

APEX HEALTHCARE BERHAD
(Registration No. 199801016979 (473108-T))

MINUTES OF THE TWENTY-THIRD ANNUAL GENERAL MEETING (“**AGM**”) OF THE COMPANY HELD AND CONDUCTED ON A VIRTUAL BASIS THROUGH LIVE STREAMING FROM THE BROADCAST VENUE AT LEVEL 12, MENARA SYMPHONY, NO. 5, JALAN PROF. KHOO KAY KIM, SEKSYEN 13, 46200 PETALING JAYA, SELANGOR DARUL EHSAN, MALAYSIA ON WEDNESDAY, 18TH MAY 2022 AT 10:00 A.M.

PRESENT:-

DIRECTORS

Dr. Kee Kirk Chin

- Chairman and Group Chief Executive Officer (“**CEO**”) and also a shareholder and proxyholder

Mr Robert Dobson Millner

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

Datuk Noharuddin bin Nordin @ Harun

- Senior Independent Non-Executive Director and also a shareholder

¹ Ms Heng Su-Ling Mae

- Independent Non-Executive Director

Datuk Phang Ah Tong

- Independent Non-Executive Director and also a shareholder

¹ Mr Kee Kirk Chuen

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

Mr Leong Khai Cheong

- Independent Non-Executive Director and also a shareholder

ABSENT WITH APOLOGIES

Mr Jackson Chevalier Yap-Kit-Siong

- Independent Non-Executive Director

IN ATTENDANCE

Ms Chan Yoke Peng

- Company Secretary

Ms Chiew Woon Wui

- Financial Controller

¹ Mr Edwin Francis

- Partner, representing Messrs Ernst & Young
PLT, Auditors of the Company

BY INVITATION

¹ Mr Tan Hing Tai	-	Chief Operating Officer (Distribution Group)
¹ Mr Ch'ng Kien Peng	-	Chief Operating Officer (Manufacturing Group)
¹ Mr Leighton Kee	-	Deputy General Manager, Corporate Affairs
¹ Ms Wong Mei Ling	-	Vice President, Corporate Services
¹ Ms Lim Li Fang	-	Finance Manager – Accounting
¹ Ms Poh Li Ling	-	Finance Manager – Compliance
Ms Tan Ping Sin	-	Boardroom Corporate Services Sdn. Bhd.
Mr Raymond Wong	-	Boardroom Corporate Services Sdn. Bhd.

Note

¹ Joined via online platform at <https://meeting.boardroomlimited.my/>

The shareholders and proxyholders (collectively referred to as “**Members**”) who attended and participated in the AGM remotely via online platform at <https://meeting.boardroomlimited.my/> are set out in the Attendee List attached and shall form an integral part of these Minutes.

CHAIRMAN

The Chairman of the Board of Directors of the Company (the “**Board**”) and the Group CEO, Dr. Kee Kirk Chin (“**Dr. Kee**”), extended a warm welcome to all Members and invitees present at the Twenty-Third (“**23rd**”) AGM of the Company held and conducted on a virtual basis through live streaming and online remote participation by using Remote Participation and Electronic Voting (“**RPEV**”) facilities, which was in compliance with Section 327 of the Companies Act 2016 and Clause 64 of the Constitution of the Company.

The registered shareholders, proxies and the corporate representatives were reminded to refrain from any forms of recording of the 23rd AGM as this was a private meeting with the shareholders of the Company, of which the public was not given access.

QUORUM

The Company Secretary confirmed that a quorum was present in accordance with Clause 73 of the Company’s Constitution. With the requisite quorum being present, the AGM was called to order at 10:00 a.m..

The Chairman proceeded to introduce the other Board members, Financial Controller and the Company Secretary, who were present together with him at the Broadcast Venue.

The Chairman then introduced the remaining Directors and the representative of Messrs Ernst & Young PLT, the External Auditors of the Company who joined the 23rd AGM remotely to the shareholders.

At this juncture, the Chairman extended his apology on behalf of Mr Jackson Chevalier Yap-Kit-Siong, the Independent Non-Executive Director of the Company for not being able to attend the 23rd AGM.

The Chairman presented to the Meeting on the performance in 2021. The details of the Year in Review 2021 were as follows:-

(a) Group Revenue

In 2021, the Group's revenue grew 10.3% to reach RM770.8 million from RM698.7 million the year before. This was the 21st consecutive year of revenue growth, and a new high for the Group. The pandemic continued to depress demand in the first quarter of 2021, when revenue was 7.2% lower than the same period in 2020. Recovery started in the second quarter of 2021 as COVID-19 cases stabilised. Sales continued strengthening in the second half year, driven by returning demand for pharmaceuticals, medical devices and consumer healthcare products.

(b) Group Revenue Trend By Quarters

The onset of the COVID-19 pandemic in 2020 significantly depressed market demand, causing quarterly revenue to decline steadily throughout the year. However, a sustained recovery began in early 2021, with a clear uptrend throughout the year. The revenue spike in the third quarter of 2021 was due to a demand surge for pulse oximeters, surgical masks, COVID-19 self-test kits in Malaysia and COVID-19 vaccines in Singapore, as the number of COVID-19 cases rose in the community.

