i.e. audited revenue of RM2.2 million and audited NA of RM0.73 million in FYE 2022) and the higher growth stage during the projected years considered by AER (i.e. FYE 2023 and FYE 2024).</li> <li>• Comparatively, Company Specific Risk Premium is not added to Customer Contracts in Datapos (acquisition of assets instead of company) and Proposed Regalia Acquisition (not a small size company i.e. audited revenue of RM15.50 million and audited NA of RM21.66 million in FYE 2022).</li> </ul>
4	Bandar Enstek Storage Facility - Page 35 to the Circular stated that the Group has allocated RM7.00 million of the proceeds for the expansion of the Bandar Enstek Storage Facility (for Phase 2a and Phase 2b collectively). However, Phase 2a was completed on 28 December 2023. Could the Board please clarify how the RM7.00 million allocation will be applied to Phase 2a construction which has been completed?	<ul style="list-style-type: none"> <li>• The expansion plan of the Bandar Enstek Storage Facility (for Phase 2a and Phase 2b collectively), including the proposed allocation of RM7.00 million from the Proposed Private Placement for the said purpose, was put in place when the Proposed Regularisation Plan was announced to Bursa Securities on 5 July 2023.</li> <li>• As at to-date, the Proposed Private Placement has not been implemented, which will only be carried out after the Proposed Regularisation Plan has been approved by the shareholders of Efficient.</li> <li>• As highlighted in page 35 of the Circular, given the mismatch in timing between the need to commence the upgrading works for the expansion plan of the Bandar Enstek Storage Facility (second half of 2023) and the receipt of the proceeds from the Proposed Private Placement (first quarter of 2024), the Company had utilised its internally generated funds to finance the early stages of the expansion (i.e. Phase 2a), which will be reimbursed upon the receipt of the proceeds from the Proposed Private Placement (first quarter of 2024)</li> </ul>

No.	Questions	Board's Response
5	New Storage Facility - Page 36 to the Circular stated that the Group has allocated RM2.50 million of the proceeds for the construction of the New Storage Facility, although cannot determine its estimated construction cost and the details in relation to the New Storage Facility are still indicative and subject to amendments. Could the Board please clarify how the allocation of RM2.50 million is determined while the estimated construction cost is not yet being determined? Is it an objective allocation or merely the residual value of the remaining unallocated proceeds?	<ul style="list-style-type: none"><li>• The allocation of RM2.50 million to the construction of the New Storage Facility has been estimated by the Board after considering the initial cost of construction for the preliminary stages of the Bandar Enstek Storage Facility.</li><li>• Given that the location and the approximate storage capacity of the New Storage Facility is similar to the Bandar Enstek Storage Facility, the management has used the cost of the preliminary construction of the Bandar Enstek Storage Facility as a benchmark.</li></ul>
6	Page 61 to the Circular - There is no audited financial information available specifically on the earnings contribution from the Customer Contracts and Identified Assets of Datapos for the FYE2022. If so, how the AER/Independent Valuer appraised the fair value and how the data input related to the Customer Contracts and Identified Assets of Datapos are being validated?	<ul style="list-style-type: none"><li>• For clarification, the statement in page 61 of the Circular is referring to the fact that earnings contribution from the Customer Contracts and Identified Assets of Datapos cannot be separately identified and extracted from the audited financial statements of Datapos.</li><li>• Nevertheless, as highlighted in page 13 of the Circular, AER has adopted Free Cash Flow to Equity approach to evaluate the fair value of the Customer Contracts, which was based on the projected cash flow for the next 3 years from acquiring the Customer Contracts.</li></ul>

No.	Questions	Board's Response
7	<p>Why the Proposed Regalia Acquisition and Proposed Private Placement are inter-conditional upon each other? The Proposed Private Placement is mainly to obtain the fund for capital expenditure and the proceeds are not meant for the Proposed Regalia Acquisition.</p> <p>Furthermore, the total fixed deposits with licensed banks and the cash and bank balances as per Pro Forma III (refer to page 271 of the Circular) after the Proposed Regalia Acquisition is about RM22.7 million, which is more than the total liabilities of RM21.7 million. Efficient does not seem to require the proceeds from Proposed Private Placement to complete the Proposed Regalia Acquisition. Could the Board please clarify why both proposed resolutions should be inter-conditional?</p>	<ul style="list-style-type: none"> <li>• The Proposed Regalia Acquisition and Proposed Private Placement are composite proposals for the Proposed Regularisation Plan, and accordingly, shall be deemed inter-conditional upon each other.</li> <li>• For clarification, both proposals are essential to support and regularise the financial performance of Efficient in the long term:- <ul style="list-style-type: none"> <li>(i) <b>Proposed Regalia Acquisition</b> – will allow the Group to fully consolidate the future earnings of Regalia, thereby potentially enhancing the profitability of the Group, improving the overall operational and commercial decisions of the Group's enlarged records management segment, and expand the Group's customer base for its records management segment.</li> <li>(ii) <b>Proposed Private Placement</b> – will provide the Group with additional cash to expand its total storage capacity (through the Bandar Enstek Storage Facility and New Storage Facility), which may enable the Group to serve a larger client base moving forward. The funds raised from the Proposed Private Placement are also allocated to the working capital requirements of the Group, which include payment of general overheads, administrative and marketing expenses of the Group.</li> </ul> </li> <li>• Although the Group's cash and bank balances stood at approximately RM12.11 million as the LPD of the Circular, the Group will still need to pay cash for the following (i) RM0.38 million (Datapos Acquisition); (ii) RM3.50 million (Regalia Acquisition); and (iii) up to RM5.00 million (FCS Acquisition, subject to fulfilment of the FCS Profit Guarantee).</li> <li>• Taking into consideration the above, the Proposed Regalia Acquisition and Proposed Private Placement are integrated and presented as a cohesive whole of the Proposed Regularisation Plan and accordingly, shall be deemed inter-conditional upon each other.</li> </ul>

