

ZHULIAN®

ZHULIAN CORPORATION BERHAD

Company No. 199701000031 (415527-P)

(Incorporated in Malaysia)

**SUMMARY of
AGM MINUTES 2020**

Summary of the Minutes of the Postponed Twenty-Third Annual General Meeting (“23rd AGM”) of the Company held as a fully virtual general meeting at broadcast venue at the Conference Room, Plot 41, Bayan Lepas Industrial Estate, Phase IV, 11900 Penang on Wednesday, 17th June 2020 at 2.30p.m. The shareholders, corporate representatives and proxies who attended the fully virtual 23rd AGM shall form an integral part of these Minutes.

CHAIRMAN’S WELCOME ADDRESS

Mr. Tan Lip Gay, the Independent Non-Executive Director of the Board informed the meeting that he has been elected amongst the Board to chair the 23rd AGM of the Company in accordance with Article 71 of the Company’s Constitution.

The Chairman of the Meeting informed that in view of the outbreak of Coronavirus Disease (commonly known as Covid-19) pandemic and the resulting Conditional Movement Control Order (“CMCO”) and now Recovery MCO imposed by the government of Malaysia, the Board, as guided by the Guidance Note on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia, has decided the 23rd Annual General Meeting (“23rd AGM”) of the Company be conducted as a virtual general meeting, with its broadcast venue located at Conference Room, Plot 41, Bayan Lepas Industrial Estate, Phase IV, 11900 Bayan Lepas, Penang.

He further added that the 23rd AGM is facilitated via Agriteum e-Portal, which provides shareholders the opportunity to participate in the Meeting via live streaming, questions could be made via “Q&A Platform”, and votes could be remotely casted in the said Portal at the shareholders convenience, collectively, the “RPV” facilities.

The Chairman of the Meeting then welcomed all those present for the 23rd AGM and thanked them for participating remotely from various locations through live streaming. Thereafter, the Chairman of the Meeting introduced the Chief Executive Officer and Company Secretary, the Poll Administrator, the Independent Scrutineers and the audio-visual support team at the 23rd AGM of the Company.

He also introduced the other members of the Board of Directors and the Auditors, Messrs KPMG PLT, who were attending the 23rd AGM remotely from various locations through live streaming.

The Chairman stated that the Company Secretary has confirmed that pursuant to Article 69 of the Company’s Constitution, the quorum is present. As the requisite quorum is being present, the Chairman commenced the formal business for the meeting and called the meeting to order.

PRESENTATION BY CHIEF EXECUTIVE OFFICER

The Chairman of the meeting invited the Chief Executive Officer (“CEO”), Mr. Teoh Meng Keat to brief the overall Group’s performance for the financial year ended 30 November 2019 (“FY 2019”) and to share the Group’s strategic plans and future prospects.

The proceeding of the 23rd AGM was then handed over to the Company Secretary.

The Company Secretary explained the procedure and each item as in the Agenda of the Postponed 23rd AGM which is to be conducted on a fully virtual basis. The Securities Commission of Malaysia has stipulated that shareholders and proxies can rely on real time submission of typed texts to exercise their rights to speak or communicate in a virtual meeting. The Company Secretary thereafter also explained on how questions may be raised during the meeting.

NOTICE OF AGM

The Company Secretary informed that the Notice convening the Postponed 23rd AGM of the Company was circulated to all shareholders and advertised in The Star on 20th May 2020.

Since the Notice convening this Postponed 23rd AGM has been circulated within the prescribed period, without any objection, the Postponed Notice of Meeting shall be taken as read.

The Company Secretary then highlighted that pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the seven (7) resolutions as set out in the notice of the Company's 23rd AGM will be voted by poll.

The meeting noted that taking or recording by means of photographs, video or audio at or during this live stream meeting is strictly prohibited.

With the RPV facilities, the shareholders of the Company may exercise their right to participate, vote and forward their questions to the Board or Management of the Company from various locations. As for the shareholders who are unable to participate in the 23rd AGM via RPV facilities, they have appointed the Chairman of the meeting to vote on their behalf and the Chairman will be voting in his capacity as proxy in accordance with the shareholders' instructions.

The voting session has been made accessible to all shareholders and proxies and they were informed that voting on the resolutions could be done from the start of the meeting until the closure of the voting session. Alternatively, the votes could be submitted upon completion of the deliberation of all items to be transacted at the 23rd AGM.

The meeting noted that the Company's Share Registrar, Messrs Agriteum Share Registration Services Sdn. Bhd. has been appointed as the Poll Administrator to conduct the polling process of this AGM electronically via the RPV facility and Messrs Symphony Merchant Sdn. Bhd. as Independent Scrutineers to verify the poll results of this Meeting.

