

ESTHETICS INTERNATIONAL GROUP BERHAD

(Registration No. 199601035708(408061-P))

(Incorporated in Malaysia)

MINUTES of the Twenty-Sixth Annual General Meeting of Esthetics International Group Berhad (“EIGB” or “the Company”) held at the Auditorium, Lot 11, Jalan Astaka U8/88, Bukit Jelutong, Seksyen U8, 40150 Shah Alam, Selangor on Wednesday, 27 September 2023 at 10.04 a.m.

PRESENT: Mr. Chieng Ing Huong (Chairman)
 Mr. Roderick Chieng Ngee Kai
 Mr. Brian Chieng Ngee Wen
 Ms. Janet Chieng Ling Min
 Mr. Boh Boon Chiang
 Dato’ Dr. Noor Zalmy Azizan Binti Mohd Ali Azizan
 Ms. Corina Loi Wei Sin
 Ms. Rosie Hong May Kwee

 together with a quorum of shareholders

IN ATTENDANCE: Tan Kok Aun (Secretary)

1.0 COMMENCEMENT

1.1 Mr. Chieng Ing Huong took the Chair and called the meeting to order at 10.04 a.m. The Chairman welcomed shareholders to the Twenty-Sixth Annual General Meeting (“26th AGM”) of the Company and introduced the members of the Board to the shareholders present.

1.2 The Secretary had confirmed that a quorum was present.

1.3 The Chairman informed that pursuant to Paragraph 8.29A of Bursa Malaysia Securities Berhad Main Market Listing Requirements, the resolutions set out in the Notice of the 26th AGM dated 31 July 2023 would be put to vote by way of a poll. In this regard, the Chairman declared that the poll would be conducted upon the completion of the deliberation of all items to be transacted at the 26th AGM. The Chairman advised the shareholders and proxies present in person on their voting rights.

1.4 The Chairman further informed that for purposes of the poll, the Company had appointed Boardroom Share Registrars Sdn Bhd as the poll administrator and SC Lim, Ng & Co to act as Scrutineers to validate the votes casted.

2.0 NOTICE

2.1 The notice convening the meeting was taken as read.

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3.0 PRESENTATION BY MR. RODERICK CHIENG, GROUP MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

3.1 Mr Roderick Chieng made a presentation to the shareholders giving a brief review of the financial results of the Group for the year ended 31 March 2023 and an overview of the performance of the Group in Malaysia and regionally.

4.0 AUDITED FINANCIAL STATEMENTS

4.1 The audited financial statements of the Company for the financial year ended 31 March 2023 together with the reports of the Directors and Auditors thereon had been circulated to all members within the prescribed period and were tabled for the meeting's consideration.

4.2 The Board proceeded to address questions received from the Minority Shareholders Watchdog Group (“MSWG”) and also invited questions on the financial statements from shareholders present. The questions raised were responded to by the Management and summarized as follows:-

(i) MSWG Question 1:

- a) How does the Group plan to address the issue that the gross profit margin has declined gradually from 56% to 49% over the last five years?
- b) What are the strategies adopted by the Group to improve the bottom line in the next two financial years?

EIG response: The margin compression is primarily due to the strong US Dollar which remains near peak levels against the Ringgit and is 15% higher than the average for FYE 2019. To address this, the Company implemented a price adjustment for the brands over the past twelve months and will monitor whether a further price adjustment may be required if the exchange rate continues to weaken further, which would need to be balanced against the softer macro-economic conditions and more cautious consumer sentiment. The Company also continues to focus on generating more topline, with new channels and new brands, while also growing the existing brands and channels. At the same time, the Company has also taken steps to manage costs and optimize the business model.

(ii) MSWG Question 2:

As at 30 June 2023, EIG owns and operates 66 corporate outlets comprising 43 AsterSpring skincare salons and 23 retail stores and departments store counters strategically located in key shopping malls and retails locations in Malaysia, Singapore, Hong Kong and Thailand. (Page 16 of Annual Report 2023).

Since we are now in the endemic phase, does the Group plan to expand the Professional Services and Sales Segment in the next two financial years? If yes, please elaborate on the Group’s expansion plan (i.e., number of new outlets, locations, etc.).

