

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

MINUTES OF THE TWENTY-FOURTH 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, 17TH MAY 2023 AT 10:00 A.M.

PRESENT:-

DIRECTORS

Dr. Kee Kirk Chin

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

¹ 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

Ms Heng Su-Ling Mae

- Independent Non-Executive Director

Datuk Phang Ah Tong

- Independent Non-Executive Director and also a shareholder

¹ Mr Jackson Chevalier Yap-Kit-Siong

- Independent Non-Executive Director

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

IN ATTENDANCE

Ms Chan Yoke Peng

- Company Secretary

Ms Chiew Woon Wui

- Financial Controller

¹ Mr Edwin Francis

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

¹ Mr Winston Loh

- Representing UOB Kay Hian Securities (M) Sdn. Bhd., Advisor of the Company

BY INVITATION

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-Fourth (“**24th**”) 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 24th 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..

SUMMARY OF PROXY FORMS RECEIVED

The Company Secretary also reported that the Company had received in total fifty (50) proxy forms from the shareholders of the Company for a total of 350,574,286 ordinary shares representing 73.24% of the issued shares capital of the Company.

Out of those, there were thirty-six (36) shareholders who had appointed the Chairman of the Meeting as proxy to vote on their behalf and the shares so represented were 150,931,228 ordinary shares representing 31.53% of the issued shares capital of the Company.

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, the representative of Ernst & Young PLT, the External Auditors of the Company and the representative of UOB Kay Hian Securities (M) Sdn. Bhd., the Advisor of the Company who joined the 24th AGM remotely to the shareholders.

The Chairman presented to the Meeting on the performance in 2022. The details of the Year in Review 2022 were as follows:-

(a) Group Revenue

In 2022, the Group's revenue grew 13.9% to reach RM877.7 million from RM770.8 million the year before. This was the 22nd consecutive year of revenue growth, and a new high for the Group. The recovery momentum from 2021 continued into 2022. COVID-19 and other respiratory illnesses were prevalent in the community, and drove demand, especially in the second half of 2022.

(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. Recovery commenced in 2021, helped by sales of pandemic related products. This momentum continued into 2022 as COVID-19 transitioned to endemicity. Demand for respiratory medicines was high in the second half of 2022 with Q3 and Q4 being the two highest quarterly revenue on record.

(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 31% of revenue. The key pharmaceutical Group brands are Xepa and Avo and the key brands in Consumer Healthcare are Agnesia and Henson.

Secondly, Agency Brands are those that belong to the business partners of the Group and which it either represents for distribution or contract manufacture for. These accounted for 49% of revenue. Currently, the Group distributes for more than 40 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.

The third category are General Brands, and these are products the Group trades or wholesales. This group accounted for 20% 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.

(d) Group Revenue by Brands

Group Brands revenue increased 31.1% from RM207 million to RM271 million due to high demand for Group branded respiratory medicines. Agency Brands grew 6.7% to RM431.1 million while General Brands rose 9.7%.

(e) New Group Brand Products in 2022

In 2022, the Group successfully launched 5 new pharmaceutical and 2 new consumer healthcare products into the market. This is in line with the Group's historical average of 6 to 8 new products. The launch of new products continues to be an important growth strategy, and today, the portfolio of Group Brand products comprises a total of 648 products.

(f) 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 19 countries, with the potential to serve a combined population of 600 million people in these countries. In 2022, exports of the Group brands grew 31.6%, helped by improved demand in key international markets. Contract manufacturing exports grew a promising 35.7%, with deliveries to Singapore and Australia. Overall, exports grew 32.2% in 2022, accounting for 7.7% of Group Revenue, up from 6.6% the year before.

(g) Group Revenue Public Sector

The Group actively supplies both Group Brand and Agency Brand products to the public sector. In 2022, Malaysian public sector sales grew 24% while in Singapore, growth is 68%. Overall, total public sector revenue is 12.3% of Group Revenue in 2022. The private sector sales in all countries continue to be the dominant contributor to Group Revenue.

(h) Group Profit Before Tax

Operating Profit from the Company's wholly-owned subsidiaries rose 32.3% to RM91.6 million. Interest expense was lower by 11.5% as borrowings continued to be paid down. The Group's associated company, Straits Apex Group, contributed higher earnings of RM25.4 million in 2022. There was also a reversal of an impairment of RM4.2 million made in 2016 for the investment in Straits Apex Group. Overall, Group Profit before Tax grew 59.6% to RM120.4 million, a new high.

(i) Group Profit After Tax

In 2022, the Group's Profit after Tax grew 69.9% to RM100.9 million. The Group's 2022 tax rate was lower at 16.1% as compared to 21.2% in 2021 because of a significantly higher share of net of tax earnings from Straits Apex Group, the Group's associated company. Excluding the impact from the Group's associate, the effective tax rate in 2022 was lower at 21.4% compared to 23.4% in 2021 due to the utilisation of Reinvestment Allowance.

(j) Dividends

In respect of financial year 2022, the Board has proposed an increased Final Dividend of 3.5 sen per ordinary share and a Special Dividend of 2.0 sen per ordinary share for shareholders' approval at this AGM. This translates to a Dividend Payout Ratio of 41% and if earnings from associate were to be excluded, the Dividend Payout Ratio amounts to 57%. The entitlement date is 2nd June 2023 with the payment date being 16th June 2023.

(k) Bonus Issue

The Company is pleased to announce that a bonus issue of new AHB Shares on the basis of 1 Bonus Share for every 2 existing AHB Shares held has been proposed for shareholders' approval at this AGM. The Bonus Shares will be issued as fully paid shares at nil consideration and without capitalisation of the Company's reserves. A total of up to 240,449,686 bonus shares may be issued. The entitlement date for the Proposed Bonus Issue will be fixed after the entitlement date for the Proposed Final & Special Dividend, and as such, the Bonus Shares will not be entitled to the Proposed Final & Special Dividend.

(l) Business Segments Key Operational Highlights in 2022

The Group's business is organised into 3 reporting 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, an important commercially relevant global certification that opens new markets and opportunities for the Group, was renewed. The Malaysian NPRA certification was also renewed.

