

ZHULIAN®

ZHULIAN CORPORATION BERHAD

Company No. 199701000031 (415527-P)

(Incorporated in Malaysia)

**SUMMARY of
AGM MINUTES 2023**

Minutes of the Twenty-Sixth Annual General Meeting (“AGM”) of Zhulian Corporation Berhad (“Company”) held at Ballroom 1, Level 2, G Hotel, 168A, Persiaran Gurney, 10250 George Town, Penang on 17th May 2023 at 2.30 p.m.

Present : As per Attendance List

In Attendance : As per Attendance List

The shareholders, corporate representatives, proxies and invitees who attended the 26th AGM are set out in the Attendance List attached and shall form an integral part of these Minutes.

COMMENCEMENT & WELCOMING SPEECH BY THE CHAIRMAN OF THE AGM

The Chairman of the Board, Tuan Haji Wan Mansoor Bin Wan Omar is the Chairman of the Meeting. He thanked all those participating in the 26th AGM of the Company and introduced all Board’s members and the Auditors, Messrs KPMG PLT.

The Chairman then 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 proceeded to call the Meeting to order.

PRESENTATION BY THE CHIEF EXECUTIVE OFFICER

Mr. Teoh welcomed all the shareholders to the Company’s 26th AGM and reported that after 3 years of virtual meetings, the CEO was delighted that the Board and shareholders were finally came together in person and have meaningful discussion.

He then proceeded to share the Group’s financial and operational performance overview for the financial year ended 30th November 2022 (“FYE2022”).

On financial highlights, the Meeting noted that undeniably, the pandemic crisis forced the Group to adapt quickly and changed the way the Group’s work in the past 3 years and proudly noted the Group has shown remarkable resilience in the financial and operational performance. The Group recorded a revenue of RM136.2 million for the financial year ended 2022. While, in terms of profitability, the Group delivered a profit before tax of RM50.9.5 million and profit after tax of RM38.3 million.

It was noted that Thailand’s market remained the largest contributor, generating approximately 67% of the Group’s FY2022 revenue, followed by Malaysia 23% and Cambodia 8%.

By products categories, it was noted that F&B products maintained at the top position and nutritional products and personal care categories also performed well with jewellery products ranked 4th in position.

The Meeting then noted the top 10 products of the Group namely, ranked number 1, the instant coffee with ginseng followed by SmileOn Toothpaste with Aloe Vera, 3rd was fashion jewellery as a whole. 4th place was the anti-aging formula namely B’Young followed by another instant coffee beverage enriched with ginseng & collagen on the 5th. Number 6th was Vegi Vera, a wheatgrass beverage enriched with Aloe Vera and 7th was ZhuBee Vitamin C. 8th to 10th was Xtra Wash Laundry Powder, IsoProt’n - a soya and pea protein mix beverage and ColoSkim Skim Milk with Colostrum respectively.

The CEO added that these products continued to perform well and moving forward, the Group is committed to continuing to invest in R&D while exploring new growth opportunity to further diversify the Group's product mix.

The CEO then shared with the Meeting the activities carried by the Group since resuming physical activities as the Group strongly believe that it is the most effective ways to strengthen the engagement and bond between the Company and Independent Distributors, Leaders and authorised agents.

The Meeting noted in December 2022, the Group organised an incentive tour to Kundasang Sabah while 2023's incentive tour scheduled in June 2023 shall be in Bali Indonesia and Istanbul Turkey in September 2023. The CEO added that in years to come, the Group will continue to organise exciting and desirable destinations as incentive tours.

In March 2023, the Group organised a plant tour for nearly 1,600 visitors, including Leaders, Distributors, and Prospects. Hari Raya Aidilfitri's gathering for all top performing Leaders was held on 12th May 2023 at the Group's headquarter.

In addition, the Group had organised a series of field visits to the authorized agencies. As at todate, the team has visited a total of 17 agencies and met with Leaders and Distributors in exclusive gatherings at each location to share with them the Group's strategies and direction moving forward. On-going effort to increase brand awareness and stimulate sales product with promotions and product demonstrations have been carried out as well.