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EIG response: The Company will look at selectively expanding into new salon locations and select retail counters as and when the right locations and opportunities emerge, while also upgrading certain existing salons and counters as needed. Over the next twelve months, the Company anticipates to be opening two new AsterSpring salons, one in Malaysia and one in Singapore.

(iii) MSWG Question 3:

Product Distribution Segment recorded revenue of RM63.2 million for FYE2023, which was 35.2% higher than FYE2022 due to the absence of salon closures in most of the Group's markets in FYE 2023. With the higher revenue being partially offset by inflationary and exchange rate pressures, the segment reported a lower operating loss of RM5.1 million as compared to an operating loss of RM6.7 million in FYE2022.

a) How does the Group plan to turnaround the Product Distribution Segment after recording consecutive operating losses in FYE2023 and FYE2022?

EIG response: The Company is focusing on expanding the distribution base in the Professional channel with new salon and mediclinic dealers, as well as expanding in new retail channels. The Company is also aiming to grow contributions from sales of new brands which are newer in portfolio such as GHD and Jane Iredale. For own FMCG brands, the Company is also working on growing the distribution base, growing the sell-out and reaching more consumers with relevant marketing.

b) What is the outlook of the Product Distribution Segment in the next two financial years in view of the Group's effort in developing distribution networks and brands?

EIG response: The Company remains committed to building its brand and distribution portfolio and aim to build to a more positive bottomline position as the Company continue to increase the topline and scale. At the same time, there are certain factors such as the USD MYR exchange rate, which are external factors beyond our immediate control.

(iv) MSWG Question 4:

The Group made an announcement on 27 April 2023 for the signing of a Distribution Agreement between EIG Dermal Wellness (S) Pte Ltd ("EIGSG"), a wholly-owned subsidiary of EIG and GHD Hong Kong Limited ("GHD"). The Agreement grants EIGSG the exclusive right to distribute GHD hair styling products through the professional hair salon channel in Singapore for an initial period of three (3) years effective from 1 May 2023 to 30 April 2026.

What is the estimated annual revenue derived from the Distribution Agreement with GHD?

EIG response: The Company started distributing GHD in the hair salon channel in Malaysia around two years ago and based on Company's performance the principal

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has also extended the salon channel in Singapore to the Company. It will take time to build and initially may not be material to our total Group turnover, but we are positive about the brand and its resonance in the markets.

(v) MSWG Question 5:

The Company has departed from Practice 4.4 of the Malaysian Corporate of Corporate Governance (“MCCG”) for not including a review of the performance of the board and senior management in addressing the Company’s material sustainability risks and opportunities. The Company mentioned that it is currently in the progress of adoption.

What is the timeline for the Company to apply Practice 4.4?

EIG response: Together with Company’s Brand principals, which are pioneers and leaders in Sustainable Beauty, the Company is committed to positive sustainability practices and have already taken integrated positive steps as described in the Annual Report. The Company aim to apply Practice 4.4 progressively to ensure that it is well considered and implemented.

Question from Members

(vi) Question: During the endemic phase, was the business affected in terms of payment of salaries to the staff? Also, were the sale and number of customers affected?

EIG response: During the endemic phase a lot of industries around the world were affected but sales and number of customers returning to salons gradually increased as the countries progressed through the endemic phase and consumers became more confident about living with COVID-19.

(vii) Question: When will the contracts be due for renewal and plans for further expansion in Asia?

EIG response: Certain of the Group’s contracts are due for renewal in the next two years and certain contracts have been renewed recently as announced by the Group. The Group’s brands are now also available in Indonesia and the Group had registered a subsidiary company in Philippines. China is a difficult market to penetrate and not the Group’s near term focus due to its own regulations, particularly in regards to product registration.

(viii) Question: Compared to pre-pandemic, currently the Group has less outlets. Why was there an increase in wages?

EIG response: This was mainly due to general trends following the implementation of the minimum wage policy by the government and general post-pandemic inflation.

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(ix) Question: Is there any strategy for the Group to improve the topline?