(c) Composition Of Revenue

The Group's revenue comes from the sale of pharmaceuticals, consumer healthcare products and medical devices to clinics, pharmacies, hospitals and other consumer facing retail stores. All products sold can be broadly categorised under 3 brand types.

Firstly, Group Brands are those owned by the Group and products in this category accounted for 27% of revenue. The key pharmaceutical Group brands are Xepa, Avo and Aeva. In Consumer Healthcare, the Group brands are Agnesia, Henson and Kaps.

Secondly, Agency Brands are those that belong to the business partners of the Group which it represents for either distribution or contract manufacturing. These accounted for 51% of revenue. Currently, the Group distributes for more than 50 such partners in Malaysia, the largest of which is Nestle Health Science. In Singapore, the Group distributes for

more than 40 companies, and the largest is Merck Serono. For contract manufacturing, two notable business partners are the Singapore National Eye Centre and Taisho Pharmaceuticals.

The third category are General Brands, and these are products the Group trades or wholesales. This group accounted for 22% of Group Revenue. In pharmaceutical wholesale, the Group works with over 100 business partners, including all the major multinational pharmaceutical companies such as Pfizer, Sanofi, Novartis and AstraZeneca. The Group offers an extensive range of over 4,500 items as a one stop supplier to its customers, who are mainly pharmacies and clinics.

(d) Group Revenue By Brands

Group Brands revenue increased 8.5% from RM191 million in 2020 to RM207 million in 2021. Agency Brands rose 13.6% to RM404 million due to strong demand for pulse oximeters and COVID-19 vaccines as well as growth in contract manufacturing sales. General Brands grew 4.8% to RM159 million from the sale of face masks, COVID-19 test kits and growing pharmaceutical supplies to telemedicine providers.

(e) New Group Brand Products In 2021

In 2021, the Group successfully launched 9 new pharmaceutical and 4 new consumer healthcare products into the market. This is above its historical average of 6 to 8 new products annually and was the result of the increased spending on Research & Development in recent years. The launch of new products continues to be an important growth strategy, and today, the portfolio of Group Brand products has risen to 651.

(f) In Demand Pandemic Related Products (Malaysia)

In Malaysia, 3 key pandemic related products in 2021 were COVID-19 RTK Test Kits, which accounted for RM7.1 million in revenue, 4 ply medical masks with sales of RM 3.4 million and pulse oximeters with revenue of RM17.7 million. In total, these 3 products added RM 28.2 million to Group Revenue in 2021.

(g) In Demand Pandemic Related Products (Singapore)

In Singapore, contracts were secured to provide pharmaceutical and regulatory services to bring the SinoVac and SinoPharm Vaccines to the private sector. Sales from both these vaccines contributed RM15.2 million to Group Revenue last year. Demand for vaccines have since declined and the Group did not expect the sale of these 2 vaccines to recur in 2022.

(h) Group Revenue By Export

Another key growth driver for the Group is the sale of its products in international markets, or exports. Today, the Group exports to 18 countries, with the potential to serve a combined population of 600 million people in these countries. In 2021, exports of the Group Brands grew 6%. In 2020, the Group had a special one-off export of pandemic related products to Singapore to meet acute market shortages. This did not recur in 2021. Contract manufacturing exports grew a promising 142%, with deliveries to Singapore and Australia. Overall, exports declined 21% in 2021 because of the absence of the special export of pandemic related products to Singapore.

(i) Group Revenue Public Sector

The Group actively supplies both Group Brand and Agency Brand products to the public sector. In 2021, Malaysian public sector sales grew 6.5% while in Singapore, growth was 13.1%. Overall, total public sector revenue was 10.5% of Group Revenue in 2021. The private sector sales in all countries continue to be the dominant contributor to Group Revenue.

(j) Group Profit Before Tax

Operating Profit from the Company's wholly-owned subsidiaries rose 10.4% to RM69.2 million. Interest expense was lower by 24.7% as borrowings continue to be paid down. The Group's associate company, Straits Apex Group, contributed a lower RM7.1 million in 2021. Overall, the Group's Profit Before Tax grew 7.5% to RM75.4 million, a new high.

(k) Group Profit After Tax

In 2021, the Group's Profit After Tax grew 6.1% to RM59.4 million. The Group's 2021 tax rate was higher at 24.4% as compared to 22.8% in 2020. This was because of a lower share of net of tax earnings from the associate, as well as lower tax-free pandemic support grants from the Singapore Government in 2021.

(l) Dividends

In respect of financial year 2021, the Board has proposed an increased Final Dividend of 3.0 sen per ordinary share and a Special Dividend of 6.0 sen per ordinary share for shareholders' approval at this AGM. The special dividend of 6 sen is to return cash that is in excess of the Group's business needs to the shareholders of the Company, and also to mark the 60th anniversary of the founding of the Group. In total, dividends in respect of 2021 amounted to 11.5 sen, a 155% increase over 2020. The entitlement date is 2nd June 2022 with the payment date being 16th June 2022.