The Company Secretary then presented the agenda of the 23rd AGM as follows:-

AS ORDINARY BUSINESS:-**AGENDA 1 - AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2019 TOGETHER WITH THE REPORTS OF THE DIRECTORS AND AUDITORS**

The Audited Financial Statements of the Company and Group for the financial year ended 30 November 2019 together with the Directors' and Auditors' Reports thereon which were previously circulated to the shareholders of the Company were laid at the meeting for discussion.

The Company Secretary stated that this Agenda is meant for discussion only and it will not be put forward for voting.

The Company Secretary also informed that the Audited Financial Statements and Reports were incorporated in the Annual Report 2019 and published on the Company's webpage.

The Board is pleased to answer any questions pertaining to any relevant accounting related matters.

With no questions submitted, it was declared that the Audited Financial Statements of the Company and Group for the year ended 30 November 2019 were duly tabled and received by the shareholders of the Company.

ORDINARY RESOLUTION 1 & 2**RE-ELECTION OF DIRECTOR-MR TEOH MENG KEAT AND RE-ELECTION OF DIRECTOR-MR TEOH MENG SOON RESPECTIVELY**

The Company Secretary informed the meeting that Ordinary Resolutions 1 and 2 dealt with the re-election of two (2) Directors, namely Mr. Teoh Meng Keat and Mr. Teoh Meng Soon who retired pursuant to Article 88 of the Company's Constitution and being eligible, had offered themselves for re-election.

The Company Secretary confirmed that there were no questions submitted for Ordinary Resolutions 1 and 2 respectively and proceeded with the next agenda of the Meeting.

ORDINARY RESOLUTION 3**PAYMENT OF DIRECTORS' FEES AND BENEFITS PAYABLE UP TO AN AGGREGATE AMOUNT OF RM147,000 FOR THE FINANCIAL YEAR ENDING 30 NOVEMBER 2020**

The Company Secretary informed that the next agenda of the meeting was to approve the Directors' Fees and benefits payable up to an aggregate amount of RM147,000 for the financial year ending 30 November 2020.

As there were no questions submitted for Ordinary Resolution 3, the Company Secretary proceeded with the next agenda of the Meeting.

ORDINARY RESOLUTION 4**RE-APPOINTMENT OF MESSRS KPMG PLT AS AUDITORS OF THE COMPANY AND TO AUTHORISE THE DIRECTORS TO FIX THEIR REMUNERATION**

The Company Secretary informed that Ordinary Resolution 4 was to re-appoint Messrs KPMG PLT, the retiring Auditors as the Auditors of the Company and to authorise the Directors to fix their remuneration. The Auditors, Messrs KPMG PLT have indicated their willingness to continue in office.

The Company Secretary confirmed that there were no questions submitted for Ordinary Resolution 4 and proceeded with the next agenda of the Meeting.

AS SPECIAL BUSINESS:-**ORDINARY RESOLUTION 5****AUTHORITY TO ISSUE SHARES PURSUANT TO SECTION 76 OF THE COMPANIES ACT 2016**

The meeting proceeded with the Special Business of the Agenda to obtain the approval from the shareholders to empower the Directors to issue additional shares up to an aggregate amount not exceeding 10% of the total number of issued share capital of the Company.

This resolution, when approved by the shareholders, would allow the Board a certain amount of flexibility, when the need arises, to issue additional shares subject to approval of all relevant regulatory bodies being obtained, where necessary.

The Company Secretary confirmed that there were no questions submitted for Ordinary Resolution 5 and proceeded with the next agenda of the Meeting.

ORDINARY RESOLUTION 6**RETENTION OF INDEPENDENT NON-EXECUTIVE CHAIRMAN**

The Company Secretary informed that Ordinary Resolution 6 dealt with the retention of Tuan Haji Wan Mansoor Bin Wan Omar as Independent Non-Executive Chairman. The Board of Directors have recommended Tuan Haji Wan Mansoor Bin Wan Omar who has served for more than nine (9) years as Independent Non-Executive Chairman of the Company be retained and to continue in office. The details of the Board's justifications and recommendations for retaining him are set out under the Corporate Governance Statement of the Annual Report 2019.

The Company Secretary confirmed that there were no questions submitted for Ordinary Resolution 6 and proceeded with the next agenda of the Meeting.

ORDINARY RESOLUTION 7**RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR**

The Company Secretary informed that Ordinary Resolution 7 dealt with the retention of Mr. Tan Lip Gay as Independent Non-Executive Director. The Board of Directors have recommended Mr. Tan Lip Gay who has served for more than nine (9) years as Independent Non-Executive Director of the Company be retained and to continue in office. The details of the Board's justifications and recommendations for retaining him are set out under the Corporate Governance Statement of the Annual Report 2019.

