



ANNUAL REPORT 2023

Restoring Health Enhancing Life





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Apex
Healthcare
Service • Quality • Integrity



OUR BUSINESS

Through manufacturing and distribution, we make quality pharmaceuticals, consumer healthcare products and medical devices available to our valued customers through our comprehensive supply channels.

Since our establishment in 1962, our business has been focused on making pharmaceuticals, consumer healthcare products and medical devices available to customers in the markets in which we operate, through manufacturing and distribution, and in a manner which fairly rewards all stakeholders. We know our business intimately and have a growing network of loyal customers; this will remain our business for the future. Our confidence in our business stems from a conscious decision to focus resources on our area of expertise, which enables us to increase our capabilities, efficiencies and understanding of underlying trends in the industry.

CORPORATE INFORMATION

COMPANY SECRETARIES

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STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
Main Market
Stock Code : 7090
Stock Name : AHEALTH

PRINCIPAL BANKERS

HSBC Bank Malaysia Berhad
Registration no. 198401015221 (127776-V)
777 Jalan Hang Tuah
75300 Melaka

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Registration no. 196001000142 (3813-K)
Menara Maybank
100 Jalan Tun Perak
50050 Kuala Lumpur

United Overseas Bank (Malaysia) Berhad
Registration no. 199301017069 (271809-K)
Level 18 Menara UOB
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50350 Kuala Lumpur

Board Charter
Code of Conduct
Sustainability Statement
Whistleblowing Policy & Procedure
Anti-Corruption Policy
Privacy Policy
Corporate Governance Report
Directors' Fit and Proper Policy
Code of Ethics for Directors

Information on the above can be found at
www.apexhealthcare.com.my

GROUP WEBSITES

www.apexhealthcare.com.my
www.apexpharma.com.my
www.xepasp.com
www.apexpharma.com.sg
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Fax : +603 5636 9280
Contact Person : Leighton Kee
Email : enquiry@apexpharmacy.com.my



OUR MISSION

Restoring Health, Enhancing Life.

Apex's mission is to bring better health and quality of life to all through its businesses. Healthcare professionals use our medicines and medical devices to treat and manage respiratory, dermatological, cardiovascular, gastrointestinal conditions and more. Consumers use our range of consumer healthcare products to enhance their wellbeing. We take heart in knowing that our products play a role in the restoration of health and enhancement of life in those who use and trust them.

CORPORATE STRUCTURE



LETTER FROM THE CHAIRMAN

DEAR SHAREHOLDERS

On behalf of the Board of Directors ('Board'), I am pleased to present the 2023 Annual Report and Audited Financial Statements of Apex Healthcare Berhad ('AHB' or the 'Group'). Despite grappling with challenges such as inflation, heightened operating costs and geopolitical tensions, the Group showcased resilience to attain commendable results for the year and made significant strides in various initiatives that underpin our long-term ambitions.

A ROBUST PERFORMANCE AGAINST A CHALLENGING BACKDROP

In 2022, our strong performance was driven by factors like the post-pandemic economic recovery, with the shift to Covid-19 endemicity boosting consumer sentiment, and our timely expansion of production capacity to meet demand. However, these positive dynamics diminished in 2023, exposing us to challenges such as slowing economic growth and persistent inflation affecting operating costs.

Amidst this uncertain landscape, the Group showcased resilience and acumen to achieve its 23rd consecutive year of growth, with revenue increasing by 6.7% to new record high of RM 936.2 million. Strengthened consumer confidence and an increased prevalence of respiratory illnesses were key contributors, alongside the robust performance of existing and newly acquired consumer healthcare agencies and proactive launch of new Group-branded products. Meanwhile, our strategic divestment exercise to unlock value from our associate company, Straits Apex Group Sdn Bhd ('SAG'), drove an unprecedented rise in our Profit Before Tax ('PBT') to RM 423.3 million, 251.7% higher than the RM 120.4 million achieved in FY2022.

These results, however, should not veil the very real challenges present in the pharmaceutical industry. While the demand for pharmaceuticals and healthcare products held firm in the first half of 2023, we witnessed increased volatility in the latter half, marked by economic slowdowns across our key markets.

At the same time, while raw material prices began to stabilize during 2023, it nevertheless remained above pre-Covid levels and continued to be impacted by geopolitical concerns such as physical wars, trade wars and rising global tensions. With the pharmaceutical industry relying on a global network of suppliers for active pharmaceutical ingredients, excipients and packaging materials, the ongoing Russia-Ukraine and Israel-Gaza conflicts have had an impact on the efficiency of supply chains and costs of raw materials and transportation. More recently, the deepening depreciation of the ringgit has further escalated our costs for materials, especially imported ingredients.

In the face of such uncertainties, the Group has adeptly leveraged on our established fundamentals of operational excellence, strategic business approaches and efficient cost management to counteract these impacts and achieve an inspired financial performance. As we anticipate the persistence of these challenges into 2024, we have

proactively implemented a range of strategies and initiatives to secure and enhance our longer-term growth prospects.

A YEAR OF REMARKABLE MILESTONES

2023 was marked by a series of significant milestones for the Group, with the seeds planted today expected to play an important role in ensuring we remain on the right trajectory to weather future hurdles and maintain our robust growth record.

A key achievement for the year was the success of Xepa-Soul Pattinson (Malaysia) Sdn Bhd ('XEPA') in obtaining the Halal Certificate of Authentication for 23 products. These XEPA manufactured products have been certified in accordance with MS 2424:2019 to be in compliance with Islamic Law and the Malaysian Halal Standard, facilitating their approval by the Halal Certification Panel of Jabatan Kemajuan Islam Malaysia ('JAKIM'). In tandem with this, XEPA was the proud recipient of the Halal Healthcare Excellence Award under the Large Corporation category at the World Halal Excellence Awards 2022 in July 2023.

These certifications and award underscore our dedication to delivering quality products while adhering to stringent halal processes, and opens up exciting growth potential within the expansive Muslim consumer market.

Another significant development, as previously mentioned, was SAG's successful execution of a strategic divestment of 60% equity interest in Straits Apex Sdn Bhd ('SA') to Quadria Capital Investment Management Pte Ltd ('Quadria Capital') in May 2023. Through reinvestment via subscription and rollover, SAG retained a 40% equity interest in SA through the new holding company, Next Ortho Investment Holdings Pte Ltd. The divestment has successfully unlocked both immediate and long-term value for AHB's shareholders, highlighted by the one-off gain of RM 321.7 million recognised upon completion of the deal and final adjustments. This gain has spearheaded our record-breaking financial results and enabled our Board to propose the issuance of a special dividend this year.

In the longer term, despite our effective interest in SAG being reduced from 40% to 16%, we are excited by the prospects of working alongside Quadria Capital to drive the next phase of growth. With assets under management exceeding USD 2.8 billion, this Asian healthcare-focused private equity powerhouse brings immense resources to the table and will be looking to create greater long-term value from its new subsidiary. In the short term, income from

leasing new production facilities owned by SAG at the Batu Kawan Industrial Park in Penang is expected to slightly offset the reduced share of profit from the first quarter of 2024 onwards.

The gains from the divestment have emboldened us to focus on fresh growth prospects, with concrete plans underway to significantly expand XEPA's warehousing and liquid production capacity. With our current 9.63-acre site now fully utilized, XEPA is in the process of acquiring 20.7 acres of industrial land and existing premises from Panasonic Appliances Refrigeration Devices Malaysia Sdn Bhd ('Panasonic') for RM 66.5 million.

The availability of the Panasonic land and facilities is fortuitous, as it is strategically located just 400m from our current facilities at the Cheng Industrial Estate. This close proximity minimizes the necessity to duplicate support services at the new premises, while the suitability of its existing industrial buildings for retrofitting in accordance with XEPA's manufacturing requirements will effectively reduce the cost of construction. With regulatory approval obtained, the acquisition is on track to be completed on 31st July 2024.

Simultaneously, we have expanded the facilities at our current manufacturing site at Cheng Industrial Estate to support impending growth. Two additional buildings, housing the cutting-edge Octantis Quality Control laboratory, along with new staff service areas, received their Certificate of Practical Completion and commenced operations during the year.

The development of Octantis is an especially important milestone for the Group, dovetailing with our ambitions to broaden production. Equipped with state-of-the-art facilities, Octantis substantially amplifies our quality control capabilities, ensuring our products surpass regulatory requirements for both efficacy and safety. The new facility has concurrently doubled our capacity for batch releases, laying a solid foundation in quality control to facilitate future expansion of our production volume.

Meanwhile, Apex Pharma Marketing Pte Ltd ('APS') secured a significant breakthrough of their own during 2023 by achieving the ISO 9001:2015 certification for the Wholesales and Distribution of Pharmaceutical Products and Medical Devices. This globally recognized certification is set to not only enhance trust among our existing clients but also attract new clients and solidify our position as an industry leader.

REINVESTING TO SEIZE GROWTH OPPORTUNITIES

In the rapidly evolving pharmaceutical industry, our Research and Development ('R&D') initiatives play a vital role in driving strategic innovation of new products, helping us stay competitive and expand our market share. Aligned with our growth strategy of 'Growing Group Brands', we are committed to increasing our annual investment in R&D.

In the past year alone, we invested RM 8.5 million in R&D and innovation, an increase of over 18% compared with the previous year's outlay, and a figure that represents 3.2% of our revenue gained from manufacturing activities. Supported by this increased outlay, XEPA has been empowered to considerably expand its innovation activities, assuming a pivotal role in contributing to the launch of 12 new Group-branded products over the past twelve months.

While our heightened investment in 2023 attests to our positive trajectory, our ambitions extend further. Moving forward, we have set the target of reinvesting 5% of our total manufacturing revenue into the R&D of new products. Supported by this increased R&D spend, we seek to capitalize on patent cliffs by quickly bringing to market newly formulated generic options for molecules that are coming close to patent expiry or already off patent. This approach presents a promising avenue for revenue growth, given the burgeoning market for generic drugs.

ELEVATING OUR SUSTAINABILITY JOURNEY

Our commitment to sustainability, embedded in our mission statement of 'Restoring Health, Enhancing Life', has long been a core element of our corporate culture. Recognizing the opportunity for improvement in our sustainability reporting, we sought external expertise in 2023 to guide the development of a more comprehensive sustainability statement in this year's annual report.

This statement offers a thorough evaluation of critical topics pivotal to the sustainability of our business within the pharmaceutical industry and our regions of operation. It enables us to transparently communicate our initiatives, provide updates on our progress and establish crucial objectives, goals and relevant indicators with appropriate targets to drive continuous improvements in our performance. Through these detailed disclosures, we aim to foster deeper trust with our stakeholders as we keep them abreast of our sustainability journey.

In light of the escalating urgency to address the impacts of climate change, we take particular pride in our growing adoption of solar renewable energy initiatives. In the past year, two new projects were successfully installed at APS in Singapore and APM in Subang Jaya, Malaysia. When combined with the existing solar panels at XEPA operationalized in 2021, the Group's total system capacity now stands at 1,352 kWp across these three projects.

Looking forward, we remain committed to exploring additional opportunities to expand our use of renewable energy and reduce our overall carbon emissions, while also seeking to enhance our sustainability practices across our operational footprint.

Read more in our Sustainability Statement from page 49 to 118.

LETTER FROM THE CHAIRMAN
(CONT'D)**EMPOWERING OUR PEOPLE**

As we strive to establish ourselves as a prominent global player in the pharmaceutical industry, acquiring exceptional talent is imperative for our progression. Ensuring a highly desirable workplace is crucial to attract and retain industry professionals of global standards. To elevate our offerings, we have introduced two new employee-centric facilities at our manufacturing base in Cheng, Melaka, both of which have been carefully designed to meet the needs of a modern workforce.

In July 2023, we inaugurated Xphilia Café, a new canteen. This vibrant space, bathed in natural light, offers comfortable seating and outdoor areas, fostering a conducive and positive working atmosphere for our growing team.

Complementing this was the launch of Conoscenz Office in May 2023, which caters specifically to teams in Innovation & Development, Regulatory Affairs, Business Pipeline and Quality Assurance. This dedicated meeting space is innovatively designed to promote collaboration and creative problem solving amongst the vital people and teams that will lead AHB forward.

We are humbled and validated to see our efforts to empower employees being acknowledged by the industry, with XEPA proudly receiving the esteemed Asia's Best Employer Brand Award from the Employer Branding Institute in August 2023. This award underscores our unwavering dedication to cultivating a workplace that appreciates and celebrates the contributions of each individual.

LEVERAGING TECHNOLOGY FOR ROBUST GOVERNANCE AND OVERSIGHT

In this era of digital transformation, the long-term success of our business hinges on advancing oversight and controls to align with the evolving technological landscape. Over the past years, we have made significant progress in enhancing our enterprise resource planning ('ERP') systems and digitizing our laboratories as part of our Information Technology Master Plan.

To ensure greater harmonization across our operating subsidiaries, we had extended the use of the SAP-ERP system, which is currently utilized at APM in Malaysia, to our APS operations in Singapore starting December 2022. More recently, XEPA's adoption of SAP S/4HANA went live in early 2024, empowering XEPA to streamline production planning, inventory management and quality control.

The implementation of complementary SAP systems across all key operating subsidiaries will enable us to enhance efficiencies in managing customer relationships, tracking sales orders and optimizing distribution channels, simultaneously strengthening our internal synergies and refining the service we are able to provide business partners.

We are concurrently amplifying our utilization of digital technology to enhance Electronic Quality Management System across our laboratories. Our teams have meticulously crafted a comprehensive roadmap to realise our digital objectives, integrating annual enhancements in our facilities to maintain state-of-the-art standards that enhance efficiency and accuracy. This initiative is reinforced by internal training programs that will equip employees with essential skills to safeguard data protection, maintain regulatory compliance and ensure business continuity in the face of the heightened risks of cyberattacks.

REWARDING OUR LOYAL SHAREHOLDERS

The Board has proposed a final single-tier dividend of 2.5 sen per share in respect of the financial year ended 31st December 2023 for shareholders' approval at the forthcoming Annual General Meeting ('AGM') scheduled in May 2024. In light of our gains from the SAG divestment exercise, the Board is also proposing a special single-tier dividend of 20.0 sen per share for shareholders' approval at the same AGM. Together with the interim dividend of 2.5 sen per share paid on 19th September 2023, total dividends paid and declared in respect of financial year 2023 is 25 sen per share.

We are proud to report that our steadfast commitment to deliver shareholder returns that surpass industry benchmarks has been recognized by the industry at large. In The Edge Billion Ringgit Club ('The Edge BRC') Award 2023, which compares and ranks 181 listed companies with a market capitalization of at least RM 1 billion, AHB was ranked 2nd for Highest Returns to Shareholders Over Three Years in the Healthcare Sector. This accolade is a testament to our shareholders' trust, and we pledge to uphold our commitment by continually striving to provide returns that reflect our gratitude for shareholders' loyalty.

A POSITIVE OUTLOOK AMIDST A CHALLENGING TIDE

Looking ahead, we acknowledge the complex landscape that will influence our performance in the coming years, with both internal and external factors coming into play.

Although Malaysia's economic trajectory is expected to exhibit an improvement in 2024, with a forecasted GDP growth of 4.7% compared to the 3.7% recorded in 2023, this optimism is tempered by uncertainties stemming from high interest rates, increased operating costs and potential global economic impacts should geopolitical conflicts escalate in several parts of the world.

Despite challenging economic conditions, total healthcare expenditure is anticipated to rise in 2024, driven by increasing affluence, higher public spending, a rise in chronic illnesses, ageing populations and heightened health awareness among consumers. Concurrently, the Malaysian healthcare sector is expected to be strengthened by the

LETTER FROM THE CHAIRMAN
(CONT'D)

record increase in the allocation for the Ministry of Health in Budget 2024. Of the RM 41.2 billion allocated, RM 5.5 billion has been earmarked for procuring medicine supplies, consumables, reagents and vaccines, with the enhanced funding expected to boost demand for pharmaceutical supplies.

Market forces notwithstanding, the Group remains well-positioned to build upon our achievements. Key focus areas for 2024 include implementing innovative sales and marketing programs to expand domestic market share, exploring the potential of introducing products and contract manufacturing services to new international markets, and intensifying R&D efforts to swiftly launch new products, especially within the generic pharmaceuticals segment. At the same time, we will proactively identify new products and agency partnerships to meet evolving market demands, while continuing to acquire and renew globally recognised certifications that signify our high standards in quality.

These efforts will be supported by ongoing initiatives to digitalize business processes and remain at the forefront of technological advancements within the industry. From a sustainability perspective, we will seek to strengthen our commitments by elevating management practices and refining reporting mechanisms.

In the upcoming year, we will also embark on the construction of expanded warehousing and liquid production facilities, following the completion of our land acquisition from Panasonic. This will enable XEPA to consolidate warehousing operations more efficiently, introduce enhanced capabilities to produce a range of new products and increase its liquid production capacity to meet growing demand for key products such as cough and cold syrups.

This initiative underscores our forward-looking strategy that emphasizes sustainable growth and long-term success, further evidenced in the substantial progress made across various operational aspects this year. With these measures in place, we are poised to maintain the Group on a thriving trajectory, navigating the evolving landscape with resilience and foresight.

ACKNOWLEDGEMENTS

To close, I would like to acknowledge and appreciate the tireless efforts of all our AHB employees. From the workers on the factory floor to our corporate staff, our multiracial workforce of dedicated and proficient employees are the people that truly drive our success, united by a common mission to restore health and enhance lives across the geographically diverse communities we serve.

To my esteemed fellow Directors, I extend my personal appreciation for your valuable insights and sincere advice. To our shareholders, I express heartfelt gratitude for your continued confidence and trust in the AHB Group.

Let us continue to navigate confidently to face the challenges of 2024 and beyond, steadfastly growing our company and delivering shareholder value, grounded in our core tenets of Service, Quality and Integrity.

DR KEE KIRK CHIN
Chairman & CEO



MANAGEMENT DISCUSSION AND ANALYSIS



ABOUT APEX HEALTHCARE BERHAD

Apex Healthcare Berhad ('AHB' or the 'Company') serves as the investment holding entity for a group of companies (the 'Group') specializing in the development, manufacturing, wholesaling, marketing and distribution of pharmaceuticals, consumer healthcare products and medical devices.

With ten wholly owned subsidiaries across Malaysia and Singapore, the Group has successfully established a commercial footprint in over 20 countries worldwide. Our workforce comprises 976 employees, and we operate two manufacturing hubs — one in Melaka for pharmaceuticals and another in Penang for orthopaedic devices through our associate company. We also maintain a network of eight distribution warehouses and depots throughout Malaysia and Singapore.

The Group manufactures a wide range of pharmaceuticals, consumer healthcare products and medical devices under eight proprietary brands as at 31st December 2023 - XEPAT™, AVO, AVEX, AEVA, AGNESIA, HENNSON, KAPS and REMECO. Products bearing these brands are sold in 17 territories worldwide. We are constantly expanding our home-grown portfolio, with 12 new products launched under our proprietary brands during 2023.

In addition to our proprietary brands, the Group offers regulatory, sales, marketing and distribution services for pharmaceuticals, consumer healthcare products and medical devices from esteemed business partners.

Both our proprietary products and those under the brands of our business partners are distributed via our comprehensive distribution channels encompassing hospitals, clinics, independent and chain pharmacies, supermarkets and health stores. Our well-oiled distribution network empowers us to provide seamless and timely access to our products for customers, which include doctors, pharmacists, nutritionists, retailers and, ultimately, patients or consumers.

Our Core Tenets and Purpose

AHB was founded in 1962 upon the three Core Tenets of Service, Quality and Integrity, values that we hold true to this day. Guided by our mission to restore health and enhance the lives of people in the regions where we operate, our objective is to establish AHB Group as a leading global pharmaceutical group based in the ASEAN region.

976 

Total Employees

- » 883 in Malaysia
- » 93 in Singapore

2 

Manufacturing Hubs

- » Melaka (pharmaceuticals)
- » Penang (orthopaedic devices)

8 

Proprietary Brands

- » XEPAT™
- » AVO
- » AVEX
- » AEVA
- » AGNESIA
- » HENNSON
- » KAPS
- » REMECO

8 

Warehouses and Depots

- » 7 in Malaysia
- » 1 in Singapore



Our Reporting Segments

The Group's business operations have been organized into three segments for the purposes of enhancing our reporting practices. The business operations and companies within each of our Manufacturing, Distribution and Corporate reporting segments are outlined in the accompanying table.

Reporting Segments	Business Operations	Operating Companies
Manufacturing	Manufacturing and Marketing of Pharmaceuticals, Consumer Healthcare Products and Medical Devices	<ul style="list-style-type: none"> Xepa-Soul Pattinson (Malaysia) Sdn Bhd Xepa-Soul Pattinson (S) Pte Ltd <i>The above two entities are collectively referred to as 'XEPA'</i>
Distribution	Wholesale, Marketing and Distribution of Pharmaceuticals, Consumer Healthcare Products and Medical Devices	<ul style="list-style-type: none"> Apex Pharmacy Marketing Sdn Bhd ('APM') Apex Pharma Marketing Pte Ltd ('APS') <i>The above two entities are collectively referred to as 'APEX'</i> <ul style="list-style-type: none"> ABio Marketing Sdn Bhd ('ABIO')
Corporate	Group Properties Contract Manufacturing of Orthopaedic Devices	<ul style="list-style-type: none"> Apex Retail Sdn Bhd Apex Pharmacy Corporate Sdn Bhd Straits Apex Group Sdn Bhd ('SAG')

Our Growth Strategies

To achieve our business objectives amidst a dynamic and evolving business landscape, the Group has identified the following five key strategies to unlock a cohesive and collective pursuit of our ambitions across all business entities.

Customer-Centric Approach	Our customer-centric approach empowers us to monitor shifting customer needs and industry trends closely, with customer insights playing a pivotal role in steering research and development for new products and services. Utilizing our robust distribution network, we can swiftly access markets to ensure customers avail our products promptly. Simultaneously, our pricing strategy balances customer value with retaining sufficient profits to reward stakeholders and facilitate continuous investment in innovation and business infrastructure upgrades.
Building Robust Business Partnerships	With our business partnerships standing as crucial catalysts for the Group to realize its ambitions, we are committed to cultivating robust long-term relationships that centre on generating mutually beneficial and sustainable value for all stakeholders. These strategic alliances foster shared advantages such as risk-sharing, collaborative expertise pooling and the exchange of mutual resources, enabling all parties to rapidly gain competitive advantages and greater speed to market.

MANAGEMENT DISCUSSION
AND ANALYSIS
(CONT'D)

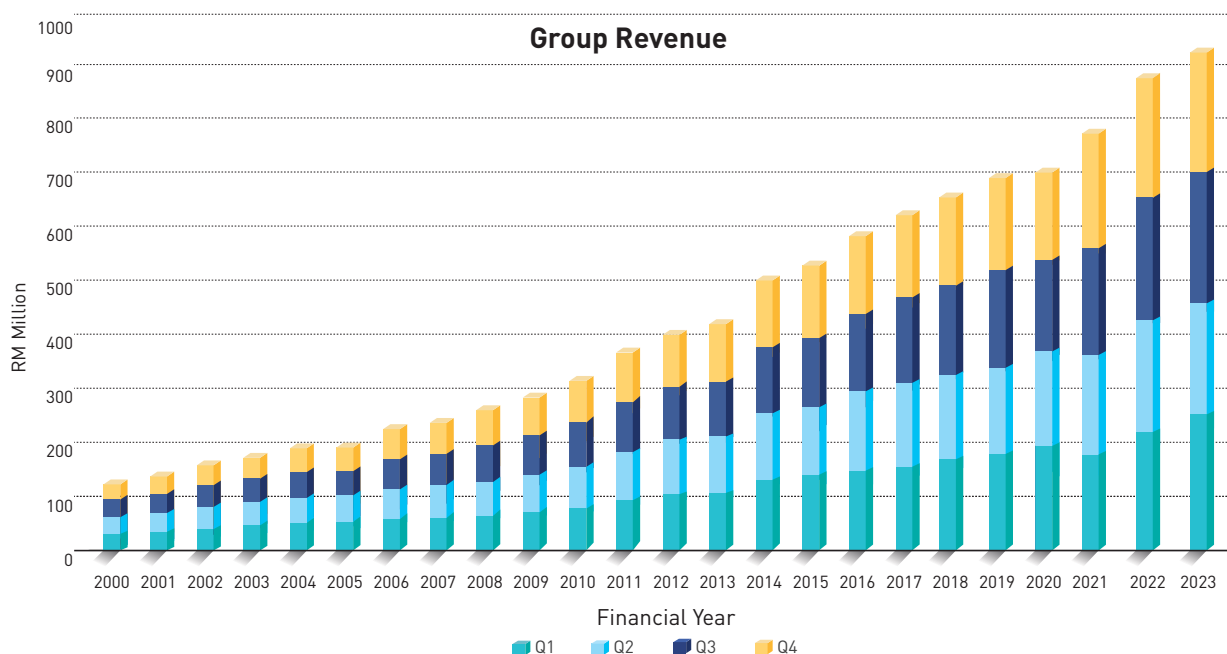
Leveraging Technology	The Group harnesses digital technology to enhance customer engagement, drive innovation, streamline operational processes and facilitate informed decision-making. Efforts involve the harmonization of resource management platforms and systems across the Group’s companies, promoting seamless integration, efficient reporting and heightened productivity. Mindful of rapid digital advancement, we are embracing emerging technologies to unlock the advantages of digitalization, while fortifying our cybersecurity posture to ensure the robustness of our data systems in an increasingly digital landscape.
Growing Group Brands	We are dedicated to expanding our portfolio of healthcare products under proprietary Group Brands, capitalizing on the successes of our in-house research and development teams to multiply our ownership of exclusive trademarks. In 2023, Group brands contributed 32.6% to the Group’s revenue and are presently marketed in 17 territories. We have committed to actively increase investment in research and development, allocating at least 5% of manufacturing revenue each year to strategically innovate products in alignment with evolving trends and customer expectations.
Commitment of a Career	Strategic human capital management is paramount for our sustained competitiveness. Our recruitment process is designed to prioritize competencies essential for roles, with emphasis on developing a workforce that is adaptable to disruptions and highly competent in threat management. Via our Leadership Management Program, we consistently fortify our leadership pipeline, refine management skills and instil the agility required in employees to navigate dynamic business landscapes. Having identified training and education as a material sustainability matter for optimal employee management, we complement our approach with development programmes to empower our people with the knowledge and tools to contribute meaningfully to the Group’s success.

FINANCIAL REVIEW

Group Revenue

The Group’s consolidated revenue from operating subsidiaries reached another all-time high in 2023, rising 6.7% to RM 936.2 million against RM 877.7 million in 2022, marking our 23rd consecutive year of revenue growth since the company was publicly listed in 2000. Numerous factors contributed to our growth in revenue, with external dynamics such as the ongoing economic recovery and enhanced consumer sentiment dovetailing with the success of our new product launches and increased contributions from existing and recently acquired distribution agencies. Our sales of respiratory medicines, including the Group’s cough and cold products, were particularly robust due to the elevated prevalence of respiratory illnesses within the community.

The Group’s Malaysian operations accounted for 62.7% of total revenue, with international operations and markets supplying the remainder. Group proprietary brands continue to contribute robustly to income, accounting for 32.6% of total revenue in 2023. The following chart details the Group’s revenue performance since 2000.



Group Profit

Our expenses for the year generally grew in tandem with higher revenue, with advertising and promotional expenses incurred for brand building increasing by 6.2% and our investment into R&D growing by 18.9% as we bolstered efforts to expand our pipeline of new products. Meanwhile, finance costs have maintained a downward trajectory as loans utilized for SPP NOVO continue to be paid down, reducing by 26.2% compared to 2022.

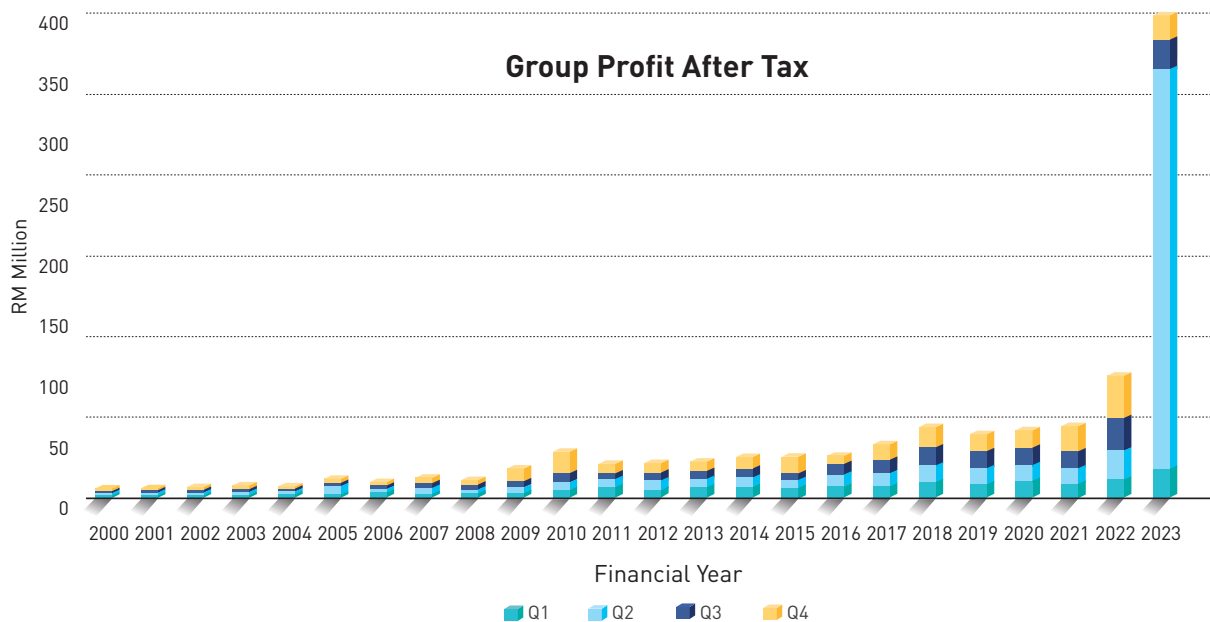
The biggest impact to our profit came from our share of earnings of RM 336.4 million from SAG for the full year, 11.4 times higher than the RM 29.6 million recognized in 2022. This elevated figure combines RM 14.7 million in recurring earnings as well as the non-recurring gain of RM 321.7 million from the effective divestment of 60% equity in Straits Apex Sdn Bhd ('SA') by SAG to Quadria Capital Investment Management Pte Ltd (the 'Divestment'). The reduction of recurring earnings from SAG, which stood at RM 29.6 million in 2022, is attributable to the Group's reduced effective interest in SA of 16% since May 2023, as well as amortization expenses for intangible assets identified in the Purchase Price Allocation exercise mandated by the required accounting treatment of the Divestment. It should also be noted that our share of 2022 earnings from SAG were inflated by the reversal of a RM 4.2 million impairment made in 2016, which arose from the Group's investment in the associate.

With the non-recurring gain, the Group's profit before tax for 2023 has skyrocketed by 251.7% to RM 423.3 million, compared to RM 120.4 million achieved in 2022. The following chart illustrates the historical record of the Group's profit before tax since 2000:

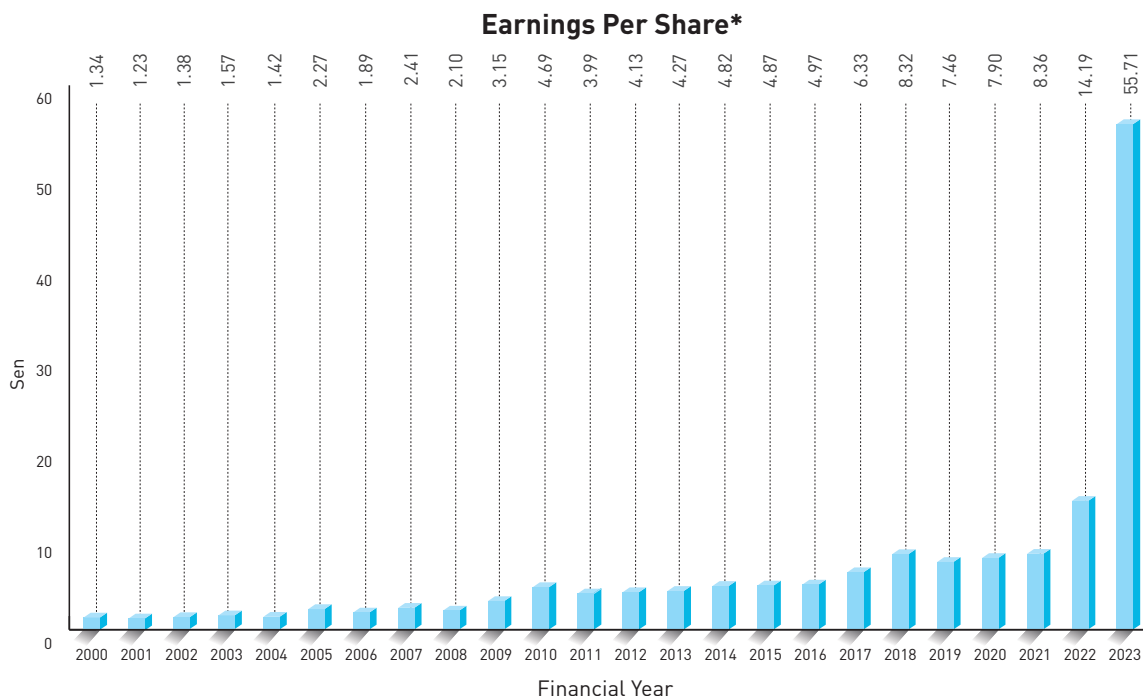


MANAGEMENT DISCUSSION
AND ANALYSIS
(CONT'D)

Similarly, Group profit after tax rose steeply to RM 398.0 million, an increase of 294.2% over the RM 101.0 million recorded for 2022. The following chart illustrates the Group's profit after tax since year 2000:



Earnings per share rose to 55.7 sen per share in 2023, resulting from the spike in net profit arising from the non-recurring gain of RM 321.7 million. The following chart illustrates the Group's Earnings Per Share ('EPS') since 2000:

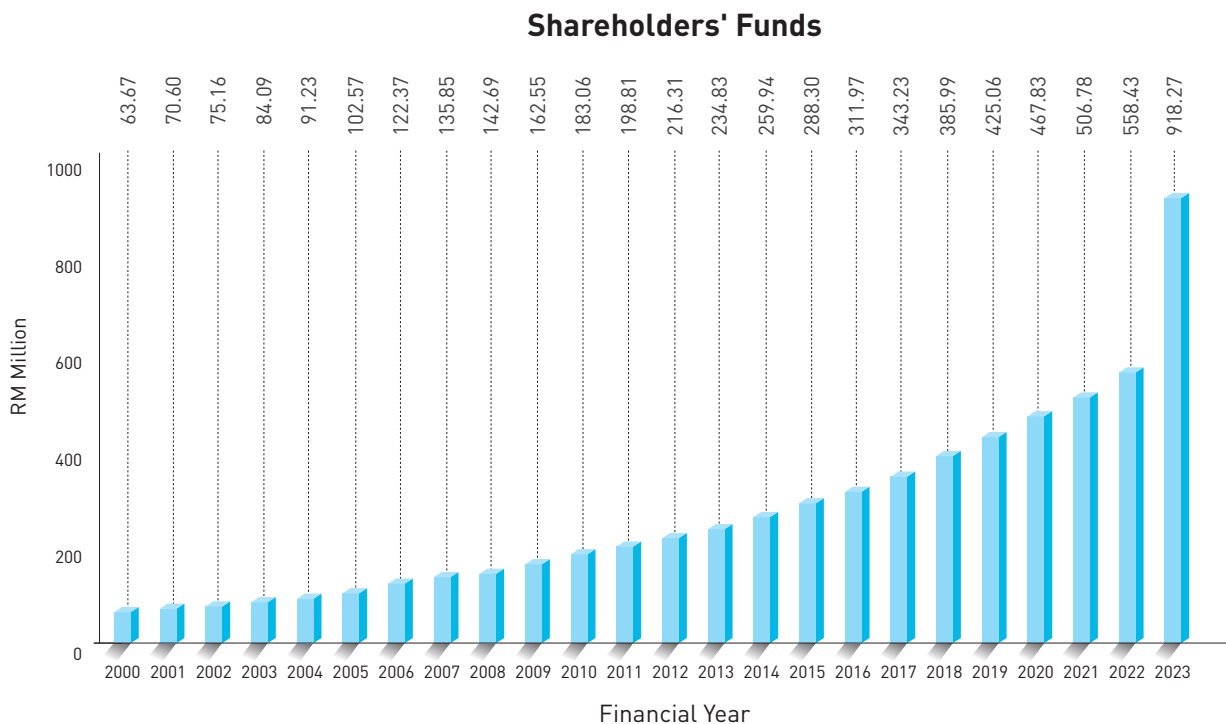


* The number of shares has been retrospectively adjusted for the following corporate exercises:

- In Year 2003: Bonus issue of 1 new ordinary share for every 2 existing shares.
- In Year 2006: Private placement of 6,600,000 new ordinary shares.
- In Year 2010: Bonus issue of 1 new ordinary share for every 4 existing shares.
- In Year 2014: Bonus issue of 1 new ordinary share for every 4 existing shares.
- In Year 2019: Bonus issue of 3 new ordinary shares for every 1 existing share.
- In Year 2023: Bonus issue of 1 new ordinary share for every 2 existing shares.

Financial Position and Liquidity

The Group maintains a healthy financial position with cash reserves standing at RM 383.0 million as at 31st December 2023. Borrowings incurred for the construction of SPP NOVO declined to RM 3.6 million, compared to RM 9.5 million in 2022, as loans continue to be paid down. The Group's net cash position grew to RM 379.3 million, with the increase of RM 214.4 million compared to 2022 primarily driven by dividends received from SAG. Inventory days increased from 45 days to 49 days in 2023, as we built up stocks to minimize the issue of supply shortages that arose in the third quarter of 2022. Trade Receivables and Trade Payables days remain steady at 71 days and 61 days respectively. Meanwhile, shareholders' funds also grew significantly on the back of the SAG non-recurring gain, rising from RM 558.4 million to RM 918.3 million as at 31st December 2023. The following chart illustrates Shareholders' Funds of the Group since 2000:



Capital Expenditure, Structure and Resources

In August 2023, the Group received the delivery notice of vacant possession for our new 10,053 square feet freehold office suites in the mixed development of Pavilion Damansara Heights, marking the successful completion of this acquisition that was first announced in 2016.

Meanwhile, the Group has embarked on a new ongoing capital expenditure project in 2023, involving the acquisition of an industrial property bearing postal address 16 and 18, Jalan TTC 1, Kawasan Perindustrian Cheng, Melaka for a total purchase consideration of RM 66.5 million. Of this amount, RM 50 million will be financed by bank borrowings, with the remaining funded through internally generated funds. Aside from the above and other routine annual capital expenditure, no other major capital expenditure commitments were made in 2023.

Trends and Events

Demand for pharmaceuticals, consumer healthcare products, and medical devices demonstrated resilience throughout the first half of 2023, building on the positive sales momentum from the preceding year. However, the latter half of 2023 presented a more challenging business landscape, marked by a slowdown in economic growth across our key markets and a decline in consumer sentiment, attributed to rising inflation.

MANAGEMENT DISCUSSION
AND ANALYSIS
(CONT'D)



The pharmaceutical industry faced additional challenges due to ongoing geopolitical conflicts in 2023, notably the Russia-Ukraine war and the Israel-Gaza conflict. These conflicts exerted a considerable impact on the global pharmaceutical sector, which heavily relies on a complex network of suppliers for essential components like active pharmaceutical ingredients, excipients, and packaging materials. The resulting instability disrupted supply chains, leading to increased costs for materials and transportation. The depreciation of the ringgit and escalating interest rates also added to our cost concerns in 2023, placing additional pressure on profit margins.

Further details are furnished in the "Possible Trend, Outlook and Sustainability of Business Segment" section on Page 24 of this report.

REVIEW OF OPERATING ACTIVITIES

Manufacturing Segment

Our Manufacturing reporting segment focuses on two wholly owned subsidiary companies, namely Xepa-Soul Pattinson (Malaysia) Sdn Bhd in Malaysia and Xepa-Soul Pattinson (S) Pte Ltd in Singapore, collectively known as XEPA. Specializing in the manufacturing and marketing of XEPA-branded off-patent generic pharmaceuticals, consumer healthcare products and medical devices, XEPA is also engaged in contract manufacturing for major pharmaceutical firms.

In this section, we analyse the manufacturing segment's performance over the past year, evaluating production activities, improvements made to our quality, regulatory and research & development frameworks, as well as our sales and marketing initiatives.

Production Activities in 2023

All pharmaceutical production is conducted by XEPA at a singular campus in Cheng Industrial Estate, Melaka. In 2019, our facilities underwent significant expansion with the commencement of production at our new Oral Solid Dosage manufacturing plant, SPP NOVO.

Our XEPA plants hold the distinction of being fully EU GMP certified, with our primary manufacturing facility obtaining certification in 2017 and a second EU GMP certification specifically secured for SPP NOVO in 2020. Moreover, our production and laboratory facilities are also PIC/S, ISO 17025, ISO 9001:2015, EN ISO 13485 and Good Distribution Practice for Medical Devices ('GDPMD') certified.

Aligned with our growth aspirations, we aim to consistently expand capacity at both our Solid and Liquid Production Plants while maximizing the utilization of available capacity. In 2022, the production capacity of oral solid dosage forms was increased with the commissioning of additional film coating capacity and a second high-speed blister packaging line in SPP NOVO, elevating XEPA's total installed annual production capacity for tablets and capsules by 36%. Over the past twelve months, we further installed a second dispensing booth and high-speed tablet press to address growing demand, while augmenting our Intermediate Bulk Containers material handling system with an additional lifter and blender. In 2023, capacity utilization for the Solid Production Plants stood at 65.8%.

Regarding liquid production, we doubled our total installed annual production for liquids with the commissioning of our third high-capacity line in 2022. This third production line was enhanced during 2023 with the addition of a supplementary large capacity blending tank. These collective efforts have enabled us to increase the total number of batches produced annually by 8%. Over the last twelve months, capacity utilization for the Liquid Production Plant held steady at 60.7%.

During the third quarter of 2023, XEPA achieved a significant milestone by obtaining the Certificate of Practical Completion for two new buildings at its Cheng campus in Melaka. These strategic addendums to our premises feature new quality control laboratories named Octantis as well as additional staff service areas, Xphilia Café and Conoscenz Office, to further support the anticipated growth in our production volume and workforce.

Meanwhile, we have continued to see growth in our contract manufacturing activities, with the 8.2% revenue growth from this segment in 2023 underscoring the success of our industry leading manufacturing certifications in attracting and expanding our partnerships with global pharmaceutical entities.



Quality, Regulatory, Research & Development

In 2023, XEPA marked a notable breakthrough by obtaining a Halal Certificate of Authentication for 23 products. This certification, approved by the Halal Certification Panel of Jabatan Kemajuan Islam Malaysia ('JAKIM'), attests that these XEPA products adhere to Islamic Law and the Malaysian Halal Standard as outlined in MS 2424:2019. This achievement was coupled with XEPA's receiving the prestigious Halal Healthcare Excellence Award in the Large Corporation category at the World Halal Excellence Awards 2022 in July 2023, affording XEPA valuable exposure within the halal healthcare community. These recognitions underscore our commitment to developing halal alternatives in the healthcare industry, paving the way for exciting growth prospects in this sector.

Another notable development for XEPA in 2023 was the commencement of its new Octantis quality control laboratory, which has significantly upgraded our quality management capabilities. At the same time, it has doubled our potential batch capacity, allowing us to monitor a larger volume of products and increase our revenue-generating capacity.

Determined to fully capitalize on our newfound facilities and capabilities, we have committed to allocating at least 5% of

our manufacturing revenue to research and development ('R&D') activities. In 2023, we invested a total of RM 8.5 million in R&D, marking an increase of 18.9% compared to 2022. Nevertheless, this figure only represents 3.2% of total manufacturing revenue for the year, and we will continue to increase our R&D spend in the coming years as we progress towards our 5% target.

Simultaneously, we are ramping up our utilization of digital technology to bolster electronic quality management within our laboratories and drive innovation within our processes. Our teams have devised a comprehensive roadmap to attain our digital objectives, incorporating yearly advancements in our facilities to uphold cutting-edge standards that boost efficiency and accuracy. In 2023, we enhanced our Electronic Quality Management System platform by introducing a new eLab Doc module. This innovative digital addendum to our systems will refine our procedures for work instructions and management, marking a significant stride forward in our journey towards establishing a Digital Enabled Laboratory.

XEPA has continued to align its medicine safety efforts with requirements of the Malaysian Ministry of Health by operating a strong pharmacovigilance system to oversee the safe use of medicinal products in the community. Our stringent Product Complaint Management framework strengthens our capability to monitor and address reports of product safety issues. This framework sets forth contact points, procedures and action plans that are fully compliant with all safety-related requirements, including directives and registration conditions mandated by health authorities.

Sales & Marketing

Revenue for our manufacturing segment is generated through the sales of XEPA branded products to the Malaysian and Singaporean private and government sectors, with the private sector of these two countries contributing 59.1% to XEPA's revenue.

In 2023, Malaysian private sector revenue grew by 10.7%, with the majority of our therapeutic product categories recording a spike in sales, led by contributions from respiratory and dermatology products. Respiratory product sales grew by 21% compared to the year before, with top selling products *Bena* and *Sedilix* reflecting an upward trend in the prevalence of cough, cold and influenza infections. We also saw a jump in revenue from ophthalmology products for eye care, which grew by 12% in 2023. Sales to the government healthcare sector in Malaysia, meanwhile, grew by 5.7% over the previous year, with demand for our key products from last year, *Vencid* (pantoprazole) and *Provinace* (perindopril), being sustained into 2023.

In Singapore, private sector sales once again registered robust growth of 28.4% compared to 2022, with increase of market share for respiratory, gastrointestinal, dermatology and consumer healthcare products. Export sector sales have once again reached a new high, growing by 7.2%, despite supply chain challenges and global financial volatility.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

We have continued to extend the global market presence of our XEPA-branded pharmaceuticals and medical devices as well as our contract-manufactured products, which are now commercially present in more than 20 territories. Our focus moving forward involves intensifying in-market demand in key export markets, establishing additional distributors in both new and existing territories, and facilitating global product registrations and launches.

Strategic new products were launched during the year, as we sought to address demand from various market sectors. These include two variants of *Tymodex Antibacterial Mouthwash*, new *O'Cera Body Wash* and *O'Cera Body Lotion* variants to complement our existing *O'Cera Daily Moisturiser*, *Covastin* anticholesterol tablets in two strengths, and two new line extensions to our *Uniflex* anti-inflammatory skin cream.

In respect of marketing initiatives, our Supporting Healthcare Improvement & Nurturing Excellence ('SHINE') programme continued to undertake important educational and engagement activities to meet the evolving needs of doctors and pharmacists while increasing market penetration for XEPA products. We organized and participated in two key symposiums during the year, both of which were held in a hybrid format to welcome both physical and online participation.

In October 2023, we collaborated with the Dermatology Chapter College of Physicians Malaysia to organize a medical symposium entitled "Common Dermatology Problems for Primary Care". This hybrid event was open to healthcare professionals and provided a platform to update primary care physicians on the latest developments in the management of fungal and bacterial skin infections, while enabling us to launch two new variants of our *Uniflex Cream* to the private sector. Seminar topics featured during the symposium included "What's new in superficial fungal skin infections", delivered by Dr Henry Foong; "Challenges in management of bacterial skin infections in primary care", presented by Dr Kwan Jing Wern; and "Role of topical steroid in primary care dermatoses: 70-year-old hero or zero", a lecture by Dr Leong Kin Fon.

XEPA also supported a medical symposium entitled "Reversing The Obesity Trajectory To Reduce Cardiovascular Disease Risks – How and why do I do it?" in December 2023. Organized by Institut Jantung Negara (IJN), this symposium featured top speakers from the medical community, namely Dato' Sri Dr Azhari Rosman, Prof Dr Rohana Abdul Ghani, Prof Dr Winnie Chee Siew Swee, Dr Thum Chan Ho, Dr Ahmad Faizal Shamsuddin and Dr Iskandar Mirza Amran. Key topics covered during the event included the 2023 Clinical Practice Guideline on management of obesity, implementation of a multidisciplinary approach to obesity management as well as the cardiovascular disease risks associated with obesity.



Meanwhile, our participation as an exhibitor at the 4th International Conference on Interprofessional Education Practice & Care held at the Manipal University College Malaysia in December 2023 enabled us to reach 200 participants including medical doctors, pharmacists and lecturers to create brand awareness for XEPA's cough and cold range of products.

During the year, SHINE also conducted Round Table Discussion ('RTD') sessions with stakeholders, leveraging on this platform to engage with chain clinics on practical and patient centric disease management topics. The first RTD, held in July 2023 with General Practitioners ('GPs') from the Mediviron Setia Gemilang Group, delved into management of hypertension in young adults through the expertise of Dr Ganapathi Palaniappan, a guest speaker from IJN. Subsequently, the second RTD in September 2023 was held with GPs from the Najwa Group and featured two guest lectures, namely "Hypertension Management For Young Adults" by Dr Iskandar Mirza Amran and "Managing Skin Ailments: Nay or Yay To Steroids" by Dr Goh Siew Wen.

Sustainability

Our continuous enhancement of sustainable practices is a vital driver of the long-term health of our business. As we embrace new practices to fortify our sustainability framework, we have begun to place additional emphasis on improving our sustainability reporting, aiming to elevate transparency and provide a more comprehensive overview of our ongoing initiatives to keep stakeholders apprised.

By advancing our disclosures, we aim to fortify trust with stakeholders and align our commitment to sustainability



as encapsulated by our mission statement of “Restoring Health, Enhancing Life.” In pursuit of this objective, we engaged expert consultants during 2023 to facilitate greater clarity and inclusiveness in our reporting framework, while simultaneously leveraging their experience to establish relevant indicators with appropriate targets to spur steady improvement in our annual sustainability performance.

Read more on our sustainability efforts in our Sustainability Statement from page 49 to 118.

Distribution Segment

The Distribution reporting segment consists of two key businesses, APEX and ABIO. APEX is a brand-neutral market access service provider offering comprehensive services for manufacturers of pharmaceuticals, consumer healthcare products and medical devices. Leveraging its robust logistics and distribution system in Malaysia and Singapore, APEX offers pharmaceutical wholesaling, regulatory, sales, marketing and distribution services to customers through Apex Pharmacy Marketing Sdn Bhd in Malaysia and Apex Pharma Marketing Pte Ltd in Singapore, each with four divisions: Wholesale, Pharma, Consumer Health, and Distribution.

With a vast network of over 16,000 customer accounts across both countries, APEX has a competitive edge in market reach, facilitating the swift introduction of new products to medical practitioners and consumers. Leveraging this capability, APEX consistently identifies, sources, and supplies new in-demand products to meet evolving market needs, reinforcing its leadership and ensuring industry relevance.

Meanwhile, ABIO develops and commercializes a portfolio of Group branded pharmaceuticals, consumer healthcare products and medical devices that is focused on the primary care segment. Through our wholly owned subsidiary ABio Marketing Sdn Bhd, ABIO manages key Group brands including AVEX, AVO and AEVA for pharmaceutical products and AGNESIA, HENNSON, KAPS and REMECO for consumer healthcare products.

APEX

Apex Pharmacy Marketing Sdn Bhd (‘APM’)

With an extensive distribution network encompassing 10,744 customer accounts, APM consistently delivers top-notch market access services to clinics, pharmacies, hospitals, hypermarkets, supermarkets and general stores throughout Malaysia. Besides distributing external agency and general brands, APM distributes all internal Group Brands under the XEPA and ABIO businesses of the Group.

As Malaysia’s largest pharmaceutical wholesaler, APM offers a one-stop shop supplying a total of 3,720 pharmaceuticals and healthcare products for clinics, pharmacies and hospitals, ensuring convenience and efficiency. The Malaysian Wholesale Division encountered a challenging operating environment in 2023, with revenue for the year easing to RM 126.2 million. Amidst sub-optimal market conditions, the Wholesale Division has implemented strategies and action plans to enhance its competitive advantage.

MANAGEMENT DISCUSSION
AND ANALYSIS
(CONT'D)

APM's Pharma Division specializes in delivering sales, marketing and regulatory services for agency brands of pharmaceuticals and medical devices in Malaysia. The division's top selling products in 2023 were lozenges and mucolytic preparations.

In the Consumer Health Division, APM sustained the sales momentum of its key agency brands, such as Nestle Health Science, Kino Biotech and L'Oreal's La Roche Posay brand, the latter of which we were awarded exclusive distributorship for the private sector in pharmacy, clinic and hospital channels in December 2022. In the past twelve months, we successfully introduced Stratpharma's dermatological products and expanded our available selection of Nestle Health Science and Infant Nutrition products with the addition of Enercal Plus and Omega Plus under Nestle Dairy & Adult Nutrition to our distribution portfolio.

Our promotional efforts employed various channels, including in-store promotions, consumer promotions, point-of-sales materials, signages and displays, along with digital advertising on social media platforms. Additionally, we continued to leverage our Malaysian B2C e-commerce platform at www.apexpharmacy.com.my to ensure a broader customer reach and enhanced accessibility.

APM's Distribution Division provides specialized warehousing and distribution services for both Group branded products and those from external principals. Our commitment to maintaining a stellar track record is reflected in consistently attaining an excellent stock accuracy rate in inventory management. Notably, our ISO 9001:2015 certified Subang Jaya central warehouse reliably meets targets for on time deliveries for both local and outstation customers.