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The Group's capacity utilisation for manufacturing of solids rose to 74.8%. The 2nd tablet film coater and blister packing line for the newest plant SPP NOVO were operational in Q3 2022, raising the total installed annual production capacity for tablets and capsules by 36%.

Capacity utilisation for the manufacturing of liquids rose to 68.1%. The 3rd liquid production line was operational in Q3 2022, doubling total installed annual production capacity for liquids such as cough and cold syrups. This timely capacity expansion helped XEPA meet the heightened demand for cough and cold medicines.

The Group achieved a 48% growth in contract manufacturing business with the first exports of Eye Mo eye drops to Mexico, the Group's first foray into Latin America. The Group also delivered the third drug for the Australian market, used for the treatment of dementia related to Alzheimer's disease.

Research and development expenditure increased 12% over 2021 as the Group continues to direct resources to build a bigger pipeline of new products for the future.

The Group established Zynexis Healthcare Private Ltd, a joint venture with Shanghai Pharmaceuticals, a Fortune Global 500 company incorporated in China. Zynexis will serve as a vehicle to commercialise pharmaceuticals, consumer healthcare products and medical devices from both Shanghai Pharmaceuticals and the Apex Healthcare Group under the brand of Zynexis in selective ASEAN countries and other international markets. The Group expects contributions from Zynexis to commence in 2025, after regulatory approvals are obtained for the products.

(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 15,500 active customer accounts in these 2 countries. In 2022, the Group processed more than 2,200 sales orders each working day. This added up to more than 648,000 invoices for the whole of 2022.

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 2022, with 40% of Singapore's wholesale revenue transacted online last year.

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To strengthen processes, the Group's wholly-owned Singapore subsidiary, Apex Pharma Marketing Pte Ltd, successfully migrated its enterprise software to SAP in December 2022, in line with the Group's Information Technology Master Plan.

In 2022, there were 3 significant new agencies secured. The Group secured the Singapore rights from Glenmark Pharmaceuticals to exclusively market and distribute VirX, a nasal spray containing nitric oxide with proven anti-microbial properties against respiratory viruses, including the COVID-19 virus. The Group also secured a new principal specialising in dermatology, Galderma S.A., for sales and distribution to clinics in Singapore. In Malaysia, the Group was appointed by L'Oreal Malaysia to exclusively distribute its La Roche Posay range of dermo-cosmetic products to private sector pharmacies, hospitals, and clinics.

(iii) Corporate

The key business under the Corporate Group is the Group's 40% associate company in Penang, Straits Apex Group, an ASEAN contract manufacturer of orthopaedic devices for multinational orthopaedic companies. It currently has 4 Manufacturing sites in Penang with 978 employees at Telok Kumbar, Prai and Penang Science Park.

Share of earnings in 2022 was unusually high at RM29.6 million. This is because uninterrupted production allowed Straits to clear all its back orders from 2021. Earnings were also helped by a non-recurring reversal of a RM4.2 million impairment made in 2016.

Straits has acquired land at Batu Kawan Industrial Park, Penang to construct an integrated manufacturing facility to consolidate operations. Construction works are in progress.

(m) The divestment of Straits Apex Sdn. Bhd. was highlighted as below:-

- (i) On 28th April 2023, the Group's 40% associate, Straits Apex Group, entered into agreements to divest 60% equity in its wholly-owned subsidiary, Straits Apex Sdn. Bhd., to Quadria Capital at an Enterprise Value of US\$240 million, approximately RM1.07 billion.

The Enterprise Value is subject to debt and working capital adjustments after completion. SAG will rollover 40% equity in SA via a new investment holding company established by Quadria.

In early 2022, the Group's majority and managing partner in SAG expressed his wish to realise value in the business. Various options were discussed. An Initial Public Offering was considered, but this

was not an option that he was willing to pursue. The Group considered acquiring the shares from its partner, but after careful evaluation, the Group decided against this as this will direct a disproportionate amount of funds and resources to a business that has very little synergy with its core pharmaceutical business and which the Group does not have the management depth to manage effectively. Eventually, the Group agreed to explore a partial or full divestment.

To manage the divestment, SAG appointed KPMG Singapore as advisor to obtain the best market valuation. KPMG ran a competitive bid process over a period of 9 months. Quadria Capital emerged with the best offer and valuation.

- (ii) On 11th May 2023, as all Conditions Precedent in the Sale Purchase Agreement were fulfilled, the divestment was completed.

This is an excellent return on a 10-year investment for SAG, while retaining 40% equity for future growth. The Enterprise Value is an attractive 16.7 times of the average EBITDA for the last 3 years. It also represents a return of 54 times the original cost of investment for the Company and allows shareholders the opportunity to partially unlock good value in the business.

On the impact of the Divestment to the Company, it will record a significant non-recurring gain this year. This will be reported in a future quarterly announcement when all adjustments and transactions expenses are finalised after completion. The Group's effective interest in Straits Apex will reduce from 40% to 16%. This impact is lessened to a degree by new income to SAG in the form of rental income from the long-term lease of the Batu Kawan facility to SA.

- (n) Group properties are also managed under the Corporate Group. The update on the current two (2) properties was highlighted as below:-

- (i) Pavilion Damansara Heights.

6 freehold office suites totalling 10,053 sq ft for RM9.1 million were acquired in 2016. Completion and handover are scheduled in the first half of 2023. At this point, the space is not required for internal use and the property will be tenanted out in the interim.

- (ii) HICOM-Pegoh Industrial Park.

The purchase was completed and handed over on 30th March 2022. The Group purchased a piece of 18.75 acres freehold industrial land for RM20.4 million to meet future needs of the Manufacturing Group. The Group continues to embark on smaller

scale expansions and improvements at its current site in Cheng, Melaka, and intends to use this new site for large scale expansion projects. Planning is ongoing.

(o) Sustainability

To strengthen overall leadership in the Group's sustainability efforts, a Board Risk and Sustainability Committee was established with effect from 1st January 2022. A Group Sustainability Technical Committee was also formed in April 2022 to conduct technical studies and assessments and evaluate sustainability projects material to the Group.

Since June 2021, the solar renewable energy project in the Manufacturing Group has delivered savings in energy costs of over RM0.5 million, with carbon dioxide avoidance exceeding 900 tonnes, fossil fuel avoidance of over 130 tonnes of oil equivalent or approximately 22,000 trees. Contracts for the installation of solar renewable energy systems at the Singapore and Malaysia warehouse sites for the Distribution Group have been awarded. The systems are targeted to be operational by the fourth quarter of 2023.

