

GREEN PACKET BERHAD
Registration No. 200001032335 (534942-H)
(Incorporated in Malaysia)

Minutes of the Extraordinary General Meeting (“EGM”) of Green Packet Berhad (“GPB” or the “Company”) which was conducted as a hybrid virtual event via Remote Participation and Electronic Voting facilities (“RPEV”) at the Broadcast Venue at B-23A-3, The Ascent, Paradigm, No. 1, Jalan SS 7/26A, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan on Monday, 1 February 2021 at 10:00 a.m.

PRESENT:

Present at the Broadcast Venue

Tan Sri Datuk Dr. Haji Omar Bin Abdul Rahman (Chairman/Non-Independent Non-Executive Director)
Mr Puan Chan Cheong (Group Managing Director and Chief Executive Officer)
Mr Tan Kay Yen (Executive Director and Group Chief Financial Officer)
Miss Tai Siew May (Company Secretary)

Absent with apology

Cik Nora Junita Binti Mohd Hussaini (Independent Non-Executive Director)

Present remotely

Encik A. Shukor Bin S.A Karim (Senior Independent Non-Executive Director)
Datuk Ng Soon Hong (Independent Non-Executive Director)
Mr Jason Lam, representing RHB Investment Bank Berhad
Mr Eng Cha Lun, representing BDO Capital Consultants Sdn Bhd
Dato’ Suraj Raj representing Deol & Gill
Mr Vincent Bu representing Collyer Law LLC

And 57 shareholders who attended personally or by proxy via RPEV as per the Attendance List.

1. CHAIRMAN OF THE MEETING

Tan Sri Datuk Dr Haji Omar Bin Abdul Rahman took the Chair.

2. QUORUM

The Company Secretary confirmed that there was sufficient quorum and the EGM was duly convened.

3. NOTICE

The Notice convening the Meeting was tabled and taken as read.

4. CHAIRMAN'S OPENING REMARKS

On behalf of the Board of Directors, Tan Sri Datuk Dr. Haji Omar Bin Abdul Rahman, welcomed shareholders to the first virtual shareholders' meeting of GPB which complied with Section 327 of the Companies Act, 2016.

The Chairman expressed that the online meeting was necessary for the safety of the shareholders and employees during this Covid 19 pandemic.

The Chairman informed that in his capacity as Chairman of the Meeting, he had been appointed as a proxy by 12 shareholders representing 6.90% of the total issued share capital of GPB and he would be voting in accordance with their instructions.

The Chairman then informed that the Share Registrar, Boardroom Share Registrars Sdn Bhd ("Boardroom") was appointed as the Poll Administrator to conduct the online electronic polling process and Boardroom Corporate Services Sdn Bhd was appointed as the Scrutineer to verify the poll results.

Before moving to the formal business of the Meeting, the Chairman informed that voting on the Ordinary Resolution set out in the Notice of EGM would be conducted via online electronic voting. He then invited Boardroom to take the shareholders through the online procedures.

Following that, the Chairman invited the Group Chief Financial Officer, Mr Tan Kay Yen to give his presentation on the Ordinary Resolution relating to the Proposed Issuance.

5. GROUP CHIEF FINANCIAL OFFICER'S PRESENTATION

Mr Tan Kay Yen briefed the shareholders on the following 3 key areas:

- a) Information about Xendity Pte Ltd ("Xendity")
- b) Details of the Proposed Acquisition
- c) Details of the Proposed Issuance

Information about Xendity

Xendity was incorporated in Singapore. It is an investment holding company and owner of intellectual property rights in Malaysia under Xendity Group. Xendity Sdn Bhd, a wholly owned subsidiary is principally involved in the research and development of software, which aims to accelerate and strengthen identity verification processes by using e-KYC technology. It targets the financial sector and is in partnership with CTOS Malaysia, a leading credit reporting agency, and has entered into a memorandum of understanding for the provision of e-KYC solutions to a leading electronic transaction services provider in Indonesia. Apart from Malaysia and Indonesia, Xendity has also introduced its e-KYC solutions to potential channel partners in Thailand and Bangladesh.

Mr Tan Kay Yen informed shareholders that GPB expects to leverage on the synergies that Xendity's technology would bring to the Group's current foray into the cloud computing business, especially in the development of secure e-KYC and digital identity management solutions via SaaS, which will make e-KYC services accessible to a wider group of users and not just institutions.

Details of the Proposed Acquisition

He informed that the Proposed Acquisition entailed the acquisition by GPB of the entire interest in Xendity from the Sellers for the Purchase Consideration, which would be satisfied through the payment of Cash Consideration and allotment and issuance of Consideration Shares in the manner set out in Section 2.1.2 of the Circular to Shareholders dated 15 January 2021 (“Circular”).