All distribution warehouses nationwide adhere to Good Distribution Practice ('GDP') and Good Distribution Practice for Medical Devices ('GDPMD'), boasting robust warehousing structures and an extensive delivery network supported by a fully integrated SAP Enterprise Resource Planning ('ERP') system. To further enhance operational efficiency, we are set to introduce a new Warehouse Management System ('WMS') expected to be operational by 2024. The WMS will bolster APM Distribution's competitive advantage by elevating customer service and enhancing inventory accuracy and responsiveness.

In 2023, the division processed an average of 1,498 invoices per working day, translating to over 1.15 million line items across more than 441,000 invoices handled during the past twelve months.

Apex Pharma Marketing Pte Ltd ('APS')

In 2023, APS's expansive distribution network, comprising 5,297 customer accounts, facilitated comprehensive market access services to clinics, pharmacies, hospitals, hypermarkets, supermarkets and general stores across



Singapore. Mirroring APM's approach, APS not only distributes external agency and general brands but also handles all internal Group Brands under the key businesses of the Group, namely XEPA and ABIO.

Revenue for APS's Wholesale Division remained steady at SGD 12.0 million in 2023, supported by ongoing expansion of its customer base and product portfolio. The division is consistently enhancing its services, simplifying marketing communication and order placements by doctors and other wholesale customers through the in-house developed B2B platform 'Apex Online' (<http://online.apexpharma.com.sg>). As of the end of 2023, more than 39% of APS's Wholesale customers actively used Apex Online, with B2B platform sales contributing 50.7% to division revenue.

APS' Pharma Division maintained its crucial role in supporting agency principals with efficient marketing, sales and distribution services, ensuring effective reach to clinics, pharmacies and hospitals. The division recorded a notable increase of 21.6% in revenue during 2023, with contributions led by two key agencies. Sales of Douglas Pharmaceuticals, a New Zealand-based pharmaceutical manufacturer, held strong from the previous year while sales of Galderma, a Switzerland-based specialist dermatological brand secured in 2022, grew by a significant 16.2%.

The Consumer Health Division prioritized brand awareness campaigns for key agency brands throughout the year, particularly leveraging social media personalities to tap into the influencer marketing trend that resonates well in today's societal landscape. Our digital marketing efforts have proven successful in growing revenue from APS' proprietary B2C e-commerce platform (<https://shop.apexpharma.com.sg>), with direct to consumer sales from our website growing by 32% in 2023, despite a slight contraction in overall e-commerce demand for the year.

In 2023, APS achieved ISO 9001:2015 certification for Wholesales and Distribution of Pharmaceutical Products and Medical Devices, paving the way for expanded collaboration with top global principals in the future. The division successfully onboarded several new agencies during the year, including Vanguard, a brand specializing in medical aesthetic devices; Bpositive, a brand focused on wound care products; and Australian Health Vitality, a health and wellness supplements brand.

APS's Distribution division processed an average of 668 sales orders daily in 2023, translating to more than 173,700 invoices involving over 0.35 million line items throughout the year. The division's ongoing efforts to enhance cold chain distribution and pharmaceutical redressing capabilities have contributed to the growth in volume. Simultaneously, the harmonization of SAP enterprise software across APS, APM and, most recently, at XEPA is expected to further strengthen the Group's service levels to pharmaceuticals, consumer healthcare products and medical device partners for logistics and market access operations.

ABIO

ABio Marketing Sdn Bhd ('ABIO') specialises in the commercialization of a range of Group-branded healthcare products tailored for the community at the primary care level. Leveraging APEX's vast distribution network, ABIO's portfolio of pharmaceutical and consumer health products is accessible to a broad community of primary healthcare practitioners. This includes GPs, pharmacists and nurses serving as the initial point of consultation for patients.

ABIO's combined revenue for both pharmaceutical and consumer healthcare products held firm in 2023, as strategically implemented promotional and awareness initiatives effectively sustained demand for our products. Revenue from key brands within ABIO's Pharmaceutical Division grew during the year, led by a 15.5% increase from AVO DIAGNOSTICS, 4.8% growth in AEVA and a 15.3% increase for AVEX products. The top two pharmaceutical products sold during the year were *Clavomax* (amoxicillin and clavulanic acid), a broad-spectrum antibiotic, as well as *Prazovex* (alprazolam), an anxiolytic drug used to treat anxiety and panic disorders.

Under its established Consumer Health brands, AGNESIA external medicated powders, HENNSON adult incontinence care products and KAPS insect repellent range, remained the primary revenue contributors. We have continued to increase ABIO's consumer health offerings to bolster revenue potential, launching a new Basic Comfort Diapers product for HENNSON during the year and introducing a new range of REMECO health supplements, which have already received a positive response from the market. The new REMECO products include *Remeco Livereg Capsule*, which has Anthrodia Cinnamomea Mycelia Extract to heal and strengthen the body; *Remeco Milk Thistle Complex Tablet*, a 5-in-1 herbal complex for liver health; and *Remeco*

Ginkgo 80mg Tablet for general health maintenance and improved blood circulation.

Corporate Segment

The corporate reporting segment comprises Group properties alongside our 16% effective ownership in the Straits Apex Group Sdn Bhd ('SAG'), a company that is engaged in the contract manufacturing of orthopaedic devices for global multinational companies.

Properties

The Group has in its portfolio, properties which are surplus to current business operations. These are managed for rental yield and slated for divestment at the appropriate time. A major development during the year was the completion of construction on the six freehold strata office suites comprising 10,053 square feet on Level 10 of Corporate Tower 2 in Pavilion Damansara Heights, a property we acquired in 2016. With the completion of the property handover, rental income has commenced from November 2023 onwards.

SAG

Straits Apex Group Sdn Bhd ('SAG'), a 40% associated company of AHB is a leading ASEAN contract manufacturer of orthopaedics devices for global multinational companies. During 2023, SAG completed a strategic divestment of its equity interest in Straits Apex Sdn Bhd ('SA') to Quadria Capital Investment Management Pte Ltd ('Quadria Capital') in 2023 and reinvested by way of subscription and rollover to retain 40% equity in the new holding company for SA, Next Ortho Investment Holdings Pte Ltd (the 'Divestment'). This delivered immediate value for AHB's shareholders in the form of a non-recurring gain of RM 321.7 million, recognized upon completion of the deal on 11th May 2023 and subsequent final adjustments, resulting in our Board's proposal of a special dividend for the year.

The Divestment also presented an opportunity for AHB to further unlock long term shareholder value in its continued investment in SAG as it paves the path for collaboration with Quadria Capital to drive the next phase of growth for SA. As a large private equity firm that focuses on healthcare in Asia, Quadria Capital brings substantial resources to the table, boasting over USD 2.8 billion in assets under management and considerable investments in the healthcare sectors of fast-growing South and Southeast Asian economies.

From 2024, SAG will start receiving rental income from the lease of its 237,147 square feet campus comprising four buildings built on a parcel of land it owns at Batu Kawan Industrial Park, Penang. Nevertheless, the Group anticipates that its share of recurring earnings from SAG will not experience significant growth in 2024. This is attributed to the decrease in the Group's effective equity in SA from 40% to 16%, as well as the annual amortization expenses for

MANAGEMENT DISCUSSION
AND ANALYSIS
(CONT'D)

intangible assets identified in the Purchase Price Allocation exercise mandated by the required accounting treatment of the Divestment.

RISKS

AHB is committed to robust risk management, engaging external consultants each year to perform comprehensive risk assessments for all business units to identify, evaluate and update known and anticipated risks to which the Group may have exposure. Since 2020, the annual risk assessment has incorporated corruption risks to foster a culture of improved governance and ethical conduct.

Reviews of our anti-corruption and whistle-blowing policies are regularly undertaken to ensure compliance with Paragraph 15.29 of Bursa Main Market Listing Requirements, which requires listed issuers and their subsidiaries to assess the effectiveness of the policies and procedures at least once every three years.

As part of the AHB Group Risk Assessment, climate-related risks, encompassing both physical and transition risks, were evaluated and determined to carry a 'Low' risk rating within the broader context of the Group.

Commencing on 1st January 2022, the Board of Directors at AHB established a dedicated Risk and Sustainability Committee ('RSC'), distinct from the Audit Committee ('AC'), to fortify oversight on risks, including those related to sustainability. The RSC is informed of risks, associated controls, risk responses and mitigation strategies, and will cascade their reports to the AC where applicable, and subsequently to the Board of Directors. The RSC actively monitors the implementation and progress of risk responses, facilitated by a program of internal audits, to safeguard the interests of the Group and its stakeholders.

Via this framework, the Group has identified the following six risks that may have a material impact on the Group's operations, performance or financial condition.

Economic Conditions	The Group's financial performance may face potential adverse effects from the global economy as well as the specific economic conditions within each country of operation. Elevated geopolitical uncertainty may result in increased financial market volatility, reduced liquidity and credit tightening. A prolonged economic downturn poses risks to the Group, including a potential reduction in government healthcare spending and diminished consumer sentiment. Adverse economic developments in the Group's operational markets could impact its financial performance and outlook.
Foreign Exchange	The Group acknowledges the risk associated with the volatility and strength of the Ringgit, influenced by uncertainties in the global economic environment. A depreciated Ringgit can lead to increased costs of raw materials and imported finished goods, potentially compressing profit margins. To mitigate this risk, the Group focuses on securing competitive pricing from alternative sources, reducing wastage, eliminating operational inefficiencies and employing hedging arrangements via financial instruments to preserve profit margins.
Regulatory Compliance	<p>The Group operates in highly regulated markets, and compliance with pharmaceutical regulations is paramount for seamless development, manufacturing and distribution operations. Proactive measures are taken to manage regulatory compliance risks, including the establishment of robust procedures and periodic investments in infrastructure upgrades to meet anticipated future standards. Ongoing efforts and investments are dedicated to ensuring compliance with current and projected regulations, with a focus on averting deficiencies and associated corrective costs. The construction of SPP NOVO and the attainment of various standards underscore the Group's commitment to mitigating regulatory compliance risks.</p> <p>The Group acknowledges the potential for unanticipated global product safety alerts and recalls, while remaining alert to the impact of changes in regulations for the registration and renewal of pharmaceutical products, which may lead to delays in approvals and heightened compliance costs. To address these challenges, the Group maintains continuous engagement with regulatory and governmental authorities, actively participating in pharmaceutical-related associations. This proactive approach enables the Group to anticipate and optimally respond to regulatory changes, ensuring preparedness in an evolving regulatory landscape.</p>

<p>Data and ERP Integrity</p>	<p>The Group places significant emphasis on the stringent management of proprietary, personal and confidential data, along with ensuring the stable operations of its ERP systems. The loss or corruption of such data and prolonged system failures pose a key risk, potentially leading to a loss of competitiveness and missed business opportunities. The Group recognizes that any material failure of the ERP systems due to natural disasters or security breaches is likely to impact critical business functions or result in the loss of key business data, adversely affecting business operations. Stringent controls are therefore implemented for data management and ERP integrity, with recent attention given to challenges arising from remote work arrangements. Regular maintenance, testing and upgrades are conducted to ensure the ongoing reliability, continuity and stability of ERP systems.</p> <p>In the face of escalating cybersecurity threats, maintaining cyber resilience and fostering stakeholder trust in the Group's data security and privacy practices are crucial strategic objectives. Given the rising risks of cyber-attacks on critical infrastructure, the Group has bolstered its technological resilience to uphold sound cyber hygiene practices. The Group's Information Technology ('Group IT') department, in collaboration with Group Human Resource ('Group HR'), ensures comprehensive staff training on cybersecurity threats, measures and best practices. Strict protocols for managing proprietary, confidential and personal data are enforced under the oversight of Group HR.</p>
<p>Loss of Key Principals</p>	<p>The Group acknowledges the risks associated with a significant reliance on revenue contributions from key external principals. Competition is strong in the pharmaceutical distribution sector with competitors constantly exerting aggressive margin pressure. The possibility of internal reorganization or business restructuring by these external principals also exists, and turnover of key contacts may impact established relationships. External principals might choose not to renew their association with the Group, either entirely or in limiting the business model or product portfolio for various reasons, including but not limited to their decision to conduct the sale and marketing of their products themselves or to change the local distributor of their products. To safeguard the retention of our key principals, the Group engages meaningfully with them and places great emphasis on ensuring that all deliverables and performance indicators are consistently met or exceeded.</p>
<p>Disease Epidemics</p>	<p>As Covid-19 infections have evolved into primarily community respiratory illnesses, the Group remains vigilant for the emergence of new variants and potential waves of community infections. Ensuring staff safety and maintaining uninterrupted supply chains and business operations remain our top priorities, and we have drawn insights from the lessons of the Covid-19 pandemic to implement pandemic-specific Business Continuity Plans. These plans address key operational risks, including human resource management, processes and business functions, supplier and customer management, and communication with stakeholders.</p>

FORWARD LOOKING STATEMENTS

Prospects of New Business

Moving forward, the Group has implemented various strategies to sustain our robust business performance and foster growth. While external factors such as economic conditions and demand in key markets remain beyond our control, we are equipped with fundamental strategies to steer our destiny.

Key drivers of our success include the continuous enhancement of operational efficiencies and the development of new products aligned with market demand. Our robust R&D initiatives enable timely development and introduction of generic alternatives for off-patent pharmaceutical products to address rising market demand.

These efforts are supported by our ongoing commitment to securing top global certifications and maintaining a strong and comprehensive network of business partners, suppliers and distribution channels. The Group is also prioritizing the digitalization of business processes, including the development of in-house productivity-driven IT applications,

a quality management system, a warehouse management system and a manufacturing execution system. With XEPA's adoption of SAP S/4HANA going live in early 2024, we have now fully integrated SAP-ERP management systems across key operating subsidiaries, setting up our operations for further efficiency gains. Infrastructure development is another focal point to support growth, with plans under review to expand warehousing and pharmaceutical liquid production capability and capacity.

In the longer term, our joint venture with Shanghai Pharmaceutical Import & Export Co., Ltd., a wholly-owned subsidiary of Fortune 500 company Shanghai Pharmaceuticals Holding Co. Ltd. ('SPH'), is anticipated to yield revenue from 2026 onwards. The establishment of Zynexis Healthcare Private Ltd through this collaboration opens avenues for the commercialization of pharmaceuticals, consumer healthcare products and medical devices from SPH and AHB Group under the brand of Zynexis in selected ASEAN countries and other international markets in the near future. This joint venture serves as a vital vehicle to drive our ambitions of expanding into new markets and establishing ourselves as a global pharmaceutical company by the end of the decade.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Meanwhile, XEPA has commenced the acquisition process for a 20.7-acre industrial land and its existing premises at the Cheng Industrial Estate from Panasonic Appliances Refrigeration Devices Malaysia Sdn Bhd ('Panasonic') for RM 66.5 million. Located just 400 meters from XEPA's current production site, the proximity of the new land offers the advantage of lean management, mitigating the duplication of support services that would ordinarily be required if expansion is undertaken at a distant site. Additionally, the existing industrial buildings on the site are deemed suitable for retrofitting to meet XEPA's manufacturing needs, presenting a cost-effective alternative to new construction.

The availability of the Panasonic site is timely, as XEPA is currently reviewing plans to significantly expand its warehousing and liquid production capacity, but has already fully utilized all available land on its current 9.63-acre site following the completion of SPP NOVO and the multi-storey carpark in December 2018. Having secured the approval for the acquisition by the Pejabat Daerah dan Tanah Melaka Tengah on 24th January 2024, the acquisition is on track to be finalized upon payment of the balance purchase price of RM 59.85 million.

In addition to the above initiatives aimed at fortifying our growth pipeline, we will actively seek and engage with potential new agencies for collaborative partnerships, strengthening our portfolio of partner brands and ensuring a more comprehensive selection of in-demand pharmaceutical products for our customers.

Possible Trend, Outlook and Sustainability of Business Segment

MIDF research has indicated that Malaysia will improve its economic momentum, with gross domestic product projected to grow by 4.7% in 2024, up from the 3.7% growth posted in 2023¹. However, this outlook must be tempered by uncertainties from high interest rates, higher operating costs and the impact on the global economy should conflicts escalate in several parts of the world.

Global conflicts have the potential to disrupt supply chains and elevate material and transportation costs, which may be further exacerbated by the depreciation of the ringgit against major currencies. Economic uncertainties could simultaneously fuel weaker consumer sentiment in our key market, leading to reduced or delayed spending on discretionary consumer healthcare items, affecting overall private sector consumption.

Broader economic challenges notwithstanding, total healthcare expenditure is expected to continue growing in 2024, supported by rising affluence, higher public spending, increased incidence of chronic illnesses, ageing populations and heightened health awareness among consumers. The recent allocation of RM 41.2 billion for the Ministry of Health ('MOH') in Budget 2024, announced by Prime Minister Anwar Ibrahim, also provides optimism for growth in the Malaysian government sector. This substantial 13.5% increase from

the RM 36.3 billion allocated in Budget 2023 is the largest percentage increase for MOH's budget since 2014. Of the allocated funds, RM 5.5 billion is earmarked for procuring medicine supplies, consumables, reagents and vaccines, with the enhanced funding expected to boost demand for pharmaceutical supplies².

Amidst this external landscape, we will adopt a poised and concerted approach to navigate the challenges and opportunities of 2024, aiming to drive progress across key focus areas that support our sustainable growth and innovation objectives.

These include the implementation of innovative sales and marketing programs to expand domestic market share for both Group and agency brand products, pioneering new products and contract manufacturing services in international markets, and ramping up our R&D efforts to swiftly launch new pharmaceutical and consumer healthcare products.

We will also proactively identify new products and agency partnerships to address evolving market demand, while ensuring we maintain our top globally recognized manufacturing and distribution certifications to protect our market leadership.

Recognizing the value of digitalizing our business processes to enhance quality and efficiency, we will continue to stay at the forefront of technological advancements related to our industry and business activities. Cognizant of the long-term benefits of enhancing our sustainability performance, we will simultaneously strengthen our commitments in this area by elevating management practices and refining reporting mechanisms.


Collectively, these efforts reflect our emphasis on staying true to our fundamentals as we strive to unlock growth and deliver long-term value to stakeholders. We remain confident that the AHB Group will maintain a steady trajectory of stable growth for the foreseeable future.

Dividends

In the light of the strong performance and cash dividends received from 40% associated company SAG, the Board of Directors is recommending a final single-tier dividend of 2.5 sen per share and a special single-tier dividend of 20.0 sen per share in respect of the financial year ended 31st December 2023 for shareholders' approval at the forthcoming Annual General Meeting. Together with the interim dividend of 2.5 sen per share paid on 19th September 2023, total dividends paid and declared in respect of financial year 2023 amounts to 25.0 sen per share.

References:

1. Malay Mail "MIDF Research: Malaysia's GDP expected to grow at 4.7pc in 2024" 16th February 2024.
2. CodeBlue "Budget 2024: RM41.2 Billion For Health Ministry, Big 13% Raise From 2023" 13th October 2023.



OUR CORE TENETS



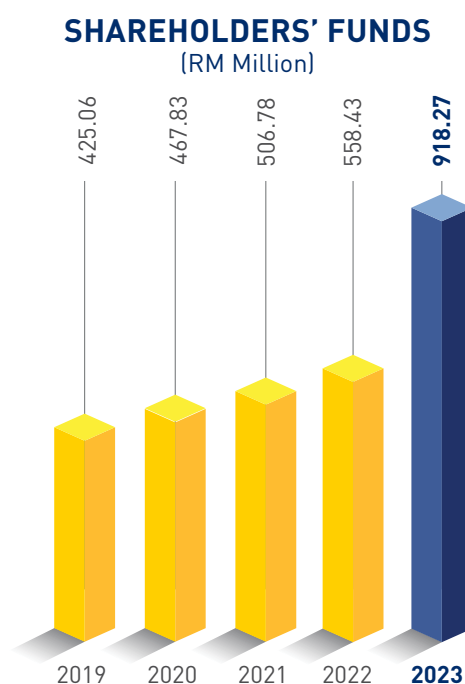
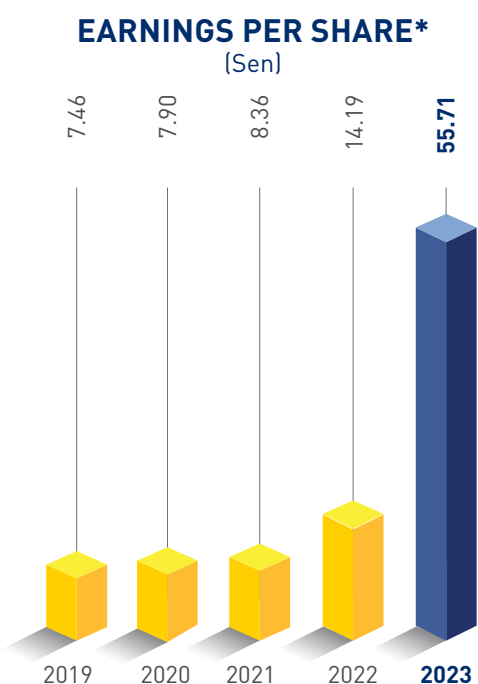
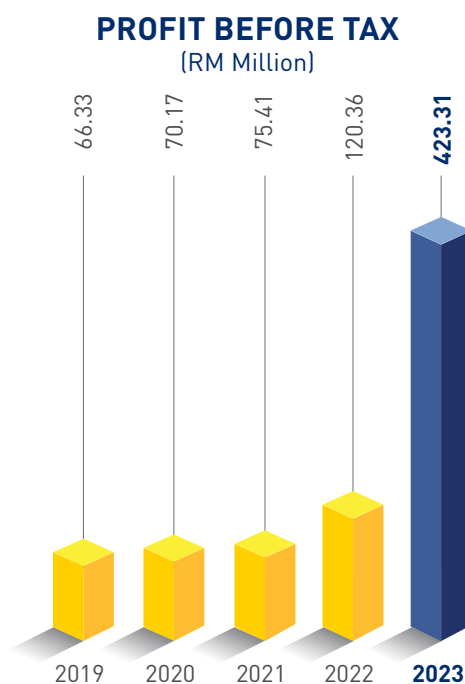
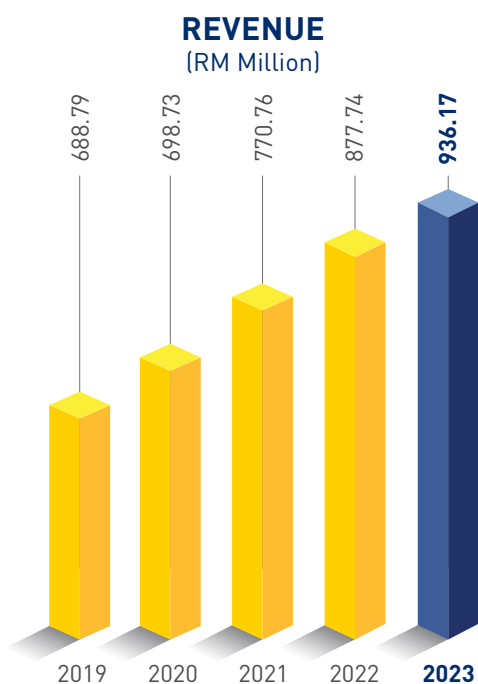
Service, Quality and Integrity, Always.

Service is an integral tenet of Apex. From the very first customer in 1962, Apex has striven to provide an efficient, professional and responsive touch in our dealings with suppliers, healthcare professionals, customers and all whom we come across.

The quest to improve Quality is a never-ending journey. We will continually refine our processes and systems in order to secure all commercially relevant global quality certifications.

Integrity is an inescapable part of our business and runs through our value chain from research and development, manufacturing, warehousing, sales and marketing till final delivery. We value honesty in our dealings and there is no compromise.

FIVE-YEAR FINANCIAL HIGHLIGHTS



* The number of share has been retrospectively adjusted for the following corporate exercise:

- In Year 2003 : Bonus issue of 1 new ordinary share for every 2 existing shares.
- In Year 2006 : Private placement of 6,600,000 new ordinary shares.
- In Year 2010 : Bonus issue of 1 new ordinary share for every 4 existing shares.
- In Year 2014 : Bonus issue of 1 new ordinary share for every 4 existing shares.
- In Year 2019 : Bonus issue of 3 new ordinary shares for every 1 existing share.
- In Year 2023 : Bonus issue of 1 new ordinary share for every 2 existing shares.

PROFILE OF DIRECTORS

Dr Kee Kirk Chin

Chairman and CEO

Dr Kee Kirk Chin, 62, male, a Singaporean, was appointed to the Board on 15th February 2000, as the Managing Director of the Company on 3rd March 2000 and became Chairman and Chief Executive Officer on 19th May 2010. He obtained a Bachelor in Arts with Honours in 1985, a Bachelor of Medicine & Bachelor of Surgery in 1987 and a Master of Arts in 1989 from University of Cambridge, UK and a Master of Business Administration (MBA) with distinction in 1993 from University of Hull, UK. He is a registered Medical Practitioner with the Singapore Medical Council and the General Medical Council, UK. He began his career as a House Officer with National University Hospital, later joining United MediCorp Pte Ltd as Director of Business Development in 1990, becoming its Chief Executive Officer in 1996. United MediCorp had interests in several healthcare companies in six Asian countries involved in pharmaceuticals, clinical equipment, hospital support services and private hospitals. He was formerly a member of the Board of Yellow Ribbon Singapore and was the Chairman of its wholly owned subsidiary, YR Industries Pte Ltd. He was awarded the Bintang Bakti Masyarakat (Public Service Star) (BBM) by the President of the Republic of Singapore in 2015.

He is the brother of Kee Kirk Chuen. He is deemed to be a major shareholder of the Company through his deemed interest in Apex Pharmacy Holdings Sdn Bhd, a major shareholder which holds 39.72% equity in the Company. Save as disclosed, he does not have any other family relationships with any other director and/or major shareholder of the Group, nor any personal interest in any business arrangement involving the Company. He attended all of the five Board Meetings held in the financial year ended 31st December 2023 and has had no convictions for any offences within the past 5 years, other than traffic offences, if any and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year.

Robert Dobson Millner AO

Non-Independent Non-Executive Director

Robert Dobson Millner AO, 73, male, an Australian, was appointed as a Non-Independent Non-Executive Director of the Company on 23rd February 2000. He is currently a member of the Nomination Committee and Remuneration Committee. He joined the Board of Washington H. Soul Pattinson and Company Limited ('WHSP') in 1984, a company listed on the Australian Stock Exchange. With origins in owning and operating Australian pharmacies, WHSP has evolved into a diversified investment house investing across a range of industries and asset classes, including listed equities, private equity, credit, and property.

He was appointed Deputy Chairman of WHSP in 1997, becoming its Chairman in 1998. He is also the Chairman of Brickworks Limited, New Hope Corporation Limited, BKI Investment Company Limited and Director on the Boards of TPG Telecom Limited, Tuas Limited and Aeris Resources Limited, all of which are companies listed on the Australian Stock Exchange. He is a member of the Institute of Company Directors, New South Wales, Australia and a fellow of the Australian Institute of Directors.

He is the Chairman of WHSP, which holds 29.61% equity in the Company. He does not have any family relationship with any other director and/or major shareholder of the Group, nor any personal interest in any business arrangement involving the Company. He attended all of the five Board Meetings held in the financial year ended 31st December 2023 and has had no convictions for any offences within the past 5 years, other than traffic offences, if any and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year.

Datuk Noharuddin Bin Nordin @ Harun

Senior Independent Non-Executive Director

Datuk Noharuddin Bin Nordin @ Harun, 68, male, a Malaysian, was appointed as an Independent Non-Executive Director of the Company on 20th May 2015. He was appointed as Chairman of the Nomination Committee and as Senior Independent Non-Executive Director on 23rd May 2019. He was appointed as a member of the Risk and Sustainability Committee on 1st January 2022 and ceased from office on 18th May 2023. He was appointed as a member of the Remuneration Committee on the same day. He graduated with a Master of Business Administration from the University of Birmingham, UK in 1992. He has vast working experience with the Ministry of International Trade and Industry ('MITI'), Malaysia External Trade Development Corporation ('MATRADE') and Malaysian Investment Development Authority ('MIDA'). He was the Assistant Director of MITI from 1986 to 1993. He joined MATRADE in 2000 and he was the Chief Executive Officer of MATRADE from 2006 to 2011. He was the Chief Executive Officer of MIDA from 2011 until his retirement in February 2014. He is currently an Independent Director of Hong Leong Industries Berhad.

He does not have any family relationship with any director and/or major shareholder of the Group, nor any personal interest in any business arrangement involving the Company. He attended all of the five Board Meetings held in the financial year ended 31st December 2023 and has had no convictions for any offences within the past 5 years, other than traffic offences, if any and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year.

PROFILE OF DIRECTORS
(CONT'D)**Datuk Phang Ah Tong**

Independent Non-Executive Director

Datuk Phang Ah Tong, 66, male, a Malaysian, was elected as an Independent Non-Executive Director of the Company on 24th May 2018. He was appointed as Chairman of the Remuneration Committee and a member of the Audit Committee on 23rd May 2019. He graduated with a Bachelor of Economics (Honours) from University of Malaya in 1981. He has had a distinguished career in the civil service of Malaysia, spanning 36 years in promoting foreign and domestic investments and assisted in developing the manufacturing and services sectors in Malaysia under the Malaysian Investment Development Authority ('MIDA') where his last held position was the Deputy Chief Executive Officer before his retirement in 2017. He has served in various capacity including being the Assistant Trade Commissioner for MIDA London and Director of MIDA New York. Upon returning to the MIDA headquarters, he was appointed the Director of Foreign Direct Investment ('FDI'), overseeing the promotion of global FDI into Malaysia. He is the Non-Executive Chairman of JF Technology Berhad and an Independent Director of Inari Amertron Berhad and Media Prima Berhad and the Independent Non-Executive Chairperson of Cosmos Technology International Berhad.

He does not have any family relationship with any director and/or major shareholder of the Group, or any personal interest in any business arrangement involving the Company. He attended all of the five Board Meetings held in the financial year ended 31st December 2023 and has had no convictions for any offences within the past 5 years, other than traffic offences, if any, save for the public reprimand and fine of RM 50,000 by Bursa Malaysia Securities Berhad on 14th February 2023 for breach of certain provisions of the Main Market Listing Requirements, for which he was a Director of Jerasia Capital Berhad at the material time.

Yap Seng Chong

Independent Non-Executive Director

Yap Seng Chong, 62, male, a Malaysian, was appointed as an Independent Non-Executive Director of the Company on 18th May 2023. He was appointed as Chairman of the Audit Committee and a member of the Risk and Sustainability Committee on the same day. He graduated with a Bachelor's Degree in Accounting from University Malaya in 1986 and is a member of the Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants. He had previously served as Malaysian Institute of Accountants' Council Member, Chairman of the Disciplinary Committee, Member of the Accounting and Auditing Standards Board, Chairman of the Audit and Risk Committee and Member of the Public Practice Committee and was also a member of the Interpretation Committee of the Malaysian Accounting

Standards Board. He spent his entire career with Ernst & Young PLT ('EY') which spanned 35 years, two of which were with EY London office. In his career with EY, he had held positions as Assurance Leader, Professional Practice Director and ASEAN Independence Leader. He is currently the Independent Non-Executive Director of Malaysia Smelting Corporation Berhad, United Plantations Berhad, Hartalega Holdings Berhad and Malayan Cement Berhad.

He does not have any family relationship with any director and/or major shareholder of the Group, or any personal interest in any business arrangement involving the Company. He attended the three Board Meetings held in the financial year ended 31st December 2023 since the date of his appointment and has had no convictions for any offences within the past 5 years, other than traffic offences, if any and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year.

Leong Khai Cheong

Independent Non-Executive Director

Leong Khai Cheong, 72, male, a Malaysian, was appointed as an Independent Non-Executive Director of the Company on 18th February 2000 and as Senior Independent Non-Executive Director on 24th August 2005. He retired as a Director of the Company on 23rd May 2019. He was re-appointed as an Independent Non-Executive Director of the Company and a member of the Audit Committee on 2nd August 2021. He was appointed as Chairman of the Risk and Sustainability Committee on 1st January 2022. He ceased from office as a member of the Audit Committee and was appointed as a member of the Nomination Committee on 18th May 2023. He is a Chartered Accountant of the Malaysian Institute of Accountants and holds associate membership of the Institute of Chartered Secretaries and Administrators. He worked in professional audit firms in Malaysia and England in the areas of audit and company secretarial services. He held senior positions with experience in corporate planning and financial management in public listed companies in Malaysia and Singapore. He was the Senior Independent Non-Executive Director of Ogawa World Berhad from 2007 to 2013. He currently holds directorships in various private companies in Malaysia.

He does not have any family relationship with any director and/or major shareholder of the Group, nor any personal interest in any business arrangement involving the Company. He attended all of the five Board Meetings held in the financial year ended 31st December 2023 and has had no convictions for any offences within the past 5 years, other than traffic offences, if any and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year.

Kee Kirk Chuen

Non-Independent Non-Executive Director

Kee Kirk Chuen, 59, male, a Singaporean, was appointed as a Non-Independent Non-Executive Director of the Company on 18th May 2016. He was appointed as a member of the Risk and Sustainability Committee on 1st January 2022. He obtained a Bachelor of Science (Electrical Engineering) in 1986, a Master of Engineering (M. Eng) in 1989 and a Master of Business Administration (MBA) in 1996 from Cornell University, USA. He was the Executive Director of Apex Pharmacy International Pte Ltd from 1989 to 2004. From 2005 to 2007, he was a Deputy Director at the National Council of Social Service, Singapore and a Director of Apex Holdings Pte Ltd since 2007. He joined Temasek Foundation Cares CLG Limited, a Singapore non-profit philanthropic organisation established to improve the lives of underprivileged individuals, families and communities in Singapore in 2010 and is currently holding the position of Senior Director of Temasek Foundation.

He is the brother of Dr Kee Kirk Chin. He is deemed to be a major shareholder of the Company through his deemed interest in Apex Pharmacy Holdings Sdn Bhd, a major shareholder which holds 39.72% equity in the Company. Save as disclosed, he does not have any other family relationships with any other director and/or major shareholder of the Group, nor any personal interest in any business arrangement involving the Company. He attended all of the five Board Meetings held in the financial year ended 31st December 2023 and has had no convictions for any offences within the past 5 years, other than traffic offences, if any and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year.

Le Wat Su

Independent Non-Executive Director

Le Wat Su, 56, female, a Malaysian, was appointed as an Independent Non-Executive Director of the Company on 18th May 2023. She was appointed as a member of the Audit Committee on 18th May 2023. She graduated with a LL.B (Honours) from the University of Malaya in 1992 and was called to the Malaysian Bar the following year. She is a Partner of Chee Siah Le Kee & Partners, one of the largest law firms in the southern region of Malaysia. Since 1994, she has been involved and has undertaken various corporate and due diligence assignments for the purpose of merger and acquisition and submission for public listing and flotation of companies on Bursa Malaysia Securities Berhad. Her areas of legal expertise include corporate restructuring, venture capital, and retail and corporate banking law, representing domestic and foreign business clients. She is the Independent Non-Executive Director of Lii Hen Industries Berhad.

She does not have any family relationship with any director and/or major shareholder of the Group, nor any personal interest in any business arrangement involving the Company. She attended the three Board Meetings held in the financial year ended 31st December 2023 since the date of her appointment and has had no convictions for any offences within the past 5 years, other than traffic offences, if any and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year.

PROFILE OF KEY SENIOR MANAGEMENT

Tan Hing Tai

Chief Operating Officer (Distribution Group)

Tan Hing Tai, 63, male, a Malaysian, was appointed as Chief Operating Officer of the Company on 1st January 2015. He is also a Director on the Board of Group subsidiary companies, Apex Pharmacy Marketing Sdn Bhd, ABio Marketing Sdn Bhd and Apex Pharma Marketing Pte Ltd. He was re-designated as Chief Operating Officer (Distribution Group) of the Company on 1st March 2022.

He graduated with a Bachelor of Pharmacy from University Science Malaysia in 1985. He joined the Apex Pharmacy Group as a pharmacist in 1986 and was subsequently promoted as General Manager of Apex Pharmacy Marketing Sdn Bhd in 1998. He was appointed the Executive Director of Apex Pharmacy Marketing Sdn Bhd on 1st September 2003. He is registered with the Pharmacy Board of Malaysia and is also a member of Malaysian Pharmacists Society. In 2002, he obtained his Master of Business Administration (MBA) from University of Technology, Malaysia.

He does not hold any directorship in public companies and listed issuers; and does not have any family relationship with any director and/or major shareholder of the Group. He does not have any conflict of interests with the Group and has had no convictions for any offences within the past 5 years, other than traffic offences, if any and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year.

Ch'ng Kien Peng

Chief Operating Officer (Manufacturing Group)

Ch'ng Kien Peng, 58, male, a Malaysian, was appointed as Senior Vice President of the Company on 1st January 2015. He is also a Director on the Board of Group subsidiary companies, Xepa-Soul Pattinson (Malaysia) Sdn Bhd and Xepa-Soul Pattinson (S) Pte Ltd. He was re-designated as Chief Operating Officer (Manufacturing Group) of the Company on 1st March 2022.

He graduated with a Bachelor of Pharmacy (Honours) from University Science Malaysia in 1990 and obtained his Master of Business Administration (MBA) from Heriot-Watt University, Edinburgh in 2004. In 2005, he joined Xepa-Soul Pattinson (Malaysia) Sdn Bhd ('Xepa') as the General Manager of Manufacturing and was promoted as the Chief Operating Officer of Xepa in 2012. He was elected the President of Malaysian Organisation of Pharmaceutical Industries ('MOPI') on 27th June 2023 for a two-year term, having served as the Vice President of MOPI from 2011 to 2014 and again in 2021. He is currently a member of the Medicine Advertisements Board appointed by the Minister of Health as provided for under the Medicine Advertisements Board Regulations 1976. He is registered with the Pharmacy Board of Malaysia and is also a member of Malaysian Pharmacists Society.

He does not hold any directorship in public companies and listed issuers; and does not have any family relationship with any director and/or major shareholder of the Group. He does not have any conflict of interests with the Group and has had no convictions for any offences within the past 5 years, other than traffic offences, if any and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year.

Chiew Woon Wui

Chief Financial Officer

Chiew Woon Wui, 50, female, a Malaysian, was appointed as Financial Controller of the Company on 1st July 2014 and was promoted to Chief Financial Officer of the Company on 1st January 2024. She is one of two Joint Company Secretaries of the Company. She is a member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants. She graduated from the University of Malaya with a Bachelor of Accounting (Hons) and began her career at KPMG, Kuala Lumpur. She joined Apex Healthcare Berhad in 2002 and was holding the position of Senior Group Finance Manager prior to her appointment as Financial Controller.

She does not hold any directorship in public companies and listed issuers; and does not have any family relationship with any director and/or major shareholder of the Group. She does not have any conflict of interests with the Group and has had no convictions for any offences within the past 5 years, other than traffic offences, if any and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ('Board') of Apex Healthcare Berhad ('AHB' or 'the Company') is pleased to present the Corporate Governance Overview Statement ('CG Overview Statement') which has been prepared in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad premised upon the corporate governance Principles as set out in the Malaysian Code on Corporate Governance ('MCCG') issued by the Securities Commission in April 2021. The CG Overview Statement is to be read together with the Corporate Governance Report ('CG Report'). The CG Report which provides the details on how the Company has applied the Practices as set out in the MCCG during the financial year 2023 can be downloaded at the Company's website at <https://apexhealthcare.com.my/corporate-governance/>.

Introduction

The Company subscribes to the ideals of good corporate governance and fair dealing in all its activities with a view to increasing shareholders' value. It recognises that a strong governance framework is necessary for the continuous strengthening of self-discipline and the development of a good corporate governance culture. Since the introduction of the first MCCG in 2000, and its subsequent revisions, the Company has taken conscious steps and made efforts to review, adopt and embrace corporate governance as an essential component in guiding its corporate strategies. With the release of the latest MCCG, the Company remains steadfast in upholding its Principles to achieve the Intended Outcomes through implementation of MCCG Practices in its operations.

At the start of financial year 2023, AHB is not a Large Company as defined in the MCCG and hence the Practices set out in the MCCG which are applicable to Large Companies have not been adopted by the Company. The Board has taken cognizance of Step Up Practices as prescribed in the MCCG in its endeavour to attain higher standards of corporate governance. With regards to Practices that are applicable to AHB, explanations on how the Company has applied the Practices are disclosed in the CG Report. If there is departure from a Practice, explanations for the departure are also provided with disclosure of the alternative practice which AHB has adopted to achieve the Intended Outcome as set out in the MCCG.

This CG Overview Statement provides a summary of the corporate governance practices implemented by AHB during financial year 2023 with reference to the three Principles of MCCG:

Principle A: Board Leadership and Effectiveness

In accordance with Practice 1.4, the Board upholds the Practice of restricting the Chairman of the Board from being a member of the Audit Committee, Nomination Committee or Remuneration Committee. However, the Chairman of the Board by virtue of his concurrent appointment as Chief Executive Officer ('CEO'), may be required to attend the meetings of the Board Committees in his capacity as the CEO

by way of invitation from the Chairman of the respective Board Committees. The objectivity and quality of decisions are not impaired as all matters are discussed and deliberated with the active participation of other Board Committee members. The Chairman of the Board also abstains from deliberation on his own remuneration. In view of the explanatory note for Practice 1.4 which considers participation of the Chairman of the Board in such Board Committee meetings by way of invitation as 'Departure' even though he is not a member of these Board Committees, the application of this practice has been disclosed correspondingly in the CG Report.

Save for Practice 1.3, Practice 5.9 and Practice 8.2, the Company has complied with all the other Practices under the Principle of board leadership and effectiveness. In variance from Practice 1.3, the functions of the Chairman and CEO are combined befitting the circumstances of AHB and the explanations for the alternative practice are disclosed in the CG Report.

While the Board of the Company does not comprise at least 30% women Director as recommended by Practice 5.9, the Board acknowledges the benefits of having participation of women on the Board in terms of providing different perspectives and insights for effective decision making and targets to ensure that there is women representation on the Board at any one time. This policy is in line with the amendments to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad which mandates a listed company to have at least one woman Director on its Board with effect from 1st June 2023 for listed companies with market capitalization of less than RM 2 billion. The Company is in compliance with this requirement.

The alternative practice of disclosure of Senior Management's remuneration in relation to Practice 8.2 and the explanation for the departure are also provided. The Board is satisfied that the alternative practices of Practice 1.3, Practice 5.9 and Practice 8.2 achieve the Intended Outcome as set out in the MCCG. Overall, the Board is satisfied that the Company has put in place its corporate governance practices that are effectively led and driven by the Board with support from the Management.

Principle B: Effective Audit and Risk Management

All the prescribed Practices under this Principle are complied with by the Company, and in this regard, the Board is satisfied that an objective and effective audit function and risk management and internal controls are in place in line with the demands of a good and robust corporate governance practices. For the purpose of strengthening risk oversight including sustainability risks, the Board has established a dedicated Board Committee, namely the Risk and Sustainability Committee with effect from 1st January 2022 comprising a majority of Independent Directors. The institution of the Risk and Sustainability Committee to oversee the Company's risk management framework and policies upholds good corporate governance as advocated by Step Up Practice 10.3.

CORPORATE GOVERNANCE
OVERVIEW STATEMENT
(CONT'D)**Principle C: Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders**

All the prescribed Practices under this Principle are complied with by the Company. The Board ensures there is effective, transparent and regular communication with its stakeholders. Recognizing the significance of Annual General Meeting as a platform for meaningful communication between the Board and the Company's shareholders, the Board secures the required infrastructure and tools to allow shareholders to participate, engage the Board and Senior Management effectively and make informed voting decisions. The Board is satisfied that communication by the Company with its shareholders and other stakeholders through effective and transparent communication is in place.

Looking Ahead

The Board is mindful of the need to continually strengthen its governance practices and processes in identified key focus areas and future priorities as part of its forward-looking strategies. Moving forward, these Practices will be constantly reviewed and strengthened where needed. Key focus areas and future priorities that have been identified include tenure of Independent Directors, reorganisation of Board Committees and Board Succession Planning.

The Group has developed a Board Succession Planning Policy and this is regularly reviewed with the ultimate aim of enhancing Board leadership and effectiveness. In line with the spirit of Practice 5.2 of MCGG, the tenure of Independent Directors has been enshrined as a tenet of the

Company's Board Succession Planning Policy in compliance with MMLR and any applicable rules and regulations. To ensure that the decisions of the Board are made objectively in the best interests of the Company, taking into account the evolution and developments in the pharmaceutical industry, the compositions of the Board and Board Committees are constantly assessed. In this regard, reorganisation of Board Committees will be undertaken where necessary, so that the members of each Board Committee have the pertinent skills, expertise and experience in addition to the appropriate character, integrity and competence required of every Director. In terms of Board composition, effort is also directed at widening the identification of candidates suitable as future Board Directors of the Group guided by the Directors' Fit and Proper Policy which has been established and published on the Company's website at www.apexhealthcare.com.my.

Conclusion

The Board is cognisant of the importance of the various dimensions of good corporate governance culture and in this regard, strives to ensure equal attention is paid to all Practices of MCGG such that the Intended Outcomes are achieved, taking into account the business environment, culture and needs of AHB. While there is departure of certain Practices of the Company from MCGG, the Board is satisfied that the corporate governance infrastructure of the Company is in line with the Intended Outcome of MCGG. The Board is of the view that the Company has in all material aspects satisfactorily complied with the Principles set out in MCGG and has approved this CG Overview Statement on 21st February 2024.

ADDITIONAL INFORMATION**1. Audit and Non-Audit Fees**

The amount of audit and non-audit fees paid and payable to the External Auditors, Ernst & Young PLT, and its affiliated firms by the Company and the Group for the financial year ended 31st December 2023 are as stated in the following table:

Nature of services	Company (RM)	Group (RM)
Audit:		
Statutory audit	100,000	648,113
Review of financial statements of a subsidiary in Singapore	18,000	18,000
Overview of audit of associated company	18,000	18,000
Fair value valuation of Executive Share Option Scheme	12,000	12,000
Others	107,000	107,000
Total Audit Fees	255,000	803,113
Non-audit:		
Review of the Statement on Risk Management and Internal Control	10,000	10,000
Tax filing	-	109,650
Total Non-audit Fees	10,000	119,650

2. Material Contracts

There were no material contracts of AHB and its subsidiaries involving any of its Directors and major shareholders.

3. Recurrent Related Party Transactions

There were no recurrent related party transactions during the financial year.

4. Directors' Responsibility for Preparing the Financial Statements

The Directors are required by the Companies Act 2016 to prepare financial statements for each financial year which have been made out in accordance with the applicable approved accounting standards and give a true and fair view of the state of affairs of the Group and Company at the end of the financial year and of the results and cashflows of the Group and Company for the financial year.

In preparing the financial statements, the Directors have:

- Selected suitable accounting policies and applied them consistently;
- Made judgements and estimates that are reasonable and prudent;
- Ensured that all applicable financial reporting standards have been followed; and
- Prepared financial statements on the going concern basis as the Directors have a reasonable expectation, having made enquiries that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. The Directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Group and Company and which enable them to ensure that the financial statements comply with the Companies Act 2016. The Directors have overall responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Group to prevent and detect fraud and other irregularities.

5. Contracts Relating to Loans

There were no contracts relating to loans by the Company which involved Directors' and Major Shareholders' interests.

6. Utilization of Proceeds

The Company did not implement any fund raising exercise during the financial year.

7. Executive Share Option Scheme

The Executive Share Option Scheme ('ESOS') approved at the Extraordinary General Meeting held on 18th May 2016 is the only share scheme of the Company in existence as at the financial year ended 31st December 2023.

On 25th June 2019, AHB completed the listing and quotation for 353,343,279 bonus shares on the basis of 3 bonus shares for every 1 existing share held. Subsequently, 239,342,674 new ordinary shares were listed on the basis of 1 bonus share for every 2 existing shares on 12th June 2023. Pursuant to ESOS Bylaws in respect of Alteration of Share Capital During the Option Period, the number of unexercised Option of the Company are to be adjusted accordingly. The number of options for Grant 1 to Grant 7 had been adjusted retrospectively to reflect the effect of bonus issue. Further information on the ESOS is available in the Directors' Report and Notes to the Financial Statements.

	During the financial year ended 31st December 2023	Since the commencement of the ESOS on 1st July 2016
Total number of options or shares granted	1,504,500	21,706,500
Total number of options or shares lapsed (grant 1 - 8)	129,000	1,824,000
Total number of options exercised (grant 1 - 6)	2,001,000	15,498,000
Total options or shares outstanding	-	4,384,500

CORPORATE GOVERNANCE
OVERVIEW STATEMENT
(CONT'D)

In regard to options or shares granted to a Director and Chief Executive Officer:

	During the financial year ended 31st December 2023	Since the commencement of the ESOS on 1st July 2016
Aggregate options or shares granted	150,000	2,017,500
Aggregate options exercised	382,500	1,642,500
Aggregate options or shares outstanding	-	375,000

In regard to options or shares granted to a Director and Senior Management (as determined by the ESOS Committee):

	During the financial year ended 31st December 2023	Since the commencement of the ESOS on 1st July 2016
Aggregate maximum allocation in percentage	60.0%	60.0%
Actual percentage granted	56.3%	52.1%

No options were offered to and exercised by, or shares granted to and vested in Non-Executive Directors pursuant to the ESOS during the financial year ended 31st December 2023 and since the commencement of the ESOS on 1st July 2016.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors ('the Board') of Apex Healthcare Berhad ('AHB' or 'the Group') is pleased to present its Statement on Risk Management and Internal Control, which has been prepared pursuant to Paragraph 15.26 (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ('Bursa Securities') and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ('the Guidelines'), in this annual report. This statement outlines the nature and state of the risk management and internal controls of the Group during the financial year under review and up to the date of approval of this statement by the Board.

BOARD RESPONSIBILITY

The Board has established an ongoing process for identifying, evaluating and management of significant risks faced by the Group and this is embedded in the Group's risk management and internal control system. The responsibility for reviewing the adequacy and effectiveness of the risk management and internal control system has been delegated by the Board to the Audit Committee. The Audit Committee provides oversight on risk management matters to ensure prudent risk management over the Group's business and operations. With effect from 1st January 2022, the Board has established a dedicated Risk and Sustainability Committee comprising a majority of independent directors to oversee the Group's risk management framework and policies. The Audit Committee with support by the Risk and Sustainability Committee provides guidance to the Management pertaining to the Company's risk management and related policies and framework.

However, as there are inherent limitations in any risk management and internal control systems, such systems put into effect by Management can only reduce but cannot eliminate all risks that may impede the achievement of the Group's business objectives. Therefore, such systems can only provide reasonable and not absolute assurance against any material misstatement or loss.

RISK MANAGEMENT FRAMEWORK

The Board acknowledges that the Group's business activities involve some degree of risk that may affect the achievement of its business objectives and an effective risk management framework is an integral part of the Group's daily operations. Key Management staff and Head of Departments are delegated with the responsibility to manage identified risks within defined parameters and standards. In addition, key risk profiles have been put in place in order to identify, evaluate and manage key risks faced by the Group.

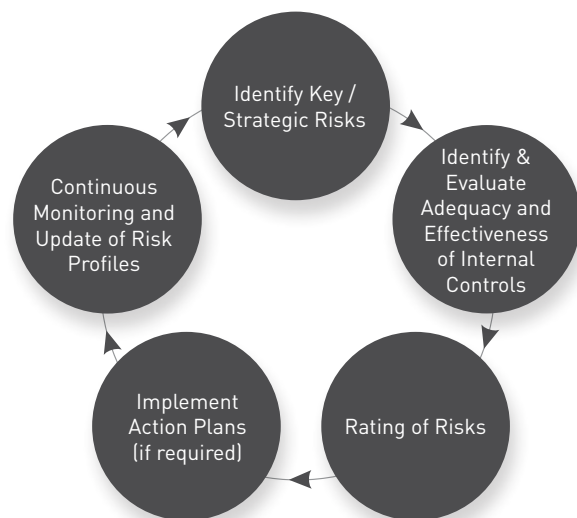
During the financial year under review, Management with the assistance of the external consultants has performed a risk assessment exercise which includes the following:

- Defining a yearly understanding of risk classification tolerance;
- Identifying key risks affecting business objectives and strategic plans;
- Identifying changes to risks or emerging risks and promptly bringing these to the attention of the Board where appropriate;
- Identifying and evaluating existing controls;
- Updating the Group Key Risk Profile; and
- Risk awareness workshop.

Risks are managed in accordance with AHB's Risk Management Framework, modelled largely on ISO 31000:2018 Risk Management - Guidelines, which is implemented across the entire Group.

The results of the above risk assessment exercise were presented to the Risk and Sustainability Committee on 23rd August 2023. Thereafter, the results were presented to the Board. Risks identified were prioritized in terms of the possibility of their occurrence and their impact on the Group's business objectives and goals. This allows Management to allocate appropriate resources in the mitigation of such risks identified.

Key aspects of the risk management process is shown in the diagram below:



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

The above-mentioned practices and initiatives by Management serve as an on-going process to identify, evaluate and manage significant risks from the Group Key Risk Profile during the period under review and up to the date of approval of this statement.

Apex's risk management philosophy is built on a culture where risk exposures are mitigated to acceptable levels by a continuous and iterative process among Management. Risk awareness is enhanced through communication and workshops.

The Group's Risk Management Framework, including the risk management system as well as its processes shall be reviewed periodically with a view to ensure the Group's risk management framework continues to be effectiveness, relevant and adequate in light of the Group's business environment.