In 2022, the Group expanded the management of sustainability matters that are material to its business and its stakeholders from the current 3 to 9. The six (6) new matters include Anti-Corruption, Water, Diversity, Health & Safety, Data Privacy and Supply Chain and will be reported in the Group's Sustainability Statement from financial year 2023 onwards.

(p) Outlook for 2023

The Group is expecting 2023 to be a challenging year.

2022 saw the unique confluence of 4 factors, which made the Group's record performance possible.

Firstly, the economic recovery in the journey to COVID-19 endemicity boosted public and private expenditure on healthcare. Secondly, the continued presence of COVID-19 infections in the community generated strong demand for respiratory medicines, particularly XEPA's cough and cold syrups as well as products that the Group distributes for its business partners. Thirdly, the Group stepped up production capacity in a timely manner, adding another high-speed blister packaging line for tablets and capsules and a third high-capacity liquid production line to meet demand. Last and not least, is the improved performance of the Group's 40% associate company, Straits Apex Group Sdn. Bhd., which included a one-off reversal of impairment.

It is unlikely that all these factors will continue into 2023.

Further, the Group expects economic growth in its major markets to slow in 2023, because of global concerns over persistent inflation, high interest rates and continuing geo-political tensions.

These make 2023 a challenging year for the Group to navigate. Regardless, the Group is committed to consistently create shareholder value by driving growth through all economic cycles and aims to deliver another satisfactory performance in 2023.

(q) **Key Priorities for 2023 Driving Growth**

A key initiative is to grow the market share and number of Group Brand products in all markets. The Group will do this by intensifying Research & Development 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.

And lastly, the Group will be tapping prospects for new contract manufacturing partnerships.

The Meeting was assured that the Board and Management are fully committed to create even more value for the Company's shareholders in 2023 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 24th AGM having been circulated within the prescribed period was taken as read.

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

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POLLING AND ADMINISTRATIVE GUIDE

The Chairman informed the Meeting that pursuant to Paragraph 8.29A of the Main Market Listing Requirements (“**MMLR**”) 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 24th 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 resolutions set out in the Notice of the 24th AGM.

DISCUSSION ITEM

- AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2022

The Audited Financial Statements together with the Reports of the Directors and Auditors of the Company for the financial year ended 31st December 2022 (“**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 then informed the Meeting that the question and answer session would be opened after all the resolutions have been tabled.

The Chairman went through the remainder resolutions set out in the Notice of the 24th 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 Chairman then invited Ms Chiew Woon Wui (“**Ms Chiew**”), the Financial Controller of the Company to address the questions from shareholders/proxies received by the Company before the AGM.

While the Financial Controller was addressing the pre-meeting submission questions from a shareholder, the live streaming of the AGM was disrupted due to power trip by Tenaga Nasional Berhad. The Meeting was temporary suspended at 10:51 a.m. for the IT team to resolve the technical issue.

The Meeting resumed at 11:17 a.m. and the Financial Controller continued to address the pre-meeting submission questions from shareholders. Ms Chiew handed back to Dr. Kee after all the pre-meeting submission questions have been addressed.

Dr. Kee then proceeded to address the questions received during the Meeting. The Meeting was informed that answers for questions similar to those addressed earlier would not be repeated and questions from different shareholders on the same topic would be grouped together for a single response. The questions from MSWG and Members and replies were set out in Appendix I attached hereto.

After addressing the questions received, the Chairman 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 would also be published on the Company’s website.

The Chairman then declared that the Audited Financial Statements of the Company for the financial year ended 31st December 2022 had been duly tabled and received by the shareholders.

NOTES OF APPRECIATION

The Chairman informed the Meeting that Mr Jackson Chevalier Yap-Kit-Siong (“**Mr Yap**”) was due to retire pursuant to Clause 95 of the Constitution of the Company. Mr Yap has expressed that he did not wish to seek re-election at this AGM. Therefore, he shall retire at the conclusion of the 24th AGM.

The Chairman further informed that Ms Heng Su-Ling Mae (“**Ms Heng**”), who was appointed as an Independent Non-Executive Director of the Company on 20th November 2008, had reached her maximum twelve (12)-year term limit as mandated under the MMLR of Bursa Securities which will take effect on 1st June

2023. She has expressed her intention not to be re-designated as a Non-Independent Non-Executive Director of the Company. Therefore, Ms Heng shall retire at the conclusion of the 24th AGM in compliance with the MMLR of Bursa Securities and pursuant to the Malaysian Code on Corporate Governance 2021.

On behalf of the Board, the Chairman put on record his heartfelt appreciation to Mr Yap and Ms Heng for their past services, support and contribution to the Group and wished them the very best.

VOTING SESSION

The Chairman then invited the Members to cast their votes 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 Scrutineer to tabulate the results of the poll. The Meeting was then adjourned at 11:45 a.m. for the votes to be counted and to enable the Independent Scrutineer to tabulate the results of the poll.

The Meeting resumed at 11:58 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 2022

Ordinary Resolution 1	Vote For		Vote Against		Results
	No. of Shares	%	No. of Shares	%	
<i>To approve a final single-tier dividend of 3.5 sen per ordinary share for the financial year ended 31st December 2022</i>	356,206,817	100.0000	119	0.0000	Carried

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It was RESOLVED:-

That the payment of a final single-tier dividend of 3.5 sen per ordinary share for the financial year ended 31st December 2022 be and is hereby approved.

ORDINARY RESOLUTION 2

- SPECIAL DIVIDEND FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2022

Ordinary Resolution 2	Vote For		Vote Against		Results
	No. of Shares	%	No. of Shares	%	
<i>To approve a special dividend of 2.0 sen per ordinary share for the financial year ended 31st December 2022</i>	356,023,818	100.0000	19	0.0000	Carried

It was RESOLVED:-

That the payment of a special dividend of 2.0 sen per ordinary share for the financial year ended 31st December 2022 be and is hereby approved.

