

**APEX HEALTHCARE BERHAD**  
(Company No. 473108-T)

SUMMARY OF KEY MATTERS DISCUSSED AT THE NINETEENTH ANNUAL GENERAL MEETING (“AGM”) OF THE COMPANY HELD AT BUNGA MELATI ROOM, 7TH FLOOR, RAMADA PLAZA MELAKA, JALAN BENDAHARA, 75100 MELAKA ON THURSDAY, 24 MAY 2018 AT 9.00 A.M.

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**PRESENT:**

**DIRECTORS**

Dr Kee Kirk Chin

- Chairman and Chief Executive Officer and also a shareholder

Mr Robert Dobson Millner

- Non-Independent Non-Executive Director and also a shareholder

Mr Leong Khai Cheong

- Senior Independent Non-Executive Director and also a shareholder

Ms Heng Su-Ling Mae

- Independent Non-Executive Director

Mr Jackson Chevalier Yap-Kit-Siong

- Independent Non-Executive Director and also a shareholder

Mr Kee Kirk Chuen

- Non-Independent Non-Executive Director and also a shareholder

**ABSENT WITH APOLOGIES**

Datuk Noharuddin Bin Nordin @ Harun

- Independent Non-Executive Director

**IN ATTENDANCE**

Ms Chiew Woon Wui

- Financial Controller / Company Secretary

Ms Chan Yoke Peng

- Company Secretary

**BY INVITATION**

Mr Edwin Francis

- Messrs Ernst & Young

Mr Yip Zhi Hoe

- Messrs Ernst & Young

Mr Timothy Tan Wei Jun

- Messrs Ernst & Young

Mr Chin Wai Yi

- Boardroom Corporate Services (KL) Sdn Bhd

Mr Damon Lim

- Boardroom Corporate Services (KL) Sdn Bhd

## **KEY MATTERS DISCUSSED**

### **A. TRADING LIQUIDITY OF THE COMPANY'S SHARES**

The Board was requested to consider a bonus issue of new shares to improve trading liquidity of the Company's shares. The Chairman explained that the Company's immediate priority for the current year is to adopt a new Constitution which complies with all relevant rules and regulations, especially the deadline set by Bursa Malaysia Securities Berhad for all the public listed companies to amend their constitution by 31 December 2019. The Board would explore the possibility after a new Constitution is adopted.

### **B. ORAL SOLID DOSAGE MANUFACTURING FACILITY ("SPP NOVO")**

A question was raised on projected returns from the investment of RM80 million for the construction of the SPP NOVO plant. The Chairman explained that quantitatively, all internal investment return hurdles were met. However, he stressed the overall importance of qualitative considerations. The Chairman further explained that the current plant is operating at maximum capacity and cannot be retrofitted for increased output and compliance with future regulatory standards. SPP NOVO is therefore an essential investment for sustained business growth and business continuity planning.

### **C. BUSINESS PROSPECTS OF THE GROUP**

The Board was asked whether the Group intends to invest further to grow its retail pharmacy business, given the highly competitive retail pharmacy environment. The Chairman reported that the Group currently operates two retail pharmacies, one in Melaka and the other in Johor Bahru. The Melaka retail pharmacy is the business birthplace of the Group and is located at the same site where it opened for business in 1962. It has remained in business continuously for the last 56 years and the Group intends to continue operating the store to serve as a reminder to current and future staff of the roots of the business. Expansion of the retail pharmacy business would not be in the form of opening more brick and mortar stores, but through electronic commerce. A direct to consumer website: [www.apexpharmacy.com.my](http://www.apexpharmacy.com.my) was launched in 2017, leveraging on "Apex Pharmacy" as a familiar household name to give greater assurance to on-line customers.

In response to a question on the impact of the possible implementation of a minimum wage of RM1,500 in Malaysia, the Chairman replied that on the basis of a preliminary estimate, the Group would incur in total an increase of approximately RM1.0 million per annum in wages.

**D. IMPACT OF MOVEMENTS IN FOREIGN EXCHANGE RATE**

The Board was asked to comment on the impact of movements in foreign exchange rates on the Group's financial performance. The Chairman explained that currency movements affect different business units of the Group in different ways. For instance, a strong US Dollar favours the Group's associate company engaged in the contract manufacturing of orthopaedic devices as 99% of its revenue is determined in US Dollars. However, it raises the cost of finished pharmaceutical products imported for domestic sale by the Group's distribution business. A strong US Dollar favours exports of pharmaceutical products manufactured by the Group but raises the cost of imported production raw materials. Overall, the movements in exchange rates in the last three years have not had a significant impact on the consolidated results of the Group.

**E. DIRECTORS' REMUNERATION**

A shareholder commented that the marginal increase in the total Directors' Remuneration was not commensurate with the good financial performance of the Company. Mr Jackson Chevalier Yap-Kit Siong, the Chairman of the Remuneration Committee ("RC") replied that the RC would deliberate on the Directors' Remuneration package at the forthcoming RC meeting.