

APM AUTOMOTIVE HOLDINGS BERHAD

(Company No. 424838-D)

SUMMARY OF KEY MATTERS DISCUSSED AT THE TWENTY-FIRST ANNUAL GENERAL MEETING OF APM AUTOMOTIVE HOLDINGS BERHAD (“APM” OR “COMPANY”) HELD AT THE GRAND BALLROOM, LEVEL 9, SUNWAY PUTRA HOTEL KUALA LUMPUR, 100 JALAN PUTRA, 50350 KUALA LUMPUR, MALAYSIA ON WEDNESDAY, 23 MAY 2018 AT 10.30 A.M. (“21ST AGM”)

Dato’ N. Sadasivan s/o N.N. Pillay, Senior Independent Non-Executive Director, presided as Chairman of the Meeting. The Meeting was called to order at 10.30 a.m. after confirmation of the requisite quorum being present.

The Chairman informed the shareholders that the polling process for all the resolutions would be conducted upon completion of the deliberation of all items to be transacted at the 21st AGM. The shareholders also received the Audited Financial Statements of the Company and of the Group, along with the Reports of Directors and Auditors of the financial year ended 31 December 2017.

Questions were raised during the 21st AGM, which were duly responded by the Company. The salient questions were as follows:-

AGENDA ITEM 1:

AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 TOGETHER WITH THE REPORTS OF THE DIRECTORS AND AUDITORS THEREON

- Q1: Mr. Chua Soong Yun, a shareholder, commented that with reference to the Company 5-Years Strategic Plan presented by the CEO, the Company aims to achieve a turnover of RM2 billion by 2020 and to maintain the Profit Before Tax at 10% for the next 5 years, but in reviewing the current turnover, it is only approximately RM1.1 billion. He queried how Management could achieve these figures.
- A1: In response to Mr Chua’s query, Mr. Low informed that the Company had set a vision to achieve a turnover of RM2 billion by 2020 two (2) years ago. Management acknowledged the fact that it would be difficult to achieve the said target through organic growth. However, the Company believes that the target set could be realisable with growth through acquisition that would create synergistic value to the Company. Mr. Low quoted the example of acquiring a company, business and assets in Australia, which had contributed approximately RM60 million to the Group. This encourages the Company to continue pursuing any further opportunities in the next two (2) years with the view to meet the 2020 strategic target.
- Q2: Mr. Chua then referred the Meeting to page 120 of the Annual Report 2017 (Note 34, Operating Segments of AFS2017) and commented that the inventories for the segment of Interior and Plastics had varied from year-to-year and substantially been written down. He enquired for the reasons of significant write-downs in these inventories and whether it was due to the nature of the business and end of the product life of a product.
- A2: Mr. Low informed that a major portion of the inventories write-downs was due to the end of a product life of specific models coupled with the obsolescence of the inventories and accounting inaccuracy. It was an expected outcome and formed part and parcel of the business. Nevertheless, the Company had been putting in special controls to minimise the write-downs in inventories.

- Q3: Mr. Chua further enquired whether the Company produces its products prior to receiving a confirmed order, and whether the problems in the inventories were attributed to this practice.
- A3: Mr. Low briefed the Meeting that for Seatings sector, many of its sub-components are imported from overseas, which would take a few months to ship to Malaysia. If the Original Equipment Manufacturer (OEM) customer would to change its planned requirement within a short lead time, the inventory on hand could end up being mismatched with the OEM ongoing requirements. As a preventive measure, the Company works closely with its customers to mitigate this issue.
- Q4: Mr. Chua referred the Meeting to page 122 of the Annual Report 2017 [Note 34, Operating Segments (Major Customers) of AFS2017] in relation to the disclosure of the top three (3) customers with significant contribution to the Group's total revenue. He queried whether Perodua is the largest contributor to the revenue of the Company for FYE2017.
- A4: Mr. Low replied that Perodua had an excellent launch last year for its new car model, MYVI, and this new model would be continued in mass production by Perodua. The Company would be benefited from the continuous demands and orders in this new model. Meanwhile, the Company also had an interesting product range with its joint-venture company in Kulim that exported their products overseas. All these had contributed to the revenue of the Company.
- Q5: Mr. Chua continued to enquire whether the new management in Proton would have any impact to the Company.
- A5: To this Mr. Sow Soon Hock responded that the revenue contributed by Proton to the Group was less than 5% for the financial year ended 31 December 2017. Based on the current market movement, Proton had requested for some cost reduction from all its suppliers. Nevertheless, Management was looking for ways to work with Proton on the new models, where possible.
- Q6: Mr. Lee Cheng Hock, a shareholder, commended the Board and Management on the impressive results and achievements in year 2017, and hoped that the Company would continue achieving good results moving forward.

