

## 7. BUSINESS OVERVIEW

### 7.1 OVERVIEW

We are Malaysia's leading retail pharmacy chain, ranked highest by revenue, number of licensed pharmacies, and number of registered pharmacists holding Type A licence, and we are the only pharmacy retailer with a presence in all 13 states and three Federal Territories in Malaysia, according to the IMR. Founded in 2006, our first retail outlet opened in Damansara Uptown, a commercial hub located within Damansara Utama, Petaling Jaya, Selangor, and we have since become Malaysia's fastest-growing licensed retail pharmacy through a combination of organic expansion and strategic acquisitions, leading the industry in terms of new licensed pharmacies added from December 2021 up to the LPD, and achieving the highest revenue among key market players CAGR in the latest three available financial years. As at the LPD, we operate 626 retail outlets in Malaysia, of which 620 are licensed pharmacies which holds a Type A licences, under recognised pharmacy brands such as "BIG Pharmacy", "CARiNG Pharmacy", "Georgetown Pharmacy", "Wellings Pharmacy", and "Ting Pharmacy".

We are the only vertically integrated player among organised chains with operations in the manufacturing, importing, marketing, distributing and wholesaling of healthcare, pharmaceutical and nutraceutical products as well as the provision of physiotherapy, tele-consultation and other healthcare-related services as at the LPD according to the IMR. We manufacture a diverse range of formulation of pharmaceutical products, health supplements and traditional medicines. In addition, we import, market, distribute and wholesale a variety of pharmaceutical products, medicines, nutraceutical products, medical devices, herbal and supplement products, and rehabilitation equipment. These complementary businesses, together with our established retail presence, enable us to broaden our product offerings, achieve operational scale and expand our margins.

Our business comprises two operating segments:

- (i) **Retail:** sale of pharmaceutical, healthcare, beauty, general merchandise and other related products through our network of retail outlets, e-commerce platforms, and corporate sales channels; and
- (ii) **Others:** manufacturing, importing, marketing, distributing and wholesaling of healthcare, pharmaceutical and nutraceutical products as well as the provision of physiotherapy, tele-consultation and other healthcare-related services.

#### Our retail segment

Our retail segment is our core business and largest operating segment by revenue, contributing approximately 98.1%, 97.3% and 96.2% of our total revenue for the FYE 2023, the FYE 2024 and the FYE 2025 respectively. Under our retail segment, we sell pharmaceutical, healthcare, beauty, general merchandise and other related products through our network of retail outlets, e-commerce platforms, and corporate sales channels.

We have a network of 626 retail outlets across Malaysia as at the LPD. We operate our retail outlets under our portfolio of retail pharmacy brands, namely "BIG Pharmacy", "CARiNG Pharmacy", "Georgetown Pharmacy", "Wellings Pharmacy", and "Ting Pharmacy", which cater to a variety of customer segments and geographical markets. We also sell our products (except scheduled drugs regulated under the Poisons Act 1952) through our own E-Stores and through third-party Marketplaces. Our corporate sales channels include the sale of our products to consumers through arrangements entered into with corporate employers, third-party healthcare administrators and medical and healthcare insurance providers.

We generally have at least one licensed pharmacist at our licensed pharmacies throughout operating hours to fulfil prescriptions, dispense medicine and provide pharmacy services. We have the largest number of registered pharmacists holding Type A licences in Malaysia as at the LPD, according to the IMR.

## 7. BUSINESS OVERVIEW (Cont'd)

### Our others segment

Our others segment contributed to approximately 1.9%, 2.7% and 3.8% of our Group's total revenue for the FYE 2023, the FYE 2024 and the FYE 2025, respectively. According to the IMR, we are the only vertically integrated player amongst organised chains with operations in the manufacturing, importing, marketing, distributing, and wholesaling of healthcare, pharmaceutical, and nutraceutical products as well as the provision of physiotherapy, tele-consultation and other healthcare services as at the LPD.

We manufacture a diverse range of formulations for pharmaceutical products, health supplements and traditional medicines, carried out through Yanling.

We import, market, distribute and wholesale a variety of pharmaceutical products, medicines, nutraceutical products, medical devices, herbal and supplement products, and rehabilitation products to hospitals, clinics and pharmacies, and other healthcare providers, mainly carried out through Medispec, Quantum Upstream and Aetos Pharma, with Medispec being the largest.

We also offer physiotherapy services through our 22 physiotherapy centres, 125 physiotherapists and 146 bay beds under Your Physio. In addition, we provide tele-consultation and electronic prescription services through our integrated digital health platform, MyHA.

### 7.1.1 History and key milestones

The history of our Group can be traced back to 2006, when our co-founders, namely, Lee Meng Chuan and Lim Sin Yin opened our first retail outlet in Damansara Uptown (a commercial hub located within Damansara Utama, Petaling Jaya, Selangor). Lee Meng Chuan and Lim Sin Yin continued to grow our retail pharmacy business organically within Klang Valley. From 2018 onwards, we expanded our retail outlet network across Peninsular and East Malaysia by acquiring various groups of entities and retail pharmacy assets. These acquisitions include RedCap Pharmacy Sdn Bhd ("**RedCap Pharmacy**"), MY Pharmacy Group, Mercury Wellness and Caring. In 2018, IPSB became our major shareholder following our acquisition of RedCap Pharmacy. As at the LPD, we operate 626 retail outlets across Malaysia under the "BIG Pharmacy", "CARiNG Pharmacy", "Wellings Pharmacy", "Georgetown Pharmacy" and "Ting Pharmacy" brands.

Caring was founded when its first retail outlet was opened in 1994. Caring was listed on the Main Market of Bursa Securities in November 2013. On 14 February 2020, the Board of Directors of Caring received a notice in relation to a mandatory take-over offer from SEM ("**Mandatory Offer**"). Following the Mandatory Offer that closed on 10 April 2020, Caring was privatised and delisted from the Main Market of Bursa Securities on 8 May 2020. After Caring's delisting and prior to the Caring Acquisition in 2023, Caring continued to grow its retail outlet network by acquiring various entities and assets which operated the "Georgetown Pharmacy", "Wellings Pharmacy", and "JOM Pharmacy" retail brands.

We have also expanded our operations to various segments across the pharmaceutical and healthcare value chain including manufacturing, importing, marketing, distributing and wholesaling of healthcare, pharmaceutical and nutraceutical products. We undertook these acquisitions to improve the resilience of our supply chain, diversify our revenue sources, and provide a more diverse product offering to our customers.

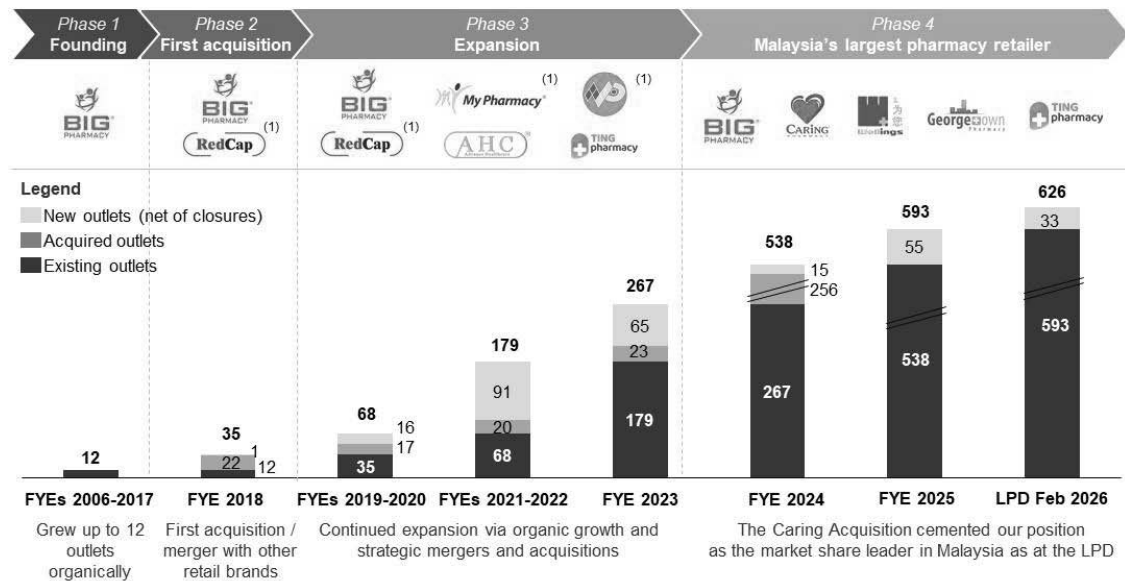
**7. BUSINESS OVERVIEW (Cont'd)**

A summary of our key events and milestones in the history and development of our business is as follows:

<b>FYE</b>	<b>Key Events and Milestones</b>
2006	Our business was founded and we opened our first retail outlet in Damansara Uptown, a commercial hub located within Damansara Utama, Petaling Jaya, Selangor.
2017	Our business grew to 12 retail outlets in Klang Valley between 2006 and 2017.
2018	Expanded our footprint beyond Klang Valley to Johor to target tourists and customers predominantly from Singapore through the acquisition of and merger with RedCap Pharmacy.
2020	Further expanded our retail outlet network in Johor through the acquisition of MY Pharmacy Group.
2022	<ul style="list-style-type: none"> <li>• Expanded our footprint into the East Coast of Malaysia through the acquisition of 51.0% equity interest in Mercury Wellness.</li> <li>• Diversified our business to include distribution of medical equipment and rehabilitation products through the acquisition of 60.0% equity interest in AHC Medical Supplies.</li> </ul>
2023	Completed the acquisition of selected pharmacy assets of Ting Pharmacy which increased our retail presence in East Malaysia.
2024	<ul style="list-style-type: none"> <li>• Grew our portfolio of retail pharmacy brands to include “CARiNG Pharmacy”, “Georgetown Pharmacy” and “Wellings Pharmacy” through the Caring Acquisition.</li> <li>• Diversified and integrated our business to include manufacturing of pharmaceutical, nutraceutical and other healthcare products through the Yanling Acquisition.</li> <li>• Our Company changed its name to Big Caring Group Sdn Bhd following the Caring Acquisition.</li> </ul>
2025	<ul style="list-style-type: none"> <li>• Expanded our capabilities in importing, marketing, distributing and wholesaling of pharmaceutical products, medicines, nutraceutical products, medical devices, herbal and supplement products through the Medispec Acquisition.</li> <li>• We transitioned warehousing and inventory management for retail outlets across all our pharmacy brands to BRDC, a centralised and semi-automated distribution centre in Bukit Raja, Klang.</li> <li>• We acquired 57.1% equity interest in Your Physio, which introduced the provision of physiotherapy services to our business.</li> </ul>

## 7. BUSINESS OVERVIEW (Cont'd)

The growth of our retail outlet network and retail pharmacy brands from FYE 2006 up to the LPD is as below:



### Note:

(1) These retail pharmacy brands have been rebranded to 'BIG Pharmacy' as at the LPD.

## 7.2 COMPETITIVE STRENGTHS

### 7.2.1 Malaysia's largest pharmacy retailer with a portfolio of well-established brands

#### Market leadership

We are Malaysia's leading organised chain retail pharmacy, ranked highest by revenue, number of licensed pharmacies, and number of registered pharmacists holding Type A licence, and we are the only pharmacy retailer located in all 13 states and three Federal Territories in Malaysia, according to the IMR. Our estimated market share in the retail pharmacy industry in Malaysia based on revenue was 23.6% in 2024. Our extensive retail network has grown both organically and through strategic acquisitions. As at the LPD, we own and operate 626 retail outlets across Malaysia.

In addition, we have access to a wide network of distribution points spanning across other resellers and healthcare channels including clinics, hospitals, and other healthcare providers as at the LPD. We also serve consumers through our e-commerce channels and arrangements entered into with corporate employers, third-party healthcare administrators and medical and healthcare insurance providers, fulfilling the medication needs of corporate employees through our corporate channels.

Please also refer to the IMR Report as set out in Section 8 of this Prospectus for further details of our market position based on market share by revenue, retail outlet count, number of licensed pharmacists and revenue per retail outlet.

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*Strong brand equity*

According to the IMR, one of the key drivers for the expansion of the retail pharmacy industry in Malaysia is established brand recognition. We have established our market-leading position through our portfolio of retail pharmacy brands, each strategically positioned to serve distinct customer segments and catchment areas. Our "BIG Pharmacy" retail outlets are primarily located in high-density commercial and residential areas, offering high accessibility and convenience while catering to the needs of surrounding local communities. "BIG Pharmacy" retail outlets are generally larger in size providing more floor space for elderly care and rehabilitation products. On the other hand, a larger number of "CARiNG Pharmacy" retail outlets are situated in complexes and shopping malls compared to "BIG Pharmacy" retail outlets targeting higher footfall, younger customers and families, with a focus on "Mom and Baby" and beauty products. Our other brands, "Georgetown Pharmacy", "Wellings Pharmacy", and "Ting Pharmacy", are long-standing and reputable brands in their respective markets. For instance, Wellings targets customers in the medical tourism segment and has outlets strategically located near major hospitals and clinics in Penang and Melaka, Ting targets customers located in East Malaysia, while Georgetown targets customers in the Northern region of Malaysia.

Our market leadership is further underscored by our strong brand equity and recognition, as evidenced by the numerous awards and accolades received in recent years. These include, among others, the Putra Aria Brand Awards 2025 (Gold in Retail Category for BIG Pharmacy) and the Putra Brand Awards 2025 (Bronze in Retail Category for CARiNG Pharmacy). Please refer to Section 7.23 of this Prospectus for further details on our awards and recognition.

*Customer value proposition*

Our customer value proposition is built on an extensive and diverse product offering as well as pharmaceutical services designed to support customers' healthcare needs. As at the LPD, we have a total of approximately 24,000 SKUs, offering customers access to a comprehensive selection of pharmaceutical, healthcare, beauty, general merchandise and other products to meet customer's evolving needs. This breadth of offering is complemented by our omni-channel retail platform, which includes a comprehensive network of 626 retail outlets across Malaysia, e-commerce platforms, and corporate sales channels, allowing us to reach a wide spectrum of customers. Our product selection is managed by dedicated category managers who continuously review and optimise the product mix based on product quality, price and manufacturers' feedback regarding their best-selling products.

Our licensed pharmacies are generally staffed by at least one licensed pharmacist throughout operating hours, enabling us to offer professional pharmaceutical advice and personalised healthcare consultations to our customers. We have a pool of more than 1,000 registered pharmacists as at the LPD of which 643 hold a Type A licence. As at the LPD, our Group has the most pharmacists with a Type A licence in Malaysia. This helps to foster strong customer relationships and loyalty by ensuring that customers receive tailored pharmaceutical advice and support for their health and wellness needs. In addition to in-store services, we also offer tele-consultation and electronic prescription through our integrated digital health platform, MyHA, which provides our customers with an integrated healthcare experience. Our customer-centric focus is further reinforced by our membership programmes and the use of data analytics, which enable us to better curate product mix and execute targeted marketing and customer engagement activities to promote customer loyalty and increase value per transaction and overall transaction count.

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**7. BUSINESS OVERVIEW (Cont'd)**

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**7.2.2 Well-positioned to benefit from favourable healthcare industry tailwinds in Malaysia**

According to the IMR, the health and beauty segment in Malaysia expanded at an estimated CAGR of 11.8% from 2020 to 2025 and is expected to further grow at a CAGR of 7.6% from 2025 to 2030. The retail pharmacy sub-segment accounted for an estimated 49.4% of the health and beauty segment in 2025. Within the retail pharmacy industry, the organised chains expanded faster by sales value at a CAGR of 20.9% (compared to the overall retail pharmacy industry at a CAGR of 13.1%) from 2020 to 2025 and is expected to continue growing at a CAGR of 10.9% from 2025 to 2030. The expected growth in the retail pharmacy industry in Malaysia is supported by key growth drivers including an ageing population, a resilient economic outlook, rising healthcare expenditure, the expanding role of retail pharmacies, and supportive government policies. We expect that our nationwide retail outlet network will allow us to benefit from these favourable industry trends.

According to the IMR, the number of retail pharmacies per million population in Malaysia is underpenetrated as compared to other Southeast Asia countries (such as the Philippines, Thailand and Vietnam) and developed countries (such as the United States and United Kingdom). This suggests that the Malaysian market presents opportunities for further growth towards levels observed in those countries. The retail pharmacy market in Malaysia also remains fragmented, with organised chains accounting for approximately 49.3% of the retail pharmacy market in Malaysia as at the LPD in terms of outlet count, which is lower compared to other developed countries. This presents opportunities for further consolidation of the market and headroom for our growth. The growth potential in Malaysia's retail pharmacy sector is further evidenced by the low pharmacists-to-population ratio of 6.8 pharmacists per 10,000 population in Malaysia in 2024, which is below the average of high-income countries at 12.1 pharmacists per 10,000 population in 2024. In addition, the potential for market growth is also supported by the increasing importance of pharmacies at the community level. According to the IMR, retail pharmacies are increasingly becoming the first point-of-care, playing a critical role in enhancing access to healthcare, offering widespread coverage over more accessible locations, and shorter waiting times for patients. Retail pharmacies play a vital role in prescription fulfilment, especially for patients with chronic conditions who require regular medication, by offering wider access, convenience, and shorter wait times compared to hospitals and clinics. With our position as Malaysia's leading retail pharmacy chain by revenue, number of licensed pharmacies, and number of registered pharmacists holding Type A licence, we are well-positioned to benefit from the potential growth of the retail pharmacy sector in Malaysia.

Further, according to the IMR, 53.0% of global consumers are increasingly turning to own-brand products, due to their high quality and lower price points. The acquisition of Yanling has allowed us to manufacture our own-brand products in-house, and the acquisition of Medispec has also expanded our own-brand product offerings. As such, the Yanling Acquisition and the Medispec Acquisition have enhanced our retail pharmacy offerings, especially of our own-brand products, and enabled us to leverage the above emerging market trends through expanded manufacturing, importing, marketing, distributing and wholesaling capabilities.

## 7. BUSINESS OVERVIEW (Cont'd)

### 7.2.3 Fastest growing retail pharmacy chain in Malaysia enabled by both organic and acquisitional growth

#### *Established track record of organic retail outlet expansion*

We draw on our operational experience and established processes to drive rapid and efficient expansion of our retail outlet network.