No.	Questions	Board's Response
8	The shares to be issued pursuant to Proposed Private Placement and Proposed Regalia Acquisition will be implemented concurrently. Based on the timeframe, the Proposed Regularisation Plan is expected to complete by mid of March 2024. As such, is it including the completion of the Proposed Private Placement to third party investor(s) to be identified later? If yes, how confident is the Board in identifying and securing the third party investor(s) within such a short period of time?	The completion of the Proposed Regularisation Plan by mid of March 2024 includes the completion of the Proposed Private Placement. Pursuant to discussions between the management of Efficient and potential investors, the Board is confident that the Proposed Private Placement can be completed within the stipulated timeframe.
9	The administrative expenses of Regalia are high at 40% of the total revenue. Any plan by Efficient to reduce the administrative costs or increase the cost efficiency after acquiring Regalia?	<ul style="list-style-type: none"> <li>• As highlighted in page 44 of the Circular, pursuant to the FCS Acquisition and Proposed Regalia Acquisition, the enlarged Efficient Group will be able to merge certain functions, such as the finance and administrative department, as well as share resources like manpower and equipment between the Group. With the combined operations of FCS and Regalia with Efficient, the enlarged Efficient Group would be able to streamline the operations of the respective entities through the sharing of resources within the enlarged Efficient Group to obtain economies of scale, thereby achieving potential savings on staff costs and administrative expenses coupled with improved operational efficiency for the Group. The shared services will focus mainly on back office departments such as human resources, logistics, marketing, information technology and to a lesser extent purchasing and supply chain management, where most cost savings can be realised.</li> <li>• Further, the current document storage facilities, namely Bandar Enstek Storage Facility and Bukit Jelutong Storage Facility represent a significant advantage to the enlarged Group whereby FCS and Regalia can leverage on the facility, reducing its reliance on a third-party document storage facility, which in turn will lower the total operating cost of each respective company and increase operational efficiency for the enlarged Group, leading to higher profit margins in its records management business and expanding its income stream.</li> </ul>

No.	Questions	Board's Response
10	<p>For the valuation of Proposed Regalia Acquisition, the key assumption of projected annual revenue growth for FY2023 is 17.4%.</p> <p>- Is this assumption achieved? What is the annual revenue growth rate of Regalia for FY2023? It is now mid of February 2024 and should have the revenue figure available.</p> <p>- What factors are expected to grow the revenue of Regalia in FY2023 to FY2025?</p>	<ul style="list-style-type: none"> <li>• Based on the management accounts of Regalia for FYE 2023, the actual revenue growth rate for FYE 2023 was lower as compared with the projected annual revenue growth rate of FYE 2023 of 17.4%.</li> <li>• The main reason for the slower growth rate (despite the increase in revenue amount) was due to delay in execution of certain projects of Regalia to the subsequent financial year.</li> <li>• Notwithstanding the above, the management of Regalia is optimistic of the following positive factors to grow the revenue of Regalia in FYE 2024 and 2025: <ul style="list-style-type: none"> <li>(i) Certain industries, such as banking and insurance, have additional regulations that necessitate physical record retention and management.</li> <li>(ii) Develop strong online presence, optimize for search engines, and utilize social media marketing to reach potential clients.</li> </ul> </li> </ul>
11	<p>For the valuation of Proposed Regalia Acquisition, it is stated that any increase in revenue shall result in an increasing net margin. However, for FY2022, the annual revenue growth rate was 10.2%, but the net margin indeed decreased from 11.6% in FY2021 to 9.5% in FY2022. Also, despite the increase in revenue in FPE2023, the overall gross profit margin has decreased from 54.06% in FPE2022 to 51.30% in FPE2023, mainly due to the increase in direct labour and material expenses. Hence, how valid is this assumption that the increase in revenue will contribute to the increase in net margin?</p>	<ul style="list-style-type: none"> <li>• As highlighted in page 154 of the Circular, despite the net margin decreasing from 11.6% in FY2021 to 9.5% in FY2022, the net margin has increased from 10.3% in FPE2022 to 14.7% in FPE 2023.</li> <li>• In short, the correlation between the increase in revenue and net margin is ultimately dependent on actual the sales mix and expenses incurred by the company.</li> <li>• Nevertheless, in the valuation of Proposed Regalia Acquisition, the increase in revenue with the corresponding increase in net margin was assumed based on the future financials forecast of Regalia as provided by the management of Regalia.</li> </ul>