Internal controls and risk-related matters which warrant the attention of the Board are recommended by the Audit Committee to the Board for its review and approval, and decisions made by the Audit Committee are escalated to the Board for its notation. The Risk and Sustainability Committee assists and supports the Audit Committee in this regard with effect from 1st January 2022.

The key anticipated and known risks that the Group are exposed to which may have a material effect on the Group's operations, performance, financial condition and liquidity are economic conditions, foreign exchange, regulatory compliance, data and Enterprise Resource Planning ('ERP') integrity, loss of key principals and disease epidemics.

Economic Conditions

The Group's financial performance may face potential adverse effects from the global economy as well as the specific economic conditions within each country of operation. Elevated geopolitical uncertainty may result in increased financial market volatility, reduced liquidity and credit tightening. A prolonged economic downturn poses risks to the Group, including a potential reduction in government healthcare spending and diminished consumer sentiment. Adverse economic developments in the Group's operational markets could impact its financial performance and outlook.

Foreign Exchange

The Group acknowledges the risk associated with the volatility and strength of the Ringgit, influenced by uncertainties in the global economic environment. A depreciated Ringgit can lead to increased costs of raw materials and imported finished goods, potentially compressing profit margins. To mitigate this risk, the Group focuses on securing competitive pricing from alternative sources, reducing wastage, eliminating operational inefficiencies and employing hedging arrangements via financial instruments to preserve profit margins.

Regulatory Compliance

The Group operates in highly regulated markets, and compliance with pharmaceutical regulations is paramount for seamless development, manufacturing and distribution operations. Proactive measures are taken to manage regulatory compliance risks, including the establishment of robust procedures and periodic investments in infrastructure upgrades to meet anticipated future standards. Ongoing efforts and investments are dedicated to ensuring compliance with current and projected regulations, with a focus on averting deficiencies and associated corrective costs. The construction of SPP NOVO and the attainment of various standards underscore the Group's commitment to mitigating regulatory compliance risks.

The Group acknowledges the potential for unanticipated global product safety alerts and recalls, while remaining alert to the impact of changes in regulations for the registration and renewal of pharmaceutical products, which may lead to delays in approvals and heightened compliance costs. To address these challenges, the Group maintains continuous engagement with regulatory and governmental authorities, actively participating in pharmaceutical-related associations. This proactive approach enables the Group to anticipate and optimally respond to regulatory changes, ensuring preparedness in an evolving regulatory landscape.

Data and ERP Integrity

The Group places significant emphasis on the stringent management of proprietary, personal and confidential data, along with ensuring the stable operations of its ERP systems. The loss or corruption of such data and prolonged system failures pose a key risk, potentially leading to a loss of competitiveness and missed business opportunities. The Group recognizes that any material failure of the ERP systems due to natural disasters or security breaches is likely to impact critical business functions or result in the loss of key business data, adversely affecting business operations. Stringent controls are therefore implemented for data management and ERP integrity, with recent attention given to challenges arising from remote work arrangements. Regular maintenance, testing and upgrades are conducted to ensure the ongoing reliability, continuity and stability of ERP systems.

In the face of escalating cybersecurity threats, maintaining cyber resilience and fostering stakeholder trust in the Group's data security and privacy practices are crucial strategic objectives. Given the rising risks of cyber-attacks on critical infrastructure, the Group has bolstered its technological resilience to uphold sound cyber hygiene practices. The Group's Information Technology ('Group IT') department, in collaboration with Group Human Resource ('Group HR'), ensures comprehensive staff training on cybersecurity threats, measures and best practices. Strict protocols for managing proprietary, confidential and personal data are enforced under the oversight of Group HR.

STATEMENT ON RISK MANAGEMENT
AND INTERNAL CONTROL
(CONT'D)

Loss of Key Principals

The Group acknowledges the risks associated with a significant reliance on revenue contributions from key external principals. Competition is strong in the pharmaceutical distribution sector with competitors constantly exerting aggressive margin pressure. The possibility of internal reorganization or business restructuring by these external principals also exists, and turnover of key contacts may impact established relationships. External principals might choose not to renew their association with the Group, either entirely or in limiting the business model or product portfolio for various reasons, including but not limited to their decision to conduct the sale and marketing of their products themselves or to change the local distributor of their products. To safeguard the retention of our key principals, the Group engages meaningfully with them and places great emphasis on ensuring that all deliverables and performance indicators are consistently met or exceeded.

Disease Epidemics

As Covid-19 infections have evolved into primarily community respiratory illnesses, the Group remains vigilant for the emergence of new variants and potential waves of community infections. Ensuring staff safety and maintaining uninterrupted supply chains and business operations remain our top priorities, and we have drawn insights from the lessons of the Covid-19 pandemic to implement pandemic-specific Business Continuity Plans. These plans address key operational risks, including human resource management, processes and business functions, supplier and customer management, and communication with stakeholders.

INTERNAL AUDIT FUNCTION

The Group's independent internal audit function is outsourced to professional services firms to assist the Board and the Audit Committee in providing an independent assessment of the adequacy, efficiency and effectiveness of the Group's system of internal control.

The internal audit plan entails the audit scope, coverage and frequency based on a risk-based approach and is approved by the Audit Committee.

For the financial year, the outsourced internal audit functions have carried out the following audits based on the internal audit plan approved by the Audit Committee:

- Manufacturing group in Malaysia business unit: Sales and Marketing, Credit Control and Collection;
- Distribution group in Malaysia business unit: Sales & Marketing, Credit Control & Collection and Inventory Management;
- Distribution group in Singapore business unit: Customer Service Review, Human Resource and Payroll.

The results of their reviews were reported directly to the Audit Committee which include significant internal audit findings (if any), recommendations for improvements, Management's response and proposed action plans. Follow-up reviews on the implementation of action plans were carried out to ensure that the matters highlighted in the internal audit reports have been adequately addressed.

Based on the internal audit reviews conducted, none of the weaknesses noted has resulted in any material losses, contingencies or uncertainties that would require a separate disclosure in this annual report.

In 2023, the group continued to appoint the same reputable Singapore-based professional firm to conduct physical audit for the Group's Singapore operating subsidiaries to complement Malaysia-based outsourced internal audit function in the discharge of their professional functions. The costs incurred in maintaining the outsourced internal audit function for the financial year ended 31 December 2023 amounted to RM 116,000.

OTHER KEY ELEMENTS OF INTERNAL CONTROL

The other key elements of the Group's system of internal control are:

1. Control Environment

- Policies and Procedures

Clearly defined policies and procedures are in place and are undergoing constant improvements to ensure that they continue to support the Group's business activities as the Group continues to grow.

- Organization Structure and Authorization Procedures

The Group maintains a formal organization structure with clear lines of reporting to Board Committees and Senior Management including defined lines of accountability within which senior management operates in, such as roles and responsibilities, authority limits, review and approval procedures, etc.

- Whistleblowing Policy & Procedure

The Group has a Whistleblowing Policy and Procedure to provide an avenue for staff or any external party to report any breach or suspected breach of any laws or regulations and the Groups' policies and procedures, in a safe and confidential manner. The whistleblowing policy is available at www.apexhealthcare.com.my.

STATEMENT ON RISK MANAGEMENT
AND INTERNAL CONTROL
(CONT'D)

- Anti-Corruption Framework & Practices

The Group adopts a zero tolerance policy towards all forms of corruption by its Board of Directors, Management, employees or any parties acting for AHB or on its behalf. The Group has put in place an anti-corruption framework to demonstrate the Group's stance and initiatives on combating corruption. The Group's anti-corruption framework is developed in line with the TRUST framework promulgated by the Prime Minister's Department of Malaysia. Anti-corruption guidelines and practices provided in the Group's anti-corruption framework are constantly monitored via periodic review and assessment so as to ensure its compliance as well as ensuring effectiveness of anti-corruption measures deployed. The Anti-Corruption Policy is available at www.apexhealthcare.com.my.

- Annual Budget

The Group has a comprehensive budgeting system. The annual business plan and budget are approved by the Board. Budgetary control is in place for every operation of the Group, where actual performance is monitored against budget on a quarterly basis to identify and to address significant variances.

- Human Resource Policy

Comprehensive and rigorous guidelines on the employment, performance appraisal and training program and retention of employees are in place, to ensure that the Group has a team of employees who are well trained and equipped with all the necessary knowledge, skills and abilities to carry out their responsibility effectively.

- Management Styles

The Board relies on the experience of the Group Senior Management comprising the Chief Executive Officer ('CEO'), Chief Operating Officers ('COOs') and Chief Financial Officer ('CFO') and the respective business units' Management teams to run and manage the operations and businesses of the Group in an effective and efficient manner.

The CEO, COOs, CFO and Management adopt a 'hands on' approach in managing the businesses of the Group. This enables the timely identification and resolution of any significant issues arising.

- Quality Control

Strong emphasis is placed on ensuring the manufacturing process of its pharmaceutical plant adheres strictly to health, safety and environmental regulations as required by the various authorities. The Board has ensured that safety and health regulations, environmental controls and all other legislations in connection with the industry the Group operates in have been complied with during the financial year under review.

- Succession Planning

Succession planning for key management staff of the Group is in place and is reviewed periodically. This is to ensure that business operations and performance will not be adversely affected by the departure of any key personnel.

2. Information and Communication

Pertinent information to meet the Group's business objectives is communicated through established reporting lines across the Group. This is to ensure matters that require the Board and Senior Management's attention are highlighted for review, deliberation and resolution on a timely basis.

3. Review and Monitoring Process

The Group's Management teams carry out monthly monitoring and review of the Group's operations and performance, including financial results and forecasts for all business operations within the Group. In addition to the above, scheduled and ad-hoc meetings are held at operational and management levels to identify, discuss and resolve business and operational issues, as and when necessary.

The Board monitors the Group's performance by reviewing its quarterly results and operations, and examines the Group's announcement to the Bursa Securities. These are reviewed by the Audit Committee before they are tabled to the Board for approval.

ASSURANCE PROVIDED BY THE GROUP SENIOR MANAGEMENT

In line with the Guidelines, the Group Senior Management has provided assurance to the Board that the Group's risk management and internal control systems have operated adequately and effectively, in all material aspects, to meet the Group's objectives during the financial year under review.

STATEMENT ON RISK MANAGEMENT
AND INTERNAL CONTROL
(CONT'D)**REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS**

The External Auditors have performed limited assurance procedures on this Statement on Risk Management and Internal Control ('the Statement') in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and Audit and Assurance Practice Guide 3 ('AAPG 3'), *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report* issued by the Malaysian Institute of Accountants ('MIA') for inclusion in the Annual Report of the Group for the year ended 31st December 2023, and reported to the Board that nothing has come to their attention that causes them to believe the statement intended to be included in the Annual Report is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Guidelines, nor is the Statement factually inaccurate.

AAPG 3 does not require the External Auditors to consider whether the Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon. The report from the External Auditors was made solely for, and directed solely to the Board of Directors in connection with their compliance with the listing requirements of Bursa Securities and for no other purposes or parties. The External Auditors do not assume responsibility to any other person in respect of any aspect of this report.

CONCLUSION

The Board is of the view that the risks faced by the Group are within tolerable levels in the context of the business environment the Group operates in and the system of risk management and internal control that existed throughout the year is sound and adequate to safeguard the interest of the Group and to facilitate the evolution of its businesses.

During the year under review, nothing has come to the attention of the Board which would result in any material losses, contingencies or uncertainties that would require a separate disclosure in this Annual Report. Notwithstanding this, the Board will continue to ensure that the Group's system of risk management and internal control continuously evolve to keep up with its dynamic business environment.

The Group's system of risk management and internal control applies principally to the Group and its subsidiaries but do not apply to associated company where the Group does not have full management control nor majority Board representation. Nonetheless, the Group's interests are served through representation on the Board of Directors of the associated company as well as through the review of management accounts received.

The Board has granted its approval on 21st February 2024 that this Statement on Risk Management and Internal Control be included in the Company's Annual Report 2023.

REPORT OF THE AUDIT COMMITTEE

The Board of Directors ('Board') of Apex Healthcare Berhad ('the Company') is pleased to present the report of the Audit Committee for the financial year ended 31st December 2023.

This Audit Committee Report provides insights on how the Audit Committee discharged its functions and duties during the financial year ended 31st December 2023 with the details as follows:

COMPOSITION OF AUDIT COMMITTEE AND ATTENDANCE RECORD

The Audit Committee (hereinafter referred to as the 'AC') currently consists of three members, all of whom are Independent Non-Executive Directors. The Chairman of the AC is a member of the Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants. All of the AC members are financially literate and understand matters under the purview of the AC including the financial reporting process to effectively discharge their duties and responsibilities as members of the AC. The AC therefore meets the requirements of Paragraphs 15.09(1)(b) and (c) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad as well as Practice 9.4 of the Malaysian Code on Corporate Governance.

The members of AC and their attendance of the AC meetings held during the financial year ended 31st December 2023 are as follows:

Director	Position	Attendance					Total
		21st Feb	21st Mar	24th May	23rd Aug	29th Nov	
Yap Seng Chong* (Chairman of AC)	Independent Non-Executive Director	-	-	√	√	√	3/3
Datuk Phang Ah Tong	Independent Non-Executive Director	√	√	√	√	√	5/5
Le Wat Su*	Independent Non-Executive Director	-	-	√	√	√	3/3
Heng Su-Ling Mae**	Independent Non-Executive Director	√	√	-	-	-	2/2
Leong Khai Cheong***	Independent Non-Executive Director	√	√	-	-	-	2/2
Total Attendance		3/3	3/3	3/3	3/3	3/3	

* Mr Yap Seng Chong and Ms Le Wat Su were appointed as the Chairman and member of AC respectively on 18th May 2023.

** Ms Heng Su-Ling Mae retired on 17th May 2023.

*** Mr Leong Khai Cheong ceased as a member of AC on 18th May 2023.

The Terms of Reference of the AC is available on the Company's website: www.apexhealthcare.com.my pursuant to Paragraph 15.11 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

ACTIVITIES OF THE AUDIT COMMITTEE

During the financial year ended 31st December 2023, the AC in the discharge of its duties and functions carried out the following activities:

- Evaluated the Audit Plan presented by the External Auditors, Ernst & Young PLT ('EY') including but not limited to the audit analytics used, the assessment of professional independence, the manpower of the audit engagement team, the concept of materiality, the potential areas of audit emphasis, the coordination with the auditors of the Group Associate, the audit reliance placed with the internal auditors and the audit timeline for the full audit engagement. Included in this Audit Plan is an annual statement from EY that the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants are complied with;
- Reviewed the Audit Results of the External Auditors, EY which include the audit scope changes, the significant accounting and auditing issues, the qualitative aspect of accounting policies and the summary of audit difference, if any;
- Reviewed the Annual Inspection Report 2022 issued by Securities Commission Malaysia's (SC) Audit Oversight Board (AOB) and the Annual Transparency Reporting submitted by EY;
- Reviewed the assistance provided by Management to the External Auditors and Internal Auditors;
- Reviewed the reports of the Internal Auditors on Principal Risks Assessment conducted with key Management for the Company and Group;
- Reviewed the Internal Audit report on Sales & Marketing, Credit Control & Collection and Inventory Management of Apex Pharmacy Marketing Sdn Bhd Johor Bahru Branch ('APM JBW');

- Reviewed the Internal Audit report on Human Resource & Payroll and Customer Service of Apex Pharma Marketing Pte Ltd ('APS');
- Reviewed the Internal Audit report on Sales & Marketing and Credit Control & Collection of Xepa-Soul Pattinson (Malaysia) Sdn Bhd ('XSPM');
- Reviewed the performance of External Auditors and recommended to the Board for re-appointment;
- Reviewed the one year Internal Audit Plan submitted by the Internal Auditors;
- Conducted private sessions with the External and Internal Auditors in the absence of the Management in conjunction with AC Meetings;
- Reviewed the draft Statement on Risk Management and Internal Control for inclusion in the Annual Report 2022;
- Verified the allocation of options pursuant to the Group's Executive Share Option Scheme ('ESOS') at the end of each financial year;
- Reviewed the draft announcement at the end of each quarter prior to approval for release to Bursa Malaysia Securities Berhad by the Board of Directors;
- Reviewed the draft financial statements at the end of financial year;
- Reviewed and monitored all conflict of interest (COI) situations within AHB Group. The COI review was extended to encompass Directors and Key Senior Management within AHB Group. There were no COI nor potential COI reported in FY2023;
- Reviewed the Group's Anti-Corruption Policy Statement, Whistleblowing Policies and Statement, Anti-Corruption Monitoring Programme in relation to Malaysian Anti-Corruption Commission Act 2009 (Act 694); and
- Reviewed and recommended the draft AC Report to the Board for approval and inclusion in the Company's Annual Report 2022.

INTERNAL AUDIT FUNCTION

Resolve IR Sdn Bhd ('Resolve') has been appointed as the new outsourced Internal Auditor ('IA') of the Group effective from January 2021. As a response to border restrictions arising from the Covid-19 pandemic in 2021, the Group has appointed BDO Advisory Pte Ltd ('BDO'), a Singapore-based outsourced internal auditor to conduct physical audit for the Group's Singapore operating subsidiaries to complement Resolve in the discharge of their professional functions. The cost incurred for Internal Audit Services by both the out-sourced IAs in respect of 2023 was RM116,000.

In accordance with the Terms of Reference of the AC, the Internal Auditors report functionally to the Chairman of the AC and administratively to the Chief Executive Officer / Chief Financial Officer.

During the financial year ended 31st December 2023, the Internal Auditors undertook the following activities:

- Attended and reported to the AC at three of five AC meetings held during the year 2023;
- Conducted a Principal Risks Assessment with key Management of the Company and Group and reported the findings to the AC;
- Reviewed the Internal Audit report on Sales & Marketing, Credit Control & Collection and Inventory Management of APM JBW;
- Reviewed the Internal Audit report on Human Resource & Payroll and Customer Service of APS;
- Reviewed and reported on Sales & Marketing and Credit Control & Collection of XSPM; and
- Followed up on previous auditable activities of APM JBW, APS and XSPM to ensure compliance of recommendations of Internal Auditors by Management.

REPORT OF THE REMUNERATION COMMITTEE

The Board of Directors ('Board') of Apex Healthcare Berhad ('the Company') is pleased to present the report of the Remuneration Committee for the financial year ended 31st December 2023.

This Remuneration Committee Report provides insights on how the Remuneration Committee discharged its functions and duties during the financial year ended 31st December 2023 with the details as follows:

COMPOSITION OF REMUNERATION COMMITTEE AND ATTENDANCE RECORD

The Remuneration Committee (hereinafter referred to as the "RC") consists of three members, the majority of whom are Independent Non-Executive Directors. The committee was established on 23rd May 2001. During the year under review, the committee met twice and the attendance record is tabulated as follows:

Director	Position	Attendance		Total
		21st Feb	29th Nov	
Datuk Phang Ah Tong (Chairman of RC)	Independent Non-Executive Director	√	√	2/2
Robert Dobson Millner AO	Non-Independent Non-Executive Director	√	√	2/2
Datuk Noharuddin bin Nordin @ Harun*	Senior Independent Non-Executive Director	-	√	1/1
Jackson Chevalier Yap-Kit-Siong **	Independent Non-Executive Director	√	-	1/1
Total Attendance		3/3	3/3	

* Datuk Noharuddin bin Nordin @ Harun was appointed as a member of RC on 18th May 2023.

** Mr Jackson Chevalier Yap-Kit Siong retired on 17th May 2023.

The Terms of Reference of the RC is available on the Company's website: www.apexhealthcare.com.my pursuant to Practice 7.2 of the Malaysian Code on Corporate Governance issued by the Securities Commission.

ACTIVITIES OF THE REMUNERATION COMMITTEE

During the year under review, the RC in the discharge of its duties carried out the following activities:

- Assessed the performance of the Chief Executive Officer ("CEO") and determined his performance bonus for financial year 2022 and adjustments to salary for financial year 2023;
- Reviewed and approved the recommendations of the CEO in respect of performance bonuses for financial year 2022 and salary adjustments and promotions for Senior Management of Apex Healthcare Berhad Group for financial year 2023;
- Reviewed and approved Key Performance Indicators for financial year 2023 for the CEO and Group's Senior Management;
- Reviewed and recommended the Directors' Fees and any benefits payable to Directors for financial year 2022 to be tabled for shareholders' approval in Annual General Meeting in May 2023;
- Recommended the provision of Directors' Fee and any benefits payable to Directors for financial year 2023;
- Reviewed and recommended the draft Annual RC Report to the Board for approval and inclusion in the Company's Annual Report 2022;
- Reviewed and approved the remuneration of Chief Financial Officer; and
- Reviewed and approved the provision of performance bonus to be accrued for in financial year 2023.

REPORT OF THE REMUNERATION COMMITTEE
(CONT'D)

DIRECTORS' REMUNERATION

The detailed disclosure on named basis for the remuneration of individual Directors with remuneration breakdown including fees, salary, bonus, pension costs, benefits-in-kind and other emoluments for the financial year 2023 is as follows:

Company

Director	Remuneration						Total
	Fees	Salary	Bonus	Pension Costs	Benefits-in-kind	Emoluments	
Executive Director							
Dr Kee Kirk Chin	75,000	51,744	16,814	13,027	126,688	-	283,273
Non-Executive Directors							
Robert Dobson Millner AO	-	-	-	-	-	60,138	60,138
Datuk Noharuddin Bin Nordin @ Harun	107,000	-	-	-	-	-	107,000
Heng Su-Ling Mae*	40,162	-	-	-	-	-	40,162
Datuk Phang Ah Tong	102,000	-	-	-	-	-	102,000
Jackson Chevalier Yap-Kit-Siong*	31,904	-	-	-	-	-	31,904
Kee Kirk Chuen	85,000	-	-	-	-	-	85,000
Leong Khai Cheong	102,000	-	-	-	-	-	102,000
Yap Seng Chong **	69,838	-	-	-	-	-	69,838
Le Wat Su **	56,096	-	-	-	-	-	56,096
Total	669,000	51,744	16,814	13,027	126,688	60,138	937,411

* retired on 17th May 2023

** appointed on 18th May 2023

Group

Director	Remuneration						Total
	Fees	Salary	Bonus	Pension Costs	Benefits-in-kind	Emoluments	
Executive Director							
Dr Kee Kirk Chin	75,000	1,574,279	15,540,467	83,566	126,688	-	17,400,000
Non-Executive Directors							
Robert Dobson Millner AO	-	-	-	-	-	60,138	60,138
Datuk Noharuddin Bin Nordin @ Harun	107,000	-	-	-	-	-	107,000
Heng Su-Ling Mae*	40,162	-	-	-	-	-	40,162
Datuk Phang Ah Tong	102,000	-	-	-	-	-	102,000
Jackson Chevalier Yap-Kit-Siong*	31,904	-	-	-	-	-	31,904
Kee Kirk Chuen	85,000	-	-	-	-	-	85,000
Leong Khai Cheong	102,000	-	-	-	-	-	102,000
Yap Seng Chong **	69,838	-	-	-	-	-	69,838
Le Wat Su **	56,096	-	-	-	-	-	56,096
Total	669,000	1,574,279	15,540,467	83,566	126,688	60,138	18,054,138

* retired on 17th May 2023

** appointed on 18th May 2023

REPORT OF THE NOMINATION COMMITTEE

The Board of Directors ('Board') of Apex Healthcare Berhad ('the Company') is pleased to present the report of the Nomination Committee for the financial year ended 31st December 2023.

This Nomination Committee Report provides insights on how the Nomination Committee discharged its functions and duties during the financial year ended 31st December 2023 with the details as follows:

COMPOSITION OF NOMINATION COMMITTEE AND ATTENDANCE RECORD

The Nomination Committee (hereinafter referred to as the 'NC') consists of three members, the majority of whom are Independent Non-Executive Directors. The committee was established on 23rd May 2001. During the year under review, the committee met once and the attendance record is tabulated as follows:

Director	Position	Attendance 22nd Feb	Total
Datuk Noharuddin Bin Nordin @ Harun (Chairman of NC)	Senior Independent Non-Executive Director	√	1/1
Robert Dobson Millner AO	Non-Independent Non-Executive Director	√	1/1
Leong Khai Cheong*	Independent Non-Executive Director	-	0/0
Heng Su-Ling Mae**	Independent Non-Executive Director	√	1/1
Total Attendance		3/3	

* Mr Leong Khai Cheong was appointed as a member of NC on 18th May 2023.

** Ms Heng Su-Ling Mae retired on 17th May 2023.

The Terms of Reference of the NC is available on the Company's website: www.apexhealthcare.com.my pursuant to Paragraph 15.08A(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

ACTIVITIES OF THE NOMINATION COMMITTEE

The activities of the NC during the financial year 2023 include:

- Reviewed the composition of the Board and Board Committees with regards to the mix of skills, independence and diversity in accordance with its policy as stated in the Group's Corporate Governance Report to ensure compliance;
- Assessed and reviewed the independence and continuing independence of the Independent Directors and considered and accepted the retirement of long-serving Independent Directors;
- Assessed the effectiveness and performance of the Board, Directors and Board Committees for the financial year 2022. This was carried out through a self-assessment document that was completed by each Director and reviewed by the NC. Assessment criteria include the following:
 - Board composition
 - Board process
 - Performance of Board Committees
 - Information provided to the Board
 - Role of the Board in strategy and planning
 - Risk management framework
 - Accountability and standard of conduct of Directors
- Reviewed and assessed on behalf of the Board the training record and needs of each Director, and proposed training courses to meet any shortfall or gaps in knowledge;
- Determined the Directors to stand for re-election at the 2023 Annual General Meeting on 17th May 2023 through application of the criteria established in the Directors' Fit and Proper Policy of the Company;
- Reviewed the character, experience, integrity and competence of all the Directors, the Chief Executive Officer and Financial Controller and assessed their performance in 2022, paying attention to whether each of the Non-Executive Directors has made available sufficient time to discharge their responsibilities and duties;
- Reviewed the term of office and performance of the Audit Committee ('AC') and each of its members to ascertain that the AC and its members have carried out their duties in accordance with the AC Terms of Reference;
- Assessed and recommended new candidates to the Board for appointments as Directors through application of the criteria established in the Directors' Fit and Proper Policy of the Company;
- Reviewed the format of letter of appointment of Independent Non-Executive Directors ('INEDs') and recommended the format for Board approval; and
- Reviewed and recommended the draft Report of the NC to the Board for approval and inclusion in the Company's Annual Report 2022.

REPORT OF THE NOMINATION COMMITTEE
(CONT'D)

Attendance Record at Board Meetings in the financial year 2023:

Director	Position	Attendance					Total
		22nd Feb	3rd Apr	24th May	23rd Aug	29th Nov	
Dr Kee Kirk Chin	Chairman & CEO	√	√	√	√	√	5/5
Robert Dobson Millner AO	Non-Independent Non-Executive Director	√	√	√	√	√	5/5
Datuk Noharuddin Bin Nordin @ Harun	Senior Independent Non-Executive Director and Chairman of Nomination Committee	√	√	√	√	√	5/5
Datuk Phang Ah Tong	Independent Non-Executive Director and Chairman of Remuneration Committee	√	√	√	√	√	5/5
Yap Seng Chong*	Independent Non-Executive Director and Chairman of Audit Committee	-	-	√	√	√	3/3
Leong Khai Cheong	Independent Non-Executive Director and Chairman of Risk and Sustainability Committee	√	√	√	√	√	5/5
Kee Kirk Chuen	Non-Independent Non-Executive Director	√	√	√	√	√	5/5
Le Wat Su*	Independent Non-Executive Director	-	-	√	√	√	3/3
Heng Su-Ling Mae**	Independent Non-Executive Director and Chairman of Audit Committee	√	√	-	-	-	2/2
Jackson Chevalier Yap-Kit-Siong**	Independent Non-Executive Director	√	√	-	-	-	2/2
Total Attendance		8/8	8/8	8/8	8/8	8/8	

* Mr Yap Seng Chong and Ms Le Wat Su were appointed as Directors on 18th May 2023.

** Ms Heng Su-Ling Mae and Mr Jackson Chevalier Yap-Kit-Siong retired on 17th May 2023.

The Secretary was present at all Board Meetings held in the financial year 2023.

DIRECTORS' TRAINING

The Directors of the Company had attended the following training programmes/seminars during the financial year ended 31st December 2023:

Director	Date	Subject
Dr Kee Kirk Chin	4th January 2023	Anti-Corruption Refresher Training
	22nd February 2023	Cybersecurity Training
	28th February 2023	ICDM PowerTalk Sustainability Series – (Re)Building the Board for Innovation
	27th July 2023	Asia School of Business – Bursa : Conflict of Interest and Governance of Conflict of Interest
	13th September – 14th September 2023	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)
	3rd October 2023	Management of Cyber Risk by Ernst & Young
	29th November 2023	Updates on ISSB IFRS S1 General Disclosure Requirement and IFRS S2 Climate Related Disclosures
Robert Dobson Millner AO	4th January 2023	Anti-Corruption Refresher Training
	22nd February 2023	Cybersecurity Training
	29th November 2023	Updates on ISSB IFRS S1 General Disclosure Requirement and IFRS S2 Climate Related Disclosures

REPORT OF THE NOMINATION COMMITTEE
(CONT'D)

Director	Date	Subject
Datuk Noharuddin Bin Nordin @ Harun	4th January 2023	Anti-Corruption Refresher Training
	22nd February 2023	Cybersecurity Training
	28th February 2023	ICDM PowerTalk Sustainability Series – (Re)Building the Board for Innovation
	7th August – 10th August 2023	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)
	3rd October 2023	Management of Cyber Risk by Ernst & Young
	29th November 2023	Updates on ISSB IFRS S1 General Disclosure Requirement and IFRS S2 Climate Related Disclosures
Datuk Phang Ah Tong	4th January 2023	Anti-Corruption Refresher Training
	29th November 2023	Updates on ISSB IFRS S1 General Disclosure Requirement and IFRS S2 Climate Related Disclosures
Yap Seng Chong	8th January 2023	PwC’s Global-Health industries year-end accounting and reporting hot topics
	22nd January 2023	PwC’s quarterly accounting webcast Q4 2023
	23rd January 2023	IFRS year end accounting webcast
	27th January 2023	ISSB corporate reporting webinar series- Better information for better decision
	8th February 2023	Integrated reporting by Nova Fusion Sdn Bhd
	17th February 2023	Briefing by EY Consulting Sdn Bhd on recent developments on ESG
	12th March 2023	Earning Trust through data privacy and protection
	27th March 2023	Re-establishing trust: Crypto crimes and risk management considerations
	16th May – 17th May 2023	EY ASEAN tax forum 2023
	26th June 2023	PWC’s Q1 2023 Accounting Webcast
	12th July 2023	EY webinar-ESG-Bursa Malaysia’s enhanced sustainability reporting requirements
	31st July 2023	PWC’s Q2 2023 Accounting Webcast
	20th August 2023	A new era of transparency -Preparing for SEC cyber disclosure requirements
	19th September 2023	Bursa Malaysia’s advocacy sessions for Directors and CEOs
	13th October 2023	Internal audit: How to remain relevant amid disruption
29th November 2023	Updates on ISSB IFRS S1 General Disclosure Requirement and IFRS S2 Climate Related Disclosures	
6th December 2023	How to be human in the age of AI webcast by PwC Global	
11th December – 12th December 2023	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)	
Leong Khai Cheong	4th January 2023	Anti-Corruption Refresher Training
	22nd February 2023	Cybersecurity Training
	28th February 2023	ICDM PowerTalk Sustainability Series – (Re)Building the Board for Innovation
	13th September – 14th September 2023	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)
	29th November 2023	Updates on ISSB IFRS S1 General Disclosure Requirement and IFRS S2 Climate Related Disclosures

REPORT OF THE NOMINATION COMMITTEE
(CONT'D)

Director	Date	Subject
Kee Kirk Chuen	4th January 2023	Anti-Corruption Refresher Training
	28th February 2023	ICDM PowerTalk Sustainability Series – (Re)Building the Board for Innovation
	13th September – 14th September 2023	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)
	29th November 2023	Updates on ISSB IFRS S1 General Disclosure Requirement and IFRS S2 Climate Related Disclosures
Le Wat Su	5th July – 6th July 2023	Mandatory Accreditation Programme
	7th August – 10th August 2023	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)
	29th November 2023	Updates on ISSB IFRS S1 General Disclosure Requirement and IFRS S2 Climate Related Disclosures

REPORT OF THE RISK AND SUSTAINABILITY COMMITTEE

The Board of Directors ('Board') of Apex Healthcare Berhad ('the Company') is pleased to present the report of the Risk and Sustainability Committee for the financial year ended 31st December 2023.

This Risk and Sustainability Committee Report provides insights on how the Risk and Sustainability Committee discharged its functions and duties during the financial year ended 31st December 2023 with the details as follows:

COMPOSITION OF RISK AND SUSTAINABILITY COMMITTEE AND ATTENDANCE RECORD

The Risk and Sustainability Committee (hereinafter referred to as the 'RSC') consists of three members, the majority of whom are Independent Non-Executive Directors. The committee was established on 1st January 2022. During the year under review, the committee met twice and the attendance record is tabulated as follows:

Director	Position	Attendance		Total
		21st Feb	23rd Aug	
Leong Khai Cheong (Chairman of RSC)	Independent Non-Executive Director	√	√	2/2
Kee Kirk Chuen	Non-Independent Non-Executive Director	√	√	2/2
Yap Seng Chong*	Independent Non-Executive Director	-	√	1/1
Datuk Noharuddin Bin Nordin @ Harun**	Senior Independent Non-Executive Director	√	-	1/1
Total Attendance		3/3	3/3	

* Mr Yap Seng Chong was appointed as a member of RSC on 18th May 2023.

** Datuk Noharuddin bin Nordin @ Harun ceased as a member of RSC on 18th May 2023.

The Terms of Reference of the RSC is available on the Company's website: www.apexhealthcare.com.my pursuant to Step Up Practice 10.3 of the Malaysian Code on Corporate Governance issued by the Securities Commission.

ACTIVITIES OF THE RISK AND SUSTAINABILITY COMMITTEE

During the year under review, the RSC in the discharge of its duties carried out the following activities:

- Reviewed the draft Statement on Risk Management and Internal Control in support of the Audit Committee in its recommendation to the Board for inclusion in the Annual Report 2022 of the Company;
- Reviewed with the internal auditors the Group's Risk Assessment Report 2023;
- Reviewed and proposed to the Board the Sustainability Statement for inclusion in the Annual Report 2022 of the Company;
- Reviewed and assessed the adequacy of the insurance coverage of Apex Healthcare Berhad Group;
- Reviewed the Group's Cybersecurity status and plans; and
- Reviewed the update on sustainability reporting of Apex Healthcare Berhad Group and progress of new sustainability initiatives.



**Apex
Healthcare**
Service • Quality • Integrity

2023
SUSTAINABILITY
STATEMENT



Embracing
Sustainability

SUSTAINABILITY STATEMENT



ABOUT THIS SUSTAINABILITY STATEMENT

Apex Healthcare Berhad ('AHB' or 'the Company') steadfastly upholds a mission of **'Restoring Health, Enhancing Life'** with an unwavering commitment to sustainability across all facets of our business operations and strategy. Our Sustainability Statement 2023 reflects our growing commitment to transparent sustainability reporting, providing a detailed analysis of our comprehensive approach to sustainable development and delivering value to all stakeholders. Moving forward, we are committed to continually elevating the progress of our sustainability reporting journey in the following years, integrating climate-related disclosures and our aspirational targets across reported sustainability metrics and indicators.

Within the theme of governance, this statement articulates our strategies for navigating economic, environmental and social risks and opportunities in the complex global business landscape. Anchored in a '3 Pillars' framework that evaluates the impact and influence of our business endeavors on stakeholders' economic conditions ('Economic'), living and non-living natural systems ('Environmental'), and the social system ('Social'), we are committed to harmonizing our practices with the principles of responsible corporate citizenship that are aligned with sustainability.

In our pursuit of robust sustainability reporting, we have undertaken a meticulous process of stakeholder engagement and materiality assessment, complemented with quantitative data disclosure that comprehensively addresses all pertinent Common Sustainability Matters in accordance with the mandates set forth by Bursa Malaysia Securities Berhad ('Bursa Malaysia'). This statement serves as a consolidated report detailing the sustainability policies, practices and procedures we have implemented, along with our strategies, initiatives, performance metrics and achievements for the reporting period spanning from 1st January 2023 to 31st December 2023.





SCOPE AND BOUNDARY

The scope and boundary of disclosures within this Sustainability Statement encompass the entities under AHB Group ('the Group'). This includes Xepa-Soul Pattinson (Malaysia) Sdn Bhd ('XEPA') and Apex Pharmacy Marketing Sdn Bhd ('APM'), both of which are key subsidiaries of AHB. This statement additionally extends to ABio Marketing Sdn Bhd ('ABIO') and AHB's wholly owned subsidiary based in Singapore, Apex Pharma Marketing Pte Ltd ('APS').

Our comprehensive scope in detailing our sustainability practices ensures a thorough examination of the environmental, social, and economic impacts associated with the Group's primary operating entities. By incorporating key subsidiaries, we aim to provide stakeholders with a holistic view of our sustainability initiatives, performance metrics and achievements, fostering transparency and accountability across our operations. This approach aligns with our commitment to responsible corporate citizenship and sustainability throughout AHB.

ASSURANCE STATEMENT

The information and data provided in this statement have not been subjected to an assurance process. Looking ahead, we will actively consider incorporating an assurance process for future reports to enhance transparency and credibility.

Framework and Guidelines

Our disclosures are guided by the elements of Bursa Malaysia's Main Market Listing Requirements ('MMLR') and the leading global sustainability reporting framework:

1. Bursa Malaysia Sustainability Reporting Guide (3rd Edition)
2. Global Reporting Initiative ('GRI') Standards

Reporting Principles

The contents of the report have been shaped by adhering to the reporting principles outlined by the Bursa Malaysia Sustainability Reporting Guide (3rd Edition) and the GRI Standards:

Stakeholder Engagement:

We actively engage key stakeholders to shape sustainability expectations, seeking their insights to evaluate and address significant sustainability issues.

Materiality Focus:

We are focused on matters identified as material to our business performance and which reflect our impacts across the sustainability spectrum.

Comprehensiveness:

We ensure comprehensiveness by encompassing material topics and boundaries with substantial impact.

SUSTAINABILITY STATEMENT
(CONT'D)

OUR COMMITMENT TO SUSTAINABILITY



Our objective is clear: to elevate AHB Group to the status of a leading global pharmaceutical group based in the ASEAN region.

Sustainability at AHB

BUILDING A SUSTAINABLE, HOME-GROWN PHARMACEUTICAL LEADER

We are a leading pharmaceutical group that manufactures and distributes quality pharmaceuticals, consumer healthcare products and medical devices, making them available to our valued customers in the markets in which we operate through our comprehensive supply channels.

In the dynamic landscape of the pharmaceutical industry, our success is not merely a result of chance but a deliberate strategy grounded in a deep understanding of our business. We pride ourselves on an intimate knowledge of the intricacies of pharmaceutical manufacturing and distribution, allowing us to navigate the complexities of the industry with precision and foresight. This nuanced comprehension, coupled with a growing network of loyal customers, forms the bedrock of our present success and serves as a solid foundation for our future endeavors.

By concentrating our efforts on what we do best, we enhance our capabilities, drive operational efficiencies and gain a refined understanding of the prevailing trends shaping the pharmaceutical landscape. This strategic focus empowers us to adapt swiftly to industry dynamics, positioning us as a proactive player at the forefront of innovation and market trends.

Moving forward, our objective is clear: to elevate AHB Group to the status of a leading global pharmaceutical group based in the ASEAN region.




DRIVEN BY A MISSION AND TENETS INTRINSIC TO SUSTAINABILITY

As a pharmaceutical group, our products have a far-reaching impact on the health sector and society at large. Healthcare professionals use our medicines and medical devices to treat and manage respiratory, dermatological, cardiovascular, gastrointestinal conditions and more. Consumers use our range of consumer healthcare products to enhance their wellbeing.



Given the meaningful nature of our business activities, we believe it is especially vital to run our business in a sustainable and responsible manner. This commitment is epitomized by our mission statement of **'Restoring Health, Enhancing Life'**. We take heart in knowing that our products play a role in the restoration of health and enhancement of life, which are indeed vital drivers for a sustainable future.

We are simultaneously committed to running our business in a manner that fairly rewards all our stakeholders. This has been important from our very inception in 1962, which was founded upon the three Core Tenets of Service, Quality and Integrity. These Core Tenets represent the aspects of our business we place the most emphasis upon, which collectively enable us to deliver shared benefits for our business, our stakeholders and beyond.

		
1	2	3
SERVICE	QUALITY	INTEGRITY
<p>Through our emphasis on Service, which has been ingrained in our culture since our very first customer, we strive to be efficient, professional and responsive in our dealings with suppliers, healthcare professionals, customers and all whom we come across.</p>	<p>Guided by our never-ending dedication to Quality, we consistently refine our processes and systems to provide the best quality products made in the most ethical and sustainable manner. Our initiatives in this aspect have been vital in order to secure commercially relevant global quality certifications that elevate our sustainability status and subsequent ability to attract top industry partners and collaborators.</p>	<p>Having established the upholding of Integrity as an inescapable part of our business, we ensure our principles prevail across our value chain, which includes research and development, manufacturing, warehousing, sales and marketing, up until final delivery. At our very core, we place a high premium on honesty in all our dealings, without compromise.</p>

VALUING SUSTAINABILITY AT EVERY LEVEL

Sustainability is not a mere compliance exercise for us; it is a deeply ingrained ethos that permeates every facet of our operations. We go beyond regulatory obligations, cultivating a pervasive awareness of sustainability across all aspects of our daily business activities. Guided by a robust framework of policies, procedures and practices, we place a premium on fostering responsible and conscientious conduct in everything we do.

Setting an exemplary standard, the Group leadership team serves as a trailblazer in championing sustainability initiatives spanning the Economic, Environmental, Social and Governance ('EESG') spectrum. Our commitment is evident through tangible corporate actions that resonate across various dimensions.

Our fair product pricing, accurate labelling and efforts to innovate products that address market needs showcase our drive to generate shared value. The expansion of

SUSTAINABILITY STATEMENT
(CONT'D)

our solar energy initiatives and commitment to energy optimization underscore our desire to promote environmental stewardship. Through the nurturing of a healthy and safe working environment, along with our charitable initiatives, we represent our efforts to uplift people and communities. Above all, we maintain a zero-tolerance policy towards unfair, unethical, or non-transparent practices, ensuring responsible dealings and fair business practices with all stakeholders.

Essentially, we recognize that sustainability is an ongoing journey of improvement and evolution, not a destination. We do not cut corners in this continuous pursuit, understanding that sustainability and profitability are intertwined. Our past and ongoing successes stand as a validation of this symbiotic relationship, reinforcing our pride in the harmonious coexistence of sustainability and profitability at the core of our business ethos.

Forward-Looking Statement

Driven by our fundamental values, our focus on enhancing our group-wide sustainability performance will only continue to gain momentum in the coming years. This is especially important in an era where humanity faces momentous challenges such as climate change, depletion of resources, a lack of responsibility in business practices to name a few.

Our future efforts will be centered around a steadfast focus of sustainable growth and innovation to bolster the long-term prospects of our business. These include initiatives such as enhancing the competencies and resilience of our people, swiftly innovating new pharmaceutical and consumer healthcare products to meet market demand, adopting digitalization and integrating new technology into our systems and processes, and growing our commitments to environmental stewardship, amongst others.

The pharmaceutical industry continues to thrive in both Malaysia and Singapore, driven by a heightened awareness towards personal health and well-being fueled by the recent pandemic. While economic growth in Malaysia is moderate, we expect that the recent record allocation for the Ministry of Health in Budget 2024 will drive increase demand for pharmaceutical supplies across the industry.

The Group is ready to capitalize on a favorable market to embark on a period of growth, most notably through the expansion of XEPA's warehousing and liquid production facilities, a heightened focus on innovating off-patent generic pharmaceuticals, as well as through increased efforts to introduce products and contract manufacturing services to international markets. To this end, we recognize the importance of growing mindfully and never compromising on our corporate values ingrained within our mission statement and Core Tenets. While striving for strong profitability, this aspiration must be balanced with our overall contributions to the society at large.

Guided by our recently enhanced reporting framework, which included a data collection exercise to set our

baseline year at 2023, we are ready to set objectives, targets and indicators to drive sustained improvement in our sustainability performance across all metrics in the years ahead. In doing so, we enhance our ability to gain a wider slate of globally recognized manufacturing and distribution certifications, placing ourselves on the right trajectory to achieve our ambition of becoming a leading global pharmaceutical group in the ASEAN region.

Foreword from the Chairman

I extend my sincere gratitude to you for taking the time to read our Sustainability Statement. Sustainability is not merely a buzzword for us at AHB - it forms the very core of our identity. Our efforts to promote sustainability run through the fabric of our businesses, extending its benefits not only to our internal teams but also to our invaluable external stakeholders.

In this Sustainability Statement, covering the period from 1st January 2023 to 31st December 2023, we will provide you with a comprehensive overview of what sustainability means to us. We detail our commitments and delve into the ongoing actions we undertake to integrate sustainability into our operations, fostering shared value for our communities, stakeholders and the environment. To ensure the relevance and credibility of this statement, we have prepared it in reference to the Bursa Malaysia Sustainability Reporting Guide (3rd Edition) and the updated GRI Standards and aligned our topics with their various contributions to the United Nations Sustainability Development Goals ('UN SDGs').

Sustainability has been ingrained in our identity since our inception, galvanized by our mission statement, **'Restoring Health, Enhancing Life'** and our Core Tenets of **Service, Quality, and Integrity**. As a pharmaceutical entity, we acknowledge the profound responsibility we carry in improving the quality of life for our customers, consumers and communities.

Simultaneously, our commitment to sustainable practices is a cornerstone for the long-term vitality of our business. To fortify this commitment, we have intensified our focus on enhancing sustainability reporting, aiming to augment transparency and offer a comprehensive overview of our ongoing initiatives to keeping stakeholders invested and well-informed. Seeking external expertise in 2023, we embarked on the development of a more comprehensive sustainability statement for this year's annual report.

Our motives for this expanded reporting journey are twofold. Firstly, we aim to apprise all stakeholders of our existing efforts through a thorough review of our framework and initiatives. Our mission and tenets have been guiding our responsible practices since our inception, and as we undertook the data collection for the baseline year of 2023, our past efforts were validated as we uncovered a generally positive current state of affairs.

However, recognizing the escalating global importance of sustainability, we acknowledge the responsibility to enhance our practices as a conscientious corporate citizen and contribute to the UN SDGs. This leads to our second motivation - measuring and propelling progress in our sustainability performance. The data gathered from our 2023 inventory will help us establish more strategic sustainability objectives, accompanied by strategies and indicators for future improvement. As we transparently communicate our initiatives and provide updates on our progress, we seek to foster deeper trust and collaboration with stakeholders in navigating our sustainability journey.

In a world standing at the precipice of critical decisions amid climate change fears, geopolitical instability and governance struggles, every corporate citizen must contribute to steering towards a sustainable future. At AHB, we are resolute in playing our role, staying attuned to the evolving sustainability landscape and effecting meaningful changes across our Group. In doing so, perhaps we may even spearhead long-lasting improvements across the pharmaceutical industry.

DR KEE KIRK CHIN
Chairman & CEO

OUR APPROACH TO SUSTAINABILITY

Our Sustainability Governance

GOVERNANCE STRUCTURE



Board of Directors

Our approach to sustainability governance is crafted in alignment with the distinctive characteristics of the Group, ensuring our efforts are focused on matters material to our operational activities, geographical presence and industry landscape. The Board of Directors ('the Board') plays a pivotal role as the highest governing body, actively working to integrate sustainability into the core of the Group's business strategy. This involves establishing a comprehensive review and approval process for sustainability strategies, ensuring the allocation of sufficient resources and implementing robust systems and processes for effective sustainability management.

In driving the strategic alignment of our overall sustainability approach, the Board takes into account the dynamic landscape of sustainability risks and opportunities present across our industry and operational environment, while also considering the culture and specific needs of the organization and its stakeholders. This includes a thoughtful evaluation of the company's sustainability mindset and readiness to address emerging challenges.

Responsibility for the integration of sustainability into the Group is squarely placed on the shoulders of the Board. Beyond strategy approval, the Board takes a leadership role in setting the tone for sustainability efforts within AHB. This extends to defining the Group's purpose, values and strategies, with a deliberate incorporation of sustainability considerations into these foundational elements.

SUSTAINABILITY STATEMENT
(CONT'D)**Risk and Sustainability Committee**

To strengthen risk oversight, including those related to sustainability, the Board has established a dedicated Board Committee, namely the Risk and Sustainability Committee ('RSC'), which came into effect from 1st January 2022. The role of the RSC is critical in integrating sustainability risks and opportunities into the Group's risk management framework. The RSC comprises exclusively of Non-Executive Directors, the majority of whom are independent, with their respective duties specified within the committee's Terms of Reference.

The Terms of Reference of the RSC are available on the Company's website www.apexhealthcare.com.my. The key duties and functions of the Risk and Sustainability Committee are summarized as follows:



1. **Alignment of Sustainability Efforts:** Ensure that the Group's sustainability efforts are aligned with the long-term business strategy, taking into account the business environment within which AHB operates and the interests of its stakeholders.
2. **Oversight of Material Matters:** Oversee, review and make recommendations to the Board regarding the material economic, environmental and social matters impacting AHB's principal businesses.
3. **Annual Review and Recommendations:** Annually review and present AHB's Sustainability Statement to the Board for approval and subsequent inclusion in its Annual Report.
4. **Adaptable Responsibilities:** Undertake any other duties assigned by the Board from time to time concerning sustainability matters, showcasing the committee's adaptability to evolving needs.

It is noteworthy that the ultimate responsibility for decisions and recommendations made by the RSC rests collectively with the Board. This ensures a cohesive and unified governance approach, reinforcing the integral role of the committee in fortifying sustainability practices within the organization.

Group Sustainability Management Committee

At the Management level, a Group Sustainability Management Committee ('GSMC') has been established since 2018. The GSMC is entrusted with the pivotal role of identifying, evaluating, monitoring and managing Economic, Environmental, and Social ('EES') risks and opportunities under the vigilant oversight of RSC. Guided by insights gained from stakeholder engagements and materiality assessments, the GSMC ensures that all significant sustainability matters are thoroughly considered and managed by the Group through its business operations.

In line with legal requirements and regulations, the GSMC takes charge of preparing sustainability disclosures, including our Sustainability Statement. This process is crucial for compliance and transparency. The Sustainability Statement for the Annual Report 2023 undergoes a comprehensive review by the RSC, which provides recommendations to the Board for approval and ensures that approved Sustainability Statement is disclosed accordingly in AHB's Annual Report.





Group Sustainability Technical Committee

To further strengthen the implementation of sustainability initiatives, conduct technical studies and assessments, as well as propose pertinent sustainability projects for the business, a Group Sustainability Technical Committee ('GSTC') was established in April 2022. Comprising key managers from the main subsidiaries, the GSTC operates at the Management level and reports directly to the GSMC. This strategic addition enhances the sustainability governance structure of the Group by providing specialized technical expertise to support sustainability endeavors. This integrated approach ensures that the GSMC, supported by the newly formed GSTC, remains at the forefront of sustainability management, aligns with best practices and fosters a proactive and comprehensive strategy for the Group.





Stakeholder Engagement

We acknowledge the crucial role of engaging with our diverse range of stakeholders to discern, prioritize and address significant sustainability concerns. These interactions are conducted regularly and form an integral part of both business development and the Group’s commitment to advancing sustainability. In the pursuit of effective stakeholder engagement, we employ various platforms tailored to the respective needs of each stakeholder group. Notably, in 2023, proactive measures were taken to reassess and enhance the understanding of stakeholder perspectives, enabling us to align our sustainability strategy with their evolving requirements.

Recognizing that addressing all issues and concerns expressed by every stakeholder group can be resource-intensive and inefficient, the Board identifies and prioritizes issues that are most relevant to each stakeholder group. This strategic approach ensures that resources are directed towards addressing the most impactful stakeholder concerns. Each stakeholder group is weighed by the GSMC based on its influence on our achievement of strategic objectives, as well as its dependence on our operations.