Our expansion is supported by a scalable modular framework and a standardised outlet retail opening process to enable efficient retail outlet rollout. Our business development team adopts a data-driven site selection approach that combines market analytics, demographic insights, and competitor mapping to identify and secure optimal locations for new retail outlets. The approach is complemented by our area managers who may suggest potential sites to our business development team from time to time, as well as third-party real estate agents who provide new site proposals to our business development team. This process has allowed our Group to launch new retail outlets efficiently, and we target to complete our site implementation process within approximately 30 days from the date of our signing a lease/ tenancy. Our retail outlet operations are then supported by a RSO team, which centrally manages all our retail outlets including overseeing inventory, staffing, and marketing. Please refer to Section 7.4.3.1(b) of this Prospectus for further details on our retail outlet opening process.

A key enabler of our expansion has been our ability to attract and recruit pharmacists to support growth of our retail outlet network. We offer our pharmacists structured in-house training programs, performance-based incentive programmes and opportunities for managerial positions. This has allowed us to maintain a pharmacist retention rate of approximately 85.0% for the Financial Years Under Review.

#### *Proven track record of mergers and acquisitions*

We have established a proven track record of strategic mergers and acquisitions, which have been instrumental in expanding our nationwide retail outlet footprint and supporting our leading market share in the Malaysian retail pharmacy industry. Since 2018, we have expanded our retail outlet network beyond Klang Valley to across Peninsular and East Malaysia by acquiring various groups of entities and retail pharmacy assets which include our acquisition of equity interest in RedCap Pharmacy, MY Pharmacy Group, Mercury Wellness and Caring as well as acquisition of pharmacy assets of Ting Pharmacy. The Caring Acquisition cemented our position as the market share leader in Malaysia and enhanced our reach and market penetration in Malaysia as Caring operates the "CARiNG Pharmacy", "Georgetown Pharmacy" and "Wellings Pharmacy" brands. These acquisitions have helped us to achieve greater operational efficiency and supply chain optimisation leading to improved margins through larger buying volumes and enabling us to secure more attractive terms from suppliers and Brand Principals.

Our acquisition strategy has extended beyond horizontal expansion of our retail operations to expanding our capabilities vertically across the pharmaceutical and healthcare value chain. This improves the resilience of our supply chain, diversifies our revenue sources and provides a more diverse product offering to our customers. The Yanling Acquisition in 2023 and the Medispec Acquisition in 2025 enabled us to integrate and expand our capabilities in manufacturing, importing, marketing, distributing and wholesaling of healthcare, pharmaceutical and nutraceutical products. The acquisition of Your Physio in 2025 also enabled us to explore further synergies between our retail pharmacy and physiotherapy operations such as co-location of retail outlets with physiotherapy centres (for example on different floors or with clear demarcation of space), cross-referrals and collaborative care between pharmacists and physiotherapists.

## 7. BUSINESS OVERVIEW (Cont'd)

### 7.2.4 Capabilities across the pharmaceutical and healthcare value chain

With the completion of the Yanling Acquisition, we have expanded our operations to include the manufacturing of pharmaceutical and nutraceutical products and with the completion of the Medispec Acquisition, we have further expanded our capabilities in importing, marketing, distributing and wholesaling of pharmaceutical and nutraceutical products and related healthcare goods. According to the IMR, we are the only pharmacy retailer in Malaysia that has vertically integrated capabilities in the manufacturing, importing, marketing, distributing and wholesaling of healthcare, pharmaceutical and nutraceutical products as well as the provision of physiotherapy, tele-consultation and other healthcare-related services as at the LPD.

#### *Strong upstream manufacturing capabilities*

Yanling's manufacturing capabilities provide an opportunity to diversify our business and revenue streams, which enable us to better serve our customer base and respond dynamically to market demands. Yanling's production capabilities encompass nutraceutical and OTC drugs across various dosage forms, serving over 120 clients with more than 800 registered products as at the LPD. This vertical integration also enhances our ability to manage supply chain risks and capture value in the pharmacy supply chain beyond retail operations.

Our manufacturing platform provides us the ability to improve the customisation of our own-brand product offerings which are tailored to local demand, leveraging on customer feedback to our product development team. Our own-brand products contributed to approximately 9.6% of our retail revenue for the FYE 2025.

#### *Strong procurement capabilities backed by trusted supplier relationships*

Our strong procurement capabilities are underpinned by a dedicated product procurement team that oversees our product procurement process and manages relationships with our suppliers and Brand Principals. We have established collaborations and relationships with a wide network of suppliers, distributors, manufacturers and Brand Principals, including leading global pharmaceutical companies such as Pfizer, AstraZeneca and Novartis.

In addition, through Medispec, we import and distribute generic drugs from 55 foreign pharmaceutical principals, with more than 440 registered products as at the LPD. Our scale and established partnerships and relationships with suppliers and Brand Principals allow us to continually optimise procurement terms, obtain favourable rebate terms, maintain competitive pricing, and ensure the availability of a diverse product range to meet the evolving needs of our customers.

#### *Integrated warehousing and inventory management system improves operational efficiencies*

We are committed to investing in the development of our supply chain infrastructure to strengthen our operational efficiency and support scalable growth across our expanding retail outlet network. BRDC, our new centralised and semi-automated distribution centre in Bukit Raja, Klang integrates IT systems and automation technology to optimise our inventory management and distribution processes across our retail operations. Our centralised inventory management system is fully integrated with our store-level point-of-sale system which enables real-time tracking of stock levels and automated stock replenishment, thereby optimising inventory turnover and minimising stock shortages or overstocking at our retail outlets. BRDC also employs put-to-light order fulfilment technology, a paperless order fulfilment system that uses light indicators to guide staff to the correct items for picking which enhances order accuracy and processing speed. Further, we deploy autonomous mobile robots and automated carton transfer units which allows for efficient handling, storage, and retrieval of pallets and boxes, further improving throughput and reducing reliance on manual processes. These integrated technologies are expected to improve operational performance, including reducing order lead times, more consistent and timely retail outlet inventory replenishment, and streamlining distribution from BRDC to our retail outlets.

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**7. BUSINESS OVERVIEW (Cont'd)**

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**7.2.5 Strong financial track record with sustainable growth**

We have generated strong revenue and EBITDA growth over the last three financial years through a combination of organic expansion and strategic acquisitions. From FYE 2023 to FYE 2025, our revenue increased at a CAGR of 75.3% from RM1,110.7 million to RM3,412.0 million while our EBITDA increased at a CAGR of 87.9% from RM106.5 million to RM375.9 million. During this period of growth, our EBITDA margins improved from 9.6% for the FYE 2023 to 11.0% for the FYE 2025. For the FYE 2025, approximately 91.7% of our retail outlets were profitable at the outlet EBITDA level, and our outlets recorded an average retail outlet EBITDA margin of approximately 13.5%. These were mainly driven by our expansion and growth of our retail segment. Please refer to Section 12 of this Prospectus for further details on our financial information.

We adopt a return-focused approach to growing our retail outlet network by ensuring that our growth is supported by an efficient and scalable business model and strong supply chain capabilities. This is reflected in our ability to achieve a SSSG of 7.3% and 9.6% for the FYE 2024 and the FYE 2025, respectively, demonstrating effective retail execution while maintaining the performance of existing retail outlets.

Further, we continuously undertake outlet rationalisation by assessing outlet performance by tracking certain key performance indicators against targets that we set for each retail outlet. Please refer to Section 7.4.3.1(a) of this Prospectus for further details on the number of retail outlets that were closed for the Financial Years Under Review and up to the LPD.

**7.2.6 Founder-led business backed by an experienced management team**

Our Company was co-founded by our Group Managing Director cum Group CEO, Lee Meng Chuan, and our Executive Director Lim Sin Yin and has led our key senior management team in the successful growth of our business since inception. Further, the founders and key management of our acquired businesses remain actively involved in our Group's operations as at the LPD. This ongoing involvement fosters strong alignment of interests, ensures smooth integration, and facilitates the sharing of best practices across our Group. Our Key Senior Management has 19 years to 34 years of relevant experience in their respective areas of expertise, providing a strong foundation for our continued expansion and operational excellence. Lee Meng Chuan leads our strategic direction and has driven our growth through multiple acquisitions, while Lim Sin Yin oversees our operations, ensuring optimal efficiencies across our supply chain and retail outlets. Chong Yeow Siang, co-founder of Caring, leads the overall day-to-day management of our retail sales operations. Our Key Senior Management has successfully developed and implemented our retailing processes while maintaining our competitive edge and delivering sustained growth by leveraging on their experience in and understanding of the retail pharmacy market and local demographics in the locations where we operate.

Our business is further supported by a well-defined governance structure, which underpins our commitment to accountability, transparency, and robust governance practices. Our management team bring substantial managerial, healthcare, and retail experience, ensuring operational resilience and effective execution of our strategies. This management depth is complemented by an independent Board, which is dedicated to upholding comprehensive standards of corporate governance and oversight.

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### 7.3 FUTURE PLANS AND STRATEGIES

#### 7.3.1 Continue to strengthen our market leadership and presence in rapidly-expanding population hubs and underserved regions

##### *Strategic organic expansion of our retail outlet network*

We have a strong track record of growing our retail outlet network in Malaysia by successfully opening new retail outlets. We intend to continue to strengthen our market leadership and expand our presence by leveraging on our business model and operational platform to scale our retail outlet network in fast-growing population areas and underserved regions. We target to expand our retail outlet network organically by opening approximately 40 to 50 new retail outlets per year over the next three to five years. As at the LPD, we have opened 38 new retail outlets since 30 June 2025. Please refer to Section 7.4.3.1(a) of this Prospectus for further details on our retail outlets opened over the Financial Years Under Review.

We take a nationwide approach in our retail outlet expansion plan, which is underpinned by a two-pronged strategy to (i) optimise market penetration in established regions with high retail pharmacy penetration by leveraging existing consumer demand; and (ii) scale growth in underpenetrated regions through prudent expansion, with outlet sizes depending on a number of factors including retail landscape and economic activity of the area. We may start by opening outlets in such underpenetrated regions, and progressively expand when there are opportunities to do so and/or if we are subsequently successful in penetrating these new territories.

We have maintained an SSSG of 7.3% and 9.6% for the FYE 2024 and FYE 2025 respectively. We intend to continue to focus on delivering positive SSSG for our retail outlets, with a target to achieve SSSG of between 7.0% and 9.0% over the next three years by (i) adopting a mix of strategic pricing initiatives; (ii) expanding our offerings of pharmacy products and services to our customers; and (iii) actively monitor our customers' demand for our products to customise our product range in response to changes in customer preferences and buying patterns, which we believe will drive customer loyalty and repeat business to our retail outlets.

In the next three years, the average planned capital investment allocated for opening new retail outlets is approximately RM18.0 million per year, to be funded by internally generated funds. Please refer to Section 7.4.3.1(b) of this Prospectus for further details on our historical average capital expenditure for opening of new retail outlets.

##### *Expand network and capabilities through disciplined approach to mergers and acquisitions*

In addition to pursuing organic growth, we plan to expand our network and capabilities through a disciplined merger and acquisition strategy. Our focus will be on opportunities that complement our existing ecosystem, strengthen our strategic positioning, and create operational and value synergies. We intend to maintain our financially disciplined approach, targeting assets that enhance our core competencies and deliver sustainable long-term value.

##### *Establishment of a new distribution centre to support our expansion*

We plan to establish a new distribution centre in support of our continuous growth plans, particularly the expansion of our retail outlet network. While our existing BRDC operates at a utilisation rate of 61.0% as at the LPD, and is sufficient for our present operational needs, we anticipate that our capacity requirements will progressively increase in tandem with our retail outlet expansion.

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Accordingly, a new distribution centre is expected to enable us to scale our operations more effectively by increasing storage capacity while integrating higher levels of automation for inbound handling and pallet storage. This forms part of our broader strategy to enhance the integration of technological infrastructure across our operations to improve operational efficiency, further optimise inventory management, and strengthen our overall supply chain capabilities. Please refer to Section 7.3.4 of this Prospectus for further details on our future plans to increase adoption of technological infrastructure.

We expect that the new DC will take up to five years to develop and construct. As at the LPD, we are in the process of determining the requirements of our new distribution centre, taking into consideration factors such as storage capacity required, degree of automation and level of integration with BRDC. As such, we are unable to determine the total estimated cost for the establishment of the new DC at this juncture. We have allocated RM[●] million from our Public Issue to part fund the acquisition of land required for the establishment of the new distribution centre. Please refer to Section 4.5.2 of this Prospectus for further details.

**7.3.2 Further develop our omni-channel retail platform and increase contribution from new revenue streams**

Our omni-channel retail platform comprises our retail outlets, e-commerce channels and corporate sales channels. We plan to further develop our omni-channel retail platform to enhance customer engagement and support new customer acquisition to capture emerging opportunities in the retail pharmacy industry in Malaysia.

In particular, we have established our integrated digital health platform, MyHA, designed to provide a seamless and integrated healthcare experience for our customers. Through MyHA, users can access tele-consultation services from doctors, pharmacists, dieticians, counsellors and healthcare professionals, receive electronic prescriptions and make medicine fulfilment requests based on valid prescriptions all under the same platform. Prescriptions and medicine fulfilment requests are then fulfilled either through in-store collection or by delivery through third-party service providers. For further details on the MyHA platform, please refer to Section 7.4.4.3 of this Prospectus.

The MyHA platform is currently available as a standalone mobile application and on the mobile and/or online platforms of certain third-party healthcare administrators, and medical and healthcare insurance providers that we have arrangements with. We plan to grow the accessibility and usage of our MyHA platform through engaging new third-party healthcare administrators, and medical and healthcare insurance providers to reach a broader base of corporate employees and insurance policyholders.

Our digital health transactions have grown from approximately 5,000 per month for the FYE 2024 to approximately 23,000 per month for the FYE 2025. We are targeting to further increase digital health transactions to approximately 150,000 transactions per month by the end of 2026.

Apart from our digital health platform, we will continue to develop our e-commerce business as a scalable and digital ecosystem that leverage our strong brand presence. In particular, we intend to attract more customers to use our E-Stores through enhancing user experience, exclusive member offerings, and focused marketing initiatives to encourage our customers to use our e-commerce platforms, while continuing to scale our "Click & Collect" model to drive efficiency and service quality. By relying on our customer data and analytics from our various channels and enabling personalised engagement, we can further strengthen our presence in the digital and online space, improve access to our products and digital health services, and deliver sustainable revenue growth.

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We also intend to enhance our omni-channel retail platform with additional value-added services to offer our customers an integrated experience with comprehensive pharmacy services, while expanding our reach to customers beyond brick-and-mortar retail outlets. For example, in January 2026, we started carrying out a pilot programme for assisted dispensing machines at selected retail outlets where customers will be able to collect medicine beyond retail outlet operating hours as long as they have consulted a doctor and obtained a valid prescription through the MyHA application.

### 7.3.3 Strengthen upstream manufacturing and distribution capabilities

We have built strong brand awareness in the retail pharmacy market in Malaysia primarily through our retail operations, and are well-positioned to further grow our market share by strengthening our manufacturing capabilities to supplement our retail business. For the FYE 2025, approximately 50.9% of Yanling's revenue was from the manufacturing of our own-brand products for our Group, with the remaining from third-party pharmaceutical brand owners, distributors and retailers. We intend to enhance our product offerings by leveraging our brand strength to form strategic partnerships with multi-national pharmaceutical companies to co-develop exclusive product offerings for second-brand originated products, as well as developing and manufacturing more own-brand and exclusive product offerings to enhance profit margins, product differentiation and drive customer loyalty. Furthermore, we are also continuously expanding our business through a pipeline of products lined up for registration and commercialisation. As at the LPD, we have over 1,000 SKUs of our own-brand products, and we have a pipeline of over 150 SKUs for our own-brand products as at the LPD which are at various stages of R&D, product registration, approval, and go-to-market processes.

In addition, we aim to strengthen our distribution capabilities through Medispec by broadening and expanding product offerings and distribution channels. As at the LPD, Medispec has more than 440 registered products, and we aim to expand our product offerings to more than 500 registered products including specialised physiology, physiotherapy and orthopaedic devices, as well as veterinary pharmaceutical and supplements over the next three years. We also plan to enhance Medispec's distribution capabilities by expanding our sales force, with additional headcount primarily focused on distribution to private and government hospitals as well as expanding coverage in East Malaysia to tap into a wider base of specialists. In addition, we intend to expand our distribution channels by forming more partnerships with buyers outside our Group to increase market access and support the distribution of our new products.

### 7.3.4 Increase adoption of technological infrastructure and data analytics to enhance operational efficiency

We believe that increased use of technological infrastructures in our operations will be key to enhancing our operational efficiency as it can minimise human errors in warehouse operations, assist with planning inventory and inventory days, which in turn will help in cash flow management and reduce costs. We also believe that effective use of data analytics in our operations will help us better understand our customers, their preferences and therefore, improve sales.

#### *Increase automation to minimise human errors in warehouse operations*

BRDC is currently equipped with robotic warehouse systems which is integrated with a goods-to-person picking system. The system not only reduces manual handling and labour dependency but also enhances picking accuracy, and accelerates the retrieval and storage of inventory. We have also implemented automated dispensing machines for more efficient and accurate fulfilment of corporate orders.

## 7. BUSINESS OVERVIEW (Cont'd)

*Implement smart replenishment systems to improve inventory planning and cash flow management and save costs*

Our operations are supported by a centralised inventory management and distribution system linked to our store-level point-of-sale systems to ensure adequate stock levels at our retail outlets. We will continue to optimise our logistics and distribution networks across our business operations by investing in IT systems that integrate supply chain, logistics, storage, and retail outlet operations.

In particular, we are exploring the feasibility of implementing smart replenishment systems to enhance our demand forecasting and inventory planning capabilities. These systems will leverage real-time data and machine learning algorithms to predict demand patterns, automate replenishment processes, and ensure optimal stock levels across our distribution and retail outlet networks. We are currently pilot testing such systems and intend to launch the system in the second quarter of 2026. Increased use of data analytics is also expected to improve our operations, including by our demand planning and forecasting capabilities to optimise our inventory levels.

