Apex Healthcare

Service • Quality • Integrity

Restoring Health
Enhancing Life

ANNUAL REPORT

2021

CONTENTS

BUSINESS

Through manufacturing and distribution, Apex makes quality pharmaceutical and consumer healthcare products available to our valued customers through our comprehensive supply channels.

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

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Stock Name : AHEALTH

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Board Charter
Code of Conduct
Sustainability Statement
Whistleblowing Policy & Procedure
Anti-Corruption Policy
Privacy Policy
Corporate Governance Report
Directors' Fit and Proper Policy
Information on the above can be found at
www.apexhealthcare.com.my

GROUP WEBSITES
www.apexhealthcare.com.my
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www.xepasp.com
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MISSION

Restoring Health, Enhancing Life

Apex's mission is to bring better health and quality of life to all through its businesses. Doctors and Pharmacists use our medicines and diagnostic devices to treat and manage infections, cardiovascular, metabolic, gastroenterological, rheumatic conditions and more. Consumers use our medicated powder and other consumer healthcare products to enhance their wellbeing. We take heart in knowing that our products play a role in the restoration of health and enhancement of life in those who use and trust them.

CORPORATE STRUCTURE

LETTER FROM THE CHAIRMAN

DEAR SHAREHOLDERS

The last two years were like no other in recent memory. The COVID-19 pandemic severely impacted many businesses globally and exacted its toll on human lives. As a healthcare company, we were determined to keep our business operations uninterrupted to serve our communities. This brought out the best in our people, in the way they worked to break the chain of infection in our workplaces to ensure that our products and services continue to reach healthcare professionals and consumers.

Grateful for this exceptional effort and commitment, the Board of Directors is honoured to report to shareholders that Apex Healthcare Berhad ('AHB' or 'Company') delivered another good year of growth. Revenue grew 10.3% to a new high of RM 771 million. Profit before tax rose 7.5% to RM 75.4 million.

In line with the improved performance, the Board of Directors is recommending an increased **final single-tier dividend of 3.0 sen per share** in respect of financial year ended 31st December 2021 for shareholders' approval at the forthcoming Annual General Meeting ('AGM') on 18th May 2022. In addition, the Board of Directors is also proposing a **special single-tier dividend of 6.0 sen per share** for shareholders' approval at the same AGM. This is to return funds in excess of current business needs, and to mark the 60th anniversary of the founding of the Apex Healthcare Berhad Group ('Group') in 1962. Together with the interim dividend of 2.5 sen per share paid on 15th September 2021, total dividend is 11.5 sen per share, a significant 155% increase over the total paid for financial year 2020.

Let me now share the notable highlights for 2021.

- Our **research and development ('R&D') pipeline** is a key driver of growth. In 2021, we successfully launched nine new pharmaceutical and four consumer healthcare products into the market. The Group's product portfolio is now expanded to 651, comprising a range of pharmaceuticals, consumer healthcare products and medical devices, contributing 27% of our total revenue in 2021. R&D expenditure rose 16% over the previous year, as we continue to allocate more resources to build an expanding pipeline of globally relevant products.

- For **contract manufacturing services,** we delivered our first shipment of a contract manufactured cardiovascular drug to Australia in the first quarter of 2021 for a client based in the United Kingdom. This was followed by a drug indicated for central nervous system disorders in the third quarter. Besides Australia, our contract manufactured products are also exported to Japan, Philippines and Singapore. It is gratifying to see our first forays into the pharmaceutical markets of developed economies.

- **Commercially relevant global certifications** for our manufacturing operations are key enablers for us. We are pleased to secure renewal of the European Union Good Manufacturing Practice ('EU GMP') certification for all dosage forms produced by our wholly owned manufacturing subsidiary Xepa-Soul Pattinson (Malaysia) Sdn Bhd ('XEPA').

- The accurate identification of **fast changing market demands,** followed by rapid sourcing and supply by the distribution subsidiaries in Malaysia and Singapore, enabled us to seize new market opportunities in an evolving pandemic. These centred on demand for pulse oximeters, COVID-19 self-test kits and Vitamin C products in Malaysia, and SinoPharm and SinoVac COVID-19 vaccines under the Special Access Route in Singapore.

- In a world where climate change and social injustice are headline news every day, we are keenly committed to address **environmental, social and governance concerns** in our business operations. We announced the formation of the Board Risk and Sustainability Committee to spearhead our sustainability endeavours. A key initiative amongst others, XEPA's Solar Renewable Energy Project was fully operationalized at its Melaka site in June 2021.

Looking ahead, the Malaysian government expects the Malaysian economy to strengthen by 5.5% to 6.5% in 2022 on the back of visible economic recovery during the fourth quarter of 2021. This will support continued growth in demand for healthcare products and services, translating into improved sales across all the Group's

LETTER FROM THE CHAIRMAN (CONT'D)

business units well into 2022. However, economic prospects are now tempered by the war between Ukraine and Russia. Compounded by uncertainties over the course of the COVID-19 pandemic, supply chain bottlenecks as well as persistently elevated energy, raw materials and freight costs, the operating environment for the Group's businesses is expected to stay challenging in 2022.

To sustain medium to long term growth, we will stay focused on our proven fundamentals, leverage business experience gained operating in the last two pandemic affected years and be positioned to seize new growth opportunities.

I know I can count on the unflinching commitment and support of my colleagues for resilience and strength in today's uncertain and rapidly changing business environment. To my fellow Directors, I am grateful for your insights and guidance, often delivered with great candour. Foremost to all our shareholders, I thank you for investing in Apex Healthcare Berhad.

DR KEE KIRK CHIN
Chairman & CEO

MANAGEMENT DISCUSSION AND ANALYSIS

A BUSINESS OVERVIEW

A1 Business & Operations

Apex Healthcare Berhad ('AHB') is the investment holding company for a group of companies ('Group') engaged in the development, manufacturing, wholesaling, marketing and distribution of pharmaceuticals, consumer healthcare products and medical devices. The Group has direct operations in Malaysia, Singapore, Vietnam and Myanmar.

The Group employs a total of 1,583 employees (including the headcount of associated companies), operating manufacturing plants in Melaka and Penang for pharmaceuticals and orthopaedic devices respectively and a network of 7 distribution warehouses and depots throughout Malaysia and a warehouse equipped with freezer room capabilities in Singapore. The Group's business operations are organized into 3 reporting segments as shown in the following table:

Reporting Segments	Business Operations	Operating Companies
Manufacturing	Manufacturing and Marketing of Pharmaceutical Products	• Xepa-Soul Pattinson (Malaysia) Sdn Bhd • Xepa-Soul Pattinson (S) Pte Ltd (collectively referred to as 'XEPA')
Distribution	Wholesale, Marketing and Distribution of Pharmaceutical, Consumer Healthcare Products and Medical Devices	• Apex Pharmacy Marketing Sdn Bhd • Apex Pharma Marketing Pte Ltd (collectively referred to as 'APEX') • ABio Marketing Sdn Bhd ('ABIO')
Corporate	Group Properties Contract Manufacturing of Orthopaedic Devices	• Apex Retail Sdn Bhd • Apex Pharmacy Corporate Sdn Bhd • Straits Apex Group Sdn Bhd ('STRAITS')

A2 Objective

The Group's business objective is to be a global pharmaceutical healthcare group based in ASEAN through the development, manufacturing, wholesaling, marketing and distribution of pharmaceuticals, consumer healthcare products and medical devices with esteemed business partners for valued customers. Powering this objective is the Group's mission of ensuring that in all aspects, business operations are 'Restoring Health, Enhancing Life' always.

The portfolio of healthcare products offered by the Group comprises pharmaceuticals, consumer healthcare products and medical devices that carry Group Brands as well as those of valued business partners for whom the Group provides regulatory, sales, marketing and distribution services. The key proprietary brands of the Group are XEPA™, AVO, AGNESIA, AEVA and HENNSON and products bearing these brands are sold in 16 countries worldwide. The Group's comprehensive distribution channels reach hospitals, clinics, independent and chain pharmacies, supermarkets and health stores, enabling products to reach customers, namely doctors, pharmacists, nutritionists, retailers, and ultimately the patients or consumers seamlessly and in a timely manner.

A3 Strategies

In the pursuit of its business objective, the Group adopts these key strategies:

- Customer-Centric Approach – Staying customer-centric enables the Group to keep a close pulse on changing needs of its customers and industry developments. This engenders customer satisfaction, and constant feedback provides valuable insights that guide the research and development of new products and service levels. The comprehensive distribution channels of the Group are designed to allow quick access to the market, enabling its products to reach its customers in a timely manner. Products are offered at a price point that is of value to its customers while ensuring that a fair profit is generated to reward all stakeholders and enabling further investments into research and development of new products and continuous upgrading of business infrastructure.

- Building Business Partnerships – The Group builds long term business relationships that focus on creating joint and lasting value for all parties. Such strategic alliances are built on risk sharing, pooling of expertise and sharing of mutual resources that enables all parties to rapidly gain competitive advantages and greater speed to market.