Stakeholder Groups	Issues of Interest	Platforms of Engagement
Government and Regulatory Authorities 	<ul style="list-style-type: none"> Compliance with laws and regulations Social, health and environmental management of the Group Community investment 	<ul style="list-style-type: none"> Dialogues, seminars, and meetings Memberships in pharmaceutical-related organizations Website of the Company
Healthcare Professionals 	<ul style="list-style-type: none"> Product availability and price points Product quality and efficacy Delivery service Competence of manufacturing and sales personnel 	<ul style="list-style-type: none"> Instant messaging apps e.g. WhatsApp Social media platforms e.g. Facebook, Instagram B2B e-commerce websites: http://online.apexpharma.com.my/ (Malaysia) http://online.apexpharma.com.sg/ (Singapore) Meetings with sales personnel (online and/or face-to-face) Advertisements Promotional campaigns Public health talks Continuing medical education talks for medical professionals (webinars) Health screenings Website of the Company
Consumers 	<ul style="list-style-type: none"> Product availability and price points Product quality and efficacy 	<ul style="list-style-type: none"> Instant messaging apps e.g. WhatsApp Social media platforms e.g. Facebook, Instagram B2C e-commerce websites: https://www.apexpharmacy.com.my (Malaysia) https://shop.apexpharma.com.sg/ (Singapore) Advertisements Promotional campaigns Public health talks Health screenings Website of the Company
Employees 	<ul style="list-style-type: none"> Training and development Performance management Career development Company policies and procedures Contribution of company to community 	<ul style="list-style-type: none"> Training and Development programs Staff performance appraisals On-Board Inductions Circulation of internal policies Group Corporate Briefings Community investment programs CEO Engagement Sessions

SUSTAINABILITY STATEMENT
(CONT'D)

Stakeholder Groups	Issues of Interest	Platforms of Engagement
Shareholders & Investors 	<ul style="list-style-type: none"> Group financial performance Group business strategies Sustainability policies 	<ul style="list-style-type: none"> Annual General Meeting Website of the Company Annual Report Quarterly Reports Analysts' Briefings Announcements to Bursa Malaysia issued by the Company from time to time
Suppliers and Other Business Partners 	<ul style="list-style-type: none"> Compliance with laws and regulations Delivery service Competence of manufacturing and sales personnel Ethical business conduct 	<ul style="list-style-type: none"> Meetings with suppliers (online and/or face-to-face) Trade exhibitions Website of the Company
Communities 	<ul style="list-style-type: none"> Community investment Social, health and environmental management of the Group Impact of business operations Ethical business conduct Transparency and accountability 	<ul style="list-style-type: none"> B2C e-commerce websites: https://www.apexpharmacy.com.my/ (Malaysia) https://shop.apexpharma.com.sg/ (Singapore) Community investment programs Health screenings Public health talks Website of the Company Annual Report Quarterly Reports Announcements to Bursa Malaysia issued by the Company from time to time
Industry Associations 	<ul style="list-style-type: none"> Regulatory updates and guidance Knowledge sharing on industry development Policies and initiatives pertaining to pharmaceutical industry 	<ul style="list-style-type: none"> Trade association meetings e.g. Malaysian Organization of Pharmaceutical Industries ('MOPI'), Malaysian Association of Pharmaceutical Suppliers ('MAPS') Industry conferences, dialogues and forums Trade exhibitions

Materiality

AHB's commitment to sustainability is underscored by the careful determination of impactful matters that significantly influence stakeholders. In 2023, our materiality assessment adhered to a structured process aligned with the Bursa Malaysia Sustainability Reporting Guide (3rd Edition) and GRI Standards. This process also includes benchmarking against industry peers to bolster transparency and alignment with stakeholder expectations and industry standards in our reporting. Initiated with the identification of both actual and potential impacts from AHB's operations, the materiality assessment systematically evaluates their significance within the EESG pillars. Following this assessment, a prioritization process is applied to identify the most substantial impacts for reporting.

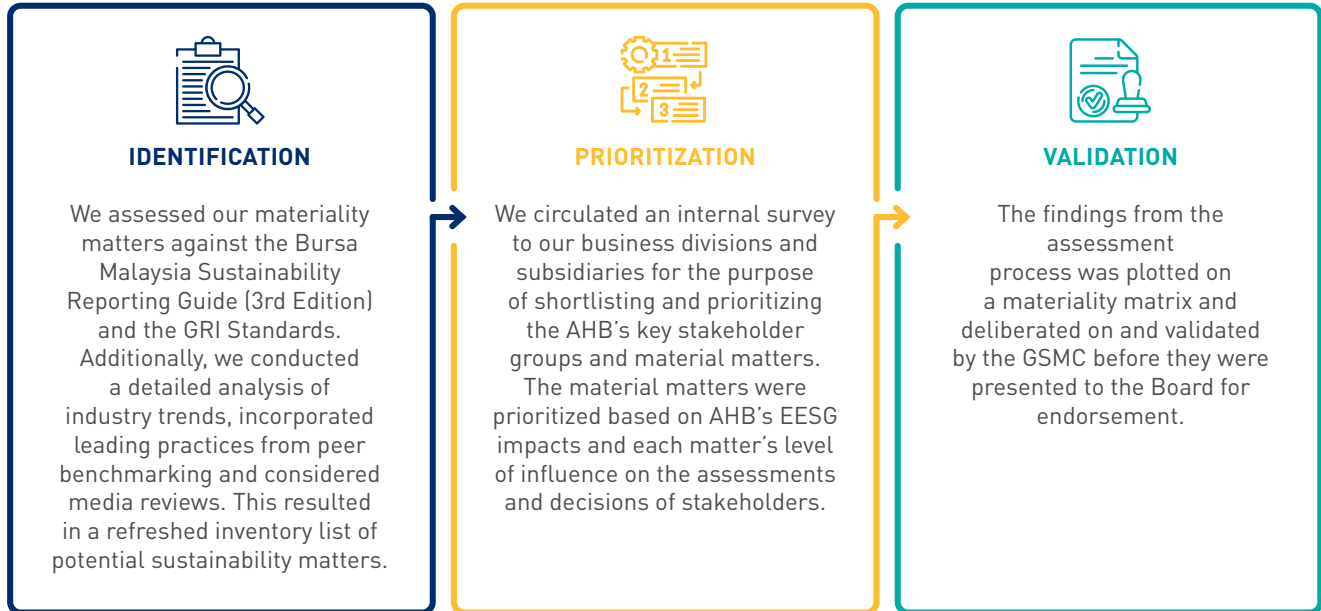
By actively involving key stakeholder groups in our materiality process, we are empowered to comprehend risks and opportunities, anticipate burgeoning challenges and

effectively align our strategies and action plans in tandem with the evolving sustainability landscape. This ensures that we remain both relevant and responsive to the expectations of our stakeholders.

Our Materiality Assessment Process

In our commitment to sustainability, it is crucial for us to keep up with the changing business environment, regulatory requirements and emerging trends and risks in sustainability. Our commitment to gaining these valuable insights is underscored by our comprehensive materiality assessment process. Our approach encompasses the deployment of an online survey to actively engage internal stakeholders, complemented by insightful focus group discussions. Through this comprehensive exercise, we have successfully prioritized material matters by discerning risks and opportunities that possess the potential to significantly impact both our business and stakeholders.

The process consisted of three steps:














The evolution of our material matters from previous years demonstrates our proactive and adaptive approach to sustainability. In the previous matrix, AHB displayed a well-rounded commitment to core sustainability principles, addressing fundamental aspects such as anti-corruption, health and safety, labor practices and diversity. The refreshed material matters matrix showcases an expanded and more detailed perspective, indicating a heightened awareness of emerging sustainability issues and expanding alignment with global standards.

Notably, we have broadened our focus to include contemporary concerns like climate management and data privacy and security. The further inclusion of responsible product and marketing practices, emissions and sustainable procurement as topics underscores our commitment to aligning our sustainability practices with international standards. The refreshed matrix also places a significant emphasis on environmental considerations, covering areas like emissions, waste, water and effluents, and environmental compliance. This evolution reflects our adaptability amidst a dynamic business landscape and commitment to staying abreast of stakeholder expectations.








AHB Group's Materiality Matrix for Financial Year 2023 ('FY2023')





SUSTAINABILITY STATEMENT
(CONT'D)

AHB Group's Consolidated Material Matters for FY2023			
Material Matters and Alignment to UN SDGs	Why is it Material to AHB Group		How We Manage the Matter
Economic Pillar: Generating Sustainable Value			
<p>Sustainable Procurement</p>  	<ul style="list-style-type: none"> Procurement Practices 	<ul style="list-style-type: none"> Our dedication to sourcing products and services in a responsible manner does not only minimize negative impacts on the environment but also actively promotes socioeconomic responsibility. We recognize the importance of ensuring long-term sustainability throughout our supply chain by fostering ethical and environmentally conscious supplier relationships. 	<p>Please refer to the “Sustainable Procurement Practices” section for more details</p>
<p>Data Privacy and Security</p> 	<ul style="list-style-type: none"> Customer Privacy Security Practices 	<ul style="list-style-type: none"> We recognize the importance of safeguarding customer data, encompassing overall information security that extends to protecting employee data, intellectual property and operational systems. 	<p>Please refer to the “Data Privacy and Security” section for more details</p>
<p>Responsible Product and Marketing Practices</p>   	<ul style="list-style-type: none"> Products and Services Responsibility Marketing and Labelling 	<ul style="list-style-type: none"> Through our emphasis on Responsible Product and Marketing Practices, we are able to align our products and marketing strategies with ethical and societal standards. Adhering to regulations does not only uphold AHB’s integrity but also ensures the delivery of safe and effective products, reinforcing the Company’s commitment to both regulatory compliance and public health. 	<p>Please refer to the “Responsible Product and Marketing Practices” section for more details</p>
Environment Pillar: Promoting Environmental Stewardship			
<p>Climate Management and Resilience</p>  	<ul style="list-style-type: none"> Emissions Management Energy Management 	<ul style="list-style-type: none"> Emissions and energy management are material to AHB not only for their focus on emissions reduction and energy efficiency but also due to the growing significance of climate resilience and adaptation strategies. This matter is crucial in underscoring AHB’s commitment to addressing climate-related challenges, aligning with evolving environmental expectations and ensuring a resilient and adaptive approach to the changing climate landscape. 	<p>Please refer to the “Climate Management and Resilience” section for more details</p>
<p>Environmental Impact Management</p>   	<ul style="list-style-type: none"> Waste Water and Effluents Materials Environmental Compliance 	<ul style="list-style-type: none"> The material matters encompassing Waste, Water and Effluents, Materials and Environmental Compliance collectively characterize our holistic commitment to environmental stewardship, regulatory compliance and sustainable resource management as part of our dedication to sustainable practices. 	<p>Please refer to the “Environmental Impact Management” section for more details</p>

Social Pillar: Uplifting People and Communities

<p>Health and Safety</p> 	<ul style="list-style-type: none"> Occupational Health and Safety Customer Health and Safety Ensuring occupational health and safety management throughout all facets of our operations is crucial for safeguarding the well-being of our workforce. By consolidating customer health and safety into the same category, we reflect our commitment to providing products and services that prioritize the safety and well-being of customers. This includes considerations related to product safety, adherence to building safety standards and the overall welfare of customers. 	<p>Please refer to the “Health and Safety” section for more details</p>
<p>Employee Management</p>    	<ul style="list-style-type: none"> Employment Training and Education Diversity and Equal Opportunity Non-discrimination Labor Management Relations The material matters of Employment, Training and Education, Diversity and Equal Opportunity, Non-discrimination and Labor Management Relations are vital components of our pledge to uphold organizational excellence and sustainability. Our dedication to creating a workplace that values diversity and promotes employee well-being positions the company as a socially responsible and competitive player in its industry. 	<p>Please refer to the “Employee Management” section for more details</p>
<p>Community/Society</p>   	<ul style="list-style-type: none"> Supporting Community/Society Through active engagement with community/society, we play a pivotal role in fostering community health and well-being, promoting advancements in education and the arts, empowering underserved communities, and creating a positive impact in the lives of our beneficiaries, all aimed at fostering a sustainable future. This commitment seamlessly aligns with our overarching mission of <i>‘Restoring Health, Enhancing Life’</i>. 	<p>Please refer to the “Community/Society” section for more details</p>

Governance Pillar: Conducting Business Responsibly

<p>Ethical Business Practices</p>  	<ul style="list-style-type: none"> Anti-corruption Ethical business practices and anti-corruption are material as they form the bedrock of the Group’s integrity and responsible corporate conduct. AHB’s commitment to adhering to industry regulations reflects its relentless dedication to legal compliance and ethical conduct. These practices not only demonstrate ethical responsibility but also contribute significantly to the long-term sustainability and resilience of the Company amidst a competitive business landscape. 	<p>Please refer to the “Ethical Business Practices” section for more details</p>
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ECONOMIC PILLAR

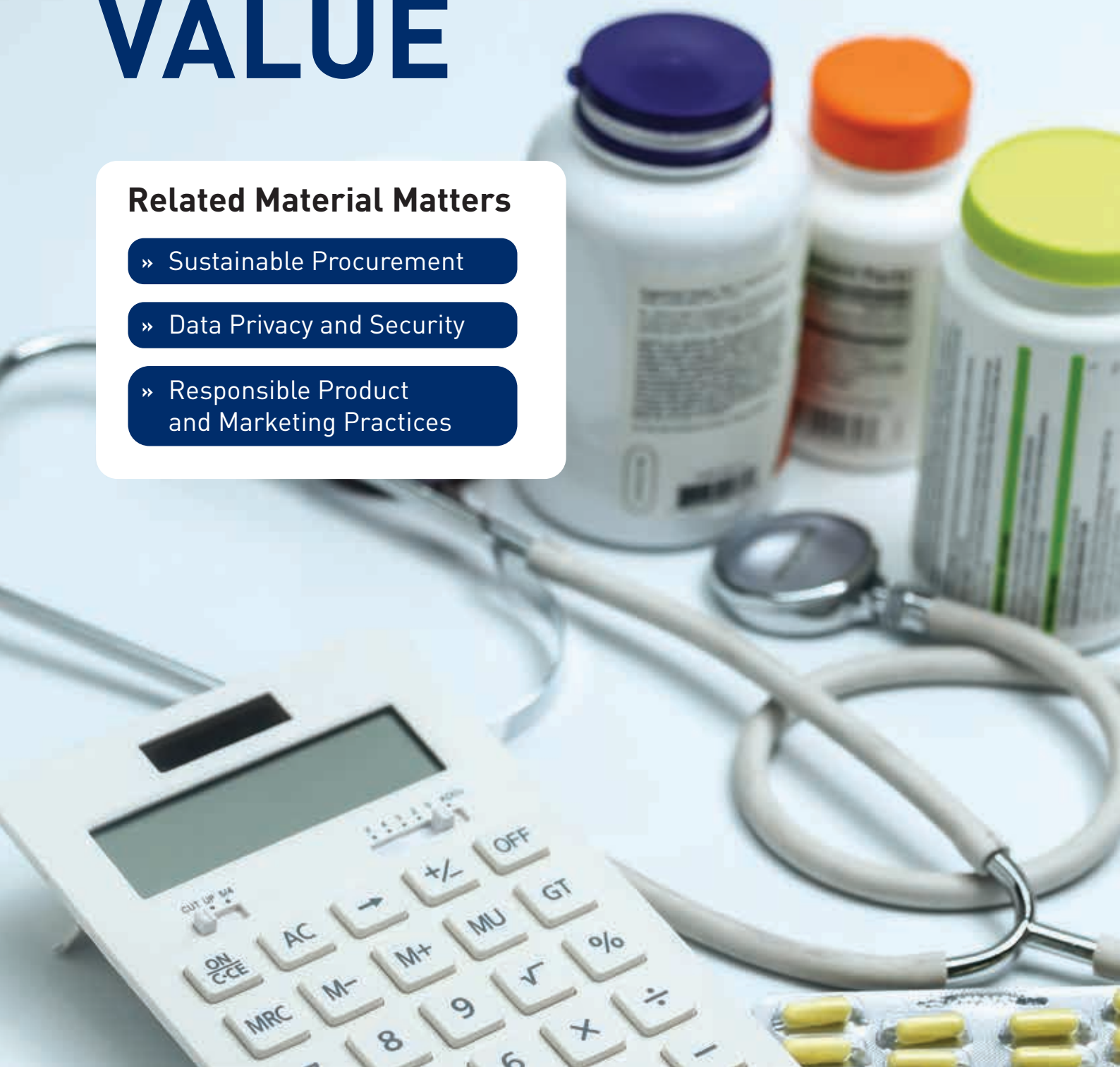
GENERATING SUSTAINABLE VALUE

Related Material Matters

» Sustainable Procurement

» Data Privacy and Security

» Responsible Product
and Marketing Practices



» SUSTAINABLE PROCUREMENT



WHY IT MATTERS

Sustainable procurement is a critical aspect of our operations, encompassing the sourcing of raw materials, packaging and other inventory items. In the pharmaceutical industry, where adherence to stringent quality standards and ethical considerations is paramount, sustainable procurement becomes especially significant. The selection and management of suppliers directly impact the quality, reliability and ethical standing of our products. At the same time, any hindrances to our procurement may directly impact production, quality and overall business operations.

Our key considerations within the procurement process align with our commitment to responsible business practices and reflect our dedication to environmental and social responsibility. In consonance with the Group's Growth Strategies, specifically, in *'Building Robust Business Partnerships'*, we accentuate the cultivation of shared expertise and the continuous advancements in areas of mutual benefit. This focus on developing meaningful partnerships including with suppliers represents a key priority for the Group in advancing toward our long-term objectives.

Thus, our emphasis on sustainable procurement extends beyond compliance, representing a strategic choice that underscores our underlying tenets, ambitions and recognition of the growing importance of sustainability across our industry.

» OUR APPROACH

» **Strategic Procurement Management**

The procurement department aligns its operations with our overall sustainability strategy by establishing meticulous guidelines for supplier selection, ensuring that the stipulated criteria reflect and support our broader corporate goals. Our supplier selection guidelines place a premium on ensuring regulatory compliance, empowering us to meet or surpass all requirements, including anti-bribery protocols and pharmaceutical regulations related to sustainable procurement practices. Additionally, our risk management strategy emphasizes the enhancing of our supply chain resilience, promoting measures such as diversifying our suppliers, conducting routine evaluations and fostering strategic partnerships, all of which serve to bolster the longevity of our business operations.

» **Compliance with Regulations and Ethical Standards**

We uphold high levels of integrity and ethical procurement conduct primarily by ensuring ongoing compliance with regulations and ethical standards throughout our supply chain. To verify that our suppliers are maintaining compliance with all applicable regulations, we conduct background checks, regular audits and yearly evaluations on their practices.

A core component of our anti-bribery and anti-corruption commitment is the inclusion of relevant anti-corruption clauses in our agreements with suppliers.

» **Supplier Selection and Evaluation**

We strive to partner with suppliers that not only meet our stringent quality and production standards but also align with our responsible business practices and dedication to environmental and social considerations. To achieve this, we have established a comprehensive assessment framework, considering factors such as their financial stability and reliability, their capacity to meet our quantity and quality requirements, as well as their overall adherence to ESG regulations and considerations.

Furthermore, we also evaluate their research and development ('R&D') capabilities along with their track record in supporting new product development initiatives, such as green packaging, which provides insight into their potential to offer innovative solutions or propose unique product features that may contribute to our product expansion in alignment with sustainability goals. Prior to engaging with any new supplier, background checks are conducted. This ensures the verification of credentials and reputation, allowing us to uncover any potential risks associated with the supplier before entering into business relationships with them.

SUSTAINABILITY STATEMENT
(CONT'D)

» **Supply Chain Resilience**

To fortify our supply chain resilience, we have instituted an extensive approach aimed at ensuring the reliability, efficiency and integrity of our material supply. We consistently conduct material evaluations on our suppliers, scrutinizing the quality, cost efficiency and regulatory compliance of their raw materials and packaging. This is further supported by regular assessments to gauge their quality standards, delivery timelines and adherence to ethical practices.

Simultaneously, we actively explore alternative suppliers to support the diversity of our sourcing, leveraging on evaluations of financial stability, production capacity and adherence to ESG standards to identify potential new vendors. To increase the efficiency of our supply chain and operations, we have implemented advanced inventory management systems to optimize stock levels based on demand forecasts, leveraging technology and data analytics to efficiently track inventory.

Through these collective efforts, we aim to build and sustain a supply chain that is capable of adapting to unforeseen events while maintaining high standards of quality and compliance.

» **Sustainability Across the Value Chain**

We also undertake other efforts to enhance sustainability across the value chain. We acknowledge that sourcing locally can be vital to enhancing supply chain resilience and reducing the risks and additional costs associated with international suppliers. To this end, we prioritize local sourcing for all packaging materials and have established enduring partnerships with packaging suppliers in our operational jurisdictions. Against our target of attaining at least 70% of the total procurement spending on local suppliers, we are pleased to report that 86% of our total procurement spending in 2023 went to local suppliers, contributing close to RM 578 million to the local economy.

Through our collaborations with suppliers, we are able to promote our emphasis on sustainability and encourage the development of packaging materials that prioritize recyclability. We endeavor to explore the use of eco-friendly packaging solutions through engagement with our suppliers. Internally, we also recycle pallets and packaging material such as carton boxes whenever possible to play our role in promoting circularity.

Enhancing our procurement efficiencies also contributes to sustainability within our supply chain. By planning and scheduling purchases ahead of time, we are able to mitigate the emissions associated with urgent air freight delivery, which may be required if our procurement practices were less efficient.

» **Risk Assessment and Management**

Through our risk assessment and management initiatives, we aim to enhance the agility and resilience of our supply chain, while ensuring proactive measures are in place to address potential challenges and uncertainties. It is vital that we possess a pool of suppliers readily available to meet our operational needs, especially for supply categories identified as critical. For such high priority supply chain risks, we have developed mitigation strategies that include contingency plans to ensure alternative sources for critical materials are in place.

This is supported by routine evaluations and assessments conducted by the Procurement Team, which gauges factors such as financial stability (for new suppliers), production capacity, service levels, product quality and regulatory compliance to update the risk profiles of all suppliers and supply categories.



GRI	Bursa Malaysia	Indicators	Breakdown	Units	FY2023		
Material Matter: Sustainable Procurement							
1	GRI 204: Procurement Practices	C7 (a) Supply Chain Management: Proportion of spending on local suppliers	Procurement				
			Total procurement spending	Local + Overseas	RM (Total)	668,140,552	
			Total number of suppliers	Local + Overseas	Count	311	
			Local Suppliers				
			Total local suppliers spending	Local	RM (Total)	577,766,661	
			Number of local suppliers	Local	Count	245	
			Percentage of spending on local suppliers	Local	Percentage (%)	86%	
			Non-local Suppliers				
			Total non-local suppliers spending	Overseas	RM (Total)	90,373,891	
			Number of non-local suppliers	Overseas	Count	66	
			Percentage of spending on non-local suppliers	Overseas	Percentage (%)	14%	

» DATA PRIVACY AND SECURITY 

WHY IT MATTERS

In the age of advanced technology and evolving cyber threats, ensuring the privacy and security of data has become a critical aspect of sustainability. Within the context of our operations, data privacy and security revolves around safeguarding sensitive information, including employee and customer data, to mitigate the potential risks associated with data breaches and unauthorized access. Our focus thus lies in ensuring secure and ethical management of data and security systems, safeguarding our adherence to legal requirements and cultivating trust amongst stakeholders.

We have simultaneously elevated data privacy and security as a crucial component of our overarching business objectives, tied to our growth strategy of *'Leveraging Technology'* to unlock long-term value. In an increasingly digital landscape, our use of cutting-edge technology to fortify our data and security systems can provide a useful advantage in a competitive market. Our efforts to integrate robust cybersecurity systems with effective encryption, access and monitoring controls is therefore supported by continual employee training initiatives and a commitment to drive ongoing improvement across our data and security management practices.



SUSTAINABILITY STATEMENT
(CONT'D)

» OUR APPROACH

» Personal Data Protection Act Compliance

Our commitment to data protection is first and foremost spearheaded by our strict adherence to the Personal Data Protection Act ('PDPA') 2010, which outlines the seven key principles for proper handling of personal data. These principles serve as a comprehensive guide for our practices, reflecting our alignment with regulatory standards and enabling us to foster a culture of responsible data management across the organization.

To ensure awareness and boost compliance, all employees are required to sign the PDPA Agreement, reinforcing their commitment to upholding the principles and guidelines outlined within. Our rigorous approach to data protection has enabled us to record zero reported complaints related to privacy breaches or loss of data in 2023.

» Cybersecurity Action Plan

In recognizing the importance of proactively addressing cybersecurity incidents to minimize potential breaches and protect sensitive information, we have enforced a Cybersecurity Action Plan that outlines a structured approach to identifying, managing and mitigating the impact of cybersecurity incidents. Our Cybersecurity Action Plan consists of the following initiatives:

- **Thorough Assessment of Cybersecurity Threats and Vulnerabilities:** We have initiated a comprehensive evaluation of potential cybersecurity threats and vulnerabilities that are tailored to our specific operations. This proactive measure enables us to identify and analyze potential risks to our organization's information systems and data.
- **A Response Plan with Clear Communication Protocols:** To facilitate effective communication during and after a cybersecurity incident, we have established a Cybersecurity Incident Response Plan that sets forth clear communication protocols.
- **Regular Drills and Simulations for Plan Efficacy:** We conduct regular drills and simulations to test the efficacy of our Cybersecurity Incident Response Plan. These exercises involve simulated scenarios to evaluate our preparedness and response capabilities, enabling the rehearsing of coordination amongst all relevant teams.



ZERO substantiated complaints concerning breaches of customer privacy and losses of customer data

» Strengthened Security Measures Against Cyber Threats

In continually enhancing our security measures against cyber threats, we have identified the adoption of emerging technologies as a vital tool. Our internal IT department regularly conducts assessments of emerging cybersecurity technologies and presents potential solutions for adoption to the leadership team.

We are also focused on improving our continuous monitoring capabilities to safeguard against potential cyber threats. Acknowledging the importance of leveraging external expertise in this endeavor, we have commenced subscription to a Security Operations Center ('SOC') in December 2023.

» Regulate Internal Access to Customer Data on E-commerce Platform

As protection of customer data stored on our e-commerce platform is paramount to safeguard customer rights and privacy, we have established stringent measures to regulate internal access to such data. Through our implementation of authentication and authorization protocols, supported by comprehensive data security measures, we are able to maintain strict oversight and regulation of internal access to all customer data on our e-commerce platforms, preventing data breaches and unauthorized use of sensitive information.

GRI	Bursa Malaysia	Indicators	Breakdown	Units	FY2023		
Material Matter: Data Privacy and Security							
2	GRI 418: Customer Privacy	C8 (a) Data Privacy & Security: Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Complaints				
			Total number of substantiated complaints relating to employees	Complaints related to breaches of employee privacy and losses of data	Count	0	
			Total number of substantiated complaints relating to customers	Complaints related to breaches of customer privacy and losses of data	Count	0	
						Total	0
			Incidents				
			Total number of incidents for the types of breaches	Data breaches due to cyberattacks	Count	0	
				Unauthorized access to customer data	Count	0	
				Data leaks	Count	0	
				Loss of customer data through physical means (e.g. lost devices or paperwork)	Count	0	
						Total	0
Action							
Total number of remedial actions taken	Number of actions taken in response to complaints	Count	Not Applicable				

» RESPONSIBLE PRODUCT AND MARKETING PRACTICES



WHY IT MATTERS

We recognize that accurate and comprehensive product information, transparent marketing practices and alignment with international and national guidelines are foundational to building trust among stakeholders. Within the pharmaceutical industry, the significance of responsible product and marketing practices extends beyond legal obligations - it reflects our ethical compass and shapes our identity as a socially responsible and accountable pharmaceutical entity. Ensuring responsible product and marketing practices is therefore a core component of our commitment to sustainability, underscoring our dedication to ethical conduct, consumer safety and regulatory compliance.

In an industry where consumer health and safety is paramount, our commitment to providing clear and precise product information through accurate labelling and responsible marketing bolsters trust amongst consumers and contributes towards building long-term customer loyalty. This commitment, in turn, plays a vital role in supporting our strategy of 'Growing Group Brands', a crucial component of the Group's overarching Growth Strategies. As we navigate the pharmaceutical landscape, our steadfast adherence to responsible practices not only reinforces our commitment to sustainability but also positions us as a trusted and responsible steward in the pursuit of health and well-being.

SUSTAINABILITY STATEMENT
(CONT'D)

» OUR APPROACH

» **Alignment with Business Strategies**

Our holistic approach to integrating responsible product and marketing practices within our business strategy ensures the organization as a whole recognizes this topic not just as a compliance necessity but as a strategic commitment that advances our sustainability and corporate objectives. Our efforts are streamlined through our key focus areas of safeguarding regulatory compliance, upholding product safety and engaging with stakeholders to ensure their needs are fulfilled.

Our internal Quality Management System serves as a structured framework to support our principal objectives, providing guidance on Standard Operating Procedures ('SOPs') and regulatory principles to ensure that every step of relevant processes, from product design to license renewal, adhere to the highest standards.

» **Regulatory Compliance**

A fundamental commitment in this area is ensuring strict alignment with national and international regulations, and upholding regulatory industry standards that contribute to the safety and efficacy of our pharmaceutical products. These include the following key initiatives:

- **Submission of Labels and Formulations:** We prepare and submit accurate product labels, formulations and relevant information to regulatory authorities for their comprehensive review.
- **Compliance with International Council for Harmonization of Technical Requirements of Pharmaceuticals for Human Use ('ICH') Guidelines:** We ensure alignment with the requirements outlined in ICH Guidelines, which focuses on product design and quality standards.
- **Compliance with the Control of Drugs and Cosmetics Regulations 1984 ('CDCR'):** We comply with the CDCR, a set of regulations that govern the manufacture, sale, distribution and importation of drugs and cosmetics in Malaysia.
- **Adherence to the Poisons Act 1952:** We adhere to the stipulations of the Poisons Act for controlled substances, which governs their proper handling and distribution.
- **Compliance with Medicine (Advertisement and Sale) Act 1956 ('MAS Act'):** We align our practices with the regulations stipulated in the MAS Act for compliance in marketing practices for pharmaceutical products, adapting our strategies and submissions based on updates to ensure continuous compliance.

ZERO incidents of non-compliance with regulations concerning our product information and labelling and marketing communications

During 2023, we recorded zero incidents of non-compliance with regulations concerning our product information and labelling, or with regard to our marketing and advertising communication.

» **Adapting to Regulatory Changes**

By ensuring proactive and timely adaptation to regulatory changes in the pharmaceutical industry, we are empowered to minimize potential risks associated with instances of non-compliance. To this end, we have tasked technical teams to stay abreast of newly reported risks and regulatory developments on pharmaceutical products by regularly monitoring industry publications, regulatory announcements and scientific sources.

We then evaluate the relevance of identified regulatory updates to our organization, subsequently developing strategies to address material regulatory changes and integrate them into existing processes.

» **Accurate Product Labelling**

We remain committed to precise and comprehensive product labelling that provides clear information to consumers and healthcare professionals, setting exemplary standards in transparency and accountability. Consequently, stringent measures have been implemented to ensure the accuracy of product labels, encompassing licensed product labelling, adherence to regulatory standards, regular engagement with regulatory bodies and continuous label updates based on pharmacovigilance and health authority requirements.

Our Malaysian-registered products are equipped with holograms embedded with security features for tracking and monitoring, and we conscientiously submit our labels, formulations and product information to regulators for review. Simultaneously, we have established SOPs within our internal Quality Management System to drive enhanced regulatory compliance for the design, testing and assessment of our products.



» **Leveraging Cohesive Technology for Resource Planning**

Over the past years, we have made significant progress in enhancing our enterprise resource planning framework, driving greater harmonization of ERP systems across our operating subsidiaries. Having first utilized the SAP-ERP at APM in Malaysia, we have successfully extended its use to our APS operations in Singapore in December 2022. This was followed by XEPA’s adoption of SAP S/4HANA which went live in early 2024.

Through the implementation of complementary SAP systems across all key operating subsidiaries, we are empowered with a range of digital efficiencies to optimize our tracking of production, sales orders and distribution channels. This holistic strengthening of our internal synergies serves to refine the integrity and efficiency of the service we provide to business partners and customers.

» **Meaningful Stakeholder Engagement**

To ensure compliance, gather insights and foster a collaborative commitment to responsible product development, we proactively and regularly engage with regulatory bodies to stay updated on evolving guidelines. This boosts our ability to ensure ongoing compliance and adapt to regulatory changes in a timely manner, while showcasing our dedication to ethical pharmaceutical practices and stakeholder satisfaction.

Concurrently, we meaningfully engage with regulators and healthcare professionals to support the development and improvement of our pharmaceutical products, with the aim of enhancing product efficacy and safety.

» **Integrating Market Demand with Production Planning**

We also practice responsible production in order to minimize overproduction and reduce risks associated with product expiry. Our efforts in this area center around planning our production in tandem with market demand trends, and are guided by the following strategies:

- **Coordinating with Market Demand:** We regularly assess market demand for pharmaceutical products, collaborating with sales and marketing teams to ascertain accurate forecasts while also leveraging historical data and market trends to project future demand.
- **Aligning Production Planning:** We coordinate with the production department to align manufacturing schedules with market demand, adjusting production quantities based on forecasted demand to prevent overproduction.
- **Expiry Date Prioritization:** On a similar note, we have implemented the First Expire First Out (FEFO) concept in the distribution process, which prioritizes the shipment of products nearing expiry to optimize their utilization. We also strategically fulfil orders based on the proximity of product expiry dates.
- **Efficient Inventory Management:** We optimize inventory levels by preventing the accumulation of excess stock and minimizing the risk of products expiring on shelves through the initiatives outlined above.

	GRI	Bursa Malaysia	Indicators	Breakdown	Units	FY2023
Material Matter: Responsible Product and Marketing Practices						
3	GRI 417: Marketing and Labeling	Products and Services Responsibility	Products and Services Information and Labeling			
			Total number of incidents of non-compliance with regulations concerning product and service information and labeling	Incidents of non-compliance with regulations resulting in a fine or penalty	Count	0
			Marketing Communications			
			Total number of incidents of non-compliance with regulations concerning marketing communications, including advertising, promotion, and sponsorship	Incidents of non-compliance with regulations resulting in a fine or penalty	Count	0

ENVIRONMENT PILLAR

PROMOTING ENVIRONMENTAL STEWARDSHIP

Related Material Matters

» Climate Management
and Resilience

» Environmental Impact
Management

» CLIMATE MANAGEMENT AND RESILIENCE



WHY IT MATTERS

Recognizing the urgency and significance of climate-related challenges, we have adopted a purposeful and conscientious approach towards mitigating environmental impact. Our focus on climate change resilience, especially in managing emissions, aligns strategically with our broader sustainability objectives and aims to meet the rising expectations of our stakeholders.

We embrace a deliberate and well-rounded framework that recognizes the multifaceted challenges posed by climate-related issues, driven by our commitment to proactive risk management in pursuit of sustainable practices. As we navigate the landscape of climate challenges, our dedication to advancing climate resilience not only fulfills our corporate responsibility but also stands as a testament to our enduring commitment to environmental stewardship, enhancing loyalty and reputational goodwill amongst our customers, consumers and key stakeholders.

» OUR APPROACH

» **A Strong Governance Framework**

Climate change resilience is not just a standalone concern for Apex; it is an integral part of our overarching business strategy. Our commitment to managing impacts and emissions ultimately reflects our focus on long-term sustainability and plays a vital role in meeting stakeholder expectations.

We have thus implemented a well-orchestrated organizational structure to guide our approach, which includes the GSTC and GSCM at the Management level, duly reporting to the RSC and ultimately to the Board. Within this framework, the GSTC plays a pivotal role, consisting primarily of key personnel from the main subsidiaries of the Group. The GSTC supports the GSCM in spearheading risk assessments and formulating energy conservation initiatives across different subsidiaries, ensuring a cohesive and comprehensive strategy in addressing climate-related concerns.

Through a collective effort and oversight, our sustainability governance framework ensures that climate-related concerns are thoroughly addressed and aligned seamlessly with our overall corporate objectives.



» **Emissions Management**

Managing and mitigating our Greenhouse Gas ('GHG') emissions is vital in supporting global efforts to strategically reduce the atmospheric carbon that is propelling climate change. To this end, we are closely monitoring our emissions to be in alignment with our sustainability objectives.

Having established 2023 as our baseline year for data collection, we have successfully inaugurated a reference point to assess current emissions and formulate reduction strategies. The data collection exercise revealed that our total Scope 1 and Scope 2 GHG emissions during 2023 was 9,852 tCO₂e, with an intensity of 10.7 tCO₂e per RM million of revenue. From this baseline, we will undertake continuous efforts to collect and analyze all relevant data as we formulate reduction strategies and set realistic and achievable targets for the future.

SUSTAINABILITY STATEMENT
(CONT'D)

» **Energy Management**

Energy efficiency initiatives represent a key component of our efforts to reduce our emissions and address climate change resilience. Our efforts to responsibly manage our energy resources holds significant weight not only in fostering environmental sustainability but also in meeting stakeholder expectations. Our forward-thinking approach to mitigate potential climate-related challenges that could impact our operations are demonstrated via the following energy management initiatives:

- Transitioning to Renewable Energy Sources:** We have currently implemented three solar energy projects, namely at XEPA in Melaka (operationalized in late June 2021), and two new projects at APM in Subang (installation completed in Q4 2023 with full operation in 2024) and at APS in Singapore (operationalized in October 2023). In 2023, we successfully utilized 3,461 GJ of energy from solar sources alone.
 - In 2023, XEPA's solar energy project enabled a savings of RM 312,892, achieving carbon dioxide avoidance of 543 tCO₂e. This translates to fossil fuel avoidance of 80 tons and trees equivalent of 13,579 trees.
 - Since commencing operations in October 2023, our APS solar project achieved savings of SGD 14,070, avoiding 17 tCO₂e, equivalent to 3 tons of fossil fuel avoidance and 419 trees.

 Solar Energy
  Carbon Dioxide
  Fossil Fuel
  Trees



- Considering Green Electricity Tariff Costs:** In our consideration of green energy initiatives, we are actively conducting a study on the green electricity tariff in Malaysia to assess the feasibility and cost-effectiveness of incorporating future renewable energy projects.
- Enhancing Energy Efficiency Across Operation**

 - Conducting Energy Audits:** We conducted an Energy Audit under RMK-12 EACG (Energy Audit Conditional Grant) in August 2022, with periodical assessments undertaken to identify and address areas for improvement in energy efficiency.
 - Upgrading Equipment for Optimal Efficiency:** We mindfully prioritize investments in equipment upgrades to maximize energy efficiency, with a key initiative being the adoption of a water-cooler chiller.
 - Implementing of Energy-Efficient Technologies:** We adopt energy efficient solutions such as LED lighting and motion sensors to reduce energy consumption and we have implemented a boiler usage schedule to optimize the energy used for boiling operations.
 - Optimizing Product Distribution:** Our established strategy of route optimization and drop consolidation serves to improve delivery route efficiency, contributing to lower energy consumption.
- Complying with Regulatory Standards:** We uphold strict compliance with the Efficient Management of Electrical Energy Regulations 2008 ('EMEER') enacted by the Energy Commission.
- Engaging a Registered Electrical Energy Manager:** We have appointed a Registered Electrical Energy Manager to bear the responsibility for analyzing and monitoring our energy consumption, along with overseeing the implementation of an energy efficiency improvement program to drive continuous progress.
- Submitting Twice-Yearly Reports to the Energy Commission:** We uphold our commitment to submit twice-yearly reports to the Energy Commission, demonstrating transparency and compliance with regulatory requirements.

GRI	Bursa Malaysia	Indicators	Breakdown	Units	FY2023	
Material Matter: Climate Management and Resilience						
Emissions						
1	GRI 305: Emissions	C11 (a) Emissions Management: Scope 1 emissions in tons of CO2e	Direct (Scope 1) GHG Emissions			
			Total Scope 1 GHG emissions broken down by sources	Mobile Combustion Emissions: Emissions from owned or leased mobile sources (both on-road and non-road vehicles) that are within the company's boundaries such as company vehicles and commercial vehicles such as cars, trucks and vans		
				Petrol	Metric tons of CO2e (tCO2e)	73.1
				Diesel	Metric tons of CO2e (tCO2e)	17.8
				Total Mobile Combustion Emissions:		90.9
				Total Scope 1:		90.9

SUSTAINABILITY STATEMENT
(CONT'D)

	GRI	Bursa Malaysia	Indicators	Breakdown	Units	FY2023		
Material Matter: Climate Management and Resilience								
Emissions								
		C11 (b) Emissions Management: Scope 2 emissions in tons of CO2e	Energy Indirect (Scope 2) GHG Emissions					
			Total Scope 2 GHG emissions	Emissions from Purchased Energy: Indirect emissions from the generation of purchased energy				
				Electricity purchased from TNB	Metric tons of CO2e (tCO2e)		9,761.1	
				Total Scope 2:			9,761.1	
		Overall Total Scope 1 and Scope 2:			9,852.0			
		C11 (c) Emissions Management: Scope 3 emissions in tons of CO2e	Other Indirect (Scope 3) GHG Emissions					
			Total Scope 3 GHG emissions broken down by sources	Employee Commuting				
				Transportation of employees between their homes and their worksites (in vehicles not owned or operated by the reporting company)	Metric tons of CO2e (tCO2e)		793.9	
				Business Travel				
		Transportation of employees for business-related activities (in vehicles not owned or operated by the reporting company)	Metric tons of CO2e (tCO2e)		1,007.7			
Total Scope 3:			1,801.6					
Emissions Intensity								
		Total GHG emissions intensity (Scope 1 and 2)	GHG emissions related to financial performance measured in terms of revenue	tCO2e per RM million of revenue		10.7		
Energy								
2	GRI 302: Energy	C4 (a) Energy Management	Energy Consumption					
			Total energy consumption	Non-Renewable Energy				
				Company Facilities/Buildings				
				Electricity	Gigajoules (GJ)		60,031.0	
				Total Energy for Company Facilities:			60,031.0	
				Company Vehicles				
				Petrol	Gigajoules (GJ)		1,037.8	
				Diesel			241.6	
				Total Energy for Company Vehicles:			1,279.4	
				Total Non-Renewable Energy:			61,310.4	
				Renewable Energy				
				Solar	Gigajoules (GJ)		3,461.0	
				Total Renewable Energy:			3,461.0	
Energy Intensity								
		Total energy intensity	Energy consumption related to financial performance measured in terms of revenue	GJ per RM million of revenue		59.4		

» ENVIRONMENTAL IMPACT MANAGEMENT



WHY IT MATTERS

In addressing our environmental impact, we adopt a proactive and comprehensive approach that revolves around four pivotal areas: waste management, water and effluents, materials and environmental compliance. Our efforts across these themes do not merely serve to respond to regulatory requirements; they are a representation of our deep-seated commitment to responsible corporate citizenship.

As we navigate the terrain of environmental management, we acknowledge the intricate interconnectedness of its various facets. Progress in one aspect has a ripple effect, benefiting other dimensions and enhancing overall efficiency and sustainability across our operations. This recognition fuels our commitment to continually improve our practices, aligning with our ongoing pledge to safeguard the planet and actively contribute to a resilient and sustainable future.



» OUR APPROACH

» **Waste Management**

Waste management is a critical facet of our operations, holding significance in both sustainability and stakeholder concern. Efficient waste management aligns with our environmental responsibilities and addresses the growing concern about sustainable practices. Stakeholders, including regulatory bodies and the community, are increasingly focused on corporate waste management practices, making it a crucial element for our overall sustainability efforts.

We have integrated our waste management strategy into our broader business strategy, driving cohesive alignment between sustainability objectives and corporate goals. This integration ensures that waste management is not just a regulatory necessity but a strategic element that enhances corporate sustainability, bolstering our ability to meet and surpass stakeholder expectations. The various initiatives implemented for waste reduction, compliance with regulations and recycling practices, as described below, underscore our commitment to effective and comprehensive waste management practices.

» OUR WASTE MANAGEMENT FRAMEWORK

<p>Waste Categorization and Effective Inventory Planning</p>	<ul style="list-style-type: none"> • Waste Categorization Procedures: Our waste categorization procedures effectively distinguish our scheduled and non-scheduled waste. • Effective Inventory Planning: We utilize system technologies for effective inventory planning, preventing excessive inventories and potential stock write-off issues.
<p>Reject Management and Variance Analysis</p>	<ul style="list-style-type: none"> • Reject Management and Approval Process: A formalized rejection management and approval process is instituted as part of waste management control. • Variance Analysis: We rigorously analyze variances from production standards and continuously improve efforts to minimize production variances.

SUSTAINABILITY STATEMENT
(CONT'D)

<p>Regulatory Framework Adherence and eSWIS Implementation</p>	<ul style="list-style-type: none"> • Regulatory Framework Adherence: We adhere to key regulatory frameworks, including the Environmental Quality Act 1974 ('EQA') and Environmental Quality (Scheduled Wastes) Regulations 2005. • Electronic Schedule Waste Information System (eSWIS): We have implemented eSWIS for proper segregation and handling of hazardous waste, leveraging on the system to ensure accurate and timely reporting.
<p>Recycling Practices for Sustainable Operations</p>	<ul style="list-style-type: none"> • Manufacturing Site Practices: We carry our recycling practices for plastic materials and prioritize the recycling of packaging materials, including wooden pallets. • Tracking and Monitoring: We vigilantly track recycling efforts and quantify recycled materials. • Distribution Site Recycling Practices: We also adopt recycling practices in the distribution process and integrate the practice of recycling into the process of delivery to customers. • Total Waste Diverted from Disposal in 2023: 153.7 metric tons or 61% of all waste generated.
<p>Regular Waste Audits to Drive Continuous Improvement</p>	<ul style="list-style-type: none"> • Waste Monitoring: We aim to establish targets so that any deviations exceeding pre-defined thresholds can be investigated and addressed to ensure regulatory compliance and minimize environmental impact. • Yearly Review and Improvement Initiatives: We conduct annual review of waste management practices to identify areas for improvement. • Adoption of ISO 14001:2015 - Environmental Management Systems: We are exploring the adoption of ISO 14001 standards for environmental management, with the aim of full implementation by 2025.
<p>Industry Collaboration</p>	<ul style="list-style-type: none"> • Partnership with Kualiti Alam Sdn Bhd: We collaborate with Kualiti Alam Sdn Bhd to support incineration and landfill management of pharmaceutical waste. • Reduce, Reuse, Recycle ('3Rs') Initiative: We have embarked on the 3Rs initiative for recycling waste in collaboration with industry partners, with plans to fully implement these initiatives in the upcoming years.
<p>Monitoring and Responding to Incidents or Non-Compliance</p>	<ul style="list-style-type: none"> • Regulatory Compliance: We adhere strictly to waste management regulations, including scheduled waste management guidelines and the EQA. We are actively working towards full compliance with the EQA and certifying our designated competent personnel under the Environmental Professional Certification Program by Department of Environment. • Incidents and Non-Compliance Response: We have processes and procedures in place to identify, investigate, and address incidents like spills, accidents, or regulatory violations related to waste management. In 2023, there were no such incidents. • Safe and Responsible Disposal of Expired Drugs through Certified Contractors: We have partnered with certified contractors for expired drug disposal, leveraging their expertise to ensure compliant and environmentally responsible pharmaceutical waste management.

GRI	Bursa Malaysia	Indicators	Breakdown	Units	FY2023		
Material Matter: Environmental Impact Management							
Waste							
3	GRI 306: Waste	C10 (a) Waste Management: Total waste generated	Waste Generated				
			Total weight of waste generated	Scheduled and non-scheduled waste	Metric tons (Mt)	251.0	
			Waste Diverted from Disposal				
			Total weight of waste diverted from disposal	Non-Scheduled Waste			
				Paper Waste	Metric tons (Mt)	106.0	
				Plastic Waste		27.0	
				Plastic Drum		20.7	
				Metal Waste		0	
			Total:			153.7	
			Waste Directed to Disposal				
			Total weight of waste directed to disposal	Scheduled Waste			
				Electronic waste	Metric tons (Mt)	0.4	
				Dry sludge		30.3	
				Oil & sludge		6.9	
				Discarded drugs		55.1	
Used activated carbon	0.4						
Used ink/toner cartridges	0.1						
Used lab chemical	4.0						
Total:			97.2				
Waste Disposal Method							
Total weight of waste disposed using the following disposal methods	Non-Scheduled Waste						
	Recycling	Metric tons (Mt)	153.7				
	Total:			153.7			
	Scheduled Waste						
	Incineration	Metric tons (Mt)	97.2				
Landfill							
Total:			97.2				

» **Water and Effluents**

As a conscientious corporate entity, we acknowledge our duty to manage our water consumption and effluents in a manner that aligns with sustainable and responsible business practices. Given the pivotal role of water particularly in our manufacturing processes, we recognize that responsible water and effluent management can also contribute to our overall operational efficiency and cost-effectiveness. Furthermore, our efforts in this area will support our resource optimization efforts and play a role in mitigating water-related risks.

We thus incorporated responsible water and effluent management into our business strategy and processes, evidenced through our commitment to regulatory compliance, optimization of water-related efficiencies, engagements with relevant stakeholders and management of related risks. Strict adherence to environmental regulations remains paramount, with all water-related activities aligned with local laws and sustainability standards. To this end, our effluent treatment system not only actively manages discharge but also minimizes environmental risks, ensuring the protection of water quality in the areas surrounding our facilities.

We strategically monitor and optimize our water consumption, leveraging on usage data to formulate strategies that foster resource efficiency, cost reduction and sustainable practices. Our active participation in water recycling initiatives reflects our commitment beyond regulatory requirements, as we utilize such events to engage stakeholders in promoting community and environmental well-being.

SUSTAINABILITY STATEMENT
(CONT'D)



» RESPONSIBLE WATER AND EFFLUENT MANAGEMENT

<p>Water Consumption Monitoring and Efficiency</p>	<ul style="list-style-type: none"> • Establishment of Key Performance Indicators ('KPIs'): We are establishing KPIs focused on driving increased water efficiency. • Regular Reviews: We will conduct regular reviews of the monitoring data and adjust our water management strategies accordingly. This iterative process will drive continuous improvement in water efficiency practices.
<p>Effluent Quality Assurance</p>	<ul style="list-style-type: none"> • Weekly Monitoring Checks: We conduct regular weekly checks to monitor critical parameters of effluent quality, ensuring ongoing compliance with environmental regulations and standards. • In-House Measurements and Analyses: In-house measurements and analyses are conducted periodically to monitor critical parameters at our Industrial Effluents Treatment System for compliance with environmental regulations. • External Contractor Collaboration: We are collaborating with external contractor for the implementation of a comprehensive monthly effluent sampling program, which provides us with a thorough and independent assessment of our effluent quality, spurring our endeavor to uphold environmental standards.

GRI	Bursa Malaysia	Indicators	Breakdown	Units	FY2023	
Material Matter: Environmental Impact Management						
Water and Effluents						
4	GRI 303: Water and Effluents	C9 (a) Water: Total volume of water used	Water Consumption			
			Total volume of water consumption broken down by property	XEPA	Megaliters (ML)	103.2
				APS		0.9
				APM/ABIO		5.5
		Total:				109.6
		Water Withdrawal				
		Total volume of water withdrawal broken down by source	Municipal water	Megaliters (ML)	109.6	
		Water Intensity				
Total volume of water withdrawal intensity	Water withdrawal related to financial performance measured in terms of revenue	ML per RM million of revenue	0.1			
S8 (a) Effluents: Total volume of water (effluent) discharge over the reporting period	Effluents					
	Total volume of wastewater/effluents discharge	Wastewater / effluents discharged into treatment facilities	Megaliters (ML)	9.7		

» **Materials**

Our commitment to sustainably source and procure raw materials, particularly Active Pharmaceutical Ingredients ('APIs') and Non-Active Pharmaceutical Ingredients (Excipients), holds immense significance for our business. These materials play a direct role in influencing the quality, reliability and sustainability of our pharmaceutical products. Concurrently, we remain mindful of stakeholder concerns related to ethical sourcing, environmental impact and the overall sustainability of our supply chain.

In elevating effective management of raw materials as a key sustainability objective, we have integrated sustainable sourcing initiatives, industry expertise development and close collaboration with suppliers into our operational strategy, driving heightened ethical practices and environmental responsibility across the organization. Our establishment of rigorous supplier approval processes also plays an important role in ensuring that we engage solely with reliable and quality-focused suppliers.

Through a focus on yield monitoring, recall analysis, and waste reduction, we strive to achieve environmental benefits across the spectrum. This approach promotes efficient resource use and minimizes environmental impact.



SUSTAINABILITY STATEMENT
(CONT'D)

» SUSTAINABLY SOURCING AND PROCURING RAW MATERIALS

<p>Consistent learning and improvement in sustainable sourcing practices</p>	<ul style="list-style-type: none"> • Industry Best Practices Assessments: We ensure to stay updated on the latest industry trends and best practices related to raw material sourcing, while periodically assessing how other organizations in the industry are approaching sustainable sourcing to identify innovative or effective strategies.
<p>Alternative Material Evaluation</p>	<ul style="list-style-type: none"> • Active Evaluation of Alternative Materials: We actively engage in continuous assessments and evaluations undertaken by our procurement team to identify alternative materials. These evaluations focus on exploring sustainable sources that align with environmental and ethical considerations. • Engaging with Suppliers Offering Eco-friendly Raw Materials: We are committed to engaging with suppliers who provide raw materials sourced from eco-friendly and sustainable origins, via communication and collaboration with existing suppliers to enhance existing offerings or by exploring potential partnerships with new suppliers committed to sustainability. • Incorporating Sustainable Sources into the Raw Material Supply Chain: Through these activities aimed at diversifying our supply base and enhancing our raw material procurement process, we strive to increasingly integrate sustainable sources into our raw material supply chain.
<p>System-Driven Packaging Consolidation and Yield Monitoring</p>	<ul style="list-style-type: none"> • Utilizing System-Driven Processes for Packaging Order Consolidation: We employ system-driven processes to consolidate packaging orders efficiently, leveraging technology to streamline and consolidate orders to reduce excess use of packaging materials. • Emphasizing Yield Monitoring in Production: We strongly emphasize yield monitoring in our production processes, ensuring each production batch meets efficiency standards. In cases where yields fall outside specifications, we analyze such incidents and take corrective actions to optimize production efficiency.



» Environmental Compliance

We place paramount importance on adhering to environmental compliance and fostering sustainability throughout our operations, spanning from manufacturing to distribution. We recognize that environmental compliance is not only crucial for operational stability but also imperative to meet the expectations of key stakeholders.

In demonstrating our commitment to aligning our activities with environmental standards and regulations, we prioritize engaging competent personnel, ensuring strict compliance with air quality benchmarks, conducting external environmental audits and sustaining ongoing initiatives for meticulous compliance tracking.

Our pursuit of ISO 14001:2015 Environmental Management Systems certification further underscores our dedication to aligning with international benchmarks and continually improving environmental performance. The various strategies and initiatives implemented to uphold compliance, as outlined below, serves as a testament to our proactive approach in meeting and exceeding environmental compliance expectations.