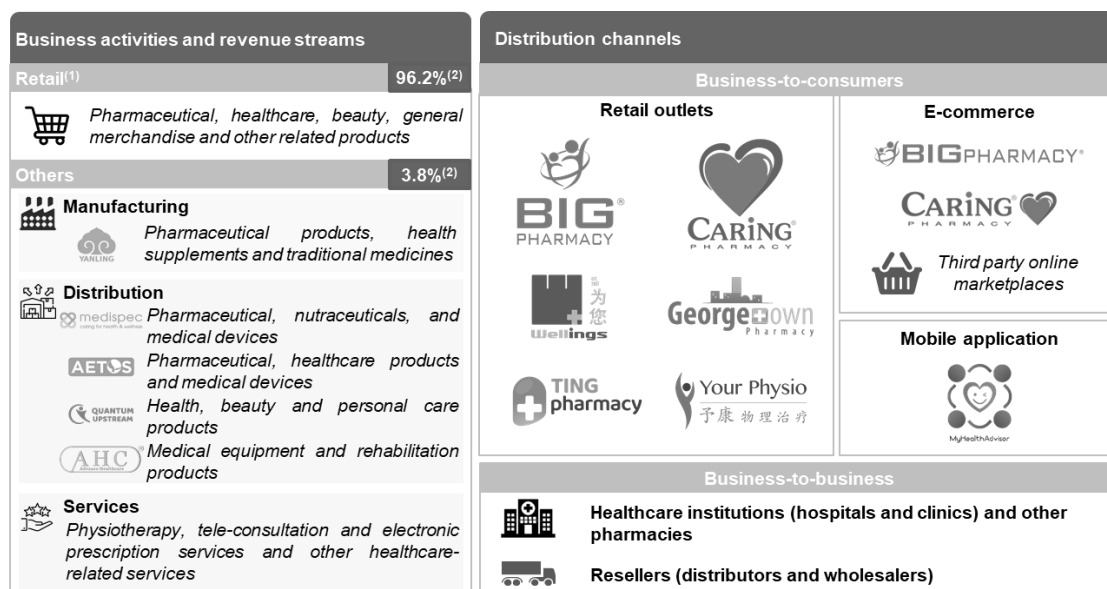
These technology enhancements are expected to be implemented in the next two years, with a total planned capital investment allocated of approximately RM3.0 million, to be funded by internally generated funds.

*Increase adoption of data analytics to better understand our member-customers*

As at the LPD, we have approximately 7.2 million registered members, with approximately 57.8% active members in the past 12 months. We intend to increase adoption of data analytics to analyse our sales data and better understand our customers' shopping behaviours, so that we will be able to curate better product mixes and execute targeted marketing and customer engagement activities to improve overall transaction counts and increase value per transaction.

### 7.4 OUR BUSINESS MODEL, PRODUCTS AND SERVICES

A summary of our business model and key brands is set out below:



#### Notes:

- (1) The retail segment includes our sale of products to consumers through arrangements entered into with corporate employers, third-party healthcare administrators, and medical and healthcare insurance providers.

**7. BUSINESS OVERVIEW (Cont'd)**

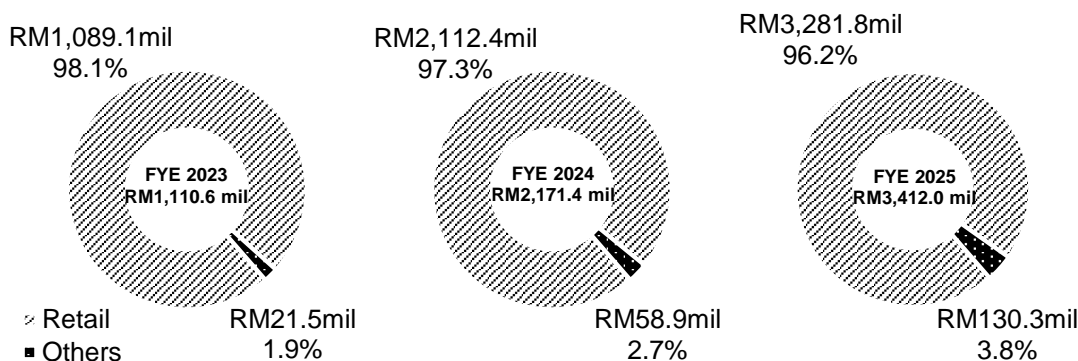
(2) Represents the revenue contribution of the operating segment to our total revenue for the FYE 2025.

**7.4.1 Business activities and revenue streams**

We derive our revenue mainly from the sale of goods and services through two operating segments:

- (i) **Retail:** sale of pharmaceutical, healthcare, beauty, general merchandise and other related products through our network of retail outlets, e-commerce platforms, and corporate sales channels; and
- (ii) **Others:** manufacturing, importing, marketing, distributing and wholesaling of healthcare, pharmaceutical and nutraceutical products as well as the provision of physiotherapy, tele-consultation and other healthcare-related services.

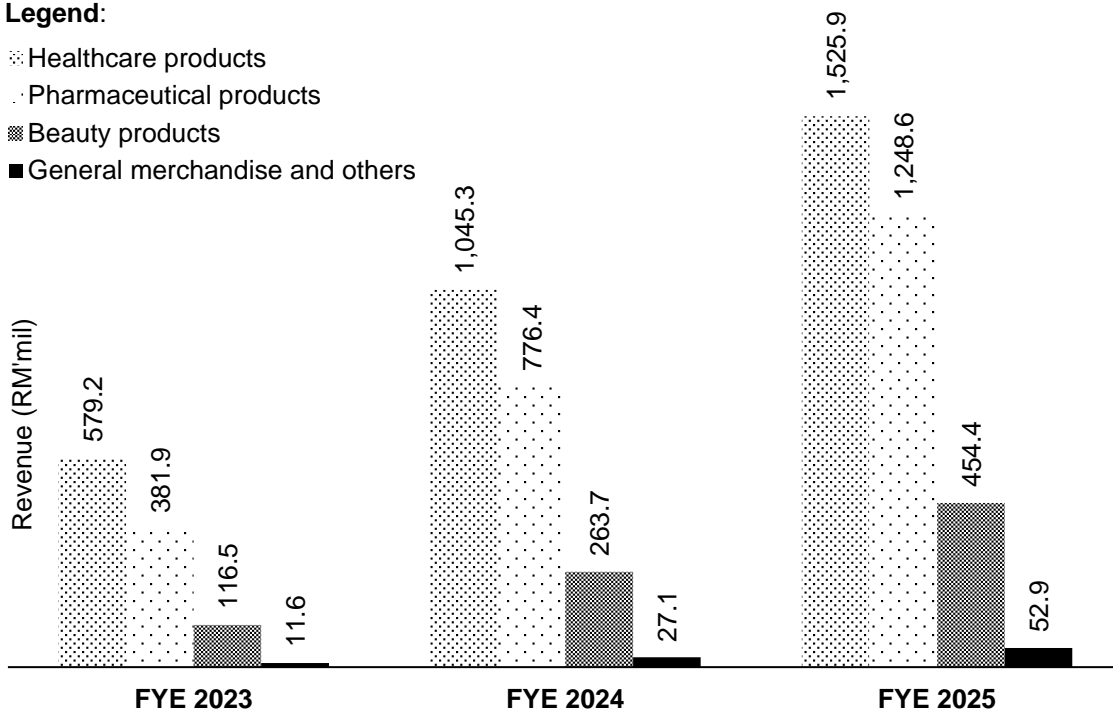
The diagram below sets out our total revenue by operating segments for the Financial Years Under Review:



The diagram below sets out our retail segment's revenue by product categories:

**Legend:**

- ▨ Healthcare products
- ▤ Pharmaceutical products
- ▩ Beauty products
- General merchandise and others



## 7. BUSINESS OVERVIEW (Cont'd)

### 7.4.2 Our principal markets

As at the LPD, our operations are only in Malaysia. For the Financial Years Under Review, our revenue was mainly derived from Malaysia which accounted for more than 99.9% of our total revenue, whilst less than 0.1% of our total revenue was derived from sales to Brunei and Singapore. Please refer to Section 12.2.3 of this Prospectus for further details.

### 7.4.3 Our retail segment

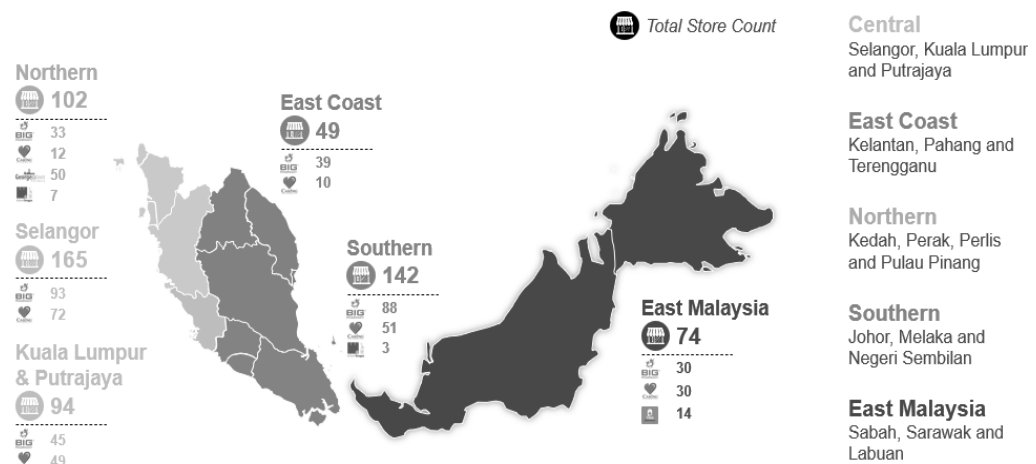
Our retail segment is our core business and largest operating segment by revenue, contributing approximately 98.1%, 97.3% and 96.2% of our total revenue for the FYE 2023, FYE 2024 and FYE 2025 respectively. Under our retail segment, we sell pharmaceutical, healthcare, beauty, general merchandise and other related products through our network of retail outlets, e-commerce platforms, and corporate sales channels.

#### 7.4.3.1 Our retail outlet channels

##### (a) Retail outlets

As at the LPD, we operate 626 retail outlets across Malaysia comprising 328, 224, 10, 50 and 14 retail outlets under the "BIG Pharmacy", "CARiNG Pharmacy", "Wellings Pharmacy", "Georgetown Pharmacy" and "Ting Pharmacy" brands, respectively.

The diagram below sets out the geographical location of our network of retail outlets across Malaysia as at the LPD:



**7. BUSINESS OVERVIEW (Cont'd)**

The following table sets out a breakdown by region in Malaysia of our retail outlet network penetration based on the respective region's population as at 30 June 2025.

	<b>No. of retail outlets as at the LPD</b>	<b>Population as at 30 June 2025 ('000)<sup>(6)</sup></b>	<b>Retail outlet penetration<sup>(7)</sup></b>
<b>Peninsular Malaysia</b>	552	27,532	20.0
Central <sup>(1)</sup>	259	9,495	27.3
East Coast <sup>(2)</sup>	49	4,780	10.3
Northern <sup>(3)</sup>	102	6,826	14.9
Southern <sup>(4)</sup>	142	6,431	22.1
<b>East Malaysia<sup>(5)</sup></b>	<b>74</b>	<b>6,320</b>	<b>11.7</b>
<b>Total</b>	<b>626</b>	<b>33,852</b>	<b>18.5</b>

**Notes:**

- (1) Consists of the state of Selangor and the Federal Territories of Kuala Lumpur and Putrajaya.
- (2) Consists of the states of Kelantan, Terengganu and Pahang.
- (3) Consists of the states of Perlis, Kedah, Penang and Perak.
- (4) Consists of the states of Johor, Melaka and Negeri Sembilan.
- (5) Consists of the states of Sabah, Sarawak and the Federal Territories of Labuan.
- (6) As extracted from the IMR Report.
- (7) Calculated as the number of our retail outlets as at the LPD divided by the population (in millions) as at 30 June 2025.

The following table sets out the number of our retail outlets for the years / periods indicated:

	<b>FYE 2023</b>	<b>FYE 2024</b>	<b>FYE 2025</b>	<b>From 1 July 2025 to the LPD</b>
Number of retail outlets at the beginning of the year/period	179	267	538	593
Number of new retail outlets opened during the year/period	69	39	57	38
Number of retail outlets acquired during the year/period	23	256	0	0
Number of retail outlets closed during the year/period	4	24 <sup>(1)</sup>	2	5
<b>Number of retail outlets at the end of the year/period</b>	<b>267</b>	<b>538</b>	<b>593</b>	<b>626</b>

## 7. BUSINESS OVERVIEW (Cont'd)

### Note:

- (1) Retail outlet closures were higher for the FYE 2024 due to our outlet rationalisation exercise following the Caring Acquisition.

We operate our retail outlets in two formats, namely (i) complex-based retail outlets; and (ii) high street retail outlets.

### **Complex-based retail outlets**

Our complex-based retail outlets occupy a dedicated shop space within the premises of malls, shopping centres and shopping complexes. As at the LPD, we have 124 retail outlets that are complex-based.



### **High street retail outlets**

Our high street retail outlets include shop-lots and standalone units. As at the LPD, we have 502 high street retail outlets.



**7. BUSINESS OVERVIEW (Cont'd)**

Our "BIG Pharmacy" retail outlets are primarily located in high-density commercial and residential areas, offering high accessibility and convenience while catering to the needs of surrounding local communities. "BIG Pharmacy" retail outlets are generally larger in size providing more floor space for elderly care and rehabilitation products. On the other hand, a larger number of "CARiNG Pharmacy" retail outlets are situated in complexes and shopping malls compared to "BIG Pharmacy" retail outlets targeting higher footfall, younger customers and families, with a focus on "Mom and Baby" and beauty products. Our other brands, "Georgetown Pharmacy", Wellings Pharmacy", and "Ting Pharmacy", are long-standing and reputable brands in their respective markets. For instance, "Wellings Pharmacy" targets customers in the medical tourism segment and has outlets strategically located near major hospitals and clinics in Penang and Melaka, "Ting Pharmacy" targets customers located in East Malaysia, while "Georgetown Pharmacy" targets the Northern region of Malaysia.

The following table sets out a breakdown of our retail outlets in Malaysia by retail outlet size as at the LPD:

<b>Retail outlet size (sq. ft.)</b>	<b>No. of retail outlets</b>
Less than 1,000	166
1,000 to 3,000	439
More than 3,000	21
<b>Total</b>	<b>626</b>

Our new retail outlets typically achieve a payback period of two to three years and EBITDA breakeven within a year. EBITDA breakeven refers to the point at which a retail outlet's operating revenue covers its operating expenses and its EBITDA is positive. Payback for new retail outlets is calculated by aggregating the monthly EBITDA (including rental expense) starting from the month of opening, until such period that the sum exceeds the capital invested for that retail outlet. For the purposes of our calculation, the capital invested per new store includes capital expenditure and initial inventory.

(b) **Retail outlet opening process**

Our retail outlet opening process comprises (i) site identification and preliminary site assessment and (ii) site implementation.

## 7. BUSINESS OVERVIEW (Cont'd)

### *Site identification and preliminary site assessment*

The location of our retail outlets is an important factor to our operational strategy. Our business development team adopts a data-driven site selection approach that combines market analytics, demographic insights, and competitive mapping to identify and secure optimal locations for our new retail outlets. In particular, our business development team will periodically analyse data on locations and density of retail pharmacies in areas across Malaysia to shortlist potential new sites. When considering a new site location, our business development team will also consider the target consumer market for the particular retail outlet brand to be opened.

This approach is also complemented by site suggestions from our area managers and third-party real estate agents.

Once a potential site has been shortlisted, our business development team and RSO team will conduct preliminary site assessments, due diligence, feasibility studies and market analysis to assess the proposed site using a range of factors, including the size and demographics of the local population, and the presence of other retailers in, customer traffic to, and the accessibility and the developmental prospects of, the area.

Our business development team also conducts a physical site visit to verify any assumptions in our preliminary assessment of the site. Physical site visits also enable us to assess a site's physical and environmental characteristics, which we may not otherwise have been able to assess during our preliminary site assessment process.

### *Site implementation*

If a site passes our preliminary and physical site assessments, our business development team proceeds to negotiate and execute a tenancy agreement for the site and take vacant possession of the site. We appoint a third-party contractor with whom we have pre-negotiated key unit and labour prices to fit out the new retail outlet, including the installation of equipment, furniture, security systems, electrical and other fittings. Our business development team, with inputs from our RSO team, oversees the fit out of a new retail outlet to ensure that the retail outlet's operational requirements are met. Once the retail outlet fit out is completed, our RSO team arranges for inventory to be delivered to the retail outlet. Our RSO team reviews the sales history of our other retail outlets in areas with similar demographics to determine the initial product mix for a new retail outlet. We target to complete our site implementation process within approximately 30 days from the date of our signing a lease / tenancy.

We generally enter into tenancies for our retail outlets for an initial term of three years with an option for us to extend for two subsequent terms of up to three years each.

Our average annual capital expenditure for the Financial Years under Review to open a new retail outlet, excluding inventory ranged from RM280,000 to RM420,000.

### (c) **Retail outlet operations**

All of our retail outlets are centrally managed by our RSO team which oversees the operations of our network of retail outlets, including the setting of retail outlet-level inventory, managing staffing between retail outlets, and executing retail outlet marketing and promotional campaigns organised by our marketing team.

Generally, our retail outlets are staffed with at least one full-time licensed and registered pharmacist during operating hours and generally staffed by four to 12 employees, depending on several factors, including the retail outlet size, shelf area, and average monthly sales.

## 7. BUSINESS OVERVIEW (Cont'd)

Our stock levels are centrally managed through a semi-automated inventory and distribution system. Our purchasing teams set minimum stock levels for each retail outlet across our Group, taking into consideration factors such as, the location, lead time required to transport stock from the warehouse, and the historical sales levels of the products in the retail outlet. When a product's stock level falls below the established minimum thresholds, our retail outlet-level point-of-sale system together with our central inventory management and product distribution system will automatically trigger a stock replenishment order. This enables us to maintain optimal stock levels at our retail outlets and mitigate the effect of unexpected stock losses. In addition, at the retail outlet-level, our retail outlet managers also monitor physical stock levels periodically, especially during times of special promotions, seasonal variations or unexpected demand spikes to notify our RSO team if stock levels are too low or too high. Our RSO team will monitor stock levels and provide feedback to the purchasing team as required. For more information on our supply chain process, please refer to Section 7.7 of this Prospectus. We also conduct checks for missing and damaged stock through our retail outlet managers, and we conduct a stock-take exercise at least once every 12 months to assist retail outlet supervisors in identifying the causes of stock loss.

Our retail outlet-level sales and promotion strategies are coordinated centrally by our marketing team and executed by our RSO team at the retail outlets. These strategies include coordinating thematic promotions on certain products and organising and implementing seasonal promotions.