No.	Questions	Board's Response
12	The implied EV/EBITDA multiple of the acquisition of Regalia is higher than the past similar comparison transaction. Furthermore, it is at such a high amount of goodwill of RM53 million for the acquisition of Regalia. Based on the fair value range between the Valuation Date and date of the Valuation Certification, the fair value is reduced by approximately 3%. All in all, don't the Board consider Regalia is over-valued?	<ul style="list-style-type: none"> <li>• As highlighted in page 25 of the Circular, AER has chosen FCFF as the primary approach to value the Purchase Consideration for the Proposed Regalia Acquisition and supported by a cross check with relative valuation for the following reasons:- <ul style="list-style-type: none"> <li>(i) the acquisition of 70% equity interest in Regalia represents a controlling stake. Given this, the FCFF approach is deemed the most appropriate approach as it accounts for the value of a controlling stake in a company (i.e. the analysis involves projecting the company's future free cash flows, considering the influence and control exerted by the majority owner), whereas the relative valuation (which focuses on the market value of an entity) does not account for the value of a controlling stake in a company; and</li> <li>(ii) given that Regalia is still in a growth stage, the FCFF approach is able to include the value of the growth stage during the Future Financials, before reverting to normal growth rate.</li> </ul> </li> <li>• Accordingly, the Board has considered the FCFF as the primary approach in considering the fair value of Regalia and taking cognisance of the implied multiples (i.e. implied PE ratio, implied PB ratio, implied EV/EBITDA ratio, implied PS) holistically instead of solely on the implied EV/EBITDA ratio, before concluding that the Purchase Consideration is reasonable.</li> </ul>
13	Efficient share price is RM0.215 per share as at close of business on 16 Feb 2024, which is higher than the RM0.20 per share to be issued for the Proposed Regalia Acquisition. Will the final number of shares to be issued be adjusted accordingly based on the latest share price? Without prejudice or speculation of the market price, it is reasonable to expect Efficient share price will surge after upliftment of the PN17 status. Is there any claw-back or stagger issuance of new Efficient shares so that it will not eventually overpay to the Spektrum Sejahtera? If both answers are no, why not and how the interest of minority shareholders are safeguarded in these regards?	<ul style="list-style-type: none"> <li>• The issue price of RM0.20 per new Efficient Share was determined by the Board on a willing-buyer willing-seller basis, after taking into consideration the prevailing market conditions and the last transacted market price of Efficient Share as at the last trading day ("<b>LTD</b>") of Efficient Shares prior to the announcement on the acquisition and the 5-day, 1-month, 3-month, 6-month and 12-month VWAP of Efficient Shares up to and including the LTD, representing a premium of up to 11.11% to the respective VWAP.</li> <li>• Therefore, the number of shares issued to Spektrum Sejahtera (i.e. 170,000,000 shares) has been fixed up front, as mutually agreed between the parties to the SSA, and the Board is of the view that the issue price of the new Efficient Shares to be issued pursuant to the Proposed Regalia Acquisition and the partial settlement of the purchase consideration via the issuance of new Efficient Shares are justifiable, not detrimental to the interest of the minority shareholders.</li> </ul>

EFFICIENT E-SOLUTIONS BERHAD

Registration No. 200301030059 (632479-H)

Minutes of the Extraordinary General Meeting held on 22 February 2024

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“Annex B”

<b>No.</b>	<b>Questions</b>	<b>Board's Response</b>
14	The shareholders support Efficient throughout this long period of PN17 status and now will have our shareholders' ownership to be diluted due to the Proposed Private Placement. Does the Board consider to undertake a Right Issue instead of the Proposed Private Placement?	Not at this juncture.

**Polling Results**

**EFFICIENT E-SOLUTIONS BERHAD**  
(COMPANY NO. : REGISTRATION NO. 200301030059 (632479-H))

We, the undersigned having been appointed as scrutineers in respect of a poll conducted pursuant to the Extraordinary General Meeting of EFFICIENT E-SOLUTIONS BERHAD held on THURSDAY, 22 FEBRUARY 2024 at 10.00 A.M. hereby report the results of the poll as follows :-

Resolution	Voted in FOR / Favour				Voted Against				Results
	No. of				No. of				
	Record(s)	%	Share(s)	%	Record(s)	%	Share(s)	%	
RESOLUTION 1	4	100.0000%	147,529,400	100.0000%	-	0.0000%	-	0.0000%	Carried
RESOLUTION 2	14	93.3333%	377,111,400	100.0000%	1	6.6667%	100	0.0000%	Carried



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Name of Scrutineer, Chop and Signature