ORDINARY RESOLUTION 3

- DIRECTORS' FEES FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2022

Ordinary Resolution 3	Vote For		Vote Against		Results
	No. of Shares	%	No. of Shares	%	
<i>To approve the payment of Directors' fees of RM614,000 for the financial year ended 31st December 2022</i>	349,373,774	99.8435	547,815	0.1565	Carried

It was RESOLVED:-

That the Directors' fees of RM614,000 only for the financial year ended 31st December 2022 be and is hereby approved for payment to the Directors.

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ORDINARY RESOLUTION 4

- RE-ELECTION OF DIRECTOR - DR. KEE KIRK CHIN

Ordinary Resolution 4	Vote For		Vote Against		Results
	No. of Shares	%	No. of Shares	%	
<i>To re-elect Dr. Kee Kirk Chin who retires by rotation pursuant to Clause 95 of the Constitution of the Company</i>	349,312,706	99.6098	1,368,231	0.3902	Carried

It was RESOLVED:-

That the retiring Director, Dr. Kee Kirk Chin be and is hereby re-elected as Director of the Company.

ORDINARY RESOLUTION 5

- RE-ELECTION OF DIRECTOR - MR KEE KIRK CHUEN

Ordinary Resolution 5	Vote For		Vote Against		Results
	No. of Shares	%	No. of Shares	%	
<i>To re-elect Mr Kee Kirk Chuen who retires by rotation pursuant to Clause 95 of the Constitution of the Company</i>	355,234,654	99.9859	50,031	0.0141	Carried

It was RESOLVED:-

That the retiring Director, Mr Kee Kirk Chuen be and is hereby re-elected as Director of the Company.

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ORDINARY RESOLUTION 6
- RE-APPOINTMENT OF AUDITORS

Ordinary Resolution 6	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>	355,974,794	99.9862	49,291	0.0138	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 7

- AUTHORITY UNDER SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 FOR THE DIRECTORS TO ALLOT AND ISSUE SHARES; AND WAIVER OF PRE-EMPTIVE RIGHTS

Ordinary Resolution 7	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; and Waiver of pre-emptive rights</i>	355,253,404	99.7929	737,181	0.2071	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 hereby 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.

THAT in connection with the above, pursuant to Section 85(1) of the Act read together with Clause 59 of the Constitution of the Company, the shareholders do hereby waive the statutory pre-emptive rights of the offered shares in proportion of their holdings at such price and at such terms to be offered arising from any issuance of new shares above by the Company.

AND THAT the new shares to be issued shall, upon allotment and issuance, rank *pari passu* in all respects with the existing Shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or any other forms of distribution that which may be declared, made or paid before the date of allotment of such new shares.

ORDINARY RESOLUTION 8
- PROPOSED BONUS ISSUE

Ordinary Resolution 8	Vote For		Vote Against		Results
	No. of Shares	%	No. of Shares	%	
<i>To approve the Proposed Bonus Issue</i>	355,990,566	100.0000	19	0.0000	Carried

It was RESOLVED:-

THAT subject to all approvals being obtained from the relevant regulatory authorities and parties (if required), authority be and is hereby given to the Board of Directors of the Company ("**Board**") to issue up to 240,449,686 new AHB Shares to the entitled shareholders whose names appear in the Record of Depositors of the Company as at the close of business at 5:00 p.m. on the entitlement date to be determined later on the basis of 1 Bonus Share for every 2 existing AHB Shares held by such shareholders on that date ("**Bonus Issue**").

THAT the fractional entitlements of the Bonus Shares arising from the Bonus Issue, if any, shall be dealt with by the Board in such manner as it may in its absolute discretion deem expedient and in the best interest of the Company.

THAT the Bonus Shares shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing AHB Shares, save and except that the Bonus Shares shall not be entitled to any dividends, rights, allotments and/ or other distributions which may be declared, made or paid to shareholders of the Company, the entitlement date of which precedes the date of allotment and issuance of the Bonus Shares.

*The entitlement date for the Bonus Issue will be fixed after the entitlement date for the final single-tier dividend and special dividend of 3.5 sen and 2.0 sen respectively per ordinary share for the financial year ended 31st December 2022 (“**Final & Special Dividend**”), and as such, the Bonus Shares will not be entitled to the Final & Special Dividend.*

AND THAT the Board be and is hereby authorised to sign and execute all documents to give effect to the Bonus Issue with full power to assent to any conditions, modifications, variations and/or amendments in any manner as may be required or imposed by the relevant authorities and to take all steps and do all acts and things in the manner as the Board may consider necessary or expedient in order to implement, finalise and give full effects to the Bonus Issue.

CONCLUSION OF THE MEETING

There being no other matters, the Meeting concluded at 11:59 a.m. with a vote of thanks to the Chair.

SIGNED AS A CORRECT RECORD

- Approved -

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CHAIRMAN

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

QUESTIONS AND ANSWERS SESSION DURING THE TWENTY-FOURTH ANNUAL GENERAL MEETING OF THE COMPANY HELD ON WEDNESDAY, 17TH MAY 2023

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

Operational & Financial Matters

Q1	<p>In 2022, Apex Healthcare achieved a record revenue of RM 877.7 million, a growth of 13.9% compared to 2021. This was due to the sustained economic recovery, improved consumer confidence, timely expansion of production capacity, and strong sales of respiratory medicines, especially cough and cold products, which were in high demand due to Covid-19 and other respiratory illnesses in the community. (Page 10 of AR 2022)</p> <p>(a) What was the contribution of respiratory medicines, including cough and cold products, to total revenue in 2022? How would total revenue have been impacted if sales of respiratory medicines had been at a normalized level instead of the heightened demand observed during the year?</p> <p>(b) Considering the potential for a decrease in demand for respiratory medicines, what strategies or product offerings does the Group have in place to sustain or increase its total revenue for 2023?</p>
A1	<p>(a) Revenue from respiratory medicines under Group brands in all markets comprised 7.7% of total Group revenue in 2022. If normalized to the pre-pandemic level seen in 2019, total Group revenue would decline by 2.2%, or RM 19.2 million.</p> <p>(b) The Group expects demand for respiratory medicines to be sustained into the early part of 2023. Regardless, the Group will also be driving sales of a) products in other therapeutic categories in all territories, b) new products to be launched in 2023 as well as c) new distribution agencies that have been recently secured to sustain or increase its total revenue for 2023.</p>