» DRIVING ENVIRONMENTAL COMPLIANCE

Conducting environmental audits	<ul style="list-style-type: none"> • Instigating the Commencement of Regular Audits: We have commenced plans to schedule and execute external audits to assess compliance and pinpoint areas for improvement.
Pursuit of ISO 14001:2015 Certification	<ul style="list-style-type: none"> • Pursuing ISO 14001:2015- Environmental Management Systems certification: We are committed to achieving ISO 14001:2015 certification and will commence the certification process in the upcoming year, aiming to attain certification by 2025.
Establishment of Internal Assessment Controls	<ul style="list-style-type: none"> • Commencing Internal Assessments: We are formulating detailed internal assessment protocols that encompass key environmental indicators, enabling us to define criteria for evaluating compliance with regulatory standards and subsequently identify areas for improvement.
Upholding Compliance	<ul style="list-style-type: none"> • Zero Non-Compliance Incidents: There were zero recorded incidents of non-compliance with environmental regulations in 2023.

	GRI	Bursa Malaysia	Indicators	Breakdown	Units	FY2023
Material Matter: Environmental Impact Management						
Environmental Compliance						
			Incidents of Non-Compliance			
5	GRI 307: Environmental Compliance		Total number of incidents of non-compliance with regulations concerning environmental laws/ regulations	Incidents of non-compliance with regulations resulting in a fine or penalty	Count	0

SOCIAL PILLAR

UPLIFTING PEOPLE AND COMMUNITIES

Related Material Matters

» Health and Safety

» Employee Management

» Community/Society



» HEALTH AND SAFETY



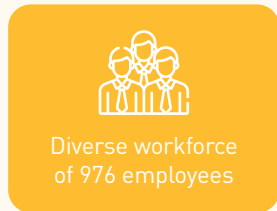
WHY IT MATTERS

Health and safety are integral topics that deeply resonate with our long-standing tagline, **'Restoring Health, Enhancing Life'**. As a pharmaceutical entity, we understand the profound significance of ensuring the well-being of our workforce while also acknowledging the responsibility we bear for those who entrust their health to our products. This twofold commitment is the bedrock of our dedication to championing health and safety within our organizational sphere and beyond, actively contributing to the broader well-being of the community we serve.

» OUR APPROACH

OCCUPATIONAL HEALTH AND SAFETY

With a diverse workforce of 976 employees, Occupational Health and Safety ('OHS') stands as a pivotal material matter for AHB Group. Our resolute commitment is directed towards fostering a secure and healthy workplace, harmonizing the needs of our people with our sustainability goals. Embracing a comprehensive approach, we address the well-being of employees, contractors and the local community, concurrently fortifying trust among our workforce, regulatory bodies and other stakeholders.



The seamless integration of OHS management into our daily operations reflects our proactive stance, extending from the pursuit of certifications and effective supply chain safety practices to impactful employee engagement, risk mitigation and the establishment of a sustainable work environment. These efforts have become ingrained in our organizational culture, fostering a collective acknowledgment that health and safety are shared responsibilities. This cultural alignment not only enhances the sustainability, efficiency and operational resilience of our business but also underscores our commitment to safeguarding the well-being of everyone associated with AHB.

» **Fostering a Robust OHS Culture**

Our commitment to a safety-centric culture is evident through various initiatives aimed at instilling a strong emphasis on safety throughout our organization. Continuous safety training programs equip our workforce with the latest protocols and best practices, fostering an informed and safety-conscious environment. To elevate safety performance, we have established KPIs, many of which surpass local regulatory requirements, to serve as benchmarks for employee assessments.

We emphasize diversity within our Safety Committee by including representatives from various departments. This ensures a range of perspectives and fosters a collaborative approach to safety governance. Additionally, we actively encourage employee participation in safety and health activities, inviting them to contribute ideas and assist in hazard identification. This inclusive environment values innovative suggestions, appreciating the contributions of our workforce to enhance safety standards.

» **Health & Safety Training**

Training occupies a pivotal role in instilling a workplace culture that values vigilance and adherence to established practices, especially those designed to uphold employee health and safety. Our comprehensive approach encompasses a well-crafted framework of training programs strategically crafted to educate employees on all facets relevant to their well-being. These sessions serve as a platform not only for imparting knowledge but also for keeping our workforce abreast of the latest regulatory standards and best practices in health and safety. In our commitment to accessibility, we are dedicated to expanding the reach of our training programs to ensure that all employees benefit from the essential guidance provided. In 2023, a total of 841 employees successfully participated in health and safety training which is equivalent to 86% of our workforce. While we set our sights on 100% participation, we are actively broadening our training curriculum to achieve this target in the coming years.

SUSTAINABILITY STATEMENT
(CONT'D)

» **Accelerating towards ISO 45001:2018 - Occupational Health & Safety Management Systems Certification**

We are committed to obtaining global certifications that recognize our world class safety standards and have commenced the foundational work necessary for ISO 45001:2018 certification. During the initial phase of the certification process, we are actively preparing to ensure that all necessary elements and requirements for certification are meticulously addressed. We are targeting to complete the certification process in 2024.

» **Contractors Compliance**

To ensure the safety of contractors working at our premises, we require them to adhere to our standardized health and safety guidelines at all times. As part of the process to receive their permit to work, safety briefings are conducted

» **Incident Reporting and Investigation**

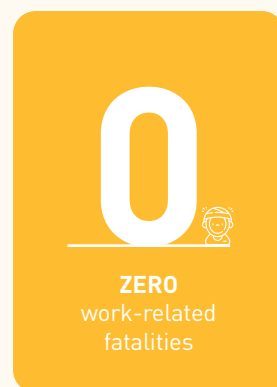
In 2023, we are pleased to have recorded zero work-related fatalities and a Lost Time Incident Rate ('LTIR') of zero. Effective reporting and investigation of health and safety incidents are vital tools to drive continual progress in our practices. To this end, we have developed comprehensive protocols and guidelines to support this objective, including but not limited to the following initiatives:

- **Official Incident Reporting Mechanism:** We have established an official reporting mechanism to comprehensively document all occupational health and safety incidents in a systematic and consistent manner.
- **Guided Investigation by Safety and Health Officer/Representative:** Under the guidance of the Safety and Health Officer/Representative, all safety incidents undergo a thorough investigation, varying in nature based on specific circumstances, to ascertain root causes and contributing factors.
- **Immediate or Time-Dependent Rectification:** Depending on the severity of the incident, we implement immediate rectification measures whenever feasible, prioritizing swift responses to critical risks.
- **Monthly Reporting:** The Safety and Health Officer/Representative prepares and files a monthly report encompassing KPIs related to accidents, including fatalities and near-miss cases, and safety training hours, enabling continuous monitoring and improvement to our processes.
- **Compliance with Regulatory Reporting Requirements:** We diligently comply with regulatory reporting requirements, ensuring timely and accurate submissions of incidents to relevant authorities, most notably the Department of Environment ('DOE') and the Department of Occupational Safety and Health ('DOSH').
- **Root Cause Analysis and Preventive Actions:** We collaborate with regulatory bodies to conduct root cause analysis, ensuring a full appreciation of all contributing factors. Subsequently, we implement appropriate Corrective and Preventive Actions ('CAPA') to prevent recurrence.
- **Industrial Accident Report Generation:** We systematically generate industrial accident reports for all incidents, documenting the findings of root cause analysis and detailing the preventive measures taken. This report contributes to ongoing improvement efforts and proactive implementation of safety measures.
- **Structured Procedure and Reporting Form:** We have implemented a structured procedure for the reporting of work site accidents and incidents, utilizing a standardized format for convenient data management, analysis and retrieval. This approach facilitates a comprehensive assessment of workplace incidents and accidents at any given time.

to communicate safety protocols and procedures. The contractors concerned are required to acknowledge that they have been informed and trained on these guidelines. We monitor contractor activities throughout the duration of their work to verify compliance with safety protocols, taking steps to address any deviations from established standards.

» **Hazard Identification, Risk Assessment and Risk Control ('HIRARC')**

We employ extensive HIRARC processes to identify workplace hazards, assess potential risks stemming from these hazards and implement control measures including elimination, substitution, engineering control, administration control or use of Personal Protective Equipment in situation where additional protection is needed. Such approach ensures the creation of a safe and healthy workplace for all employees and visitors.



CUSTOMER HEALTH AND SAFETY

Customer health and safety is a primary sustainability consideration for the Group, given our extensive product range that includes pharmaceuticals, consumer healthcare products and medical devices. Our foremost priority is to ensure the quality and safety of these products to meet regulatory standards, putting our customers' minds at ease and addressing stakeholder requirements. Our commitments in this area have been simultaneously enshrined within the Group's Growth Strategies, which highlights our emphasis on adopting a *'Customer-Centric Approach'* to stay closely abreast of shifting customer needs, including those related to health and safety, to drive innovation in tandem with their expectations.

Stringent policies and processes have been established to integrate the management of customer health and safety into our operational strategies and practices. Guided by our sustainability objectives, we emphasize continuous product safety vigilance and leverage modern tools such as digital Electronic Quality Management System ('EQMS') to develop a resilient framework that not only safeguards the health and safety of consumers but also contributes significantly to business continuity. These efforts further underscore our dedication to fulfilling risk management and compliance commitments, reinforcing our role as a responsible corporate entity in the pharmaceutical landscape.



» Product Quality Assurance

Our commitment to ensuring the quality of our products is ingrained at each stage of the design, development and manufacturing process, with a comprehensive range of assessments and evaluations conducted to ensure alignment with pharmaceutical quality systems, compliance to ICH guidelines and adherence to Pharmaceutical Inspection Co-operation Scheme (PIC/S) requirements.

These include laboratory-based quality control testing for every component (packaging and raw material), independent checks by the in-process quality assurance team, and in-house testing based on approved specifications. The culmination of these processes results in the creation of a Certificate of Analysis. Our quality assurance team only permits the release of products to market after all Good Manufacturing Practice ('GMP') standards have been met. In 2023, a total of 123 products underwent rigorous assessments that focused on their impact on the health and safety of consumers.

Beyond the manufacturing process, we have developed and implemented SOPs to uphold quality management in product storage and transportation. This ensures the quality of our pharmaceutical products are safeguarded during delivery to hospitals, clinics and pharmacies.



» Customer Education

It is crucial that our customers have a clear understanding of the correct way to consume and utilize our pharmaceutical products. This is achieved through the explicit outlining of product indications and usage instructions, which are provided in pack inserts or leaflets accompanying our pharmaceutical products. Additionally, our brand website serves as a valuable resource, offering comprehensive information on product indications and proper usage.

We have implemented a strong governance and oversight framework for the development of promotional materials to ensure accuracy and compliance in our instructional content, with regulatory personnel engaged to assess materials created by the marketing team and ensure their alignment with regulatory guidelines. The approval stage involves endorsement by regulatory personnel and the head of commercial divisions.

To fortify our internal capabilities aimed at enhancing customer education practices, we conduct ongoing training sessions for the sales team, equipping them with a deeper understanding of product safety and efficacy. Additionally, we organize training programs for healthcare professionals empowering them with the knowledge to safely use our products.

SUSTAINABILITY STATEMENT
(CONT'D)



» **Supply Chain Safety**

We are mindful of the imperative to ensure safety across the entire supply chain and have implemented various practices to achieve this crucial objective. A key strategic measure involves the introduction of tamper-proof packaging for pharmaceutical products, providing a visual indication of whether the product packaging has been compromised or tampered with. This ensures the safety and integrity of the medication, instilling confidence in our customers and consumers.

Additionally, we have established SOPs that outline recommended storage conditions for pharmaceutical products. These SOPs serve as reference guides for external parties, enabling them to uphold optimal storage conditions, preventing degradation and ensuring the quality of medicines during storage. The SOPs also encompass guidelines for environmental monitoring within storage and distribution areas, addressing factors such as temperature and humidity that may impact product stability or elevate the risk of contamination.

Our consistent efforts to enhance supply chain safety underscore our firm adherence to Good Distribution Practice ('GDP') guidelines for pharmaceutical storage, distribution and transportation. This commitment guarantees the safety and quality of our products throughout the supply chain.



» **Development of Product Recall Protocols**

In safeguarding the health and safety of consumers and upholding compliance with pertinent laws and regulations, we have developed product recall procedures. These procedures feature clear and detailed protocols designed to address varying levels of severity based on potential health impacts. To ensure their effectiveness, these procedures undergo ongoing refinement and updates, supported by comprehensive reviews of relevant regulations and guidance from regulatory bodies to ensure alignment with industry standards.

To proactively propel preparedness, we regularly schedule and execute simulated recall scenarios. These exercises serve to train and prepare our team for swift and coordinated responses in the event of an actual recall. Diverse recall scenarios are simulated to test the team's ability to respond effectively, with their performance evaluated and analyzed. This iterative process enables us to derive insights and implement improvements, enhancing our capabilities to manage product recalls efficiently.

0 ZERO customer complaints related to the health and safety of products

On this note, there were zero customer complaints or incidents related to health and safety during 2023, and zero incidents of non-compliance with safety regulations. While there were 13 product recalls in 2023, the affected products were primarily those which we distribute for our external suppliers who initiated the recall. Our distribution business segment renders full support to our suppliers accordingly. Through our close collaboration with our suppliers, we are able to institute an effective process to ensure customer health and safety are maintained at all times.



» **Adopting digitalization**

We increasingly leverage new technology to bolster customer safety by digitalizing our quality management systems through our EQMS. Our focus on digitalizing our change control processes has enabled a systematic approach to assessing, approving and implementing changes to our products, while ensuring that alterations align with health and safety standards. The digitalization of change control processes also facilitates transparent communication of modifications to relevant stakeholders.

Additionally, we are adopting the digitalization of incident reporting, which offers a more standardized and efficient mechanism for reporting health and safety incidents. This approach streamlines the process of investigating root causes and implementing corrective actions, ensuring a swift and thorough response to incidents.





» **Implementation of a Pharmacovigilance System**

To significantly enhance our commitment to customer health and safety, we have implemented a reliable pharmacovigilance system. This system, crafted in strict compliance with regulatory standards, seamlessly integrates with our feedback channels, ensuring prompt access for our pharmacovigilance team and reinforcing their responsiveness to safety concerns.

Critical to the system's effectiveness is the rigorous training provided to our pharmacovigilance team. Focused on proper data handling and interpretation, with emphasis also placed on accurate documentation and reporting, these sessions empower our team to navigate safety data with precision.

Our pharmacovigilance system incorporates a mechanism for receiving feedback on pharmaceutical products,

supported by procedures that assess the urgency of feedback received. We have set clear timelines for our team to acknowledge and address reported safety concerns.

To fortify our monitoring of adverse effects, SOPs have been established to provide guidance on adverse event reporting, along with KPIs to monitor the team's performance with relation to compliance, data handling and record maintenance.

Ongoing training is consistently provided for the team to ensure the achievement of set targets and to keep them updated on pharmacovigilance best practices. This includes the incorporation of new regulations and guidelines into training modules. Additional resources are also made available to support continuous learning and the advancement of our pharmacovigilance competencies.

	GRI	Bursa Malaysia	Indicators	Breakdown	Units	FY2023	
Material Matter: Health and Safety							
Occupational Health and Safety							
1	GRI 403: Occupational Health and Safety	C5 (a) Health and Safety: Number of work-related fatalities	Work-Related Fatalities				
			Total number of work-related fatalities	Total hours worked	Hours	1,836,384	
				Number of fatalities	Count	0	
		Rate of fatalities		Rate per 200,000 hours	0		
		C5 (b) Health and Safety: Lost time incident rate	Lost Time Incident Rate				
			Lost time incident rate	Lost Time Incident Rate (LTIR)	Rate per 200,000 hours	0	
		C5 (c) Health and Safety: Employees trained on health and safety standards	Employees Trained on Health and Safety Standards				
			Total number of employees trained on health and safety standards	Total number of employees	Count	841	

SUSTAINABILITY STATEMENT
(CONT'D)

	GRI	Bursa Malaysia	Indicators	Breakdown	Units	FY2023
Material Matter: Health and Safety						
Customer Health and Safety						
2	GRI 416: Customer Health and safety	S3 (a) Customer Health & Safety / Product Responsibility	Product Safety			
			Products subject to health and safety impact assessments for enhancement	Total number of products that have undergone assessments specifically focused on their impact on the health and safety of consumers	Count	123
		S3 (b) Customer Health & Safety / Product Responsibility	Non-Compliance Incident			
			Incidents of non-compliance concerning the health and safety impacts of products and services	Total number of customer complaints related to the health and safety of products	Count	0
				Total number of safety regulation non-compliance incidents		0
				Total number of product-related health and safety incidents		0
S3 (c) Customer Health & Safety / Product Responsibility	Product Recalls					
	Products or units that have been recalled for health and safety reasons	Total number of products that have been recalled for health and safety reasons	Count	13		

» EMPLOYEE MANAGEMENT 

WHY IT MATTERS

Our workforce is the cornerstone of our success, making it imperative to cultivate a high-performing and contented team. This is not only crucial for the sustained excellence of our operations but also equips us with the collective capabilities necessary to achieve our long-term growth and performance objectives. Our recognition of the pivotal role employees play in propelling progress has been ingrained within the *‘Commitment of a Career’* pillar of the Group’s Growth Strategies, which places emphasis on developing a competent and agile workforce complemented by a future-proof leadership pipeline.

To this end, we have adopted an all-encompassing approach to employee management, acknowledging the multitude of factors that contribute to a high-performing, motivated and enduring workforce. We direct our attention towards talent management, fostering engagement, providing training and education, championing diversity and inclusion, and safeguarding employee rights. This holistic consideration ensures that we not only adhere to all relevant labor laws and regulations but also meet the expectations of our diverse stakeholders.

In recognition of our conscientious approach to employee management, we are proud to share that XEPA received the esteemed Asia’s Best Employer Brand Award from the Employer Branding Institute in August 2023. This accolade not only reaffirms our commitment but also emboldens us to further bolster our efforts in cultivating a workplace culture that appreciates and celebrates the valuable contributions of all employees.

» OUR APPROACH

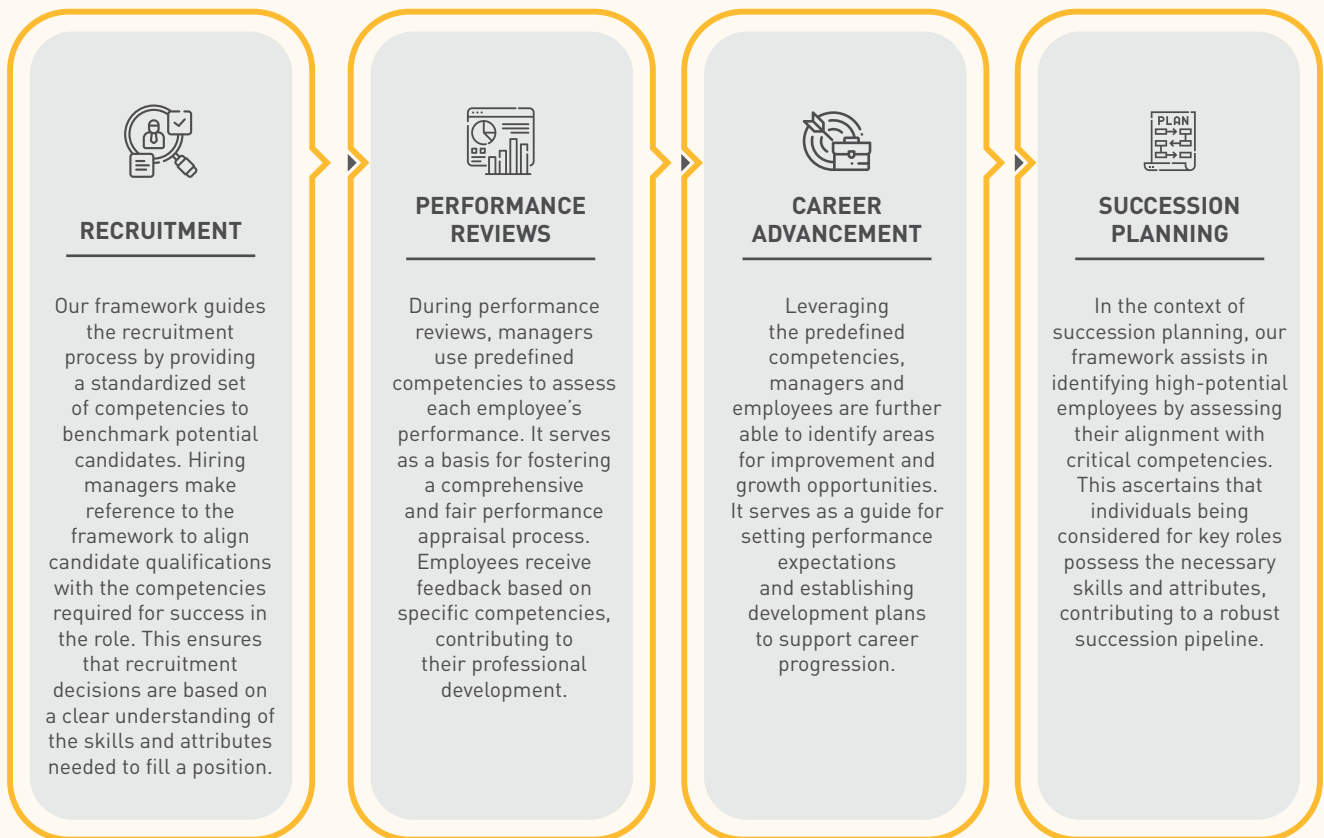
TALENT MANAGEMENT

Talent management occupies a central position in our organizational strategy, underscoring the pivotal role that skilled and well-managed individuals play in upholding operational excellence and propelling the company towards its strategic objectives. It is not merely a functional necessity for day-to-day operations; rather, we perceive it as a vital imperative with far-reaching implications for the company’s long-term strategic planning.

By seamlessly integrating talent management into our overarching business strategy, we align our workforce with our tenets, culture and objectives. Our approach to this critical aspect involves a concerted effort to identify and recognize individuals with the requisite skills to contribute effectively to our goals. We concurrently focus on developing robust succession frameworks and supporting our employees’ professional and leadership skills throughout their tenure with us. This ensures a steady pipeline of qualified individuals ready to assume key roles, thereby mitigating the risks associated with leadership gaps. This approach aligns with our long-term vision of nurturing a leadership team capable of navigating challenges and steering the company towards sustained success.

Our talent development efforts extend to prioritizing employee engagement and satisfaction initiatives to cultivate a positive and vibrant workplace culture, reflecting our recognition that a contented workforce is more likely to be productive, innovative and committed to the company’s goals. By being open to employee feedback, addressing their concerns and implement improvements, we demonstrate our commitment to continuous improvement that fosters sustainable growth and enhances the resilience of our organization.

LEADERSHIP AND COMPETENCIES FRAMEWORK



SUSTAINABILITY STATEMENT
(CONT'D)

» **Proactively Nurturing Potential Leaders Through a Structured Program**

Our leadership development initiatives commence from recruitment stage and features dedicated chapters for different managerial levels, empowering us to elevate the leadership capabilities of our current managers. Following recruitment strategies that enable the identification of potential leadership candidates, our continuous talent assessment initiatives play a pivotal role in identifying individuals possessing the essential skills and qualities for leadership roles. These efforts involve regular evaluations of our talent pool, incorporating periodic performance appraisals and feedback mechanisms to discern high-potential talents with the requisite performance, skills and experience.

To support ongoing nurturing of employees with leadership potential, we have designed and implemented targeted development plans to groom them for future leadership roles, providing access to training programs, workshops and mentoring. These initiatives bestow upon them the essential skills and knowledge needed to lead their teams effectively and contribute to the overall success of the organization. The curriculum encompasses key leadership principles, including strategic thinking and decision-making, and foster the practical application of these skills.

We also provide opportunities for these employees to undergo cross functional training across diverse roles to broaden their skill set. This is further supported by mentorship and coaching programs that pair future leaders with experienced executives to spur collective knowledge and skill sharing. These efforts represent our commitment to fostering a learning environment that empowers individuals to unlock their full potential and contribute meaningfully to our success.

» **Management Trainee Program**

APM operates a Management Trainee Program aimed at nurturing and developing young talents and fresh graduates through a comprehensive two-year experience. The program is designed to provide participants with exposure to various significant departments within the organization, fostering a well-rounded understanding of the business. In this structured initiative, participants undergo rotations across key departments, gaining hands-on experience and insights into the diverse facets of our operations. The departments involved in the rotation include Sales and Marketing, Distribution and Logistics, HR, IT and Finance, among others.

Each department’s manager refers to defined competencies to identify areas for improvement and growth opportunities, setting performance expectations and establishing development plans to support career progression. Upon completion of the two-year program, participants undergo a review process that assesses their performance, acquired skills and overall suitability for permanent roles within the company. Our Management Trainee Program welcomes 2 talented individuals in 2023 as they embark on a transformative journey with us.

» **XEPA’s Pharmacist Recruitment Program**

Reflecting our commitment to social responsibility, XEPA simultaneously undertakes a Pharmacist Recruitment Program. XEPA is recognized by the Pharmacy Board Malaysia as one of the Training Premises for Provisionally Registered Pharmacists (‘PRPs’). This initiative is geared towards offering PRPs a thorough two-year experience, fostering their professional growth and development, and simultaneously enriching the talent pool at XEPA. The Pharmacist Recruitment Program offers a unique and immersive experience within XEPA, during which the PRPs undergo rotations across various departments to ensure a well-rounded understanding of different facets of the pharmaceutical business, from manufacturing to distribution and beyond. The participating departments include Production, Quality and Regulatory Affairs, Research & Development, Sales & Marketing, Supply Chain and Logistics, contributing to the development of broader competencies and skill sets, and preparing the PRPs for potential permanent roles within the company. A structured review is conducted at the end of the 24-month period to



evaluate their performance and suitability for available roles in the company. In 2023, we proudly announce the successful recruitment of 5 PRPs through this program, marking another milestone in our on-going commitment to elevate the standards of pharmaceutical care while creating a nurturing environment for emerging talent to flourish.

SYNERGIES OF WELL-BEING AND PRODUCTIVITY

» Boosting Well-being and Health

We actively promote employee well-being and cultivate a healthy workplace culture through informative health talks and engaging recreational and social activities. These efforts underscore our commitment to employee welfare by enhancing the overall employee experience and fostering a sense of community within the organization.

Regular health talks, covering a range of topics including mental health, are conducted throughout the year, providing valuable information and resources to employees. These talks contribute to the overall well-being of our workforce by promoting health awareness and preventive measures. To further support our employees, we provide periodic health screenings, alleviating the financial strain that such check-ups may pose.

In addition to health-focused initiatives, we organize a variety of recreational and social activities designed to enhance employee well-being and foster a sense of community. These activities include sports, team-building exercises, festive gatherings and an annual dinner.

» Bolstering Employee Engagement and Satisfaction

Our efforts to implement programs and activities that continually enhance the workplace environment reflects our commitment to fostering a positive workplace culture. Our comprehensive range of engagement activities includes surveys, huddles, learning lunches (such as brown bag sessions), staff gatherings, games and competitions, sports tournaments and training programs, along with reward and recognition programs. Engaging employees in such diverse activities fosters a dedicated workforce that feels motivated and driven to contribute to the organization’s success.

Periodically, we proactively enhance the working facilities, concentrating on creating a positive and comfortable atmosphere that aligns with employee expectations. These tangible improvements extend to physical spaces and facilities, taking into account specific requests expressed by employees regarding their work environment.

» Elevating Workplace Facilities for Enhanced Productivity

Acknowledging the profound impact of a conducive work environment in unleashing the full potential of our workforce, we have strategically introduced two employee-centric facilities at XEPA last year. In July 2023, we proudly unveiled Xphilia Café, a new canteen. Bathed in natural light, this dynamic space provides comfortable seating and outdoor areas, creating a welcoming ambience that nurtures a positive and collaborative working atmosphere for our expanding team.

In tandem with this, the Conoscenz Office was introduced in May 2023, catering specifically to teams in Innovation & Development, Regulatory Affairs, Business Pipeline, and Quality Assurance. This purpose-built meeting space is ingeniously designed to foster collaboration and encourage creative problem-solving among the key individuals and teams steering AHB towards a brighter future.

	GRI	Bursa Malaysia	Indicators	Breakdown	Units	FY2023	
Material Matter: Employee Management							
Employment							
3	GRI 401: Employment	C3 (a) Diversity: Percentage of employees by gender and age group, for each employee category	Employee Distribution by Gender				
			Total number of employees broken down by gender	Female	Count	523	
				Male		453	
					Total:	976	
			Percentage of employees broken down by gender	Female	Percentage (%)	54%	
				Male		46%	
		Total:	100%				

SUSTAINABILITY STATEMENT
(CONT'D)

GRI	Bursa Malaysia	Indicators	Breakdown	Units	FY2023		
Material Matter: Employee Management							
Employment							
Employee Distribution by Age							
		Total number of employees broken down by age	Under 20 - 29 years old	Count	341		
			30 - 39 years old		299		
			40 - 49 years old		203		
			50 - 59 years old		107		
			Above 60 years old		26		
		Total:					976
		Percentage of employees broken down by age	Under 20 - 29 years old	Percentage (%)	35%		
			30 - 39 years old		31%		
			40 - 49 years old		21%		
			50 - 59 years old		11%		
Above 60 years old	3%						
Total:					100%		
Employee Distribution by Category							
		Total number of employees broken down by category	Managers	Count	93		
			Executive		220		
			Non-executives		663		
		Total:					976
		Percentage of employees broken down by category	Managers	Percentage (%)	10%		
			Executive		23%		
			Non-executives		68%		
Total:					100%		
Employee Distribution by Type							
C6 (b) Labor Practices & Standards: Percentage of employees that are contractors or temporary staff		Total number of employees broken down by type	Contractor/ temporary staff	Count	59		
			Permanent Staff		917		
		Total:					976
		Percentage of employees broken down by type	Contractor/ temporary staff	Percentage (%)	6%		
Permanent Staff	94%						
Total:					100%		
Employee Distribution by Ethnicity							
		Total number of employees broken down by ethnicity	Malay	Count	471		
			Chinese		439		
			Indian		30		
			Others		36		
		Total:					976
		Percentage of employees broken down by ethnicity	Malay	Percentage (%)	48%		
			Chinese		45%		
			Indian		3%		
Others	4%						
Total:					100%		

GRI	Bursa Malaysia	Indicators	Breakdown	Units	FY2023		
Material Matter: Employee Management							
Employment							
Employee Distribution by Nationality							
		Total number of employees broken down by nationality	Malaysia	Count	904		
			Singapore		71		
			Others		1		
		Total:					976
		Percentage of employees broken down by nationality	Malaysia	Percentage (%)	93%		
			Singapore		7%		
			Others		0%		
		Total:					100%
		New Hires					
		Total number of new hires broken down by gender	Female	Count	117		
			Male		113		
		Total:					230
		Percentage of new hires broken down by gender	Female	Percentage (%)	51%		
			Male		49%		
		Total:					100%
Total number of new hires broken down by age	20 - 29 years old	Count	151				
	30 - 39 years old		44				
	40 - 49 years old		22				
	50 - 59 years old		8				
	Above 60 years old		5				
Total:					230		
Percentage of new hires broken down by age	20 - 29 years old	Percentage (%)	66%				
	30 - 39 years old		19%				
	40 - 49 years old		10%				
	50 - 59 years old		3%				
	Above 60 years old		2%				
Total:					100%		
Employee Turnover							
Total turnover broken down by gender	Female	Count	82				
	Male		89				
Total:					171		
Percentage of turnover broken down by gender	Female	Percentage (%)	48%				
	Male		52%				
Total:					100%		
Total number of turnover broken down by age	20 - 29 years old	Count	89				
	30 - 39 years old		46				
	40 - 49 years old		22				
	50 - 59 years old		7				
	Above 60 years old		7				
Total:					171		
C6 (c)	Labor Practices & Standards:	Total number of employee turnover by employee category					

SUSTAINABILITY STATEMENT
(CONT'D)

GRI	Bursa Malaysia	Indicators	Breakdown	Units	FY2023
Material Matter: Employee Management					
Employment					
		Percentage of turnover broken down by age	20 - 29 years old	Percentage (%)	52%
			30 - 39 years old		27%
			40 - 49 years old		13%
			50 - 59 years old		4%
			Above 60 years old		4%
		Total:			100%
	C6 (d) Labor Practices & Standards: Number of substantiated complaints concerning human rights violations	Human Rights Violations			
		Total number of complaints concerning human rights violations	Number of substantiated complaints	Count	0

TRAINING AND EDUCATION

Training and education are integral components of our organizational development, and we are dedicated to supporting both skill enhancement and broader professional growth. Our emphasis lies in fostering a culture of continuous learning, empowering employees, and aligning individual development with corporate goals.

Our growing commitment to driving employee growth through skills development aligns seamlessly with our overarching business strategy, which prioritizes a knowledgeable and skilled workforce to maintain long-term sustainability. By nurturing a learning culture, we ensure our workforce remains adaptable and capable of meeting evolving industry demands, which further supports key corporate goals such as innovation, operational efficiency and employee satisfaction.

» **Enhancing Skills and Professional Development**

We adopt a multifaceted approach to comprehensively enhance employee skills and professional development throughout their engagement with AHB Group. Our structured training development plan covers various aspects, from compliance-based topics to leadership training, ultimately emphasizing practical application of leadership concepts and placing due recognition on the significance of soft skills in overall employee development.

We recorded a total of 45,520 training hours in 2023, with managers receiving an average of 76 hours of training, executives 71 hours and non-executives 35 hours. These meticulously designed training and education initiatives consist of a combination of in-house and public programs, including but not limited to the following:

- Conducting focus group sessions to address specific departmental needs.
- Facilitating individualized training programs based on employee roles and aspirations.
- Integrating compliance-based training on topics namely anti-corruption and PDPA.
- Providing leadership and competency training to nurture future leaders.
- Implementing programs aimed at increasing departmental and team efficiency.
- Integrating soft skills and vocational training in the overall development plan.
- Organizing excursion trips for practical learning experiences.

We recorded a total of **45,520 training hours** in 2023.

	GRI	Bursa Malaysia	Indicators	Breakdown	Units	FY2023		
Material Matter: Employee Management								
Training and Education								
4	GRI 404: Training and Education	C6 (a) Labor Practices & Standards: Total hours of training by employee category	Total training hours	Training hours	Hours	45,520		
			Average Training Hours by Category					
			Average training hours by category	Managers	Hours	76		
				Executive		71		
Non-executives	35							

DIVERSITY AND EQUAL OPPORTUNITY

Our focus on diversity and equal opportunity is a crucial indicator of our dedication to fair and inclusive practices. Our initiatives are crafted to cultivate a workplace culture that appreciates diversity and guarantees equal opportunities for all, in alignment with stakeholder expectations for ethical and inclusive business conduct.

Effectively managing diversity and equal opportunity is integral to propelling the Group towards our sustainability objectives and broader corporate goals. By nurturing a workplace that values and leverages the benefits of diverse backgrounds and experiences, we can elevate employee engagement, attract top talent and contribute to a positive corporate reputation. This, in turn, reinforces our core social responsibility objectives and supports long-term organizational success.

» Performance-based Remuneration

We have implemented a performance-based pay system that directly ties compensation to individual performance, cultivating a culture of accountability and acknowledging employees for their unique contributions. This design establishes a direct correlation between employees' performance and their compensation, creating incentives for enhanced performance. Our approach includes conducting annual performance appraisals to assess individual contributions, followed by pay adjustments to align remuneration with demonstrated achievements.

To systematically evaluate and measure each employee's performance, we conduct annual performance appraisals as a structured process, assessing employees against predetermined KPIs and job responsibilities. These appraisals involve a detailed review of employees' skills and competencies in their respective roles, determining the extent to which employees have met or exceeded performance expectations.

Post-appraisals, decisions on pay adjustments are made based on merit, taking into account the specific achievements and impact of each employee. This ensures that compensation reflects both the qualitative and quantitative aspects of individual performance.

» Equal Opportunity Policy

We have also established and strictly adhere to an equal opportunity policy to guarantee that all individuals are treated fairly and without discrimination throughout the hiring process and their employment tenure. In pursuit of impartial and merit-based hiring, we base decisions on qualifications, experience, and established criteria, with the hiring managers closely collaborating with HR to ensure adherence to fair processes.

To uphold our commitment to bias-free hiring practices, we have adopted a diverse candidate sourcing strategy and developed non-discrimination policies, ensuring thorough awareness among relevant staff and managers through effective training and communication.

As of 31st December 2023, our workforce achieved a near even gender split with 54% male and 46% female employees.

Further to this, we maintain transparent and standardized employment terms, regularly reviewing these terms with reference to regulations and industry best practices and communicating them clearly to all employees. We have also set up open communication channels for employee feedback, leveraging their sentiments to continually enhance our approach.

SUSTAINABILITY STATEMENT
(CONT'D)

» Diversity in Board Leadership

The Board of AHB is composed of a combination of Directors with a mix of skills appropriate to providing the necessary breadth and depth of knowledge and experience to serve the Company’s best interests. The Board embraces diversity amongst its members and has ensured a good representation of the relevant skills and experience for the discharge of its duties. Its policy towards boardroom diversity is above all, to be non-discriminatory with regards to gender, race or religion, and only considering relevant qualifications, ability and commitment when proposing candidates for shareholders’ approval.

While boardroom diversity remains a main criterion for Board composition, no regard shall be paid to gender, race or religion when considering specific candidates for appointment to the Board. Suitability of qualifications, experience and synergy with the overall composition of the Board are factors which the Company values and will take into account.

The Board considers its current size and composition as ideal. Further changes to the gender ratio of the Directors will be guided by the policy stated above. In its measure towards meeting its gender diversity policy, the Board takes cognizance of the importance of considering candidates for appointment from a wider pool. The Board acknowledges the benefits of having participation of women on the Board in terms of providing different perspectives and insights for effective decision making and targets to ensure that there is women representation on the Board at any one time.

AHB is in compliance with the amendments to the Main Market Listing Requirements of Bursa Malaysia which mandates a listed company to have at least one woman director on its board with effect from 1st June 2023 for listed companies with market capitalization of less than RM 2 billion.

	GRI	Bursa Malaysia	Indicators	Breakdown	Units	FY2023	
Material Matter: Employee Management							
Diversity and Equal Opportunity							
5	GRI 405: Diversity and equal opportunity	C3 (b) Diversity: Percentage of directors by gender and age group	Board Diversity				
			Board diversity by gender	Female Directors	Count	1	
				Male Directors		7	
				Total:			8
			Percentage of Board diversity by gender	Female Directors	Percentage (%)	13%	
				Male Directors		87%	
				Total:			100%
			Board diversity by age	20 - 29 years old	Count	0	
				30 - 39 years old		0	
				40 - 49 years old		0	
				50 - 59 years old		2	
				Above 60 years old		6	
				Total:			8
			Percentage of Board diversity by age	20 - 29 years old	Percentage (%)	0	
				30 - 39 years old		0	
40 - 49 years old	0						
50 - 59 years old	25%						
Above 60 years old	75%						
Total:				100%			

LABOR MANAGEMENT RELATIONS

Our management of labor relations primarily involves addressing and resolving conflicts and grievances across our workforce. Our conscientious approach to this matter is crucial for us to uphold fair and transparent practices in handling employee concerns. This directly impacts employee satisfaction, morale and overall organizational health, while also addressing the needs of stakeholders concerned with the effectiveness of our conflict resolution mechanisms and commitment to fair labor practices.

Recognizing that a harmonious work environment is essential for sustained success, we have intricately woven relevant initiatives into our day-to-day practices and employee management strategy. By addressing conflicts through a hierarchical process, conducting thorough investigations and taking appropriate actions, we contribute towards enhanced transparency, fairness and improvement in our labor management approach.

» **A Formal and Transparent Grievances Procedure**

Our grievances procedure is designed to provide employees with a structured mechanism to address their concerns and conflicts, while ensuring a fair and thorough resolution process. The process follows a hierarchical path, enabling employees to escalate issues through the chain of command to address matters at the appropriate levels, with senior management getting involved for significant concerns.

A thorough investigation ensures that decisions and actions are based on accurate information, with appropriate measures taken in response to the findings of the investigation. The nature of actions may vary and include disciplinary measures that set a stern example, contributing to an orderly and ethical workplace, and reinforcing the importance of adherence to company policies.

Throughout the process, we are committed to ensuring that the conflict resolution process is transparent and fair, which is foundational to maintaining a positive organizational culture and employee morale. Our open communication channels and involvement of senior management thus contribute meaningfully to providing a sense of justice and impartiality. To this end, we are open to feedback from employees, utilizing their comments and suggestions as a valuable input for enhancing existing processes.

» COMMUNITY/SOCIETY 

WHY IT MATTERS

In our role as a responsible corporate citizen in the pharmaceutical industry, community investment remains a vital component of the Group's sustainability efforts. Embedded in our mission statement of **'Restoring Health, Enhancing Life'**, we are committed to creating a positive social impact on the community and society in the regions where we operate. Given that the success of our business rides on the trust and loyalty of our customers, we are driven to meaningfully give back to the communities that support us.

We also recognize the importance of our community initiatives in simultaneously supporting wider business objectives such as enhancing our reputation, building brand loyalty, promoting good health and meeting the expectations of our stakeholders.

In 2023, we contributed a total of **RM 397,995** to charitable causes, with 44 organizations availing our support and an estimated 32,885 individuals benefitting from our investment in communities.

» OUR APPROACH

Our efforts in this area revolve around our voluntary contributions within three focus areas. In the realm of **Education and Arts**, we aim to lend support to various educational needs and towards the developments of arts programs. We are also focused on **Disadvantaged Groups**, where we contribute to the needy, marginalized, disabled or underserved communities, including Orang Asli individuals, refugees and migrants. We also contribute to other **General Causes**, which encompass social development initiatives and pandemic-related or catastrophe-related situations.

In 2023, we contributed a total of RM 397,995 to charitable causes, with 44 organizations availing our support and an estimated 32,885 individuals benefitting from our investment in communities. Anchored in a meticulous strategy, we have instituted an annual commitment to community investment, set at 0.3% of the previous year's Profit After Tax of AHB Group excluding one-off gains. This calculated approach underscores our dedication to fostering a sustainable and impactful contribution towards the collective betterment of society.

SUSTAINABILITY STATEMENT
(CONT'D)

» **A New Social Media Channel Promoting Community Health and Wellbeing**

In 2023, we launched Henson Care's 'Bladder Care & Help Community MY/SG' platform as part of the Group's mandate to improving community health. Operating through a dedicated Facebook group, the key activities of this initiative involve connecting and providing support to individuals facing challenges related to incontinence, with our efforts extending beyond the scope of our product offerings.

This initiative offers a valuable online support network for people with incontinence and their caregivers. The network fosters a space where members can navigate the challenges of incontinence with courage and resilience. In addition, our platform provides a wealth of information, resources, and tips on managing incontinence covering aspects such as available products, lifestyle adjustments, and coping strategies.

Diverging from conventional approaches that solely emphasize product promotion, this initiative goes further by fostering a supportive community where individuals can find understanding, empathy, and practical assistance. Community members are encouraged to offer peer support by sharing their own experiences with others facing similar challenges. We are dedicated to actively managing and fostering engagement within the Facebook group, ensuring it remains a dynamic and supportive space for our community.



» **Engaging Employees for Community Blood Donation**

In collaboration with Hospital Melaka, employees of XEPA actively participated in a blood donation drive in July 2023. Our involvement extended beyond encouraging employees to participate by effectively communicating the importance of blood donation. We also managed the logistics of the event, including booth setup, provision of necessary medical facilities and ensuring a comfortable environment for donors.



The initiative, which resulted in the collection of 50 blood bags, symbolizes our long-term commitment to supporting critical healthcare needs for Hospital Melaka, with plans to sustain this initiative in subsequent years. Through this blood donation drive, our aim is to create a positive impact on communities, foster employee engagement, enhance overall workplace satisfaction through community service participation and strengthen the connection between our company and the local community.

» **Advancing Education and the Arts**

Our commitment to advancing education and the arts is driven via strategic investments in schools and educational initiative. We believe it is important to contribute to the development of well-rounded individuals, and ensure our children are supported by a thriving educational and cultural landscape.

Donation to New Town Primary School, Singapore	A monetary donation of SGD 15,000 was made to New Town Primary School, supporting their fundraising efforts aimed at building non-standard new school facilities, including an Art Gallery and Heritage Room. By supporting the enhancement of educational infrastructure, we can create a conducive environment for the school's children to engage in artistic and cultural activities.
Contribution to Sekolah Menengah Jenis Kebangsaan Keat Hwa, Kedah	A monetary contribution of RM 20,000 was made to Sekolah Menengah Jenis Kebangsaan Keat Hwa, Kedah, with the funds allocated for the repair of the school's roof. Addressing critical infrastructure needs are vital to support a secure and quality educational experience in a safe learning environment.

<p>Support for the 4th International Conference on Interprofessional Education, Practice & Care (ICON-IPEPC 2023)</p>	<p>A monetary contribution of RM 10,000 was made to support the 4th International Conference on Interprofessional Education, Practice & Care (ICON-IPEPC 2023). The conference, organized by the Centre for Transformative Learning of Manipal University College Malaysia, aimed to foster the integration of interprofessional practice in urban, rural and remote communities. Through such promotion of collaborative practices in health and social care, we hope to contribute to the development of a well-rounded educational landscape.</p>
<p>Contribution to Resonance of Singapore</p>	<p>To promote the development of arts among the community, a monetary contribution of SGD 3,000 was made to Resonance of Singapore Ltd ('ROS'), Singapore's first Non-Profit Organization helmed by a professional choral ensemble. ROS' vision is to build a stronger Singapore through music, strengthening social resilience and uplifting lives. To achieve that goal, ROS aims to share vocal artistry with singers of diverse backgrounds through performance, education and community engagement.</p>

» **Contribution to Charitable Organizations**

The Group also makes contributions to charitable organizations to strategically maximize the impact of the Group's community investment initiatives, enabling the support of a diverse range of charitable organizations and causes. Each contribution plays a crucial role in achieving our ultimate objective of creating positive social impact and enhancing community well-being.

One of our key collaborations during 2023 was our support of ElShaddai Centre through the provision of essential medicines for their medical camps. ElShaddai Centre, endorsed by the United Nations High Commissioner for Refugees (UNHCR) Malaysia supports refugees, asylum-seekers, stateless people groups and other marginalized diaspora communities in Malaysia.

Our partnership with the Children's Aid Society, focused on providing learning and employment support, stands out as a major highlight. Additionally, our donation of adult disposable diapers and underpads to St. Mark's Cozy Home was another notable contribution. We also contributed vitamin C, deworming medication and treatments for lice to an Orang Asli Village in Pondo, Negeri Sembilan, an initiative that was organized by Living Water Assembly of God in Negeri Sembilan.

Other organizations we supported during the year include:

- Malaysian Association for the Blind
- Yayasan Jantung Malaysia
- Melaka Cancer Society
- Pertubuhan Kebajikan Mental Selangor
- Persatuan Orang-Orang Cacat Anggota Malaysia
- Shelter Home for Children
- Beautiful Gate Foundation
- Malaysian Red Crescent Society

» **Supporting Events and Organizations Promoting a Sustainable Future**

Our proactive participation in other events and outreach initiatives that promote sustainability collectively demonstrate our dedication to making a positive impact on the environment and society. A key undertaking was our sponsorship of the Bursa Bull Charge 2023, a charity run organized by Bursa Malaysia. This corporate run focuses on raising funds while creating the awareness on climate change in alignment with the UN SDG, Goal 13 - Climate Action.

The Bursa Bull Charge 2023 raised a total of RM 1.5 million that will support eight new beneficiaries for climate action and environmental protection, namely Global Peace Festival Malaysia, Impact Malaysia, Marine Research Foundation, Persatuan Kepimpinan, Pemerkasaan & Pembangunan Wanita Sabah, Pertubuhan Perkhidmatan Sosial dan Pembangunan Komuniti Daerah Gombak, Selangor, Reef Check Malaysia, Science of Life Studies 24/7 (SOLS) and Worldwide Fund for Nature Malaysia (WWF). We actively participated in the Bursa Bull Charge 2023 by organizing a running team comprising employees of the Group, highlighting our commitment to the cause.

Aspiring to make a positive impact on the environment, we will continue to support initiatives that promote sustainable practices and engage in activities or projects that contribute to environmental conservation and sustainable business practices. This commitment underscores our long-term commitment to sustainability, propelling progress toward our overall sustainability objectives.

SUSTAINABILITY STATEMENT
(CONT'D)

	GRI	Bursa Malaysia	Indicators	Breakdown	Units	FY2023
Material Matter: Community/Society						
Local Communities						
6	GRI 413: Local Communities	C2 (a) Community/ Society: Total amount invested in the community where the target beneficiaries are external to the listed issuer	Community Contributions and Investment			
			Contributions to the community in the form of charitable donations	Total amount invested	RM (Total)	397,995
		C2 (b) Community/ Society: Total number of beneficiaries of the investment in communities	Beneficiary Organizations of the Investment in Communities			
			Number of beneficiary organizations of the investment in communities	Total number of beneficiary organizations	Count	44
			Beneficiary Individuals of the Investment in Communities			
Number of beneficiary individuals of the investment in communities	Total number of beneficiary individuals	Count	32,885			

GOVERNANCE PILLAR

CONDUCTING BUSINESS RESPONSIBLY

Related Material Matters

» Ethical Business Practices



» ETHICAL BUSINESS PRACTICES



WHY IT MATTERS

The material matter of ethical business practices is of paramount significance within our sustainability framework, resonating profoundly with a diverse spectrum of stakeholders. As a distinguished pharmaceutical company, the preservation and promotion of ethical business practices emerge as cardinal principles, underscored by our recognition of the critical role they play in fostering trust among our valued customers and consumers. The pharmaceutical industry, with its far-reaching impact on public health, necessitates a heightened commitment to integrity, emphasizing our responsibility to maintain the highest ethical standards.

Our dedication to compliance is integral to meeting and surpassing industry standards, reassuring stakeholders that our operations align seamlessly with the ever-evolving regulatory landscape. Furthermore, these ethical foundations serve as a foundational bulwark against reputational risks, safeguarding the standing and credibility of our company in an industry where trust is the bedrock. By fostering a culture of integrity and transparency, we fortify the very pillars that uphold our commitment to delivering high-quality pharmaceutical products, bolstering the long-term operational excellence and financial resilience of our business.

» OUR APPROACH

The Group's Anti-Corruption Policy serves as the cornerstone to drive responsible business practices across our operational footprint and is aligned to ensure compliance with regulatory stipulations while underscoring key objectives such as building stakeholder trust and maintaining a positive corporate reputation. The policy enables the seamless integration of anti-corruption controls into our overall business strategy and practices, guiding the implementation of a framework that features training programs, internal and external audits, and whistleblowing mechanisms.

» **Anti-Corruption Training**

Our efforts to prevent corruption at all levels is supported by a comprehensive anti-corruption training program. Training sessions for all employees including new hires, emphasizing ethical business practices and compliance with anti-corruption policies and regulations are conducted.

In 2023, all our employees participated in anti-corruption training programs. This accomplishment was facilitated by the organization of two dedicated training programs throughout the year, each designed to delve into the nuances of anti-corruption measures.

» **Anti-Corruption Audit and Review**

To assess and ensure Group-wide adherence to anti-corruption standards, we have established a robust system of internal and external audits. In-house internal audits are periodically conducted to assess and evaluate

the effectiveness of anti-corruption measures within our organization, focusing on various aspects of the anti-corruption framework to ensure their applicability in sustaining internal compliance.

Simultaneously, we leverage external expertise to review our anti-corruption policy and procedures at least once every three years to assess their effectiveness. A comprehensive review is undertaken to evaluate the effectiveness of existing measures and identify areas for improvement. On this note, the significance of corruption risk to the Group is also re-evaluated each year during our annual risk assessment exercise, ensuring our leadership team is empowered to provide oversight and guidance on appropriate initiatives and measures.

» **Whistleblowing Policy and Procedure**

A Whistleblowing Policy and Procedure is available for employees and outside parties, such as suppliers, customers, contractors and other stakeholders to report any concern or complaint regarding questionable accounting or auditing matters, internal controls, disclosure matters, conflict of interest, insider trading, collusion with competitors, serious breaches of Group policy, unsafe work practices or any other matters involving fraud, corruption and employee improper conduct or misconduct, including breaches of the Malaysian Anti-Corruption Commission Act 2009. It provides clear and confidential reporting procedures for employees and outside whistle-blowers to raise their concerns they may have, including those of corruption. On this note, there were no incidents of corruption in 2023.

To raise employees' awareness, the Whistleblowing Policy and Procedure is communicated through training sessions

outlining the procedures, protections, and confidentiality measures for reporting corruption or unethical behavior. Regular reviews of our practices, combined with the option for anonymous reporting, collectively contribute to the ongoing effectiveness and refinement of our whistleblowing system.

Our Whistleblowing Policy and Procedure is published on our company website and reviewed periodically to assess its effectiveness, at least once in every 3 years, while also being subject to an annual evaluation by the Company’s external auditor to assess its effectiveness. Based on these reviews, the policy may be modified to maintain compliance with applicable laws and regulations, or to accommodate organizational changes within the Group.

