

MEDTECS INTERNATIONAL CORPORATION LIMITED
(the "**Company**")
(Incorporated in Bermuda)

MINUTES OF THE ANNUAL GENERAL MEETING OF THE COMPANY

PLACE	:	Seletar Room, Holiday Inn Atrium, 317 Outram Rd, Singapore 169075 and broadcasted via "live" webcast
DATE	:	29 April 2022
TIME	:	3.40 p.m.
PRESENT	:	As set out in the attendance records maintained by the Company Secretary.
IN ATTENDANCE	:	As set out in the attendance records maintained by the Company Secretary.
CHAIRMAN	:	Mr Lim Tai Toon

1. INTRODUCTION

Mr Lim Tai Toon, the Lead Independent Director of the Company, presided over the meeting as Chairman ("**Chairman of Meeting**") pursuant to Bye-Law 62 of the Bye-Laws of the Company.

On behalf of the Board, the Chairman of Meeting welcomed all the shareholders of the Company (the "**Shareholders**") present at the Company's Annual General Meeting (the "**AGM**" or "**Meeting**") by way of electronic means.

It was noted that in compliance with the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, the Company's Annual General Meeting was being conducted via live webcast.

The Company's share registrar had verified that there were sufficient members present by proxy to form a quorum under the Company's Bye-laws. The Chairman of Meeting declared the Meeting open and introduced the Directors present.

2. OPENING ADDRESS BY EXECUTIVE CHAIRMAN

Mr Clement Yang Ker-Cheng, the Executive Chairman and Executive Director of the Company (the "**Chairman**"), gave an opening address which touched on the Company's operational and business expansion performance in 2021.

The Chairman informed the shareholders that the Company's priority in 2022 and ahead was to maintain a steady output of products and to ensure uninterrupted service and delivery to clients while maintaining an optimized stock level in case of a demand surge, in light of the recovery of the COVID-19 situation.

Additionally, the Company was exploring the possibility of venturing into the renewable energy market to develop another growth driver for the Medtecs Group, with a focus on solar power and energy storage services as a start. More plans would be shared with the Shareholders in due course.

3. NOTICE OF MEETING AND QUESTIONS FROM SHAREHOLDERS

The Notice of Meeting dated 14 April 2022 was taken as read.

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As the Company's AGM was being conducted via live webcast, voting at the Meeting would be done only by appointing the Chairman of Meeting as proxy. Shareholders had been requested to sent in their proxy forms at least 48 hours before the Meeting to appoint the Chairman of Meeting to cast votes on their behalf.

CNP Business Advisory Pte. Ltd. had been appointed as the scrutineer (the "**Scrutineer**") to observe the conduct of the poll. The proxy forms that were received by the Company as at the cut-off date on 27 April 2022 at 3:30 p.m. had been counted by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. and verified by the Scrutineer.

It was noted that the Chairman of Meeting had been directed to vote in accordance with the Shareholders' wishes and that voting on all resolutions at the Meeting were to be carried out by way of poll. The poll results for each resolution would be announced during the course of the Meeting.

The Chairman informed the Shareholders that the Company had previously provided responses to the substantial and relevant questions submitted by shareholders no later than 5.00 p.m. on 21 April 2022 in the form of an announcement released to the Singapore Exchange Securities Trading Limited ("**SGX-ST**") via SGXNET and on the Company's corporate website on 25 April 2022. The questions and responses are reproduced and annexed hereto as **Appendix 1**.

ORDINARY BUSINESS

4. ORDINARY RESOLUTION 1: DIRECTORS' REPORT AND STATEMENT AND THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 ("FY2021")

The Chairman of Meeting presented the first item on the agenda, which was to receive and adopt the Directors' Report and Statement for FY2021 together with the Auditors' Report thereon.

The Chairman of Meeting proposed the motion for Resolution 1 and proceeded to put the motion to the vote.

