

# DC HEALTHCARE HOLDINGS BERHAD

[Registration No. 202201014036 (1459733-P)]

(Incorporated in Malaysia)

MINUTES OF THE SECOND ANNUAL GENERAL MEETING (“2<sup>ND</sup> AGM”) OF DC HEALTHCARE HOLDINGS BERHAD (“DC HEALTHCARE” OR “THE COMPANY”) CONDUCTED ON A VIRTUAL BASIS LIVE STREAMING FROM THE BROADCAST VENUE USING REMOTE PARTICIPATION AND VOTING (“RPV”) FACILITIES PROVIDED BY TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN. BHD. (“TIIH”) VIA TIIH ONLINE WEBSITE AT [HTTPS://TIIH.ONLINE](https://tiih.online) ON TUESDAY, 11 JUNE 2024 AT 11.00 A.M.

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**PRESENT AT BROADCAST VENUE** : Datuk Dr. Mohd Noor Bin Awang (*Independent Non-Executive Chairman*)  
Dr. Chong Tze Sheng (*Managing Director*)  
Dr. Lai Ngan Chee (*Executive Director*)

**PRESENT VIA VIDEO CONFERENCING** : Rekha A/P Palanysamy (*Independent Non-Executive Director*)  
Sim Lee San (*Independent Non-Executive Director*)  
Yap Ee Ling (*Independent Non-Executive Director*)

**IN ATTENDANCE** : Ms Heidi Thien Lee Mee (*Company Secretary*)

*The shareholders and proxyholders (collectively referred to as “Members”) who attended and participated at the 2<sup>nd</sup> AGM remotely were set out in the Attendance List.*

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## 1.0 CHAIRMAN

- 1.1. Datuk Dr. Mohd Noor Bin Awang (“Datuk Dr. Chairman”) presided the 2<sup>nd</sup> AGM (“the AGM” or “Meeting”) and welcomed the Members to the 2<sup>nd</sup> AGM of the Company.
- 1.2. Datuk Dr. Chairman then proceeded to introduce the Board members present at the venue and virtually via video conferencing.

## 2.0 QUORUM

- 2.1. Upon enquiry from Datuk Dr. Chairman, the Company Secretary confirmed that there was a sufficient quorum for the convening of the Meeting based on the members who had logged into the live meeting platform.
- 2.2. There being a quorum present at the meeting, the Chairman declared the 2<sup>nd</sup> AGM duly convened at 11.00 a.m.

## 3.0 NOTICE

- 3.1. Datuk Dr. Chairman declared that the notice convening the Meeting which been sent and circulated to all members within the prescribed period, be taken as read.

## 4.0 ADMINISTRATIVE MATTERS

- 4.1. Datuk Dr. Chairman informed that all resolutions set out in the Notice must voted by poll pursuant to Rule 8.31A of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”). The polling process would be conducted after all items on the agenda have been dealt with.

4.2 Datuk Dr. Chairman informed that the Company Tricor Investor & Issuing House Services Sdn. Bhd. had been appointed as the Poll Administrator to conduct the polling process and Scrutineer Solutions Sdn. Bhd. as the Independent Scrutineer to verify the poll results.

4.4 The guide on the remote voting procedures and the manner to pose questions at the meeting through RPV Facilities were presented to the floor.

**5.0 AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 TOGETHER WITH THE REPORTS OF THE DIRECTORS AND AUDITORS THEREON.**

5.1 The first item on the agenda was to receive the Audited Financial Statements for the financial year ended 31 December 2023, together with the Reports of the Directors and Auditors thereon (“**AFS 2023**”).

5.2 Datuk Dr. Chairman informed that the AFS 2023 was meant for discussion only as it does not require formal approval from the shareholders. Hence, it was not put forward for voting.

Datuk Dr. Chairman further informed that the Board would address the questions raised by the members during the Questions and Answers (“**Q&A**”) session, which would be carried after all items on the agenda were dealt with.