(m) Business Segments Key Operational Highlights in 2021

The Group's business is organised into 3 segments, i.e. Manufacturing, Distribution and Corporate, and these correspond with the business segments in the Group's quarterly results announcement to Bursa Malaysia Securities Berhad.

(i) Manufacturing

The European Union GMP certification had been renewed, an important commercially relevant global certification that opens new markets and opportunities for the Group.

The Group's capacity utilization for manufacturing of solids rose to 70.8%, with the newest plant SPP NOVO achieving utilization of 77.8%. In anticipation of higher volumes, a second tablet film coater and blister packaging line for SPP NOVO will be operational by third quarter of 2022.

Capacity utilization for the manufacturing of liquids remained low in the first half as demand for the Manufacturing Group's market leading range of cough and cold syrups remained weak because of the lower incidence of respiratory illness due to social distancing. However, as the incidence of the Omicron variant rose in the community, demand for the Manufacturing Group's cough and cold syrups rose, raising capacity utilization significantly. To support higher volumes, the third liquid production line will be operational by the second quarter of 2022.

The Group achieved a 68% growth in contract manufacturing business with its first exports to Australia, a new developed market for the Group.

Research and Development expenditure increased 16% over 2020 as the Group continues to step up investments to build a bigger pipeline of new products for the future.

XEPA's solar renewable energy project was operationalised in June 2021, a key step in sustainability journey. It is located at Cheng, Melaka, which houses all the manufacturing plants and laboratories. This solar renewable energy system is rated at 729 kilowatt peak, supplying an estimated 7% to 8% of the XEPA's energy requirements at Cheng site.

(ii) Distribution

The Group continues to see growing distribution volumes in Malaysia and Singapore through its network of 8 distribution depots in both countries. Today, the Group has more than 14,500 active

customer accounts in these 2 countries. In 2021, the Group processed more than 1,900 sales orders each working day. This added up to more than 560,000 invoices for the whole of 2021.

The drive to digitalise distribution operations is a key priority. There was increasing use of the Group's B2B platforms by clinics and medical centres in 2021, with 40% of Singapore's wholesale revenue transacted online last year. The B2B platform was developed by the Group's own in-house team of software engineers. The roll out of this platform in Malaysia commenced in the last quarter of 2021.

The Group had secured contracts to provide pharmaceutical logistics services to import and supply SinoVac and SinoPharm vaccines in Singapore. A key strength of the Distribution Group is the ability to rapidly identify, source and supply products required by the customers. In 2021, the Group secured revenue of RM43.4 million from the rapid sourcing and supply of changing in-demand products as the COVID-19 pandemic evolved.

(iii) Corporate

The key business under the Corporate Group is the Group's 40% associate company in Penang, Straits Apex Group, a leading Asian contract manufacturer of orthopaedic devices for multinational orthopaedic companies.

It currently has 3 manufacturing sites in Penang with 705 employees at Teluk Kumbar, Prai and Penang Science Park. A fourth site is expected to be operational by the fourth quarter of this year.

The lower profit contribution from Straits Apex in 2021 was due to lower-than-expected production output caused by workforce COVID-19 infections, higher fixed costs from additional capacity installed before the pandemic as well as increased freight charges for raw materials, which are mainly metals.

However, Straits Apex has a strong order book for 2022 and with the decline in numbers of COVID-19 infections, Straits Apex was expected to do better in 2022.

Group properties are also managed under the Corporate Group. Two (2) recent property purchases were highlighted as below:-

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(a) Pavilion Damansara Heights.

A 6 freehold office suites totalling 10,053 sq ft for RM9.1 million was acquired in 2016. The COVID-19 pandemic has caused completion to be delayed, and the Group now expects completion and handover before the end of 2022. The Group has made progress payments of approximately RM6 million to date.

(b) HICOM-Pegoh Industrial Park.

The purchase is now completed and handed over on 30th March 2022. The Group purchased this 18.75 acres of freehold industrial land for RM20.4 million to meet future needs of the Manufacturing Group. This is because the entire Cheng site is now fully developed and unable to accommodate new production facilities. Planning will commence in 2022 and the details will be announced when they are final.

(n) Key Priorities For 2022

There are two (2) key priorities for 2022 as follows:-

(i) Managing Risks

The Group expects the protracted Ukraine-Russia war to slow global economic growth, leading to weaker demand and higher prices. The war will exacerbate the next two risks.

A key risk is supply chain disruptions and persistently high freight charges. The Group will manage this risk by continuing its efforts to diversify its sources in order to improve supply chain security. In addition, the Group has and will continue to hold higher inventories to buffer fluctuations.

Another area of concern is rising raw materials and imported finished goods prices. The Group will work to preserve its margins through operating cost reduction where possible, but where pressure on margins is significant, the Group will have to pass some of these costs to the customers through price increases.

The Group will continue to keep an eye out for the emergence of new COVID-19 variants, and whether these will lead to new waves of community infections. As witnessed in 2021, workforce infections will affect production output and sales. As always, the Group will prioritise staff safety, while working hard to keep its business operations uninterrupted. As a healthcare company, it is well aware of the importance of keeping supply chains for

medicines and other healthcare products intact for the benefit of its communities.