The result of the resolution was as follows:

	Total votes	Percentage of total votes (%)
For the resolution	301,520,705	99.87
Against the resolution	383,073	0.13

Based on the results of the poll, the Chairman of Meeting declared Resolution 1 carried and **RESOLVED** that the Directors' Report and Statement and the Audited Financial Statements of the Company for FY2021 together with the Auditors' Report thereon be hereby received and adopted.

5. ORDINARY RESOLUTION 2: RE-ELECTION OF MS CAROL YANG XIAO-QING

The Chairman of Meeting informed the Meeting that Resolution 2 was to deal with the re-election of Ms Carol Yang Xiao-Qing as a Director of the Company.

Ms Carol Yang Xiao-Qing was to retire pursuant to Bye-Law 86 of the Company's Bye-Laws, and being eligible, had offered herself for re-election.

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Ms Carol Yang Xiao-Qing, upon re-election, would continue to serve as an Independent Director, the Chairman of the Nominating Committee and a member of the Audit Committee and the Remuneration Committee of the Company.

The Chairman of Meeting proposed the motion for Resolution 2 and proceeded to put the motion to the vote.

The result of the resolution was as follows:

	Total votes	Percentage of total votes (%)
For the resolution	301,940,434	99.11
Against the resolution	2,708,544	0.89

Based on the results of the poll, the Chairman of Meeting declared Resolution 2 carried and RESOLVED that Ms Carol Yang Xiao-Qing be hereby re-elected as a Director of the Company.

6. ORDINARY RESOLUTION 3: RE-ELECTION OF DR NIEH CHIEN-CHUNG

The Chairman of Meeting informed the Meeting that Resolution 3 was to deal with the re-election of Dr Nieh Chien-Chung as a Director of the Company.

Dr Nieh Chien-Chung was to retire pursuant to Bye-Law 86 of the Company's Bye-Laws, and being eligible, had offered himself for re-election.

Dr Nieh Chien-Chung, upon re-election, would continue to serve as an Independent Director, the Chairman of the Remuneration Committee and a member of the Audit Committee and the Nominating Committee of the Company.

The Chairman of Meeting proposed the motion for Resolution 3 and proceeded to put the motion to the vote.

The result of the resolution was as follows:

	Total votes	Percentage of total votes (%)
For the resolution	303,925,105	99.76
Against the resolution	723,873	0.24

Based on the results of the poll, the Chairman of Meeting declared Resolution 3 carried and it was RESOLVED that Dr Nieh Chien-Chung be hereby re-elected as a Director of the Company.

7. ORDINARY RESOLUTION 4: PAYMENT OF DIRECTORS' FEES FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2022

The Chairman of Meeting proceeded to the next item on the agenda, which was to propose the payment of Directors' fees of S\$284,000 for the financial year ending 31 December 2022, to be paid quarterly in arrears.

The Chairman of Meeting proposed the motion for Resolution 4 and proceeded to put the motion to the vote.

The result of the resolution was as follows:

	Total votes	Percentage of total votes (%)
For the resolution	246,276,822	99.74
Against the resolution	653,073	0.26

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It was noted that the following parties had abstained from voting on Resolution 4.

Name	Total Number of Shares
Clement Yang Ker-Cheng	24,673,285
South World Investments Limited	18,506,621
Maybank Kim Eng Securities Pte. Ltd.	14,568,577

Based on the results of the poll, the Chairman of Meeting declared Resolution 4 carried and it was RESOLVED that the payment of S\$284,000 as Directors' fees for the financial year ending 31 December 2022 be hereby approved and that such fees be paid quarterly in arrears.

8. ORDINARY RESOLUTION 5: FINAL DIVIDEND

The Chairman of Meeting proceeded to the next item on the agenda, which was to propose the payment of final dividend of US\$0.0060 per ordinary share for the financial year ended 31 December 2021.

The Chairman of Meeting proposed the motion for Ordinary Resolution 5 and proceeded to put the motion to the vote.