5.3 Accordingly, Datuk Dr. Chairman declared that the AFS 2023 was duly received by the shareholders.

**6.0 ORDINARY RESOLUTION 1  
RE-ELECTION OF DATUK DR. MOHD NOOR BIN AWANG AS DIRECTOR, WHO RETIRES BY ROTATION IN ACCORDANCE WITH CLAUSE 106(1) OF THE COMPANY’S CONSTITUTION**

6.1 Datuk Dr. Chairman informed that Ordinary Resolution 1 was related to his re-election and he passed the chair to the Managing Director of the Company, Dr. Chong Tze Sheng (“**Dr. Chong**”).

6.2 Dr. Chong took the Chair and proceeded with the Meeting, Dr. Chong informed that Ordinary Resolution 1 was in relation to the re-election of Datuk Dr. Mohd Noor Bin Awang, who retires by rotation in accordance with Clause 106(1) of the Company’s Constitution and who being eligible, has offered himself for re-election.

6.3 Dr. Chong handed over the chairmanship to Datuk Dr. Chairman to chair the next item on the agenda of the Meeting.

**7.0 ORDINARY RESOLUTION 2  
RE-ELECTION OF DR. CHONG TZE SHENG, WHO RETIRES BY ROTATION IN ACCORDANCE WITH CLAUSE 106(1) OF THE COMPANY’S CONSTITUTION**

7.1 Datuk Dr. Chairman informed the members that the proposed Ordinary Resolution 2 was to re-elect Dr. Chong Tze Sheng as Director, who retires by rotation in accordance with Clause 106(1) of the Company’s Constitution and who being eligible, has offered himself for re-election.

7.2 Datuk Dr. Chairman then invited the members to raise their questions by typing in the query box. Thereafter, Datuk Dr. Chairman continued to the next item on the agenda of the Meeting.

**8.0 ORDINARY RESOLUTION 3**

**TO APPROVE THE RATIFICATION OF ADDITIONAL PAYMENT OF DIRECTORS' FEES AND BENEFITS PAYABLE TO THE DIRECTORS OF UP TO RM154,500.00 WHICH WAS IN EXCESS OF THE EARLIER APPROVED OF RM396,500.00 FOR THE PERIOD COMMENCING FROM 1 JANUARY 2023 UNTIL THE CONCLUSION OF THE 2<sup>ND</sup> AGM OF THE COMPANY**

8.1 Datuk Dr. Chairman informed the members that the proposed Ordinary Resolution 3 was to approve the ratification of additional payment of Directors' Fees and Benefits Payable to the Directors of up to RM154,500.00 which was in excess of the earlier approved of RM396,500.00 or the period commencing from 1 January 2023 until the conclusion of the 2<sup>nd</sup> AGM of the Company.

8.2 Datuk Dr. Chairman then invited the members to raise their questions by typing in the query box. Thereafter, Datuk Dr. Chairman continued to the next item on the agenda of the Meeting.

**9.0 ORDINARY RESOLUTION 4**

**PAYMENT OF DIRECTORS' FEES AND OTHER BENEFITS PAYABLE UP TO RM500,000.00 TO BE DIVIDED AMONGST NON-EXECUTIVE DIRECTORS OF THE COMPANY FOR THE PERIOD COMMENCING FROM THE CONCLUSION OF THE 2<sup>ND</sup> AGM OF THE COMPANY UNTIL THE CONCLUSION OF THE NEXT AGM OF THE COMPANY IN THE YEAR 2025**

9.1 Datuk Dr. Chairman informed that the Ordinary Resolution 4 was to seek shareholders' approval on the payment of Directors' fees and other benefits payable up to RM500,000.00 to be divided amongst Non-Executive Directors from the conclusion of the 2<sup>nd</sup> AGM of the Company until the conclusion of the next AGM of the Company in the year 2025.