(ii) Driving Growth

A key initiative is to grow the market share of Group Brand products in all markets. The Group will do this by intensifying Research & Development in key therapeutic categories to broaden its pipeline of new products, some of which are in new therapeutic categories. The sales and marketing teams will sustain the rate of new product launches into all markets, especially in consumer healthcare. The Group will increase sales and regulatory resources to open new international markets and will continue to strengthen digital engagement with healthcare professionals and consumers.

Secondly, the Group will continue to seize market opportunities through the rapid identification and supply of new in-demand healthcare products. Not just for pandemic related products, but also products in growing therapeutic areas such as oncology and immunology.

And lastly, the Group will be tapping prospects for new contract manufacturing partnerships in both pharmaceuticals and orthopaedics.

Overall, the Group expects 2022 to be even more challenging than the last two (2) years. The Group will continue to stay focused on its proven fundamentals and leverage the experience it gained operating in the last two (2) pandemic affected years. The Meeting was assured that the Board and Management are fully committed to create even more value for the shareholders in 2022 and beyond.

On behalf of the Board, the Chairman thanked all the stakeholders and shareholders of the Company for their support and continued confidence and trust.

NOTICE OF MEETING

With the consent of the Members, the Notice convening the 23rd AGM having been circulated within the prescribed period was taken as read.

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SUMMARY OF PROXY FORMS RECEIVED

As part of good governance, the Chairman reported that the Company had received in total 35 proxy forms from the shareholders of the Company for a total of 354,565,972 ordinary shares representing 74.43% of the issued shares capital of the Company.

Out of those, there were twenty-one (21) shareholders who had appointed the Chairman of the Meeting as proxy to vote on their behalf and the shares so represented were 13,568,148 ordinary shares representing 2.85% of the issued shares capital of the Company.

The Chairman informed the Members of their right to participate at this AGM by transmitting their questions in real time via the messaging window.

POLLING AND ADMINISTRATIVE GUIDE

The Chairman informed the Meeting that pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”), all resolutions set out in the Notice of the AGM must be voted by poll. Pursuant to Clause 77 of the Company’s Constitution, the Chairman then demanded for a poll to be taken for all the resolutions set forth in the Notice of the 23rd AGM.

The Chairman also informed the Meeting that the Company had appointed Boardroom Share Registrars Sdn. Bhd. to facilitate the poll voting electronically and GovernAce Advisory & Solutions Sdn. Bhd. as the Independent Scrutineer to validate the poll results.

The Meeting was informed that the voting session was available at that point in time until the closure of the voting session to be announced later. The results of the poll voting would be announced after the Scrutineer has verified the poll results.

The Meeting was then briefed on the electronic and remote poll voting process via video presentation.

After the briefing on the polling procedure, the Chairman proceeded with business on the agenda and went through each of the motions set out in the Notice of the 23rd AGM.

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DISCUSSION ITEM

- AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2021

The Audited Financial Statements together with the Reports of the Directors and Auditors of the Company for the financial year ended 31st December 2021 (“**Audited Financial Statements**”) having been circulated to all the shareholders of the Company within the statutory period were taken as read.

The Chairman informed the Meeting that this item on the agenda was meant for discussion. It would not be put to voting by shareholders as it did not require approval from the shareholders of the Company.

The Chairman declared that the Audited Financial Statements of the Company for the financial year ended 31st December 2021 had been duly tabled and received by the shareholders.

The Chairman then informed the Meeting that the question and answer session would be opened after all the motions have been tabled.

The Chairman went through the remainder motions set out in the Notice of the 23rd AGM and informed the Meeting of the commencement of the question and answer session.

QUESTION AND ANSWER SESSION

It was noted that the Company had received questions from the Minority Shareholders Watch Group (“**MSWG**”) before the AGM and MSWG has requested the questions and replies to be presented at the AGM for the interest of the minority shareholders. The questions raised were addressed by Dr. Kee, the Group CEO. The questions from MSWG and Members and replies are set out in Appendix I attached hereto.

After addressing the questions received, Dr. Kee informed the Meeting of the closure of question and answer session and the Company would respond to those questions that were not taken up during the Meeting via email, if any. These answers will also be published on the Company’s website.

VOTING SESSION

The Chairman invited the Members to cast their votes at that point in time if the Members have not submitted their votes earlier and informed that the voting session would be closed after 5 minutes. It was noted that the Chairman was appointed to act as proxies for a number of shareholders and he would vote according to the instructions given.

The Chairman further informed the Meeting that the outcome of the poll would be announced after the short break as it would take some time for the Independent Scrutineers to tabulate the results of the poll. The Meeting was then adjourned at 11:00 a.m. for the votes to be counted and to enable the Independent Scrutineers to tabulate the results of the poll.

The Meeting resumed at 11:14 a.m. for the declaration of the results of the poll.

POLL RESULTS

The Chairman announced the results of the poll as follows:-

ORDINARY RESOLUTION 1

- FINAL SINGLE-TIER DIVIDEND FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2021

Ordinary Resolution 1	Vote For		Vote Against		Results
	No. of Shares	%	No. of Shares	%	
<i>To approve a final single-tier dividend of 3.0 sen per ordinary share for the financial year ended 31st December 2021</i>	360,234,631	100.0000	115	0.0000	Carried

It was RESOLVED:-

That the payment of a final single-tier dividend of 3.0 sen per ordinary share for the financial year ended 31st December 2021 be and is hereby approved.