GRI	Bursa Malaysia	Indicators	Breakdown	Units	FY2023		
Material Matter: Ethical Business Practices							
Anti-Corruption							
1	GRI 205: Anti-corruption	C1 (a) Anti-Corruption: Percentage of employees who have received training on anti-corruption by employee category	Anti-Corruption Training				
			Total number of employees who have received training on anti-corruption broken down by category	Managers	Count	93	
				Executives		220	
				Non-Executives		663	
			Total:				976
			Percentage of employees who have received training on anti-corruption	Managers	Percentage (%)	100%	
				Executives		100%	
				Non-Executives		100%	
			Total:				100%
			Anti-Corruption Training Programs				
		Total number of anti-corruption training programs	Anti-corruption training programs organized	Count	2		
		Operations Assessed for Corruption-Related Risks					
		C1 (b) Anti-Corruption: Percentage of operations assessed for corruption-related risks	Total number of operations assessed for corruption	Corruption risks assessed across business units	Count	13	
			Percentage of operations assessed for corruption	Corruption risks assessed across business units	Percentage (%)	100%	
Confirmed Incidents of Corruption and Action Taken							
C1 (c) Anti-Corruption: Confirmed incidents of corruption and action taken	Total number of corruption incidents	Number of corruption incidents	Count	0			
	Total number of actions taken to address corruption incidents	Action taken to address corruption incidents		Count	Not Applicable		

» SUSTAINABILITY PERFORMANCE TABLE

ECONOMIC

	GRI	Bursa Malaysia	Indicators	Breakdown	Units	FY2023	
Material Matter: Sustainable Procurement							
1	GRI 204: Procurement Practices	C7 (a) Supply Chain Management: Proportion of spending on local suppliers	Procurement				
			Total procurement spending	Local + Overseas	RM (Total)	668,140,552	
			Total number of suppliers	Local + Overseas	Count	311	
			Local Suppliers				
			Total local suppliers spending	Local	RM (Total)	577,766,661	
			Number of local suppliers	Local	Count	245	
			Percentage of spending on local suppliers	Local	Percentage (%)	86%	
			Non-local Suppliers				
			Total non-local suppliers spending	Overseas	RM (Total)	90,373,891	
			Number of non-local suppliers	Overseas	Count	66	
		Percentage of spending on non-local suppliers	Overseas	Percentage (%)	14%		
Material Matter: Data Privacy and Security							
2	GRI 418: Customer Privacy	C8 (a) Data Privacy & Security: Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Complaints				
			Total number of substantiated complaints relating to employees	Complaints related to breaches of employee privacy and losses of data	Count	0	
			Total number of substantiated complaints relating to customers	Complaints related to breaches of customer privacy and losses of data	Count	0	
				Total		0	
			Incidents				
			Total number of incidents for the types of breaches	Data breaches due to cyberattacks	Count	0	
				Unauthorized access to customer data	Count	0	
				Data leaks	Count	0	
				Loss of customer data through physical means (e.g., lost devices or paperwork)	Count	0	
				Total		0	
			Action				
			Total number of remedial actions taken	Number of actions taken in response to complaints	Count	Not Applicable	

GRI	Bursa Malaysia	Indicators	Breakdown	Units	FY2023	
Material Matter: Responsible Product and Marketing Practices						
3	GRI 417: Marketing and Labeling	Products and Services Responsibility	Products and Services Information and Labeling			
			Total number of incidents of non-compliance with regulations concerning product and service information and labeling	Incidents of non-compliance with regulations resulting in a fine or penalty	Count	0
			Marketing Communications			
			Total number of incidents of non-compliance with regulations concerning marketing communications, including advertising, promotion, and sponsorship	Incidents of non-compliance with regulations resulting in a fine or penalty	Count	0

ENVIRONMENT

GRI	Bursa Malaysia	Indicators	Breakdown	Units	FY2023			
Material Matter: Climate Management and Resilience								
Emissions								
1	GRI 305: Emissions	C11 (a) Emissions Management: Scope 1 emissions in tons of CO2e	Direct (Scope 1) GHG Emissions					
			Total Scope 1 GHG emissions broken down by sources	Mobile Combustion Emissions: Emissions from owned or leased mobile sources (both on-road and non-road vehicles) that are within the company's boundaries such as company vehicles and commercial vehicles such as cars, trucks and vans				
				Petrol	Metric tons of CO2e (tCO2e)	73.1		
				Diesel	Metric tons of CO2e (tCO2e)	17.8		
				Total Mobile Combustion Emissions:			90.9	
				Total Scope 1:			90.9	
			C11 (b) Emissions Management: Scope 2 emissions in tons of CO2e	Energy Indirect (Scope 2) GHG Emissions				
				Total Scope 2 GHG emissions	Emissions from Purchased Energy: Indirect emissions from the generation of purchased energy			
					Electricity purchased from TNB	Metric tons of CO2e (tCO2e)	9,761.1	
					Total Scope 2:			9,761.1
					Overall Total Scope 1 and Scope 2:			9,852.0
			C11 (c) Emissions Management: Scope 3 emissions in tons of CO2e	Other Indirect (Scope 3) GHG Emissions				
				Total Scope 3 GHG emissions broken down by sources	Employee Commuting Transportation of employees between their homes and their worksites (in vehicles not owned or operated by the reporting company)		Metric tons of CO2e (tCO2e)	793.9
					Business Travel Transportation of employees for business-related activities (in vehicles not owned or operated by the reporting company)		Metric tons of CO2e (tCO2e)	1,007.7
Total Scope 3:				1,801.6				
Emissions Intensity								
Total GHG emissions intensity (Scope 1 and 2)	GHG emissions related to financial performance measured in terms of revenue		tCO2e per RM million of revenue	10.7				

SUSTAINABILITY STATEMENT
(CONT'D)

GRI	Bursa Malaysia	Indicators	Breakdown	Units	FY2023			
Material Matter: Climate Management and Resilience								
Energy								
2	GRI 302: Energy	C4 (a) Energy Management	Energy Consumption					
			Total energy consumption	Non-Renewable Energy				
				Company Facilities/Buildings				
				Electricity	Gigajoules (GJ)	60,031.0		
				Total Energy for Company Facilities:				60,031.0
				Company Vehicles				
				Petrol	Gigajoules (GJ)	1,037.8		
				Diesel		241.6		
				Total Energy for Company Vehicles:				1,279.4
				Total Non-Renewable Energy:				61,310.4
			Renewable Energy					
			Solar	Gigajoules (GJ)	3,461.0			
Total Renewable Energy:				3,461.0				
Energy Intensity								
Total energy intensity	Energy consumption related to financial performance measured in terms of revenue		GJ per RM million of revenue	59.4				
Material Matter: Environmental Impact Management								
Waste								
3	GRI 306: Waste	C10 (a) Waste Management: Total waste generated	Waste Generated					
			Total weight of waste generated	Scheduled and non-scheduled waste	Metric tons (Mt)	251.0		
			Waste Diverted from Disposal					
			Total weight of waste diverted from disposal	Non-Scheduled Waste				
				Paper Waste	Metric tons (Mt)	106.0		
				Plastic Waste		27.0		
				Plastic Drum		20.7		
				Metal Waste		0		
			Total:				153.7	
			Waste Directed to Disposal					
			Total weight of waste directed to disposal	Scheduled Waste				
				Electronic waste	Metric tons (Mt)	0.4		
				Dry sludge		30.3		
				Oil & sludge		6.9		
				Discarded drugs		55.1		
				Used activated carbon		0.4		
				Used ink/toner cartridges		0.1		
Used lab chemical	4.0							
Total:				97.2				
Waste Disposal Method								
Total weight of waste disposed using the following disposal methods	Non-Scheduled Waste							
	Recycling	Metric tons (Mt)	153.7					
	Total:				153.7			
	Scheduled Waste							
	Incineration	Metric tons (Mt)	97.2					
Landfill								
Total:				97.2				

GRI	Bursa Malaysia	Indicators	Breakdown	Units	FY2023	
Material Matter: Environmental Impact Management						
Water and Effluents						
4	GRI 303: Water and Effluents	C9 (a) Water: Total volume of water used	Water Consumption			
			Total volume of water consumption broken down by property	XEPA	Megaliters (ML)	103.2
				APS		0.9
		APM/ABIO		5.5		
					Total:	109.6
		Water Withdrawal				
		Total volume of water withdrawal broken down by source	Municipal water	Megaliters (ML)	109.6	
Water Intensity						
		Total volume of water withdrawal intensity	Water withdrawal related to financial performance measured in terms of revenue	ML per RM million of revenue	0.1	
Effluents						
		S8 (a) Effluents: Total volume of water (effluent) discharge over the reporting period	Total volume of wastewater/effluents discharge	Wastewater / effluents discharged into treatment facilities	Megaliters (ML)	9.7
Environmental Compliance						
5	GRI 307: Environmental Compliance	Incidents of Non-Compliance				
		Total number of incidents of non-compliance with regulations concerning environmental laws/regulations	Incidents of non-compliance with regulations resulting in a fine or penalty	Count	0	

SOCIAL

GRI	Bursa Malaysia	Indicators	Breakdown	Units	FY2023		
Material Matter: Health and Safety							
Occupational Health and Safety							
1	GRI 403: Occupational Health and Safety	C5 (a) Health and Safety: Number of work-related fatalities	Work-Related Fatalities				
			Total number of work-related fatalities	Total hours worked	Hours	1,836,384	
				Number of fatalities	Count	0	
		Rate of fatalities		Rate per 200,000 hours	0		
		Lost Time Incident Rate					
				C5 (b) Health and Safety: Lost time incident rate	Lost time incident rate (LTIR)	Rate per 200,000 hours	0
Employees Trained on Health and Safety Standards							
		C5 (c) Health and Safety: Employees trained on health and safety standards	Total number of employees trained on health and safety standards	Total number of employees	Count	841	

SUSTAINABILITY STATEMENT
(CONT'D)

	GRI	Bursa Malaysia	Indicators	Breakdown	Units	FY2023
Material Matter: Health and Safety						
Customer Health and Safety						
2	GRI 416: Customer Health and safety	S3 (a) Customer Health & Safety / Product Responsibility	Product Safety			
			Products subject to health and safety impact assessments for enhancement	Total number of products that have undergone assessments specifically focused on their impact on the health and safety of consumers	Count	123
		S3 (b) Customer Health & Safety / Product Responsibility	Non-Compliance Incident			
			Incidents of non-compliance concerning the health and safety impacts of products and services	Total number of customer complaints related to the health and safety of products	Count	0
	Total number of safety regulation non-compliance incidents			0		
	Total number of product-related health and safety incidents	0				
S3 (c) Customer Health & Safety / Product Responsibility	Product Recalls					
	Products or units that have been recalled for health and safety reasons	Total number of products that have been recalled for health and safety reasons	Count	13		
Material Matter: Employee Management						
Employment						
3	GRI 401: Employment	C3 (a) Diversity: Percentage of employees by gender and age group, for each employee category	Employee Distribution by Gender			
			Total number of employees broken down by gender	Female	Count	523
				Male		453
				Total:		976
			Percentage of employees broken down by gender	Female	Percentage (%)	54%
				Male		46%
				Total:		100%
			Employee Distribution by Age			
			Total number of employees broken down by age	Under 20 - 29 years old	Count	341
				30 - 39 years old		299
				40 - 49 years old		203
				50 - 59 years old		107
				Above 60 years old		26
				Total:		976
Percentage of employees broken down by age	Under 20 - 29 years old	Percentage (%)	35%			
	30 - 39 years old		31%			
	40 - 49 years old		21%			
	50 - 59 years old		11%			
	Above 60 years old		3%			
	Total:		100%			

GRI	Bursa Malaysia	Indicators	Breakdown	Units	FY2023	
Material Matter: Employee Management						
Employment						
		Employee Distribution by Category				
		Total number of employees broken down by category	Managers	Count	93	
			Executive		220	
			Non-executives		663	
		Total:				976
		Percentage of employees broken down by category	Managers	Percentage (%)	10%	
			Executive		23%	
			Non-executives		68%	
		Total:				100%
		C6 (b) Labor Practices & Standards: Percentage of employees that are contractors or temporary staff	Employee Distribution by Type			
	Total number of employees broken down by type		Contractor/ temporary staff	Count	59	
			Permanent Staff		917	
	Total:				976	
	Percentage of employees broken down by type		Contractor/ temporary staff	Percentage (%)	6%	
			Permanent Staff		94%	
	Total:				100%	
	Employee Distribution by Ethnicity					
	Total number of employees broken down by ethnicity		Malay	Count	471	
			Chinese		439	
		Indian	30			
Others		36				
Total:				976		
Percentage of employees broken down by ethnicity	Malay	Percentage (%)	48%			
	Chinese		45%			
	Indian		3%			
	Others		4%			
Total:				100%		
Employee Distribution by Nationality						
Total number of employees broken down by nationality	Malaysia	Count	904			
	Singapore		71			
	Others		1			
Total:				976		
Percentage of employees broken down by nationality	Malaysia	Percentage (%)	93%			
	Singapore		7%			
	Others		0%			
Total:				100%		
New Hires						
Total number of new hires broken down by gender	Female	Count	117			
	Male		113			
Total:				230		
Percentage of new hires broken down by gender	Female	Percentage (%)	51%			
	Male		49%			
Total:				100%		

SUSTAINABILITY STATEMENT
(CONT'D)

	GRI	Bursa Malaysia	Indicators	Breakdown	Units	FY2023		
Material Matter: Employee Management								
Employment								
			Total number of new hires broken down by age	20 - 29 years old	Count	151		
				30 - 39 years old		44		
				40 - 49 years old		22		
				50 - 59 years old		8		
				Above 60 years old		5		
				Total:		230		
			Percentage of new hires broken down by age	20 - 29 years old	Percentage (%)	66%		
				30 - 39 years old		19%		
				40 - 49 years old		10%		
				50 - 59 years old		3%		
		Above 60 years old		2%				
		Total:	100%					
		C6 (c) Labor Practices & Standards: Total number of employee turnover by employee category	Employee Turnover					
			Total turnover broken down by gender	Female	Count	82		
				Male		89		
				Total:		171		
			Percentage of turnover broken down by gender	Female	Percentage (%)	48%		
				Male		52%		
				Total:		100%		
			Total number of turnover broken down by age	20 - 29 years old	Count	89		
30 - 39 years old	46							
40 - 49 years old	22							
50 - 59 years old	7							
Above 60 years old	7							
Total:	171							
Percentage of turnover broken down by age	20 - 29 years old	Percentage (%)	52%					
	30 - 39 years old		27%					
	40 - 49 years old		13%					
	50 - 59 years old		4%					
	Above 60 years old		4%					
	Total:		100%					
C6 (d) Labor Practices & Standards: Number of substantiated complaints concerning human rights violations	Human Rights Violations							
	Total number of complaints concerning human rights violations	Number of substantiated complaints	Count	0				
Training and Education								
4	GRI 404: Training and Education	C6 (a) Labor Practices & Standards: Total hours of training by employee category	Total training hours	Training hours	Hours	45,520		
			Average Training Hours by Category					
			Average training hours by category	Managers	Hours	76		
				Executive		71		
Non-executives	35							

	GRI	Bursa Malaysia	Indicators	Breakdown	Units	FY2023	
Material Matter: Employee Management							
Diversity and Equal Opportunity							
5	GRI 405: Diversity and equal opportunity	C3 (b) Diversity: Percentage of directors by gender and age group	Board Diversity				
			Board diversity by gender	Female Directors	Count	1	
				Male Directors		7	
				Total:		8	
			Percentage of Board diversity by gender	Female Directors	Percentage (%)	13%	
				Male Directors		87%	
				Total:		100%	
			Board diversity by age	20 - 29 years old	Count	0	
				30 - 39 years old		0	
				40 - 49 years old		0	
				50 - 59 years old		2	
				Above 60 years old		6	
				Total:		8	
			Percentage of Board diversity by age	20 - 29 years old	Percentage (%)	0	
30 - 39 years old	0						
40 - 49 years old	0						
50 - 59 years old	25%						
Above 60 years old	75%						
Total:		100%					
Material Matter: Community/Society							
Local Communities							
6	GRI 413: Local Communities	C2 (a) Community/ Society: Total amount invested in the community where the target beneficiaries are external to the listed issuer	Community Contributions and Investment				
			Contributions to the community in the form of charitable donations	Total amount invested	RM (Total)	397,995	
		C2 (b) Community/ Society: Total number of beneficiaries of the investment in communities	Beneficiary Organizations of the Investment in Communities				
			Number of beneficiary organizations of the investment in communities	Total number of beneficiary organizations	Count	44	
Beneficiary Individuals of the Investment in Communities							
		Number of beneficiary individuals of the investment in communities	Total number of beneficiary individuals	Count	32,885		

SUSTAINABILITY STATEMENT
(CONT'D)

GOVERNANCE

	GRI	Bursa Malaysia	Indicators	Breakdown	Units	FY2023		
Material Matter: Ethical Business Practices								
Anti-Corruption								
1	GRI 205: Anti-corruption	C1 (a) Anti-Corruption: Percentage of employees who have received training on anti-corruption by employee category	Anti-Corruption Training					
			Total number of employees who have received training on anti-corruption broken down by category	Managers	Count	93		
				Executives		220		
				Non-Executives		663		
			Total:					976
			Percentage of employees who have received training on anti-corruption	Managers	Percentage (%)	100%		
				Executives		100%		
				Non-Executives		100%		
			Total:					100%
			Anti-Corruption Training Programs					
		Total number of anti-corruption training programs	Anti-corruption training programs organized	Count	2			
		Operations Assessed for Corruption-Related Risks						
		Total number of operations assessed for corruption	Corruption risks assessed across business units	Count	13			
		Percentage of operations assessed for corruption	Corruption risks assessed across business units	Percentage (%)	100%			
Confirmed Incidents of Corruption and Action Taken								
Total number of corruption incidents	Number of corruption incidents	Count	0					
Total number of actions taken to address corruption incidents	Action taken to address corruption incidents		Not Applicable					

Disclaimer

During our data analysis and entry into the Bursa Malaysia ESG Reporting Platform, we identified a discrepancy in terms of unit of measurement that is not possible to be changed within the system. In this regard, for the indicator "Bursa C4(a) Total energy consumption" bearing "Megawatt" as the unit of measurement, we have reported zero, underscoring our commitment to accurate reporting. The data will be restated upon addressing the unit discrepancy in subsequent reporting. We take note that the unit of measurement prescribed in Bursa Malaysia Sustainability Reporting Guide (3rd Edition) page 84 for energy consumption is "Megajoules" or "Gigajoules". On this basis, for the said indicator we have adopted "Gigajoules" in our disclosure.

SUSTAINABILITY STATEMENT
(CONT'D)

Indicator	Measurement Unit	2023
Bursa (Anti-corruption)		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Managers	Percentage	100.00
Executives	Percentage	100.00
Non-Executives	Percentage	100.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0
Bursa (Community/Society)		
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	397,995.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	32,885
Bursa (Diversity)		
Bursa C3(a) Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category		
Managers Under 20 - 29 years old	Percentage	4.30
Managers 30 - 39 years old	Percentage	18.30
Managers 40 - 49 years old	Percentage	48.40
Managers 50 - 59 years old	Percentage	22.60
Managers Above 60 years old	Percentage	6.40
Executives Under 20 - 29 years old	Percentage	31.80
Executives 30 - 39 years old	Percentage	33.20
Executives 40 - 49 years old	Percentage	22.70
Executives 50 - 59 years old	Percentage	10.50
Executives Above 60 years old	Percentage	1.80
Non-Executives Under 20 - 29 years old	Percentage	40.30
Non-Executives 30 - 39 years old	Percentage	31.50
Non-Executives 40 - 49 years old	Percentage	16.30
Non-Executives 50 - 59 years old	Percentage	9.50
Non-Executives Above 60 years old	Percentage	2.40
Gender Group by Employee Category		
Managers Male	Percentage	43.00
Managers Female	Percentage	57.00
Executives Male	Percentage	30.00
Executives Female	Percentage	70.00
Non-Executives Male	Percentage	52.30
Non-Executives Female	Percentage	47.70
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	87.00
Female	Percentage	13.00
20 - 29 years old	Percentage	0.00
30 - 39 years old	Percentage	0.00
40 - 49 years old	Percentage	0.00
50 - 59 years old	Percentage	25.00
Above 60 years old	Percentage	75.00
Bursa (Energy management)		
Bursa C4(a) Total energy consumption	Megawatt	0.00
Bursa (Health and safety)		
Bursa C5(a) Number of work-related fatalities	Number	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.00
Bursa C5(c) Number of employees trained on health and safety standards	Number	841
Bursa (Labour practices and standards)		
Bursa C6(a) Total hours of training by employee category		
Managers	Hours	6,636
Executives	Hours	15,620
Non-Executives	Hours	23,264
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	6.00
Bursa C6(c) Total number of employee turnover by employee category		
Managers	Number	13
Executives	Number	34
Non-Executives	Number	124
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0
Bursa (Supply chain management)		
Bursa C7(a) Proportion of spending on local suppliers	Percentage	86.00
Bursa (Data privacy and security)		

Internal assurance External assurance No assurance (*)Restated

SUSTAINABILITY STATEMENT
(CONT'D)

Indicator	Measurement Unit	2023
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0
Bursa (Water)		
Bursa C9(a) Total volume of water used	Megalitres	109.600000

Internal assurance External assurance No assurance

(*)Restated

SUSTAINABILITY STATEMENT
(CONT'D)

GRI STANDARDS CONTENT INDEX

GRI Standard	GRI Indicator	Page reference	
GRI 2: GENERAL DISCLOSURES			
GRI 2: General Disclosures 2021	THE ORGANIZATION AND ITS REPORTING PRACTICES		
	2-1	Organizational details	<i>Corporate Structure, 5</i>
	2-2	Entities included in the organization's sustainability reporting	51
	2-3	Reporting period, frequency and contact point	50
	2-4	Restatements of information	Not Applicable
	2-5	External assurance	<i>Assurance Statement, 51</i>
	ACTIVITIES AND WORKERS		
	2-6	Activities, value chain and other business relationships	<i>Management Discussion & Analysis, 10 - 24</i>
	2-7	Employees	88 - 94
	2-8	Workers who are not employees	Not Applicable
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GRI 3: MATERIAL TOPICS			
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	3-2	List of material topics	60 - 61
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SPECIFIC MATERIAL TOPICS: ECONOMIC			
GRI Standard	GRI Indicator		Page reference
PROCUREMENT PRACTICES			
GRI 3: Material Topics 2021	3-3	Management of material topics	63 - 64
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	65
CUSTOMER PRIVACY			
GRI 3: Material Topics 2021	3-3	Management of material topics	65 - 66
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	67
MARKETING AND LABELLING			
GRI 3: Material Topics 2021	3-3	Management of material topics	67 - 69
GRI 417: Marketing and Labelling	417-1	Requirements for product and service information and labelling	68
	417-2	Incidents of non-compliance concerning product and service information and labelling	69
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SPECIFIC MATERIAL TOPICS: ENVIRONMENT			
GRI Standard	GRI Indicator		Page reference
MATERIALS			
GRI 3: Material Topics 2021	3-3	Management of material topics	79 - 80
GRI 301: Materials 2016	301-1	Materials used by weight or volume	Disclosure is set to commence in the coming years
	301-2	Recycled input materials used	Disclosure is set to commence in the coming years
	301-3	Reclaimed products and their packaging materials	Disclosure is set to commence in the coming years
ENERGY			
GRI 3: Material Topics 2021	3-3	Management of material topics	72 - 73
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WATER AND EFFLUENTS			
GRI 3: Material Topics 2021	3-3	Management of material topics	77 - 78
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GRI Standard	GRI Indicator		Page reference
EMPLOYMENT			
GRI 3: Material Topics 2021	3-3	Management of material topics	88 - 91
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	93 - 94
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Not Available
OCCUPATIONAL HEALTH AND SAFETY			
GRI 3: Material Topics 2021	3-3	Management of material topics	83 - 84
GRI 403: Occupational Health and Safety 2018	403-2	Hazard identification, risk assessment, and incident investigation	84
	403-5	Worker training on occupational health and safety	83, 87
	403-8	Workers covered by an occupational health and safety management system	Disclosure is set to commence in the coming years
	403-9	Work-related injuries	87
	403-10	Work-related ill health	87
TRAINING AND EDUCATION			
GRI 3: Material Topics 2021	3-3	Management of material topics	94 - 95
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	95
	404-2	Programs for upgrading employee skills and transition assistance programs	94
	404-3	Percentage of employees receiving regular performance and career development reviews	Disclosure is set to commence in the coming years
DIVERSITY AND EQUAL OPPORTUNITY			
GRI 3: Material Topics 2021	3-3	Management of material topics	95
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	91 - 93; 96
	405-2	Ratio of basic salary and remuneration	Not Available
LOCAL COMMUNITIES			
GRI 3: Material Topics 2021	3-3	Management of material topics	97 - 100
GRI 413: Local communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	97 - 100
	413-2	Operations with significant actual and potential negative impacts on local communities	97 - 100
CUSTOMER HEALTH AND SAFETY			
GRI 3: Material Topics 2021	3-3	Management of material topics	85 - 87
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	88
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	88
SPECIFIC MATERIAL TOPICS: GOVERNANCE			
ANTI-CORRUPTION			
GRI 3: Material Topics 2021	3-3	Management of material topics	102 - 103
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	103
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DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2023.

PRINCIPAL ACTIVITIES

Apex Healthcare Berhad ("the Company") is incorporated in Malaysia. The principal activities of the Company are investment holding and the provision of management services.

The key principal activities of the subsidiaries are the manufacturing, marketing, distribution and wholesaling of pharmaceutical and healthcare products. The name, place of incorporation, activities of its subsidiaries and the percentage of issued share capital held by the Company in each subsidiary are set out in Note 18 to the financial statements.

RESULTS

	Group RM	Company RM
Profit after taxation	397,988,873	271,726,680

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than as disclosed in Note 19(a) (i) to the financial statements.

DIVIDENDS

The amounts of dividends paid by the Company since 31 December 2022 were as follows:

	RM
In respect of the financial year ended 31 December 2022:	
Final single-tier dividend of 3.5 sen per share on 478,685,372 ordinary shares, approved on 17 May 2023 and paid on 16 June 2023	16,753,988
Special single-tier dividend of 2.0 sen per share on 478,685,372 ordinary shares, approved on 17 May 2023 and paid on 16 June 2023	9,573,707
In respect of the financial year ended 31 December 2023:	
Interim single-tier dividend of 2.5 sen per share on 718,137,046 ordinary shares, declared on 23 August 2023 and paid on 19 September 2023	17,953,426
	<u>44,281,121</u>

At the forthcoming Annual General Meeting, a final and special single-tier dividend of 2.5 sen and 20.0 sen per share respectively in respect of the financial year ended 31 December 2023 will be proposed for shareholders' approval. As disclosed in Note 27 to the financial statements, any Executive Share Option Scheme ("ESOS") exercised prior to the dividend entitlement date will be entitled to the final dividend. The financial statements for the current financial year do not reflect these proposed dividends. Such dividends, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2024.

DIRECTORS

The names of the directors of the Company in office since the beginning of the financial year to the date of this report are:

Dr. Kee Kirk Chin	
Robert Dobson Millner AO	
Datuk Noharuddin Bin Nordin @ Harun	
Datuk Phang Ah Tong	
Leong Khai Cheong	
Kee Kirk Chuen	
Yap Seng Chong	(Appointed on 18 May 2023)
Le Wat Su	(Appointed on 18 May 2023)
Heng Su-Ling Mae	(Retired on 17 May 2023)
Jackson Chevalier Yap-Kit-Siong	(Retired on 17 May 2023)

The names of the directors of the subsidiaries of the Company since the beginning of the financial year to the date of this report, not including those directors listed above, are:

Tan Hing Tai
Ch'ng Kien Peng
Chiew Woon Wui
Kee Chin Joo

In accordance with Clause 95 of the Company's Constitution, Robert Dobson Millner AO and Datuk Noharuddin Bin Nordin @ Harun retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

In accordance with Clause 102 of the Company's Constitution, Mr. Yap Seng Chong and Ms. Le Wat Su, who were appointed on 18 May 2023 retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that financial year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than those arising from share options granted to a director under the ESOS.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of remuneration received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 10 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

DIRECTORS' REPORT
(CONT'D)

DIRECTORS' BENEFITS (CONT'D)

Fees and other benefits distinguished separately, paid to or receivable by the Directors of the Company from the Company or its subsidiary companies, inclusive of all fees, percentages, bonuses, commissions, compensation for loss of office (if any), any contribution in respect of them under any pension or retirement benefits scheme were as follows:

Analysis of Directors' remuneration for the financial year ended 31 December 2023

	Group RM	Company RM
Executive directors' remuneration:		
- fees	75,000	75,000
- salaries	1,574,279	51,744
- bonus	15,540,467	16,814
- defined contribution plans	83,566	13,027
Benefits-in-kind	126,688	126,688
	<u>17,400,000</u>	<u>283,273</u>
Non-executive directors' remuneration:		
- fees	594,000	594,000
- other emoluments	60,138	60,138
	<u>654,138</u>	<u>654,138</u>
Total directors' remuneration	<u>18,054,138</u>	<u>937,411</u>

DIRECTORS' INDEMNITY

There was no amount paid or payable for the directors or officers of the Company in respect of their liability for any act or omission in their capacity as directors or officers of the Company or in respect of costs incurred by them in defending or settling any claim or proceedings relating to any such liability for the current financial year. The amount of insurance premium incurred by the Company for Directors and Officers insurance during the current financial year amounts to RM13,196.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

Name of directors	Number of ordinary shares				As at 31.12.2023
	As at 1.1.2023/ date of appointment	Bonus Issue	Acquired	Disposed	
<i>Direct interest:</i>					
Dr. Kee Kirk Chin	5,281,248	2,768,124	255,000	-	8,304,372
Robert Dobson Millner AO	293,748	146,874	-	-	440,622
Datuk Noharuddin					
Bin Nordin @ Harun	40,000	20,000	-	-	60,000
Datuk Phang Ah Tong	10,000	5,000	-	-	15,000
Leong Khai Cheong	1,090,748	545,374	-	-	1,636,122
Kee Kirk Chuen	937,500	468,750	-	-	1,406,250
Le Wat Su	20,000	10,000	-	-	30,000
<i>Indirect interest:</i>					
Dr. Kee Kirk Chin	197,384,624	98,729,312	691,100	-	296,805,036
Kee Kirk Chuen	197,384,624	98,729,312	691,100	-	296,805,036

DIRECTORS' INTERESTS (CONT'D)

Name of directors	Number of options over ordinary shares pursuant to ESOS				As at 31.12.2023
	As at 1.1.2023	Bonus Issue	Granted	Exercised	
<i>Direct interest:</i>					
Dr. Kee Kirk Chin	405,000	75,000	150,000	(255,000)	375,000

Dr. Kee Kirk Chin and Kee Kirk Chuen, by virtue of their indirect interests in shares in the Company, are also deemed interested in shares of all the subsidiaries of the Company to the extent the Company has an interest.

Other than as disclosed above, one director in office at the end of the current financial year did not have any interest in shares in the Company or its related corporations during the current financial year.

ISSUE OF SHARES

During the financial year, the Company increased its:

- paid-up capital from RM129,833,516 to RM133,287,045. The increase in paid-up capital of the Company was due to the exercise of options granted under the Executive Share Option Scheme ("ESOS") by the employees of the Company and its subsidiaries, as disclosed in Note 27 to the financial statements; and
- total number of issued shares by issuance of 239,342,674 new ordinary shares on the basis of one (1) bonus share for every two (2) existing shares on 9 June 2023.

The above mentioned ordinary shares issued during the current financial year rank pari-passu in all respects with the existing ordinary shares of the Company.

EXECUTIVE SHARE OPTION SCHEME ("ESOS")

At an Extraordinary General Meeting held on 18 May 2016, the Company's shareholders approved an ESOS of up to 10% of the total number of issued shares of the Company (excluding treasury shares, if any) at any point in time during the existence of the ESOS. This ESOS shall be in force for a period of five (5) years from 1 July 2016 and may be extended by the Board of Directors ("Board") at their absolute discretion for a further period of five (5) years but will not, in aggregate, exceed ten (10) years from 1 July 2016 or such longer period as may be allowed by the relevant authorities.

The details of the ESOS are disclosed in Note 27 to the financial statements.

During the financial year, the Company has granted 1,504,500 share options under the ESOS plan. These options have a vesting period of two (2) years from 1 July 2023 to 30 June 2025 and will expire on 30 June 2026. These options are exercisable if the employee remains in service for twenty four (24) months from the date of grant.

DIRECTORS' REPORT
(CONT'D)**EXECUTIVE SHARE OPTION SCHEME ("ESOS") (CONT'D)**

Details of all the unexercised options to subscribe for ordinary shares of the Company pursuant to the ESOS as at 31 December 2023 are as follows:

Grant and Expiry date	Exercise price (RM)		Number of options	
	Pre-Bonus Issue	Post-Bonus Issue*	Pre-Bonus Issue	Post-Bonus Issue*
Grant No 3 - 30 June 2026	1.18	0.79	123,333	185,000
Grant No 4 - 30 June 2026	1.82	1.22	172,000	258,000
Grant No 5 - 30 June 2026	2.08	1.39	276,000	414,000
Grant No 6 - 30 June 2026	2.71	1.81	587,667	881,500
Grant No 7 - 30 June 2026	2.66	1.78	783,000	1,174,500
Grant No 8 - 30 June 2026	-	2.18	-	1,471,500
Total			1,942,000	4,384,500

* On 12 June 2023, the Company completed the listing and quotation for 239,342,674 bonus shares on the basis of one (1) bonus share for every two (2) existing shares held.

Details of options granted to a director are disclosed in the section on Directors' interests in this report.

OTHER STATUTORY INFORMATION

- (a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for impairment on receivables and satisfied themselves that all known bad debts had been written off and that adequate allowance for impairment had been made for receivables; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the amount of the allowance for impairment on receivables in the financial statements of the Group and of the Company inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

OTHER STATUTORY INFORMATION (CONT'D)

(f) In the opinion of the directors:

- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

AUDITORS

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

The total amount paid to or receivable by the auditors as remuneration for their services for the current financial year as auditors of the Group and of the Company are RM813,113 and RM265,000 respectively.

To the extent permitted by law, the Group and the Company have agreed to indemnify its auditors, Ernst & Young PLT, as part of the terms of the audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young PLT during the financial year.

Signed on behalf of the Board in accordance with a resolution of the directors dated 20 March 2024.

Dr. Kee Kirk Chin

Yap Seng Chong

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Dr. Kee Kirk Chin and Yap Seng Chong, being two of the directors of Apex Healthcare Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 132 to 194 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 20 March 2024.

Dr. Kee Kirk Chin

Yap Seng Chong

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I, Chiew Woon Wui, being the officer primarily responsible for the financial management of Apex Healthcare Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 132 to 194 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed Chiew Woon Wui
at Melaka in Malaysia
on 20 March 2024

Chiew Woon Wui
MIA 20586

Before me,

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF APEX HEALTHCARE BERHAD
(INCORPORATED IN MALAYSIA)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Apex Healthcare Berhad, which comprise the statements of financial position as at 31 December 2023 of the Group and of the Company, and statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 132 to 194.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. We have determined that there are no key audit matters to communicate in our report on the financial statements of the Company. The key audit matters for the audit of the financial statements of the Group are described below. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

Revenue recognition

(Refer Note 4 – Revenue, Note 2.19 Summary of significant accounting policies: Revenue)

Revenue from sales of pharmaceutical products recognised by the Group during the financial year amounted to RM936,120,998. We identified revenue recognition in respect of sales of pharmaceutical products to be an area of audit focus as we consider the high volume of transactions for numerous types of pharmaceutical products produced and purchased, and thereafter sold by the Group to be a possible cause of higher risk of material misstatements in relation to the timing and amount of revenue recognised. We have specifically focused our audit efforts to determine the possibility of improper revenue recognition due to inappropriate revenue cut-off.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF APEX HEALTHCARE BERHAD
(INCORPORATED IN MALAYSIA)
(CONT'D)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key audit matters (Cont'd)

Revenue recognition (Cont'd)

Our audit procedures for revenue recognition included the following:

- Obtained an understanding of the relevant internal controls over the revenue recognition process and tested the Group's internal controls over timing and amount of revenue recognised;
- Used data analytics on the audit of revenue recognised by establishing the correlation between Revenue-Receivable-Cash;
- On a sampling basis, inspected documents which evidenced the delivery of goods to customers;
- On a sampling basis, traced cash journal entries pertaining to receipts from trade receivables and confirmed that they represent real cash transactions by agreeing them to the bank statements and checked that the payments were applied to clear outstanding revenue invoices;
- Focused on testing the recording of sales transactions close to the financial year end and credit notes issued after the financial year end, to establish whether sales transactions were recorded in the correct accounting period; and
- Assessed the adequacy of the Group's disclosures on revenue in accordance with MFRS 15 *Revenue from Contracts with Customers*.

Accounting for investment in associates

(Refer Note 19(a) (i) – Investment in associates, Note 2.11 Investment in associates)

On 11 May 2023, Straits Apex Group Sdn. Bhd. ("SAG"), an associate of the Group, completed the disposal of 60% of its effective ownership in Straits Apex Sdn. Bhd. ("SASB") and its subsidiaries ("collectively referred to as SASB and its Subsidiaries") to Quadria Capital Investment Management Pte. Ltd. ("Quadria Capital") ("the Disposal").

Following the Disposal, SAG retains a 40% effective interest in SASB and its Subsidiaries via its 40% shareholding in Next Ortho Investment Holdings Pte. Ltd. ("Next"), which is a subsidiary of Quadria Capital and the intermediate holding company of SASB.

For the Disposal, SAG received a sum of RM679,304,777, comprising both cash and a put option for SAG's 40% interest in Next. Taking into consideration the fair value of the 40% interest in Next retained by SAG, the Disposal resulted in the recognition of a gain of RM810,651,850 which was included in profit after tax of SAG of RM841,021,949, as shown in Note 19(b)(ii) of the financial statements.

The gain from the Disposal was included in the Group's share of results of associates of RM336,396,451. The effective interest of the Group in SASB was also reduced from 40% to 16% upon completion of the Disposal.

Subsequent to the Disposal, SAG has applied the equity method when accounting for its investment in Next and its subsidiaries and has taken into consideration the fair value of the assets and liabilities of Next and its subsidiaries at the date of Disposal when accounting for SASB's share of results for Next and its subsidiaries.

We identified the Disposal as a key audit matter due to the materiality and complexity of the transaction.

Our audit response

In addressing this area of audit focus, we have performed the following procedures, amongst others, relating to the Disposal:

- Read the sale and purchase agreement, subscription and rollover agreement, and other relevant agreements in relation to the Disposal to obtain an understanding of the key terms of the Disposal;

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF APEX HEALTHCARE BERHAD
(INCORPORATED IN MALAYSIA)
(CONT'D)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key audit matters (Cont'd)

Accounting for investment in associates (Cont'd)

Our audit response (Cont'd)

In addressing this area of audit focus, we have performed the following procedures, amongst others, relating to the Disposal (Cont'd):

- For proceeds from the Disposal, traced cash receipts to bank statements for clearance and reviewed SASB management's valuation of the put option for the 40% interest in Next ("Put Option") and with support from internal valuation team, assessed SASB management's approach and reasonableness of assumptions used in arriving at the fair value of the Put Option;
- With the support of internal valuation specialists, reviewed SASB management's assessment of the fair value of the 40% interest in Next;
- With the support of internal valuation specialists, reviewed SASB management's assessment of the fair value of assets and liabilities of Next and its subsidiaries at the date of Disposal and reviewed SASB management's equity method of accounting for their investment in Next and its subsidiaries; and
- We have also evaluated the adequacy of the disclosures in relation to the Disposal.

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the Group's 2023 Annual Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report, which is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Group's 2023 Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Company and take appropriate action.

Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF APEX HEALTHCARE BERHAD
(INCORPORATED IN MALAYSIA)
(CONT'D)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguard applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF APEX HEALTHCARE BERHAD
(INCORPORATED IN MALAYSIA)
(CONT'D)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Kuala Lumpur, Malaysia
20 March 2024

Edwin Joseph Francis
No. 03370/05/2024 J
Chartered Accountant

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Revenue	4	936,169,958	877,741,873	291,908,800	28,937,600
Cost of sales/services rendered	5	(721,341,139)	(680,148,667)	(4,530,267)	(2,602,621)
Gross profit		214,828,819	197,593,206	287,378,533	26,334,979
Other income	6	14,590,626	7,369,813	6,646,477	1,867,474
Administrative expenses		(32,819,947)	(28,050,734)	(5,202,698)	(3,747,766)
Selling and marketing expenses		(91,037,953)	(83,953,957)	(8,712)	(5,913)
Other expenses		(18,085,526)	(1,409,989)	(15,288,271)	(223,612)
Operating profit		87,476,019	91,548,339	273,525,329	24,225,162
Finance costs	7	(563,350)	(763,530)	-	-
Share of after tax results of associates		336,396,451	29,570,224	-	-
Profit before taxation	8	423,309,120	120,355,033	273,525,329	24,225,162
Taxation	11	(25,320,247)	(19,383,878)	(1,798,649)	(802,419)
Profit after taxation		397,988,873	100,971,155	271,726,680	23,422,743
Other comprehensive income					
<i>Item that will be reclassified to profit or loss in subsequent periods, net of tax:</i>					
Foreign currency translation		2,761,873	5,182,864	-	-
Total comprehensive income for the financial year		400,750,746	106,154,019	271,726,680	23,422,743
Profit/(loss) attributable to:					
Owners of the parent		397,988,873	100,974,693	271,726,680	23,422,743
Non-controlling interest		-	(3,538)	-	-
		397,988,873	100,971,155	271,726,680	23,422,743
Total comprehensive income/(loss) attributable to:					
Owners of the parent		400,750,746	106,157,557	271,726,680	23,422,743
Non-controlling interest		-	(3,538)	-	-
		400,750,746	106,154,019	271,726,680	23,422,743
Earnings per share attributable to owners of the parent (sen per share):					
- Basic	12	55.71	14.19		
- Diluted	12	55.68	14.15		

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Assets					
Non-current assets					
Property, plant and equipment	14	199,234,343	189,332,525	78,016	66,504
Investment properties	15	9,251,716	8,675,124	-	-
Intangible assets	16	5,575,233	3,955,583	-	-
Right-of-use assets	17(a)	6,395,693	6,070,831	-	-
Investments in subsidiaries	18	-	-	60,097,941	60,097,941
Investment in associates	19	193,784,844	70,308,393	7,406,622	7,406,622
Other investment		1,217,662	333,652	-	-
Deferred tax assets	20	1,319,000	1,806,000	-	-
Other receivables	21	-	-	86,265,000	40,875,000
		416,778,491	280,482,108	153,847,579	108,446,067
Current assets					
Inventories	22	126,991,726	110,529,383	-	-
Trade and other receivables	21	194,423,118	178,160,172	29,840,907	48,027,314
Prepayments		1,398,393	1,293,929	15,840	11,490
Tax recoverable		45,815	238,461	-	226,593
Derivative financial instruments	23	10,630	81,926	-	-
Short term deposits and investments	24	296,048,634	69,258,064	274,511,597	57,051,491
Cash at banks and on hand	24	86,920,532	105,213,370	5,403,655	1,433,512
		705,838,848	464,775,305	309,771,999	106,750,400
Total assets		1,122,617,339	745,257,413	463,619,578	215,196,467
Equity and liabilities					
Current liabilities					
Trade and other payables	25	179,907,080	160,428,832	22,008,405	4,531,294
Borrowings	26	3,642,816	5,857,152	-	-
Lease liabilities	17(b)	950,390	744,773	-	-
Tax payable		6,098,193	3,567,499	143,641	-
		190,598,479	170,598,256	22,152,046	4,531,294
Net current assets		515,240,369	294,177,049	287,619,953	102,219,106

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023
(CONT'D)

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Non-current liabilities					
Borrowings	26	-	3,642,816	-	-
Lease liabilities	17(b)	5,937,776	5,754,683	-	-
Deferred tax liabilities	20	7,806,687	6,833,785	-	-
		13,744,463	16,231,284	-	-
Total liabilities		204,342,942	186,829,540	22,152,046	4,531,294
Net assets		918,274,397	558,427,873	441,467,532	210,665,173
Equity attributable to owners of the parent					
Share capital	27	133,287,045	129,833,516	133,287,045	129,833,516
Other reserves	28	22,507,522	19,842,378	1,540,638	1,637,367
Retained earnings	29	762,479,830	408,751,979	306,639,849	79,194,290
Total equity		918,274,397	558,427,873	441,467,532	210,665,173
Total equity and liabilities		1,122,617,339	745,257,413	463,619,578	215,196,467

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Group	Non-distributable		Distributable		Total equity attributable to owners of the parent RM
	Share capital (Note 27) RM	Share option reserve (Note 28) RM	Foreign currency translation reserve (Note 28) RM	Retained earnings (Note 29) RM	
At 1 January 2023	129,833,516	1,637,367	18,205,011	408,751,979	558,427,873
Profit for the financial year	-	-	-	397,988,873	397,988,873
Other comprehensive income	-	-	2,761,873	-	2,761,873
Total comprehensive income	-	-	2,761,873	397,988,873	400,750,746
Share-based payment transactions					
- Issuance of shares pursuant to ESOS	2,624,625	-	-	-	2,624,625
- Share options granted	-	752,274	-	-	752,274
- Share options exercised	828,904	(828,904)	-	-	-
- Share options expired transfer to retained earnings	-	(20,099)	-	20,099	-
	3,453,529	(96,729)	-	20,099	3,376,899
Transaction with owners					
Dividends on ordinary shares, representing total transactions with owners	-	-	-	(44,281,121)	(44,281,121)
At 31 December 2023	133,287,045	1,540,638	20,966,884	762,479,830	918,274,397

Note

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STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023
(CONT'D)

Group	Attributable to owners of the parent						Total equity
	Non-distributable		Distributable		Total equity		
Note	Share capital (Note 27) RM	Share option reserve (Note 28) RM	Foreign currency translation reserve (Note 28) RM	Retained earnings (Note 29) RM	Non-controlling interest RM	Total equity RM	
At 1 January 2022	127,190,754	1,545,287	13,022,147	365,017,497	81,294	506,856,979	
Profit/(loss) for the financial year	-	-	-	100,974,693	(3,538)	100,971,155	
Other comprehensive income	-	-	5,182,864	-	-	5,182,864	
Total comprehensive income	-	-	5,182,864	100,974,693	(3,538)	106,154,019	
Share-based payment transactions							
- Issuance of shares pursuant to ESOS	2,111,100	-	-	-	-	2,111,100	
- Share options granted	-	641,155	-	-	-	641,155	
- Share options exercised	531,662	(531,662)	-	-	-	-	
- Share options expired transfer to retained earnings	-	(17,413)	-	17,413	-	-	
	2,642,762	92,080	-	17,413	-	2,752,255	
Transaction with owners							
Dividends on ordinary shares, representing total transactions with owners	-	-	-	(57,257,624)	(77,756)	(57,335,380)	
At 31 December 2022	129,833,516	1,637,367	18,205,011	408,751,979	-	558,427,873	

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STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023
(CONT'D)

Note	Share capital (Note 27) RM	Non-distributable share option reserve (Note 28) RM	Distributable retained earnings (Note 29) RM	Total equity RM
Company				
At 1 January 2023	129,833,516	1,637,367	79,194,290	210,665,173
Profit for the financial year, representing total comprehensive income	-	-	271,726,680	271,726,680
<u>Share-based payment transactions</u>				
- Issuance of shares pursuant to ESOS	2,624,625	-	-	2,624,625
- Share options granted	-	752,274	-	752,274
- Share options exercised	828,904	(828,904)	-	-
- Share options expired	-	(20,099)	-	(20,099)
	3,453,529	(96,729)	-	3,356,800
Transaction with owners				
Dividends on ordinary shares, representing total transactions with owners	-	-	(44,281,121)	(44,281,121)
At 31 December 2023	133,287,045	1,540,638	306,639,849	441,467,532
At 1 January 2022				
	127,190,754	1,545,287	113,029,171	241,765,212
Profit for the financial year, representing total comprehensive income	-	-	23,422,743	23,422,743
<u>Share-based payment transactions</u>				
- Issuance of shares pursuant to ESOS	2,111,100	-	-	2,111,100
- Share options granted	-	641,155	-	641,155
- Share options exercised	531,662	(531,662)	-	-
- Share options expired	-	(17,413)	-	(17,413)
	2,642,762	92,080	-	2,734,842
Transaction with owners				
Dividends on ordinary shares, representing total transactions with owners	-	-	(57,257,624)	(57,257,624)
At 31 December 2022	129,833,516	1,637,367	79,194,290	210,665,173

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Operating activities					
Profit before taxation		423,309,120	120,355,033	273,525,329	24,225,162
<u>Adjustments for:</u>					
<u>Property, plant and equipment:</u>					
- depreciation	8	16,618,346	15,285,806	38,861	39,603
- written off	8	478	1,894	-	1,380
- gain on disposal	6	(281,161)	(691,604)	-	-
<u>Depreciation of:</u>					
- investment properties	8	73,989	20,298	-	-
- right-of-use assets	8	898,158	844,709	-	-
<u>Intangible assets:</u>					
- amortisation	8	476,666	309,132	-	-
<u>Interest expense on:</u>					
- bank borrowings	7	256,024	444,000	-	-
- lease liabilities	7	307,326	319,530	-	-
<u>Interest income on:</u>					
- advances to subsidiaries	6	-	-	(1,021,875)	(1,021,875)
- short term deposits and investments	6	(6,859,125)	(1,616,800)	(5,624,196)	(845,305)
<u>Dividend income:</u>					
- subsidiaries	4	-	-	(69,700,000)	(24,020,000)
- associate	4	-	-	(217,000,000)	-
Net fair value loss/(gain) on derivative financial instruments	6, 8	71,296	(53,291)	-	-
Share options granted	9	752,274	641,155	128,006	103,489
Total adjustments		12,314,271	15,504,829	(293,179,204)	(25,742,708)
<u>Share of results of associates</u>					
		(336,396,451)	(29,570,224)	-	-
<u>Trade receivables:</u>					
- allowance for expected credit losses	8	652,889	925,029	-	-
- bad debts written off/ (recovered)	8	3,654	(6,004)	-	-
<u>Inventories:</u>					
- written down	8	901,585	247,442	-	-
- written off	8	674,516	221,411	-	-
Net unrealised foreign exchange gain	8	(570,409)	(360,788)	-	-
Total adjustments		(322,419,945)	(13,038,305)	(293,179,204)	(25,742,708)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023
(CONT'D)

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Operating cash flows before changes in working capital		100,889,175	107,316,728	(19,653,875)	(1,517,546)
<u>Changes in working capital:</u>					
Inventories		(17,116,157)	(15,601,437)	-	-
Trade and other receivables		(13,022,860)	(19,213,234)	(27,207,943)	9,688,337
Trade and other payables		15,583,037	17,217,600	18,081,280	1,830,695
Cash flows generated from/ (used in) operations		86,333,195	89,719,657	(28,780,538)	10,001,486
Taxes paid		(21,138,208)	(17,648,377)	(1,428,415)	(995,109)
Dividends received		-	-	69,700,000	24,020,000
Net cash flows generated from operating activities		65,194,987	72,071,280	39,491,047	33,026,377
Investing activities					
Placement in other investment		(871,978)	(333,652)	-	-
Investment in a new associate		(3,960,000)	-	-	-
<u>Purchase of:</u>					
- plant and equipment	14	(25,934,203)	(30,315,453)	(50,373)	(12,600)
- investment properties	15	(234,581)	(2,279,566)	-	-
- intangible assets	16	(2,066,764)	(1,609,084)	-	-
Proceeds from disposal of plant and equipment		351,835	777,584	-	-
Dividend received from an associate	4	217,000,000	-	217,000,000	-
Dividend paid to non-controlling interests		-	(77,756)	-	-
Interest received		6,859,125	1,616,800	6,646,071	1,867,180
Net changes in short term deposits and investments		7,310,159	80,240,030	7,339,894	69,685,086
Net cash flows from investing activities		198,453,593	48,018,903	230,935,592	71,539,666
Financing activities					
Proceeds from issuance of shares	27	2,624,625	2,111,100	2,624,625	2,111,100
Repayment of term loans		(5,857,152)	(5,857,152)	-	-
Dividends paid	13	(44,281,121)	(57,257,624)	(44,281,121)	(57,257,624)
<u>Interest paid on:</u>					
- bank borrowings		(256,024)	(444,000)	-	-
- lease liabilities		(307,326)	(319,530)	-	-
Payments of lease liabilities		(834,311)	(780,190)	-	-
Net cash flows used in financing activities		(48,911,309)	(62,547,396)	(41,656,496)	(55,146,524)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023
(CONT'D)

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Net increase in cash and cash equivalents		214,737,271	57,542,787	228,770,143	49,419,519
Effect of foreign exchange rate changes on cash and cash equivalents		1,070,620	3,109,756	-	-
Cash and cash equivalents at 1 January		164,512,641	103,860,098	50,133,512	713,993
Cash and cash equivalents at 31 December	24	380,320,532	164,512,641	278,903,655	50,133,512

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

1. CORPORATE INFORMATION

Apex Healthcare Berhad ("the Company") is a public limited liability company incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at 1-5, Jalan TTC 1, Cheng Industrial Estate, 75250 Melaka.

The principal activities of the Company are investment holding and provision of management services.

There have been no significant changes in the nature of these principal activities during the financial year.

Related companies refer to companies within the Apex Healthcare Berhad group.

The financial statements for the financial year ended 31 December 2023 were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 20 March 2024.

2. SUMMARY OF ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") as issued by Malaysian Accounting Standards Board, International Financial Reporting Standards as issued by the International Accounting Standards Board, and the requirements of the Companies Act 2016 in Malaysia.

The financial statements have been prepared on a historical cost basis unless otherwise indicated in the accounting policies below.

The financial statements are presented in Ringgit Malaysia ("RM") except when otherwise indicated.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2023, the Group and the Company adopted the following new and amended MFRSs mandatory for annual financial periods beginning on or after 1 January 2023.