**10.0 ORDINARY RESOLUTION 5**

**RE-APPOINTMENT OF MESSRS. MOORE STEPHENS ASSOCIATES PLT AS AUDITORS OF THE COMPANY FOR THE ENSUING YEAR AND TO AUTHORISE THE DIRECTORS TO FIX THEIR REMUNERATION**

10.1 Datuk Dr. Chairman informed that the Ordinary Resolution 5 was the re-appointment of Messrs. Moore Stephens Associates PLT as the Company's auditors for the ensuing year and to authorise the Directors to fix their remuneration. Datuk Dr. Chairman informed that the retiring auditors, Messrs. Moore Stephens Associates PLT had expressed their willingness to accept the re-appointment as auditors of the Company for the ensuing year.

10.2 Datuk Dr. Chairman then invited the members to raise their questions by typing in the query box. Thereafter, Datuk Dr. Chairman continued to the next item on the agenda of the Meeting.

**11.0 AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016**

11.1 Datuk Dr. Chairman informed that the proposed Ordinary Resolution 6 under Special Business was to seek the shareholders' approval to authorise Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016.

11.2 Datuk Dr. Chairman informed that the Ordinary Resolution 6 if passed, would give the Directors the flexibility to allot and issue shares from time to time for such purposes as the Directors in their absolute discretion consider to be in the best interest of the Company, without having to convene separate general meetings, subject to the limitation that the shares to be allotted and issued do not exceed 10% of the issued share capital of the

Company for the time being. This authority, unless revoked or varied by the Company in a general meeting, shall be in force until the conclusion of the next AGM of the Company.

11.3 AND THAT in connection with the above, pursuant to Section 85 of the Companies Act 2016 to be read together with Clause 61 of the Constitution of the Company, the shareholders of the Company do hereby waive their pre-emptive rights over all new shares, options over or grants of new shares or any other convertible securities in the Company and/or any new shares to be issued pursuant to such options, grants or other convertible securities, such new shares when issued, to rank pari passu with existing issued shares in the Company.

11.4 Datuk Dr. Chairman then invited the members to raise their questions by typing in the query box. Thereafter, Datuk Dr. Chairman continued to the next item on the agenda of the Meeting.

**12.0 QUESTION AND ANSWER (“Q&A”) SESSION**

12.1 Following the presentation of all resolutions in the agenda, Datuk Dr. Chairman declared the commencement of the Q&A session. Datuk Dr. Chairman informed that the Company had received several questions from the shareholders during the 2nd AGM. The questions raised were responded and addressed by Dr. Chong, the Managing Director of the Company as follows:

No.	Questions	Answers
1.	Kindly consider distributing door gifts to delight shareholders.	The Company provided each participant with an e-voucher along with the AGM Notice instead of the traditional door gifts due to the AGM were held virtually. The Shareholders may scan the QR code provided to retrieve the e-voucher.
2.	As a high margin company, did the newly established DC Body will affect the margin of the Company?	With the recent commencement of DC Body’s outlets in 2024, it may have some financial impact, but it is not expected to significantly affect the overall situation.
3.	What caused the underperformance of Company’s share price? Should the team conduct a comprehensive review to determine the best course of action for a turnaround? Given that other companies, particularly in health tourism, are thriving, what measures are necessary to rectify Company’s current situation and enhance its performance?	It was anticipated that the share price would demonstrate stronger performance over the long term, aligning with the growth trajectory of the business. Additionally, the Company was exploring opportunities in the growing field of health tourism. Potential opportunities in health tourism would be assessed as part of strategic expansion efforts.