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

Operational & Financial Matters (Cont’d)

Q2	<p>In September 2022, Apex Healthcare invested SGD1.2 million for a 40% stake in Zynexis Healthcare Private Ltd. The joint venture aims to commercialize healthcare products under the Zynexis brand in selective ASEAN countries and other international markets, with contribution expected in late 2024 (page 22 of AR2022). Zynexis Healthcare will extend the Group’s capability to offer new generation generics as well as leading edge novel and innovative pharmaceutical products. (Page 6 of AR 2022)</p> <p>(a) Please provide more details on the specific pharmaceuticals, consumer healthcare products, and medical devices that Zynexis plans to commercialize in the ASEAN markets and other international markets.</p> <p>(b) Will the joint venture involve manufacturing of products, and if so, when is production expected to commence? Have you identified a location for the manufacturing plant, and can you provide any details on its potential size and capacity?</p> <p>(c) What are the Group’s expectations regarding revenue and profit contributions from Zynexis starting in late 2024?</p> <p>(d) What is the expected investment amount and corresponding expected returns for Zynexis?</p>
A2	<p>(a) Subscription for the paid up capital of SGD 3 million by both shareholders of Zynexis Healthcare Pte Ltd (‘Zynexis’) was completed on 21st March 2023. Preparations for the submission of the initial batch of pharmaceutical products to the relevant regulatory authorities in selected ASEAN markets in order to secure market authorizations have commenced. The products are mainly injectables for the treatment of infections and cancers.</p> <p>(b) The joint venture may consider manufacturing products and dosage forms not currently manufactured in Malaysia at a later stage. These discussions have not commenced and hence no location has been identified.</p>

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

Operational & Financial Matters (Cont’d)

	<p>(c) Product commercialization can commence only after regulatory approvals are secured for the first batch of products. As this is expected only in late 2024 or early 2025, the Group expects revenue and profit contributions from Zynexis to commence only in 2025 and this is likely to be immaterial.</p> <p>(d) There is no further investment amount other than the SGD 1.2 million that the Group has already invested in Zynexis. The total paid up capital of SGD 3 million will be utilized by Zynexis initially to fund regulatory services to secure product registrations in selected ASEAN markets and for sales and marketing activities thereafter. We expect returns to be similar to our Distribution business segment.</p>
<p>Q3</p>	<p>Straits Apex Group (SAG), a 40% associate of Apex Healthcare, reported strong 2022 earnings of RM63.5 million, up 3.6 times from RM17.7 million in 2021 due to uninterrupted production and fulfilling growing new orders. Firm orders for 2023 are secured and significantly higher than last year. SAG increased leased production space by 30% in 4Q2022 to meet 2023 customer volume, with commercial production set to start in 1Q2023. Earthworks have started for the construction of a manufacturing campus at Batu Kawan Industrial Park, which will enable the consolidation of Prai and Telok Kumbar operations into a single site by 4Q2023. (Pages 10, 20, 22 and 130 of AR 2022)</p> <p>(a) What is the current utilization rate of the 30% expanded production space at Penang Science Park that was leased in 4Q2022?</p> <p>(b) How does the upcoming manufacturing facility in Batu Kawan Industrial Park compare in size and production capacity to the current combined operations at Prai, Telok Kumbar and Penang Science Park? What is the estimated or potential maximum revenue that the new facility can generate?</p> <p>(c) What is the current outlook and trend for the contract manufacturing of orthopaedic devices, particularly in the context of Southeast Asian manufacturers becoming more attractive due to the high costs of European manufacturers and efforts to reduce dependence on China? Do you believe these trends are sustainable or likely to increase in the future?</p> <p>(d) What is SAG’s latest orderbook?</p>

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

Operational & Financial Matters (Cont’d)

A3	<p>(a) The expanded production space in Penang Science Park that was leased in the fourth quarter of 2022 is now operational and fully utilized.</p> <p>(b) The Batu Kawan facility will have a total built up area of 237,000 sq ft on a 7.15 acre site. The current facilities at Prai, Telok Kumbar, and Penang Science Park have a combined total built up area of 238,000 sq ft. The purpose of the Batu Kawan facility is to relocate and consolidate the existing sites at Telok Kumbar and Prai into a single location with improved infrastructure for operating efficiencies and increased production capacity. This relocation will occupy an estimated 75% of the available space, with reserve for future expansion. When fully utilized, the estimated maximum revenue that the new facility can generate is USD 85 million per year.</p> <p>(c) The global orthopedic market is estimated to grow at a CAGR of 5.3% from 2021 to 2026 to reach USD 56 billion. The key factors driving this growth are an ageing population and the growing prevalence of chronic orthopedic diseases. Orthopedic contract manufacturers are expected to see a slightly higher CAGR, as the rising cost of manufacturing in Europe and USA has led orthopedic companies to increasingly outsource manufacturing to best-cost countries, which includes Malaysia. We expect this recent trend to be sustainable for the medium term, but with increasing challenges as we are also seeing growing competition.</p> <p>(d) As at 31st March 2023, SAG’s total orderbook for fulfilment in 2023 stands at USD 52.1 million. A portion of these orders would have been fulfilled since 1st Jan 2023. SAG expects to continue receiving purchase orders throughout the rest of financial year 2023.</p>
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PART A : Questions (“Q”) from Minority Shareholders Watch Group and replies (“A”) from the Company (Cont’d)

Operational & Financial Matters (Cont’d)

Q4	<p>In 2022, Apex Healthcare achieved record revenue and pre-tax profit, continuing its growth streak for the 22nd consecutive year since its IPO in 2000. The company's 60th anniversary also coincides with this achievement, having evolved from a Melaka retail pharmacy in 1962 to a public corporation with a RM1.68 billion market capitalization and a commercial presence in 20 territories. An initial investment at time of the IPO in 2000 would have yielded a compound annual growth rate of 15.09% over the last 22 years. (Page 6 of AR 2022)</p> <p>It is clear that Apex Healthcare has a strong track record of growth, and there must be key attributes that set it apart from its peers. At the same time, every company has its own unique set of challenges. What are the key areas where Apex Healthcare excels compared to its competitors, and what are the areas where it may be lacking? Additionally, how is Apex Healthcare addressing these challenges, and what specific initiatives or strategies does it have in place to ensure continued growth and success in the years ahead?</p>
A4	<p>The key themes which have enabled our growth in the last 22 years are staying focused on our core business, managing our working capital closely, heading to where the opportunities are and building new capabilities along the way. The risks to future growth include compliance with rising regulatory standards for pharmaceuticals, non-renewal of key distribution agencies and insufficient resources to digitally integrate business processes in an increasingly connected business value chain. Where we lack, we will continue to direct and expend resources as needed, always aiming to invest ahead of the curve to sustain future growth.</p>