### (d) Retail outlet performance assessment and maintenance

We monitor and assess our retail outlets' performance by tracking certain key performance indicators against targets that we set for each retail outlet. Our RSO team reviews these targets every year, and we also incentivise our employees to achieve these targets through incentive bonuses based on individual sales achievements as well as the overall performance of the retail outlet.

If we determine that a retail outlet is no longer operationally or commercially viable, we may close the retail outlet. In FYE 2023, FYE 2024 and FYE 2025 we closed 4, 24 and 2 retail outlets respectively, primarily arising from a rationalisation exercise to reduce non-performing retail outlets. The outlet closures for FY 2024 were higher due to rationalisation following the Caring Acquisition.

We conduct major refurbishment works on our retail outlets on a case-by-case basis and when there is a need for refurbishment. We also generally conduct minor refurbishments or fitting out works every seven years or if we are required to do so by our landlords in accordance with our tenancy agreements. We may also refurbish our retail outlets when we are extending the term of the tenancy or if we are expanding it. The cost of refurbishment varies depending on the extent of refurbishment required and the location and size of the retail outlet.

### (e) Equity participation business model

In 2000, Caring introduced a pharmacist equity participation business model under which selected registered pharmacists are offered equity participation in its subsidiaries ("**Pharmacist Equity Model**").

Caring Group provides the initial capital for each business start up in accordance with the pre-agreed equity interest. Thereafter, the respective subsidiaries are responsible for their own operating costs. This resulted in multiple subsidiaries being incorporated with pharmacists as minority shareholders to facilitate the Pharmacist Equity Model for the start up of new outlets across different locations. Currently, the majority of our new outlets are opened via existing wholly-owned subsidiaries and we only adopt the Pharmacist Equity Model on a case-by-case basis, after considering among others, the availability of pharmacists in the outlet location. Please refer to Section 6.2.2 of this Prospectus for further details on our Group structure.

## 7. BUSINESS OVERVIEW (Cont'd)

### 7.4.3.2 Our e-commerce channels

We sell our products (except scheduled drugs regulated under the Poisons Act 1952) to consumers through our own E-Stores at <https://www.bigpharmacy.com.my> and <https://estore.caring2u.com> as well as through third-party Marketplaces via the "BIG Pharmacy" and "CARiNG Pharmacy" brand pages. Our E-Stores are also available on the "BIG Pharmacy" and "CARiNG Pharmacy" brands mobile applications.

Our E-Stores and Marketplaces allow our customers in Malaysia to browse, order and pay for our products online. Orders placed through our E-Stores and Marketplaces are fulfilled by our distribution centre and delivered through third-party delivery service providers, to ensure that the goods are delivered to our customers in a timely manner and to leverage the delivery expertise of those third-party delivery service providers. In addition, our customers purchasing through the "CARiNG Pharmacy" e-commerce website may also opt for "retail outlet pickup" at one of our "CARiNG Pharmacy" outlets.

The E-Stores and Marketplaces provide customers with convenient access to a wide range of products 24 hours a day and seven days a week and allow us to expand our customer base without incurring the cost of opening a new retail outlet. We target a broad range of customers for our E-Stores and Marketplaces, and our "BIG Pharmacy" and "CARiNG Pharmacy" brands mobile applications aim to create a more user-friendly retail experience for our online customers. Please also refer to Section 7.5 of this Prospectus for details on our membership programmes.

As at 30 June 2025, we had 772,962 followers across the Marketplaces, including 163,373 new followers, which represented an increase of 26.8% from 609,589 followers as at 30 June 2024.

### 7.4.3.3 Our corporate channels

We also sell our products to consumers through arrangements entered into with corporate employers, third-party healthcare administrators, and medical and healthcare insurance providers. Under these arrangements, employees of corporate entities and health and medical insurance policyholders seeking to make claims for medical and health-related expenses from their corporate employers or insurance providers are required to purchase prescription drugs or other pharmaceutical products from us upon consultation with doctors and obtaining prescriptions.

These corporate employees and insurance policyholders can also utilise our medical tele-consultation and electronic prescription services through the MyHA platform to obtain prescriptions before purchasing products from our retail outlets, or opt for products to be delivered to them. For further details on the MyHA platform, please refer to Section 7.4.4.3 of this Prospectus.

As at the LPD, we served approximately 33 corporate accounts.

### 7.4.3.4 Our products and services

We categorise the products we sell through our retail segment into the following categories:

- (a) pharmaceutical products which refer to products registered with the NPRA and scheduled drugs regulated under the Poisons Act 1952;
- (b) healthcare products which refer to OTC drugs, nutraceutical products, health supplements, rehabilitation, medical and healthcare devices, and first aid and surgical supplies;
- (c) beauty products, including an extensive selection of skincare and personal care items from both local and international brands; and
- (d) general merchandise and other products.

**7. BUSINESS OVERVIEW (Cont'd)**




For the Financial Years Under Review, our pharmaceutical products and healthcare products contributed 86.6%, 84.0% and 81.4% of our total revenue. We have approximately 24,000 SKUs at the LPD.

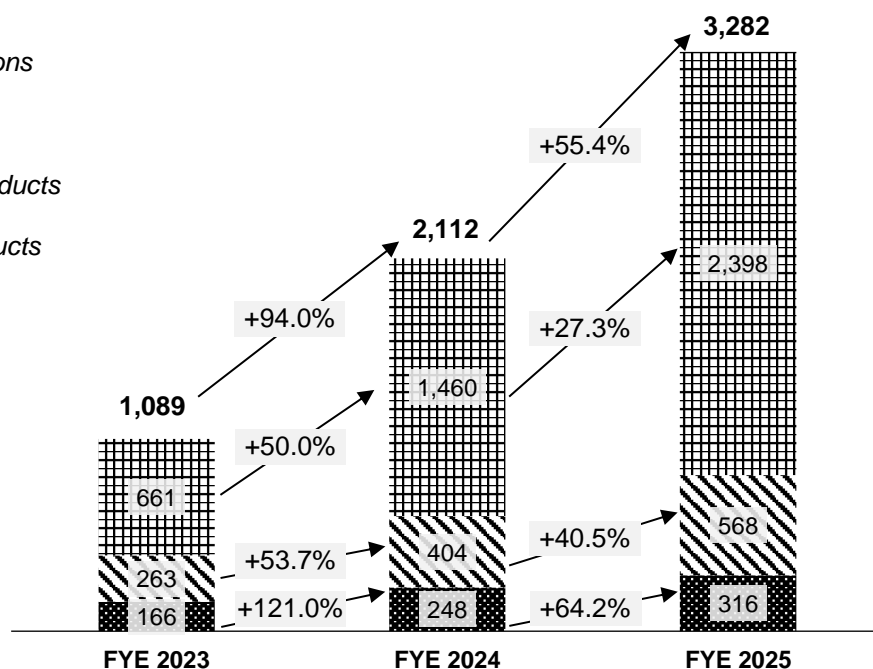
We also sell a range of our own-brand products and exclusive products. Own-brand products are our own proprietary brands which cover a range of health supplements, health consumables, and beauty and personal care products. Exclusive products are third party branded products which we have exclusive arrangements with Brand Principals to sell. These exclusivity arrangements may include regional exclusivity, as well as arrangements where we are the exclusive chain pharmacy retailer. We also carry certain second-brand products from Brand Principals that are multinational pharmaceutical companies. These are products produced by Brand Principals using the same formulations, recipes and manufacturing processes as their main brands but sold under a different brand name. As at the LPD, we have over 1,000 SKUs for our own-brand products and over 2,000 SKUs for exclusive products.

Please refer to the diagram below for a breakdown, by retail revenue, of our own-brand products and exclusive brand products as a percentage of total retail revenue for the Financial Years Under Review:

Figures in RM Millions

**Legend:**

-  Own-brand products
-  Exclusive products
-  Others<sup>(1)</sup>



**Note:**

- (1) Includes other products sold through our retail segment which are not own-brand products or exclusive products

We have category managers for each category of products that we sell. Category managers identify suitable products for our retail outlets by engaging directly with our suppliers, manufacturers and distributors, attending pharmaceutical product expositions, and conducting market studies. Our category managers evaluate proposed new products against similar products that we offer considering, among others, product quality, price and manufacturers' feedback regarding their best-selling products.

## 7. BUSINESS OVERVIEW (Cont'd)

Our pricing strategy is designed to provide our customers with an attractive price-to-quality product offering. Our scale and established partnerships and relationships with suppliers and Brand Principals allow us to continually optimise procurement terms, obtain favourable rebate terms, maintain competitive pricing, and ensure the availability of a diverse product range to meet the evolving needs of our customers. We are also able to offer competitive prices as we leverage emerging market trends through our integrated manufacturing, importing, marketing, distributing and wholesaling capabilities. We continually monitor market prices and trends for our products and implement appropriate adjustments to our prices or implement promotions as and when necessary to maintain the competitiveness of our product pricing.

We also offer a comprehensive range of healthcare services which complements our pharmaceutical retail business and provides customers with an integrated healthcare experience. Such services include, diabetes counselling services, weight counselling services, smoking cessation services, medication use review, chronic condition management and rehabilitation rental services. We also offer in-store consultation by dieticians at selected retail outlets. For details on the digital health services on the MyHA platform, please refer to Section 7.4.4.3 of this Prospectus.

We are a partner of the MyMediSAFE programme, an initiative by the MOH to encourage and educate the public to dispose of their unused or expired medicines in the correct and safe way. We provide free safe medicine disposal services where customers can return expired or unwanted medicines to us at certain retail outlets, and we will assist to safely dispose of the medicine.

### 7.4.4 Our others segment

Our others segment contributed to approximately 1.9%, 2.7% and 3.8% of our total revenue for the FYE 2023, FYE 2024 and FYE 2025, respectively. Accordingly, brief details of our business activities under our others segment is set out in this section. Our others segment includes manufacturing, importing, marketing, distributing and wholesaling of healthcare, pharmaceutical and nutraceutical products as well as the provision of physiotherapy, tele-consultation and other healthcare-related services.

#### 7.4.4.1 Manufacturing

We manufacture a diverse range of formulations for pharmaceutical products, health supplements and traditional medicines carried out through Yanling. We manufacture such products in various dosage forms, including hard capsules, tablets, effervescent tablets, softgel capsules, powder mixtures and liquid mixtures. Our manufacturing business allows us to manufacture our own-brand products in-house. We also manufacture products for various resellers, including distributors and wholesalers, and Brand Principals.

We provide various product packaging materials and also advise our clients on suitable products packaging options for their products.

##### (a) Manufacturing services

We provide a wide range of pharmaceutical and healthcare manufacturing services at each stage of the pharmaceutical manufacturing process, including:

- **Raw materials sourcing** – we source high-quality raw materials from suppliers who have a consistent track record of providing quality products at competitive prices. These raw materials undergo a screening program before being used.
- **Product R&D** – we offer research and development services to develop new and innovative products. We help customers formulate, research, and develop products according to their needs, tailoring them to specific requirements.

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**7. BUSINESS OVERVIEW (Cont'd)**

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- **Product registration and documentation** – we assist with the regulatory process, ensuring products meet all necessary documentation and registration requirements. We have experience in registering products with the NPRA and provide documents needed for overseas product registration. Please refer to Section 7.8 of this Prospectus for further details on our R&D activities.
- **Packaging materials** – we assist in preparing and drafting product labels in compliance with the NPRA for registered products and Food Safety and Quality standards for food products. We also liaise with printer suppliers for product label printing and packaging suppliers.
- **Manufacturing and quality control** – we provide a full-service manufacturing services from exclusive formulation, development, production, laboratory testing, storage, and delivery to product management. Our manufacturing processes adhere to strict quality control measures to ensure the highest standards of product safety and efficacy.
- **Product Halal application** – we have a dedicated Halal committee team that assists in applying for Halal certification of products. We ensure compliance with the standards set by the JAKIM, which is well recognised by Islamic countries.
- **Laboratory testing** - we conduct thorough laboratory testing to ensure product quality and safety. We provide tests such as heavy metal, microbial, assays, stability tests, mineral tests, and nutritional analysis using US Pharmacopoeia and British Pharmacopoeia standards.
- **Logistic and delivery** - we provide end-to-end service with our own logistic partners and in-house delivery vehicles, ensuring all products are delivered timely under the required conditions.

(b) **Manufacturing facility**

As at the LPD, we operate an integrated manufacturing facility equipped with six manufacturing lines for the manufacture of products in various dosage forms, including hard capsules, tablets, effervescent tablets, softgel capsules, powder mixtures and liquid mixtures. Our Manufacturing Facility is licensed by the Drug Control Authority and holds various certifications including ISO 22000:2018 Food Safety Management Systems, certification by SIRIM QAS International Sdn Bhd, Halal certification by JAKIM and a GMP Certificate. Our Manufacturing Facility is also in compliance with the Industrial Responsibility Safe Food Certification Scheme (*MeSTI*) by the MOH.

## 7. BUSINESS OVERVIEW (Cont'd)

The utilisation rates of our manufacturing lines for the FYE 2025 is as set out below:

<u>Manufacturing line</u>	<u>Annual production capacity <sup>(1)</sup></u>	<u>Actual output</u>	<u>Utilisation rate</u>
Hard capsule (pcs)	198,720	69,281	34.9%
Film coated, uncoated, and chewable tablet (pcs)	207,360	97,537	47.0%
Effervescent tablet (pcs)	51,840	271	0.5% <sup>(2)</sup>
Softgel capsule (pcs)	57,600	31,808	55.2%
Powder sachet (pcs)	43,200	4,835	11.2%
Finished product packing (units)	8,640	3,948	45.7%

**Notes:**

- (1) Annual production capacity is calculated based on machine capacity running 24 hours per day and 24 working days per month.
- (2) Utilisation is low as this is a new line which commenced operations in March 2025.

### 7.4.4.2 Importing, marketing, distributing and wholesaling

We import, market, distribute and wholesale a variety of pharmaceutical products, medicines, nutraceutical products, medical devices, herbal and supplement products, and rehabilitation products to hospitals, clinics, and pharmacies, and other healthcare providers, mainly carried out through Medispec, Quantum Upstream and Aetos Pharma, with Medispec being the largest. We also own and distribute our own-brand products.

The general processes for our importing, marketing, distributing and wholesaling business are as follows:

- (i) **Product development and sourcing** – our product development team sources new products from various manufacturers from different countries before the relevant distribution agreements are entered into for our Group to represent the Brand Principals as their agent to distribute their products. Some of the Brand Principals that we distribute for include Biopharm Chemicals Co., Ltd., a pharmaceutical manufacturer for over 45 years with brands such as Flanil analgesic cream, Belcid antacid and Kaneka Corporation, the brand owner of Kaneka Ubiquinol®, which is a strong antioxidant and a highly absorbable form of Coenzyme Q10 (CoQ10).
- (ii) **Product registration** – once the relevant distribution agreement has been signed for a particular product, our regulatory team manages product registrations with the NPRA and MDA, depending on classification of the relevant product. Such product registration typically takes two to three years.
- (iii) **Marketing and sales** – once a product is registered with the relevant authority, the marketing team will, if required, re-negotiate pricing with suppliers or Brand Principals if there are any material changes in market conditions and prepare for product launch. The sales team then sells the products to the market.

## 7. BUSINESS OVERVIEW (Cont'd)

Medispec has a staff force of over 250 employees including 174 sales personnel as at the LPD. We have a distribution network spanning across the whole of Malaysia (including Peninsular and East Malaysia) and Brunei. As at the LPD, we also have over 6,941 distribution points across various distribution channels including, among others, government and private hospitals, general practitioner clinics, veterinary clinics, chain and independent pharmacies and other healthcare providers.

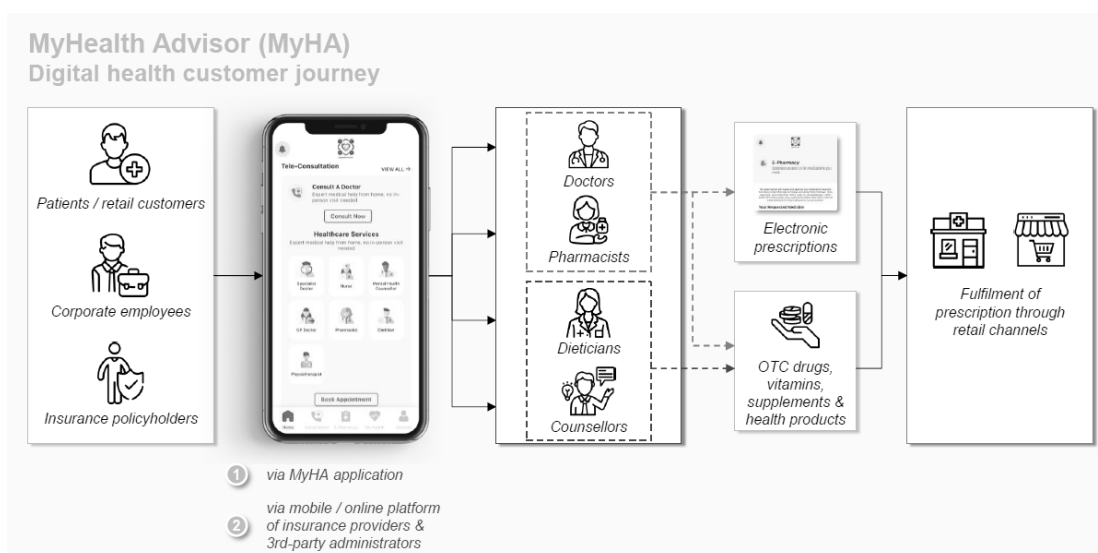
We also adhere to international quality requirements including, among others, Good Distribution Practices for Medical Devices.

### 7.4.4.3 Our services

#### *Tele-consultation and electronic prescription through the MyHA digital health platform*

MyHA is our integrated digital health platform, designed to provide a seamless and integrated healthcare experience for our customers. Through the MyHA platform, users can access medical tele-consultation services and receive electronic prescriptions virtually from doctors, providing our customers with an integrated healthcare experience from medical consultation to prescription. Customers can also consult with registered pharmacists regarding their health conditions, appropriate medication use, or potential drug interactions through the MyHA platform. For individuals on long-term therapy, we also support prescription refill requests on the MyHA platform as long as the customer has a valid prescription issued by their treating doctor. All medicine refill requests are reviewed and clinically screened by our licensed pharmacists prior to dispensing. Prescriptions and medicine fulfilment requests are then fulfilled either through in-store collection at our retail outlets or by delivery through third-party service providers.