ORDINARY RESOLUTION 2

- SPECIAL DIVIDEND FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2021

Ordinary Resolution 2	Vote For		Vote Against		Results
	No. of Shares	%	No. of Shares	%	
<i>To approve a special dividend of 6.0 sen per ordinary share for the financial year ended 31st December 2021</i>	360,216,554	99.9908	33,192	0.0092	Carried

It was RESOLVED:-

That the payment of a special dividend of 6.0 sen per ordinary share for the financial year ended 31st December 2021 be and is hereby approved.

ORDINARY RESOLUTION 3

- DIRECTORS' FEES FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2021

Ordinary Resolution 3	Vote For		Vote Against		Results
	No. of Shares	%	No. of Shares	%	
<i>To approve the payment of Directors' fees of RM566,364 for the financial year ended 31st December 2021</i>	353,861,043	99.8541	516,955	0.1459	Carried

It was RESOLVED:-

That the Directors' fees of RM566,364 only for the financial year ended 31st December 2021 be and is hereby approved for payment to the Directors.

ORDINARY RESOLUTION 4

- RE-ELECTION OF DIRECTOR - MR ROBERT DOBSON MILLNER

Ordinary Resolution 4	Vote For		Vote Against		Results
	No. of Shares	%	No. of Shares	%	
<i>To re-elect Mr Robert Dobson Millner who retires by rotation pursuant to Clause 95 of the Constitution of the Company</i>	359,445,216	99.8035	707,782	0.1965	Carried

It was RESOLVED:-

That the retiring Director, Mr Robert Dobson Millner be and is hereby re-elected as Director of the Company.

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ORDINARY RESOLUTION 5**- RE-ELECTION OF DIRECTOR - DATUK PHANG AH TONG**

Ordinary Resolution 5	Vote For		Vote Against		Results
	No. of Shares	%	No. of Shares	%	
<i>To re-elect Datuk Phang Ah Tong who retires by rotation pursuant to Clause 95 of the Constitution of the Company</i>	359,509,366	99.7973	730,380	0.2027	Carried

It was RESOLVED:-

That the retiring Director, Datuk Phang Ah Tong be and is hereby re-elected as Director of the Company.

ORDINARY RESOLUTION 6**- RE-ELECTION OF DIRECTOR - MR LEONG KHAI CHEONG**

Ordinary Resolution 6	Vote For		Vote Against		Results
	No. of Shares	%	No. of Shares	%	
<i>To re-elect Mr Leong Khai Cheong who retires pursuant to Clause 102 of the Constitution of the Company</i>	357,682,014	99.2872	2,567,732	0.7128	Carried

It was RESOLVED:-

That the retiring Director, Mr Leong Khai Cheong be and is hereby re-elected as Director of the Company.

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ORDINARY RESOLUTION 7
- RE-APPOINTMENT OF AUDITORS

Ordinary Resolution 7	Vote For		Vote Against		Results
	No. of Shares	%	No. of Shares	%	
<i>To re-appoint Messrs Ernst & Young PLT as the Auditors of the Company and to authorise the Directors to fix their remuneration</i>	360,148,644	99.9719	101,102	0.0281	Carried

It was RESOLVED:-

That the retiring Auditors, Messrs Ernst & Young PLT, having indicated their willingness to continue in office, be and are hereby re-appointed as the Auditors of the Company for the ensuing year until the conclusion of the next Annual General Meeting and that the Directors be and are hereby authorised to fix their remuneration.

ORDINARY RESOLUTION 8
- AUTHORITY UNDER SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 FOR THE DIRECTORS TO ALLOT AND ISSUE SHARES

Ordinary Resolution 8	Vote For		Vote Against		Results
	No. of Shares	%	No. of Shares	%	
<i>Authority under Sections 75 and 76 of the Companies Act 2016 for the Directors to allot and issue shares</i>	359,515,623	99.7962	734,123	0.2038	Carried

It was RESOLVED:-

THAT pursuant to Sections 75 and 76 of the Companies Act 2016, and subject to the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered to issue new shares in the Company at any time, at such price, upon such terms and conditions and for such purposes and to such person or persons whomsoever 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 total number of issued shares 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 for the listing of and quotation for the additional shares so issued AND THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company.

ORDINARY RESOLUTION 9**- AUTHORITY FOR MS HENG SU-LING MAE TO CONTINUE IN OFFICE AS INDEPENDENT DIRECTOR**

Ordinary Resolution 9	Vote For		Vote Against		Results
	No. of Shares	%	No. of Shares	%	
<i>Authority for Ms Heng Su-Ling Mae to continue in office as an Independent Director of the Company</i>	202,816,772 (Tier 1)	100.0000	-	-	Carried
	154,153,994 (Tier 2)	97.9172	3,278,980	2.0828	Carried

It was RESOLVED:-

That Ms Heng Su-Ling Mae be and is hereby retained as an Independent Director of the Company, in accordance with the Malaysian Code on Corporate Governance until the conclusion of the next Annual General Meeting.