He then raised queries on the following:-

- (a) the reasons that the Company was not buying back its shares, even when the market price was low as compared to the previous year;
- (b) the reasons for illiquidity in the Company's shares;
- (c) the justifications for not utilising the cash available in the Company for share buy-back.

A6: Ms. Khoo Peng Peng, the Chief Financial Officer, replied that the Company had bought back 1,000 shares in August 2017 and March 2018 respectively to meet the requirements for declaration of solvency purpose. She continued that the consideration for use of the funds available would not be solely for the purpose of share buy-back on the low market price but also depends on the overall business plan of the Company, where some of the funds are reserved for overseas expansion or new opportunities.

Dato' Tan Eng Hwa added that the Group is continuously exploring for new markets or opportunities in other countries for expansion. Where possible, the overseas investment would be funded by the Group's own funding instead of borrowing as the interest rate is high. Thus, the cash would be reserved for potential opportunities in acquisitions to drive the top-line growth. Notwithstanding that the Group is actively pursuing for acquisitions, it will only be carried out in a prudent and commercial basis and upon an in-depth study of the proposal.

To the enquiry on the illiquidity of the Company's shares, the Chairman commented that it is beyond the control of the Company, and the possible reason for the same may be due to good dividend yields maintain by the Company that resulted the shareholders unwilling to sell their shares.

After all the questions were duly answered, the Chairman then initiated the poll voting process. All the Ordinary Resolutions and Special Resolution that were tabled at the 21st AGM were duly passed by the shareholders through poll voting, the result, which was announced by the Chairman, is as per Appendix I.

There being no further business, the 21st AGM was concluded at 12.20 p.m. with a vote of thanks to the Chair.

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Twenty-First Annual General Meeting

Grand Ballroom, Level 9, Sunway Putra Hotel Kuala Lumpur, 100 Jalan Putra, 50350 Kuala Lumpur

On **23-May-2018** at **10.30 AM**

Result on Voting By Poll

Resolution(s)	Vote For		Vote Against		Total Votes	
	No of Units	%	No of Units	%	No of Units	%
Ordinary Resolution 1	121,397,040	100.000	0	0.000	121,397,040	100.000
Ordinary Resolution 2	121,274,140	99.899	122,900	0.101	121,397,040	100.000
Ordinary Resolution 3	121,274,140	99.899	122,900	0.101	121,397,040	100.000
Ordinary Resolution 4	121,274,140	99.899	122,900	0.101	121,397,040	100.000
Ordinary Resolution 5	121,396,740	100.000	0	0.000	121,396,740	100.000
Ordinary Resolution 6	103,523,440	85.277	17,873,300	14.723	121,396,740	100.000
Ordinary Resolution 7	103,521,440	85.275	17,875,300	14.725	121,396,740	100.000
Ordinary Resolution 8	110,409,592	90.953	10,981,700	9.047	121,391,292	100.000
Ordinary Resolution 9	121,389,292	100.000	0	0.000	121,389,292	100.000
Ordinary Resolution 10	121,394,740	100.000	0	0.000	121,394,740	100.000
Ordinary Resolution 11	22,993,049	100.000	0	0.000	22,993,049	100.000
Ordinary Resolution 12	22,993,049	100.000	0	0.000	22,993,049	100.000
Ordinary Resolution 13	22,993,049	100.000	0	0.000	22,993,049	100.000
Special Resolution	121,209,140	100.000	0	0.000	121,209,140	100.000