In addition to tele-consultation with doctors and pharmacists, we also offer tele-consultation services with dietitians, counsellors and other healthcare providers on the MyHA platform, who may also recommend certain OTC drugs, vitamins, supplements or other health products that we carry.



The MyHA platform is currently available as a standalone mobile application and on the mobile and/or online platforms of certain third-party healthcare administrators, and medical and healthcare insurance providers which we have arrangements with. This enables the corporate employees or insurance policyholders of those third-party healthcare administrators and/or medical and healthcare insurance providers to have access to the MyHA platform.

For details on our future plans and strategies in relation to the MyHA digital health platform, please also refer to Section 7.3.2 of this Prospectus.

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**7. BUSINESS OVERVIEW (Cont'd)**

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*Physiotherapy services*

We offer physiotherapy services through our 22 physiotherapy centres, 125 physiotherapists and 146 bay beds. We offer physiotherapy services for various ailments, including musculoskeletal pain, sports injuries, spinal conditions, scoliosis, and post-operative rehabilitation. We also offer specialised health treatments for, among others, lung and chest pains, vertigo and stomach acid reflux.

**7.5 MARKETING ACTIVITIES**

Our retail segment is our core business and largest operating segment by revenue and our marketing activities are mainly for our retail segment.

We strive to create strong brand values to associate shopping at our retail outlets with access to pharmacy and healthcare services, convenience, quality, value and choice. Our marketing and advertising teams plan our marketing and advertising initiatives approximately 12 months in advance which are reviewed on a quarterly basis, and conduct marketing campaigns in weekly, bi-weekly and/or monthly cycles. We run advertisement campaigns nationwide to promote our brand names through a variety of advertising channels, including radio commercials, billboard advertisements, social media platforms, print media advertisements, such as newspapers and magazines, key opinion leaders and commercial partnerships. In addition, we advertise using leaflets, flyers, temporary displays and other in-store media, and online web and social media platforms, such as Instagram, Facebook, TikTok, RedNote and Youtube to promote our new retail outlet launches, product launches and other in-store promotions. We also use our own social media channels on such platforms to maintain regular and direct contact with our followers. Our social media platforms also serve as an interactive channel to receive customer feedback or complaints and to respond quickly and directly to our customers. We also work with third-party advertising agencies to promote our brand and conduct special events and product launches.

We also have in place membership programmes with more than 7.2 million registered members as at the LPD across our "BIG Pharmacy" and "CARiNG Pharmacy" (which includes "Georgetown Pharmacy" and "Wellings Pharmacy") brands and with approximately 57.8% of registered customer having purchased our products in the past 12 months. Our membership program provides customers with exclusive benefits and rewards, helping to foster a strong connection between our brands and our customer base. We also leverage customer data and analytics to segmentise and personalise marketing communications and product recommendations for our members.

Given the mass-retail nature of our business, we also have a comprehensive outlet-level marketing strategy, including hosting "grand opening" events, strategic placement of directional signage to encourage greater footfall at our retail outlets, and conducting in-outlet promotions throughout the year to coincide with local festivities and other events. Periodically, we have promotional offers and organise events and competitions to engage our customers.

For the FYE 2023, FYE 2024 and FYE 2025 our selling and distribution expenses accounted for 4.0% (RM8.9 million), 3.3% (RM15.0 million) and 4.5% (RM31.5 million) respectively, of our total operating and administration expenses.

## 7. BUSINESS OVERVIEW (Cont'd)

### 7.6 TYPES, SOURCES AND AVAILABILITY OF INPUT MATERIALS

The table below sets out the major types of input materials that we purchased from our external suppliers for the Financial Years Under Review:

	FYE 2023		FYE 2024		FYE 2025	
	RM'000	%	RM'000	%	RM'000	%
Finished products	947,736	99.7	1,640,579	98.4	2,646,390	98.6
Raw materials	642	0.1	20,760	1.2	29,294	1.1
Packaging Materials	1,390	0.1	4,873	0.3	5,560	0.2
Other materials	698	0.1	943	0.1	1,582	0.1
<b>Total</b>	<b>950,466</b>	<b>100.0</b>	<b>1,667,155</b>	<b>100.0</b>	<b>2,682,826</b>	<b>100.0</b>

There were no supply issues or price volatility in the finished products and raw materials which had a material adverse impact on our financial performance for the Financial Years Under Review and for the period from 1 July 2025 and up to the LPD.

### 7.7 SUPPLY CHAIN MANAGEMENT AND DISTRIBUTION NETWORK

#### 7.7.1 Supplier and supply chain management

For the FYE 2025, approximately 2.0% of the products sold through our retail segment are manufactured in-house through Yanling. The rest of our products are sourced externally as finished goods from pharmaceutical suppliers and manufacturers.

For our retail operations, our dedicated product procurement team oversees our product procurement process and identifies suitable products to be distributed and sold at our retail outlets.

Once a suitable product from a Brand Principal has been identified, our procurement team will initiate negotiations to finalise the trading terms and arrangements, including any purchase or supplement commitments or any purchase rebates, with the Brand Principal. To ensure that such trading terms and arrangements are competitive and aligned with our business objectives, our procurement team:

- conducts market price surveys and/or benchmark against existing contracts for similar products;
- if necessary, consults the buying committee which consists of senior members of our procurement and RSO teams; and
- assesses the relevant product's sales potential and commercial viability.

For our retail operations, we operate an integrated supply chain that handles our end-to-end operations including sourcing, storage and distribution. Yanling and Medispec each have separate supply chain management systems for their operations.

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**7. BUSINESS OVERVIEW (Cont'd)**

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**7.7.2 Warehousing, inventory management, logistics and transportation**

BRDC, our centralised and semi-automated distribution centre in Bukit Raja, Klang integrates IT systems and automation technology to optimise our inventory management and distribution processes across our retail operations. As at the LPD, most of our retail inventory is shipped to BRDC, which distributes inventory to the majority of our retail outlets across Malaysia and to our other satellite distribution centres. Our satellite distribution centres will then distribute the inventory received from BRDC to our retail outlets across Malaysia. Our centralised inventory management system is fully integrated with our store-level point-of-sale system which enables real-time tracking of stock levels and automated stock replenishment, thereby optimising inventory turnover and minimising stock shortages or overstocking at our retail outlets. BRDC also employs put-to-light order fulfilment technology, a paperless order fulfilment system that uses light indicators to guide staff to the correct items for picking which enhances order accuracy and processing speed. Further, we deploy autonomous mobile robots and automated carton transfer units which allows for efficient handling, storage, and retrieval of pallets and boxes, further improving throughput and reducing reliance on manual processes. We also have three satellite distribution centres which are located in Penang, Johor and Sarawak which will distribute inventory to retail outlets in the respective regions. We also engage a third-party service provider for an additional storage warehouse for selected bulky products.

Approximately 20.0% of our transportation requirements by volume are handled by our own in-house drivers and the remaining 80.0% is outsourced to multiple logistics providers as at the LPD. Our distribution teams plan the delivery routes for our trucks daily so as to optimise our resources and logistics costs.

Yanling and Medispec each have separate warehousing, inventory management, logistics and transportation systems and requirements.

**7.8 RESEARCH AND DEVELOPMENT**

Our R&D efforts are primarily driven by Yanling, which focus on delivering customised solutions that meet the evolving needs of our clients. Yanling specialises in developing formulations tailored to specific client requirements. Our projects are typically initiated in response to customer requests for new product development. In addition, we proactively pursue internal product development projects aimed at expanding our formulation expertise and dosage form capabilities. Recent developments include additional varieties of dosage forms such as modified-release tablets (including extended-release, fast-release, orally dispersible, and effervescent tablets) as well as liquid formulations.

As at the LPD, we have 13 employees in our R&D team, including qualified pharmacists and specialists with backgrounds in biotechnology and food science. The diverse expertise of our product development team ensures that all formulations comply with stringent industry standards and regulatory requirements.

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**7. BUSINESS OVERVIEW (Cont'd)**

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**7.9 QUALITY CONTROL AND PRODUCT WARRANTY****7.9.1 Quality control and assurance**

Our quality assurance and quality control framework is designed to ensure product consistency, safety, and efficacy, and reflects our dedication to delivering products that meet both customers' expectations and stringent regulatory standards.

For our retail operations, we only source products from established pharmaceutical suppliers, manufacturers and Brand Principals, and ensure that products sold through our retail segment have been approved and registered with the appropriate regulatory authorities. For example, products to be used for medicinal purposes are approved by and registered with the Drug Control Authority, in compliance with the Control of Drugs and Cosmetic Regulations 1984 and medical device products are registered with the MDA in compliance with the Medical Device Act 2012. The procurement process is centrally managed by our product procurement team which will regularly assess the quality of the products that we procure and engage in communications with our suppliers, manufacturers and Brand Principals. Further, we conduct regular quality checks at our distribution centres, warehouses and each of our retail outlets and have quality control measures in place for, among others, proper handling, transportation and storage of our products.

For our manufacturing operations under Yanling, our quality control and assurance controls are implemented comprehensively across all critical checkpoints, from incoming raw material inspection, in-process quality control, to final product quality control. These controls ensure that every product we manufacture complies with the requirements set by the NPRA and other relevant local authorities.

For our importing, marketing, distributing and wholesaling operations under Medispec, we comply with applicable laws and regulations for importing, marketing, distributing and wholesaling pharmaceutical products and medical devices. We comply with the NPRA's Guidelines on Good Pharmacovigilance Practices.

**7.9.2 CUSTOMER SERVICE**

For our retail operations, we focus on providing customers with pre-sale and post-sale customer service. Pre-sale customer service includes our pharmacists providing counselling and advice on vital information regarding the use of pharmaceutical products, including how to take it correctly, potential side effects and storage instructions. Our retail outlets are well-staffed with knowledgeable pharmacists and employees to assist our customers with any product inquiries they may have.

Post-sale, we monitor customer queries and feedback regularly and operate a customer services careline. We endeavour to maintain a 24 to 72 hours response time for complaints received, depending on the severity of the case.

We also have an online chatbot to address simpler pre-sale or post-sale queries, especially for our customers purchasing our products through our e-commerce channels to ensure satisfactory customer service in a cost-effective manner. If the online chatbot is unable to address such queries satisfactorily, our customers will be redirected to a customer service staff.

For our manufacturing operations, in the event of any concerns raised from our customers, we conduct a thorough investigation to appropriately and transparently address such concerns.

For our importing, marketing, distributing and wholesaling operations, we will investigate and address any complaints pertaining to our services or to stock damaged during transit or delivery. Where the complaint pertains to product quality issues or defects, our pharmacovigilance and commercial team will collect the customer complaint data and connect with the relevant Brand Principal or supplier to identify the root cause, perform assessment and quality control review and the relevant Brand Principal or supplier will provide an explanation to be submitted to the NPRA or to the customer concerned.

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**7. BUSINESS OVERVIEW (Cont'd)**

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**7.10 TECHNOLOGY AND DATA PROTECTION****7.10.1 Technology**

We utilise our in-house support and management tools as well as external tools in our retail operations. As at the LPD, we have an internal IT team of 36 personnel which develops and maintains applications that address specific business requirements, as well as providing essential IT support to our RSO team, internal operations team and our management team. We have a centralised SAP system which manages various IT and operational functions, including foundational master data, sales and distribution and comprehensive financial control. This central system is strategically integrated with other critical downstream platforms, including our customer-facing point-of-sale system and our warehouse management system at BRDC.

**7.10.2 Data protection**

We are required to comply with applicable data protection laws in Malaysia, including the Personal Data Protection Act 2010 and Personal Data Protection (Amendment) Act 2024 in Malaysia. Our brand websites set out our privacy policy, how we handle the personal data of our customers and the terms of use. We gather customer and patient data, including data from health screenings, membership programs, and e-commerce transactions, pursuant to consent and individuals are informed of their rights. As at the LPD, no cyber incidents have been reported.

## 7. BUSINESS OVERVIEW (Cont'd)

### 7.11 MAJOR SUPPLIERS

Our Group's top five suppliers for each of the Financial Years Under Review are as follows:

No.	Supplier	Products and services purchased	Length of business relationship (years) <sup>(1)</sup>	Purchases (RM '000)	% of our total purchases
<b>FYE 2023:</b>					
1.	Zuellig Pharma Sdn Bhd and its group of companies (" <b>Zuellig Group</b> ")	Pharmaceutical and consumable products	19	344,877	36.3
2.	DKSH Malaysia Sdn Bhd and its group of companies (" <b>DKSH Group</b> ")	Pharmaceutical and consumable products	19	186,629	19.6
3.	Brego Life Sciences Sdn Bhd	Nutraceutical and consumable products	10	32,285	3.4
4.	Apex Pharmacy Marketing Sdn Bhd	Pharmaceutical and consumable products	19	29,902	3.1
5.	Pharmaforte (M) Sdn Bhd and its group of companies	Pharmaceutical and consumable products	19	16,979	1.8
<b>Sub-total</b>				610,672	64.2
<b>Total purchases</b>				<b>950,466</b>	<b>100.0</b>
<b>FYE 2024:</b>					
1.	Zuellig Group	Pharmaceutical and consumable products	19	592,973	35.6
2.	DKSH Group	Pharmaceutical and consumable products	19	322,461	19.3
3.	Apex Pharmacy Marketing Sdn Bhd	Pharmaceutical and consumable products	19	45,798	2.7
4.	Brego Life Sciences Sdn Bhd	Nutraceutical and consumable products	10	43,560	2.6
5.	Haleon Malaysia Sdn Bhd and its group of companies (" <b>Haleon Group</b> ")	Pharmaceutical and consumable products	2.5	36,206	2.2
<b>Sub-total</b>				1,040,998	62.4
<b>Total purchases</b>				<b>1,667,155</b>	<b>100.0</b>

7. **BUSINESS OVERVIEW** (Cont'd)

No.	Supplier	Products and services purchased	Length of business relationship (years) <sup>(1)</sup>	Purchases (RM '000)	% of our total purchases
<b>FYE 2025:</b>					
1.	Zuellig Group	Pharmaceutical and consumable products	19	991,435	37.0
2.	DKSH Group	Pharmaceutical and consumable products	19	504,954	18.8
3.	Apex Pharmacy Marketing Sdn Bhd	Pharmaceutical and consumable products	19	66,185	2.5
4.	Haleon Group	Pharmaceutical and consumable products	2.5	58,147	2.2
5.	Pharm-D Health Science Berhad and its group of companies	Nutraceutical and consumable products	1.5	47,282	1.8
<b>Sub-total</b>				1,668,003	62.2
<b>Total purchases</b>				<b>2,682,826</b>	<b>100.0</b>

**Note:**

(1) Length of business relationship as at the LPD.

Zuellig Group and DKSH Group contributed approximately 55.9%, 54.9% and 55.8% to our Group's total purchases for the FYE 2023, FYE 2024 and FYE 2025 respectively. Similar to other retail pharmacies in Malaysia, our Group relies on Zuellig and DKSH for their supply of pharmaceutical and consumable products as they are the appointed local distributors of certain brands of pharmaceutical and consumable products in Malaysia. For example, Zuellig is the appointed local distributor for brands such as AstraZeneca, Viartis and Novonordisk in Malaysia, and DKSH is the appointed local distributor for brands such as Boehringer, Novartis and Abbott Nutrition in Malaysia. If the supply of products from Zuellig and DKSH is disrupted or ceased, or if there are adverse changes in our Group's business relationship with them, our Group may not be able to find suitable alternative suppliers for the supply of these products at reasonable prices or on commercially acceptable terms, which may in turn affect our Group's business, operations and financial condition.

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**7. BUSINESS OVERVIEW (Cont'd)**

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**7.12 MAJOR CUSTOMERS**

Due to the largely retail nature of our Group's business, no individual customer contributed to more than 5.0% of our total revenue for the Financial Years Under Review.

**7.13 SEASONALITY**

We generally do not experience significant seasonality in the sale of our products as our products are for general use and applications that are not generally tied to any seasonality factors.

**7.14 GOVERNING LAWS AND REGULATIONS RELATING TO OUR INDUSTRY**

The relevant laws and regulations governing our Group and which are material to our operations are summarised below. The following does not purport to be an exhaustive description of all relevant laws and regulations of which our business is subject to and is only intended to provide general information to investors. It is not intended to be a substitute for independent professional advice. Non-compliance with the relevant laws and regulations below may result in monetary and/or custodial penalties and/or any other orders being made.

**7.14.1 Governing Laws and Regulations relating to the Industry****(i) Registration of Pharmacists Act 1951 ("RPA 1951")**

The RPA 1951 governs the registration of pharmacists. Pursuant to the RPA 1951, no person shall take or use the name or title of pharmaceutical chemist or pharmacist or chemist and druggist or druggist or pharmacist, or take or use in connection with the sale of goods by retail the name or title of chemist or any other name, title, addition or description implying that he or any person employed by him is registered or entitled to be registered under the RPA 1951. No person shall take or use or affix to, or use in connection with, his premises any title or description reasonably calculated to suggest that he or anyone employed in the business carried on in his premises possesses any qualification with respect to the selling, dispensing or compounding of drugs or poisons other than the qualifications which he in fact possesses. Any person who acts in contravention shall be guilty of an offence and liable on conviction before a Sessions Court to a penalty not exceeding RM500, and to a further penalty of RM50 for every day during which the offence continues.

The RPA 1951 further provides that no body corporate shall use the name or title of chemist and druggist or dispensing chemist or dispensing druggist or describe the premises at which it carries on business as a pharmacy, unless it is registered under Section 13(1) of the RPA 1951 and complies with the requirements of Section 13(4) of the RPA 1951. Any body corporate acting in the contrary, or if registered under Section 13(1) of the RPA 1951, failing to comply with the conditions imposed by Section 13(4), shall be guilty of an offence and liable on conviction before a Sessions Court to a penalty not exceeding RM2,000 and to a further penalty not exceeding RM50 for every day during which such offence continues, pursuant to Section 13(9) of the RPA 1951.

The name of any registered pharmacist or body corporate who fails to obtain an annual certificate prior to the commencement of any year shall result in the removal from the register pursuant to Section 16(4) of the RPA 1951.