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On overseas business operation, the Meeting noted that Cambodia has emerged as a significant contributor to the Group's revenue in recent months and the Group believes that there is still much untapped potential in this market. The CEO added that since 2019, the market growth in Cambodia has been remarkable. Presently, the Group has 19 authorized agencies in the country and it is the Group's plan to further expand in the near future.

Mr. Teoh also shared the recent convention held in Cambodia was a great success, with an astonishing crowd of nearly 8,000 people attending.

While in Zhulian Thailand, the latest advertising tool Thailand uses to increase brand awareness is mobile truck. The truck travels to new agencies setup area and various strategic locations throughout the country to engage with potential customers and distributors. There were also various on-going marketing activities and promotions to boost the distributors' morale and productivity.

It was noted Zhulian Thailand had also resumed the incentive tours to motivate and reward distributors to boost productivity, where the recent top-performing achievers went to Fukuoka, Japan in March 2023. There will be two exclusive tours for top leaders in 2023 with proposed destinations as Barcelona and Hong Kong and Bali, Indonesia and Scandinavia for 2024. In addition, Zhulian Thailand also plan to organise a Leadership seminar in Phuket this year.

Still on Zhulian Thailand, it was noted that beside the various regular marketing activities such as monthly rally, training seminars and regional roadshows, Zhulian Thailand has also been very active in various charitable sports events such as marathons and football match for senior citizens to showcase the Group's brand values of health and fitness as well as bringing the Group's products closer to the local communities.

The Meeting was informed that Zhulian Thailand Ltd. celebrated its 25th Anniversary during the National Convention 2022. This significant milestone is clear evidence of ZHULIAN's strong foothold in Thailand market and this year, the National Convention namely "Day of Honour" is scheduled to be held in June 2023 with an expecting turnout of 15,000 participants.

The Meeting noted that the Group continues to innovate and develop new products with its expanded our jewellery range from the Gold plated jewellery and rhodium plated jewellery, to rose gold plated jewellery in 2022. For 2023, the new launch, just to name a few, included a men belt series and a rhodium plated 925 Sterling Silver Ring Collection design for under Men Jewellery specially for Muslim men.

Other than that, the Group just had also rolled up an antibacterial body wash, a sugar substitute product in Malaysia and nutraceutical and home care products are in the pipeline and will be launched within 2023.

The CEO continued his presentation that the Group's commitment to developing new markets for our products is unwavering and the Group has selected a number of strategic locations for new agencies and to date, two new agencies have been successfully set up at Kemaman, Terengganu and Sandakan, Sabah.

The Group has identified other locations for new agencies in 2023 which include Balik Pulau and Butterworth in Penang; Puchong and Kajang in Central region; Nilai, Negeri Sembilan and Tampoi, Johor in Southern Region; Kuala Krai, Kelantan at East Coast; and lastly Tuaran in Sabah with a target of 20 new agencies by 2024.

While, Thailand market development plan includes setting up another 10 new agencies in addition to the 3 agencies which have already been set up in Satun, Nakhon Sakon and Udon Thani province. Meanwhile in Cambodia, the target is set for another 10 new agencies.

The Meeting was informed that in FY2022, the Group experienced a slight shrinkage in the overall distribution network due to the impact from pandemic crisis as well as part of the Group's restructuring exercise to close down non-performing agencies while looking to set up more new agencies. Although a lower number of distributors was recorded, the remaining distributors are those who remain loyal to ZHULIAN.

It was noted for this year, the Group will continue on recruitment campaign to attract more new members joining our network and with the network expansion plans in place, the Group aims to achieve the target of 300 distribution centers and 320,000 distributors in 2024.

The CEO added that based on records, the Group still has distributors in Brunei, Singapore and Indonesia who are still purchasing the Group's products through the existing agencies network in Malaysia.

The Group is exploring the possibility of going into Philippines and Vietnam markets and remain optimistic to re-open the Myanmar market once the economic and political situation are improved.

The Meeting was then shared with the 2022's prestigious awards namely "The Export Excellence Award 2022 - 'Certificate of Merit' and 'Most Promising Award' won by Zhulian Industries Sdn Bhd. and "HRD Corp Award in the SME Employer Category" won by Zhulian Marketing (M) Sdn Bhd. Overall, the awards recognised the Group's efforts in expanding its business globally while fostering a supportive and inclusive work culture that values its employees.