EIG response: The Group is current looking for new brands and new channels to grow the topline over the longer term.

(x) Question: The amount due from associates under the non-current receivables, are they recoverable and are they secured?

EIG response: The amounts are due from associated companies in Thailand. The amounts are unsecured and the Group is optimistic as the associate company's business develops further in scale.

(xi) Question: Whether there is a conflict in business strategy between the e-commerce platform and physical outlets?

EIG response: The Group's view is that two should be harmonious and can grow together.

4.3 Pursuant to Section 340(1)(a) of the Companies Act 2016, the Directors were only required to lay before the shareholders the audited financial statements. The audited financial statements do not require a formal approval and hence, are not put forward for voting.

5.0 FINAL SINGLE-TIER DIVIDEND [Resolution 1]

5.1 Resolution 1 was with regard to the payment of a final single-tier dividend of 0.50 sen per ordinary share in respect of the financial year ended 31 March 2023.

6.0 RE-ELECTION OF DIRECTORS

6.1 Mr. Chieng Ing Huong [Resolution 2]

Mr. Chieng Ing Huong retired by rotation as a Director at the 26th AGM in accordance with Article 103 of the Company's Constitution and, being eligible, had offered himself for re-election.

6.2 Ms. Janet Chieng Ling Min [Resolution 3]

Ms. Janet Chieng Ling Min retired by rotation as a Director at the 26th AGM in accordance with Article 103 of the Company's Constitution and, being eligible, had offered herself for re-election.

6.3 Mr. Boh Boon Chiang [Resolution 4]

Mr. Boh Boon Chiang retired as a Director at the 26th AGM in accordance with Article 112 of the Company's Constitution and, being eligible, had offered himself

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for re-election.

7.0 DIRECTORS' FEES [Resolution 5]

7.1 Resolution 5 was with regard to the payment of Directors' fees of RM201,000 for the financial year ended 31 March 2023.

8.0 PAYMENT OF DIRECTORS' BENEFITS [Resolution 6]

8.1 Resolution 6 was with regard to the payment of Directors' benefits in accordance with section 230(1) of the Companies Act 2016 up to an amount of RM103,000 from 27 September 2023 until the next AGM of the Company in 2024.

9.0 RE-APPOINTMENT OF AUDITORS [Resolution 7]

9.1 Resolution 7 tabled to the members was with regard to the re-appointment of Baker Tilly Monteiro Heng PLT as the Auditors of the Company for the ensuing year to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors. Baker Tilly Monteiro Heng PLT have indicated their willingness to accept re-appointment.

10.0 OTHER BUSINESS

10.1 The Company Secretary had confirmed that there were no other ordinary business to be transacted of which due notice has been given.

SPECIAL BUSINESS

11.0 AUTHORITY UNDER SECTION 75 AND 76 OF THE COMPANIES ACT, 2016 [Resolution 8]

11.1 Resolution 8 was with regard to the authority under Section 75 and 76 of the Companies Act 2016 for the Directors to issue shares.

12.0 TAKING OF POLL

The Share Registrars briefed the members present on the conduct of the poll. There being no further questions, the Chairman announced the commencement of the poll taking and informed that the results would be announced immediately once they are presented by the Scrutineer.

13.0 ANNOUNCEMENT OF RESULTS

13.1 At 11.30 a.m. the Chairman called the meeting to order for the declaration of the poll results which had been verified by the Scrutineer.

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13.2 **ORDINARY RESOLUTION 1**
Final Single-Tier Dividend

13.2.1 The Chairman informed that result of the votes casted for Ordinary Resolution 1 was as follows:

Resolution	Votes in Favour		Votes Against	
	No. of Shares	%	No. of Shares	%
Ordinary Resolution 1	169,006,744	100	0	0

13.2.2 The Chairman declared that Ordinary Resolution 1 was carried and that the payment of a single-tier dividend of 0.5 sen per ordinary share for the financial year ended 31 March 2023 was approved.