- Leveraging Technology – The Group leverages digital technology in order to improve customer engagement, innovation, operation processes and decision-making. Endeavours toward this end include harmonization of platforms and systems across companies of the Group in order to enhance integration, facilitate reporting and improve productivity.

- Growing Group Brands – The Group builds a portfolio of healthcare products bearing Group Brands in order to benefit from ownership of proprietary trademarks and the output of its own research and development teams. Group Brands contributed 26.9% to the revenue of the Group in 2021 and are currently marketed in 16 countries. To this end, the Group continually invests resources in research and development to grow its Group Brands portfolio, adding products in strategic therapeutic areas in response to developments in the industry and customer expectations.

- Commitment of a Career - Strategic management of human capital is essential to maintaining a competitive advantage for sustainable business operations. The Group's recruitment and selection process ensures that candidates with the right competencies are selected for their job descriptions. Development of workforce capable of adapting to disruptions, with capabilities that complement traditional threats management is an area of focus. The Group's Leadership Management Program aims to deepen the leadership pipeline, sharpen employees' management skills and inculcate an agile mindset to keep pace with the rapidly changing business landscape. Training and development of employees is a material sustainability matter identified by the Group that brings long-term value. As its employees commit to a career with the AHB Group, the organization commits to develop them to their fullest potential.

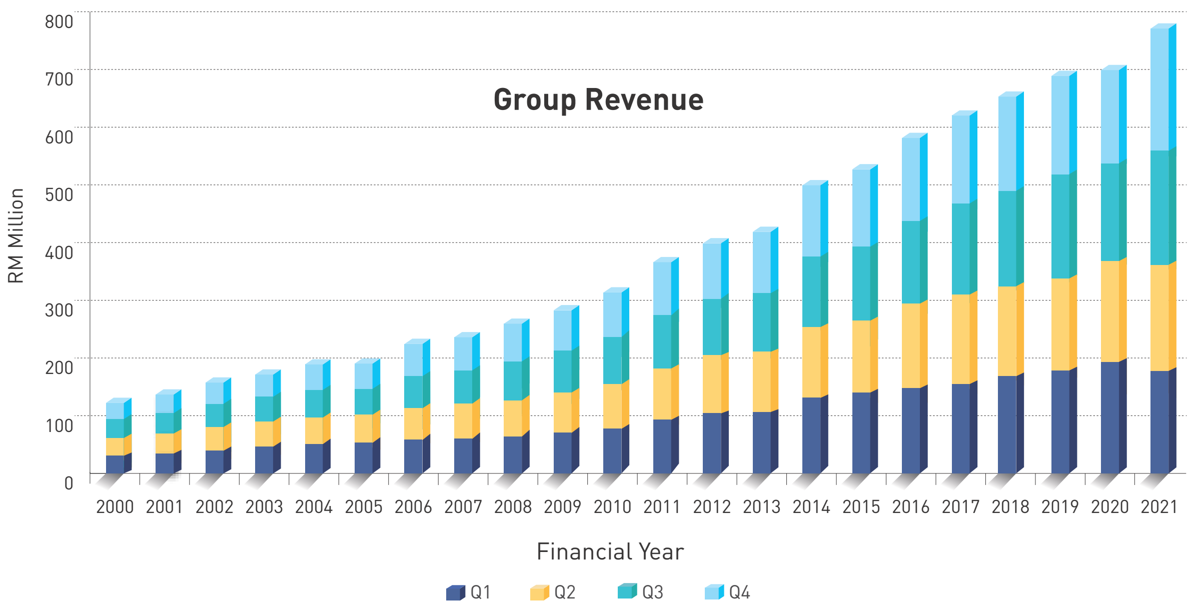
MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

B GROUP FINANCIAL RESULTS AND CONDITION

B1 Group Revenue

For 2021, Group operating subsidiaries achieved record consolidated revenue of RM 770.8 million, a growth of 10.3% when compared to the RM 698.7 million achieved in 2020. Good revenue growth was achieved because of steadily improving private sector consumer confidence and market demand in both domestic and international markets in the second half of 2021, successful market launches of newly developed products, the rapid sourcing and supply of new in-demand healthcare products in an evolving pandemic as well as rising contract manufacturing orders.

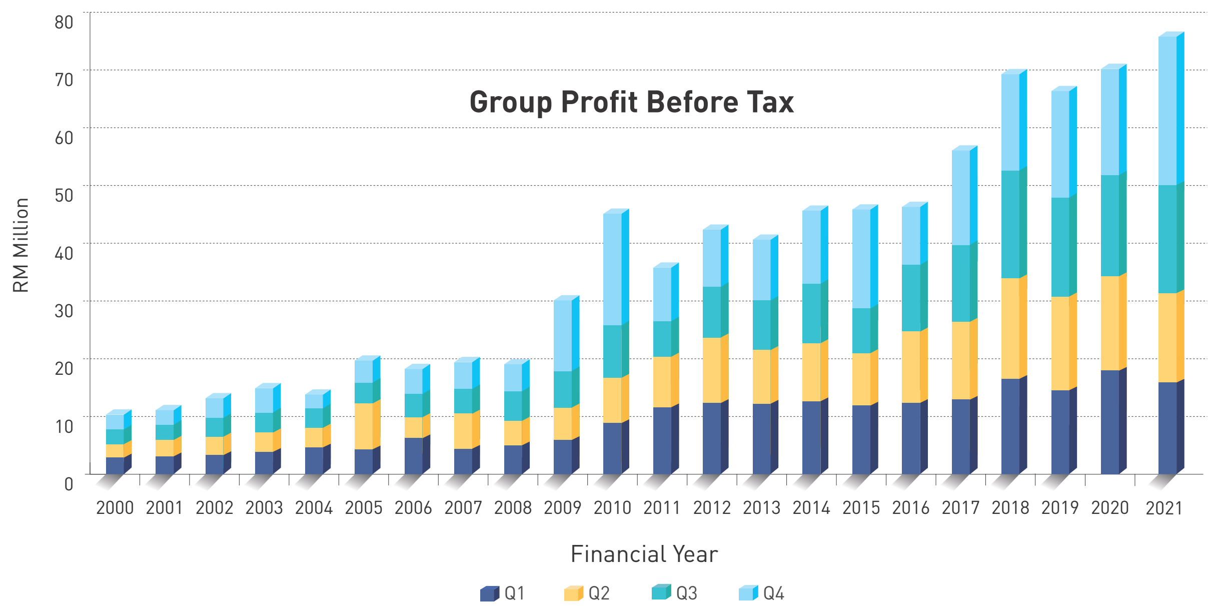
Geographically, Malaysia accounted for 64.2% of total revenue, with international operations and markets accounting for the remainder. Brands proprietary to the Group accounted for 26.9% of the Group's revenue. The following chart illustrates the Group's revenue since 2000:



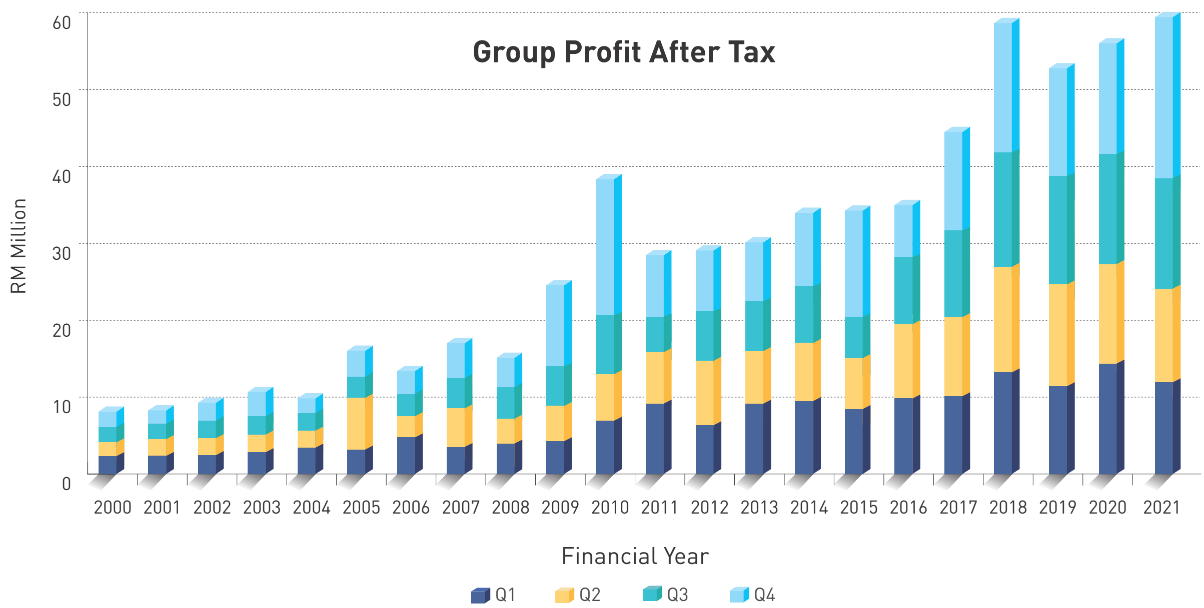
B2 Group Profit

Despite higher revenue, administrative expenses were lower than the same period in 2020 because of active cost management measures. Other income decreased 16.1% mainly because of the reduced pandemic support grants from the Singapore Government. Finance costs incurred for 2021 were 24.7% lower compared to the corresponding period in 2020 as loans utilized for the New Oral Solid Dosage manufacturing plant, SPP NOVO continue to be paid down. Accordingly, year to date operating profit reached RM 69.2 million, 10.4% higher than last year.