CONCLUSION OF THE MEETING

There being no other matters, the Meeting concluded at 11:20 a.m. with a vote of thanks to the Chair.

SIGNED AS A CORRECT RECORD

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CHAIRMAN

APEX HEALTHCARE BERHAD
(“AHB” or the “Company”)
(Registration No. 199801016979 (473108-T))

QUESTIONS AND ANSWERS SESSION DURING THE TWENTY-THIRD ANNUAL GENERAL MEETING OF THE COMPANY HELD ON WEDNESDAY, 18TH MAY 2022

PART A : Questions (“Q”) from Minority Shareholders Watch Group and replies (“A”) from the Company

Operational & Financial Matters

Q1	<p>The Company relies heavily on R&D to drive its business. In FYE 2021, the R&D expenditure rose 16% over the previous year, as the Company continued to allocate more resources to build an expanding pipeline of globally relevant products. (Page 6 of AR 2021)</p> <p>(a) What was the R&D expenditure in FYE 2021?</p> <p>(b) What is the R&D expenditure earmarked for FYE 2022?</p>
A1	<p>(a) R&D expenditure in FYE 2021 is RM5.98 million, as stated on Page 111 of the Annual Report. Separately, we have also capitalized RM938,000 for costs incurred for bioequivalence studies and the purchase of pharmaceutical dossiers for certain products under development. This can be found on Page 121 of the Annual Report Note 16 on Intangible Assets.</p> <p>(b) R&D expenditure in 2022 is budgeted to increase by more than 10% over 2021.</p>
Q2	<p>The contract manufacturing business of the Company expanded in FYE 2021 with its maiden shipment of products to developed economies. It delivered its first shipment of a contract manufactured cardiovascular drug to Australia in the first quarter of 2021 for a client based in the United Kingdom. This was followed by a drug indicated for central nervous system disorders in the third quarter. (Page 6 of AR 2021)</p> <p>(a) What was the sales registered for both these drugs in FYE 2021?</p> <p>(b) What was the net profit margins for these drugs?</p>
A2	<p>(a) The sales registered for these two drugs in FYE 2021 total RM421,764.</p> <p>(b) We are unable to disclose the net profit margins for these drugs because of confidentiality clauses in the agreements with our contract manufacturing customer.</p>

PART A : Questions (“Q”) from Minority Shareholders Watchdog Group and replies (“A”) from the Company (Cont’d)

A5	<p>(a) The RM1.2 million increase in written down inventory is due to increased provisions of RM0.6 million for slow moving inventory, RM0.4 million for stock obsolescence and RM0.2 million for short expiry stocks. Total inventories written down for FYE 2021 is RM2.33 million, or 2.45% of the total inventory</p> <p>(b) To-date, none of the amount has been written back after the close of FYE 2021. Review of all such written down inventory is carried out periodically and with on-going commercial effort, we expect a portion of these inventories to be written back in the course of FYE 2022.</p> <p>(c) Compared to FYE 2021, FYE 2022 is expected to be a more challenging year. Supply chain disruptions, rising costs and changing market demands caused by the pandemic and Ukraine-Russia war has heightened inventory risks for raw materials, packaging and finished goods. We are placing greater focus on inventory management to ensure that inventories written down do not rise further.</p>
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Corporate Governance Matters

Q6	<p>Practice 1.3 of the Malaysian Code on Corporate Governance stipulates that the position of CEO and Chairman should not be held by the same individual. Having the same person to assume both roles is not a good Corporate Governance practice. Dr. Kee Kirk Chin holds both the positions of CEO and Chairman of the Company and this is not in line with Practice 1.3. Does the Company intend to apply Practice 1.3, and if yes, by when?</p>
A6	<p>The Board takes note of the comments from MWSG. Although the functions of Chairman and CEO are currently combined, the Board is of the opinion that no single Director has excessive power. Independent Directors comprise 62.5% of the Board. At each meeting, the Board elects one of its members, other than the Chairman, to be the Chairman of the meeting. Directors are able to engage in open and constructive debate at Board meetings, ensuring that the Board’s decision-making process is robust.</p>

PART A : Questions (“Q”) from Minority Shareholders Watchdog Group and replies (“A”) from the Company (Cont’d)

Corporate Governance Matters (Cont’d)

A6	The intended outcome of Practice 1.3 is that every company is headed by a board, which assumes responsibility for the company’s leadership and is collectively responsible for meeting the objectives and goals of the company. The Board recognises the departure from Practice 1.3 but is of the opinion that the intended outcome is met with the current arrangements. The Board will however look into separating the roles if this intended outcome is compromised.
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PART B : Questions from Shareholders and Proxyholders and replies from the Company

Shareholder’s Name	No.	Description
Lau Chuan Hooi	1.	Question
		May I know what is the Company’s future outlook?
		Answer
The Group’s future outlook has been addressed in the Year in Review 2021. Revenue in 2021 increased steadily quarter-on-quarter. With the decline of COVID-19 cases, we expect the economy to be better. However, FYE 2022 is expected to be a more challenging year due to new factors such as the Russia-Ukraine war.		
Shareholder’s Name	No.	Description
Veiven Goon	2.	Question
		How much was the Company’s revenues from COVID-related businesses (manufacture or distribution of test kits, oximeters, vaccines, etc)? What is the likely impact on the Company as the world moves from a pandemic phase to an endemic phase?