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**7. BUSINESS OVERVIEW (Cont'd)**

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**(ii) Poisons Act 1952 ("PA 1952")**

The PA 1952 regulates the importation, possession, manufacture, compounding, storage, transport, sale and use of poisons. "Poison" shall mean any substance specified by name in the first column of the Poisons List set out in the First Schedule of the PA 1952 and includes any preparation, solution, compound, mixture or natural substance containing such substance, other than an exempted preparation or an article or preparation included for the time being in the Second Schedule of the PA 1952 ("**Poisons**").

Pursuant to the PA 1952, no person shall:

- (a) import, store and deal, generally by wholesale and retail or by wholesale only or by retail only, in all Poisons unless being licensed pursuant to the PA 1952;
- (b) knowingly sell, supply, keep or have in his possession or under his control or store any Poison otherwise than in accordance with the regulations made under the PA 1952 and in force relating to the possession, containers, packaging, labelling or storing of such Poison; and
- (c) dispense, compound or mix any Poison with any other substance, whether a Poison or not, for the purpose of using it for medical treatment unless he is a registered pharmacist or a person working under the immediate personal supervision of a registered pharmacist.

The PA 1952 allows the Director General of Health Malaysia, or the Principal Director or the Director of Medical and Health Services of any State duly appointed by the Director General of Health to be a licensing officer of any State or the Federal Territory to, among others, issue a Type A licence to a pharmacist to import, store and deal in, generally by wholesale and retail or by wholesale only or by retail only, subject to the PA 1952, all Poisons. Every such licence shall be personal to the licensee named therein and shall not in any case, be transferable to another person and no licence shall authorise the sale of any poison by any person other than the person named therein or otherwise than under his personal supervision, provided that the licensing officer, if he sees fit, may amend on a licence the address of the premises at which the person licensed carries on the business or profession in respect of which he is licensed.

Section 32(2) of the PA 1952 provides that any person guilty of an offence against the PA 1952, for which no other penalty is specifically provided by the PA 1952 or by any regulations made thereunder, shall be punishable by a fine not exceeding RM50,000 or by imprisonment for a term not exceeding five years or to both. Section 32(2) of the PA 1952 further empowers the court to impose a fine not exceeding RM200,000 or to imprisonment for a term not exceeding 10 years or to both under circumstances where the act or omission with which such person is charged is in the opinion of the court of such a nature as to amount to wilful default or culpable negligence, which endangered or was likely to endanger human life.

**(iii) Poisons (Psychotropic Substances) Regulations 1989 ("Poisons Regulations")**

Pursuant to the Poisons Regulations, the possession, sale, supply and dispensing of psychotropic substances are restricted to authorised persons, including a licensed pharmacist, for a lawful purpose.

**7. BUSINESS OVERVIEW (Cont'd)**

Any person who sells or supplies any psychotropic substance for the purposes of medical treatment of a particular patient shall keep and maintain a register to be called the 'Prescription Register for Psychotropic Substance', and shall, on the day such psychotropic substance is sold or supplied, enter or cause to be entered therein the true particulars with respect to the following:

- (a) date on which the psychotropic substance was sold or supplied or administered and the serial number of the entry in such register;
- (b) the name and strength of the psychotropic substance and the quantity sold or supplied or administered; and
- (c) the name and address of the patient.

**(iv) Sale of Drugs Act 1952 ("SDA 1952") and Control of Drugs and Cosmetics Regulations 1984 ("CDCR 1984")**

The SDA 1952 regulates the sale of drugs. The CDCR 1984 provides that no person shall manufacture, sell, supply, import, possess, or administer any product unless the product is a registered product and the person holds the appropriate licence required and issued under the CDCR 1984.

The Director of Pharmaceutical Services may, subject to the provisions of the CDCR 1984, issue, among others, any of the following licences subject to such conditions as he may impose:

- (a) a manufacturer's licence authorising the licensee to manufacture the registered products in the premises specified in the licence and to sell by wholesale or supply the products;
- (b) a wholesaler's licence, authorising the licensee to sell by wholesale or supply the registered products from the address of the business premises specified in the licence; and
- (c) an import licence, authorising the licensee to import and sell by wholesale or supply the registered products from the address of the premises specified in the licence.

Further, no person shall manufacture, sell, supply, import, possess or administer any cosmetic unless, among others, the cosmetic has been notified to the Director of Pharmaceutical Services, and the person is responsible for placing the notified cosmetic in the market or is authorised in accordance with the notification note which is issued by the Director of Pharmaceutical Services.

Pursuant to the SDA 1952, any person who commits an offence against the SDA 1952 or any regulation made thereunder for which no penalty is expressly provided shall be liable on conviction to a fine not exceeding RM25,000 or to imprisonment for a term not exceeding three years or to both, and for a second or subsequent offence, to a fine not exceeding RM50,000 or to imprisonment for a term not exceeding five years or to both. Any body corporate who commits an offence shall be liable on conviction to a fine not exceeding RM50,000, and for a second or subsequent offence, to a fine not exceeding RM100,000.

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**7. BUSINESS OVERVIEW (Cont'd)**


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**(v) Medical Device Act 2012 ("MDA 2012")**

The MDA 2012 regulates medical devices and the industry. Pursuant to the MDA 2012, no medical device shall be imported, exported or placed in the market unless the medical device is registered under the MDA 2012. Any person who contravenes this requirement commits an offence and shall, on conviction, be liable to a fine not exceeding RM200,000 or to imprisonment for a term not exceeding three years or to both.

In addition, no establishment shall import, export or place in the market any registered medical device unless it holds an establishment licence granted under the MDA 2012. Any establishment who contravenes this requirement commits an offence and shall, on conviction, be liable to a fine not exceeding RM200,000 or to imprisonment for a term not exceeding three years or to both.

**(vi) Industrial Co-ordination Act 1975 ("ICA 1975")**

The ICA 1975 provides for the co-ordination and orderly development of manufacturing activities in Malaysia.

Pursuant to Section 3(1) of the ICA 1975, no person shall engage in any manufacturing activity unless he is issued a licence in respect of such manufacturing activity. Any person engaging in any manufacturing activity with a shareholders' funds of RM2.5 million and above or employing 75 or more full-time paid employees are required to apply for a manufacturing licence.

Failure to comply constitutes an offence and such person shall, on conviction, be liable to a fine not exceeding RM2,000 or to a term of imprisonment not exceeding six months and to a further fine not exceeding RM1,000 for every day during which such default continues.

The licensing officer may also in his discretion revoke a licence if the manufacturer to whom a licence is issued:

- (a) has not complied with any condition imposed in the licence;
- (b) is no longer engaged in the manufacturing activity in respect of which the licence is issued; or
- (c) has made a false statement in his application for the licence.

The licensing officer may also withhold or suspend the revocation of the licence if he is satisfied that the act or omission on the part of the manufacturer under the above situations was due to some cause beyond his control and there is a reasonable prospect of such act or omission being remedied within such period as the licensing officer may direct.

**(vii) Medicines (Advertisement and Sale) Act 1956 ("MASA 1956") and Medicine Advertisements Board Regulations 1976 ("MABR 1976")**

The MASA 1956 and the MABR 1976 regulate the advertisement relating to medical matters and to regulate the sale of substances recommended as a medicine. Pursuant to the MASA 1956, no person shall take any part in the publication of any advertisement referring to any article, or articles of any description, in terms which are calculated to lead to the use of that article or articles of that description as a medicine, an appliance or a remedy for the purpose of treatment or prevention of diseases or conditions of human beings other than the diseases and conditions specified in the MASA 1956, unless such advertisement has been approved by the Medicine Advertisements Board.

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**7. BUSINESS OVERVIEW (Cont'd)**


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Any person fails to comply with the MASA 1956 shall be liable on summary conviction to a fine not exceeding RM3,000 or to imprisonment for any term not exceeding one year or to both in the case of a first conviction, and to a fine not exceeding RM5,000 or to imprisonment for a term not exceeding two years or to both in the case of a subsequent conviction. However, the conviction is subject to the provisions of the MASA 1956 and it shall be a defence for the person charged to prove that the advertisement to which the proceedings relate was published in such circumstances that he did not know and had no reason to believe that he was taking part in the publication thereof.

**(viii) Occupational Safety and Health Act 1994 (“OSHA 1994”)**

The OSHA 1994 provides provisions for securing the safety, health and welfare of persons at work, for protecting others against risks to safety or health in connection with the activities of persons at work.

The OSHA 1994 imposes a general duty on every employer to ensure, so far as is practicable, the safety, health and welfare of its employees at work. Such duty, so far as is practicable, includes:

- (a) the provision and maintenance of plants and systems of work that are safe and without risks to health;
- (b) the making of arrangements for ensuring safety and absence of risks to health in connection with the use or operation, handling, storage and transport of plant and substances;
- (c) the provision of such information, instruction, training and supervision as is necessary to ensure the safety and health at work of his employees;
- (d) as regards any place of work under the control of the employer, the maintenance of it in a condition that is safe and without risks to health and the provision and maintaining of the means of access to and egress from it that are safe and without such risks;
- (e) the provision and maintenance of a working environment for his employees that is safe, without risks to health, and adequate as regards facilities for their welfare at work;
- (f) the development and implementation of procedures for dealing with emergencies that may arise while his employees are at work; and
- (g) formulating and implementing safety and health policies. Such safety and health policy shall be revised as often as it may be appropriate and shall be brought to the notice of all employees.

Failure to comply with any of the above provisions constitutes an offence and the employer is liable to a fine not exceeding RM500,000 or to imprisonment for a term not exceeding two years or to both.

The employer shall also establish a safety and health committee at the place of work if there are 40 or more persons employed at the place of work. An occupier of a place of work is also required to employ a competent person to act as a safety and health officer at the place of work. The employer shall also appoint one of his employees to act as an occupational safety and health coordinator if he employs five or more employees at his place of work. The OSHA 1994 also requires an employer to notify the nearest occupational safety and health office of any accident, dangerous occurrence, occupational poisoning or occupational disease which has occurred or is likely to occur at the place of work.

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**7. BUSINESS OVERVIEW (Cont'd)**


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Failure to comply with the general duties of employers under Part IV of the OSHA 1994 constitutes an offence and the employer is liable to a fine not exceeding RM500,000 or to imprisonment for a term not exceeding two years or to both.

Following the Factories and Machinery (Repeal) Act 2022, the OSHA 1994 also provides that no person shall operate or cause or permit to be operated any steam boiler, pressure vessel and lifting machinery ("**Plant**") unless a certificate of fitness has been issued. Failure to comply with the above shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM100,000 or to imprisonment for a term not exceeding one year or to both. In addition, an officer shall immediately serve to the person who operates or causes or permits to be operated the Plant without a certificate of fitness, a written notice prohibiting the operation of the Plant until a certificate of fitness is issued. A person who fails to comply with the notice shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM500,000 or to imprisonment for a term not exceeding two years or to both.

**(ix) Personal Data Protection Act 2010 ("PDPA")**

The PDPA, as amended by the Personal Data Protection (Amendment) Act 2024, governs the laws on processing personal data in commercial transactions to protect personal data of common interest and to ensure information security, network reliability and integrity. Any person or body corporate involved in the processing of personal data by a data controller must comply with the Personal Data Protection Principles set by the PDPA.

**(x) Allied Health Professions Act 2016 ("AHPA 2016")**

The AHPA 2016 provides for the establishment of the Malaysian Allied Health Professions Council ("**MAHP Council**"), the registration of persons practising as allied health practitioners and persons carrying on activities relating to allied health, the regulation of the practice of allied health professions, and related matters. Allied health professionals include an audiologist, dietitian, entomologist (public health), physiotherapist, medical physicist, nutritionist, clinical psychologist, clinical scientist, diagnostic radiographer, medical laboratory technologist, occupational therapist, speech-language therapist, radiation therapist, dental technologist, environmental health officer health education officer, food service officer (healthcare), forensic science officer and medical social officer.

No person shall practise as an allied health profession or carry out any activity relating to allied health, unless he is registered under the AHPA 2016.

Any person who is not registered under the AHPA 2016 and practices or carries on or operates or holds himself out as practising or carrying on or operating, or take up employment, as a registered practitioner contravenes the AHPA 2016 and shall, on conviction, be liable to a fine not exceeding RM50,000 or to imprisonment for a term not exceeding two years or to both.

Pursuant to Section 36 of the AHPA 2016, any body corporate who employs a person who is not registered under the AHPA 2016 to perform the duties and responsibilities of an allied health practitioner commits an offence and shall, on conviction, be liable to a fine not exceeding RM100,000 or to imprisonment for a term not exceeding two years or to both, and for a continuing offence, to a fine not exceeding RM5,000 for every day or part of a day during which the offence continues after conviction. Additionally, the person responsible for the body corporate shall also, on conviction, be liable to a fine not exceeding RM100,000 or to imprisonment for a term not exceeding two years or to both, and for a continuing offence, to a fine not exceeding RM5,000 for every day or part of a day during which the offence continues after conviction.

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**7. BUSINESS OVERVIEW (Cont'd)**


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For information purposes, the MAHP Council has extended the transition period for compliance with the registration and practising certificate requirements to 31 December 2026, from the original 12-month transitional period from the date of enforcement of the statute on 1 July 2020 to 30 June 2021, to provide all practitioners adequate time to complete registration and obtain their practising certificates.

**7.14.2 Other relevant Malaysian legislations**
**(i) Employment Act 1955, Sarawak Labour Ordinance (Sarawak Cap. 76) and Sabah Labour Ordinance (Sabah Cap. 67)**

The Employment Act 1955 governs the law of employment in Peninsular Malaysia and the Federal Territory of Labuan while the Sarawak Labour Ordinance (Sarawak Cap. 76) and the Sabah Labour Ordinance (Sabah Cap. 67) governs the employment laws in Sarawak and Sabah, respectively.

Our Group employs a large number of workers in management as well as at operational level. In addition, our Group employs a significant number of foreign nationals to maintain an efficient operation. As such, the Employment Act 1955, the Sarawak Labour Ordinance (Sarawak Cap. 76) and the Sabah Labour Ordinance (Sabah Cap. 67) are important as they stipulate the laws on both Malaysians and foreign nationals.

According to the Minimum Wages Order 2024, the minimum wage, effective 1 February 2025, is RM1,700 monthly and RM8.72 hourly, applicable to employees of employers who, among others, employ five or more employees.

**(ii) Employees' Minimum Standards of Housing, Accommodation and Amenities Act 1990 ("EMSH")**

The EMSH prescribes the minimum standards of housing, nurseries and accommodation for employees as well as health, hospital, medical and social amenities to be provided by the employers to their employees.

Effective from 1 June 2020, pursuant to the Workers' Minimum Standards of Housing and Amenities (Amendment) Act 2019 ("**Amended Act**"), employers are required to comply with the Amended Act, which includes providing minimum requirements for workers' accommodation such as minimum space requirements, basic facilities as well as safety and hygiene standards.

The EMSH provides that no employer or centralised accommodation provider shall use any buildings as accommodation if the building is unfit for human habitation in accordance with the relevant laws. The employer or centralised accommodation provider shall ensure that every accommodation provided for employees complies with the minimum standards required under the Amended Act or any regulations made thereunder.

Pursuant to the EMSH, no accommodation shall be provided to an employee unless it is certified with a certificate for accommodation. As such, employers or centralised accommodation providers are required to apply for a certificate for accommodation with the Department of Labour in Malaysia. An employer who contravenes the EMSH commits an offence and shall on conviction be liable to a fine not exceeding RM50,000.

Pursuant to the frequently asked questions published on the website of the Department of Labour Peninsular Malaysia, the EMSH is only applicable for West Malaysia and Labuan.

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**7. BUSINESS OVERVIEW (Cont'd)**


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**(iii) Immigration Act 1959/63 (“Immigration Act”)**

The Immigration Act regulates various aspects of immigration into Malaysia, including the entry of foreign workers into Malaysia.

Any person who employs one or more persons, other than a citizen or a holder of an entry permit who is not in possession of a valid pass to enter Malaysia shall be guilty of an offence and shall, on conviction, be liable to a fine of not less than RM10,000 but not more than RM50,000 or to imprisonment for a term not exceeding 12 months or to both for each of such employee.

A pass lawfully issued to any person shall cease to be a valid pass when any of its terms and conditions is contravened. Where the pass has been issued for temporary employment, any changes in the employment for which it is issued must be with the written consent of the Controller of Immigration.

If it is proved to the satisfaction of the court that a person has at the same time employed more than five employees who are not in possession of a valid pass, that person shall, on conviction be liable to imprisonment for a term of not less than six months but not more than five years and shall also be liable to whipping of not more than six strokes. Where the offender is a body corporate, any person who at the time the offence was committed, was a member of the board of directors, a manager, a secretary or a person holding an office or a position similar to that of a manager or secretary of the body corporate, shall be guilty of that offence and shall be liable to the same punishment as mentioned above.

**(iv) Sales Tax Act 2018**

Sales tax administered in Malaysia is a single-stage tax charged and levied on locally manufactured taxable goods at the manufacturers level and as such is often referred to as manufacturers' tax. The tax is also imposed on taxable goods imported into Malaysia at the point of entry. In the case of locally manufactured goods, sales tax is charged and levied when such goods are sold or disposed of by the manufacturers. Taxable goods are goods of a class or kind not for the time being exempted from sales tax. As a general rule, tax is levied on imported and locally manufactured goods (except those exempted by the Ministry of Finance of Malaysia).

As our Group imports goods into Malaysia and undertakes manufacturing activities, our Group is subject to the provisions of the Sales Tax Act 2018.

**(v) SDBA, Uniform Building By-Laws 1984 (“UBBL”), Uniform Building By-Laws 2022 of Sabah and Building Ordinance 1994 (“Sarawak Building Ordinance”)***SDBA and UBBL*

The SDBA provides uniformity of law and policy to make laws with regard to local government matters relating to street, drainage and buildings in Peninsular Malaysia. It provides for the requirement to have a CCC to ensure that buildings are safe and fit for occupation.

Under the UBBL which was issued pursuant to the SDBA, a CCC shall be issued by the principal submitting person when:

- (a) all the technical conditions as imposed by the local authority have been duly complied with;
- (b) the relevant certifications have been duly certified and received by him;

**7. BUSINESS OVERVIEW (Cont'd)**

- (c) all the essential services, including an access road, landscape, car park, drain, sanitary, water, electricity installation, communication, fire hydrant, sewerage and refuse disposal requirement, and fire lift where required, has been provided; and
- (d) he certifies that he has supervised the erection and completion of the building and that to the best of his knowledge and belief the building has been constructed and completed in accordance with the SDBA, the UBBL and the approved plans.

