

**NOVA WELLNESS GROUP BERHAD** (1196094-M)  
(Incorporated in Malaysia)

**SUMMARY OF KEY MATTERS DISCUSSED AT THE SECOND ANNUAL GENERAL MEETING (“2ND AGM”) OF THE COMPANY DULY CONVENED AND HELD AT MENTARI HALL 5, MOVENPICK HOTEL & CONVENTION CENTRE KLIA, KOMPLEKS TH SEPANG, JALAN MASJID KLIA, 64000 SEPANG, SELANGOR DARUL EHSAN ON TUESDAY, 27 NOVEMBER 2018 AT 10.30 A.M.**

Dr Abdul Manaf bin Mohamad Radzi (“the Chairman”) chaired the 2nd AGM of the Company. The Chairman called the meeting to order at 10.30 a.m. and the Secretary confirmed the presence of a requisite quorum for the meeting.

Before proceeding with the agenda of the Meeting, the Chairman briefed on the five key updates of the Group as follows:

- (i) launch of the e-shop
- (ii) initiation of the second clinical trial for Hepar-P Capsule
- (iii) expansion of the distribution network
- (iv) updates on the new GMP plant construction
- (v) investment in TopVision Eye Specialist Berhad.

The Chairman informed that the Group had launched the e-shop (online retail store) for the Group’s products in September 2018. Since the launch, the Group had received 62 purchases for the products via online which worth RM11,796. The purchases also included consumers from overseas. In addition, within 2 months of the launch, the Company managed to attract repeat purchases from consumers. The Group expect the online retail store to contribute positively to the Group’s growth in a long run.

The Group had initiated the second clinical trial for the product Hepar-P Capsule. This clinical trial was under the initiative program by the Ministry of Agriculture, Government of Malaysia. Currently they were in the stage of patient recruitment for the clinical trial. A total of 226 patients were to be recruited for this trial. This trial was currently held at Hospital Sultanah Bahiyah (Alor Star), Hospital Selayang, Hospital Pulau Pinang and Hospital Ampang. This clinical trial is to evaluate the effectiveness of Hepar-P Capsule on patients with non-alcoholic fatty liver disease.

The products are distributed via 245 Independent Retail Pharmacies with 112 partners under Nova Wellness Partner Programme (“NWPP”). It is an increase from 89 to 112 partners penetrating five new key areas in the state of Selangor, Perak, Penang, Sarawak and Johor. NWPP plays an important contributor to the Group’s revenue. This exclusive program for retail pharmacies enable them to focus and promote the House Brands responsibly to the consumers. Through this exclusivity, it allows consumers retention and repeat purchases. More information on the distribution network can be viewed in page 4 of the Annual Report 2018.

As at today, the construction of the new GMP-compliant production is still ongoing. The new GMP plant, which cost approximately RM16.50 million, is expected to be operational in 2019, enabling the Group to comprehensively enhance the production capacity for functional food and skincare products, and thus competitive edge.

The Group’s subsidiary, Nova Laboratories Sdn Bhd had invested RM 1.2 million in TopVision Eye Specialist Berhad that was listed on the LEAP market of Bursa Malaysia Securities Berhad on 21 November 2018. TopVision is a comprehensive medical eye care service provider with surgical centres in Malaysia. It offers eye care services ranging from general eye care to treatment of eye diseases such as cataract and eye related surgeries. Currently it has five eye specialist centres in Selangor and Johor.

Acknowledging the rising demand for medical eye care treatment, this investment allows the Group to expand to the new market segment.

The Chairman tabled the Company's Audited Financial Statements ("AFS") and the Reports of the Directors and Auditors for the financial year ended 30 June 2018 ("FYE 2018").

The Chairman declared that the AFS together with the Reports of the Directors and Auditors for the FYE 2018 as received and duly tabled at the 2nd AGM in accordance with Section 340(1)(a) of the Companies Act 2016 ("CA 2016"). The Chairman explained that the AFS for FYE 2018 were for discussion only, as they did not require shareholders' approval. Hence, the AFS would not be put forward for voting.

The following question was raised by shareholder and response made by the Management and Board of Directors ("Board"):

**Question 1**

Mr Chee enquired on the return to the shareholders and the outlook of the Company.

**Response to Question 1**

MD informed that the Company committed to recommend distributing a dividend of 30.0% of the annual audited profit for financial year ended 30 June 2018 to shareholders of the Company. The Board always try their best to achieve higher profit to the Company.

The details of the outlook of the Company could be referred to page 24 of the Annual Report 2018.

**Question 2**

Mr Chee enquired on the capital reduction.

**Response to Question 2**

NSH informed that the capital reduction exercise pursuant to Section 116 of the Act on 23 May 2018 to reduce 85,316,358 Shares held by the substantial shareholders on a pro rata basis, for a consideration of RM8,480,000, which will be distributed to the substantial shareholders by way of cash distribution to be paid in one or more tranches over a period of two years from the completion of the capital reduction.

NSH further informed that the details of the capital reduction could be referred to page 42 of the Annual Report 2018.

**Question 3**

Mr Chee requested the Board explain in details of the government grant.

**Response to Question 3**

ST informed that the Company is conducting pre-clinical and clinical trials on two different formulations containing the Ficus microcarpa standardised extract for supply to hospitals which granted by NKEA.

#### **Question 4**

Mr Chua enquired on any plan after expiry of the 10 years tax free incentive.

#### **Response to Question 4**

ST informed that in 2006, Nova Laboratories Sdn Bhd, the subsidiary of the Company, was granted the BioNexus status by Malaysian Bioeconomy Development in 2006, which allowed Nova Laboratories to enjoy tax exemption benefits statutory income on the on the qualifying activities for a period of 10 years from FYE 2008 to FYE 2017.

The tax exemption has expired on 30 June 2017. In this regard, the statutory income of Nova Laboratories is subject to the statutory tax rate of 24.0% from FYE 2018. Malaysian Bioeconomy Development has confirmed that upon expiry of the tax exemption, Nova Laboratories is entitled to a concessionary tax rate of 20.0% on the statutory income generated from its qualifying activities for a period of 10 years.

The Management had on 21 November 2017, made an application to Malaysian Bioeconomy Development for the implementation of the concessionary tax rate. As at to-date, the application is under review by the Malaysian Bioeconomy Development. In the event the concessionary tax rate is not approved, Nova Laboratories will be subject to the normal tax rate, currently at 24.0% which will have an impact on the profit of the Group.

#### **Question 5**

Mr Dinesh enquired on whether the Company will enter into direct selling channel for its products.

#### **Response to Question 5**

MD replied that he preferred to supply directly to dealers, he believed that dealers could explain the products to the customers directly, thus it would provide a better value to customers.

There being no further questions on the AFS, the AFS for the financial year ended 30 June 2018 together with the Directors' Report and Auditors Report thereon were duly received by the shareholders.

There were no questions raised for Agenda items 2 to 6. All the resolutions tabled at the 2nd AGM for the Company and voted upon by poll were duly passed by the shareholders.

There being no other business, the Meeting terminated at 11.45 a.m. with a vote of thanks to the Chairman.