

NOVA WELLNESS GROUP BERHAD
(the “Company”)
(Registration No. 201601025155 (1196094-M))
(Incorporated in Malaysia)

SUMMARY OF KEY MATTERS DISCUSSED AT THE THIRD ANNUAL GENERAL MEETING (“AGM”) HELD ON WEDNESDAY, 27 NOVEMBER 2019 AT 10.00 A.M.

Present : **Board of Directors**

Dr Abdul Manaf Bin Mohamad Radzi	- Independent Non-Executive Chairman
Phang Nyie Lin	- Managing Director
Phang Yeen Nung	- Executive Director
Phang Yeen Aun	- Executive Director
Sulaiman Bin Haji Ahmad	- Non-Independent Non-Executive Director
Sim Seng Loong @ Tai Seng	- Independent Non-Executive Director
Tan Mio Har	- Independent Non-Executive Director

and senior management, company secretary, external auditors, independent scrutineers, share registrar and members present personally and acting as proxies, where applicable and by corporate representatives.

At the Third AGM, the shareholders raised the following questions on the business and operations of the Group which were duly responded by Chairman/Management:-

NO.	QUESTIONS	THE COMPANY’S RESPONSES
1.	<p><u>Introduction of any specific products and marketing strategies of Nova Group in the end of the year</u></p> <p>Is there any specific products to be launched at the end of the year and what is the marketing strategies of Nova Group?</p>	<p>The main products under phase 1 are Dietary Supplements and functional food & beverage such as nutritional drinks and bakery products. All these products with low Glycemic Index and benefit to health.</p> <p>Nova Group is currently focusing on recruitment and selling the products to the existing pharmacies. The Group’s role is to foster the consumer’s understanding/awareness of diets that promote health and raise levels of nutrition.</p>

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NO.	QUESTION	THE COMPANY’S RESPONSES
2.	<p><u>Clarification on the actual utilisation of “Construction of a new GMP-Compliant Production Facility”</u></p> <p>The discrepancy on the actual amount of utilisation of “Construction of a new GMP-Compliant Production Facility” as disclosed in the 2019 Annual Report and Financial Results for Fourth Quarter Ended 30 June 2019.</p>	<p>The amount of utilisation of proceed as disclosed under the financial results for Fourth Quarter Ended 30 June 2019 which was released to public on 26 August 2019 is correct. The actual utilisation of “Construction of a new GMP-Compliant Production Facility” is RM10,405,000.00 and the balance of unutilised proceed is RM19,686,000.00. The Company will rectify the amount and notify the shareholders via a separate announcement.</p>
3.	<p><u>Further information on products in Research and Development activities of the Group</u></p> <p>To update the Research and Development (R&D) activities of Nova Group.</p>	<p>There are two phases of R&D i.e. pre-clinical and clinical. Currently, Hepar-P is under clinical stage.</p>
4.	<p><u>Sales Strategies of Nova Group</u></p> <p>What is the sales strategies of Nova Group?</p>	<p>The main focus of Nova Group is to increase numbers of outlets to attract more customers. Most of the sellers choose to be a dealer instead of partner due to Partners’ commitment. For expansion purposes, the Group need more outlets to grow. Normally, the dealer will become a Partner of the Group after 6 months or 1 year to enjoy better margin.</p>

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NO.	QUESTION	THE COMPANY’S RESPONSES
6.	<p><u>Status of lower tax rate application</u></p> <p>Update on the lower tax rate application as indicated in the 2018 Annual General Meeting.</p>	<p>The Company has yet to receive the approval from relevant government authority and will keep liaising with the authority. Further, Management will work together with the tax consultants in regards to the tax incentive of new machineries.</p>
6.	<p><u>Utilisation on two vacant lands</u></p> <p>Planning on the utilisation of the two vacant properties which located at Lots 11195 and 21874, Pekan Sungai Gadut, Daerah Seremban.</p>	<p>The Group will dispose the two vacant lands.</p>
7.	<p><u>Sustainability of Nova Group under the economic downturn</u></p> <p>Whether the business of Nova Group will affect by the economic downturn?</p>	<p>There is a high growth potential for the Group as health is important to everyone even in the economic downturn. Further, the Group’s revenue was on uptrend since commencement of its operations.</p>
8.	<p><u>Contribution of three main business segments of the Group</u></p> <p>What is the contribution of three main business segments of the Group i.e. a) Dietary Supplement, b) Functional Food and c) Skin Care Products and any changes after the operation of new factory?</p>	<p>The majority of the revenue is from Dietary Supplement, 20% from Functional Food and less than 5% from Skin Care Products. After the operation of new factory, the contribution of each segment remain unchanged as the Dietary Supplement segment will still be the main segment to contribute revenue in long term.</p>

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9.	<p><u>Excess of utilisation of proceed on R&D activities</u></p> <p>Planning on the excess of utilisation of proceed on R&D activities.</p>	<p>The cost of R&D is depended on the protocol of the R&D activities. The costs will be confirmed when incurred.</p>
10.	<p><u>Reduction on the final dividend rate to 0.6 sen in year 2019 from 1.8 sen in year 2018</u></p> <p>Explanation on the drop in final dividend rate from 1.8 sen in year 2018 to 0.6 sen in year 2019.</p>	<p>The declaration of dividend is based on manufacturing, business plan and future business strategy of the Group. In the year 2019, the total dividend of 1.10 sen per ordinary shares declared is equivalent to 32% of the Group’s profit after tax in year 2019.</p>
11.	<p><u>Number of products in Product Development In-Progress</u></p> <p>How many products in the Product Development In-Progress?</p>	<p>The cost of Product Development In Progress consists of 34 projects including in House R&D programme.</p>
12.	<p><u>Growth of Nova Group</u></p> <p>Under the current pace, the growth of Nova Group would be double from the market rate (7%). What is the targeted growth for year 2020?</p>	<p>During expansion, Nova Group focuses on increase outlets and agents and hence, the growth of the Group is below the rate. However, the revenue of the Group had increased about 40% as compare to the year 2018 and the growth of the Group is satisfactory.</p>

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12.	<p><u>Proportion of the marketing strategies</u></p> <p>What is the proportion of the marketing strategies such as online, oversea, OEM and in-house?</p>	<p>The main business focus of Nova Group as follows:-</p> <p>a) In-House (Retail) - 60% to 70%</p> <p>b) OEM - for maintenance</p> <p>c) Online marketing- for consumer’s convenient.</p> <p>Currently there are some products registered in Indonesia and Thailand and will market and sell in these countries.</p>
13.	<p><u>Percentage of retail and non-retail</u></p> <p>What is the percentage of retail and non-retail?</p>	<p>Majority of products sold through pharmacy and hospital and minority of products sold via online platform and direct to the consumer.</p>