Share of earnings from associated company STRAITS for the full year was RM 7.1 million, 18.1% lower than the RM 8.7 million recognized in 2020 due to pandemic related production interruptions, higher fixed and operating costs from increased production capacity as well as rising freight costs for raw materials. A strong second half enabled Group profit before tax for 2021 to rise to a new high of RM 75.4 million, 7.5% higher than the RM 70.2 million achieved in the corresponding period in 2020. The following chart illustrates the historical record of the Group's profit before tax since 2000:

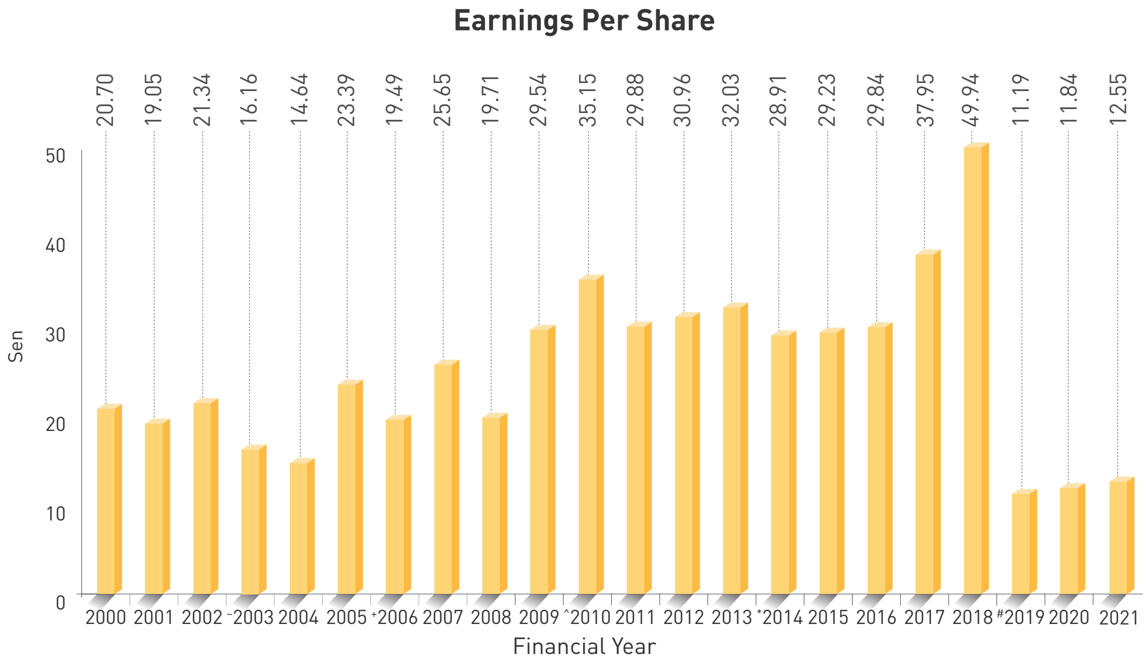


Similarly, Group profit after tax improved to RM 59.4 million, 6.1% better than 2020. The effective tax rate for the current year at 24.4% (2020: 22.8%) was higher than the same period in 2020 mainly because of a lower share of net-of-tax profit contributed by the Group's associated company, STRAITS and the non-recurrence of the tax-exempt grant income received from Singapore Government in 2021. The following chart illustrates the Group's profit after tax since year 2000:



MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

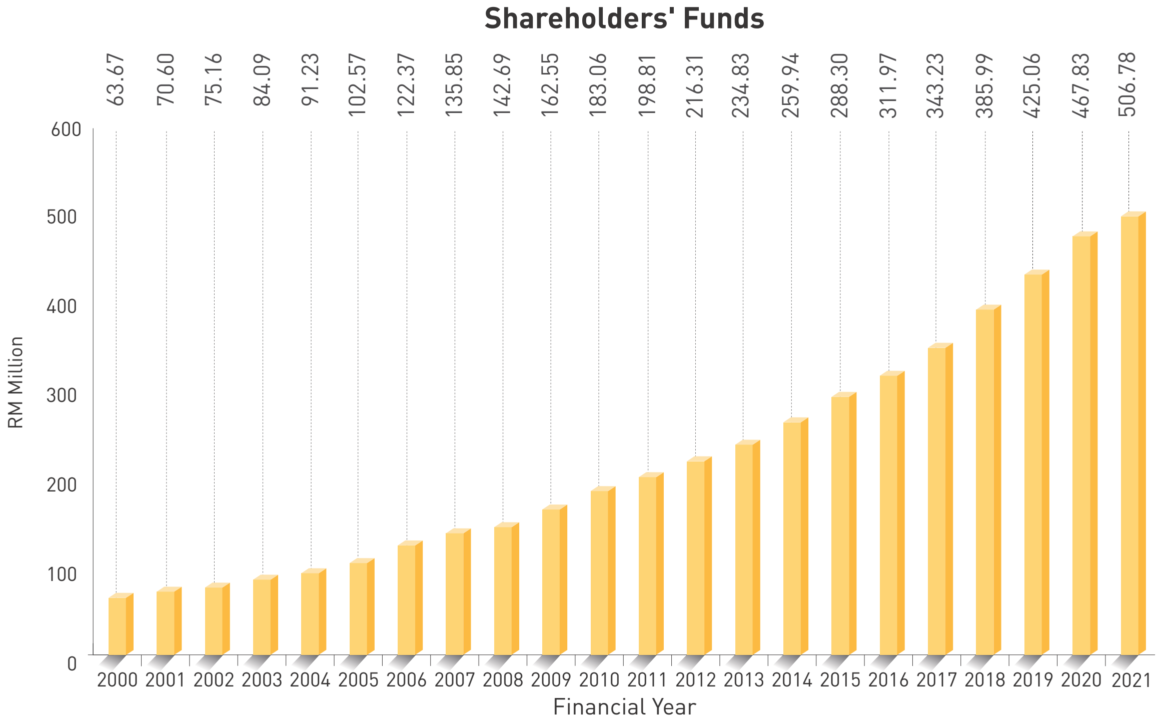
Earnings per share rose to 12.6 sen per share from 11.8 sen per share in 2020. The following chart illustrates the Group's Earnings Per Share ('EPS') since 2000:



~ Bonus issue of 1 new ordinary share for every 2 existing shares in year 2003.
+ Private placement of 6,600,000 new ordinary shares in year 2006.
^ Bonus issue of 1 new ordinary share for every 4 existing shares in year 2010.
* Bonus issue of 1 new ordinary share for every 4 existing shares in year 2014.
# Bonus issue of 3 new ordinary shares for every 1 existing share in year 2019.

B3 Financial Position and Liquidity

The Group's cash reserves at the end of financial year 2021 stood at a high of RM 194.1 million. Borrowings incurred for the construction of SPP NOVO declined to RM 15.4 million (2020: RM 21.2 million) as loans continue to be paid down. The Group's net cash position was RM 178.7 million, an improvement of RM 27.0 million compared to 2020 due to close working capital management. Inventory days decreased from 47 days to 45 days. Trade receivables days increased by 5 days when compared to 2020. This was because 2020 trade receivables days were helped by cash payment terms for sales of pandemic related products to meet acute market shortages. Trade payables days of 66 days were within the normal trade credit terms granted to the Group. Shareholders' funds grew to RM 506.8 million from RM 467.8 million at the end of financial year 2020. The following chart illustrates Shareholders' Funds of the Group since 2000:



B4 Capital Expenditure, Structure and Resources

The ongoing major capital expenditure project involve the purchase of 10,053 square feet freehold office suites in the mixed development Pavilion Damansara Heights for a consideration of RM 9.1 million announced in 2016. The purchase of a piece of 18.75 acres freehold industrial land at Mukim Pegoh, District of Alor Gajah, Melaka, for a total purchase consideration of RM 20.4 million and announced in 2019 was completed on 30th March 2022. These acquisitions were funded by internal cash. Other than the above and routine annual capital expenditure, there were no other major capital expenditure commitments made in financial year 2021.

B5 Known Trends and Events

The Malaysian Budget 2022 provides RM 32.4 billion to the Ministry of Health for their operating and development expenditure. An additional RM 4 billion is provided specifically to continue the agenda on managing COVID-19, which includes RM 2 billion to fund the vaccination programme. Another RM 2 billion is provided to enhance the capacity of public health service facilities including the purchase of medicine, consumables, personal protective equipment and health kits. To foster a culture of healthy living as well as addressing non-communicable diseases ('NCDs') such as diabetes, high blood pressure and obesity, the Government will continue to drive the national health awareness program, Agenda Nasional Malaysia Sihat[1]. This augurs well for the Group as it carries portfolios of products indicated for management of NCDs under its Group Brands as well as agency brands of its valued business partners.