He also informed that the Purchase Consideration was arrived at on a willing-buyer willing seller basis after taking into consideration the following:

- The valuation of the Sale Shares of between USD10.6 million to USD11.5 million as ascribed by BDO Capital Consultants Sdn Bhd, the independent valuer appointed by the Company
- The rationale for and benefits of the Proposed Acquisition as detailed in Section 3 of the Circular
- Prospects of Xendity Group

Details of the Proposed Issuance

Mr Tan Kay Yen informed that the total consideration for the Proposed Acquisition by GPB of the entire equity interest in Xendity would be for an aggregate purchase consideration of up to USD10.0 million, of which USD1.5 million will be satisfied in cash and the remaining amount of up to USD8.5 million will be satisfied via the Consideration Shares.

He also informed that the Consideration Shares are divided into Tranche 1 Consideration Shares, Tranche 2 Consideration Shares and Tranche 3 Consideration Shares with an aggregate value of up to USD8.5 million or RM34.27 million to be allotted and issued to the Sellers as part settlement of the purchase consideration, at the issue price and in the proportion set out in Section 2.1.2 of the Circular in relation to the Proposed Issuance.

Tranche 1 Consideration Shares will be based on the 5-day volume weighted average market price (“VWAP”) of GPB Shares up to and including the business day immediately preceding the closing date. Tranche 2 Consideration Shares and Tranche 3 Consideration Shares would be based on 5-day VWAP of GPB Shares up to and including the business day immediately preceding 30 June 2021 and 30 June 2022 respectively.

Tranche 2 Consideration Shares or Tranche 3 Consideration Shares would be allotted and issued in proportion to the gross revenue target achieved by Xendity for each product category for the respective Financial Periods. Tranche 2 and Tranche 3 Consideration Shares would be allotted and issued to the Sellers within 30 business days from the issuance of the final report for a special audit to certify the gross revenue achieved for each Financial Period respectively. (Financial Period 1: 1 July 2020 to 30 June 2021 and Financial Period 2: 1 July 2021 to 30 June 2022). Such special audit shall be performed no later than (3) months from the end of the respective Financial Periods.

Upon completion of Mr Tan Kay Yen's presentation, Tan Sri Chairman informed that the Company has received questions from the Minority Shareholder Watch Group "(MSWG)" and shareholders. These questions and answers were published on screen.

6. ONLINE QUESTIONS FROM SHAREHOLDERS DURING THE AGM

Tan Sri Chairman invited Mr Tan Kay Yen to respond to the following questions from MSWG and other shareholders:

Questions from MSWG:

Question 1

- a) Xendity has no historical profit track record and GPB will pay/settle 45% of the purchase consideration or USD4.5 million upfront to the sellers while the balance of USD5.5 million is tied to Gross Revenue Targets over the next two financial periods. GPB has agreed to commit a sum of USD1.5 million in cash or equivalent resources to execute the business plan to achieve the Gross Revenue Targets. Please explain what are the key areas that Xendity group intend to spend on.

Answer:

Xendity group intends to spend on research and development and marketing activities. Research and development expenses are projected to grow by 50% in FYE 2021 and are expected to normalize to 5% growth in FYE 2022 onwards, totalling to USD1.2million to support Xendity Group's expansion into foreign markets. This also includes increased investment in marketing activities for the launching of new product offerings (such as SAAS Model) and expansion into the international market.

- b) Please update on the latest status of Xendity's sales i.e., how many new customers/subscribers/channel partners have signed up for the prepaid e-KYC packages and/or purchase e-KYC services on the self-service portal?

Answer:

Four (4) customers were signed up directly under the prepaid e-KYC packages since the launch of the business. And under the CTOS reseller model there are more than 15 new customers since July 2020. As for the Self-service portal, it is targeted to be launched by Q1 2021.

Question 2

In section 5.4 (e) of the Summary Valuation Letter, page 56 of the Circular, one of the key assumptions is that majority of the revenue for Xendity group is expected to be derived from the Malaysia market during the projection period from 1 June 2020 to 30 June 2024 and beyond. Hence, the cash flows of the Xendity group are being discounted using the Malaysian market parameters. Please share the projected revenue, expenses, profit after tax and free cashflows from 1 June 2020 to 30 June 2024.

Answer:

	FYE 2021	FYE 2022	FYE 2023	FYE 2024
Revenue	USD 2.2 million	USD 4.5 million	USD 7.2 million	USD 10.2 million
Expenses	USD 1.4 million	USD 1.6 million	USD 1.7 million	USD 1.9 million
Profit / (Loss) After Tax	-USD 0.02 million	USD 1.1 million	USD 2.3 million	USD 3.7 million
Free Cash Flow	USD 0.1 million	USD 1.2 million	USD 2.4 million	USD 3.7 million

Question 3

It was stated that apart from Malaysia and Indonesia, Xendity has also introduced its e-KYC solutions to potential channel partners in Thailand and Bangladesh for internal and limited testing among closed user groups. As such, the management of GPB believes that Xendity has good prospects of commercially rolling out its e-KYC solutions and services to these markets upon successful testing and procuring the necessary regulatory approvals (Section 4.3, page 17 of the Circular). What is the progress and what are the achievements to-date?