The result of the resolution was as follows:

	Total votes	Percentage of total votes (%)
For the resolution	304,502,314	99.94
Against the resolution	193,064	0.06

Based on the results of the poll, the Chairman of Meeting declared Resolution 5 carried and RESOLVED that the payment of final dividend of US\$0.0060 per ordinary share for the financial year ended 31 December 2021 be hereby approved.

9. ORDINARY RESOLUTION 6: RE-APPOINTMENT OF AUDITORS

The Chairman of Meeting informed the Meeting that the re-appointment of Messrs SyCip Gorres Velayo & Co. as the Company's auditors was next on the agenda and that Messrs SyCip Gorres Velayo & Co. had expressed their willingness to continue in office.

The Chairman of Meeting proposed the motion for Resolution 6 and proceeded to put the motion to the vote.

The result of the resolution was as follows:

	Total votes	Percentage of total votes (%)
For the resolution	304,195,905	99.85
Against the resolution	453,073	0.15

Based on the results of the poll, the Chairman of Meeting declared Resolution 6 carried and RESOLVED that Messrs SyCipGorresVelayo & Co. be hereby re-appointed as Auditors of the Company and to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors.

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10. ANY OTHER BUSINESS

As there were no further items of ordinary business, the Chairman proceeded to deal with the items of special business.

SPECIAL BUSINESS

11. ORDINARY RESOLUTION 7: SHARE ISSUE MANDATE

The Chairman briefly explained that the first item of special business on the agenda was to seek shareholders' approval to authorise and empower the Directors to allot and issue shares in the capital of the Company and/or Instruments (as defined below). The full text of Ordinary Resolution 7 was set out under item 8 in the Notice of Meeting.

The Chairman of Meeting proposed the motion for Resolution 7 and proceeded to put the motion to the vote.

The result of the resolution was as follows:

	Total votes	Percentage of total votes (%)
For the resolution	283,086,934	92.91
Against the resolution	21,608,444	7.09

Based on the results of the poll, the Chairman of Meeting declared Resolution 7 carried and RESOLVED that pursuant to Rule 806 of the Rules of Catalyst, authority be hereby given to the Directors of the Company to:

- (i) allot and issue shares in the capital of the Company (whether by way of rights, bonus or otherwise (including shares as may be required to be issued pursuant to any Instrument (as defined below) made or granted by the Directors while this Resolutions is in force notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time of issue of such shares); and/or
- (ii) make or grant offers, agreements or options or otherwise issue convertible securities (collectively, "**Instruments**") that may or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

at any time and from time to time upon such terms and conditions, whether for cash or otherwise, and for such purposes and to such persons as the Directors may think fit for the benefit of the Company, provided that:

- a. the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to such authority) does not exceed one hundred per cent. (100%) of the total number of issued shares excluding subsidiary holdings (as defined in the Catalyst Rules) and treasury shares of the Company (as calculated in accordance with sub-paragraph b. below), of which the aggregate number of shares to be offered other than on a pro-rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to such authority) does not exceed fifty per cent. (50%) of the total number of issued shares excluding subsidiary holdings (as defined in the Catalyst Rules) and treasury shares of the Company (as calculated in accordance with sub-paragraph b. below);
- b. for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph a. above, the percentage of the total number of issued shares excluding subsidiary holdings (as defined in the Catalyst Rules) and treasury shares shall be calculated based on the total number of issued shares

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excluding treasury shares of the Company at the time of the passing of this Resolution, after adjusting for:

- (i) new shares arising from the conversion or exercise of any convertible securities;
- (ii) new shares arising from exercise of share options or vesting of share awards provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and
- (iii) any subsequent bonus issue, consolidation or subdivision of shares;

provided that adjustments in accordance with sub-paragraphs (i) and (2) above are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution;

- c. in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the Singapore Exchange Securities Trading Limited ("**SGX-ST**")) and the Bye-laws for the time being of the Company; and
- d. unless revoked or varied by the Company in general meeting, the authority conferred by this Resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law or by the Bye-Laws of the Company to be held, whichever is the earlier, except that the Directors of the Company shall be authorised to allot and issue shares pursuant to any Instrument made or granted by the Directors while this Resolution was in force notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time of issue of such shares.