Corporate Governance Matters

Q5	<p>Practice 5.9 of the Malaysian Code of Corporate Governance stipulates that the Board comprises at least 30% women directors.</p> <p>Gender diversity is an important issue in corporate governance and Apex Healthcare currently has a low representation (12.5%) of women on its Board, with only one woman director out of a total of eight directors.</p> <p>Following the retirement of Ms. Heng Su-Ling Mae (Independent Non-Executive Director) at the conclusion of the upcoming 24th AGM on 17th May 2023, Apex Healthcare's Board will no longer have any female directors.</p>
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PART A : Questions (“Q”) from Minority Shareholders Watch Group and replies (“A”) from the Company (Cont’d)

Corporate Governance Matters (Cont’d)

A5	<p>What specific actions has the Board taken or plans to take to increase the representation of women on the Board to meet this guideline within a reasonable timeframe? Are there any specific initiatives or strategies that the Board has in place to attract, retain, and promote talented women leaders to serve on the Board? How does the Board plan to measure its progress towards achieving the 30% representation of women directors, and what steps will be taken if this target is not met?</p> <p>The Board will maintain women representation by appointing a woman director after the retirement of Ms Heng Su-Ling Mae. This also ensures compliance with Paragraph 15.02 (1) (b) of Bursa Malaysia Main Market Listing Requirements to have at least one woman director on the board on or after 1st June 2023.</p> <p>The Board embraces diversity amongst its members and has ensured a good representation of the relevant skills and experience for the discharge of its duties. Its policy towards boardroom diversity is above all, to be non-discriminatory with regards to gender, ethnicity, age, race or religion, and only considering relevant qualifications, ability and commitment when proposing candidates for shareholders’ approval.</p> <p>As an initial step, the Board has stated in its Corporate Governance Report 2022 that it targets to ensure that there is women representation on the Board at any one time. However, the Board takes cognizance of Practice 5.9 of the Malaysian Code on Corporate Governance and will step up efforts to actively receive and consider women candidates as a priority for future Board appointments to achieve 30% representation.</p>
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PART B : Questions from Shareholders and Proxyholders and replies from the Company

Shareholder's Name	No.	Description
Ng Ah Lek	1.	Question
		<p>During 2021 AGM shareholders were informed that the Group aims to raise its R&D expenditure to 5% of Xepa's revenue (from under 4%).</p> <p>(a) What is the current expenditure ratio?</p> <p>(b) What kind of R&D talents are required?</p> <p>(c) How easy to attract and retain R&D talents in Melaka?</p> <p>(d) What is the average time from R&D initialization to product commercialisation?</p>
		Answer
		<p>(a) For 2022, R&D expenditure was 2.9% of Xepa's revenue. This is below our target mainly because manufacturing revenue grew strongly at 35.1% in 2022 because of heightened demand for respiratory medicines. Actual R&D expenditure grew 12%.</p> <p>(b) A diverse team of R&D talents is required, including process engineers, formulation scientists, analytical chemists, regulatory affairs specialists and quality assurance specialists.</p> <p>(c) With an increasingly connected world, R&D talents need not be physically present in just one location such as Melaka. We are not significantly constrained by the need to attract and retain R&D talents on site in Melaka.</p> <p>(d) The time taken depends on the nature and complexity of the formulation. In our context, this can range from an average of 1.5 years for a consumer healthcare product to 3 years or more for an off-patent complex molecule.</p>

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

Shareholder's Name	No.	Description
Ng Ah Lek	2.	Question
		Historically AHB launches on average of 6 to 8 new products annually (refer to 2022 AGM).
		(a) How many products are in the product development pipeline?
		(b) On average what percentage of products will never reach the market due to commercial or other reasons?
	(c) What revenue is derived from products launched within the past five years (refer to Group brands only)?	
	Answer	
(a) To achieve 6 to 8 launches a year, we need at least 10 times of the number in the pipeline at any one time.		
(b) From our experience, this can range between 10% to 20%.		
(c) The total revenue from Group branded products launched within the past five years is approximately RM80 million.		
3.	Question	
	The MD&A mentions that “sales of respiratory medicines, including the Group’s cough and cold products, were strong due to the prevalence of COVID-19 and other viral respiratory illnesses in the community, especially in the second half of the year”.	
	(a) What is the revenue contribution of respiratory medicines?	
	(b) As of today in 2023, has demand already returned to the pre-pandemic trend?	
Answer		
(a) It has been addressed in the answer to a question from Minority Shareholders Watch Group (“ MWSG ”).		
(b) As of the date of this AGM, demand for respiratory medicines is still heightened and has not returned to pre-pandemic levels.		

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

Shareholder's Name	No.	Description
Ng Ah Lek	4.	<p>Question</p> <p>What are the further capacity expansion plan for Solid and Liquid Production Plants at Cheng (in term of the timeline, CAPEX, and the final stage capacity)?</p> <p>Answer</p> <p>SPP NOVO was built to operate 6 final stage capacity lines. Today, we are operating two blister packaging lines, with capacity to install a further four. We will continue to add lines ahead of demand.</p> <p>For liquid production, we installed a third high-capacity liquid production line in 2022. We are currently planning for future expansion of liquid production facilities and will share them when ready.</p>
	5.	<p>Question</p> <p>(a) What is the plan for the 18.75 acres land at Alor Gajah?</p> <p>(b) When is the Phase 1 construction expected and the required CAPEX?</p> <p>(c) When fully developed what is the capacity versus current Cheng site?</p> <p>Answer</p> <p>(a) The land at Alor Gajah was acquired to cater to future needs of XEPA. The Group continues to engage in smaller scale expansion projects at Cheng and intends to use Alor Gajah for larger scale expansion projects. At this point, the Group has not firmed up plans for the Alor Gajah site.</p> <p>(b) The Group has yet to embark on firm plans for the site at Alor Gajah.</p> <p>(c) It is difficult to compare capacity now because the Group has not firmed up plans for the Alor Gajah site.</p>