Description	Effective for annual periods beginning on or after
MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 17: Insurance Contracts	1 January 2023
Amendment to MFRS 17 Insurance Contracts: Initial Application of MFRS 17 and MFRS 9—Comparative Information	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

The application of these new and amended MFRSs has had no impact on the disclosures and the amounts recognised in the financial statements of the Group and of the Company except as disclosed below.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023
(CONT'D)

2. SUMMARY OF ACCOUNTING POLICIES (CONT'D)

2.2 Changes in accounting policies (Cont'd)

The amendments to MFRS 101 provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Group's and the Company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's and the Company's financial statements.

2.3 Standards issued but not yet effective

The new and amended MFRSs that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these new and amended MFRSs, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 16: Lease liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101: Non-current liabilities with Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 121: Lack of Exchangeability	1 January 2025
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The directors expect that the adoption of the above new and amended MFRSs will not have any material impact on the financial statements of the Group and the Company in the period of initial application.

2.4 Subsidiary companies

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2.5 Fair value measurement

The Group measures financial instruments such as derivatives at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Fair value measurement (Cont'd)

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group would use, if any, valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1	Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
Level 2	Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; or
Level 3	Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's management determines the policies and procedures for both recurring fair value measurement, such as derivative financial instruments.

External valuers are involved for valuation of significant assets, such as properties and significant liabilities, such as contingent consideration. Selection criteria of external valuers include market knowledge, reputation, independence and whether professional standards are maintained. The management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management, in conjunction with the Group's external valuers, also compares the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

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(CONT'D)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Current versus non-current classification

The Group and the Company present assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:

- (i) Expected to be realised or intended to be sold or consumed in normal operating cycle;
- (ii) Held primarily for the purpose of trading;
- (iii) Expected to be realised within twelve months after the reporting period; or
- (iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- (i) It is expected to be settled in normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group and the Company classify all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.7 Foreign currencies

(a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

(b) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Property, plant and equipment

Freehold land has an unlimited useful life and therefore is not depreciated. Leasehold land are depreciated over the period of their respective lease term. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets, at the annual rates stated below:

Leasehold land	39 - 87 years
Buildings	2 - 3%
Plant, machinery and factory equipment	10 - 15%
Furniture, fittings and equipment	10 - 33 1/3%
Motor vehicles	20%
Renovation	10 - 20%

Capital-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

2.9 Investment properties

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and any accumulated impairment losses. The investment properties are depreciated in accordance with that for property, plant and equipment as described in Note 2.8.

Transfers are made to or from investment property only when there is a change in use. Transfers between investment property, owner-occupied property and inventories do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purpose.

Investment properties under construction included in investment properties are measured at cost and are not depreciated as these assets are not yet available for use.

Investment properties are depreciated on a straight line basis over the estimated useful life of 50 years.

2.10 Intangible assets

(a) Trademark

Trademark was acquired through business combinations. The useful life of trademark is estimated to be indefinite because based on the current market share of the trademark, management believes there is no foreseeable limit to the period over which the trademark are expected to generate net cash inflows to the Group. Trademark is stated at cost less any impairment losses. They are not amortised but tested for impairment annually or more frequently when indicators of impairment are identified.

(b) Computer software

Software costs are stated at cost less any impairment losses and amortised using the straight-line basis over the commercial lives of the underlying products which is not exceeding 5 years.

(c) Research and development cost

Research expenditure is recognised as an expense when incurred.

NOTES TO THE FINANCIAL STATEMENTS
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(CONT'D)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Intangible assets (Cont'd)

(c) Research and development cost (Cont'd)

Costs incurred on development projects are recognised as intangible assets when the following criteria are fulfilled:

- (i) it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- (ii) management intends to complete the intangible asset and use or sell it;
- (iii) there is an ability to use or sell the intangible asset;
- (iv) it can be demonstrated how the intangible asset will generate probable future economic benefits;
- (v) adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- (vi) the expenditure attributable to the intangible asset during its development can be reliably measured.

Capitalised development costs recognised as intangible assets are amortised from the point at which the asset is ready for use on a straight-line basis over its useful life. Development costs work-in-progress is not depreciated as they are not yet available for use.

2.11 Investment in associates

The Group's investment in its associates is accounted for using the equity method.

Under the equity method, the investment in associates is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associates since the acquisition date. Goodwill relating to the associates is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit or loss reflects the Group's share of the results of operations of the associates. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associates. At each reporting date, the Group determines whether there is objective evidence that the investment in the associates is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associates and its carrying value, and then recognises the loss as 'Share of profit or loss of associates' in the profit or loss.

In the Company's separate financial statements, investments in associates are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2.12 Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

(a) Raw materials

Raw materials are carried at purchase cost on a weighted average basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Inventories (Cont'd)

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for, as follows (Cont'd):

(b) Finished goods and work in progress

Cost of finished goods and work in progress consist of cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity.

(c) Pharmaceutical products held for trading

Purchase cost on a weighted average basis.

2.13 Financial assets

(a) Initial recognition and measurement

With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under MFRS 15 *Revenue from Contracts with Customers*.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This is performed at an instrument level.

(b) Subsequent measurement

(i) Financial assets at amortised cost (debt instruments)

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's and the Company's financial assets at amortised cost include trade receivables, other receivables and cash at bank and on hand.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023
(CONT'D)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Financial assets (Cont'd)

(b) Subsequent measurement (Cont'd)

- (ii) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the profit or loss.

(c) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired; or
- The Group and the Company have transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2.14 Impairment of financial assets

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience. The Group considers forward-looking factors do not have significant impact to its credit risk given the nature of its industry and the amount of ECLs is insensitive to changes to forecast economic conditions.

The Group and the Company consider a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at banks and short term deposits and investments with a maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's and of the Company's cash management.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 Financial liabilities

(a) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at amortised cost or financial liabilities at fair value through profit or loss.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's and the Company's financial liabilities include lease liabilities, trade and other payables, borrowings and derivative liabilities.

(b) Subsequent measurement

Financial liabilities at amortised cost

After initial recognition, lease liabilities, trade and other payables and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to lease liabilities, trade and other payables and borrowings as further disclosed in Notes 17(b), 25 and 26 respectively.

(c) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the profit or loss.

2.17 Employee benefits - share options plan

Executives of the Group and the Company receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled transactions with executives is measured by reference to the fair value of the options at the date on which the options are granted. This cost is recognised in profit or loss, with a corresponding increase in the share option reserve over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's and the Company's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised at the beginning and end of that period.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. The share option reserve is transferred to retained earnings upon expiry of the share options. When the options are exercised and new shares are issued, the share option reserve is transferred to share capital.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 Leases - group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets.

(i) Right-of-use assets

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets as follows:

Office premises	3 - 6 years
Office equipment	5 years
Leasehold land	39 years

2.19 Revenue - sale of goods

Sales of goods represent amount received or receivable for goods supplied to the customer. Sales of good are recognised when control of the goods has transferred to the customer. Sales of good are measured as the amount of consideration to which the Group expects to receive. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods before transferring them to the customer.

2.20 Taxes

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20 Taxes (Cont'd)

(b) Deferred tax (Cont'd)

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

3.1 Critical judgements made in applying accounting policies

There is no critical judgement made by management in the process of applying the Group's and the Company's accounting policies that have a significant effect on the amounts recognised in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
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(CONT'D)

3. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment of trade receivables

The Group and the Company assess at each reporting date impairments on financial assets at amortised cost to be based on a forward-looking ECL model. ECL is the difference between the contractual cash flows due in accordance with the terms of the contract and the cash flows the Group and the Company expect to receive. The Group and the Company apply the simplified approach, which allows expected lifetime credit losses to be recognised for trade receivables. The ECL is determined based on the Group's and the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The carrying amount of the Group's and the Company's financial assets at amortised cost at reporting date is disclosed in Note 21.

(b) Write down of inventories

The Group reviews at each reporting date for excess inventory and obsolescence. Inventories are written down to reflect the current net realisable value, which represent the management's estimation of the value recoverable through sale. The carrying amount of the Group's inventories at reporting date is disclosed in Note 22.

(c) Useful life of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over the assets' estimated economic useful lives. Changes in the expected level of usage and technological developments could impact the economic useful lives, therefore future depreciation charges could be revised. For plant and equipment related to manufacturing of pharmaceutical products, management estimates the useful lives of these based on common life expectancies applied in the pharmaceutical industry. The carrying amount of the Group's property, plant and equipment at the reporting date is disclosed in Note 14 of the financial statements.

(d) Taxes

Uncertainties exist with respect to the interpretation of tax regulations and the amount and timing of future taxable income. Given the differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax provisions already recorded. The Group and the Company establish provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the relevant tax authority.

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(CONT'D)

4. REVENUE

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Sales of pharmaceutical products	936,120,998	877,699,813	-	-
Rental income from investment properties	48,960	42,060	-	-
Dividend income from subsidiaries	-	-	69,700,000	24,020,000
Dividend income from an associate	-	-	217,000,000	-
Management service fees from subsidiaries	-	-	5,208,800	4,917,600
	936,169,958	877,741,873	291,908,800	28,937,600
Timing of revenue recognition				
At a point in time	936,120,998	877,699,813	286,700,000	24,020,000
Over time	48,960	42,060	5,208,800	4,917,600
	936,169,958	877,741,873	291,908,800	28,937,600

5. COST OF SALES/SERVICES RENDERED

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Cost of goods sold for pharmaceutical products	721,242,725	680,103,924	-	-
Direct cost arising from investment properties that generated rental income	98,414	44,743	-	-
Cost relating to rendering of management services	-	-	4,530,267	2,602,621
	721,341,139	680,148,667	4,530,267	2,602,621

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023
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6. OTHER INCOME

Included in other income are the following:

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
<u>Interest income on:</u>					
- advances to subsidiaries		-	-	1,021,875	1,021,875
- short term deposits and investments		6,859,125	1,616,800	5,624,196	845,305
Rental receivable from operating leases, other than those relating to investment properties		368,272	401,043	-	-
Gain on disposal of property, plant and equipment		281,161	691,604	-	-
Commission received		332,075	284,007	-	-
Insurance claims received		10,656	2,799	-	-
<u>Gain on foreign exchange:</u>					
- realised		905,133	880,513	312	197
- unrealised		647,172	629,174	-	-
Net fair value gain on derivative financial instruments	23	-	53,291	-	-

7. FINANCE COSTS

	Group	
	2023 RM	2022 RM
Interest expense on:		
- bank borrowings	256,024	444,000
- lease liabilities (Note 17(b))	307,326	319,530
	563,350	763,530

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023
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8. PROFIT BEFORE TAXATION

The following items have been included in arriving at profit before taxation:

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
<u>Auditors' remuneration:</u>					
- statutory audit					
- current year		803,113	434,073	255,000	88,000
- under provision of prior year		144,035	30,100	22,050	30,700
- other services		10,000	37,950	10,000	37,950
Employee benefits expense	9	88,035,970	82,915,501	3,779,682	1,853,974
Directors' remuneration	10	18,054,138	5,571,285	937,411	946,164
<u>Property, plant and equipment:</u>					
- depreciation	14	16,618,346	15,285,806	38,861	39,603
- written off	14	478	1,894	-	1,380
Depreciation of investment properties	15	73,989	20,298	-	-
Amortisation of intangible assets	16	476,666	309,132	-	-
Depreciation of right-of-use assets	17(a)	898,158	844,709	-	-
Net fair value loss on derivative financial instruments	23	71,296	-	-	-
Management service fees paid to subsidiaries	32	-	-	16,125,332	1,554,375
<u>Net foreign exchange gain:</u>					
- realised		(788,963)	(792,200)	(43,323)	(158)
- unrealised		(570,409)	(360,788)	-	-
Research and development cost		6,649,704	6,724,465	-	-
Rental of short term leases	17(b)	1,321,866	633,167	335,133	317,025
<u>Trade receivables:</u>					
- allowance for expected credit losses	21(a)	652,889	925,029	-	-
- bad debts written off/(recovered)		3,654	(6,004)	-	-
<u>Inventories:</u>					
- written down	22	901,585	247,442	-	-
- written off	22	674,516	221,411	-	-

9. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Wages and salaries	73,942,693	70,225,512	2,975,102	1,410,017
Contributions to defined contribution plans	9,844,102	9,409,960	570,044	245,940
Social security contributions	701,176	603,463	7,813	5,829
Share options granted	752,274	641,155	128,006	103,489
Other benefits	2,795,725	2,035,411	98,717	88,699
	88,035,970	82,915,501	3,779,682	1,853,974

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023
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10. DIRECTORS' REMUNERATION

The details of remuneration receivable by directors of the Group and of the Company during the financial year are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Executive directors' remuneration:				
- fees	75,000	70,000	75,000	70,000
- salaries	1,574,279	1,450,251	51,744	50,976
- bonus	15,540,467	3,224,702	16,814	62,164
- defined contribution plans	83,566	84,815	13,027	21,507
Benefits-in-kind	126,688	116,274	126,688	116,274
	17,400,000	4,946,042	283,273	320,921
Non-executive directors' remuneration:				
- fees	594,000	544,000	594,000	544,000
- other emoluments	60,138	81,243	60,138	81,243
	654,138	625,243	654,138	625,243
Total directors' remuneration (Note 8)	18,054,138	5,571,285	937,411	946,164

11. TAXATION

Major components of taxation

The major components of taxation for the financial years ended 31 December 2023 and 2022 are:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Statements of comprehensive income:				
Current income tax:				
- Malaysian income tax	21,196,395	17,607,459	1,840,380	809,420
- Foreign tax	2,712,970	2,410,596	-	-
- Over provision in respect of previous financial year	(47,817)	(49,269)	(41,731)	(7,001)
	23,861,548	19,968,786	1,798,649	802,419
Deferred tax (Note 20):				
- Relating to origination and reversal of temporary differences	956,351	(41,305)	-	-
- Under/(over) provision in respect of previous financial year	502,348	(543,603)	-	-
	1,458,699	(584,908)	-	-
Tax expense for the financial year	25,320,247	19,383,878	1,798,649	802,419

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023
(CONT'D)

11. TAXATION (CONT'D)

Reconciliation between tax expense and accounting profit

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company respectively for the financial years ended 31 December 2023 and 2022 are as follows:

	2023 RM	2022 RM
Group		
Profit before taxation	423,309,120	120,355,033
Tax at Malaysian statutory tax rate of 24% (2022: 24%)	101,594,189	28,885,208
Effect of different tax rates in foreign subsidiaries	(1,399,281)	(1,600,074)
<u>Adjustments:</u>		
Share of results of associates	(80,735,148)	(7,096,854)
Income not subject to tax	(188,623)	(339,558)
Expenses not deductible for tax purposes	6,922,125	2,246,695
Double deduction for tax purposes	(546,692)	(77,183)
Utilisation of current year's reinvestment allowances	(780,854)	(2,054,690)
Deferred tax assets not recognised in respect of deductible temporary differences	-	13,206
Over provision of income tax in respect of previous financial year	(47,817)	(49,269)
Under/(over) provision of deferred tax in respect of previous financial year	502,348	(543,603)
Tax expense for the financial year	25,320,247	19,383,878
Company		
Profit before taxation	273,525,329	24,225,162
Tax at Malaysian statutory tax rate of 24% (2022: 24%)	65,646,079	5,814,039
<u>Adjustments:</u>		
Income not subject to tax	(68,808,000)	(5,764,800)
Expenses not deductible for tax purposes	5,002,301	760,181
Over provision of income tax in respect of previous financial year	(41,731)	(7,001)
Tax expense for the financial year	1,798,649	802,419

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2022: 24%) of the estimated assessable profit for the financial year.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction. The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

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(CONT'D)

12. EARNINGS PER SHARE

(i) Basic

Basic earnings per share is calculated by dividing profit after taxation for the financial year, attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year.

	2023	Group 2022
Profit after taxation attributable to owners of the parent (RM)	<u>397,988,873</u>	100,974,693
Weighted average number of ordinary shares in issue (units)	475,011,371	474,273,205
Effect of bonus issue (units)	<u>239,342,674</u>	237,136,603
	<u>714,354,045</u>	711,409,808
Basic earnings per share (sen)	<u>55.71</u>	14.19

(ii) Diluted

The diluted earnings per share is calculated by dividing profit after taxation for the financial year, attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year which have been adjusted for the dilutive effects of share options granted to employees.

Pursuant to MFRS 133 Earnings Per Share, the Earnings Per Share for the year ended 31 December 2022 had been adjusted retrospectively to reflect the effect of the bonus issue.

	2023	Group 2022
Profit after taxation attributable to owners of the parent (RM)	<u>397,988,873</u>	100,974,693
Weighted average number of ordinary shares in issue (units)	714,354,045	711,409,808
Effect of dilution - Share options (units)	<u>379,121</u>	2,197,638
	<u>714,733,166</u>	713,607,446
Diluted earnings per share (sen)	<u>55.68</u>	14.15

There have been no other transactions involving ordinary shares or potential dilution of ordinary shares between the reporting date and the date of authorisation of these financial statements.

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(CONT'D)

13. DIVIDENDS

	Group/Company	
	2023	2022
	RM	RM
In respect of financial year ended 31 December 2023:		
Interim single-tier dividend of 2.5 sen per share on 718,137,046 ordinary shares	17,953,426	-
In respect of financial year ended 31 December 2022:		
Final single-tier dividend of 3.5 sen per share on 478,685,372 ordinary shares	16,753,988	-
Special single-tier dividend of 2.0 sen per share on 478,685,372 ordinary shares	9,573,707	-
Interim single-tier dividend of 3.0 sen per share on 477,532,372 ordinary shares	-	14,325,971
In respect of financial year ended 31 December 2021:		
Final single-tier dividend of 3.0 sen per share on 477,018,372 ordinary shares	-	14,310,551
Special single-tier dividend of 6.0 sen per share on 477,018,372 ordinary shares	-	28,621,102
	44,281,121	57,257,624

At the forthcoming Annual General Meeting, a final and special single-tier dividend of 2.5 sen and 20.0 sen per share respectively in respect of the financial year ended 31 December 2023 will be proposed for shareholders' approval. As disclosed in Note 27 to the financial statements, any ESOS exercised prior to the dividend entitlement date will be entitled to the final dividend. The financial statements for the current financial year do not reflect these proposed dividends. Such dividends, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2024.

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14. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM	Buildings on freehold land RM	Leasehold land RM	Buildings on leasehold land* RM	Plant, machinery and factory equipment RM	Furniture, fittings and equipment RM	Motor vehicles RM	Renovation RM	Capital-in-progress RM	Total RM
At 31 December 2023										
Cost										
At 1 January 2023	33,051,055	11,268,664	7,824,600	88,357,718	113,465,130	70,922,500	5,451,043	583,745	6,123,381	337,047,836
Additions	-	-	-	-	3,129,259	5,284,042	925,140	241,896	16,353,866	25,934,203
Disposals	-	-	-	-	(84,550)	-	(739,258)	-	-	(823,808)
Transfers	-	-	-	3,386,417	4,007,721	1,200,399	199,193	-	(8,793,730)	-
Transfers to investment properties (Note 15)	(318,400)	(160,000)	-	-	-	-	-	-	-	(478,400)
Written off	-	-	-	-	(18,407)	(330,034)	-	-	-	(338,441)
Exchange differences	111,912	84,275	-	1,146,920	-	198,756	7,946	-	-	1,549,809
At 31 December 2023	32,844,567	11,192,939	7,824,600	92,891,055	120,509,153	77,275,663	5,844,064	825,641	13,683,517	362,891,199
Accumulated depreciation										
At 1 January 2023	-	3,777,699	1,180,820	17,071,814	72,210,308	50,494,294	2,538,289	442,087	-	147,715,311
Depreciation charge for the financial year (Note 8)	-	193,825	89,644	2,013,634	7,416,430	5,988,384	882,437	33,992	-	16,618,346
Transfers to investment properties (Note 15)	-	(62,400)	-	-	-	-	-	-	-	(62,400)
Disposals	-	-	-	-	(84,547)	-	(668,587)	-	-	(753,134)
Written off	-	-	-	-	(7,986)	(329,977)	-	-	-	(337,963)
Exchange differences	-	42,699	-	277,389	-	153,589	3,019	-	-	476,696
At 31 December 2023	-	3,951,823	1,270,464	19,362,837	79,534,205	56,306,290	2,755,158	476,079	-	163,656,856
Net carrying amount										
At 31 December 2023	32,844,567	7,241,116	6,554,136	73,528,218	40,974,948	20,969,373	3,088,906	349,562	13,683,517	199,234,343

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023
(CONT'D)

14. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Freehold land RM	Buildings on freehold land RM	Leasehold land RM	Buildings on leasehold land* RM	Plant, machinery and factory equipment RM	Furniture, fittings and equipment RM	Motor vehicles RM	Renovation RM	Capital-in-progress RM	Total RM
At 31 December 2022										
Cost										
At 1 January 2022	8,418,400	8,487,576	7,824,600	86,063,878	96,024,898	68,444,749	4,456,217	583,745	20,407,167	300,711,230
Additions	-	-	-	1,871,739	2,157,181	2,631,745	-	-	23,654,788	30,315,453
Disposals	-	-	-	(700,500)	(6,450)	(1,657,612)	-	-	-	(2,364,562)
Transfers	20,939,575	-	-	16,400,825	505,844	-	-	(37,846,244)	-	-
Transfers from investment properties (Note 15)	2,909,699	2,191,160	-	-	-	-	-	-	-	5,100,859
Transfers to intangible assets (Note 16)	-	-	-	-	-	-	-	-	(92,330)	(92,330)
Written off	-	-	-	(131,832)	(551,999)	-	-	-	-	(683,831)
Exchange differences	783,381	589,928	-	2,293,840	373,175	20,693	-	-	-	4,061,017
At 31 December 2022	33,051,055	11,268,664	7,824,600	88,357,718	113,465,130	70,922,500	5,451,043	583,745	6,123,381	337,047,836
Accumulated depreciation										
At 1 January 2022	-	2,618,608	1,091,176	14,608,158	66,604,288	44,925,873	3,352,169	410,632	-	133,610,904
Depreciation charge for the financial year (Note 8)	-	194,625	89,644	1,940,938	6,438,337	5,840,924	749,883	31,455	-	15,285,806
Transfers from investment properties (Note 15)	-	751,505	-	-	-	-	-	-	-	751,505
Disposals	-	-	-	(700,491)	(5,131)	(1,572,960)	-	-	-	(2,278,582)
Written off	-	-	-	(131,826)	(550,111)	-	-	-	-	(681,937)
Exchange differences	-	212,961	-	522,718	282,739	9,197	-	-	-	1,027,615
At 31 December 2022	-	3,777,699	1,180,820	17,071,814	72,210,308	50,494,294	2,538,289	442,087	-	147,715,311
Net carrying amount										
At 31 December 2022	33,051,055	7,490,965	6,643,780	71,285,904	41,254,822	20,428,206	2,912,754	141,658	6,123,381	189,332,525

* RM28,746,627 (2022: RM28,875,454) of the net carrying amount of buildings on leasehold land is ascribable to land held on short lease being a lease with an unexpired period of less than fifty years.

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(CONT'D)

14. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Furniture, fittings and equipment RM
Company	
Cost	
At 1 January 2022	957,189
Additions	12,600
Written off	<u>(100,110)</u>
At 31 December 2022	869,679
Additions	<u>50,373</u>
At 31 December 2023	<u>920,052</u>
Accumulated depreciation	
At 1 January 2022	862,302
Depreciation charge for the financial year (Note 8)	39,603
Written off	<u>(98,730)</u>
At 31 December 2022	803,175
Depreciation charge for the financial year (Note 8)	<u>38,861</u>
At 31 December 2023	<u>842,036</u>
Net carrying amount	
At 31 December 2022	<u>66,504</u>
At 31 December 2023	<u>78,016</u>

Acquisitions of property, plant and equipment were financed as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Cash	<u>25,934,203</u>	30,315,453	<u>50,373</u>	12,600

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15. INVESTMENT PROPERTIES

Group	Investment properties RM	Investment properties under construction RM	Total RM
Cost			
At 1 January 2022	7,425,475	5,419,455	12,844,930
Additions	-	2,279,566	2,279,566
Transfers to property, plant and equipment (Note 14)	(5,100,859)	-	(5,100,859)
Exchange differences	(980,935)	-	(980,935)
At 31 December 2022	1,343,681	7,699,021	9,042,702
Additions	-	234,581	234,581
Transfers from property, plant and equipment (Note 14)	478,400	-	478,400
Transfers	7,933,602	(7,933,602)	-
At 31 December 2023	9,755,683	-	9,755,683
Accumulated depreciation			
At 1 January 2022	1,243,307	-	1,243,307
Depreciation charge for the financial year (Note 8)	20,298	-	20,298
Transfers to property, plant and equipment (Note 14)	(751,505)	-	(751,505)
Exchange differences	(144,522)	-	(144,522)
At 31 December 2022	367,578	-	367,578
Depreciation charge for the financial year (Note 8)	73,989	-	73,989
Transfers from property, plant and equipment (Note 14)	62,400	-	62,400
At 31 December 2023	503,967	-	503,967
Net carrying amount			
At 31 December 2022	976,103	7,699,021	8,675,124
At 31 December 2023	9,251,716	-	9,251,716

The management undertakes annual valuation on the investment properties to assess whether there is any indication of impairment.

The fair value measurement of the properties as at 31 December 2023 performed by an independent professional valuer, is determined primarily using the comparison methods.

The fair value measurement using the comparison method draws reference to transactions of similar properties in surrounding area with adjustments made for differences in location, size, condition and other relevant characteristics and are categorised as level 3 in the fair value hierarchy.

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15. INVESTMENT PROPERTIES (CONT'D)

Fair value measurement hierarchy for investment properties is as follows:

	Valuation method	Date of valuation	Fair value measurement using significant unobservable inputs (Level 3) RM
As at 31 December 2023			
Commercial properties	Comparison method	31 December 2023	15,150,000
As at 31 December 2022			
Commercial properties	Comparison method	31 December 2022	1,550,000

16. INTANGIBLE ASSETS

Group	Trademark RM	Development cost RM	Computer software RM	Total RM
Cost				
At 1 January 2022	1,081,700	937,609	4,645,370	6,664,679
Additions	-	451,771	1,157,313	1,609,084
Transfers from property, plant and equipment (Note 14)	-	-	92,330	92,330
Exchange differences	2,600	-	34,190	36,790
At 31 December 2022	1,084,300	1,389,380	5,929,203	8,402,883
Additions	-	1,888,768	177,996	2,066,764
Exchange differences	1,300	-	49,950	51,250
At 31 December 2023	1,085,600	3,278,148	6,157,149	10,520,897
Accumulated amortisation				
At 1 January 2022	-	-	4,103,979	4,103,979
Amortisation (Note 8)	-	-	309,132	309,132
Exchange differences	-	-	34,189	34,189
At 31 December 2022	-	-	4,447,300	4,447,300
Amortisation (Note 8)	-	-	476,666	476,666
Exchange differences	-	-	21,698	21,698
At 31 December 2023	-	-	4,945,664	4,945,664
Net carrying amount				
At 31 December 2022	1,084,300	1,389,380	1,481,903	3,955,583
At 31 December 2023	1,085,600	3,278,148	1,211,485	5,575,233

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16. INTANGIBLE ASSETS (CONT'D)

(a) Trademark

Impairment testing of trademark

The intangible asset relating to trademark arose as a result of the acquisition of a subsidiary, Apex Pharma Marketing Pte. Ltd. ("APS") in prior financial years, where a fair value was ascribed to the AGNESIA trademark and all other intellectual property rights in relation to the AGNESIA trademark based on a valuation carried out by the management as at 31 December 2005. APS operates in Singapore and its principal activity is as disclosed in Note 18. The management undertakes impairment review of the trademark with indefinite useful life annually or more frequently if events or changes in circumstances indicate a potential impairment.

(b) Development cost

The carrying amount of development costs represents costs incurred for the Bioequivalence study and Pharmaceutical Dossier of various products. These products are expected to be commercialised in between year 2025 to 2029.

17. LEASES

Group as a lessee

(a) Right-of-use assets

	Office premises RM	Office equipment RM	Leasehold land RM	Total RM
Group				
Cost				
At 1 January 2022	2,519,699	180,715	4,461,139	7,161,553
Additions	1,192,499	122,261	-	1,314,760
Written off	(1,028,441)	(91,516)	-	(1,119,957)
Exchange differences	-	13,584	287,815	301,399
At 31 December 2022	2,683,757	225,044	4,748,954	7,657,755
Additions	1,142,451	-	-	1,142,451
Written off	(596,274)	-	-	(596,274)
Exchange differences	-	6,791	143,908	150,699
At 31 December 2023	3,229,934	231,835	4,892,862	8,354,631
Accumulated depreciation				
At 1 January 2022	971,050	89,705	400,345	1,461,100
Depreciation charge for the financial year (Note 8)	666,757	42,686	135,266	844,709
Written off	(673,624)	(88,745)	-	(762,369)
Exchange differences	-	7,792	35,692	43,484
At 31 December 2022	964,183	51,438	571,303	1,586,924
Depreciation charge for the financial year (Note 8)	707,212	45,956	144,990	898,158
Written off	(547,823)	-	-	(547,823)
Exchange differences	-	2,203	19,476	21,679
At 31 December 2023	1,123,572	99,597	735,769	1,958,938

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(CONT'D)

17. LEASES (CONT'D)

Group as a lessee (Cont'd)

(a) Right-of-use assets (Cont'd)

Group	Office premises RM	Office equipment RM	Leasehold land RM	Total RM
Net carrying amount				
At 31 December 2022	1,719,574	173,606	4,177,651	6,070,831
At 31 December 2023	2,106,362	132,238	4,157,093	6,395,693

(b) Lease liabilities

Set out below are the carrying amount of lease liabilities recognised and the movements during the financial year:

	Group	
	2023 RM	2022 RM
At 1 January	6,499,456	6,064,560
Additions	1,142,451	1,314,760
Written off	(48,451)	(357,588)
Interest charged (Note 7)	307,326	319,530
Exchange differences	129,021	257,914
Payments	(1,141,637)	(1,099,720)
At 31 December	6,888,166	6,499,456
Current	950,390	744,773
Non-current	5,937,776	5,754,683
Total lease liabilities	6,888,166	6,499,456

The following are the amounts recognised in profit or loss:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Depreciation of right-of-use assets (Note 8)	898,158	844,709	-	-
Interest expense on lease liabilities (Note 7)	307,326	319,530	-	-
Expense relating to short-term leases	1,321,866	633,167	335,133	317,025
	2,527,350	1,797,406	335,133	317,025

The Group and the Company had total cash outflows for leases of RM2,463,503 (2022: RM1,732,887) and RM335,133 (2022: RM317,025) respectively during the financial year.

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17. LEASES (CONT'D)

Group as a lessor

The Group has entered into operating leases on its office buildings and warehouse. These leases have terms of between 1 and 3 years. Rental income recognised by the Group during the financial year is RM417,232 (2022: RM443,103).

Future minimum rentals receivable under non-cancellable operating leases as at 31 December are as follows:

	Group	
	2023	2022
	RM	RM
Within one year	323,756	298,270
After one year but not more than five years	212,990	193,920
	536,746	492,190

18. INVESTMENTS IN SUBSIDIARIES

	Company	
	2023	2022
	RM	RM
Unquoted shares, at cost	60,097,941	60,097,941

Details of the Group's subsidiaries are as follows:

Name of companies	Country of incorporation	Principal activities	% of ownership interest held by the Group	
			2023 %	2022 %
<i>Held by the Company:</i>				
Xepa-Soul Pattinson (Malaysia) Sdn. Bhd. ^a	Malaysia	Manufacturing and marketing of pharmaceutical products	100	100
Apex Pharmacy Marketing Sdn. Bhd. ^a	Malaysia	Marketing and distribution of pharmaceutical products	100	100
ABio Marketing Sdn. Bhd. ^a	Malaysia	Marketing and distribution of healthcare products	100	100
Apex Retail Sdn. Bhd. ^a	Malaysia	Retailing of pharmaceutical products, property rental and management and provision of accounting services	100	100
Apex Pharmacy Corporate Sdn. Bhd. ^a	Malaysia	Property rental and management and provision of accounting services	100	100
EpiCrest Sdn. Bhd. ^a	Malaysia	Investment holding	100	100

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18. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of companies	Country of incorporation	Principal activities	% of ownership interest held by the Group	
			2023 %	2022 %
<i>Held by the Company: (Cont'd)</i>				
Apex Pharma Marketing Pte. Ltd. ^b	Singapore	Marketing and distribution of pharmaceutical products	100	100
PharmCrest Pte. Ltd. ^b	Singapore	Brands management, development of pharmaceutical and healthcare products and management consultancy services	100	100
First SGC Pte. Ltd. ^b	Singapore	Investment holding	100	100
<i>Held through Xepa-Soul Pattinson (Malaysia) Sdn. Bhd.:</i>				
Xepa-Soul Pattinson (S) Pte. Ltd. ^b	Singapore	Marketing and distribution of pharmaceutical products	100	100

^a Audited by Ernst & Young PLT, Malaysia

^b Audited by member firm of Ernst & Young Global in the Republic of Singapore

19. INVESTMENT IN ASSOCIATES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Unquoted shares, at cost	10,936,000	6,976,000	6,976,000	6,976,000
Share of post-acquisition reserves of the joint venture prior to it becoming an associate	(694,552)	(694,552)	-	-
Share of post-acquisition reserves	400,983,396	64,586,945	-	-
Fair value adjustments on interest free loan	-	-	430,622	430,622
Accumulated dividend received	(217,560,000)	(560,000)	-	-
Exchange differences	120,000	-	-	-
	193,784,844	70,308,393	7,406,622	7,406,622

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19. INVESTMENT IN ASSOCIATES (CONT'D)

(a) Details of the Group's associate are as follows:

Name of companies	Country of incorporation	Principal activities	% of ownership interest held by the Group*		Accounting model applied
			2023 %	2022 %	
Straits Apex Group Sdn. Bhd. ^a	Malaysia	Investment holding	40	40	Equity method
<i>Associate of Straits Apex Group Sdn. Bhd.</i>					
Next Ortho Investment Holdings Pte. Ltd. ^b	Singapore	Investment holding	16	-	Equity method
<i>Subsidiary of Next Ortho Investment Holdings Pte. Ltd.</i>					
First Ortho Investment Holdings Pte. Ltd. ^b	Singapore	Investment holding	16	-	Equity method
<i>Subsidiary of First Ortho Investment Holdings Pte. Ltd.</i>					
Straits Apex Sdn. Bhd. ^a	Malaysia	Investment holding	16	40	Equity method
<i>Subsidiaries of Straits Apex Sdn. Bhd.</i>					
ABio Orthopaedics Sdn. Bhd. ^a	Malaysia	Contract manufacturing of orthopaedics medical devices, components and instruments	16	40	Equity method
Straits Orthopaedics (Mfg) Sdn. Bhd. ^a	Malaysia	Manufacturing and sales of medical implants, medical instruments and components	16	40	Equity method

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19. INVESTMENT IN ASSOCIATES (CONT'D)

(a) Details of the Group's associate are as follows (Cont'd):

Name of companies	Country of incorporation	Principal activities	% of ownership interest held by the Group*		Accounting model applied
			2023 %	2022 %	
Associate of First SGC Pte. Ltd.					
Zynexis Healthcare Pte. Ltd. #	Singapore	Development and registration of pharmaceutical and healthcare products	40	-	Equity method

^a Audited by Ernst & Young PLT, Malaysia in the current year. In the prior year, it was audited by a firm other than Ernst & Young PLT, Malaysia

^b Audited by member firm of Ernst & Young Global in the Republic of Singapore

[#] Audited by a firm other than Ernst & Young PLT, Malaysia

* Equals to the proportion of voting rights held

(i) Straits Apex Group Sdn. Bhd.

On 11 May 2023, Straits Apex Group Sdn. Bhd. ("SAG"), an associate of the Group, completed the disposal of 60% of its effective ownership in Straits Apex Sdn. Bhd. ("SASB") and its subsidiaries ("collectively referred to as SASB and its Subsidiaries") to Quadria Capital Investment Management Pte. Ltd. ("Quadria Capital") ("the Disposal").

Following the Disposal, SAG retains a 40% effective interest in SASB and its Subsidiaries via its 40% shareholding in Next Ortho Investment Holdings Pte. Ltd. ("Next"), which is a subsidiary of Quadria Capital and the intermediate holding company of SASB.

For the Disposal, SAG received a sum of RM679,304,777, comprising both cash and a put option for SAG's 40% interest in Next. Taking into consideration the fair value of the 40% interest in Next retained by SAG, the Disposal resulted in the recognition of a gain of RM810,651,850 which was included in profit after tax of SAG of RM841,021,949, as shown in Note 19(b)(ii) below. The gain from the Disposal was included in the Group's share of results of associates of RM336,396,451. The effective interest of the Group in SASB was also reduced from 40% to 16% upon completion of the Disposal.

Subsequent to the Disposal, SAG has applied the equity method when accounting for its investment in Next and its subsidiaries at the date of Disposal when accounting for SASB's share of results for Next and its subsidiaries.

(ii) Zynexis Healthcare Pte. Ltd.

On 21 September 2022, the Company through its wholly-owned Singapore subsidiary, First SGC Pte. Ltd. entered into a Subscription and Shareholder Agreement with Shanghai Pharmaceutical Import & Export Co., Ltd., a wholly-owned subsidiary of Shanghai Pharmaceuticals Holding Co. Ltd., incorporated in Shanghai, China to subscribe for 40% equity in a Singapore company. The company was duly incorporated on 20 December 2022 and namely Zynexis Healthcare Pte. Ltd.. The share capital was fully paid on 10 March 2023 and updated with the Accounting and Corporate Regulatory Authority ('ACRA') in Singapore on 21 March 2023.

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19. INVESTMENT IN ASSOCIATES (CONT'D)

(b) Summarised financial information in respect of each of the associates of the Group is set out below. The summarised financial information represents the amounts in the financial statements of the associates and not the Group's share of the amounts.

(i) Summarised consolidated statement of financial position

	Straits Apex Group		Zynexis Healthcare		Total	
	2023	2022	2023	2022	2023	2022
	RM	RM	RM	RM	RM	RM
Non-current assets	427,208,839	167,003,643	-	-	427,208,839	167,003,643
Current assets	82,392,818	175,533,260	10,179,355	-	92,572,173	175,533,260
Total assets	509,601,657	342,536,903	10,179,355	-	519,781,012	342,536,903
Non-current liabilities	42,755,400	78,485,288	-	-	42,755,400	78,485,288
Current liabilities	2,964,385	98,691,692	10,180	-	2,974,565	98,691,692
Total liabilities	45,719,785	177,176,980	10,180	-	45,729,965	177,176,980
Net assets	463,881,872	165,359,923	10,169,175	-	474,051,047	165,359,923

Equity attributable to:

Owners of the associated company

	463,881,872	165,359,923	10,169,175	-	474,051,047	165,359,923
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(ii) Summarised consolidated statement of comprehensive income

	Straits Apex Group		Zynexis Healthcare		Total	
	2023	2022	2023	2022	2023	2022
	RM	RM	RM	RM	RM	RM
Revenue	102,796,388	267,236,736	-	-	102,796,388	267,236,736
Profit/(loss) before tax	844,656,203	82,677,630	(30,280)	-	844,625,923	82,677,630
Profit/(loss) after tax, representing total comprehensive income	841,021,949	63,514,499	(30,821)	-	840,991,128	63,514,499
Profit/(loss) attributable to:						
Owners of the parent	841,021,949	63,514,499	(30,821)	-	840,991,128	63,514,499

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023
(CONT'D)

19. INVESTMENT IN ASSOCIATES (CONT'D)

(c) Reconciliation of the summarised consolidated financial information presented above to the carrying amount of the Group's interest in associates:

	Straits Apex Group		Zynexis Healthcare		Total	
	2023	2022	2023	2022	2023	2022
	RM	RM	RM	RM	RM	RM
Net assets at 1 January	165,359,923	101,845,424	-	-	165,359,923	101,845,424
New investment during the year	-	-	10,200,000	-	10,200,000	-
Profit/(loss) for the financial year, net of tax	841,021,949	63,514,499	(30,821)	-	840,991,128	63,514,499
Dividend declared during the financial year	(542,500,000)	-	-	-	(542,500,000)	-
Net assets at 31 December	463,881,872	165,359,923	10,169,179	-	474,051,051	165,359,923
Interest in associates as at financial year end	40%	40%	40%	-	40%	40%
Goodwill	185,552,749	66,143,969	4,067,672	-	189,620,420	66,143,969
Carrying value of Group's investment in associates	4,164,424	4,164,424	-	-	4,164,424	4,164,424
	189,717,173	70,308,393	4,067,672	-	193,784,844	70,308,393

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023
(CONT'D)

20. DEFERRED TAX

	Group	
	2023 RM	2022 RM
At 1 January	5,027,785	5,610,386
Recognised in profit or loss (Note 11)	1,458,699	(584,908)
Exchange differences	1,203	2,307
At 31 December	<u>6,487,687</u>	<u>5,027,785</u>
Presented after appropriate offsetting as follows:		
Deferred tax assets	(1,319,000)	(1,806,000)
Deferred tax liabilities	7,806,687	6,833,785
	<u>6,487,687</u>	<u>5,027,785</u>

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Group

Deferred tax assets

	Others* RM
At 1 January 2023	(5,781,184)
Recognised in profit or loss	102,338
At 31 December 2023	<u>(5,678,846)</u>
At 1 January 2022	(3,947,177)
Recognised in profit or loss	(1,834,007)
At 31 December 2022	<u>(5,781,184)</u>

* Consists of allowance for inventories written down and estimated credit losses on trade receivables.

Deferred tax liabilities

	Property, plant and equipment RM
At 1 January 2023	10,808,969
Recognised in profit or loss	1,356,361
Exchange differences	1,203
At 31 December 2023	<u>12,166,533</u>
At 1 January 2022	9,557,563
Recognised in profit or loss	1,249,099
Exchange differences	2,307
At 31 December 2022	<u>10,808,969</u>

Tax consequences of proposed dividends

There are no income tax consequences attached to the dividends that will be proposed by the Company but not recognised as a liability in the financial statements as disclosed in Note 13.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023
(CONT'D)

20. DEFERRED TAX (CONT'D)

Deferred tax assets not recognised

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2023 RM	2022 RM
Unutilised tax losses	546,137	546,137
Unabsorbed capital allowances	233,813	233,813
	779,950	779,950

At the reporting date, the Group has unutilised tax losses and unabsorbed capital allowances that are available for offset against future taxable profits of the companies in which the losses and capital allowances arose, for which no deferred tax asset is recognised due to uncertainty of their recoverability. The availability of unutilised tax losses for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to a 10-year limitation on the carry forward of those losses under the Finance Act 2021 and guidelines issued by the tax authority while unabsorbed capital allowances can be carried forward indefinitely. The availability of the unused tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the respective subsidiaries in Malaysia are also subject to no substantial changes in shareholdings under the Income Tax Act, 1967 and guidelines issued by the tax authority.

The above unutilised tax losses for the Group will expire by the end of the following years of assessment:

	2023 RM	2022 RM
2028	308,669	308,669
2029	29,608	29,608
2030	63,509	63,509
2031	144,531	144,531
	546,317	546,317

21. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Current				
Trade receivables				
Third parties	185,522,299	170,539,956	-	-
Less: Allowance for expected credit loss	(4,097,943)	(4,181,783)	-	-
Trade receivables, net	181,424,356	166,358,173	-	-
Other receivables				
Amounts due from subsidiaries				
- non-interest bearing	-	-	29,837,507	48,023,914
Deposits	3,430,637	2,114,277	3,400	3,400
Sundry receivables	9,568,125	9,687,722	-	-
	12,998,762	11,801,999	29,840,907	48,027,314
Total current trade and other receivables	194,423,118	178,160,172	29,840,907	48,027,314

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023
(CONT'D)

21. TRADE AND OTHER RECEIVABLES (CONT'D)

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Non-current				
Other receivables				
Amounts due from subsidiaries				
- interest bearing	(b) -	-	86,265,000	40,875,000
Total trade and other receivables	194,423,118	178,160,172	116,105,907	88,902,314
Add: Short term deposits and investments and cash at banks and on hand (Note 24)	382,969,166	174,471,434	279,915,252	58,485,003
Total financial assets measured at amortised cost	577,392,284	352,631,606	396,021,159	147,387,317

(a) Trade receivables
Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Gross carrying amount at default RM	Allowance for expected credit loss RM	Net carrying amount RM
Group			
2023			
Current	148,211,230	-	148,211,230
1 to 30 days	24,732,013	-	24,732,013
31 to 60 days	7,174,732	-	7,174,732
61 to 90 days	712,222	-	712,222
More than 90 days	4,692,102	(4,097,943)	594,159
	185,522,299	(4,097,943)	181,424,356
2022			
Current	133,951,724	-	133,951,724
1 to 30 days	24,346,773	-	24,346,773
31 to 60 days	5,752,764	-	5,752,764
61 to 90 days	1,344,373	-	1,344,373
More than 90 days	5,144,322	(4,181,783)	962,539
	170,539,956	(4,181,783)	166,358,173

Trade receivables are non-interest bearing and are generally on 30 to 120 days (2022: 30 to 120 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition. Based on past experience, the Group believes that there is no concern on the credit-worthiness of the counterparties and the recoverability of these debts.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023
(CONT'D)

21. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) Trade receivables (Cont'd)

The currency exposure profile of trade receivables is as follows:

	2023 RM	Group 2022 RM
Ringgit Malaysia ("RM")	132,429,105	120,383,288
Singapore Dollar ("SGD")	47,258,535	42,948,559
United States Dollar ("USD")	1,527,594	2,489,304
Others	209,122	537,022
	181,424,356	166,358,173

Movement in allowance for expected credit losses accounts:

	2023 RM	Group 2022 RM
At beginning of financial year	4,181,783	3,269,017
Net allowance for expected credit loss (Note 8)	652,889	925,029
Written off	(762,176)	(42,697)
Exchange differences	25,447	30,434
At end of financial year	4,097,943	4,181,783

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(b) Amounts due from subsidiaries

The amounts due from subsidiaries are unsecured and are repayable on demand except for an amount of RM86,265,000 (2022: RM40,875,000) which is expected to be repaid in more than 12 months. The weighted average effective interest rate for amounts due from subsidiaries which are interest bearing at reporting date is 2.5% (2022: 2.5%) per annum.

(c) Sundry receivables

The Group and the Company have no significant concentration of credit risk that may arise from exposures to a single debtor.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023
(CONT'D)

22. INVENTORIES

	Group	
	2023 RM	2022 RM
Cost		
Raw materials	30,405,394	22,683,019
Work-in-progress	1,339,279	1,653,956
Finished goods	21,905,691	19,036,891
Pharmaceutical products held for trading	73,341,362	67,155,517
	126,991,726	110,529,383

During the financial year, the amount of inventories recognised as an expense in cost of sales of the Group was RM652,124,476 (2022: RM613,840,106).

The Group has recorded a charge to profit or loss pertaining to inventories written down of RM901,585 (2022: RM247,442) and inventories written off amounting to RM674,516 (2022: RM221,411) during the current financial year. All of these are disclosed in Note 8.

23. DERIVATIVE FINANCIAL INSTRUMENTS

	Contract/ Notional amount RM	Assets RM
Group		
At 31 December 2023		
Non-hedging derivatives:		
Forward currency contracts		
- in respect of purchases transactions	(728,235)	10,630
At 31 December 2022		
Non-hedging derivatives:		
Forward currency contracts		
- in respect of sales transactions	9,519,558	61,322
- in respect of purchases transactions	(3,687,303)	20,604
		<u>81,926</u>

The Group uses forward currency contracts to manage some of the transaction exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.

Forward currency contracts are used to hedge the Group's sales and purchases denominated in SGD, USD and Euro for which firm commitment existed at the reporting date, extending to February 2024 (2022: March 2023) for its purchases and none (2022: April 2023) for its sales.

During the financial year, the Group recognised a net loss of RM71,296 (Note 8) (2022: net gain of RM53,291) (Note 6) arising from fair value changes of derivative instruments. The fair value changes are attributable to changes in foreign exchange spot and forward rates. The method and assumptions applied in determining the fair values of derivatives are disclosed in Note 33.

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(CONT'D)

24. SHORT TERM DEPOSITS AND INVESTMENTS AND CASH AT BANKS AND ON HAND

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Short term deposits and investments with:				
- Licensed finance companies	1,011,597	8,351,491	1,011,597	8,351,491
- Licensed banks	295,037,037	60,906,573	273,500,000	48,700,000
Total short term deposits and investments	296,048,634	69,258,064	274,511,597	57,051,491
Cash at banks and on hand	86,920,532	105,213,370	5,403,655	1,433,512
Total short term deposits and investments and cash at banks and on hand (Note 21)	382,969,166	174,471,434	279,915,252	58,485,003
Less: Short term deposits with tenure more than 3 months with licensed banks	(2,648,634)	(9,958,793)	(1,011,597)	(8,351,491)
Cash and cash equivalents	380,320,532	164,512,641	278,903,655	50,133,512

Cash at banks earn interest at floating rates based on daily bank deposit rates. Deposits with licensed banks are made for varying periods of between 23 to 366 days (2022: 15 to 366 days) depending on the cash requirements of the Group and of the Company, and earn interest rates at the respective deposit rates.

Included in the short term deposits and investments of the Group and of the Company is RM1,011,597 (2022: RM8,351,491) placed with money market fund held for investment purposes and short term deposits with licensed banks with tenure more than 3 months of the Group amounting to RM1,637,037 (2022: RM1,607,302). Both of these do not form part of cash and cash equivalents.

As at the reporting date, the weighted average interest rate and the number of days to maturity for short term deposits and investments of the Group and Company of RM296,048,634 (2022: RM69,258,064) and RM274,511,597 (2022: RM57,051,491) were as follows:

	Group		Company	
	2023	2022	2023	2022
Weighted average interest rate (%)	3.61	2.44	3.65	2.54
Average maturity days	20	19	19	16

NOTES TO THE FINANCIAL STATEMENTS
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(CONT'D)

25. TRADE AND OTHER PAYABLES

		Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Current					
Trade payables	(a)				
Third parties		110,679,035	107,161,067	-	-
Other payables					
Amount due to subsidiaries	(c)	-	-	15,537,961	1,993,157
Other payables	(b)	13,445,906	14,307,577	47,052	38,397
Other accruals	(d)	55,782,139	38,960,188	6,423,392	2,499,740
		69,228,045	53,267,765	22,008,405	4,531,294
Total trade and other payables		179,907,080	160,428,832	22,008,405	4,531,294
Add: Borrowings (Note 26)		3,642,816	9,499,968	-	-
Add: Lease liabilities (Note 17(b))		6,888,166	6,499,456	-	-
Total financial liabilities carried at amortised cost		190,438,062	176,428,256	22,008,405	4,531,294

The currency profile of the Group's and of the Company's payables are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Ringgit Malaysia	98,179,179	93,695,235	22,008,405	4,531,294
Singapore Dollar	74,690,119	59,208,156	-	-
United States Dollar	4,663,190	4,523,656	-	-
Euro	16,387	1,361,087	-	-
Australian Dollar	2,299,270	1,418,196	-	-
Others	58,935	222,502	-	-
	179,907,080	160,428,832	22,008,405	4,531,294

(a) Trade payables

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 120 days (2022: 30 to 120 days).

(b) Other payables

These amounts are non-interest bearing. Other payables are normally settled on an average term of 90 days (2022: 90 days).

(c) Amount due to subsidiaries

The amount is unsecured, non-interest bearing and is repayable on demand.

(d) Other accruals

Other accruals mainly relate to payroll and non-trade accruals.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023
(CONT'D)

26. BORROWINGS

	Group	
	2023 RM	2022 RM
Current		
Secured:		
Term loans	<u>3,642,816</u>	5,857,152
Non-current		
Secured:		
Term loans	<u>-</u>	3,642,816
Total borrowings	<u>3,642,816</u>	<u>9,499,968</u>

The remaining maturities of the loans as at 31 December 2023 are as follows:

	Group	
	2023 RM	2022 RM
Within one year	<u>3,642,816</u>	5,857,152
Later than 1 year but not later than 2 years	<u>-</u>	3,642,816
	<u>3,642,816</u>	<u>9,499,968</u>

On 9 January 2017, a wholly-owned subsidiary of the Group, Xepa-Soul Pattinson (Malaysia) Sdn. Bhd. accepted the offer of RM37,000,000 term loan facilities from a commercial bank in Malaysia to part-finance the construction of a new oral solid dosage plant and the purchases of plant and machineries.

The term loans are denominated in Ringgit Malaysia and secured by a RM37,000,000 Corporate Guarantee provided by Apex Healthcare Berhad.

The term loans were originally scheduled to be fully repaid by December 2021. On 5 December 2021, the loans were extended based on the same terms and conditions for another 3 years to be fully repaid by year 2024.

The weighted average interest rate per annum of borrowings that was effective as at the reporting date were as follows:

	Group	
	2023 %	2022 %
Term loans	<u>4.30</u>	3.92

27. SHARE CAPITAL

	Group/Company			
	Number of ordinary shares		Amount	
	2023 RM	2022 RM	2023 RM	2022 RM
Issued and fully paid				
At beginning of the financial year	477,582,372	476,249,372	129,833,516	127,190,754
Issuance of shares pursuant to bonus issue	239,342,674	-	-	-
Issuance of shares pursuant to ESOS	1,449,500	1,333,000	3,453,529	2,642,762
At end of the financial year	<u>718,374,546</u>	<u>477,582,372</u>	<u>133,287,045</u>	<u>129,833,516</u>

NOTES TO THE FINANCIAL STATEMENTS
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(CONT'D)**27. SHARE CAPITAL (CONT'D)**

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regards to the Company's residual assets.

