

ADVENTA BERHAD

Registration No. 200301016113 (618533-M)
(Incorporated in Malaysia)

SUMMARY OF KEY MATTERS DISCUSSED AT THE NINETEENTH ANNUAL GENERAL MEETING (“19TH AGM”) OF ADVENTA BERHAD TO BE HELD ON A VIRTUAL BASIS AT THE BROADCAST VENUE AT MEETING ROOM OF ADVENTA BERHAD OF 21, JALAN TANDANG 51/205A, SEKSYEN 51, 46050 PETALING JAYA, SELANGOR DARUL EHSAN ON THURSDAY, 23 JUNE 2022 AT 10:30 A.M.

Minority Shareholders Watch Group’s (“MSWG”) questions and answers**Operational and Financial Matters****Question 1:**

The Company has managed to turnaround to profitability in FYE 2021 with a net profit of RM13 million after being in the red for the previous 2 financial years. (Page 4 of AR 2021)

- a) What are the steps being taken by the Company to enhance its profitability in FYE 2022?
- b) What is the guidance on revenue and net profit for FYE 2022?

Answer:

- a) Steps taken to enhance profitability in FYE 2022:
 - Increase sales force to have better coverage in the market
 - Introducing new and more advanced products
 - Adding more products under own brand
 - Cost reduction in supplies
 - Supply chain improvement
- b) After disposal of the dialysis business, the Company is left with one core business in distribution of medical disposable products. The Company has benefited from the Covid-19 pandemic in terms of sales last financial year while sales on surgical products were down during the pandemic. With the reopening of borders and recovering from Covid-19, there may be short-term headwinds as demand for Covid-19 related products taper off. However, we see increasing volumes and occupancy to pre-pandemic levels in the hospitals as the situation normalises. Products for surgical and operating rooms are back in demand now. The Company has sustained the profitability trend in the first quarter this year and expect to continue for the current year unless current inflationary pressures and logistics challenges continue unabated.

Question 2:

The Company is expanding its product lines and further building on its in-house brand of hospital and surgical disposable supplies under the name of “Connecx”. (Page 5 of AR 2021)

- a) What was the revenue derived from the sales of “Connecx” in FYE 2021?
- b) What are the Company’s plans to further develop the sales of this product going forward?

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(Summary of key matters discussed at the Nineteenth Annual General Meeting held on 23 June 2022 - cont'd)

Answer:

- a) The revenue derived from the sales of "Connecx" in FYE 2021 is about 32%.
- b) The Company will increase the product range under this brand and add new products into the existing range.

Question 3:

Aided by the strong performance of the hospital supplies division and net cash position of the Company, it is well positioned to start diversifying into new technology and information-driven growth businesses that will initially focus on the healthcare sector. (Page 5 of AR 2021)

- a) Has the Company identified any technology related healthcare business to venture into?
- b) What is the amount allocated for this proposed venture?

Answer:

- a) The Company is planning to establish a new entity in H2 FY2022 to develop AI and Blockchain based solutions for the healthcare sector.
- b) The Company is planning to allocate an initial investment of RM2 million for this proposed venture.

Question 4:

Other Income of the Company rose significantly in FYE 2021 to RM3.8 million from RM380k in FYE 2020 (Page 41 of AR 2021)

What is the nature of this Income and is it expected to recur in FYE 2022?

Answer:

The breakdown of other income is detailed in page 74 of the Annual Report. The increase mainly comes from the reversal of impairment loss on trade receivables and reversal of over-accrued commission (Total at RM3.3 million) which are not on recurring basis.

Corporate Governance ("CG")

Question 1:

The total internal audit fee incurred by the Company for FYE 2021 was RM15,000 or around RM1,250 per month. (Page 26 of AR 2021)

- a) Given that the fee is rather small, how does the Audit Committee assure itself that there would be adequate coverage and an effective audit function?
- b) What were the areas covered by the internal audit during FYE 2021?

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Answer:

- a) The fee charged is based on the size of the Company's accounts and its complexities and cannot be used to assess the adequacy and effectiveness of the audit function. The Audit Committee reviewed the Internal Auditor's audit plan and structure and discussed the Internal Audit plan to endure improvement where possible, the adequacy of coverage and its effectiveness.
- b) Areas covered by internal audit for FYE 2021 were Accounts Receivables and Human Resource Management.

Question 2:

Practice 1.4 of the MCG 2021 stipulates that the Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee.

The Chairman, Mr. Edmond Cheah Swee Leng is a member of the AC and the Chairman of the Nomination Committee ("NC") and the Remuneration Committee ("RC").

This is not in line with the Practice. Does the Company plan to apply Practice 1.4, and if yes, by when?

Answer:

We wish to highlight that the Board has put in place safeguard mechanisms in the form of checks and balances to prevent the exercising of under influence on Committee-level deliberations by the Chairman. The decision-making processes of the respective Committee are collectively made in accordance with the Terms of Reference of each Committee as well as all other applicable policies, procedures and laws.

The Company believes that the inclusion of the Chairman in the relevant committees is justified given his strong background and vast past experience captured across various organisations.

Nevertheless, the Company took note of Practice 1.4 of the MCG 2021 and will re-look into the composition of the Board Committees and the Board respectively to comply with the said Practice as early as possible.

Shareholders' questions and answers session

Question 1:

Mr. Teh Peng Tin, a proxyholder of the Company, requested the Company to offer participants with e-voucher as a token of appreciation for attending the AGM.

Answer:

Mr. Low Chin Guan ("**Mr. Low**"), on behalf of the Board, expressed appreciation for the support given by the shareholders to the Company. Mr. Low highlighted that the Company has been working towards maximising shareholders' value and would consider the feasibility of the suggestion moving forward.