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

Shareholder's Name	No.	Description
Ng Ah Lek	6.	<p>Question</p> <p>The 40%-owned associate Straits Apex Group Sdn Bhd (SAG) has proposed to divest its entire interest in Straits Apex Sdn Bhd (SA) to healthcare-focused private equity firm Quadria Capital. Post transactions, the effective equity interest in SA will be reduced from 40% to 16%.</p> <p>(a) What is the rationale for the divestment?</p> <p>(b) What is your response to Affin Hwang's opinion that an IPO route would have given higher valuations?</p>
		<p>Answer</p> <p>(a) This has been addressed in the Year in Review 2022.</p> <p>(b) The Enterprise Value of RM 1 billion represents an attractive 16.7x multiple of the average EBITDA of the business over the last 3 years. As mentioned earlier, this valuation was secured through a competitive bid process managed by KPMG Singapore to secure the best valuation for the business. We cannot be certain whether an IPO will result in higher valuations. More importantly, IPO was not an option that our majority partner was prepared to consider.</p>
Veiven Goon	7.	<p>Question</p> <p>For FY 2022 what is the percentage of revenue contributed by Group Brands? What is the percentage for Agency Brands? What are the gross profit margins for Group Brands compared to Agency brands?</p>
		<p>Answer</p> <p>The gross profit margins are stronger for Group Brands compared to Agency brands and varies for different product types. To maintain our competitiveness, we do not share details on gross profit margins by product types.</p>

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

Shareholder's Name	No.	Description
Veiven Goon	8.	Question Has the company seen any increases in the cost of materials and other operating expenses? How will such increase impact performance in 2023?
		Answer Cost of materials have risen between 15% to 25% compared to the pre-pandemic period. We also expect higher operating expenses in the form of electricity tariffs and payroll, but we do not expect these to materially impact us in 2023.
Veiven Goon	9.	Question The company has investment properties valued at RM8.6 million on its balance sheet. Where are these properties located? What is the purpose of these investment properties? Are they solely held to generate rental income or are they being held for other purposes?
		Answer Included in the RM8.6 million investment properties is our RM7.7 million investment in Pavilion Damansara Height which is still under construction. The rest are located in Johor and were previously used for operations but are now surplus to requirements. They are now held for rental income.
Veiven Goon	10.	Question What is the total amount of exports achieved in 2022? How does this compare to 2021? What is the export strategy going forward?
		Answer This has been addressed in the Year in Review 2022.
Veiven Goon	11.	Question Associate Straits Apex Group has contributed significantly to the profitability of the company in the past. What is the rationale for divestment of a partial stake in the company? What will the Group use the proceeds of this divestment for? Will SAG cease to be an associate after the divestment?

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

Shareholder's Name	No.	Description
		<p>Answer</p> <p>The rationale for divestment has been addressed in an earlier answer. The Group will determine the use of the proceeds when the quantum of funds is known and received from the associate. SAG will continue to be a 40% associate after the divestment.</p>
Rusmin	12.	<p>Question</p> <p>How will Apex Healthcare's net profit in 2023 be affected in terms of percentage drop by the disposal of partial stakes in Straits Apex Group Sdn. Bhd.?</p> <p>Answer</p> <p>The share of earnings recognised from the associate company will decline from 40% to 16%. However, it will be lessened to a degree by new income received by the associate company through tenancy of Batu Kawan facility to Straits Orthopaedics (Mfg) Sdn. Bhd. ("SO"). The Group expects SO to continue to grow and the share of earnings can grow organically. The Group will also record a non-recurring gain on divestment in 2023.</p>
Lee Eng Shan	13.	<p>Question</p> <p>Does Dr. Kee wants to share his expert opinion on Pharmaniaga's recent debacle?</p> <p>Answer</p> <p>We have worked with Pharmaniaga for many years, and they play a very important role in the supply of medicines throughout the country. We have not encountered any major problems in terms of payment right through the recent difficulties faced by Pharmaniaga. The Group will continue to work with Pharmaniaga to ensure that all medicines that we are contracted to supply to the Ministry of Health through Pharmaniaga will be fulfilled.</p>

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

Shareholder's Name	No.	Description
Lee Eng Shan	14.	<p>Question</p> <p>Care to share more on SG government agencies stockpiling condition, at what level it is right now versus normal, and when does the management expect it to resume to normal?</p>
		<p>Answer</p> <p>Singapore government initiated stockpiling activities throughout the pandemic and built up nearly five (5) months of inventory. This has come down progressively and purchasing by Singapore government agencies has gone back to normal.</p>
Lee Eng Shan	15.	<p>Question</p> <p>Any specific reasons for us not taking on more on markets outside MY and SG?</p>
		<p>Answer</p> <p>Currently, the products from the Group are commercialised in 20 countries worldwide. To enter a new country takes time as we need to submit product dossiers for regulatory approvals which will take approximately 1.5 to 2 years. There are also certain countries where the regulatory standards are difficult for the Group to meet such as the United States of America. Nevertheless, the Group will use its resources to enter as many markets as it can.</p>
Lee Eng Shan	16.	<p>Question</p> <p>Has the Management discovered any unusual events occurring along the business' value chain lately, less reported by main-stream media?</p>
		<p>Answer</p> <p>After the pandemic, the value supply chain has largely normalized. While there may be occasional disruptions, they are largely in the ordinary course of business. We will continue to keep a close eye on any developments that may affect our supply chain.</p>