At an extraordinary general meeting held on 18 May 2016, the Company's shareholders approved the establishment of an Executive Share Option Scheme ("ESOS") which is governed by the By-Laws.

The salient features of the ESOS are as follows:

- (a) The maximum number of new shares of the Company, which may be available under the scheme, shall not exceed in aggregate 10% of the total number of issued shares of the Company at any point in time during the existence of the ESOS;
- (b) An executive employee of the Group shall be eligible to participate in the ESOS if, as at the date of the ESOS offer, such executive employee:
 - (i) has attained the age of at least eighteen (18) years and is not an undischarged bankrupt;
 - (ii) is in the employment of any corporation within the Group and/or its subsidiaries, which are not dormant, who has been confirmed in service and has not served a notice to resign nor received a notice of termination;
 - (iii) is an executive director, is appointed and remains appointed as an executive director of the Group and/or its subsidiaries, which are not dormant; and/or
 - (iv) is under such categories and criteria that the ESOS Committee may from time to time decide at its discretion.

In the case of a director or a chief executive or a major shareholder of the Company and/or persons connected to them, their specific allotments under the ESOS shall be approved by the shareholders of the Company in a general meeting.

It is the intention of the Company that only the executive director[s] of the Company shall be eligible to participate in the ESOS and all the non-executive directors of the Company shall not be entitled to participate in the ESOS.

- (c) The ESOS shall be in force for a period of five (5) years from 1 July 2016 and may be extended by the Board at its absolute discretion, without having to obtain approval from the Company's shareholders, for a further period of up to five (5) years, but will not in aggregate exceed ten (10) years from 1 July 2016 or such longer period as may be allowed by the relevant authorities;
- (d) The option price may be subjected to a discount of not more than 10% of the average of the market quotation of the shares as shown in the daily official list issued by Bursa Malaysia Securities Berhad for the five (5) trading days immediately preceding the offer date, or at par value of the shares of the Company, whichever is higher;
- (e) The option may be exercised by the grantee by notice in writing to the Company in the prescribed form during the option period in respect of all or any part of the new shares of the Company comprised in the ESOS;
- (f) All new ordinary shares issued upon exercise of the options granted under the ESOS will rank pari passu in all respects with the existing ordinary shares of the Company, except that new ordinary shares allotted and issued, will not be entitled to any dividends, rights, allotments and/or other distributions declared, where the entitlement date of which is prior to date of allotment and issuance of the new shares;
- (g) The option granted to eligible employees will lapse when they are no longer in employment with the Group.

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(CONT'D)

27. SHARE CAPITAL (CONT'D)

The option prices and the details in the movement of the unexercised options granted are as follows:

Grant	Grant date	Exercisable date	Expiry date	Exercise price		Balance at 1.1.2023		Granted	Exercised	Lapsed	Balance at 31.12.2023
				Pre-Bonus issue RM	Post-* RM	Pre-Bonus issue	Post-*				
No 3	1.3.2018	1.6.2020	30.6.2026	1.18	0.79	285,000	427,500	-	(242,500)	-	185,000
No 4	1.3.2019	1.6.2021	30.6.2026	1.82	1.22	578,000	867,000	-	(609,000)	-	258,000
No 5	1.3.2020	1.6.2022	30.6.2026	2.08	1.39	884,000	1,326,000	-	(912,000)	-	414,000
No 6	1.7.2021	1.10.2023	30.6.2026	2.71	1.81	770,000	1,155,000	-	(237,500)	(36,000)	881,500
No 7	1.8.2022	1.8.2024	30.6.2026	2.66	1.78	823,000	1,234,500	-	-	(60,000)	1,174,500
No 8	1.7.2023	1.7.2025	30.6.2026	-	2.18	-	-	1,504,500	-	(33,000)	1,471,500
						3,340,000	5,010,000	1,504,500	(2,001,000)	(129,000)	4,384,500

* On 12 June 2023, the Company completed the listing and quotation for 239,342,674 bonus shares on the basis of one (1) bonus share for every two (2) existing shares held.

During the financial year, the Company has granted 1,504,500 share options (with a vesting period of two (2) years from 1 July 2023 to 30 June 2025). The Board has approved for the date of expiration of these ESOS to be extended to 30 June 2026 (previously 30 June 2021). The options which have lapsed during the financial year were due to resignation of employees.

The fair value of ESOS granted during the financial year was estimated using the Binomial Option Pricing model, taking into account the terms and conditions upon which the options were granted. The assumptions adopted and the fair value measurement of share options which remains unexercised as at 31 December 2023 are as follows:

	Grant No 8 1 July 2023	Grant No 7 1 August 2022 *	Grant No 6 1 July 2021 *	Grant No 5 1 March 2020 *	Grant No 4 1 March 2019 *	Grant No 3 1 March 2018 *
Fair value of ESOS at grant date (RM)	0.599	0.784	0.950	0.793	1.520	1.046
Weighted average share price (RM)	2.42	2.94	3.00	2.30	2.02	1.30
Exercise price (RM)	2.18	2.66	2.71	2.08	1.82	1.18
Expected volatility (%)	31%	32%	33%	31%	22%	21%
Expected life (years)**	3	4	5	6	7	8
Risk free rate (%)	3.47%	3.67%	2.51%	3.76%	3.76%	3.89%
Expected dividend yield (%)	2.51%	2.49%	2.28%	1.60%	2.67%	2.65%

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome. No other feature of the option was incorporated into the measurement of fair value.

* Not adjusted to reflect the effect of two (2) for one (1) bonus issue on 12 June 2023.

** The extension of the ESOS expiration date to 30 June 2026 was approved by the Board on 23 May 2019.

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28. OTHER RESERVES

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Share option reserve	(a)	1,540,638	1,637,367	1,540,638	1,637,367
Foreign currency translation reserve	(b)	20,966,884	18,205,011	-	-
		22,507,522	19,842,378	1,540,638	1,637,367

(a) Share option reserve

	Group/Company	
	2023 RM	2022 RM
Share options under ESOS:		
At 1 January	1,637,367	1,545,287
Movement during the financial year	(96,729)	92,080
At 31 December	1,540,638	1,637,367

The share option reserve represents the equity-settled share options granted to employees. This reserve is made up of the cumulative value of services received from employees recorded on grant of share options.

(b) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

29. RETAINED EARNINGS OF THE COMPANY

The Company may distribute dividends out of its entire retained earnings as at 31 December 2023 and 31 December 2022 under the single-tier system.

30. CAPITAL COMMITMENTS

Capital expenditure as at the reporting date is as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Approved and contracted for:				
- Property, plant and equipment	67,233,539	10,062,277	-	-
Approved but not contracted for:				
- Property, plant and equipment	5,257,102	4,626,643	-	-
	72,490,641	14,688,920	-	-

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31. FINANCIAL GUARANTEES

The Company provided corporate guarantees amounting to RM10,734,546 (2022: RM27,086,775) to certain financial institutions for credit facilities granted to its subsidiaries. The Company has assessed and regarded that the credit enhancements provided by these guarantees are minimal. As such, the Company did not ascribe any values to these guarantees.

32. RELATED PARTY TRANSACTIONS

(a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

	Company	
	2023	2022
	RM	RM
Management service fees received from subsidiaries	5,208,800	4,917,600
Interest income from subsidiaries	1,021,875	1,021,875
Dividend income received from subsidiaries	69,700,000	24,020,000
Dividend income received from an associate	217,000,000	-
Management service fees paid to subsidiaries	(16,125,332)	(1,554,375)
Rental expense paid to subsidiaries	(335,133)	(317,025)

Information regarding outstanding balances arising from related party transactions as at 31 December 2023 is disclosed in Note 21 and Note 25.

(b) Compensation of key management personnel

The remuneration of directors and other members of key management during the financial year was as follows:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Short-term employment benefits	26,389,931	15,393,397	3,409,866	1,855,345
Defined contribution plans	1,287,593	996,912	477,206	189,704
Other benefits	37,238	35,670	-	-
	27,714,762	16,425,979	3,887,072	2,045,049

Included in the total key management personnel is:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Directors' remuneration (Note 10)	18,054,138	5,571,285	937,411	946,164

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33. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Financial instruments that are measured at fair value

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

	Level 2 RM
Group	
At 31 December 2023	
Financial assets:	
Derivatives	
- Forward currency contracts	<u>10,630</u>
At 31 December 2022	
Financial assets:	
Derivatives	
- Forward currency contracts	<u>81,926</u>
<u>Fair value hierarchy</u>	

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

There have been no transfers between the fair value hierarchy during the financial years ended 2023 and 2022.

Derivatives

Forward currency contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates.

(b) Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables	21
Trade and other payables	25
Borrowings	26

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

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34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include foreign currency risk, interest rate risk, credit risk and liquidity risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks. The audit committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Group's and the Company's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from sales and purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily RM and Singapore Dollar ("SGD"). The foreign currencies in which these transactions are denominated are mainly United States Dollar ("USD"), Australian Dollar ("AUD") and Euro ("EUR"). Foreign currency exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

Approximately 2% (2022: 3%) of the Group's sales are denominated in foreign currencies other than the respective functional currencies of the Group's entities. The currency profiles for the Group's trade receivables and trade payables are disclosed at Note 21(a) and Note 25 respectively.

The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes. At the reporting date, such cash and cash equivalents in foreign currency balances which were denominated in currencies other than the functional currencies of the respective entities within the Group amount to RM4,000,731 (2022: RM2,791,817).

The Group is also exposed to currency translation risk arising from its net investments in foreign operations in the Republic of Singapore. The Group's net investments in Singapore are not hedged as currency positions in SGD are considered to be long-term in nature.

The net unhedged financial assets and financial liabilities of the Group that are not denominated in their functional currencies are as follows:

	2023 RM	Group 2022 RM
Receivables		
Singapore Dollar	370	23,972
United States Dollar	1,527,594	2,489,304
Others	209,122	537,022
	<u>1,737,086</u>	<u>3,050,298</u>
Payables		
Singapore Dollar	(1,394,150)	(1,243,824)
United States Dollar	(4,663,190)	(4,523,656)
Euro	(16,387)	(1,361,087)
Australian Dollar	(2,299,270)	(1,418,196)
Others	(58,935)	(222,502)
	<u>(8,431,932)</u>	<u>(8,769,265)</u>

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34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Foreign currency risk (Cont'd)

Sensitivity analysis for foreign currency risk

The following table demonstrate the sensitivity of the Group's profit before tax to a reasonably possible change in the following foreign currencies:

	Decrease in profit before tax	
	2023	2022
	RM	RM
Group		
USD/RM - strengthened 5% (2022: 5%)	(156,780)	(101,718)
SGD/RM - strengthened 5% (2022: 5%)	(69,689)	(60,993)
EUR/RM - strengthened 5% (2022: 5%)	(819)	(68,054)
AUD/RM - strengthened 5% (2022: 5%)	(114,964)	(70,910)

The weakening of the currencies at a similar rate above will result in an equal increase in the Group's profit before tax.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from their loan, amounts due from subsidiaries and short term deposits and investments. The Group's policy is to manage interest cost using a mix of fixed and floating rate debts.

At the reporting date, the interest rate profile of the interest-bearing financial instruments is as follows:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
<u>Fixed rate instruments</u>				
- Financial assets	295,037,037	60,906,573	359,765,000	89,575,000
<u>Floating rate instruments</u>				
- Financial assets	1,011,597	8,351,491	1,011,597	8,351,491
- Financial liabilities	(3,642,816)	(9,499,968)	-	-

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not measure any fixed rate instruments at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Fair value sensitivity analysis for floating rate instruments

The directors have assessed that there are no reasonably possible change in interest rates that would result in a material impact to the financial results of the Group and of Company.

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34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from sales made on deferred credit terms. For other financial assets (including cash at banks and on hand and derivatives), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group seeks to control credit risk by ensuring that sales of products are made to customers who have been subjected to stringent credit review, a process of the Group's credit control policy. Concentrations of credit risk with respect to trade receivables are limited due to the Group's large number of customers.

Exposure to credit risk

The Group considers the risk of material loss in the event of non-performance by customers to be unlikely.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the reporting date is as follows:

	Group			
	2023	2023	2022	2022
	RM	% of total	RM	% of total
By industry sectors				
Malaysia private sector	120,298,716	66.31%	106,562,713	64.06%
Malaysia government sector	12,130,389	6.69%	12,728,445	7.65%
Singapore private sector	47,258,535	26.05%	43,435,532	26.11%
Export market	1,736,716	0.95%	3,631,483	2.18%
	181,424,356	100.00%	166,358,173	100.00%

Financial guarantees

The Company provides unsecured financial guarantees to licensed banks in respect of credit granted to subsidiaries. The Company monitors on an ongoing basis the trend of repayments made by the subsidiaries.

The maximum exposure to credit risk amounts to RM10,734,546 (2022: RM27,086,775) representing banking facilities utilised as of the end of the reporting period.

At the end of the reporting date, there was no indication that the subsidiaries would default on repayment.

(d) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the Group and the Company aim at maintaining flexibility in funding by keeping committed credit lines available.

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34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) Liquidity risk (Cont'd)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and of the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations:

	On demand or within one year RM	One year to five years RM	More than five years RM	Total RM
Group				
31 December 2023				
Financial liabilities:				
Trade and other payables	179,907,080	-	-	179,907,080
Borrowings	3,745,908	-	-	3,745,908
Lease liabilities	1,144,053	3,092,015	6,625,802	10,861,870
Total undiscounted financial liabilities	184,797,041	3,092,015	6,625,802	194,514,858
31 December 2022				
Financial liabilities:				
Trade and other payables	160,428,832	-	-	160,428,832
Borrowings	6,022,909	3,851,917	-	9,874,826
Lease liabilities	932,799	2,932,326	6,707,553	10,572,678
Total undiscounted financial liabilities	167,384,540	6,784,243	6,707,553	180,876,336
			On demand or within one year	
			2023	2022
			RM	RM
Company				
Trade and other payables representing total undiscounted financial liabilities			22,008,405	4,531,294

As disclosed in Note 31, the Group and the Company has also provided financial guarantee amounting to RM10,734,546 (2022: RM27,086,775) to certain financial institutions for credit facilities granted to its subsidiaries, which will be due on demand or within 1 year should the subsidiaries default.

35. CAPITAL MANAGEMENT

The primary objective of the Group's and of the Company's capital management is to ensure that they maintain a strong credit rating and healthy capital ratios in order to support their business and maximise shareholders' value.

The Group and the Company manage their capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2023 and 31 December 2022.

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35. CAPITAL MANAGEMENT (CONT'D)

The Group and the Company monitor capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's and the Company's policy is to keep the gearing ratio to not more than 40%. The Group and the Company include within net debt, trade and other payables, less short term deposits and investments and cash at banks and on hand. Capital includes equity attributable to the owners of the parent.

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Trade and other payables	25	(179,907,080)	(160,428,832)	(22,008,405)	(4,531,294)
Borrowings	26	(3,642,816)	(9,499,968)	-	-
Less: Short term deposits and investments	24	296,048,634	69,258,064	274,511,597	57,051,491
Less: Cash at banks and on hand	24	86,920,532	105,213,370	5,403,655	1,433,512
Net cash		199,419,270	4,542,634	257,906,847	53,953,709
Equity attributable to the owners of the parent, representing total capital		918,274,397	558,427,873	441,467,532	210,665,173
Gearing ratio		*	*	*	*

* Not applicable as there are sufficient short term deposits and investments and cash at banks and on hand to cover the debt.

The Group and its subsidiaries are not subjected to any externally imposed capital requirements.

36. SEGMENT INFORMATION

For management purposes, the Group is organised into three main business units based on their products, and has three reportable operating segments as follows:

- (i) Manufacturing of pharmaceutical products;
- (ii) Distribution of pharmaceutical and healthcare products; and
- (iii) Corporate comprising investments, properties and others.

Except as indicated above, no operating segment has been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer pricing between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

All the major operations of the Group are carried out in Malaysia. Accordingly, the segment reports as presented below had been reviewed by the chief operating decision maker.

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36. SEGMENT INFORMATION (CONT'D)

	Manufacturing		Distribution		Corporate		Adjustments and eliminations		Note	Per consolidated financial statements	
	2023	2022	2023	2022	2023	2022	2023	2022		2023	2022
	RM	RM	RM	RM	RM	RM	RM	RM		RM	RM
Revenue											
External revenue	88,789,331	84,057,550	847,331,667	793,642,263	48,960	42,060	-	-		936,169,958	877,741,873
Inter-segment revenue	175,339,476	148,956,510	36,431	40,524	75,202,440	29,254,400	(250,578,347)	(178,251,434)	A	-	-
Total revenue	264,128,807	233,014,060	847,368,098	793,682,787	75,251,400	29,298,460	(250,578,347)	(178,251,434)		936,169,958	877,741,873
Results											
Interest income	895,542	569,478	225,365	202,017	5,738,218	845,305	-	-		6,859,125	1,616,800
Interest expense	(848,524)	(979,613)	(1,211,395)	(1,260,625)	(54,375)	(59,219)	1,550,944	1,535,927		(563,350)	(763,530)
Depreciation and amortisation	(14,445,883)	(13,457,974)	(4,309,615)	(3,672,274)	(180,702)	(127,766)	869,041	798,069		(18,067,159)	(16,459,945)
Share of results of associates	-	-	-	-	336,396,451	29,570,224	-	-		336,396,451	29,570,224
Other non-cash income/(expenses)	(564,343)	1,096,667	(1,508,173)	(1,902,562)	(132,606)	(119,349)	-	-	B	(2,205,122)	(925,244)
Segment profit	72,884,934	63,919,829	37,192,488	36,242,342	334,294,731	24,933,683	(21,063,033)	(4,740,821)	C	423,309,120	120,355,033
Assets and liabilities											
Investment in associates	-	-	-	-	193,784,844	70,308,393	-	-		193,784,844	70,308,393
Additions to non-current assets	23,630,677	28,742,424	4,316,667	3,156,055	288,204	2,305,624	-	-	D	28,235,548	34,204,103
Segment assets	260,029,032	241,313,331	367,934,784	351,051,625	502,903,805	160,039,092	(8,250,282)	(7,146,635)	E	1,122,617,339	745,257,413
Segment liabilities	(40,415,443)	(49,158,588)	(125,526,694)	(121,409,609)	(24,495,925)	(5,860,059)	(13,904,880)	(10,401,284)	F	(204,342,942)	(186,829,540)

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36. SEGMENT INFORMATION (CONT'D)

Notes: Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

- A Inter-segment revenues are eliminated on consolidation.
- B Other material non-cash expenses/(income) consist of the following items as presented in the respective notes to the financial statements:

	Note	2023 RM	2022 RM
<u>Trade receivables:</u>			
- bad debts written off/(recovered)	8	3,654	(6,004)
- allowance for expected credit losses	8	652,889	925,029
Inventories written off	8	674,516	221,411
Inventories written down	8	901,585	247,442
Property, plant and equipment written off	8	478	1,894
Net unrealised gain on foreign exchange	8	(570,409)	(360,788)
Fair value changes on derivatives instruments	6, 8	71,296	(53,291)
Gain on disposal of property, plant and equipment	6	(281,161)	(691,604)
Share options granted	9	752,274	641,155
		2,205,122	925,244

- C Unallocated corporate expense of RM21,063,033 (2022: RM4,740,821) was deducted from segment profit to arrive at "Profit before taxation" presented in the consolidated statement of comprehensive income.

- D Additions to non-current assets consist of:

	2023 RM	2022 RM
Property, plant and equipment	25,934,203	30,315,453
Intangible assets	2,066,764	1,609,084
Investment properties	234,581	2,279,566
	28,235,548	34,204,103

- E The following items were added to/(deducted from) segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2023 RM	2022 RM
Deferred tax assets	1,319,000	1,806,000
Tax recoverable	45,815	238,461
Property, plant and equipment	(9,615,097)	(9,191,096)
	(8,250,282)	(7,146,635)

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36. SEGMENT INFORMATION (CONT'D)

Notes: Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements (Cont'd)

F The following items were added to segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2023	2022
	RM	RM
Income tax payable	6,098,193	3,567,499
Deferred tax liabilities	7,806,687	6,833,785
	13,904,880	10,401,284

Geographical information

Revenue and non-current assets (other than financial instruments, deferred tax assets, other investment, right-of-use assets and investment in associates) information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2023	2022	2023	2022
	RM	RM	RM	RM
Malaysia	582,921,023	562,117,419	175,209,612	163,483,616
Singapore	333,447,215	293,776,515	38,851,680	38,479,616
Others	19,801,720	21,847,939	-	-
	936,169,958	877,741,873	214,061,292	201,963,232

Non-current assets information presented above consists of the following items as presented in the consolidated statement of financial position:

	2023	2022
	RM	RM
Property, plant and equipment	199,234,343	189,332,525
Investment properties	9,251,716	8,675,124
Intangible assets	5,575,233	3,955,583
	214,061,292	201,963,232

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37. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

Group	As at 1 January 2023 RM	New leases RM	Interest charged RM	Repayment of interest RM	Repayment RM	Reclass- ifications RM	Others RM	As at 31 December 2023 RM
Current borrowings	5,857,152	-	256,024	(256,024)	(5,857,152)	3,642,816	-	3,642,816
Non-current borrowings	3,642,816	-	-	-	-	(3,642,816)	-	-
Current lease liabilities	744,773	-	307,326	(307,326)	(834,311)	950,390	89,538	950,390
Non-current lease liabilities	5,754,683	1,142,451	-	-	-	(950,390)	(8,968)	5,937,776
Total liabilities from financing activities	15,999,424	1,142,451	563,350	(563,350)	(6,691,463)	-	80,570	10,530,982

Group	As at 1 January 2022 RM	New leases RM	Interest charged RM	Repayment of interest RM	Repayment RM	Reclass- ifications RM	Others RM	As at 31 December 2022 RM
Current borrowings	5,857,152	-	444,000	(444,000)	(5,857,152)	5,857,152	-	5,857,152
Non-current borrowings	9,499,968	-	-	-	-	(5,857,152)	-	3,642,816
Current lease liabilities	791,786	-	319,530	(319,530)	(780,190)	744,773	(11,596)	744,773
Non-current lease liabilities	5,272,774	1,314,760	-	-	-	(744,773)	(88,078)	5,754,683
Total liabilities from financing activities	21,421,680	1,314,760	763,530	(763,530)	(6,637,342)	-	(99,674)	15,999,424

LIST OF PROPERTIES

AS AT 31ST DECEMBER 2023

	Registered Owner & Address	Land area sq.metres	Built-up area sq.metres	Existing use/ Description	Tenure/ (Expiry date) Age of building	Net Carrying Amount RM	Date of last revaluation/ acquisition
APEX RETAIL SDN BHD							
1	Unit No. F120 First Floor, Holiday Plaza Jalan Dato' Sulaiman Taman Century Johor Bahru Johor Darul Takzim	-	158	1 parcel of commercial space located on the 1st floor of Holiday Plaza	Freehold / 39 years old	629,018	Revalued Dec 2013
2	No 21 Jalan Permas Jaya 9/12 Bandar Baru Permas Jaya Masai Johor	279	369	1 1/2 - storey terraced warehouse cum office	Freehold / 24 years old	326,800	Revalued Dec 2011
3	No 83 Jalan Munshi Abdullah Melaka	130	330	3 - storey terraced shop office	Freehold / 61 years old	415,200	Revalued Dec 2011
4	No 134, 134/1, 134/2 and 134/3 Kompleks Perniagaan Munshi Abdullah Jalan Munshi Abdullah Melaka	137	524	4 1/2 - storey shop office	Leasehold / (exp. 2102) 33 years old	578,633	Revalued Dec 2011
5	Unit No. H-G-33 (D) AH - 106, Batu Kawah New Township Jalan Batu Kawa Kuching Sarawak	98	98	Warehouse / Ground Floor, Block H Commercial (D) Plot 14	Leasehold / (exp. 2058) 23 years old	216,302	Revalued Dec 2011
6	Unit No. H-G-33A (F1) AH - 107, Batu Kawah New Township Jalan Batu Kawa Kuching Sarawak	127	127	Warehouse cum office / Ground Floor Block H Commercial (D) Plot 14	Leasehold / (exp. 2058) 23 years old	294,219	Revalued Dec 2011
7	Pavilion Damansara Heights Corporate Tower 2 Lot 481086 Mukim of Kuala Lumpur, District of Kuala Lumpur Parcel No. 10-01 Parcel No. 10-02 Parcel No. 10-03 Parcel No. 10-03A Parcel No. 10-05 Parcel No. 10-06	- - - - - -	211 195 101 101 155 171	Office suites	Freehold	7,880,712	Acquired 2016

LIST OF PROPERTIES
AS AT 31ST DECEMBER 2023
(CONT'D)

	Registered Owner & Address	Land area sq.metres	Built-up area sq.metres	Existing use/ Description	Tenure/ (Expiry date) Age of building	Net Carrying Amount RM	Date of last revaluation/ acquisition
KEPA-SOUL PATTINSON (MALAYSIA) SDN BHD							
8	No 1-5 Jalan TTC 1 Cheng Industrial Estate Melaka	38,966	39,484	Factory Buildings / Car park	Leasehold / (exp. 2096) 31 years old	50,246,575	Revalued Dec 2009
9	Mukim Pegoh District of Alor Gajah, Melaka HS (D) 32770 PT 2545, HS (D) 32771 PT 2546, HS (D) 32777 PT 2552, HS (D) 32778 PT 2553, HS (D) 32781 PT 2556 and HS (D) 32782 PT 2557	75,867	-	Industrial Land	Freehold	20,939,575	Acquired 2019
APEX PHARMACY MARKETING SDN BHD							
10	No 2 Jalan SS 13/5 Subang Jaya Selangor Darul Ehsan	10,116	9,548	Industrial Land / Corporate Office and Warehouse	Freehold / 19 years old	13,911,871	Revalued Dec 2009
APEX PHARMA MARKETING PTE LTD							
11	49 Tannery Lane #04-01 & 04-07 Noble Warehouse Singapore	-	700	Industrial Land / Warehouse	Freehold / 38 years old	5,583,801	Revalued Dec 2009
12	4 Loyang Way 1 Singapore	3,673	4,879	Industrial Warehouse / 3 - storey detached building	Leasehold / (exp. 2052) 27 years old	28,746,628	Acquired 2013

ANALYSIS OF SHAREHOLDINGS

AS AT 15TH MARCH 2024

Total Number of Issued Shares	: 718,606,046
Class of Shares	: Ordinary Shares
Voting Rights	: One (1) vote per Ordinary Share
Number of Shareholders	: 4,169

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
Less than 100	137	3.29	5,067	0.00
100 to 1,000	627	15.04	351,241	0.05
1,001 to 10,000	1,953	46.85	8,119,070	1.13
10,001 to 100,000	1,195	28.66	35,802,242	4.98
100,001 – less than 5% of issued shares	254	6.09	176,120,370	24.51
5% and above issued shares	3	0.07	498,208,056	69.33
Total	4,169	100.00	718,606,046	100.00

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

Name of Substantial Shareholders	Direct Interest	No. of Shares Held		
		%	Indirect Interest	%
Apex Pharmacy Holdings Sdn. Bhd.	285,431,736	39.72	-	-
Washington H.Soul Pattinson and Company Limited	212,776,320	29.61	-	-
Xepa Holdings Sdn. Bhd.	7,482,000	1.04	285,431,736 ⁽¹⁾	39.72
Apex Holdings (Pte) Ltd	4,035,800	0.56	292,913,736 ⁽¹⁾	40.76
Xepa Holdings Pte Ltd	-	-	296,949,536 ⁽¹⁾	41.32
Kee Tah Peng @ Hee Teck Peng	-	-	296,949,536 ⁽¹⁾	41.32
Dr. Kee Kirk Chin	8,416,872	1.17	296,949,536 ⁽¹⁾	41.32
Yang Liew Fang	-	-	296,949,536 ⁽¹⁾	41.32
Kee Kirk Chuen	1,406,250	0.20	296,949,536 ⁽¹⁾	41.32
Dr Kee Loo	-	-	296,949,536 ⁽¹⁾	41.32
United Engineers Limited	-	-	285,431,736 ⁽¹⁾	39.72
UE UMC Pte Ltd	-	-	285,431,736 ⁽¹⁾	39.72
Yanlord Land Group Limited	-	-	285,431,736 ⁽¹⁾	39.72
Zhong Sheng Jian	-	-	285,431,736 ⁽¹⁾	39.72
Yanlord Investment (Singapore) Pte. Ltd.	-	-	285,431,736 ⁽¹⁾	39.72
Yanlord Commercial Property Investments Pte. Ltd.	-	-	285,431,736 ⁽¹⁾	39.72
Yanlord Holdings Pte. Ltd.	-	-	285,431,736 ⁽¹⁾	39.72

Note:-

¹ Deemed interest by virtue of Section 8(4)(c) of the Companies Act 2016.

ANALYSIS OF SHAREHOLDINGS
AS AT 15TH MARCH 2024
(CONT'D)

DIRECTORS' SHAREHOLDINGS

Name of Directors	Direct Interest	No. of Shares Held		
		%	Indirect Interest	%
Dr. Kee Kirk Chin	8,416,872	1.17	296,949,536 ⁽¹⁾	41.32
Robert Dobson Millner AO	440,622	0.06	-	-
Datuk Noharuddin bin Nordin @ Harun	60,000	0.01	-	-
Datuk Phang Ah Tong	15,000	Negligible	-	-
Kee Kirk Chuen	1,406,250	0.20	296,949,536 ⁽¹⁾	41.32
Leong Khai Cheong	1,636,122	0.23	-	-
Yap Seng Chong	-	-	-	-
Le Wat Su	30,000	Negligible	-	-

Note:-

¹ Deemed interest by virtue of Section 8(4)(c) of the Companies Act 2016.

TOP THIRTY (30) SHAREHOLDERS

No.	Names	No. of Shares	%
1.	APEX PHARMACY HOLDINGS SDN BHD	285,431,736	39.72
2.	WASHINGTON H.SOUL PATTINSON AND COMPANY LIMITED	111,365,622	15.50
3.	WASHINGTON H.SOUL PATTINSON AND COMPANY LIMITED	101,410,698	14.11
4.	LIM TEH REALTY SDN BERHAD	9,750,000	1.36
5.	XEPA HOLDINGS SDN.BHD.	7,482,000	1.04
6.	MD ALI BIN MD DEWAL	7,272,000	1.01
7.	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC OPPORTUNITIES FUND	7,271,400	1.01
8.	CARTABAN NOMINEES (TEMPATAN) SDN BHD ICAPITAL.BIZ BERHAD	6,406,950	0.89
9.	LIEW YOON YEE	6,038,000	0.84
10.	TAN SU-ANN	6,028,886	0.84
11.	CIMB GROUP NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR DBS BANK LTD (SFS-PB)	5,700,000	0.79
12.	AMANAHRAYA TRUSTEES BERHAD PUBLIC STRATEGIC SMALLCAP FUND	5,660,950	0.79

ANALYSIS OF SHAREHOLDINGS
AS AT 15TH MARCH 2024
(CONT'D)

TOP THIRTY (30) SHAREHOLDERS (CONT'D)

No.	Names	No. of Shares	%
13.	APEX HOLDINGS (PTE) LTD	4,035,800	0.56
14.	CHAN HENG KOON	3,804,000	0.53
15.	TEOH CHOON NEO @ IVY TEOH CHOON NEO	3,450,000	0.48
16.	CIMB COMMERCE TRUSTEE BERHAD PUBLIC FOCUS SELECT FUND	3,399,550	0.47
17.	SINGAM A/L KUMARASAMY	3,282,000	0.46
18.	YEO LEE HEE	2,808,000	0.39
19.	UOBM NOMINEES (ASING) SDN BHD UOBM FOR KEE KIRK CHIN (PBM)	2,716,872	0.38
20.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG YEE HUI	2,437,500	0.34
21.	OH SIEW HEONG	2,358,000	0.33
22.	TAN JIN THAI	2,300,000	0.32
23.	AMANAHRAYA TRUSTEES BERHAD PB ISLAMIC SMALLCAP FUND	2,212,550	0.31
24.	LEONG WAI KUEN	2,000,000	0.28
25.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SUSY DING (CEB)	1,993,650	0.28
26.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PHUA KIAP WITE (E-KTN)	1,840,200	0.25
27.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR LEONG KHAI CHEONG (PB)	1,636,122	0.23
28.	LIM KHUAN ENG	1,620,000	0.22
29.	LAI YOON KEE	1,589,650	0.22
30.	MAYBANK NOMINEES (TEMPATAN) SDN BHD MEDICAL FUND (IFM NOMURA) [410223]	1,488,450	0.21

NOTICE OF TWENTY-FIFTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Fifth (“**25th**”) Annual General Meeting (“**AGM**”) of Apex Healthcare Berhad (the “**Company**”) will be held and conducted on a virtual basis through live streaming from the broadcast venue at Level 12, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia via the meeting platform at <https://meeting.boardroomlimited.my/> on Wednesday, 15th May 2024 at 9:30 a.m. for the following purposes:-

As Ordinary Business

- | | | |
|----|---|------------------------------|
| 1. | To receive the Audited Financial Statements for the financial year ended 31st December 2023 together with the Directors’ and Auditors’ Reports thereon. | Explanatory Note 1 |
| 2. | To approve a final single-tier dividend of 2.5 sen per ordinary share for the financial year ended 31st December 2023. | Ordinary Resolution 1 |
| 3. | To approve a special dividend of 20.0 sen per ordinary share for the financial year ended 31st December 2023. | Ordinary Resolution 2 |
| 4. | To approve the payment of Directors’ fees of RM 669,000 for the financial year ended 31st December 2023. | Ordinary Resolution 3 |
| 5. | To re-elect Robert Dobson Millner AO who retires by rotation pursuant to Clause 95 of the Constitution of the Company. | Ordinary Resolution 4 |
| 6. | To re-elect Datuk Noharuddin bin Nordin @ Harun who retires by rotation pursuant to Clause 95 of the Constitution of the Company. | Ordinary Resolution 5 |
| 7. | To re-elect Mr Yap Seng Chong who retires pursuant to Clause 102 of the Constitution of the Company. | Ordinary Resolution 6 |
| 8. | To re-elect Ms Le Wat Su who retires pursuant to Clause 102 of the Constitution of the Company. | Ordinary Resolution 7 |
| 9. | To re-appoint Ernst & Young PLT as the Auditors of the Company and to authorise the Directors to fix their remuneration. | Ordinary Resolution 8 |

As Special Business

To consider and if thought fit, to pass the following Resolutions with or without modifications:-

- | | | |
|-----|---|------------------------------|
| 10. | AUTHORITY UNDER SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 FOR THE DIRECTORS TO ALLOT AND ISSUE SHARES; AND WAIVER OF PRE-EMPTIVE RIGHTS OVER NEW ORDINARY SHARES (“SHARES”) IN THE COMPANY UNDER SECTION 85(1) OF THE ACT READ TOGETHER WITH CLAUSE 59 OF THE CONSTITUTION OF THE COMPANY | Ordinary Resolution 9 |
|-----|---|------------------------------|

“THAT pursuant to Sections 75 and 76 of the Companies Act 2016, and subject to the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered to issue new shares in the Company at any time, at such price, upon such terms and conditions and for such purposes and to such person or persons whomsoever as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution in any one financial year does not exceed 10% of the total number of issued shares of the Company for the time being AND THAT the Directors be and are also hereby empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued AND THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company.

NOTICE OF TWENTY-FIFTH
ANNUAL GENERAL MEETING
(CONT'D)

THAT in connection with the above, pursuant to Section 85(1) of the Act read together with Clause 59 of the Constitution of the Company, the shareholders do hereby waive the statutory pre-emptive rights of the offered shares in proportion of their holdings at such price and at such terms to be offered arising from any issuance of new shares above by the Company.

AND THAT the new shares to be issued shall, upon allotment and issuance, rank *pari passu* in all respects with the existing Shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or any other forms of distribution that which may be declared, made or paid before the date of allotment of such new shares.”

11. **AUTHORITY FOR DATUK NOHARUDDIN BIN NORDIN @ HARUN TO CONTINUE IN OFFICE AS AN INDEPENDENT DIRECTOR OF THE COMPANY** **Ordinary Resolution 10**

“THAT, contingent upon the passing of the Ordinary Resolution 5, authority be and is hereby given for Datuk Noharuddin bin Nordin @ Harun who has served as an Independent Director of the Company since 20th May 2015 and will reach his nine (9)-year service on 19th May 2024, to continue to act as an Independent Director of the Company until the conclusion of the next Annual General Meeting, in accordance with the Malaysian Code on Corporate Governance.”

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT a final single-tier dividend of 2.5 sen per ordinary share and a special dividend of 20.0 sen per ordinary share for the financial year ended 31st December 2023, if approved, will be paid on 29th May 2024. The entitlement date for the payment is 16th May 2024.

A depositor shall qualify for entitlement only in respect of:-

- (a) Shares transferred into the Depositor’s Securities Accounts before 4:30 p.m. on 16th May 2024 in respect of transfer; and
- (b) Shares bought on Bursa Securities on a cum entitlement basis according to the Rules of Bursa Securities.

BY ORDER OF THE BOARD

CHIEW WOON WUI

Membership No.: MIA 20586

SSM Practicing Certificate No.: 201908001112

CHAN YOKE PENG

Membership No.: MAICSA 7053966

SSM Practicing Certificate No.: 202008001791

Secretaries

Melaka
16th April 2024

NOTICE OF TWENTY-FIFTH
ANNUAL GENERAL MEETING
(CONT'D)

Notes:-

1. The AGM of the Company will be held and conducted on a virtual basis through live streaming and online remote voting via Remote Participation and Electronic Voting (“**RPEV**”) facilities to be provided by the Company’s Share Registrar, Boardroom Share Registrars Sdn. Bhd.. Please follow the procedures provided in the Administrative Guide for the AGM in order to register, participate and vote remotely via the RPEV facilities.

The Administrative Guide on the conduct of a virtual AGM of the Company is available on the Company’s website at <https://apexhealthcare.com.my/annual-general-meeting/>.
2. The venue of the AGM is strictly for the purpose of complying with Section 327(2) of the Act which requires the Chairman of the meeting to be present at the main venue of the meeting. The venue of the AGM is to inform shareholders where the electronic AGM production and streaming would be conducted from. **NO SHAREHOLDER(S)/PROXY(IES)** from the public will be allowed to be physically present at the broadcast venue.
3. In respect of deposited securities, only members whose names appear in the Company’s Record of Depositors as at **8th May 2024** shall be eligible to participate and vote at this meeting or appoint proxy(ies) to participate and vote on his/her behalf.
4. A member of the Company who is entitled to participate and vote at this meeting is entitled to appoint not more than two (2) proxies, and in the case of a corporation, a duly authorised representative to participate and vote in its stead.
5. A proxy may but need not be a member of the Company, an advocate, an approved company auditor or a person approved by the Registrar. Where a member appoints more than one (1) proxy, he shall specify the proportions of his shareholdings to be represented by each proxy.
6. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“**omnibus account**”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
7. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised in writing.
8. The appointment of proxy may be made in a hard copy form or by electronic means, not less than forty-eight (48) hours before the time for holding the AGM or at any adjournment thereof, as follows:-
 - (i) **In hard copy form**
The original instrument appointing a proxy (“**Proxy Form**”) must be deposited at the Company’s Share Registrar’s Office at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia.
 - (ii) **By electronic means**
The Proxy Form can also be lodged electronically with the Share Registrar of the Company through Boardroom Smart Investor Online Portal at <https://investor.boardroomlimited.com/>. Please follow the procedures provided in the Administrative Guide for the AGM in order to deposit the Proxy Form electronically.
9. If you have submitted your Proxy Form(s) and subsequently decide to appoint another person or wish to participate in our electronic AGM by yourself, please write in to bsr.helpdesk@boardroomlimited.com to revoke the earlier appointed proxy forty-eight (48) hours before this meeting.
10. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements (“**MMLR**”) of Bursa Securities, all the resolutions set out in the Notice of AGM will be put to vote by way of poll.

EXPLANATORY NOTES ON ORDINARY BUSINESS AND SPECIAL BUSINESS

1. **Audited Financial Statements for the financial year ended 31st December 2023**
The Audited Financial Statements is meant for discussion only as the provision of Section 340(1)(a) of the Act does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this item on the Agenda is not put forward for voting.
2. **Ordinary Resolution 3 – Payment of Directors’ fees for the financial year ended 31st December 2023**
Section 230(1) of the Act provides amongst others that the fees of the Directors and any benefits payable to the Directors of the Company and its subsidiaries shall be approved at a general meeting. In this respect, the Board of Directors (“**Board**”) wishes to seek shareholders’ approval for the payment of Directors’ fees of RM 669,000 for the financial year ended 31st December 2023, details of which are set out in the Remuneration Committee Report on page 43 of the Annual Report 2023. The amount of Directors’ fees consists of the fees payable to Directors as members of the Board and Board Committees.

NOTICE OF TWENTY-FIFTH
ANNUAL GENERAL MEETING
(CONT'D)

The structure of annual and Board Committees fees payable to the Directors for the financial year ended 31st December 2023 has been reviewed and revised by Remuneration Committee (“RC”). Based on the recommendation of the RC, the Board approved the proposed revised Directors’ Fee to be tabled to the shareholders for approval at this 25th AGM.

3. **Ordinary Resolutions 4, 5, 6 and 7 – Re-election of Directors**

For the purpose of determining the eligibility of the Directors to stand for re-election at the 25th AGM of the Company, the Board through its Nomination Committee (“NC”) undertakes a formal evaluation to determine the eligibility of each retiring Director in line with the Malaysian Code on Corporate Governance and MMLR of Bursa Securities, which includes the following:-

- (i) Performance and effectiveness of the Board as a whole, Board Committees and individual Directors;
- (ii) Independence of the Independent Director; and
- (iii) Fit and proper assessment.

The NC and the Board are satisfied that the Directors, namely Robert Dobson Millner AO, Datuk Noharuddin bin Nordin @ Harun, Mr Yap Seng Chong and Ms Le Wat Su (collectively, the “retiring Directors”) standing for re-election have performed their duties as per the Board Charter and they will continue to bring to bear their knowledge, experience and skills and contribute effectively to the Board’s discussions, deliberations and decisions. In view thereof, the Board recommends that they be re-elected as Directors of the Company.

The retiring Directors being eligible, have offered themselves for re-election at the 25th AGM.

The retiring Directors have abstained from deliberations and decision on their own eligibility and suitability to stand for re-election at the relevant Board meeting.

The profiles of the Directors who are standing for re-election under Ordinary Resolutions 4, 5, 6 and 7 are set out in the Profiles of the Board on pages 27 to 29 of the Annual Report 2023.

4. **Ordinary Resolution 8 – Re-appointment of Auditors**

Ernst & Young PLT, the auditors of the Company have expressed their willingness to continue in office as auditors of the Company for the financial year ending 31st December 2024. The Board has approved the Audit Committee’s recommendation that they be retained after taking into account relevant feedback on their experience, performance and independence following a formal assessment.

5. **Ordinary Resolution 9 – Authority under Sections 75 and 76 of the Act for the Directors to allot and issue shares; and Waiver of pre-emptive rights**

This proposed resolution, if passed, will renew the authority given to the Directors of the Company to allot and issue new shares in the Company at any time, to such person or persons, upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit (“General Mandate”), provided that the number of shares issued pursuant to this General Mandate, when aggregated with the total number of issued shares of any such shares issued during the preceding twelve (12) months, does not exceed 10% of the total number of issued shares of the Company at the time of issue. This renewed General Mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

With this renewed General Mandate, the Company will be able to raise funds expeditiously for the purpose of funding future investment, working capital and/or acquisition(s) without having to convene a general meeting to seek shareholders’ approval when such opportunities or needs arise.

The waiver of pre-emptive rights pursuant to Section 85 of the Companies Act 2016 and Clause 59 of the Constitution will allow the Directors of the Company to issue new shares of the Company which rank equally to existing issued shares of the Company, to any person without having to offer the new shares to all existing shareholders of the Company prior to issuance of new shares in the Company under the General Mandate.

As at the date of this Notice, there were no new shares issued pursuant to the mandate granted to the Directors of the Company at the Twenty-Fourth AGM held on 17th May 2023 and which will lapse at the conclusion of the 25th AGM. If there should be a decision to issue new shares after the General Mandate is obtained, the Company will make an announcement in respect thereof.

NOTICE OF TWENTY-FIFTH
ANNUAL GENERAL MEETING
(CONT'D)

Please refer Section 85(1) of the Act and Clause 59 of the Constitution of the Company as detailed below.

Details of Section 85(1) of the Act and Clause 59 of the Constitution of the Company

Section 85(1) of the Act provides as follows:-

"85. Pre-emptive rights to new shares

(1) Subject to the constitution, where a company issues shares which rank equally to existing shares as to voting or distribution rights, those shares shall first be offered to the holders of existing shares in a manner which would, if the offer were accepted, maintain the relative voting and distribution rights of those shareholders."

Clause 59 of the Constitution of the Company provides as follows:-

"Subject to any direction to the contrary that may be given by the Company in general meeting, all new shares or other convertible securities shall, before issue, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled. The offer shall be made by notice specifying the number of shares or securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or securities offered, the Directors may dispose of those shares or securities in such manner as they think most beneficial to the Company. The Directors may likewise also dispose of any new share or security which (by reason of the ratio which the new shares or securities bear to the shares or securities held by persons entitled to an offer of new shares or securities) cannot, in the opinion of the Directors, be conveniently offered under this Clause."

6. **Ordinary Resolution 10 – Authority for Datuk Noharuddin bin Nordin @ Harun to continue in office as Independent Director**

Pursuant to Practice 5.3 of the Malaysian Code on Corporate Governance ("MCCG") published on 28th April 2021, the tenure of an independent director should not exceed a term limit of nine (9) years. Upon completion of the nine (9) years, an independent director may continue to serve on the board as a non-independent director. If the board intends to retain an independent director beyond nine (9) years, shareholders' approval must be sought through a two-tier voting process and the board must provide justification for the retention.

Datuk Noharuddin bin Nordin @ Harun ("**Datuk Noharuddin**") was appointed as an Independent Director of the Company on 20th May 2015 and will reach his nine (9)-year service on 19th May 2024 prescribed by the MCCG. In accordance with the MCCG, the NC and the Board, after having assessed the independence of Datuk Noharuddin, consider him to be independent based on amongst others, the following justifications and recommend that Datuk Noharuddin be retained as an Independent Director of the Company:-

- (i) He has confirmed and declared that he is an Independent Director as defined under Paragraph 1.01 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;
- (ii) He does not have any conflict of interest with the Company and has not been entering/is not expected to enter into contract(s) especially material contract(s) with the Company and/or its subsidiary companies;
- (iii) He is currently not sitting on the board of any other public and/or private companies having the same nature of business as that of the Company and its subsidiary companies; and
- (iv) The Board is of the opinion that Datuk Noharuddin is an important Independent Director in view of his many years on the Board with incumbent knowledge of the Company and the Group's activities and corporate history and has provided invaluable contributions to the Board in his role as an Independent Director.

Datuk Noharuddin has abstained from deliberations and decision on his own retention as Independent Director at the relevant NC and Board meetings. Pursuant to the MCCG, the Company would adopt a two-tier voting process in seeking shareholders' approval to retain Datuk Noharuddin at the 25th AGM.

NOTICE OF TWENTY-FIFTH
ANNUAL GENERAL MEETING
(CONT'D)**Personal data privacy:-**

By submitting an instrument appointing a proxy(ies) and/or representative(s) to participate and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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FORM OF PROXY

APEX HEALTHCARE BERHAD (199801016979 [473108-T])
(Incorporated in Malaysia)

No. of Shares held	
CDS Account No.	

I/We, _____ NRIC/Registration No. _____
(Full name in block letters)

of _____
(Full Address)

and telephone/mobile no. _____ email address _____

being a member/members of **APEX HEALTHCARE BERHAD**, hereby appoint _____
(Full name in block letters)

NRIC/Passport No. _____ of _____
(Full Address)

and telephone/mobile no. _____ email address _____

or failing him/her, _____ NRIC/Passport No. _____
(Full name in block letters)

of _____
(Full Address)

and telephone/mobile no. _____ email address _____

or failing him/her, *the Chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the Twenty-Fifth Annual General Meeting ("**AGM**") of Apex Healthcare Berhad (the "**Company**") to be held and conducted on a virtual basis through live streaming from the broadcast venue at Level 12, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia via the meeting platform at <https://meeting.boardroomlimited.my/> on Wednesday, 15th May 2024 at 9:30 a.m. and at each and every adjournment thereof, on the following resolutions referred to in the Notice of the Twenty-Fifth AGM.

* Please delete the words "the Chairman of the meeting" if you wish to appoint some other person to be your proxy

My/Our proxy is to vote as indicated below:-

	RESOLUTION	*FOR	*AGAINST
Ordinary Resolution 1	To approve a final single-tier dividend of 2.5 sen per ordinary share for the financial year ended 31st December 2023.		
Ordinary Resolution 2	To approve a special dividend of 20.0 sen per ordinary share for the financial year ended 31st December 2023.		
Ordinary Resolution 3	To approve the payment of Directors' fees of RM 669,000 for the financial year ended 31st December 2023.		
Ordinary Resolution 4	To re-elect Robert Dobson Millner AO who retires by rotation pursuant to Clause 95 of the Constitution of the Company.		
Ordinary Resolution 5	To re-elect Datuk Noharuddin bin Nordin @ Harun who retires by rotation pursuant to Clause 95 of the Constitution of the Company.		
Ordinary Resolution 6	To re-elect Mr Yap Seng Chong who retires pursuant to Clause 102 of the Constitution of the Company.		
Ordinary Resolution 7	To re-elect Ms Le Wat Su who retires pursuant to Clause 102 of the Constitution of the Company.		
Ordinary Resolution 8	To re-appoint Ernst & Young PLT as the Auditors of the Company and to authorise the Directors to fix their remuneration.		
Ordinary Resolution 9	Authority under Sections 75 and 76 of the Companies Act 2016 for the Directors to allot and issue shares; and Waiver of pre-emptive rights.		
Ordinary Resolution 10	Authority for Datuk Noharuddin bin Nordin @ Harun to continue in office as an Independent Director of the Company.		

Subject to the abovestated voting instructions, my/our proxy may vote or abstain from voting on any resolutions as *he/*she/*they may think fit.

Signed this _____ day of _____ 2024

The proportion of my/our shareholdings to be represented by my/our proxies are as follows:-

	Percentage
First Proxy	%
Second Proxy	%
Total	100%

Signature of Member(s)^

^ Manner of execution:-

- (a) If you are an individual member, please sign where indicated.
- (b) If you are a corporate member which has a common seal, this Form of Proxy should be executed under seal in accordance with the Constitution of your corporation.
- (c) If you are a corporate member which does not have a common seal, this Form of Proxy should be affixed with the rubber stamp of your corporation (if any) and executed by:-
 - (i) at least two (2) authorised officers, of whom one shall be a director; or
 - (ii) any Director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

Notes:

1. The AGM of the Company will be held and conducted on a virtual basis through live streaming and online remote voting via Remote Participation and Electronic Voting ("RPEV") facilities to be provided by the Company's Share Registrar, Boardroom Share Registrars Sdn. Bhd.. Please follow the procedures provided in the Administrative Guide for the AGM in order to register, participate and vote remotely via the RPEV facilities.
The Administrative Guide on the conduct of a virtual AGM of the Company is available on the Company's website at <https://apexhealthcare.com.my/annual-general-meeting/>.
2. The venue of the AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. The venue of the AGM is to inform shareholders where the electronic AGM production and streaming would be conducted from. **NO SHAREHOLDER(S)/ PROXY(IES)** from the public will be allowed to be physically present at the broadcast venue.
3. In respect of deposited securities, only members whose names appear in the Company's Record of Depositors as at **8th May 2024** shall be eligible to participate and vote at this meeting or appoint proxy(ies) to participate and vote on his/her behalf.
4. A member of the Company who is entitled to participate and vote at this meeting is entitled to appoint not more than two (2) proxies, and in the case of a corporation, a duly authorised representative to participate and vote in its stead.
5. A proxy may but need not be a member of the Company, an advocate, an approved company auditor or a person approved by the Registrar. Where a member appoints more than one (1) proxy, he shall specify the proportions of his shareholdings to be represented by each proxy.
6. Where a member of the company is an exempt authorised nominee which holds ordinary shares in the company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

7. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised in writing.
8. The appointment of proxy may be made in a hard copy form or by electronic means, not less than forty-eight (48) hours before the time for holding the AGM or at any adjournment thereof, as follows:-
 - (i) **In hard copy form**
The original instrument appointing a proxy ("Proxy Form") must be deposited at the Company's Share Registrar's Office at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia.
 - (ii) **By electronic means**
The Proxy Form can also be lodged electronically with the Share Registrar of the Company through Boardroom Smart Investor Online Portal at <https://investor.boardroomlimited.com/>. Please follow the procedures provided in the Administrative Guide for the AGM in order to deposit the Proxy Form electronically.
9. If you have submitted your Proxy Form(s) and subsequently decide to appoint another person or wish to participate in our electronic AGM by yourself, please write in to bsr.helpdesk@boardroomlimited.com to revoke the earlier appointed proxy forty-eight (48) hours before this meeting.
10. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of AGM will be put to vote by way of poll.

Personal Data Privacy:-

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms pursuant to Personal Data Protection Act, 2010.

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The Share Registrar of
Apex Healthcare Berhad

(Registration no. 199801016979 (473108-T))

11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia

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