12. ORDINARY RESOLUTION 8: AUTHORITY TO OFFER AND GRANT OPTIONS AND TO ALLOT AND ISSUE SHARES UNDER THE MEDTECS SHARE OPTION SCHEME

The Chairman of Meeting then proceeded to the next special business on the Agenda, which was to seek shareholders' approval for the Directors to offer and grant options and to allot and issue shares upon the exercise of options granted under the Medtecs Share Option Scheme. The full text of Ordinary Resolution 8 was set out under item 9 in the Notice of Meeting.

Any full-time employee of the Company or any Subsidiary including any Executive Director, Non-Executive Director, Controlling Shareholder and his Associate, who are eligible to participate in the Medtecs Share Option Scheme (collectively, "**Eligible Persons**"), were abstained from voting on Ordinary Resolution 8 set out under item 9 in the Notice of Meeting. Eligible Persons who were abstained personally from voting on the said ordinary resolution must not act as, or accept appointments as, proxies to vote on the said ordinary resolution for any Shareholders who were or might be regarded as being interested in the subject matter of the ordinary resolution.

The Chairman of Meeting proposed the motion for Resolution 8 and proceeded to put the motion to the vote.

The result of the resolution was as follows:

	Total votes	Percentage of total votes (%)
For the resolution	225,353,060	91.26
Against the resolution	21,593,835	8.74

It was noted that the following parties had abstained from voting on Resolution 8.

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Name	Total Number of Shares
Clement Yang Ker-Cheng	24,673,285
South World Investments Limited	18,506,621
Maybank Kim Eng Securities Pte. Ltd.	14,568,577

Based on the result of the poll, the Chairman of Meeting declared Resolution 8 carried and RESOLVED that the Directors of the Company be hereby authorised to offer and grant options in accordance with the provisions of the Medtecs Share Option Scheme ("**Scheme**") and to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of the options under the Scheme provided always that the aggregate number of shares to be issued pursuant to the Scheme shall not exceed fifteen per cent. (15%) of the total number of issued shares excluding subsidiary holdings (as defined in the Catalist Rules) and treasury shares of the Company from time to time.

13. ORDINARY RESOLUTION 9: PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

The Chairman of Meeting then proceeded to the last item of special business on the agenda, which was to seek shareholders' approval for the proposed renewal of the Share Purchase Mandate. The full text of Resolution 9 was set out under item 10 in the Notice of Meeting.

The Chairman of Meeting proposed the motion for Resolution 9 and proceeded to put the motion to the vote.

The result of the resolution was as follows:

	Total votes	Percentage of total votes (%)
For the resolution	304,357,505	99.93
Against the resolution	215,073	0.07

Based on the results of the poll, the Chairman of Meeting declared Resolution 9 and RESOLVED that:

- a. for the purposes of the Companies Act 1981 of Bermuda ("**Bermuda Companies Act**") and otherwise in accordance with the rules and regulations of the SGX-ST, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company (the "**Shares**") not exceeding in aggregate the Maximum Percentage (as hereafter defined), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:
 - (i) on-market purchases through the SGX-ST's trading system, or as the case may be, on any other stock exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose ("**Market Purchases**"); and/or
 - (ii) off-market purchases in accordance with an equal access scheme as defined in Section 76C of the Singapore Companies Act 1967 of Singapore ("**Off-Market Purchases**"),

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and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");

- b. the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate to purchase and/or acquire Shares may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:
- (i) the date on which the next annual general meeting of the Company is held or required by law to be held (whereupon it will lapse, unless renewed at such AGM);
 - (ii) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by the Company at a general meeting (if so varied or revoked prior to the next AGM); or
 - (iii) the date on which the purchases and/or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate are carried out to the full extent mandated; and
- c. the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution.

