APM AUTOMOTIVE HOLDINGS BERHAD (424838-D)

20th Annual General Meeting ("AGM") Held On 24 May 2017

Summary of Matters Discussed

No.	Questions	Reponses
1.	Concern on the logistic and manpower costs and time spent by the management in spearheading the overseas operations due to the geographical diversification.	APM Group has sufficient capable and high caliber manpower to be seconded overseas to manage the operations. The Board members and management team have been cautious in containing the logistic and manpower costs.
2.	Suggestion for the Company to collaborate with startups which are equipped with new technologies since the future of the automotive industry would be technology driven. In addition, APM Group is also proposed to venture into other business segment which are more environmental friendly. Despite margin squeeze from the customers, the quality and safety of the products must be maintained.	The Group has been sourcing and looking forward to work with the younger generations and new startups and this was evidenced with the acquisition of 52% equity interest in Omnimatics Sdn Bhd, an Internet of Things startup which focus on automotive telematics in December 2016.
3.	The Board was requested to consider dividend reinvestment scheme or issuance of bonus shares to the shareholders.	Suggestion was noted by the Board.
4.	Intangible Assets - the cost of technical know-how and the amortization policy (Ref: Page 87 of the Annual Report)	The cost incurred for technical know-how was the fees paid to the technical partners for the rights to utilize their technical knowledge. The quantum of the technical fees would be inconsistent over the years and was dependent on the new models to be developed. In addition, the said amount would be amortised over the model useful life.
5.	Operating Segments – when will the Indonesia operations breakeven? (Ref: page 113 of the Annual Report)	At present, the leaf springs production ranges from 20% to 30% as this production line only commenced operations in early 2017. To achieve breakeven, the management team in Indonesia would have to aggressively source for new businesses from the OEM market.
6.	Whether the Company adopts any policy for Independent Directors who have served the Board for more than 9 years since most of the institutional investors have established a clear policy not to vote in favour of this particular resolution?	The Board noted the decision of the institutional investors to limit the independence of the directors to not more than 9 years and informed that the Board would look into this matter.

Questions		Reponses
7.	What are the factors attributed to the increase in the Net Tangible Assets ("NTA") while profits on declining state; and (ii) target profit margin in the next 5 years.	The increase in the NTA was attributed by the revaluation reserves in view of the change of accounting policy on Property, Plant and Equipment and Investment Properties from cost method to revalued method. The management has internally set a target of profit margin to be achieved by 2020 based on the Group's 5-year strategic plans.
8.	The rationale for the Company to issue Commercial Papers/Medium Term Notes ("CP/MTN") and the interest of the CP/MTN.	The issuance of CP/MTN was to build up the war chest. The interest rate for the first year of the issuance of CP/MTN was 4.95% per annum.
9.	The Company's expansion plan and the estimated capital expenditure	The Company's expansion and acquisition would depend on the business opportunities and market conditions. It would be difficult to gauge the amount of capital expenditure as the investment amount varies on projects.
10.	What is the budgeted capital expenditure for 2017 and the estimated profit margin for the Replacement Market?	The Capital Commitment of the Group for 2016 was RM46.0 million, as stated under Note 30, page 103 of the Annual Report. The profit margin for the Replacement Market depends on the product range and normally hovered around 10%.
11.	To explain on the "unfavourable inventories adjustment of RM6.5 million" under the sub-header "Interior and Plastics Division" of the Management Discussion & Analysis (page 15 of the Annual Report). To provide the breakdown of Other Income of RM12.8 million (Ref: Statements of Profit & Loss - Page 54 of the Annual Report).	RM6.5 million was the amount of adjustments compared to financial year 2015. The total inventory adjustments for FYE2016 was RM14.0 million. The Other Income of RM12.8 million comprised of mainly foreign exchange gain of RM7.2 million, rental income of RM1.9 million and fair value gain on revaluation of investment properties of RM2.1 million.
12.	Whether there is a need to setup a Board Remuneration Committee.	With the launching of the Malaysian Code of Corporate Governance 2016, the Board would review the setting up of a Board Remuneration Committee.