Malaysia's economy, as measured by Gross Domestic Product ('GDP') grew by 3.1% in 2021 as a whole[2]. The Malaysian government has maintained the country's economic growth forecast for 2022 in the range of 5.5% to 6.5% in line with the International Monetary Fund and World Bank projections of 5.7% and 5.8% respectively[3].

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

However, the outlook is now tempered by the war between Ukraine and Russia and lingering structural headwinds facing consumption recovery. The balance of risks remains tilted to the downside due to external and domestic factors which include a weaker than expected global growth, a worsening in supply chain disruptions and uncertainties over the course of the COVID-19 pandemic. The Group will constantly review the Group's strategies and implement changes as needed in order to manage challenges and seize opportunities.

C REVIEW OF OPERATING ACTIVITIES

The Group is organized into three reporting segments of Manufacturing, Distribution and Corporate comprising four key operating businesses, namely XEPA, APEX, ABIO and STRAITS as follows:

C1 MANUFACTURING

The key business in the Manufacturing reporting segment is XEPA, comprising the Group's two wholly owned subsidiary companies, Xepa-Soul Pattinson (Malaysia) Sdn Bhd in Malaysia and Xepa-Soul Pattinson (S) Pte Ltd in Singapore. The business of XEPA is the research and development, manufacturing and marketing of off-patent generic pharmaceutical medicines and medical devices.

Production

XEPA has been operating at Cheng Industrial Estate since 1995. To enable the Group to enhance its manufacturing capability and capacity while meeting stringent certifications, a new high capacity Oral Solid Dosage manufacturing plant, SPP NOVO, was constructed at the same site with commencement of commercial production in 2019. The production and laboratory facilities of XEPA are EU GMP, PIC/S, ISO 17025, ISO 9001:2015, EN ISO 13485 and Good Distribution Practice for Medical Devices ('GDPMD') certified.

XEPA monitors market demand closely to ensure that production capacity is ahead of the demand curve. Capacity utilization of XEPA's solid production plants increased to 70.8% with utilization of SPP NOVO rising to 77.8% in tandem with growing demand for oral solid dosage forms, mainly for chronic and non-communicable diseases such as cardiovascular and gastrointestinal disorders. To meet expected demand, XEPA has acquired a second tablet film-coating machine for SPP NOVO with the installation, commissioning and machine qualification to be completed in the first quarter of 2022. The second blister packaging line at SPP NOVO will be ready by the third quarter of 2022.

Capacity utilization for the liquid product plant declined in the first half of 2021 as sales of respiratory products in the form of cough and cold syrups continued to remain low due to reduced social interaction and movement restrictions from the pandemic. Utilization improved significantly in the second half of 2021 as consumer activity and confidence improved with the stabilization of new COVID-19 cases. With the Omicron variant manifesting a milder illness, COVID-19 is becoming a community respiratory illness and demand for products from XEPA's respiratory therapeutic category, comprising predominantly cough and cold liquid preparation is expected to continue to strengthen. In line with this outlook, the third liquid production line is scheduled to commence commercial production by the second quarter of 2022.

The contract manufacturing business of XEPA recorded a significant growth of 68% over the previous year. Following Australian Therapeutic Goods Administration ('TGA') certification for non-sterile dosage forms, XEPA exported its first contract manufactured product for the Australian market in the first quarter of 2021. This was followed by a shipment of a second contract manufactured drug for treatment of Central Nervous System disorders in the third quarter of 2021 to Australia. In addition to Australia, XEPA exports its contract manufactured products to Japan, Philippines and Singapore.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Quality, Regulatory, Research & Development

XEPA first secured the Certificate Of GMP Compliance Of A Manufacturer ('EU GMP Certificate') in 2017 by OGYEI, the National Institute of Pharmacy and Nutrition Hungary, which is the national competent authority of Hungary on behalf of the European Medicines Agency. In September 2021, this EU GMP status for XEPA was renewed after an audit by the EU competent authority. These EU GMP certifications are testaments that XEPA and its new plant, SPP NOVO are in compliance with the principles and guidelines of Good Manufacturing Practice as laid down in Directive 2003/94/EC of the European Commission.

A key business enabler is the work of the regulatory team to secure marketing authorizations for new products and for existing products in new countries. To accelerate the number of regulatory approvals, investment to enhance regulatory resources was a key area of focus in 2021.

Expenditure in Research and Development ('R&D') increased 16% in 2021 over the previous year, as the pipeline of products under development continue to grow. The R&D team keeps a close pulse on globally relevant drugs, product life cycles, emerging trends of diseases while ensuring dossiers meet international standards.

As part of a continual process of building capability in quality control, liquid chromatography mass spectrometry for identification of compounds and quantification at trace levels was operationalized in February 2021. This allows for superior specificity and sensitivity in developing highly accurate and reproducible assays, increasingly required by regulators worldwide.

To promote the safe use of medicinal products and to identify previously unrecognized adverse reactions arising from their use, the Malaysian Ministry of Health has released the First Edition of the Malaysian Guidelines on Good Pharmacovigilance Practices ('GVP') For Product Registration Holders in August 2021. One of the pharmacovigilance requirements for pharmaceutical companies is the establishment of a pharmacovigilance system within their organization framework with enforcement of this requirement with effect from 1st January 2022. In this regard, XEPA Regulatory Team has put in place the appropriate framework and structure to monitor and report any product safety issues that arise in compliance with all safety-related requirements including directives and registration conditions issued by the health authorities.

Sales & Marketing

With rising vaccination rates in Malaysia, the second half of 2021 saw a growing recovery in sales especially to private sector clinics and pharmacies, enabling Malaysian private sector sales to achieve full year revenue growth of 12% over 2020. In addition to XEPA's established cough and cold preparations, namely *Bena*, *Adezio* and *Cough-En*, marketing efforts were intensified as part of a diversification strategy for products in other therapeutic areas namely dermatological, cardiovascular and gastrointestinal. Sales to the Government sector in Malaysia increased 17% over 2020 and the key products were *Provinace* (perindopril), *Vencid* (pantoprazole), *Vitraq* (clopidogrel), *Zylovaa* (losartan) and *Camazol* (carbimazole).

Singapore private sector sales grew by a significant 43% over 2020, as demand for respiratory products rose. Sales growth is also the outcome of a planned restructuring of the sales and marketing team for greater focus and efficiency. The leading products in Singapore include *Zenpro* (omeprazole), *Zynor* (amlodipine) and *Adezio*, a cough and cold preparation. Apart from Singapore, international sales rose by 16% amid the challenges of political unrest in Myanmar, as well as border restrictions and lockdowns arising from the COVID-19 pandemic.

New products launched in 2021 include *Serenaz* (natural sea water nasal spray) in adult and paediatric formulations indicated for daily nasal hygiene; *Viquprin* (aspirin & glycine), an anti-platelet agent; *Vastinor* (rosuvastatin), an anti-cholesterol medication; *ezede-D* (loratadine & pseudoephedrine sulfate) for relief of symptoms associated with allergic rhinitis and common cold; *Consiqare* (lactulose) for relief of constipation, *Rinz Moist Preservative Free* Eye Drops for relief of dry eyes with its preservative free formulation and Cafuroid (hesperidin and diosmin) recommended for treating venous circulation disorders.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Continuing Medical education for doctors and pharmacists under SHINE (Supporting Healthcare Improvement & Nurturing Excellence) were conducted in webinar format with a real-time Question & Answer session. Five SHINE webinar lectures were conducted in 2021 centered on therapeutic management of common disorders with participation by doctors and pharmacists from Malaysia and Singapore. The topics were 'Aspirin: Older & Wiser in Cardiovascular Disease Management' by Dato' Sri Dr Azhari Rosman in March, 'Fungal Skin Infection in Children' by Dr Leong Kin Fon in May, 'Back to Basics about Cough' by Prof Dato' Dr Hj Abdul Razak Muttalif in July, The High & Lows in Cholesterol Management by Dr Alexander Tan Tong Boon in September and 'Constipation: A Hard Truth' by Dr Khoo Stanley in November. These sessions were chaired by Dr Koh Kar Chai, President of the Malaysian Medical Association. Other than the lecture series, the marketing team of XEPA continued to engage its customers through various promotional campaigns to increase brand awareness and entrench the brand's presence.

<u>Sustainability</u>

As part of the business sustainability endeavors in promoting the use of renewable energy to minimize environmental harm and reduce greenhouse gas emissions, XEPA fully operationalized its Solar Renewable Energy Project at its manufacturing site in Melaka in late June 2021. Rated at 729 kWp, the system supplies an estimated 7% - 8% of the total electricity consumption at the site. This project is an integral element of the Group's business sustainability efforts in harnessing solar renewable energy to reduce its carbon footprint while allowing cost savings.