The Meeting noted that as the Group's move forward, in line with the tagline of 2022 Annual Report, "Enhancing Value Creation", the Group commitment remains in enhancing customer value across the Group's entire value chain i.e., from manufacturing processes to end products.

Furthermore, in the Group's distinctive business model, the Group will prioritise new recruitments, training programs and network expansion with intensifying the sales and marketing effort to drive business growth. The Group is committed to create value by integrating sustainability initiatives throughout the Group's value chain. All in all, it is important to note that the Group maintains its zero-gearing status, which positions the Group well for future growth and new business opportunities.

Last but not least, the CEO recorded his gratitude to all of the shareholders, for their strong support and confidence in the Group.

The Chairman thanked the CEO for his presentation.

The proceeding of the 26th AGM was then handed over to the Company Secretary.

NOTICE OF ANNUAL GENERAL MEETING

The Meeting noted that the Notice convening the 26th AGM of the Company was issued and circulated to all shareholders and advertised in The Star nationwide on 30th March 2023 within the prescribed period. Shareholders would also have received the Notification Letter which contains the details to access the 2022 Annual Report, Corporate Governance Report, Notice of 26th AGM and Proxy Form.

Since the Notice convening this 26th AGM has been circulated within the prescribed period, without any objection, the Notice of Meeting be taken as read.

The Chairman then highlighted that pursuant to Paragraph 8.29A (1) of the Bursa Main Market Listing Requirements, all the 7 resolutions as set out in the notice of our 26th AGM would be voted by poll.

The polling process will be conducted upon the conclusion of the deliberations of all items on the Agenda.

Our Share Registrar, Agriteum Share Registrar Sdn Bhd, have been appointed as Poll Administrator to conduct the Electronic polling (E-polling) and Symphony Corporate Services Sdn Bhd has been appointed as the Independent Scrutineers.

The Chairman then invited the Polling Administrator to brief you on the E-polling procedures.

The Polling Administrator then took the Meeting through the voting process.

The Meeting proper then proceeded.

ORDINARY BUSINESS: -

AGENDA 1 - AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH NOVEMBER 2022 TOGETHER WITH THE REPORTS OF THE DIRECTORS AND AUDITORS

The Audited Financial Statements of the Company and Group for the financial year ended 30th November 2022 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 2022 and published on the Company's webpage.

The Meeting was informed that the Board shall be pleased to answer any questions pertaining to any relevant accounting related matters.

With no questions from the floor, the Chairman declared that the Audited Financial Statements of the Company and Group for the financial year ended 30th November 2022 together with the Reports of Directors and Auditors thereon, duly tabled be and is hereby received by the shareholders of the Company.

ORDINARY RESOLUTIONS 1 & 2

RE-ELECTION OF DIRECTORS -MR. TEOH MENG KEAT AND MR. TEOH MENG SOON

The Company Secretary informed the Meeting that Ordinary Resolutions 1 and 2 dealt with the re-election of 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 motion for Ordinary Resolution 1 on the re-election of Mr. Teoh Meng Keat was put to vote by way of poll.

The results of the poll was tabulated and displayed on the screen as follows: -

For			Against		
No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
48	368,321,719	99.950087	4	183,933	0.049913

Based on the polling results, the Company Secretary declared Ordinary Resolution 1 carried:

“That Mr. Teoh Meng Keat who retired pursuant to Article 88 of the Company's Constitution be re-elected as Director of the Company.”

The motion for Ordinary Resolution 2 on the re-election of Mr Teoh Meng Soon was put to vote by way of poll.

The results of the poll was tabulated and displayed on the screen as follows: -

For			Against		
No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
48	359,207,389	99.999183	4	2,933	0.000817

Based on the polling results, the Company Secretary declared Ordinary Resolution 2 carried:

“That Mr. Teoh Meng Soon who retired pursuant to Article 88 of the Company's Constitution be re-elected as Director of the Company.”

ORDINARY RESOLUTIONS 3 & 4
RE-ELECTION OF DIRECTORS -MS ROSALINE HEAH GAIK SEE AND MS TAN GIM MAY

The Company Secretary informed the Meeting that Ordinary Resolutions 3 and 4 dealt with the re-election of 2 Directors, namely Ms Rosaline Heah Gaik See and Ms. Tan Gim May who have retired pursuant to Article 95 of the Company's Constitution and being eligible, had offered themselves for re-election.