Any person who occupies or permits to be occupied any building or any part thereof without a CCC commits an offence and shall on conviction, be liable to a fine not exceeding RM250,000 or to imprisonment for a term not exceeding 10 years or to both under the SDBA.

Further, pursuant to the SDBA, no person shall deviate from any plan or specification approved by the local authority or erect any building without the prior written permission of the local authority, failure of which shall be liable to a fine not exceeding RM50,000 or to imprisonment for a term not exceeding three years or to both and shall also be liable to a further fine of RM1,000 for every day during which the offence is continued after conviction.

Pursuant to the UBBL, sketch plans may be submitted for minor erections, minor alterations and additions in lieu of approved plans and permits may be issued as authority to carry out such works if they comply with the requirements of the UBBL, provided that if in the opinion of the local authority the works involved require the submission of normal building plans, such plans shall be submitted in accordance with the UBBL.

*Uniform Building By-Laws 2022 of Sabah*

No person shall occupy any building unless a CCC has been issued and any failure to comply shall, on conviction, be subjected to a fine not exceeding RM100,000 or to imprisonment for a term not exceeding one year or to both and in the case of continuing offence, to a further fine not exceeding RM5,000 for every day during which the offence continues after conviction.

*Sarawak Building Ordinance*

No person shall occupy any building unless an occupation permit has been issued and any failure to comply shall, on conviction, be subjected to a fine not exceeding RM10,000 and in the case of continuing offence, to a further fine to a fine not exceeding RM300 per day during which the offence is continued after notice to cease occupation of the building has been issued. Further, pursuant to the Sarawak Building Ordinance, no person shall deviate from any plan or specification approved by the local authority, or erect any building without the prior written permission of the local authority, failure of which shall be liable to a fine not exceeding RM2,000 and in the case of a continuing offence to imprisonment for one year and a fine of RM200 for every day during which the offence is continued after a notice requiring the person to comply with the abovementioned provisions has been served on such person.

- (vi) **Local Government Act 1976 (“LGA”), Trades Licensing Ordinance (Sabah Cap 144) (“Trades Licensing Ordinance”), Local Authorities Ordinance 1996 (“LAO”) and Businesses, Professions and Trades Licensing Ordinance (“BPTLO”)**

Under the LGA, the Trades Licensing Ordinance, the LAO and the BPTLO, and the by-laws of the respective local councils and authorities, our outlets are required to have business and signboard/advertising licences, display the licences at the outlet premises, and produce the licences upon request.

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**7. BUSINESS OVERVIEW (Cont'd)**


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Under the LGA and the by-laws of the respective local authorities in Peninsular Malaysia, a business licence is granted by the local authority and is generally valid for a period not exceeding three years and is subject to renewal.

In Sabah, under the Trades Licensing Ordinance, a trading licence shall authorise the holder to carry on the business described in the licence. If any person contravenes the said provisions, he shall be liable for each offence to a fine of four times the amount of the licence fee and to a further fine of RM10 for each day or part of the day subsequent to a conviction during which the contravention continues. Every trading licence shall be exhibited in a conspicuous place of the premises and any person who fails to exhibit the licence shall on conviction be liable to a fine of RM500.

In Sarawak, under the BPTLO, any person who carries on any business in Sarawak without trading licence shall be liable to a fine of RM1,000. Further, the Local Authorities (Advertisements) By-Laws 2012 of Sarawak provides for a fine of not more than RM5,000 and imprisonment of not more than six months for not having a signage licence if found guilty, and in the case of a continuing offence, a further fine not exceeding RM200 each day during which the offence continues.

Further, pursuant to the LGA, any person who fails to exhibit or produce his licences on the premises shall be liable to a fine not exceeding RM500 or to imprisonment for a term not exceeding six months or both. A similar penalty provision is also found in the LAO of Sarawak where an absolute fine of RM2,000 will be imposed on those who are found guilty of such offence.

(vii) **National Land Code 1965**

The National Land Code 1965 governs land matters within Peninsular Malaysia, where our material properties are situated. Pursuant to the National Land Code 1965, the state authority may alienate land subject to such express conditions and restrictions in interest which shall be determined by the state authority at the time when the land is approved for alienation and every condition or restriction in interest imposed under this section shall be endorsed on or referred to in the document of title to the land.

(viii) **Fire Services Act 1988 ("FSA")**

The FSA provides provisions for the effective and efficient functioning of the Bomba, for the protection of persons and property from fire risks or emergencies and for purposes connected therewith. The FSA provides, among others, that a fire certificate be issued only after the designated premises have been inspected and the Bomba is satisfied that there are adequate facilities for life safety, fire prevention, fire protection and fire-fighting.

Where there is no fire certificate in force, the owners of such premises may become subject to a fine of up to RM50,000 and/or imprisonment of up to five years, or both, and such owners may also be required to cease the use of such premises, including by any tenants of such premises.

In addition to the above, pursuant to Section 10 of the FSA, any person who fails to comply with any requirement of a fire-hazard abatement notice served by the Bomba within the time specified in the fire-hazard abatement notice shall be guilty of an offence. The maximum penalty imposed upon conviction shall not exceed RM5,000 and/or to imprisonment for a term not exceeding three years, or to both. For continuing offences, a person can be liable to a further fine of RM100 each day during which the offence is continued after the conviction.

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**7. BUSINESS OVERVIEW (Cont'd)**


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**7.15 NON-COMPLIANCES**

Save as disclosed below, there is no material breach of the relevant laws, regulations, rules and requirements governing the conduct of the business of our Group, including compliance of property owned or rented by our Group. Further, there is no material impact to our business operations and financial conditions due to the below.

**7.15.1 Subsisting material non-compliances****(i) Occupied BRDC without the latest approved building plans and revised CCC (collectively, the "BRDC Non-Compliances")**

Our BRDC comprises a multi-complex building structure which houses, among others, a three-storey warehouse and a three-storey office, with other ancillary facilities situated in the Bukit Raja industrial area in the district of Klang, Selangor. As at the LPD, BRDC acts as our Group's centralised and semi-automated distribution centre which distributes inventory to the majority of our retail outlets across Malaysia.

The BRDC has been issued with a CCC dated 5 February 2025 ("**BRDC CCC**"). However, subsequent to the issuance of the BRDC CCC, our Group had carried out additional renovation works which include additional room partitioning, new mezzanine floors, new door for the warehouse, new roller shutters and office renovations ("**Additional Renovation Works**") where a revised building plan and a revised CCC are required. The Additional Renovation Works were completed in August 2025.

On 20 August 2025, we submitted the latest building plans to Bomba for approval and obtained the approval on the latest building plans from Bomba dated 22 September 2025 ("**Bomba Approval**").

Subsequent to the procurement of the Bomba Approval, we have made the following submissions:

**(a) Building plans and CCC**

On 2 October 2025 and 12 December 2025, we submitted the latest building plans together with the Bomba Approval to the Klang Royal City Council for approval ("**BRDC Building Plans Applications**"). As at the LPD, we have yet to obtain the approval for the latest building plans from the Klang Royal City Council ("**BRDC Building Plans Approval**"). Upon obtaining the BRDC Building Plans Approval, our appointed architect will issue a new CCC for BRDC ("**BRDC New CCC**").

**(b) Fire certificate**

On 16 December 2025, we submitted an application for a fire certificate to Bomba, and obtained the fire certificate dated 3 February 2026.

The Klang Royal City Council had imposed penalties on our Group amounting to RM39,221 following our submission of the BRDC Building Plans Applications on 2 October 2025 which has been paid on 9 December 2025.

We anticipate that the BRDC Building Plans Approval will be obtained in April 2026. Upon obtaining the BRDC Building Plans Approval, our appointed architect is expected to issue a new CCC within seven days.

If we are found liable, we will be subject to a maximum penalty of RM50,000 or to imprisonment for a term not exceeding three years or to both, and shall also be liable to a further fine of RM1,000 for every day during which the offence is continued after conviction.

**7. BUSINESS OVERVIEW (Cont'd)**

Our Board is of the view that the BRDC Non-Compliances will not have a material adverse impact to our business operations and financial condition as:

- (a) we have undertaken the necessary steps to obtain the BRDC Building Plans Approval and the BRDC New CCC;
- (b) we have obtained the fire certificate for the BRDC in February 2026; and
- (c) the total estimated cost of rectification and potential maximum penalty amounting to approximately RM0.3 million for the BRDC Non-Compliances were immaterial as it represents 0.1% of our PBT for the FYE 2025.

(ii) **Occupied retail outlets without CCC and the renovation permit (“Retail Outlets CCC and Permit Non-Compliance”)**

As at the LPD, we operate 626 retail outlets across Malaysia. The status of the CCCs for our retail outlets as at 25 March 2026 is as follows:

Status	No. of retail outlets			Total	%
	Standalone	Shopping mall	High street shop lots		
With CCC	3	123	475 <sup>(2)</sup>	601	96.0
Without CCC <sup>(1)</sup>	-	1	24	25	4.0
<b>Total</b>	<b>3</b>	<b>124</b>	<b>499</b>	<b>626</b>	<b>100.0</b>

**Notes:**

- (1) The affected premises are located in Johor (three outlets), Kedah (one outlet), Kuala Lumpur (five outlets), Melaka (one outlet), Negeri Sembilan (three outlets), Pulau Pinang (four outlets), Sabah (one outlet), Sarawak (three outlets) and Selangor (four outlets) (collectively, “**Affected Outlets**”).
- (2) Including the retail outlets that have obtained a Permit (defined below) to comply with the Renovation Requirements (defined below).

We submitted applications and/or letters to the local authorities and councils as well as the Board of Engineers Malaysia to procure copies of the CCCs and/or confirmations that CCCs have been issued in respect of our Affected Outlets. However, the local authorities and councils as well as the Board of Engineers Malaysia indicated that the CCCs could not be traced or they do not have a copy of such CCC in their records. Additionally, we also submitted letters to the Board of Architects Malaysia for the same to which the Board of Architects Malaysia informed that it does not issue, retain or certify copies of CCCs, nor are they authorised to release copies to any third party.

We undertook minor renovations on 101 retail outlets (“**Minor Renovation Outlets**”) which may have varied its original layout or structure which resulted in contravention of Sections 70(1) and 70(16) of the SDBA, Section 3(1) of the Uniform Building By-Laws 2022 of Sabah and Sections 8(1) and 8(20) of the Buildings Ordinance 1994 of Sarawak, rendering a Permit (as defined below) be required (“**Renovation Requirements**”).

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**7. BUSINESS OVERVIEW (Cont'd)**


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Our appointed architect has advised that we are able to fulfil our compliance obligations under the Uniform Building By-Laws 1984, Building By-Law 1994 of Sarawak, and relevant by-laws of the local authorities in Sabah (“**CCC and Renovation Requirements**”) by applying for ‘*permit pembinaan kecil*’ from Kuala Lumpur City Hall, ‘*permit pembinaan sementara / sekatan*’ from Shah Alam City Council and Petaling Jaya City Council, or other equivalent permit from other local authorities, to comply with the CCC and Renovation Requirements (collectively, the “**Permits**”). This is on the basis that the local authorities have, in practice, regarded such Permits as a regulatory remedy and an acceptable substitute where a CCC is unavailable to streamline its approval process, provided that the relevant works or additions do not compromise the building’s structural framework.

Our appointed architect has reviewed the Affected Outlets and the Minor Renovation Outlets and confirmed that the works undertaken did not compromise the structural framework of the respective Affected Outlets and the Minor Renovation Outlets. Our appointed architect has further opined that the renovations carried out at our Group’s retail outlets do not constitute a breach of the CCC and Renovation Requirements. Hence, our Group is able to apply for the Permits to regularise and fulfil its compliance obligations under the SDBA, Uniform Building By-Laws 2022 of Sabah, and Buildings Ordinance 1994 of Sarawak.

As at the LPD, we have submitted all the applications for the Permits, save for a retail outlet occupied by our Group in Johor Bahru, of which the building is owned by the Ministry of Home Affairs Malaysia (“**Johor Outlet**”). We are unable to submit the application for a Permit for the Johor Outlet as the management of the building has informed that the required documents for the application (i.e. a copy of the CCC, approved building plan, quit rent and/or assessment) are unavailable. As advised by our appointed architect, we are currently liaising with the Johor Bahru Sentral Management to obtain a copy of the Certificate of Practical Completion from the Malaysian Public Works Department (Jabatan Kerja Raya), and upon obtaining such Certificate of Practical Completion, our appointed architect will submit an application to the Johor Bahru City Council to obtain the approved building plans and the Permit in respect of the Johor Outlet.

As at 25 March 2026, we have obtained 12 Permits for Minor Renovation Outlets (out of the 101), representing 9.5% of the total 126 Affected Outlets and Minor Renovation Outlets in aggregate.

In respect of the applications for the Permits that have been submitted, we expect to receive the approvals from the respective local councils by end of May 2026.

If we are found liable, we will be subject to a maximum penalty of RM5.4 million in respect of the Affected Outlets, and RM3.8 million in respect of the Minor Renovation Outlets.

Our Board is of the view that the Retail Outlets CCC and Permit Non-Compliance will not have a material adverse impact to our business operations and financial condition as:

- (a) we have submitted all the relevant applications for the Permits (save for the Johor Outlet) to which the appointed architect had confirmed that the procurement of the Permits would enable us to fulfil our compliance obligations under the SDBA, Uniform Building By-Laws 2022 of Sabah, and Buildings Ordinance 1994 of Sarawak;
- (b) the total estimated cost of rectification of RM0.9 million is immaterial as it represents 0.4% of our audited PBT for the FYE 2025;

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**7. BUSINESS OVERVIEW (Cont'd)**


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- (c) the Affected Outlets and Minor Renovation Outlets are dispersed throughout Malaysia under the jurisdiction of different local councils, and hence, the likelihood that the maximum penalty of RM9.2 million is imposed (which represents 4.2% of our audited PBT for the FYE 2025) on all the Affected Outlets and Minor Renovation Outlets simultaneously is remote; and
- (d) as at the LPD, there have been no fines or penalties imposed by the authority in respect of the Retail Outlets CCC and Permit Non-Compliance.

Notwithstanding that the Retail Outlets CCC and Permit Non-Compliance may remain unresolved at the time of our Listing, we will continue to engage with the relevant authorities even after our Listing to resolve and address the outstanding non-compliance incidents in accordance with the directions of the relevant authorities. We are following up closely and liaising with relevant authorities to resolve the Retail Outlets CCC and Permit Non-Compliance in the best interest of our Group.

(iii) **Relocation of foreign workers which may have invalidated their respective valid passes (“Foreign Workers Non-Compliance”)**

Following the completion of the Caring Acquisition and the construction of the BRDC, we ceased our operations at three distribution centres in Klang Valley to consolidate them at the BRDC. This consolidation involved the relocation of 377 foreign workers (with valid work permits) to the BRDC, satellite distribution centres in Penang and Johor, and our retail outlets.

The relocation of the foreign workers to locations other than those specified in their existing work permits may give rise to a contravention of the conditions therein, and consequently, may render such work permits invalid under Section 55B(2) of the Immigration Act. Pursuant to Section 55C of the Immigration Act, it is a defence for the Board and Key Senior Management if they are able to demonstrate that they took reasonable precautions to prevent the commission of the offence.

We had in August 2025 and September 2025 submitted applications for 377 foreign workers to the Immigration Department of Malaysia (“**Immigration Department**”) to obtain endorsement for their respective current work locations (“**Endorsements**”). The Immigration Department has issued letters dated 24 February 2026 and 9 March 2026 approving the change of work locations for 374 foreign workers to their respective current work locations, following which we have made the necessary payments (“**Affected Foreign Workers**”). In respect of the remaining three foreign workers:

- (a) one foreign worker is in the process of renewing his work permit and has been temporarily suspended from working for our Group until his renewed work permit is issued, following which we will update the Immigration Department to obtain Endorsement for his change of work location; and
- (b) the applications for two foreign workers have been withdrawn as they are no longer employed by our Group.

As at 25 March 2026, we have received Endorsements for 221 Affected Foreign Workers reflecting their current work locations. Endorsements for the remaining 153 Affected Foreign Workers are still pending, and we expect to obtain the Endorsements by the end of April 2026.

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**7. BUSINESS OVERVIEW (Cont'd)**


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Our Board is of the view that the Foreign Workers Non-Compliance will not have a material adverse impact to our business operations and financial condition as:

- (a) our Group has received approval letters dated 24 February 2026 and 9 March 2026 from the Immigration Department for the change of work locations of the Affected Foreign Workers;
- (b) the subsequent Endorsements by the Immigration Department to reflect the current work locations of the Affected Foreign Workers are administrative in nature, as it involves only procedural formalities following the approval, including the completion of the required medical examinations and the updating of the relevant SOCSO records by our Group;
- (c) the total cost of rectification paid by the Group for the Affected Foreign Workers amounting to less than RM0.1 million was immaterial to our Group as it represents less than 0.1% of our Group's audited PBT for the FYE 2025;
- (d) as at the LPD, there have been no fines or penalties imposed by the authority in respect of the Foreign Workers Non-Compliance;
- (e) based on enquiries with the Immigration Department, it is unlikely for the Immigration Department to take enforcement action or impose penalties against our Group as the foreign workers of our Group are not overstaying in Malaysia and our Group has made applications for the Endorsement;
- (f) in view that we have submitted applications for the change of address for the Affected Foreign Workers and have subsequently obtained approval from the Immigration Department, it is unlikely that any enforcement action will be taken against us by the Immigration Department; and
- (g) our Board and Key Senior Management may have a valid defence pursuant to Section 55C of the Immigration Act on the basis that they have taken all reasonable precautions by submitting applications for change of work locations to prevent the commission of the offence.

**7.15.2 Past material non-compliances**

- (i) **Occupied Yanling's manufacturing plants ("Yanling Plant") without the latest approved building plans and revised CCC (collectively, the "Yanling Plant Non-Compliances")**

We acquired 60.0% equity interest in Yanling Holdings in 2023 to expand our operations to include the manufacturing of pharmaceutical, nutraceutical and other healthcare products. As at the LPD, the manufacturing activities of Yanling are carried out at some parts of the Yanling Plant that comprises a total of 24 lots located at Sungai Buloh, Selangor.

The Yanling Plant had been issued with a Certificate of Fitness for Occupation dated 1 March 2000 ("**Yanling CCC**"). However, subsequent to the issuance of the Yanling CCC, we had undertaken modification works to 23 lots which include wall hacking to which revised building plans and revised CCCs are required.