XEPA has implemented an Electronic Quality Management System ('EQMS') to digitalize its quality system to enhance compliance in document control, change management, deviation and non-conformance management and allowing online management of documents. XEPA's EQMS provides an integrated Quality Assurance architecture that allows automated routing, review and approval of documents remotely and is developed by the Group IT's software engineers. The implementation of EQMS goes beyond enhancing business processes; most notably EQMS saves paper and reduces waste. This is in line with XEPA's sustainability initiatives to manage materials generated as part of production output, namely the discharge air, wastewater, chemical waste, product including packaging materials rejects and paper waste.

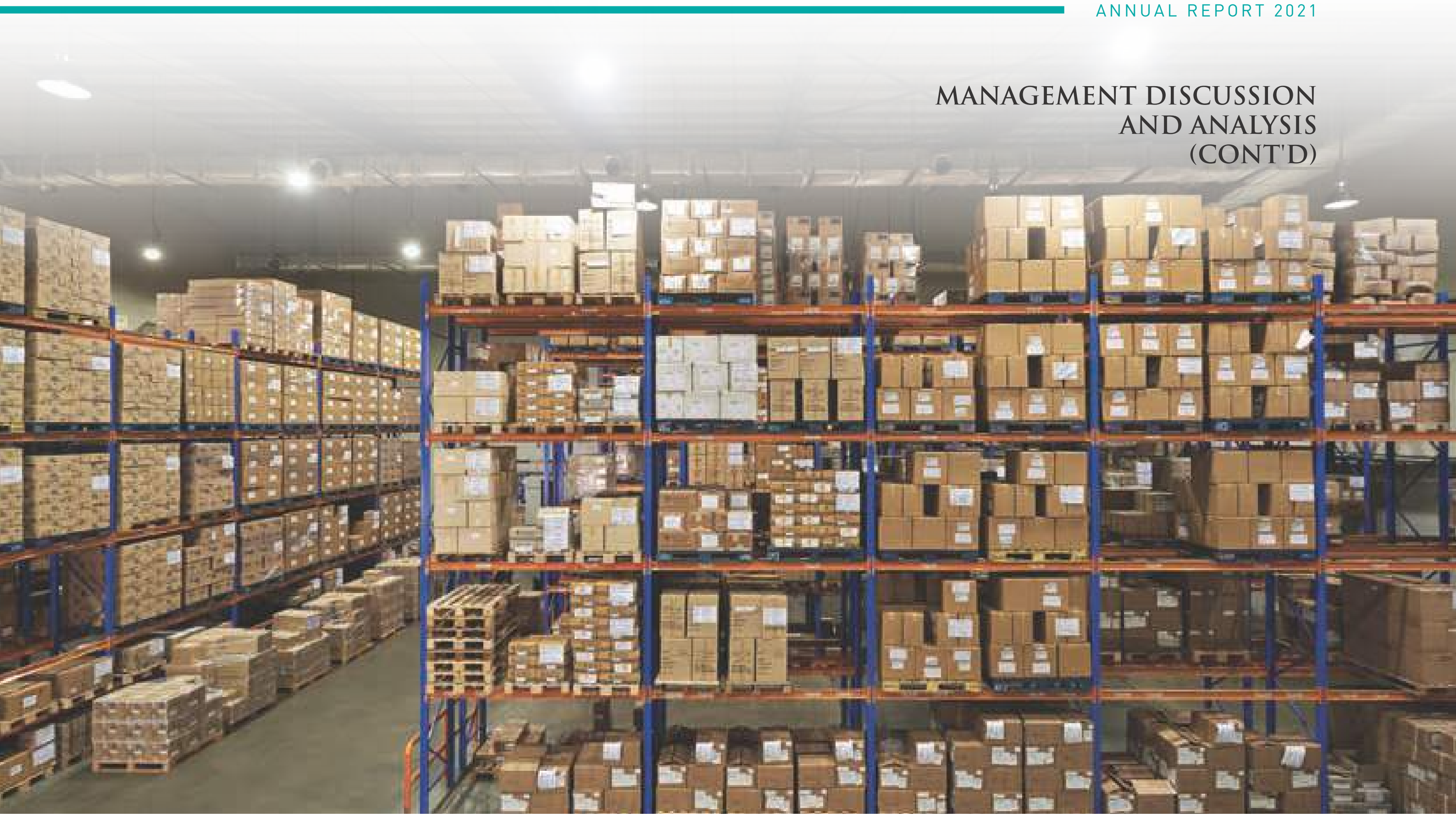
C2 DISTRIBUTION

The two key businesses in the Distribution reporting segment are APEX and ABIO.

APEX is a brand neutral service provider, offering seamless specialist services comprising pharmaceutical wholesaling, regulatory, sales, marketing and distribution services for pharmaceuticals, consumer healthcare products and medical devices through its logistics and distribution system in Malaysia and Singapore. Comprising two wholly owned Group subsidiary companies, Apex Pharmacy Marketing Sdn Bhd in Malaysia and Apex Pharma Marketing Pte Ltd in Singapore, with their respective business divisions, namely Wholesale, Pharma, Consumer Health, and Distribution, APEX forms the backbone of the Distribution reporting segment of the Group.

Leveraging its extensive network of more than 14,500 customer accounts spanning Malaysia and Singapore, APEX has the relevant market intelligence and agility to respond at speed to changing market needs. This core capability enabled APEX to rapidly identify, source and supply new in-demand pandemic related products in the last two years.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)



To widen the reach of the Group Brands, ABIO has been instituted to develop and manage another portfolio of Group branded healthcare products focused on primary care through wholly owned subsidiary ABio Marketing Sdn Bhd.

APEX

Apex Pharmacy Marketing Sdn Bhd ('APM')

APM's distribution network of 10,170 accounts as at end 2021 enabled the business to keep a close pulse on its customers which includes clinics, pharmacies, hospitals, hyper and supermarkets and general stores. Besides distributing external agency and general brands, APM distributes internal Group Brands for key businesses of the Group, namely XEPA and ABIO.

Currently the largest Malaysia's pharmaceutical wholesaler, APM Wholesale provides a one-stop service offering clinics, pharmacies, and hospitals throughout Malaysia an extensive range of more than 3,700 pharmaceuticals and healthcare products including COVID-19 self-test kits and face masks in a convenient and efficient manner. In 2021, revenue from Wholesale business in Malaysia exceeded RM 129 million.

APM Pharma which provides sales and marketing and regulatory services for agency brands of pharmaceuticals and medical devices grew by 5.7% over 2020 in Malaysia buoyed by the robust sales of pulse oximeters.

Revenue at APM Consumer Health increased by 8.9%, helped by strong growth of Nestle Health Science's range of nutritional products, namely *Nestle Nutren Diabetik*, *Nutren Optimum* and *Nutren Fibre*. In addition to Nestle Health Science, other agency brands namely Thomson and Kino Biotech also contributed to the growth of APM Consumer. Provision of operational excellence support and sales force effectiveness to agency principals are key enablers in driving the growth of APM Consumer. To improve accessibility and enable a wider reach to customers, the Malaysian B2C e-commerce platform **www.apexpharmacy.com.my** has been established since 2017.

APM Distribution provides specialist warehousing and distribution services for Group branded products as well as those from external principals. The implementation of a Warehouse Management System ('WMS') software is in progress to optimize warehousing operations allowing APM Distribution to improve its competitive advantage by minimizing labour expenses, enhancing customer service and improving inventory accuracy and responsiveness. In 2021 APM Distribution processed on average almost 1,400 invoices on each working day in 2021 involving over 4,400 line items which translates to more than 428,000 invoices involving over 1.25 million line items in a year.

The expansion of the cold chain distribution capacity and air-conditioned area in the central warehouse in Subang Jaya allows APM Distribution to cater for higher storage volume. A surveillance audit which is an ongoing periodic review of a company's quality management system was successfully conducted in 2021 for its ISO 9001:2015 for warehousing and distribution for pharmaceutical and consumer healthcare products, the certification of which was first awarded to APM in 2010. All distribution warehouses throughout Malaysia

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

comply with Good Distribution Practice ('GDP') and Good Distribution Practice for Medical Devices ('GDPMD') and are capable of providing a robust warehousing structure and comprehensive delivery network supported by a fully integrated SAP-ERP system.

Apex Pharma Marketing Pte Ltd ('APS')

The B2B platform 'Apex Online' initiated by APS Wholesale (**http://online.apexpharma.com.sg/**) which facilitates marketing communication and ordering by doctors and other customers for pharmaceutical wholesaling in Singapore continues to gain good traction. At the end of 2021, 34% of APS Wholesale customers in Singapore comprising clinics and pharmacies are active users of the in-house developed B2B platform for purchasing, contributing 40% of its wholesale revenue. APS Pharma and Consumer Health continued to support its agency principals in marketing, sales and distribution, enabling their products to reach clinics, pharmacies and hospitals effectively.

APS's B2C e-commerce platform at **https://shop.apexpharma.com.sg/** complements the B2C platform established by APM.