In this Resolution:

"Average Closing Price" means:

- (i) in the case of a Market Purchase, the average of the Closing Market Prices (as defined below) of a Share over the last five Market Days on which the Shares are transacted on the SGX-ST or, as the case may be, such securities exchange on which the Shares are listed or quoted, immediately preceding the date of the Market Purchase by the Company; or
- (ii) in the case of an Off-Market Purchase, the average of the Closing Market Prices (as defined below) of a Share over the last five Market Days on which the Shares are transacted on the SGX-ST or, as the case may be, such securities exchange on which the Shares are listed or quotes, immediately preceding the date of the making of the offer pursuant to the Off-Market Purchase,

and deemed to be adjusted, in accordance with the Catalist Rules, for any corporate action that occurs during such five Market Day period and the day of the Market Purchase or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase;

"Closing Market Price" means the last dealt price for a Share transacted through the SGX-ST's trading system as shown in any publication of the SGX-ST or other sources;

"date of the making of the offer" means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from Shareholders, stating therein the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

"Market Day" means a day on which the SGX-ST is open for trading in securities;

"Maximum Percentage" means that number of issued Shares representing 10.0% of the issued Shares as at the date of the passing of this Resolution, unless the Company has, at any time during the Relevant Period, effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Bermuda Companies Act,

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in which event the total number of issued Shares of the Company shall be taken to be the total number of issued Shares as altered by the capital reduction. Any Shares which are held as Treasury Shares and any subsidiary holdings will be disregarded for purposes of computing the 10.0% limit;

"**Maximum Price**" in relation to a Share to be purchased or acquired, means the purchase price (excluding related or ancillary expenses in respect of the purchase or acquisition such as brokerage, commission, applicable goods and services tax, stamp duties and clearance fees and other related expenses (where applicable)) to be paid for a Share will be determined by the Directors, provided that such purchase price must not exceed:

- (i) in the case of a Market Purchase, 105.0% of the Average Closing Price of the Shares; and
- (ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120.0% of the Average Closing Price of the Shares; and

"**Relevant Period**" means the period commencing from the date on which the last AGM was held and expiring on the date the next AGM is held or is required by law to be held, whichever is the earlier, after the date of this Resolution.

14. TERMINATION

There being no further business, the Chairman declared the Meeting was concluded and closed at 4.00 p.m. and thanked everyone for their attendance.

CONFIRMED AS A TRUE RECORD OF PROCEEDINGS HELD

LIM TAI TOON
CHAIRMAN OF MEETING

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Appendix 1

Unless otherwise stated herein, all capitalised terms shall have the same meanings ascribed to them in the Company's annual report for the financial year ended 31 December 2021 ("FY2021").

A. Business Performance & Operations	
1	<p><u>Question</u></p> <p>(i) Can management help shareholders better understand the utilisation of the group's personal protective equipment (PPE) production capacity for 2021? How has the lower demand for PPE impacted production capacity?</p> <p>(ii) How does the group differentiate itself from new competitors that entered the industry in the past two years? Given the commoditised nature of PPE, how does the group maintain/increase its prices and profit margin?</p> <p>(iii) In addition, is the group's B2C segment likely to "move the needle"? The group is focused on Amazon USA and other major e-commerce platforms in Taiwan.</p> <p>(iv) Can management provide shareholders with updates on the proposed tie ups with:</p> <p style="padding-left: 20px;">a. Enimmune Co., Ltd., a biologics research and marketing company; and b. Mytrex Health Technologies, Inc., a supplier of melt-blown non-woven material?</p> <p>Can the board help shareholders to better understand how these tie-ups, if proceeding, add value in terms of enhancing revenue and improving profit margins?</p>
	<p><u>Response</u></p> <p>(i) Utilisation of production capacity was around 60~70% in the later part of 2021. In response to the lower demand for PPE amongst our customer base, certain of our workshops and production lines had changed from 2 shifts to 1 shift to reduce idle time. The Group further minimized the overall out-sourced production volume.</p> <p>(ii) Based on the Group management's understanding, most of the Group's competitors that began producing PPE in 2020 have scaled back their productions.</p> <p>As an experienced industry player for over 30 years, the Group is committed to achieving long-term sustainable business performance. Our priority is to maintain a steady output of products and to ensure uninterrupted service and delivery to our clients while maintaining an optimized stock level in case of a demand surge. To maintain our profit margin, we continue to strengthen our branding initiatives and to expand our portfolio of own-brand products and to work towards our goal to become Asia's go-to one-stop-shop for PPE needs and stockpiling solutions.</p> <p>(iii) The Group has performed well on the Amazon platform and Taiwan E-commerce platforms, with the Group's significant investment in marketing and advertising efforts in FY2020 and FY2021. Therefore, barring any unforeseen circumstances,</p>