4(i).	Based on the management's past experience and current view on the market, how long should newly established aesthetic clinics take to reach optimal operating status?	On average a newly established clinic would take around 6-9 months to reach its normal operating status.
4(ii).	Are the newly established clinics' performance up to the expectation of the management?	Currently, the newly established clinics have generally met management's expectations, showing promising growth in customer numbers and sales. It was believed that the marketing efforts and commitment to delivering high-quality services have been instrumental in achieving these positive outcomes.
4(iii)	The latest quarterly report, ending March 2024, indicates that the contract liability has increased by RM 5.88 million due to a low redemption rate. Has the company encountered this situation before, and what are the underlying reasons for this occurrence?	The primary reason behind the increase was the nature of the company's prepaid packages. During certain periods, customers may delay redeeming their prepaid treatments. The team continuously monitors these trends and adjusts strategies to encourage timely redemption, ensuring that services remain accessible, and that revenue recognition aligns with financial objectives. Overall, unused packages after expiry would be recognized as sales.
5(i)	Could you please explain the erratic performance observed over the past two quarters? What actions has the management taken to ensure that the company's performance grows smoothly according to plan, without negative surprises and uncertainty?	Despite the current performance challenges, primarily due to lower redemption rates in aesthetic services, the ongoing expansion is driven by a strategic revision of the business approach. The increase in contract liabilities to RM 9.6 million and the maintenance of healthy cash sales collection underline confidence in the future.
5(ii)	Has the acquisition of I Bella proceeded as per the company's earlier announcement?	As of the latest update, the Company has withdrawn its proposal to acquire IBella and has officially filed the withdrawal with Bursa Securities. Following a review of the acquisition structure, both parties have agreed to extend the conditional period until 30 September 2024 to meet the necessary conditions. Furthermore, an agreement has been reached for the company to receive a refund of the RM3.5 million cash deposit paid under the terms of the share sale agreement.

5(iii)	Is the bonus issue offering a 4-to-1 free warrant still in effect?	As of the latest update, the Company has withdrawn the proposal for the bonus issue to offer a 4-to-1 free warrant. Despite this decision, the Company remains dedicated to closely monitoring the group's performance and will continue to update shareholders on any future developments regarding warrants or similar incentives.
6.	What are the future plans if the outlet continues to operate at a loss? Will closure or relocation be considered?	In the first quarter of 2024, DC Healthcare experienced a decline in revenue primarily attributed to a lower redemption rate in aesthetic services. Despite this, the Group's contract liabilities increased to RM9.6 million as of 31 March 2024, with healthy cash sales collection maintained. The company has been aggressively expanding its business by establishing additional outlets, resulting in higher operating and marketing expenses.
7.	What are the contingency plans if an outlet continues to operate at a loss? Will closure or relocation be considered? Additionally, why is there a pattern of increased losses with the opening of more outlets?	<p>In the first quarter of 2024 (Q1 2024), DC Healthcare experienced a decline in revenue primarily attributed to a lower redemption rate in aesthetic services. Despite this, the Group's contract liabilities increased to RM9.6 million as of 31 March 2024, with healthy cash sales collection maintained. The company has been aggressively expanding its business by establishing additional outlets, resulting in higher operating and marketing expenses.</p> <p>The rise in marketing costs correlates with the expansion of aesthetic outlets (from 10 outlets in Q1 2023 to 16 outlets in Q1 2024, the introduction of new products under Ten Doctors, and the opening of three new slimming service outlets.</p> <p>Initial results from the newly established clinics have generally met management's expectations, showing promising growth in customer numbers and sales. DC Healthcare attributes these positive outcomes to its strategic marketing efforts and commitment to delivering high-quality services.</p>
8.	What is the rationale behind using IPO funds to acquire two additional clinics?	Regarding the proposed purchase of 2 clinics from iBella, the decision to withdraw has been made from the proposed acquisition.