PART B : Questions from Shareholders and Proxyholders and replies from the Company (Cont'd)

Shareholder's Name	No.	Description
Veiven Goon		Answer
		The revenue from the COVID-related products has been addressed in the Year in Review 2021.
		As the pandemic evolves, we have rapidly moved to source new products to meet the needs of the market. We will have to see what the new market demands are in the endemic phase and whether new COVID variants will appear and their effect on the health of the community. We have the capability to respond quickly and we will look for opportunities to supply products as the pandemic evolves.
	3.	Question
		Brands proprietary to the Group accounted for 26.9% of the Group's revenue down from 30.2% in 2018. What are the reasons for this declining trend?
		Answer
	Our Group Brands grew 8.5% in 2021 as compared to 2020. The reason for the lower percentage is because the revenue for non-Group Brands grew even more strongly driven by pandemic related products namely COVID-19 test kits, masks and oximeters. This explains the drop in percentage but in terms of absolute revenue, Group Brands have grown by 8.5% over the previous year.	
4.	Question	
	What is the revenue contribution of the B2C e-commerce business? What are the Company's plans to grow this business?	
	Answer	
	The B2B business is gaining significant traction. Whilst, our B2C e-commerce business is still in its infancy. We will be putting more efforts in developing our consumer healthcare business in the years ahead but it will take a few years for us to build up significant volume and traction for our B2C business.	

PART B : Questions from Shareholders and Proxyholders and replies from the Company (Cont'd)

Shareholder's Name	No.	Description
Veiven Goon	5.	Question Can the Company post the CEO's presentation on the Company's website?
		Answer The details of the Year in Review 2021 will be incorporated in the Minutes of the Annual General Meeting, which will be published on the Company's website not later than thirty (30) business days after the AGM.
Shareholder's Name	No.	Description
Choy Lai Wah	6.	Question Any supply chain disruptions that Company faces recently and in coming 3 years? If any, any solutions?
		Answer The supply chain disruptions have been addressed in the Year in Review 2021. We have managed this by increasing our inventories level to buffer any short-term disruptions. We will endeavour to look for alternative sources and other workaround solutions and alternative products. We also try to increase purchases from our suppliers and if we run into any problem with sea freight, we will look for alternative modes such as air freight to bring supplies into Malaysia.
	7.	Question What are the Company's growing catalysts in coming future (3 years)?
		Answer It has been addressed in the Year in Review 2021 when we talked about driving growth in 2022 and beyond.

PART B : Questions from Shareholders and Proxyholders and replies from the Company (Cont'd)

Shareholder's Name	No.	Description
Lau Chee Chung	8.	<p>Question</p> <p>What is the utilization rate on SPP NOVO factory in first quarter this year? Do we see better profit margin this year?</p> <p>Answer</p> <p>The capacity utilization rate of SPP NOVO has been addressed in the Year In Review 2021.</p>
	9.	<p>Question</p> <p>What is the expected growth that we will see this year? Any merger and acquisition or inorganic growth plan for this year?</p> <p>Answer</p> <p>The prospects have been addressed in the Year in Review 2021.</p> <p>In relation to merger and acquisition activities, the Company is always on the lookout for opportunities. When there are any possible merger and acquisition that may be closing, we will make the necessary disclosures. Whatever we do, we aim to strengthen our fundamentals.</p>
	10.	<p>Question</p> <p>How will RM1,500 minimum salary affect the Company?</p> <p>Answer</p> <p>The Company has implemented the minimum salary for all its wholly-owned operating subsidiaries and we do not expect any material impact from the introduction of the minimum salary into the Group.</p>
	11.	<p>Question</p> <p>Why there is significant jump in Director's benefit?</p> <p>Answer</p> <p>Referring to Annual Report 2021 page 112, we do not see any significant jump in Director's benefit.</p>

PART B : Questions from Shareholders and Proxyholders and replies from the Company (Cont'd)

Shareholder's Name	No.	Description
Loo Yeo Ming	12.	<p>Question</p> <p>Any bonus issue?</p> <p>Answer</p> <p>The Board will consider and we will disclose when the circumstances are appropriate for the bonus issue.</p>
	13.	<p>Question</p> <p>To approve the payment of Directors' fees of RM566,364, what is it in for us as the shareholders of the Company?</p> <p>Answer</p> <p>Directors' remuneration is reviewed annually by the Remuneration Committee, taking into consideration fees paid to other publicly listed companies that are comparable in terms of market capitalization and industry. Led by the Board, the Company achieved record revenue and profits in FYE 2021. Including the final and special dividends approved by the shareholders at this 23rd AGM, total dividends paid and payable to shareholders for FYE 2021 will amount to a 155% increase over that paid in respect of FYE 2020.</p>
	14.	<p>Question</p> <p>What is your succession planning to replace retiring directors?</p> <p>Answer</p> <p>In the same spirit we place great importance on succession planning for Management, we also place great importance on succession planning for the Board so that we can have an effective Board to lead the Company into the years ahead. We have in place a succession policy for the Board. We consider the skills and diversity that are required to meet the anticipated needs in leading the Company forward in the future. We will be announcing new Directors' appointments over the next few years as some current Directors will be retiring.</p>