We have obtained approvals for the building plans in between May 2025 and October 2025 and the revised CCCs dated 3 June 2025 and 12 December 2025 for the Yanling Plant.

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**7. BUSINESS OVERVIEW (Cont'd)**

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The Yanling Plant Non-Compliances did not have a material adverse impact to our business operations and financial condition as we had in between April 2025 and September 2025 paid the penalties amounting to a total of RM145,450 for the Yanling Plant Non-Compliances which represents less than 0.1% of our audited PBT for the FYE 2025.

(ii) **Occupied the Medispec offices and stores (“Medispec Buildings”) without the latest approved building plan (“Medispec Buildings Non-Compliance”)**

We acquired 89.3% equity interest in Medispec in 2025 to expand our capabilities in importing, marketing, distributing and wholesaling of pharmaceutical products, medicines, nutraceutical products, medical devices, herbal and supplement products. As at the LPD, Medispec uses the Medispec Buildings as an office space and for storage of inventory. The Medispec Buildings comprise four shop lots located in Petaling Jaya, Selangor.

The Medispec Buildings had been issued with the CCCs dated 1 December 2008 (“**Medispec CCCs**”). Subsequent to the issuance of the Medispec CCCs, our Group had undertaken internal renovation works which include wall hacking and installing of roller shutters.

We have obtained the ‘*permit binaan sekatan dinding dalaman*’ from Petaling Jaya City Council on 14 January 2026 and 19 January 2026.

The Medispec Buildings Non-Compliance did not have a material adverse impact to our business operations and financial condition as we had on 13 January 2026 paid the penalties amounting to RM50,000 for the Medispec Buildings Non-Compliance which represents less than 0.1% of our audited PBT for the FYE 2025.

**7. BUSINESS OVERVIEW (Cont'd)****7.15.3 Overall financial impact of the subsisting material non-compliances as at 25 March 2026**

The table below summarises the total estimated cost of rectification and potential maximum penalties relating to the subsisting material non-compliances of our Group, as stated in Section 7.15 of this Prospectus, that are pending rectification as at 25 March 2026:

No.	Summary description of non-compliances	Reference to item in Section 7.15.1 of this Prospectus	Estimated cost of rectification	Potential maximum penalty	Total estimated costs	% of our Group's PBT for the FYE 2025
			(A) RM'000	(B) RM'000	(C) = (A) + (B) RM'000	%
(1)	BRDC Non-Compliances	Section 7.15.1(i)	200	50	250	0.1
(2)	(a) Affected Outlets without CCC	Section 7.15.1(ii)	191	5,380	5,571	2.5
	(b) Minor Renovation Outlets without Permit	Section 7.15.1(ii)	681	3,782	4,463	2.0
(3)	Foreign Workers Non-Compliance	Section 7.15.1(iii)	-	-	-	-
<b>Total</b>			<b>1,072</b>	<b>9,212</b>	<b>10,284</b>	<b>4.6</b>

**Impact of the total estimated cost of rectification**

The total estimated cost of rectification of our subsisting non-compliances is approximately RM1.1 million, which represents 0.5% of our audited PBT for the FYE 2025.

**Impact of the total potential maximum penalties**

The potential total maximum penalties for our subsisting non-compliances are approximately RM9.2 million, which represents approximately 4.2% of our audited PBT for the FYE 2025. Additionally, it is unlikely that the potential maximum penalties for all the subsisting non-compliances will be simultaneously imposed as the affected retail outlets are dispersed throughout Malaysia and the non-compliances are under the ambit of different relevant authorities.

**Steps taken or to be taken to prevent recurrence of such non-compliances**

We have implemented the following measures to enhance our internal control system and to prevent the recurrence of the non-compliances incidents set out above:

- (a) established controls to ensure proper management of renovation and construction activities, including a formal standard operating procedure and project workflow framework which sets out the required actions for coordination with architects / design consultants during the design stage, periodic progress meetings and site inspections, as well as pre-handover inspections to ensure completion in accordance with approved plans and regulatory requirements. This process is currently overseen by the Business Development department, which acts as the central coordinator across our Group;

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**7. BUSINESS OVERVIEW (Cont'd)**

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- (b) adopted and implemented an enhanced policy to ensure that the CCC status of properties are verified prior to renting and occupying any new retail outlets which will ensure continued compliance moving forward;
- (c) enhanced controls to strengthen the management of foreign workers and ensure compliance with the immigration regulations which include the human resource team undergoing training and awareness programs on foreign worker management, undertaking periodic review and reporting on the validity of foreign worker passes, employment contracts and medical records;
- (d) maintaining a compliance monitoring tracker to systematically track, record, and follow up on compliance issues, ensuring timely resolution and oversight; and
- (e) our Chief Operating Officer conducts monthly meetings with the relevant stakeholders to obtain progress updates on compliance matters, operational developments, and emerging regulatory issues to ensure timely monitoring, coordination, and follow-up actions.

**7.16 MAJOR APPROVALS, LICENCES, PERMITS AND REGISTRATIONS**

Please refer to Annexure A of this Prospectus for further details on the major approvals, licences, permits and registrations obtained by our Group for our business operations.

**7.17 MATERIAL PROPERTIES, PLANT AND EQUIPMENT**

Please refer to Annexure B of this Prospectus for further details on our material properties, plant and equipment, whether owned or leased.

**7.18 INTELLECTUAL PROPERTY RIGHTS, PATENTS, TRADEMARKS AND REGISTRATIONS**

Please refer to Annexure C of this Prospectus for further details on the intellectual property rights, patents, trademarks and registrations which our Group is dependent on.

**7.19 MATERIAL DEPENDENCY ON CONTRACTS, LICENCES AND PERMITS OR OTHER ARRANGEMENTS**

As at the LPD, save for the major licences, permits and approvals set out in Annexure A of this Prospectus, the business and profitability of our Group are not materially dependent on any contracts, licences and permits or other arrangements.

**7.20 BUSINESS INTERRUPTIONS**

We have not experienced any business interruptions during the FYE 2023, the FYE 2024 and the FYE 2025 that have had a material impact on our business operations and financial condition.

## 7. BUSINESS OVERVIEW (Cont'd)

### 7.21 EMPLOYEES

As at the LPD, we have a total workforce of 6,651 employees, comprising 6,134 permanent employees and 517 contract employees.

All our employees are eligible for a performance bonus, based on their individual performances. In addition, our RSO staff are also entitled to additional incentive bonuses based on individual sales achievements and the performance of retail outlets. Our merchandising employees are also eligible for incentive bonus based on certain key performance indicators.

We recognise the importance of having a strong team of management and operational staff to meet our growth plans. We therefore place emphasis on continuous staff training. When our employees commence work with us, they undergo training through our employee training programme which is designed to equip our employees with the skills to support our retail outlets and serve our customers, as well as further training programmes during the course of their employment.

The following table sets out the breakdown of our employees by business function as at the LPD:

<b>Business functions</b>	<b>No. of employees</b>	<b>% of total</b>
Key senior management, executives and department heads	61	0.9
Pharmacists	1,144	17.2
Administrative and headquarters supporting staff (includes human resources, finance, marketing, IT, internal audit)	1,057	15.9
Manufacturing, supply chain and distribution	708	10.7
Retail sales	3,479	52.3
Others <sup>(1)</sup>	202	3.0
<b>Total</b>	<b>6,651</b>	<b>100.0</b>

**Note:**

(1) Includes doctors, physiotherapists and dieticians

As at the LPD, our employees do not belong to any union and are not parties to any collective agreements. Further, we have not experienced any material labour stoppages or industrial disputes in the past.

### 7.22 ENVIRONMENTAL, SOCIAL AND GOVERNANCE SUSTAINABILITY PRACTICES

We are committed to delivering pharmaceutical care and healthcare-related services while promoting environmental responsibility and social well-being. We strive to create a positive impact for our customers, our employees, the community and the environment through new services, community initiatives, and environmentally-conscious practices.

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**7. BUSINESS OVERVIEW (Cont'd)**


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**7.22.1 Environmental**

We recognise the importance of environmental responsibility and are taking active steps to reduce the ecological impact of our operations. With 626 retail outlets and four distribution centres nationwide as at the LPD, our environmental footprint is significant and we are committed to minimising it. We have integrated environmentally sustainable principles into our daily business practices and store operations. We set out a few of our initiatives below.

**(i) Waste management**

The "Do It Right" project is a public waste management initiative that encourages the community to return their unused or expired medications to nearby designated premises. This prevents improper disposal of such medications and aims to mitigate the harmful environmental effects of active pharmaceutical chemicals on the ecosystem. Classified as hazardous waste SW405 (under Environmental Quality Regulations 2005), the collected medicines are sent to a licensed facility for incineration and denaturing before final disposal in a landfill. For the FYE 2025, the project received 13,606 returns, totalling 5,238 kg of collected medicines being incinerated.

We are also implementing several strategies to reduce non-recyclable plastic use within our premises, including:

- educating and encouraging the public to bring their own shopping bags and to choose our reusable options, by placing information and awareness materials in-store such as wall stickers and cashier counter notices; and
- implementing a RM0.20 charge per plastic bags at all outlets (except Penang, where plastic bag usage is restricted under state regulations) to discourage plastic bag usage and promote more sustainable consumer behaviour.

Further, our distribution centres repurpose cardboard boxes by shredding them into protective packaging materials (i.e. netting and padding), particularly for e-commerce shipments.

Please also refer to Section 7.4.3.4 of this Prospectus for more details on our role as a partner of the MyMediSAFE programme by MOH.

**(ii) Energy efficiency and emissions management**

Lighting and air-conditioning are our primary drivers of energy consumption. We implement usage reduction measures and continuously seek solutions to enhance energy efficiency and to reduce our environmental footprint.

Our distribution centres employ energy management strategies, including energy-efficient LED lighting, scheduled shutdowns of non-essential equipment such as lights, fans and machinery during lunch and after operating hours, and optimise air circulation using industrial ceiling fans and exhaust systems to minimise air-conditioning reliance. We are also conscious on where air-conditioning is used in our operations, and use them mostly in administrative offices and for medicine storage, where temperatures are maintained below 25°C to meet pharmaceutical standards. All of our stores have already transitioned to energy-saving LED lighting.

Furthermore, we are enhancing our renewable energy capacity. In November 2025, we installed a solar panel system at our corporate office in Bandar Bukit Raja, Klang, Selangor, with an estimated energy generation capacity of approximately 383,838 kWh per year. As at the LPD, we have received approval from the Sustainable Energy Development Authority Malaysia and are pending approval from Suruhanjaya Tenaga to commence operations.

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**7. BUSINESS OVERVIEW (Cont'd)**


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As part of our ongoing sustainability efforts, we continuously assess our carbon footprint using a calculation platform to estimate greenhouse gas emissions across our operations. Targeted measures are implemented to minimise emissions, including the adoption of LED lighting, installation of energy-efficient air-conditioning systems with higher energy star ratings, optimisation of air conditioning temperature settings across outlets, and route optimisation to reduce logistics travel distances and fuel consumption.

**7.22.2 Social**

We believe that our commitment to sustainability should extend beyond environmental impact and should include fostering positive change within the communities we serve. We are dedicated to creating a supportive, inclusive, and equitable environment for our employees, customers and our communities. By integrating social responsibility into our daily operations, we aim to empower individuals, strengthen communities, and contribute to societal well-being. Our key social efforts are as per below:

**(i) Community engagement and social impact initiatives**

Committed to impactful and sustainable aid, our corporate social responsibility strategies prioritise reaching those most in need, especially concerning healthcare. We have supported St John Ambulance, Kawasan Wilayah Pantai, since 2015, and directly contribute to their dialysis centres through the purchase and maintenance of vital dialysis machines.

We regularly support elderly care homes through health screenings for common age-related conditions, including hypertension, hyperglycaemia, hypercholesterolemia (3H), and cardiovascular disease. These visits also include medication use reviews, health counselling, and social engagement activities to enhance both physical and emotional wellbeing among residents.

We have collaborated with mosques located in East Coast for the Kursus Haji Program, offering free Hajj preparation courses and on-site health screenings for the Muslim community. During Ramadhan, we run Program Infaq, which distributes food essentials to B40 families and offering health checks at mosques.

We also implement a Disaster Relief Program that provides emergency aid such as food, hygiene kits, and medical supplies to communities affected by natural disasters.

Additionally, we support educational advancement through scholarships. We have since 2025 awarded scholarships to 10 underprivileged students to pursue university education. As at the LPD, we have invested RM250,000 in this initiative, with a focus on students pursuing science and healthcare-related fields.

**(ii) Good health and well-being**

As a healthcare provider, we are dedicated to improving community health and well-being. Our comprehensive outreach includes health screenings within our premises and collaborations with local communities for health talks. We also partner with institutions, government agencies, and private corporations to deliver broader health screening and education initiatives.

Demonstrating our commitment to local communities, our "One Shop One School" project provides essential first aid kits and medical supplies to nearby schools. As at the LPD, we have supported 183 schools, with plans to expand this program as our network grows.

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**7. BUSINESS OVERVIEW (Cont'd)**

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**(iii) Training and pharmacy**

We believe continuous learning is key to delivering professional and responsible healthcare. We invest in monthly training for pharmacists and front-line staff, covering product knowledge, customer service, regulatory compliance, and safe dispensing practices. Our pharmacists attend Continuous Professional Education sessions (also referred to as Continuous Medical Education) where they receive important regulatory updates, product knowledge, and professional guidance.

**(iv) Product safety and quality**

Safeguarding customer health and well-being is a key priority for us. We ensure that all pharmaceutical and healthcare products are sourced from licensed suppliers and comply with applicable regulatory standards set by the MOH.

We also implement internal procedures to monitor product handling, storage conditions, and expiry dates, to ensure product quality and safety.

**(v) Diversity and inclusion**

We integrate key policies to uphold fairness, inclusivity, and ethical conduct, including Diversity, Equity & Inclusion (“DEI”), Ethical Business Conduct, Anti-Bribery & Corruption, and workplace protection policies.

We provide safe, clean, and adequately equipped accommodations for foreign workers, ensuring access to essential amenities. Regular inspections and appointed supervisors help maintain hygiene and support effective communication. As at the LPD, we have a total of 6,651 employees, of which 93.1% are local employees and 6.9% are foreign employees. Our workforce is 72.7% female and 27.3% male. We remain committed to equal opportunity, responsible labour practices and fostering a respectful, inclusive workplace.

**(vi) Non-discrimination and harassment**

We are committed to fostering a respectful and inclusive workplace. Guided by our DEI Policy and Code of Conduct, we promote equal opportunity and non-discriminatory practices across various aspects of employment, including recruitment, compensation, training and career development. We expect our employees to treat colleagues, customers and stakeholders with respect and dignity, and behaviours that violate the DEI policy are addressed in accordance with our Group’s internal policies and grievance procedures.

Employees can report concerns through secure and confidential channels. We also conduct regular surveys to monitor workplace sentiment and to identify improvement areas. As at the LPD, there are zero complaints concerning human rights violations.

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**7. BUSINESS OVERVIEW (Cont'd)**


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**(vii) Occupational safety and health**

We prioritise a safe and compliant work environment under the OSHA1994. We conduct regular safety inspections, provide personal protective equipment where needed, and train staff to manage risks in retail and warehouse settings. In August 2024, we established a dedicated Occupational Safety and Health (“**OSH**”) Department to strengthen internal capabilities. As at the LPD, a total of 595 employees have completed OSH Coordinator Trained Persons under Malaysian Society for Occupational Safety and Health and National Institute of Occupational Safety and Health, which reinforces our commitment to workplace safety, regulatory compliance and risk management.

**7.22.3 Governance**

We uphold strong corporate governance practices to ensure transparency, accountability and ethical business conduct, supporting sustainable growth and stakeholder trust.

**(i) Corporate governance**

We are committed to sustainable business practices focused on integrity, stakeholder engagement and environmental stewardship. In line with the MCCG, we support board diversity and have achieved the composition of at least 30% female directors on our Board. To ensure transparency and in an effort to attain ethical excellence to promote long-term success, our corporate governance practices are underpinned by several key policies, including but not limited to:

- **Anti-Bribery and Anti-Corruption Policy:** We maintain a zero-tolerance stance on bribery and corruption, aligning with the Malaysian Anti-Corruption Commission Act. The policy outlines clear procedures to identify, report, and manage bribery or corruption risks within its operations.
- **Code of Conduct Policy:** We establish clear behavioural standards to promote ethical conduct, professionalism, and mutual respect across all operations.
- **Conflict of Interest Policy:** We ensure potential or perceived conflicts are identified and managed effectively to protect the integrity of our operations and decisions.
- **Ethical Business Conduct and Non-Discrimination Policy:** We promote ethical practices and a discrimination-free environment, ensuring equal treatment and respect for all, regardless of background or personal characteristics.
- **Whistleblowing Policy:** We have put in place a confidential reporting channel for employees and stakeholders to raise concerns regarding suspected misconduct, fraud, corruption, or other unethical practices. The policy sets out clear procedures for reporting and investigation while safeguarding whistleblowers from retaliation, supporting transparency, accountability and sound corporate governance.

**(ii) Supply chain management**

We prioritise local sourcing, with most products procured from Malaysian suppliers, reducing reliance on global imports and strengthening supply chain resilience. We also utilise an integrated inventory and warehouse management system that enables real-time inventory tracking, optimising warehouse utilisation and reducing the need for emergency shipments, thereby lowering overall logistics-related carbon emissions.

**7. BUSINESS OVERVIEW (Cont'd)**

For further details on our supplier quality assurance processes and inventory management processes, please refer to Section 7.7 of this Prospectus.

**7.23 AWARDS AND RECOGNITION**

Our Group has received the following awards and accreditations:

<b>Year</b>	<b>Awards and Accreditations</b>	<b>Awarding Body</b>
2026	Putra Aria Brand Awards 2025 (Gold in Retail Category for BIG Pharmacy)	Association of Accredited Advertising Agents Malaysia
2026	Putra Brand Awards 2025 (Bronze in Retail Category for CARiNG Pharmacy)	Association of Accredited Advertising Agents Malaysia
2025	Malaysian Healthcare & Wellness Excellence Award	KSI Strategic Institute for Asia Pacific
2024	Malaysian Pharmacists Society Outstanding Project/Initiative Award 2024	Malaysian Pharmacists Society
2023	Malaysia Best Managed Companies	Deloitte