9.	Could you please clarify why Dr. Chong and Dr. Lai disposed of 76 million units of shares at RM0.20 per share on 31 May 2024? Given that this selling price is lower than the IPO price of RM0.25, it appears to indicate a lack of confidence from the company's founders. Could you elaborate on this decision and provide an outlook for the company moving forward?	The disposal of shares was part of a strategy to attract and secure strategic partner(s).
10.	Could you please provide information on how many branches incurred losses in the last quarter? Additionally, what is the timeframe within which you are willing to allow branches to sustain losses? Are there plans to close any branches in the near future?	The newly established clinics have generally met management's expectations, showing promising growth in customer numbers and sales. The positive outcome is credited to the company's effective marketing strategies and commitment to delivering high-quality services.
11.	What attributes distinguish the Company's aesthetic clinic as superior to Company's competitors?	DC Healthcare stands as Malaysia's sole publicly listed aesthetic company, setting the standard in company profile and credibility. The Company upholds the highest standards in the healthcare industry, encompassing rigorous compliance with aesthetic-related regulations, licensing requirements, and employing certified LCP doctors.
12.	Given that the Company's prospects are closely tied to its doctors, what is the Company's succession planning strategy?	The Company was committed to training and grooming its resident medical doctors to achieve certification as LCP Doctors in the near term. Currently, there were 30 resident medical doctors undergoing the process.
13.	Does Management foresee the low redemption rate to continue in the future quarters? What was the general validity expiry period for prepaid packages? Were there any refund options for these prepaid packages?	The Company anticipated that the redemption rate would increase in the future. The expiry period for the prepaid packages was approximately 24 months, and it is important to note that these packages were non-refundable once purchased.
14.	How does the group ensure the effectiveness of the marketing campaign? And what metrics were used to measure the performance of the marketing budget expenditure?	While specific details were not currently available for disclosure, the Company believed that the marketing campaigns have proven effective, as newly established clinics have generally met management's expectations. Additionally, these clinics have demonstrated promising growth in customer numbers and sales. It is attributed to the concerted marketing

		efforts and commitment to delivering high-quality services that these positive outcomes have been achieved.
15.	Could management provide insights into the current market share held by the Group and whether there were plans to accelerate market share growth? Does the company foresee intense competition leading to potential price wars due to aggressive expansion by competitors?	According to the IMR Report, the revenue generated by DC Healthcare Group in its financial year ended 31 December 2021 and 31 December 2022 was RM25.5 million and RM52.0 million, which were equivalent to 7.0% and 11.0% of the market size (revenue) of the aesthetic medicine market in Malaysia in 2021 and 2022, respectively.
16.	Were there any additional expansion plans after DC Body?	The Company would monitor the performance of the newly launched, DC Body at the moment.

### **13.0 ANY OTHER BUSINESS**

13.1 The Meeting noted that no notice was received to transact any other business pursuant to the Companies Act 2016 and the Company's Constitution.

### **14.0 POLLING VOTING SESSION**

14.1 After dealing with all questions raised, the shareholders and proxies were invited to cast their votes remotely.

14.2 After which, the meeting was adjourned for the tabulation of poll results by the Independent Scrutineer.

### **15.0 ANNOUNCEMENT OF POLL RESULTS**

15.1 The Meeting resumed at 12.00 p.m. for the declaration of poll results. The Chairman informed that the Scrutineer had verified the poll results and that the said results were as projected on the screen, as follows:

	Voted in favour		Voted against		Results
	No. of shares	%	No. of shares	%	
Ordinary Resolution 1	640,766,900	99.9072	594,900	0.0928	Carried
Ordinary Resolution 2	640,886,600	99.9259	475,200	0.0741	Carried
Ordinary Resolution 3	640,733,800	99.9021	627,900	0.0979	Carried
Ordinary Resolution 4	640,731,200	99.9017	630,500	0.0983	Carried
Ordinary Resolution 5	622,399,600	97.0450	18,952,200	2.9550	Carried
Ordinary Resolution 6	640,744,300	99.9048	610,500	0.0952	Carried

15.2 Based on the poll results shown on the screen, the Chairman declared that all the resolutions tabled at the 2<sup>nd</sup> AGM were carried.



**16.0 CLOSURE**

- 16.1 There being no other business to be discussed, the AGM was closed at 12.05 p.m. with a vote of thanks to the Chairman.

**Confirmed as a correct record of  
the proceedings held thereat**

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**DATUK DR. MOHD NOOR BIN AWANG**  
Chairman