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	<p>on the information currently available to us, we remain cautiously optimistic about the performance of this segment.</p> <p>(iv) We have built a broad base of business engagements with Enimmune Co., Ltd., including cross-selling of products and referral of potential business prospects. We will continue to explore further business opportunities with Enimmune on this basis.</p> <p>We have been working with Mytrex to vertically integrate our mask operations in the Philippines. Mytrex successfully installed its production lines within the Company's production facilities in the Philippines, and have since been producing melt-blown non-woven material used as a filter in our face masks. The co-location of Mytrex's and Medtecs' production lines ensures the Group's product quality and minimises supply chain disruption.</p> <p>These partnerships are in line with our core strategies to build a vertically-integrated resilient supply chain and to expand the Group's product mix. We believe the Group will as a result increase revenue stream and cost-saving in the long run.</p>
B. Business Diversification	
2	<p><u>Question</u></p> <p>The company presently intends to focus on and evaluate the merits of solar power and energy storage services, including installation of solar panels in its existing factories.</p> <p>(i) Who is leading the due diligence on the company's diversification to renewable energy?</p> <p>(ii) Is there sufficient (technical) expertise and (management) bandwidth in the current management team and in the board to carry out a comprehensive due diligence?</p> <p>(iii) What is the level of involvement by the board in the proposed diversification?</p> <p>(iv) With no apparent synergy between renewable energy and the current core PPE business, how does the board assess the risk/reward ratio as the group ventures away from its core competence?</p> <p>(v) When will management complete its due diligence?</p>
	<p><u>Response</u></p> <p>(i) Following the Company's announcement dated 11 February 2022, the Company has formed a Task Force on Growth Initiatives to assess challenges and the Company's capacities to execute growth strategies and is assessing entry into the renewable energies sector as a potential sustainable opportunity for the Group. The Task Force will be leading the feasibility studies and due diligence for the same. The Task Force currently comprises the CEO and senior executives of the Group and will include external consultants, if necessary.</p> <p>(ii) The Group is still at the exploration stage so there is minimum manpower required and the Board believes the current management team has sufficient bandwidth to carry out the due diligence required. As mentioned above, we may also engage external consultants to boost our technical expertise in this area, at the appropriate juncture.</p> <p>(iii) The Board has been briefed by the Company's management team of the Company's intention to foray into this sector and will be reviewing projects as and when they materialize to provide guidance and approval to ensure the</p>