The Company Secretary confirmed that there were no questions submitted for Ordinary Resolution 7 and proceeded with the last agenda of the Meeting.

AGENDA 8 - ANY OTHER BUSINESS

It was noted that no notice of any other business for transaction had been received by the Company for the 23rd AGM.

CONDUCT OF POLL VOTING

The Company Secretary informed the floor that a step-by-step guide on the online voting module within the e-Portal will be displayed again for those who have not casted and submitted their votes.

QUESTIONS & ANSWERS SESSION

The Company Secretary informed the floor that while waiting for the verification of results of the votes and before the commencement of Questions & Answers from the shareholders, the Board had received a letter from Minority Shareholders Watch Group (“MSWG”), seeking clarification on certain issues.

As requested by MSWG, the Company Secretary highlighted the points raised and the related responses thereto for the shareholders’ attention: -

Strategy/Financial Matters

- 1) In 2019, the Group accelerated its strategy of engaging and recruiting younger generation into the Zhulian Group’s MLM business network to groom new direct sales Leaders for the long-term growth and sustainability of the Group [Chairman’s Statement (Page 6)].

What is the current total number of direct sales Leaders and Distributors? What is the respective addition and attrition from end FY2018 to-date?

The Company’s responses: -

The total number of Zhulian network distributors stood at 320,209 as at 30 November 2019, an increase of 19% from 269,446 as at 30 November 2018.

- 2) In 2019, the Group accelerated its strategy of engaging and recruiting younger generation into the Zhulian Group’s MLM business network to groom new direct sales Leaders for the long-term growth and sustainability of the Group [Chairman’s Statement (Page 6)].
 - a) What is the current total number of direct sales Leaders and Distributors?
 - b) What is the respective addition and attrition from end FY2018 to-date?

The Company’s responses: -

Sales of recently launched products generated revenue of about RM22 million up to 30 November 2019. As both local and Thailand e-commerce channels were newly established, sales via online were not significant for the financial year ended 2019 (FY2019).

- 3) Please explain how the Covid-19 MCO has impacted the Group’s business in terms of production, sales and other areas of operations?

The Company’s responses: -

Covid-19 MCO effective from 18 March 2020 onwards had resulted in plant shut down, hence disruption to order fulfilment. While the Group was being granted approval to start production in April 2020, the more prevalent impact of Covid-19 MCO on market demand is expected to adversely affect both local and export sales ahead.

- 4) During the year 2019, the Group’s business operations span across Malaysia, Thailand, Myanmar, Indonesia and Singapore. The Thailand market remained as the biggest financial contributor, generating approximately 83% of the Group’s 2019 revenue [Pages 13 & 14 (MD&A)].

What are the plans to expand the business to other countries within the next 3 years?

The Company’s responses: -

The Group through its associate had officially commenced operation in Cambodia since March 2020. However, the Management will exercise caution to expand business to other countries considering the economic uncertainties caused by Covid-19 pandemic worldwide.

- 5) Are all the Group's products produced locally? If not, which other countries have manufacturing plants and what are the respective capacity utilization rates?

The Company's responses: -

The Group's products are mostly manufactured in-house with some externally sourced, there is no manufacturing plant outside of Malaysia. The manufacturing capacity of our core essential products, i.e. food & beverages and nutritional supplements, is at about 70% utilisation. Others averaged at about 45% utilisation with development underway to ensure continuous flow of new introductions in pipe lines.

Corporate Governance Matters

- 1) There is no woman director on the Company's Board. The Company has also not applied Practice 4.5 of Malaysian Code on Corporate Governance 2017 (MCCG) which stipulates that the Board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets.

Please explain.

The Company's responses: -

We acknowledged your remark about no woman director and shall be a consideration when select board member in future. We take note of your recommendation about Practice 4.5 of Malaysian Code on Corporate Governance 2017 and shall reinforce the write-up of "Workforce Diversity" section in future annual report. As presented during the closing of FY2019, gender diversity of workforce within the Group was at a healthy 48%/52% composition between male and female respectively.

- 2) We refer to the explanation in your Company's Corporate Governance Report in relation to Practice 12.3 of MCCG which stipulates that listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate:-
- Including voting in absentia; and
 - Remote shareholders' participation at General Meetings.

We wish to bring to the Board's attention that the Practice applies to all listed companies regardless of where the general meetings are held. The intention is to facilitate greater shareholder participation and therefore, it is important for the company to consider leveraging technology to facilitate electronic voting and remote shareholders participation. Shareholders can also exercise their voting rights without being physically present at General Meetings.

Please explain.