The motion for Ordinary Resolution 3 on the re-election of Ms. Rosaline Heah Gaik See was put to vote by way of poll.

The results of the poll was tabulated and displayed on the screen as follows: -

For			Against		
No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
53	368,453,255	99.982488	3	63,533	0.017512

Based on the polling results, the Company Secretary declared Ordinary Resolution 3 carried:

“That Ms Rosaline Heah Gaik See who retired pursuant to Article 95 of the Company's Constitution be re-elected as Director of the Company.”

The motion for Ordinary Resolution 4 on the re-election of Ms Tan Gim May was put to vote by way of poll.

The results of the poll was tabulated and displayed on the screen as follows: -

For			Against		
No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
50	67,320,860	99.997277	2	1,833	0.002723

Based on the polling results, the Company Secretary declared Ordinary Resolution 4 carried:

“That Ms. Tan Gim May who retired pursuant to Article 95 of the Company's Constitution be re-elected as Director of the Company.”

ORDINARY RESOLUTION 5
PAYMENT OF DIRECTORS' FEES AND BENEFITS PAYABLE UP TO AN AGGREGATE AMOUNT OF RM216,000 FOR THE FINANCIAL YEAR ENDING 30 NOVEMBER 2023

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 RM216,000 for the financial year ending 30 November 2023.

The motion for Ordinary Resolution 5 was put to vote by way of poll.

The results of the poll was tabulated and displayed on the screen as follows: -

For			Against		
No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
49	368,419,156	99.999502	2	1,833	0.000498

Based on the polling results, the Company Secretary declared Ordinary Resolution 5 carried:

“That the payment of Directors' Fees and benefits payable up to an aggregate amount of RM216,000 for the financial year ending 30 November 2023 be and are hereby approved.”

ORDINARY RESOLUTION 6
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 6 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 motion for Ordinary Resolution 6 was put to vote by way of poll.

The results of the poll was tabulated and displayed on the screen as follows: -

For			Against		
No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
45	67,285,239	99.828341	4	115,700	0.171659

Based on the polling results, the Company Secretary declared Ordinary Resolution 6 carried:

“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.”

SPECIAL BUSINESS**ORDINARY RESOLUTION 7****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 motion for Ordinary Resolution 7 was put to vote by way of poll.

The results of the poll was tabulated and displayed on the screen as follows: -

For			Against		
No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
51	368,509,692	99.999475	3	1,933	0.000525

Based on the polling results, the Company Secretary declared Ordinary Resolution 7 carried:

“THAT subject always to the Companies Act 2016 (“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 (“Shares”) 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 (“Bursa Securities”) for the listing of and quotation for the additional shares so issued (“Mandate”).

THAT pursuant to Section 85 of the Act read together with Article 10 of the Company’s Constitution, approval be and is hereby given to waive the statutory pre-emptive rights conferred upon the shareholders of the Company in respect of the allotment and issuance of new Shares pursuant to the Mandate AND THAT such new Shares when allotted shall rank pari passu in all respects with the existing class of ordinary shares;

AND FURTHER THAT the Board is exempted from the obligation to offer such new Shares first to the existing shareholders of the Company in respect of the allotment and issuance of new Shares pursuant to the Mandate.”

ANY OTHER BUSINESS

It was noted that no notice of any other business for transaction had been received by the Company for the 26th AGM.

The Company Secretary then informed the Meeting that the Company has received a letter dated 10th April 2023 from Minority Shareholders Watch Group (“MSWG”) and as requested, the Meeting was presented with the below: -

Operational & Financial Matters

1. The Group is headquartered in Penang, Malaysia with a business network that spans across Malaysia, Thailand, Myanmar and Cambodia. The Group will continue to tap into new market opportunities and diversify its geographical footprint for growth while focusing on improving its business operational efficiency and maintaining sufficient cash flows in the year 2023 for long-term business resilience and continuity (page 23 of Annual Report 2022).

a) Why did the Group decide to venture into Myanmar and Cambodia instead of Indonesia, the Philippines or Vietnam which has much larger populations?