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	<p>proposed diversification will not adversely impact shareholders' long-term interest and the Group's sustainability.</p> <p>(iv) This is in line with the Group's focus on pursuing strategic development to future-proof its market position and long-term growth in a post-COVID era. The Company is of the view that exploring renewable energy sector allows the Group to keep pace with sustainability trends and by potentially investing in renewable energy together with external strategic partners, the Group can meet the requests from our clients for more green manufacturing in the future. Further, whilst the PPE and the renewable energy sectors seem to have little in common, the Company believes that it will benefit from the Group's core competencies, being the Group's well-established presence in Taiwan, Cambodia and the Philippines, the strong local networks, as well as a deep understanding and appreciation of the relevant socio-economic factors and regulatory environment in these regions. We believe these core competencies will help mitigate the potential risks involved in the renewable energy sector. For example -</p> <p>The solar technology is mature in Taiwan. Tapping into local connections, we have identified an experienced team that can provide us with turn-key solar power solutions, which may mitigate potential operational risks relating to solar power and energy storage services.</p> <p>The world is shifting to renewable energy and government policies are in place to promote growth of the industry. We envision in the early days the Group's focus will be on Taiwan, Cambodia, and the Philippines, with the possibility to expand to other ASEAN countries. As mentioned above, we have been operating in Taiwan, Cambodia and the Philippines for a long time, and are familiar with the local laws and regulations, as well as political climates. We're confident in our ability to manage country-specific regulatory risks.</p> <p>In conclusion the Management (with the concurrence of the Board) considers growth in the renewable energy sector to be accelerating, and the Group's diversification into this sector likely can provide another growth driver as concern for climate change and support for environmental, social, and governance (ESG) considerations grow and demand for greener energy increases worldwide.</p> <p>(v) It is an ongoing process but barring any unforeseen circumstances, we expect to substantially complete preliminary due diligence in or around the last quarter of 2022.</p>
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C. Internal Control

3	<p><u>Question</u></p> <p>As noted in the corporate governance report, on an annual basis, the group's internal audit function prepares an audit plan taking into consideration risks identified and assessed from the risk management system.</p> <p>(i) Can the audit committee (AC) clarify if the internal audit function is inhouse or outsourced? For shareholders' benefit, please provide details of the internal auditors/internal audit function, including the resources/number of staff, qualification and experience.</p> <p>(ii) What was the scope of the internal audit in FY2021?</p> <p>(iii) Were all the overseas operating entities included in the internal audit?</p> <p>On page 48, the company disclosed the following:</p>
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	<p>The group's internal audit function follows up on all recommendations to ensure timely remediation of audit issues and reports the status to the AC every quarter. The AC, having reviewed the adequacy of the group's internal control systems, is satisfied that effective internal controls were put in place and supported by a sound internal audit process and is of the view that the Group's internal audit function is independent, effective and adequately resourced.</p> <p>(iv) Can the AC clarify if the internal auditors were also implementing its own recommendations?</p> <p>(v) Can the AC confirm that the internal auditors had complied with the standards set by nationally or internationally recognised professional bodies, such as the International Standards for the Professional Practice of Internal Auditing (IIA Standards) issued by the Institute of Internal Auditors recommendations?</p>
	<p><u>Response</u></p> <p>(i) The Internal Audit function comprises one In House Group Internal Auditor who is a member of the Institute of Internal Auditors in the Philippines. To ensure effective controls within the Group's business and processes, the Management separately has set up an Internal Control Department based in Taipei comprising 3 team members with relevant work experience and academic background to focus on internal controls in respect of the Group's overall operations and processes in support of the Group's Internal Audit function in identifying and address risk areas.</p> <p>(ii) For FY2021, the Group's Internal Audit function identified and focused on high risk areas in the risk matrix plan. The high risk areas were those which were considered as significant audit concerns, and covered the Inventory and Receivables. The Internal Audit function also covered areas such as the Hospital Operation, Disbursement and Revenue, which were in turn categorised as medium to high risk.</p> <p>The Internal Control Department performs process-based audits, covering key operating process like Financial, Internal Management, Fixed Asset Cycle, Information Technology, Payroll, Production, Procurement, Sales and Collection and Research & Development.</p> <p>(iii) Yes, all entities, being those incorporated or established in Taiwan, Cambodia and the Philippines, are included in the internal audit scope. The Group's Internal Audit function is under the direct supervision of the Audit Committee of the Board, which reviews the recommendation and subsequent action plan on each findings to ensure independent and effective controls.</p> <p>(iv) The Audit Committee has reviewed and was satisfied that the Internal Audit function has ensured that its recommendations had been properly implemented by the Group.</p> <p>(v) The Audit Committee has reviewed and was satisfied that the Internal Audit function is in compliance with international audit standards.</p>