Answer:

For Bangladesh, Xendity has completed proof of concept with its Bangladesh partner and is now finalizing commercial discussions for roll-out. For Thailand, Xendity continues to support the customer on their e-KYC trial.

Question 4

Xendity's wholly owned subsidiary, Xendity Sdn Bhd had on 19 August 2019 entered the CTOS agreement with CTOS for the provision of e-KYC solutions in Malaysia. This agreement is automatically renewed on an annual basis for an additional year, unless terminated by either party (Appendix III, page 48 of the Circular).

CTOS revenue has a great impact to the Gross Revenue Targets. The CTOS agreement is renewable on a yearly basis. Given that ICT project is normally long term, any chance to renew the CTOS agreement for a longer term?

Answer:

Xendity will continue to work on longer term contracts where possible. They will also work on continuous product improvement and integration into customer systems to ensure stickiness and continuous use by customer.

Questions from other shareholders:

Question 5

In Section 6 of Independent Valuer's Summary Valuation Letter (page 7, "Limitations"), BDO stated that they have assumed that those data and Financial Projections provided by Xendity Management are reasonable and do not reflect any material bias. It is strange for an Independent Valuer to approach it this way and not provide a professional view on the validity of this data and Financial Projections and modify the projections as appropriate for their valuation. If the Xendity Management's Financial Projections are optimistic, the valuation will be optimistic leading to overpaying for the purchase of Xendity. Can Green Packet's Board and BDO Capital Consultants Sdn Bhd give comfort to shareholders and confirm that the valuation is not optimistic but realistic?

Answer:

Kindly refer to page 6 of the valuation letter whereby the bases and assumptions used in the valuation have been discussed with the management of GPB who deems such bases and assumptions reasonable based on their experience and involvement in developing new businesses/products and services. In addition to this, reference is made to page 10 of the valuation letter whereby the weighted average cost of capital (WACC) has adjusted upward by 6.10% to 7.35% which takes into consideration the size of Xendity relative to the unlisted status of Xendity and the inherent risks and uncertainties of the Financial Projections.

Question 6

Can BDO give a professional view on the validity of the data and Financial Projections provided by Xendity? BDO cannot just assume that these data and Financial Projections are valid and realistic for the valuation exercise. These have to be subject to due diligence. Otherwise, the valuation report is doubtful.

Answer:

The valuation is highly dependent on, among other factors, the achievability of the Financial Projections as well as the materialization of the bases and assumptions used in the valuation. BDO Capital Consultants Sdn Bhd is unable to provide a view on the achievability of the Financial Projections. However, the purchase consideration will be safeguarded, as up to 55% of the purchase consideration will be satisfied through the allotment and issuance of the Tranche 2 Consideration Shares and Tranche 3 Consideration Shares which will be tied to the Gross Revenue Targets.

Question 7

What were the advantages and disadvantages of the Proposed Acquisition?

Answer:

Xendity has the infrastructure to assist GPB to do digital onboarding and create value for the Company and shareholders.

Question 8

Any private placement proposal in the pipeline?

Answer:

The Company has yet to complete the issuance of further private placement shares approved by shareholders at the 18th Annual General Meeting.

7. VOTING ON THE ORDINARY RESOLUTION

Tan Sri Chairman called for the Ordinary Resolution – Proposed Issuance to be put to vote. He then adjourned the Meeting for polling to commence.

8. ANNOUNCEMENT OF POLL RESULTS

The Chairman resumed the Meeting at 11:00 a.m. for the declaration of results of the Ordinary Resolution – Proposed Issuance. He informed that he had received the poll results from Boardroom duly verified by the Scrutineers, Boardroom Corporate Services Sdn Bhd.

He read out the poll results and announced that the following resolution was carried.

ORDINARY RESOLUTION

PROPOSED ALLOTMENT AND ISSUANCE OF NEW ORDINARY SHARES IN GPB (“CONSIDERATION SHARES”) AS PART SETTLEMENT OF THE CONSIDERATION FOR THE PROPOSED ACQUISITION BY GPB OF THE ENTIRE EQUITY INTEREST IN XENDITY PTE LTD (“XENDITY”) FOR AN AGGREGATE PURCHASE CONSIDERATION OF UP TO UNITED STATES DOLLAR (“USD”) 10.0 MILLION, OF WHICH USD1.5 MILLION WILL BE SATISFIED IN CASH AND THE REMAINING AMOUNT OF UP TO USD8.5 MILLION WILL BE SATISFIED VIA THE CONSIDERATION SHARES (“PROPOSED ISSUANCE”)

Poll results	No. of shareholdings	Percentage
For	265,950,475	99.9753
Against	65,800	0.0247

9. CONCLUSION

On behalf of the Board of Directors, the Chairman expressed his appreciation and thanks to the shareholders for their participation at the Meeting.

There being no other business, the Meeting concluded at 11:05 a.m. with a vote of thanks to the Chair.

CONFIRMED AS CORRECT

Chairman