The decision on venturing to Myanmar and Cambodia was undertaken after considering the existing distribution network in Thailand. Myanmar and Cambodia are geographically near Thailand with highly similar demographic traits and culture. Hence this eases logistic arrangements with relatively affordable accessibility to these markets.

Moving forward we keep our options open to other Asean countries if they pass our internal due diligence process.

b) Which countries are the Group’s targets for diversifying its geographical footprint for growth?

Amidst the impending global economic slowdown, the Group adopts a cautious and prudent strategy to safeguard shareholders’ interests, focusing more on enhancing value creation. As far as overseas expansion is concerned, Asean region is always in our list.

2. Food & Beverage contributed 40% of the Group’s total revenue. What are the top three best-selling products in the food & beverages segment?

- i) *Coffeepus with Ginseng*
- ii) *Coffeepus Ginseng Coffee with Collagen*
- iii) *Zhulian Vegi-Vera*

3. The Group reported lower revenue of RM136.167m from RM149.616m a year ago mainly due to softening of consumer sentiment arising from inflation pressure and weakening Ringgit. What are the measures taken/ being taken by the Group to mitigate the challenges? Does the Group expect FY2023 to be a better year?

The Group will face this global economic challenge by consolidating and strengthening existing distribution network, capitalizing on our market niche with innovative market driven product and maintaining overall operational efficiency.

The Group’s business is highly correlated to general consumer spending associated with the overall economic growth. Hence, we adopt a prudent view for FY2023 and strategically focus on key competence to remain resilient.

4. For the first time in more than 10 years, the Group experienced a quarterly loss in 4QFY2022. This was partly due to the Income Tax (Exemption) (No.6) Order 2022, which resulted in foreign-sourced income received from the foreign associate being subject to a Malaysian tax rate of 24% instead of the previous 10% withholding tax accounted for in prior years.

a) Please elaborate on how the revised income tax order affected the Group's foreign associate and the financial impact in absolute numbers.

Pursuant to Income Tax (Exemption) (No. 6) Order 2022, foreign dividend income received in Malaysia will remain exempt from Malaysian income tax from 1 January 2022 to 31 December 2026. With effect from FY2027 onwards, any foreign dividend income received by the Group will be subjected to Malaysian prevailing tax rate. Hence, the share of profit of equity accounted in associate (Zhulian Thailand) will be accounted Malaysian income tax and the additional impact to profit or loss was at RM1.8mil.

b) Please explain the significance of the financial impact that the revision of income tax order will have on the Group's future earnings.

The future share of profit of equity accounted associate will be subjected to Malaysia's prevailing tax rate.

5. The Group's investment properties carry a fair value of RM88.872m as of 30 November 2022 (page 95 of Annual Report 2022). Please list the top 5 investment properties together with their respective fair value. What was the total net rental income generated from the Group's investment properties in FY2022? What are the Group's plans for these investment properties?

i) *Top 5 investment properties*

	<u>Fair Value @ 30/11/2022(RM)</u>
<i>Freehold shoplots located in Kembangan Court, Singapore</i>	43,476,000
<i>Leasehold land at Mukim 12, Bayan Lepas, Penang*</i>	21,676,000
<i>Freehold land at Bandar Kulim, Kulim, Kedah</i>	12,600,000
<i>Leasehold building at Hilir Sungai Dua, Phase IV, Bayan Lepas, Penang</i>	8,800,000
<i>Freehold shoplots at Sungai Nibong Kecil, Bayan Lepas, Penang</i>	2,320,000
<i>Total</i>	<u>88,872,000</u>

ii) *As reported under 5.3 page 95 of Annual Report 2022, net rental income generated from the Group's investment properties in FY2022 amounted to RM2.1 mil.*

iii) *The Group holds the said investment properties for rental yields and capital appreciation.*

** This is leasehold industrial land which has the potential for future capacity expansion.*

QUESTIONS & ANSWERS SESSION

The Meeting then proceeded with the Q&A session.

There being no other questions from the floor, the Meeting proceeding was then handed over to the Chairman of the Meeting for conclusion.

CONCLUSION OF MEETING

There being no other matter to discuss, on behalf of the Board, the Chairman thanked all the shareholders/proxies/corporate representative and those attended the Meeting by invitation and the Meeting was concluded at 3.30 pm with a vote of thanks to the Chair.

Confirmed as a correct record

Chairman