Like APM Distribution, the Distribution division of APS meets the needs of pharmaceutical and medical device companies intending to outsource their in-country logistics operations by providing cost-effective warehousing and distribution services. Its leading agency principal, Merck Healthcare accorded recognition to APS Distribution in October 2021 for extraordinary efforts to serve patients during the COVID-19 pandemic. APS Distribution's cold chain distribution capabilities were enhanced with the expansion of its current 2°C - 8°C cold room and the acquisition of a -20°C freezer room for pharmaceuticals, vaccines and biologics in the third quarter of 2020. This capability has enabled APS to secure contracts to provide pharmaceutical logistics services to healthcare professionals for both Sinopharm and Sinovac COVID-19 vaccines under the Singapore Ministry of Health's Special Access Route. In 2021, APS added cold room redressing of pharmaceutical products as an additional value-added service for its principals.

ABIO

The focus of ABio Marketing Sdn Bhd ('ABIO') is to develop and market an additional portfolio of Group branded healthcare products that meet the needs of the community at the primary care level. Supported by APEX Distribution, ABIO's portfolio of pharmaceutical and consumer health products reach a wide community

of primary health care practitioners, namely general practitioners, pharmacists and nurses who act as the first point of consultation for patients.

In 2021, ABIO Pharma continued to build its product portfolio with the launch of *Avoxidil* Topical Solution 50mg/ml (minoxidil), indicated for treatment of hair loss in men and women. ABIO Pharma Group Brands, namely AVO and AEVA, grew 16.7% and 13.2% respectively over the 2020. The leading products of ABIO Pharma in 2021 in terms of revenue were *Clavomax* (amoxicillin and clavulanic acid), *Niferin SR* (nifedipine), *Avonac SR* (diclofenac sodium), *Prazovex* (alprazolam) and *Aveflon* (hesperidin and diosmin). Sales of its vitamin C products exceeded RM 3.2 million in 2021 due to heightened demand attributed to the COVID-19 pandemic. Key products from the point-of-care diagnostics range, namely *Avometer Avant*, a multi monitoring system for cholesterol, uric acid and blood glucose and *Avometer Vantage*, a dual monitoring meter to measure blood glucose and total cholesterol recorded growth of 59% and 32% respectively. In tandem with the growth of these meters, *Avometer Glucose Strips* and *Cholesterol Strips* grew 22% and 24% respectively. *Uric Acid Strips* recorded a significant revenue growth of 32%.

The key Group Brands under ABIO Consumer Health, namely AGNESIA and HENNSON sustained its momentum with new launches in 2021. AGNESIA added a new product to its portfolio namely *AGNESIA Hygiene Care Cooling Powder*, widening its portfolio which currently includes *Hygiene Care Powder*, *Beau Care Powder*, *Antibacterial Shower Cream*, *Antibacterial Hand Wash*, *Foot Care Powder*, *Feminine Hygiene Wash*, *Olederm Cleansing Soap* and *Biosulphur Plus Cleansing Soap*. To support the frontliners of Hospital Banting in Selangor, contribution was made by AGNESIA as part of corporate social responsibility.

In 2021, HENNSON expanded its range of incontinence care to include *Dry Fit Regular Pants*, complementing its existing *Dry Comfort* disposable adult diapers and HENNSON *Dry Bed Underpad*. Surgical mask 3-ply and 4-ply were also added to HENNSON portfolio. To increase awareness of these Group Brands, continuous campaigns through Facebook, engagement with e-commerce platforms, in-store promotions and various advertising and promotion activities were conducted.

C3 CORPORATE

The corporate reporting segment comprises Group properties and its investment in 40% associate Straits Apex Group Sdn Bhd ('STRAITS'), engaged in the contract manufacturing of orthopaedic devices for global multinational companies. In 2021, the Group exited the business of operating retail pharmacy stores with the closure of the remaining outlet in Melaka, concentrating its direct-to-consumer business through B2C initiatives.

PROPERTIES

Group properties (excluding the operating premises of XEPA and APM) are managed by the Group's wholly owned subsidiary Apex Pharmacy Corporate Sdn Bhd. The construction of the six freehold strata office suites comprising 10,053 square feet on Level 10 of Corporate Tower 2 in Pavilion Damansara Heights which was acquired in 2016 for a total consideration of RM 9.1 million is in progress and to date, 60% in progress payments have been made. Barring further unforeseen delays, completion and handover is expected in the second half of 2022.

STRAITS

STRAITS is engaged in the contract manufacturing of orthopaedics devices for global multinational companies, enabling the Group to diversify its earning streams. A leading ASEAN contract manufacturer of orthopaedic devices with a total staff strength of 705, STRAITS currently operates its main production facility in Prai Industrial Estate, a clean room facility for packaging in Telok Kumbar, Penang and a third manufacturing facility at Penang Science Park. STRAITS has two wholly owned manufacturing subsidiaries, Straits Orthopaedics (Mfg) Sdn Bhd and ABio Orthopaedics Sdn Bhd.

For most of 2021, STRAITS was negatively impacted by weak revenue from low production output, elevated freight costs and higher operating expenses arising from new production capacity committed before the pandemic and progressively added in the second half of 2020. Production output was restricted by the need to comply with pandemic related Standard Operating procedures to minimize infection risk. An outbreak of COVID-19 infection in the production staff in the third quarter and resultant quarantine severely impacted production. With the completion of the staff vaccination program, performance improved in the fourth quarter as the order backlog was steadily reduced with the normalization of production operations. While the share of earnings from STRAITS for 2021 was RM 7.1 million, 18.1% lower than the RM 8.7 million recognized in 2020, firm orders in hand for delivery to customers in 2022 continue to be secured and is significantly higher when compared to the same point in 2020.

D RISKS

Risk assessment exercises are conducted annually for all business units with the assistance of external consultants to identify, evaluate and update known and anticipated risks of the Group. Since 2020, corruption risks have been included in the annual risk assessment of the Group to promote better governance culture and ethical behavior. With effect from 1st January 2022, a dedicated Risk and Sustainability Committee distinct from the Audit Committee has been established by the Board of Directors of AHB for the purpose of strengthening risk oversight including sustainability risks. The risks, related controls, risk responses and strategies to mitigate them are presented to the Risk and Sustainability Committee, cascaded to the Audit Committee where relevant and thenceforth to the Board of Directors. The Risk and Sustainability Committee monitors the implementation and progress of risk responses, aided by a program of internal audits in order to safeguard the interest of the Group and its stakeholders.

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

D1 Economic Conditions

The Group's financial performance may be adversely affected by the global economy as well as the economic

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

conditions of countries in which the Group operates. Increased geopolitical uncertainty will lead to greater volatility in the financial markets, reduced liquidity and tightening of credit. Any prolonged downturn in general economic conditions would present risks for the Group's business such as a potential decrease in healthcare spending by the government and dampened consumer sentiment. Adverse economic developments in the markets that the Group operates would have an impact on its financial performance and prospects.

Recent events like the COVID-19 pandemic have brought unprecedented disruption to global supply chains. A confluence of factors, namely shortage of containers, saturated ports and too few ships and dock workers, have contributed to the squeeze on transportation capacity leading to increased shipping costs and shipment delays. The global energy crunch further exacerbates the economic challenges, and is expected to stoke inflation and curtail economic recovery. Diversification involving product development and new market development are strategies which the Group embraces to weather the uncertain economic environment. Engagement of alternative supplier relationships and securing additional critical inventory are also measures adopted by the Group in this regard.

D2 Foreign Currency

The volatility and strength of the Ringgit, susceptible to uncertainties in the global economic environment, is an identified risk to the Group. A weakened Ringgit leads to higher cost of raw materials and imported finished goods, resulting in profit margin compression. Effort is continually directed at securing more competitive pricing from alternate sources, reducing wastage and eliminating inefficiencies in operations in order to preserve profit margins.

D3 Regulatory Compliance

The development, manufacturing and distribution of pharmaceuticals are closely regulated in all the markets the Group operates. Regulatory compliance is critical in ensuring uninterrupted manufacturing and distribution operations. Compliance is not restricted to current standards, but also to ensure that the Group's manufacturing and distribution infrastructure is prepared for anticipated future standards when implemented. To manage regulatory compliance risks, the Group has established procedures and mechanisms to assure full compliance and periodically invests in major infrastructure upgrades in anticipation of future regulatory demands. Ongoing costs are incurred to comply with relevant laws, regulations and standards to avert any deficiencies which would result in additional costs for corrective measures. The construction of SPP NOVO and the various standards attained by the manufacturing and distribution businesses are initiatives taken to mitigate regulatory compliance risks. Incidents of unanticipated global product safety alerts and recalls may rise. New regulations pertaining to the registration and renewal of pharmaceutical products by the regulatory authorities in the jurisdictions which the Group operates may delay approvals and increase the costs of compliance. In this regard, the Group constantly engages the regulatory and governmental authorities with active participation in pharmaceutical-related associations to prepare the Group, enabling it to anticipate and to respond to changes optimally.

D4 Data and ERP Integrity

The strict management of proprietary, personal and confidential data and the stable operations of the Group's ERP systems is another key concern and risk, as the loss or corruption of such data and prolonged systems failures can result in loss of competitiveness and business opportunities. Any material failure of the ERP systems due to natural disasters or security breaches could affect the performance of critical business operational functions or the loss of key business data, which could materially and adversely affect business operations. Stringent controls are in place for the management of data and ERP integrity which become particularly exigent as employees work from home. ERP systems are rigorously maintained, tested and upgraded periodically to ensure operational reliability, continuity and stability.