The Company's responses: -

Our 23rd AGM was conducted electronically in its entirety where shareholders are able to leverage on Remote Participation and Voting (RPV) facility.

- 3) 2 out of the Company's 3 independent directors (IDs) have exceeded the 12 year tenure as IDs. Tuan Haji Wan Mansoor bin Wan Omar and Mr. Tan Lip Gay are being proposed to be retained as IDs at the forthcoming AGM.

Considering that both of the aforesaid directors have exceeded the tenure of 12 years, will the Board be seeking shareholders' approval through a two-tier voting process as advocated by the MCCG?

The Company's responses: -

Yes, we sought the shareholders' approval for retention of long tenure independent directors through a two-tier voting process at our AGM

The Chairman then addressed the questions posted by the shareholders:-

Question 1: How will Zhulian as a direct selling company capitalises e-commerce trend nowadays?

The CEO replied that the Group had set-up online store since last year and have been promoting the platform.

Question 2: Will the Company maintain dividend pay-out rates coming years?

The CEO responded that the management will determine the dividend distribution amounts based on the companies' profitability and working capital needs as usual. However, the Group strives to maximise shareholders' return as best as the Group could under all circumstances.

Question 3: How does Covid-19 impact the Company's prospect?

The CEO replied that while there is no certainty at this unprecedented time, the Group expect the more prevalent impact of Covid-19 on global economy to adversely affect the Group's sales ahead. Nonetheless, the management will closely monitor changing customers' needs and growth opportunities, then strategies the Group business accordingly.

ANNOUNCEMENT OF POLL RESULTS

The meeting resumed for declaration of results.

The Company Secretary informed that the results of the poll taken have been verified by the Independent Scrutineers and declared the displayed results with details as follows:-

Ordinary Resolution	Vote For		Vote Against		Total Votes	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
1	371,717,457	99.9830	63,200	0.0170	371,780,657	100.0000
2	371,717,457	99.9830	63,200	0.0170	371,780,657	100.0000
3	371,777,957	99.9993	2,700	0.0007	371,780,657	100.0000
4	371,717,157	99.9829	63,500	0.0171	371,780,657	100.0000
5	371,779,157	99.9996	1,500	0.0004	371,780,657	100.0000
6 [Tier 1]	288,716,735	100.0000	0	0.0000	288,716,735	100.0000
6 [Tier 2]	82,998,822	99.9216	65,100	0.0784	83,063,922	100.0000
7 [Tier 1]	288,716,735	100.0000	0	0.0000	288,716,735	100.0000
7 [Tier 2]	83,000,622	99.9238	63,300	0.0762	83,063,922	100.0000

Based on the poll results, the Chairman declared that Ordinary Resolutions 1 to 7 as tabled at the 23rd AGM were carried.

IT WAS RESOLVED:-

Ordinary Resolution 1

THAT Mr. Teoh Meng Keat, the Director retiring pursuant to Article 88 of the Company's Constitution, be hereby re-elected as Director of the Company.

Ordinary Resolution 2

THAT Mr. Teoh Meng Soon, the Director retiring pursuant to Article 88 of the Company's Constitution, be hereby re-elected as Director of the Company.

Ordinary Resolution 3

THAT the payment of Directors' Fees and benefits payable up to an aggregate amount of RM147,000 for the financial year ending 30 November 2020 be and are hereby approved.

Ordinary Resolution 4

THAT Messrs KPMG PLT be and are hereby re-appointed as Auditors of the Company at a remuneration to be determined by the Board of Directors.

Ordinary Resolution 5

THAT subject always to the Companies Act 2016 (“the Act”), the Constitution of the Company and the approvals of any relevant governmental/regulatory authorities, the Directors be and are hereby empowered pursuant to Section 76 of the Act, to allot and issue shares in the capital of the Company at any time until the conclusion of the next AGM and to such person or persons, upon such terms and conditions and for such purpose as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of the shares issued pursuant to this resolution does not exceed ten (10) per centum of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued.

Ordinary Resolution 6

THAT Tuan Haji Wan Mansoor Bin Wan Omar be hereby retained as an Independent Non-Executive Chairman of the Company until the conclusion of the next AGM, in accordance with the Corporate Governance.

Ordinary Resolution 7

THAT Mr. Tan Lip Gay be hereby retained as an Independent Non-Executive Director of the Company until the conclusion of the next AGM, in accordance with the Corporate Governance.

CONCLUSION OF MEETING

The Chairman concluded the meeting and thanked all those who participated in the Company’s first ever virtual AGM.

There being no other matter to discuss, the fully virtual Postponed 23rd AGM of the Company concluded at 3.30 pm with a vote of thanks to the Chairman.

Confirmed as a correct record

Chairman