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

Shareholder's Name	No.	Description
Lee Eng Shan	17.	Question
		How easy it is to replicate Pharmaniaga's role? Can Apex Healthcare do it?
		Answer
		The Company is not able to replicate Pharmaniaga's role due to the extensive infrastructure that Pharmaniaga has built up.
Lew Tuck Wai	18.	Question
		The divestment of Straits Apex announced recently has been completed on 11 May 2023.
		<p>(a) Please confirm that Apex Healthcare will receive USD86 million of its share of proceeds from the disposal.</p> <p>(b) Will there be reduced contribution from SA since its effective holdings has not reduced to 16%?</p>
		Answer
<p>(a) The Enterprise Value USD240 million is subject to adjustments for debt and working capital, estimated at a negative USD25 million and rollover of USD 80 million. Theoretically, SAG expects to receive approximately USD 135 million of which we have a 40% share, before transaction expenses. The final adjustment will only be known at closing.</p> <p>(b) Our 40% associate company ('SAG') sold 60% of Straits Apex ('SA') to Quadria Capital. SAG's interest in SA has reduced from 100% to 40%. We will continue to equity account 40% of SAG as an associate. However, our effective equity interest in SA held by the Company has reduced from 40% to 16%.</p>		

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

Shareholder's Name	No.	Description
Tan Ze Chien	19.	Question Would like to ask whether after disposing and restructuring the stake in Straits Apex, the net stake would be reducing to 16%. In the future, the profit contributed from Straits Apex would be recorded as sharing of profits of associate? Or will be treated as equity method?
		Answer Our stake in SAG remains unchanged at 40% and it will be treated as equity method.
Tan Ze Chien	20.	Question For the plant SPP Novo, is there more floor space for expansion in the future?
		Answer Yes, there will be more floor space for expansion. We built for six (6) final stage capacity lines and we have utilized two (2), so there is space to fit out four (4) more lines.
Tan Ze Chien	21.	Question Is the rental of Batu Kawan facility collected can cover the profit contribution loss from the divestment?
		Answer The rental collected from Batu Kawan facility is not expected to cover the reduction in profit contribution from 40% to 16% from the divestment.
Chua Song Yun	22.	Question What is the percentage of revenue that is generated from supplying to public hospitals? Pharmaniaga which handles the majority of medicine purchasing for public hospitals, was facing financial strain and is reportedly holding payments for suppliers. Does this impact our company?

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

Shareholder's Name	No.	Description
		<p>Answer</p> <p>The percentage of revenue for the supply to public sector has been addressed in the Year in Review 2022. I have also shared my thoughts earlier on Pharmaniaga. Pharmaniaga continues to pay for goods that we supply to them.</p>
Lee Ming Sim	23.	<p>Question</p> <p>Will there be a special dividend?</p> <p>Answer</p> <p>An increased Final Dividend of 3.5 sen per ordinary shares and a Special Dividend of 2.0 sen per ordinary shares will be tabled for shareholders' approval at the AGM. As far as future dividends are concerned against the backdrop of the divestment by SAG, our associate company has to first review usage of the proceeds received, including the payment of dividends to its shareholders. Only when dividends from SAG are received can the Board of Directors of Apex Healthcare decide on utilisation. As we have done previously, any funds in excess of requirements will be returned to the shareholders.</p>
Chua Song Yun	24.	<p>Question</p> <p>Referring to the divestment of Straits Apex. How much disposal gain will it record? Do all these gains will only be on paper and not cash return? Will there be a special dividend?</p> <p>Answer</p> <p>The Special Dividend has been addressed to a question answered earlier.</p> <p>In respect of the divestment of Straits Apex Group, we will record a non-recurring gain this year in the financial quarter that the divestment closes. In our announcement to Bursa, we illustrated that with an estimated negative net debt and working capital adjustment of USD 25 million, the disposal gain may potentially reach RM 310 million. However, this is subject to final adjustments and confirmation of transaction expenses.</p>

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

Shareholder's Name	No.	Description
Ooi Zhi Yang	25.	Question
		(a) For the capex projects 10,053 square feet freehold office suites in the mixed development Pavilion Damansara Heights, is it purely for administration purpose? Or is there any positive impact on earnings & cost?
		(b) What are the future plans on the proceeds with the divestment of SAG?
		Answer
		(a) We acquired Pavilion Damansara Heights in anticipation of using it as office space. It is expected to be completed this year. As we do not expect to use it this year, we will tenant it out during the interim. The rental income from Pavilion Damansara Heights is not material to the Group.
		(b) The proceeds from the divestment of SAG has been addressed in an earlier question.
Yew Wei Hwa	26.	Question
		How Apex Healthcare able to leverage digitalisation to the business?
		Answer
		Digitalisation is both important and challenging as the business supply and value chain are increasingly connected through digitalisation. In Singapore, the B2B platform developed by the Group currently handles volume of approximately 40% of the wholesale purchases directly from the customers. We also integrate our systems with our customers for digital payments. The Company can leverage digitalisation to help grow the business.

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PART C : Repetitive Questions from Shareholders and Proxyholders which similar to those addressed in the Year of Review 2022 and/or Questions from Minority Shareholders Watch Group

Shareholder's Name	No.	Description
Lee Eng Shan	1.	Question Remarks pertaining SAG in the AR on its capacity expansion initiatives is rather promising. While we clearly face no financial pressure, why do we have to dilute our stakes?
	2.	Question Tell us more about the Pegoh land and the subsequent plans for it?
	3.	Question What is the most challenging aspect of the business during the last 12-months, and coming 12-months period?
	4.	Question What has AHEALTH done that the competitors aren't doing yet?
Chua Song Yun	5.	Question FY2022 higher revenue and PBT is partly due to higher demand for respiratory medicines. What is the trend for the demand so far this year? Do management expect higher demand than FY2022, and why? Thank you.
Lee Ming Sim	6.	Question Good morning board of directors, Congratulations on the Straits Apex deal. What will our company do with the sales proceeds?
	7.	Question What is the profit outlook for company in FY2023?
Yeoh Yun Wei	8.	Question Can the BOD consider giving door gifts to shareholders who attend this AGM?

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PART C : Repetitive Questions from Shareholders and Proxyholders which similar to those addressed in the Year of Review 2022 and/or Questions from Minority Shareholders Watch Group (Cont'd)

Shareholder's Name	No.	Description
Lau Chuan Hooi	9.	Question
		(a) May I know, what is the company's future outlook ? (b) Will The Board consider giving door gift such e-voucher or e-wallets for those participating in this AGM as a token of appreciation?
Tan Ze Chien	10.	Question For the sales proceeds of the disposal of Straits Apex, how will the company utilize the funds ? is there any opportunity to be distributed as special dividend?

- End -