Amid the COVID-19 pandemic, cybersecurity risks have intensified, particularly with widespread remote working and increased online interactions. In the current environment, remaining cyber-resilient and building stakeholder trust in the Group's data security and privacy practices are strategic imperatives. With cyber-attacks against critical infrastructure becoming a growing threat, the Group has enhanced its technological resilience to ensure good cyber hygiene practices. The Group's Information Technology ('Group IT') department ensures all staff are well trained on adherence to strict protocols in the management of proprietary, confidential and personal data. Data and ERP Systems integrity is subject to periodic internal audits.

D5 Loss of Key Principals

The Group is mindful of the risks associated with high dependency on revenue contributions from key external principals. Competition is strong in the pharmaceutical distribution sector with aggressive margin pressure from competitors. The probability of internal reorganization or business restructuring by key external principals exists, and turnover of key contact persons may impact business relationships built over time. The Group's external principals may decide not to renew their working relationship with the Group either entirely or in respect of limitation of business model or product portfolio for various reasons, including but not limited to their decision to conduct the sale and marketing of their products themselves or to change the local distributor of their products. To ensure retention of key external principals, the Group engages key external principals closely and ensure all deliverables and performance indicators are always met or exceeded.

D6 Disease Epidemics

The COVID-19 pandemic has triggered the deepest economic recession in nearly a century, threatening health, disrupting economic activity, and hurting well-being and jobs. It will not be the last pandemic and outbreaks of infectious diseases are becoming more common and pose a major threat to livelihood and global economy. As a risk mitigation measure, the Group has pandemic specific Business Continuity Plans covering the key business operational risks including human resource management, processes and business functions, supplier and customer management and communications with stakeholders.

E FORWARD-LOOKING STATEMENTS

E1 Prospects of New Business

With good vaccination rates and declining COVID-19 cases in Malaysia, recovery in sales in all operating subsidiaries, especially to private sector clinics and pharmacies is expected. The strong network of the Group's distribution subsidiaries enables the Group to capitalize on opportunities to supply new in-demand healthcare products in an evolving pandemic. The renewal of EU GMP certification secured by XEPA in 2021 and the current EU GMP Certificate specifically for SPP NOVO pave the way for XEPA to establish more international alliances for contract manufacturing in addition to development of its Group Brand.

As the demand for cold chain solutions has increased in recent years, pharmaceutical companies have prioritized investments to expand the services needed to support these therapies. Global spending on biopharma cold chain logistics has climbed steadily since 2018 and is expected to grow another 25% over the next three years, reaching USD 21.3 billion in 2024[4]. Against this background, infrastructure investment in enhancing the capacity of the Group's warehouses in Singapore and Malaysia particularly in respect of cold chain capabilities places the Group in good stead to provide bespoke logistics services to valued business partners.

E2 Possible Trend, Outlook and Sustainability of Business Segment

The largest driver of medicine spending through the next five years is expected to be global COVID-19 vaccinations, which are unprecedented both because of the number of people being inoculated and the speed with which it is expected to be achieved and then repeated with frequent booster shots. It is envisaged that even leaving aside the pandemic, global spending on medicines continues to be driven by innovation and offset by losses of exclusivity and the lower costs of generics and biosimilars. The global medicine market (using invoice price levels) is expected to grow at 3% to 6% Compound Annual Growth Rate ('CAGR') through 2026, reaching about USD 1.8 trillion in total market size in 2026, including spending on COVID-19 vaccines[5].

In Malaysia, the healthcare sector has seen in recent years a rise in Government expenditure, with an increase in medical facilities and higher-quality treatments. The implementation of the B40 (bottom 40% income group) healthcare scheme is one of the key initiatives that will expand healthcare access to the nation's lowest earners. In 2020, healthcare expenditure in Malaysia grew 6.9% year-on-year, with an estimated value of RM 63.1 billion. In 2021, growth is expected to accelerate to 9.6%, reaching RM 69.2 billion. Fitch Solutions forecasted health expenditure to experience a five-year CAGR of 7.6% in local currency terms and 8.9% in US Dollar terms, reaching RM 91.1 billion by 2025[6]. In prioritising public healthcare to build national resilience in preparation for the endemic phase of COVID-19, the Malaysian government has allocated RM 32.4 billion to the health ministry for operating and development expenditure, the second largest allocation in Budget 2022[7]. In respect of AHB Group, the revenue growth for supply to the Government sector is expected to grow in tandem.

As far as pharmaceuticals are concerned, generic drugs have emerged as a solution to substitute higher price patented drugs. The rising trend of generic drugs is expected to continue driven by an ageing population with chronic diseases, rising affluence and increasing life expectancy. In Malaysia, the National Health and Morbidity Survey 2019 showed that non-communicable diseases (NCDs) account for 71% of premature deaths and more than 70% of the burden of disease[8]. The key pharmaceutical proprietary brands of the Group namely

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

XEPA, AVO, AEVA and AVEX are essentially generics with a significant proportion of their products being indicated for treatment of NCDs. In this regard, the emerging trend provides opportunity for the Group to further strengthen its offerings.

In the last two financial years marked by the COVID-19 pandemic, the Group seized market opportunities through the rapid identification and supply of changing in-demand products in an evolving pandemic. Strategic initiatives implemented earlier to grow revenue through increased new product launches, contract manufacturing services, government tenders and exports have also enabled the Group to both diversify and grow its revenue base. These have all enabled the Group to achieve good revenue and profit growth despite challenging business circumstances brought about by the pandemic.

Looking ahead, the Malaysian government expects the Malaysian economy to strengthen by 5.5% to 6.5% in 2022 on the back of visible economic recovery during the fourth quarter of 2021. This will support continued growth in demand for healthcare products and services, translating into improved sales across all the Group's business units well into 2022. However, economic prospects are now tempered by the war between Ukraine and Russia. Compounded by uncertainties over the course of the COVID-19 pandemic, supply chain bottlenecks as well as persistently elevated energy, raw materials and freight costs, the operating environment for the Group's businesses is expected to stay challenging in 2022.

To sustain medium to long term growth, the Group will stay focused on proven fundamentals, leverage business experience gained operating in the last two pandemic affected years and be positioned to seize new growth opportunities. Emphasis continues to be placed on securing commercially relevant and globally recognized manufacturing and distribution certifications, accelerating the research and development of new pharmaceutical and consumer healthcare products, identification and sourcing of new in-demand products to meet anticipated market demands, harmonizing and deepening the digitalization of Group business processes, building stronger social media presence and e-commerce capabilities, and opening new international markets for the Group's products and contract manufacturing services.

Further unforeseen market changes and developments aside, the Group expects to deliver another satisfactory performance in 2022 and remains confident that its longer-term growth prospects remain positive.

E3 Dividends

The Board of Directors has proposed an increased final single-tier dividend of 3.0 sen per ordinary share in respect of financial year 2021 for shareholders' approval at the upcoming Annual General Meeting in May 2022. In addition, the Board of Directors has also proposed a special single-tier dividend of 6.0 sen per share for shareholders' approval at the same Annual General Meeting. This is to return funds in excess of current business needs, and to mark the 60th anniversary of the founding of the Group.

If approved, together with the interim dividend of 2.5 sen per share paid on 15th September 2021, total dividends in respect of financial year 2021 will be 11.5 sen per share, a 155% increase over the total paid for financial year 2020.

