

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

SUMMARY OF KEY MATTERS DISCUSSED AT THE EIGHTEENTH ANNUAL GENERAL MEETING (“AGM”) OF THE COMPANY HELD AT BUNGA MELATI ROOM, 7TH FLOOR, RAMADA PLAZA MELAKA, JALAN BENDAHARA, 75100 MELAKA ON WEDNESDAY, 17 MAY 2017 AT 10.00 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

Datuk Noharuddin Bin Nordin @ Harun

- Independent Non-Executive Director and also a shareholder

Mr Tong Yew Sum

- Independent Non-Executive Director

Mr Kee Kirk Chuen

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

**IN ATTENDANCE**

Ms Chiew Woon Wui

- Financial Controller / Company Secretary

Ms Chan Yoke Peng

- Company Secretary

**BY INVITATION**

Mr Ng Kim Ling

- 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. Re-appointment of Auditors**

- The Board was requested to consider a change of Auditors every five years. The Chairman explained that the Audit Committee annually assesses the Auditors, currently Messrs Ernst & Young, on their performance and independence. Being satisfied with the outcome of each annual assessment, and thus far, the Board does not plan to recommend a change of Auditors of the Group at the moment. He also highlighted that the Group's outsourced internal auditors had been changed earlier in 2017.

### **B. Group Financial Results**

- The Chairman informed that the export of the Group's generic pharmaceutical products to Indonesia is not a priority at this juncture due to significant regulatory hurdles. However, should this change, the Group will revisit Indonesia as an export market. In terms of securing greater control over sales and marketing strategies in international markets, Management plans to progressively establish its own sales and marketing teams in each country. Currently, this has been achieved for the Singapore and Myanmar markets.
- The motor vehicles disclosed on page 109 of the Annual Report comprise a combination of delivery vehicles and cars assigned for the use of key management staff.
- The Chairman explained that Government tender sales is not a major source of revenue as the Group has a diversified base of customers. Nonetheless, he acknowledged that more of such sales could be secured and Management would endeavor to increase sales to Government agencies in all the territories the Group operates.

### **C. Straits Apex Group ("SA Group")**

- In response to a question on the performance of the SA Group, the Chairman explained that the revenue of the SA Group grew over the previous year, with customers in the United States of America ("**USA**") accounted 85% of revenue. The Group's share of profit for 2016 from the SA Group amounted to RM4.0 million, as compared to recognised losses of RM1.8 million in 2015. However, the possibility of the Trump Administration imposing taxes on all imports into the USA, as well as the earlier mismatch of capacity with demand have led to achieved and revised forecast growth rates that are now below initial estimates. These form the basis for the Group's impairment of its investment in the SA Group by RM4.2 million.

- The SA Group is of the view that possible changes to healthcare legislation in the USA should not lead to a significant decrease in purchases from its USA customers. This is because its largest USA customer operates globally, and products and components sourced from the SA Group are sold in over a hundred countries worldwide, and not just in USA.

**D. Pavilion Damansara Heights**

- In response to a question on the rationale for the purchase of office suites at Pavilion Damansara Heights, the Chairman explained that the Group does not plan to deviate from its core healthcare business into property investment and development.
- The acquisition of the six freehold strata office suites at Pavilion Damansara Heights enables the Group to realise the value of the “Option to Purchase”, which allows the Group to purchase up to 6,500 square feet of the office development at a preferential price of RM600 per square foot.

**E. Regulatory Risks**

- In response to a question on regulatory risks in the manufacturing of generic pharmaceutical products, the Chairman explained that the Group’s subsidiary, Xepa-Soul Pattinson (Malaysia) Sdn Bhd (“**Xepa**”), has established robust internal controls and systems to ensure that its production plants operate in compliance with all relevant regulations.
- Xepa has designed enhanced building automation and management systems, as well as greater production automation in its new Oral Solid Dosage plant which is currently under construction. This will improve efficiency and enable Xepa to meet anticipated future regulatory standards.

**F. Authority to Issue Shares**

- A question was raised on the need for the shareholders to authorise Directors to issue shares pursuant to Section 76 of the Companies Act 2016. The Chairman explained that this is to give the Directors the flexibility to do so, should a need arise, and subject to approvals of all relevant regulatory bodies being obtained, where necessary.