13.3 **ORDINARY RESOLUTION 2**
Re-election of Mr. Chieng Ing Huong

13.3.1 The Chairman informed that result of the votes casted for Ordinary Resolution 2 was as follows:

Resolution	Votes in Favour		Votes Against	
	No. of Shares	%	No. of Shares	%
Ordinary Resolution 2	166,928,044	98.77	2,078,700	1.23

13.3.2 The Chairman declared that Ordinary Resolution 2 was carried and that Mr. Chieng Ing Huong was re-elected as a Director of the Company.

13.4 **ORDINARY RESOLUTION 3**
Re-election of Ms. Janet Chieng Ling Min

13.4.1 The Chairman informed that result of the votes casted for Ordinary Resolution 3 was as follows:

Resolution	Votes in Favour		Votes Against	
	No. of Shares	%	No. of Shares	%
Ordinary Resolution 3	168,686,744	100	0	0

13.4.2 The Chairman declared that Ordinary Resolution 3 was carried and that Ms. Janet Chieng Ling Min was re-elected as a Director of the Company.

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13.5 ORDINARY RESOLUTION 4
Re-election of Mr. Boh Boon Chiang

13.5.1 The Chairman informed that result of the votes casted for Ordinary Resolution 4 was as follows:

Resolution	Votes in Favour		Votes Against	
	No. of Shares	%	No. of Shares	%
Ordinary Resolution 4	169,006,694	100	50	0

13.5.2 The Chairman declared that Ordinary Resolution 4 was carried and that Mr. Boh Boon Chiang was re-elected as a Director of the Company.

13.6 ORDINARY RESOLUTION 5
Payment of Directors' Fees of RM201,000

13.6.1 The Chairman informed that result of the votes casted for Ordinary Resolution 5 was as follows:

Resolution	Votes in Favour		Votes Against	
	No. of Shares	%	No. of Shares	%
Ordinary Resolution 5	168,998,326	99.995	8,418	0.005

13.6.2 The Chairman declared that Ordinary Resolution 5 was carried and that the Directors' fees of RM201,000 was approved for payment.

13.7 ORDINARY RESOLUTION 6
Payment of Directors' Benefit of up to RM103,000

13.7.1 The Chairman informed that result of the votes casted for Ordinary Resolution 6 was as follows:

Resolution	Votes in Favour		Votes Against	
	No. of Shares	%	No. of Shares	%
Ordinary Resolution 6	168,998,326	99.995	8,418	0.005

13.7.2 The Chairman declared that Ordinary Resolution 6 was carried and that the Directors' benefits of up to an amount of RM103,000 was approved for payment from 27 September 2023 until the next AGM of the Company in 2024.

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13.8 **ORDINARY RESOLUTION 7**

Re-appointment of Baker Tilly Monteiro Heng PLT as Auditors

- 13.8.1 The Chairman informed that result of the votes casted for Ordinary Resolution 7 was as follows:

Resolution	Votes in Favour		Votes Against	
	No. of Shares	%	No. of Shares	%
Ordinary Resolution 7	169,006,744	100	0	0

- 13.8.2 The Chairman declared that Ordinary Resolution 7 was carried and that Baker Tilly Monteiro Heng PLT was re-appointed auditors of the Company to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors.

13.9 **ORDINARY RESOLUTION 8**

Authority to issue shares pursuant to Section 75 and 76 of the Companies Act 2016

- 13.9.1 The Chairman informed that result of the votes casted for Ordinary Resolution 8 was as follows:

Resolution	Votes in Favour		Votes Against	
	No. of Shares	%	No. of Shares	%
Ordinary Resolution 8	169,001,326	99.9968	5,418	0.0032

- 13.9.2 The Chairman declared that Ordinary Resolution 5 was carried and that the resolution be passed as follows:

“THAT pursuant to Section 75 and 76 of the Companies Act 2016, the Directors be and are hereby empowered to issue shares in the Company, at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution in any one financial year does not exceed 10% of the issued capital of the Company for the time being and that the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or at the expiry of the period within which the next Annual General Meeting is required to be held in accordance to the provisions of the Companies Act 2016, whichever is the earlier.”

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14.0 CLOSE OF MEETING

- 14.1 There being no further business to discuss, the meeting closed at 11.40 a.m. with a vote of thanks to the Chairman.