PART B : Questions from Shareholders and Proxyholders and replies from the Company (Cont'd)

Shareholder's Name	No.	Description
Chua Song Yun	21.	Question
		How much of the revenue and profit of the manufacturing segment (page 156) is derived from own-brand manufacturing in FY2020 and FY2021, in terms of percentages? How was the margin if compared to contract manufacturing products? What is the target going forward?
		Answer
		<p>In 2021, the total revenue from owned-brand manufacturing was more than 90%.</p> <p>Contract manufacturing revenue accounted for approximately 8% of the revenue of our Manufacturing Group.</p> <p>Overall, the profit margins for own Group Brands are better than contract manufacturing.</p> <p>We do not have a target set for contract manufacturing at this point. It is growing and we are tapping new opportunities. We will see how this business evolves and develops over the next few years.</p>
Shareholder's Name	No.	Description
Tan Seong Heng	15.	Question
		May I know how long Ernst & Young PLT have been the Auditors for the Company? What is the process to review the effectiveness of auditors?
		Answer
		<p>Ernst & Young PLT has been the external auditors of the Company for 18 years since 2003 and we have worked with five (5) different partners under Ernst & Young PLT in the course of these 18 years.</p> <p>The Audit Committee annually assesses the effectiveness and performance of Ernst & Young PLT and we also rely on the Annual Transparency Report of Ernst & Young PLT.</p>

PART B : Questions from Shareholders and Proxyholders and replies from the Company (Cont'd)

Shareholder's Name	No.	Description
Tan Seong Heng		All these are considered by the Audit Committee before recommending to the Board and shareholders for the re-appointment of Ernst & Young PLT as Auditors of the Company.
	16.	Question Is there any RRPT during the year?
		Answer Related Party Transactions are disclosed on page 146 Note 32: Related Party Transactions of the Annual Report. Other than that, we do not have other RRPT during the year.
Shareholder's Name	No.	Description
Hia Chun Yu	17.	Question May I know the order book year to date for contract manufacturing?
		Answer At this stage, the order book for contract manufacturing of orthopaedics is stronger than in previous years and is in a much-improved position. We cannot disclose the exact value in the order book for contract manufacturing due to confidentiality.
	18.	Question May I know the market for the Company in Singapore and Malaysia?
		Answer It has been in the Year in Review 2021 when we talked about driving growth and prospects of the Company for 2022 and beyond.
Shareholder's Name	No.	Description
Lee Kong Meng	19.	Question Would like to know why pharmacy outlets (Malacca) had been close down? What causes for? Any plan for reopen outlets for any part of Malaysia?

PART B : Questions from Shareholders and Proxyholders and replies from the Company (Cont'd)

Shareholder's Name	No.	Description
Lee Kong Meng		Answer We exited the retail pharmacy business as we do not have the economy of scale. We find that it is not profitable to maintain one retail pharmacy in Melaka. This is not an area of focus for us. For the last 10 to 15 years, our main focus has been on manufacturing and distribution. We would like to move our retail operations to our B2C platform. At this point in time, we have no plans to reopen retail pharmacy outlet in Malaysia.
	20.	Question As how much is COVID vaccines from Singapore selling per doses to clinics?
		Answer We regret that we cannot disclose the pricing because we are bound by our agreements with the suppliers of the COVID vaccine on how much we charge the clinics.
Shareholder's Name	No.	Description
Chew Chong Ghee	21.	Question Will the current worldwide inflation affect the cost of raw material and is the Company able to transfer the cost to the customer?
		Answer Yes, it will affect the price of raw materials. We have already seen price increases in raw materials, finished goods and packaging materials. We will look for savings from operations where possible and to source less expensive supplies. If the pressure on margin becomes very significant, we will have no choice but to pass on some of these costs to the customers.
	22.	Question Will the increase in minimum wages to RM1,500 affect the Company profit margin?

PART B : Questions from Shareholders and Proxyholders and replies from the Company (Cont'd)

Shareholder's Name	No.	Description
Chew Chong Ghee		Answer
		It has already been addressed in a previous question.
Shareholder's Name	No.	Description
Cheong Heng Hou	23.	Question
		How does strong USD affect Company's operations?
		Answer
		<p>A strong USD helps our associate company in Penang because 99% of their output is exported and denominated in USD whereas the costs are mainly Ringgit Malaysia based.</p> <p>For our distribution business, a strong USD will lead to higher cost of imported finished goods. Nevertheless, purchases of imported goods only account for less than 10% of purchases for the Distribution Group, in which case the impact of a strong USD will not be significant.</p> <p>For manufacturing, although we purchase raw materials in USD or SGD, our exports have been growing.</p> <p>On the balance, we think that a strong USD should help the business.</p>