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4. *Pharmaceutical Executive 'Cold Chain: Delivering Innovative Specialty Pharmaceutical Products' 11th October 2021*
5. *IQVIA Institute 'The Global Use of Medicines 2022 : Outlook to 2026' January 2022*
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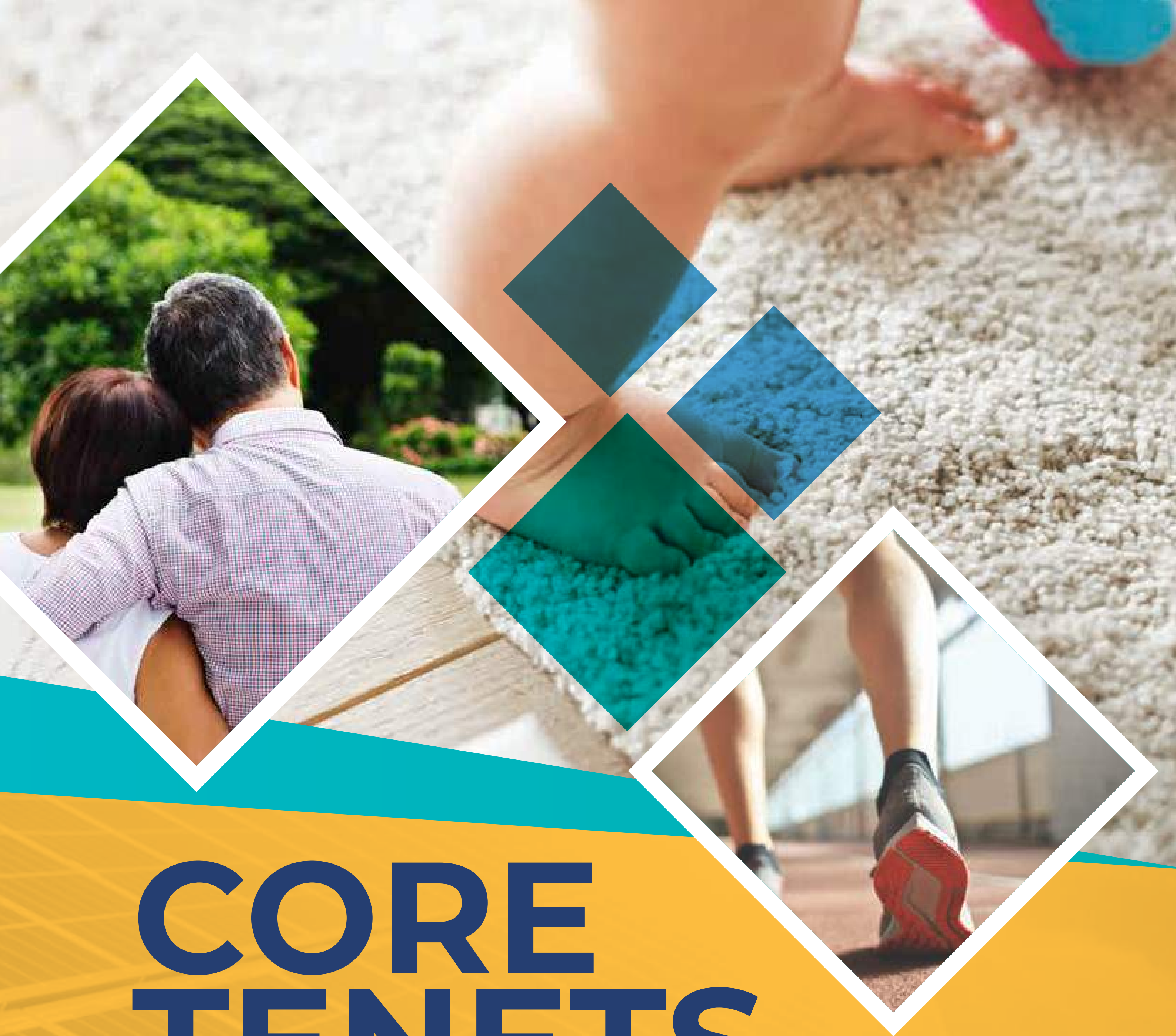
7. *Official Portal of Ministry of Finance Malaysia 'Budget 2022: RM 32.4 billion allocation for MOH' 29th October 2021*
8. *New Straits Times 'NCD sees RM 9 billion in productivity losses' 4th December 2021*



CORE TENETS

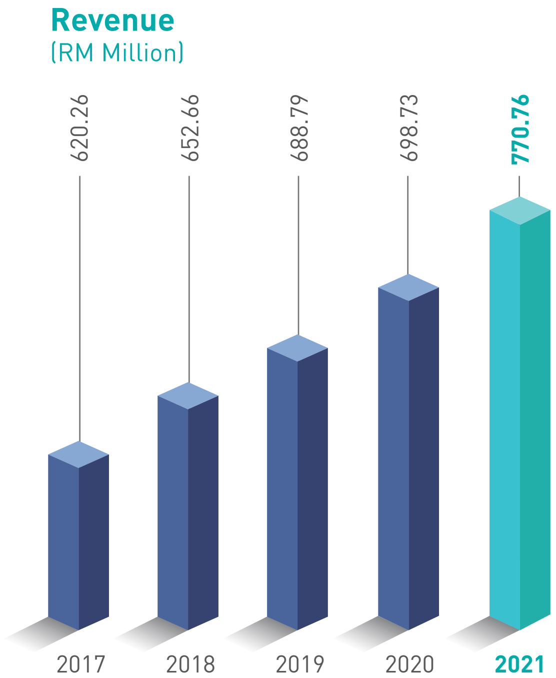
Service, Quality and Integrity, always

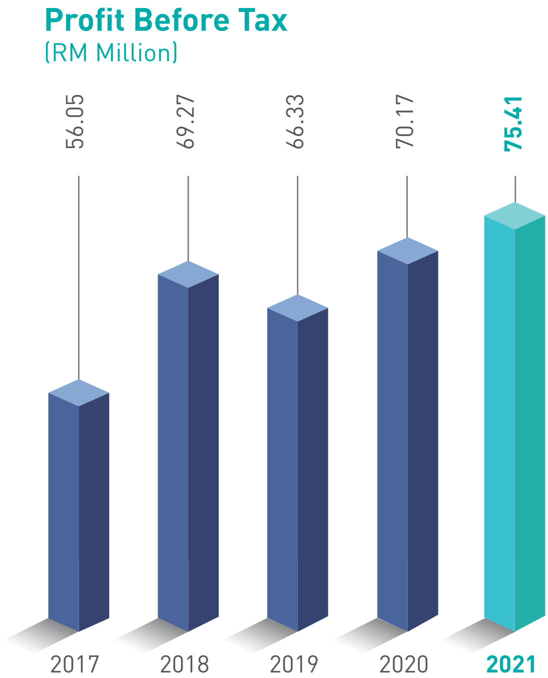
Service is an integral tenet of Apex. From the very first customer in 1962, Apex has striven to provide an efficient, professional and responsive touch in our dealings with suppliers, healthcare professionals, customers and all whom we come across.

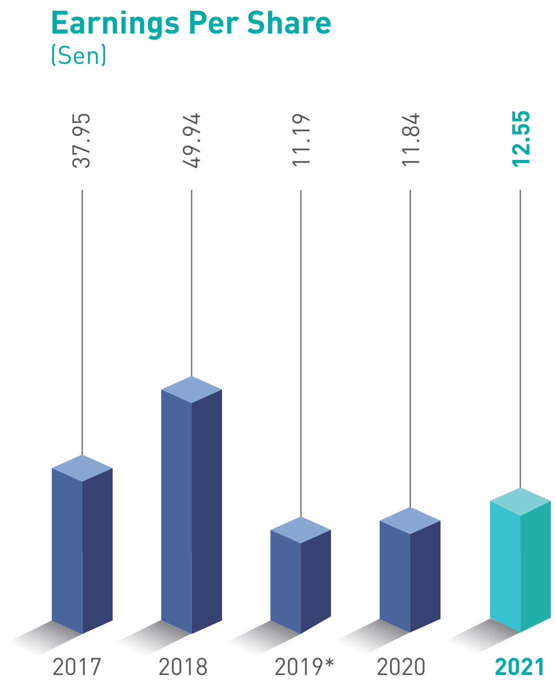
The quest to improve Quality is a never-ending journey. We will continually refine our processes and systems in order to secure all commercially relevant global quality certifications.

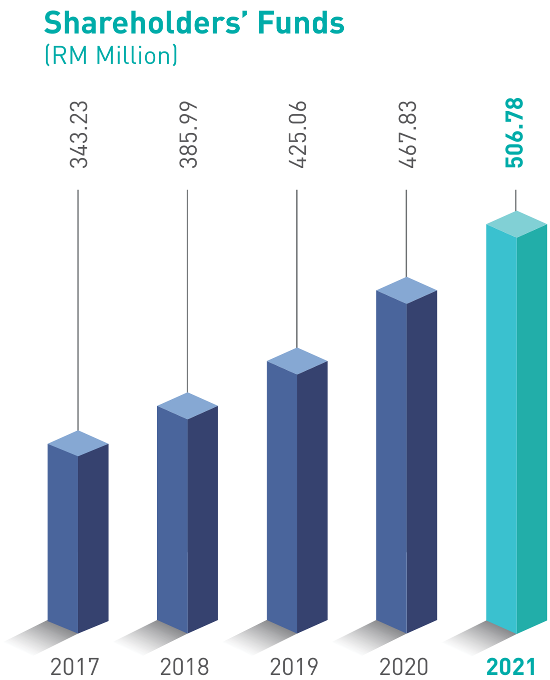
Integrity is an inescapable part of our business and runs through our value chain from research and development, manufacturing, warehousing, sales and marketing till final delivery. We value honesty in our dealings and there is no compromise.

FIVE-YEAR FINANCIAL HIGHLIGHTS









* Bonus issue of 3 new ordinary shares for every 1 existing share in year 2019.

PROFILE OF DIRECTORS

Dr Kee Kirk Chin
Chairman and CEO

Dr Kee Kirk Chin, 60, male, a Singaporean, was appointed to the Board on 15th February 2000, as the Managing Director of the Company on 3rd March 2000 and became Chairman and Chief Executive Officer on 19th May 2010. He obtained a Bachelor in Arts with Honours in 1985, a Bachelor of Medicine & Bachelor of Surgery in 1987 and a Master of Arts in 1989 from University of Cambridge, UK and a Master of Business Administration (MBA) with distinction in 1993 from University of Hull, UK. He is a registered Medical Practitioner with the Singapore Medical Council and the General Medical Council, UK. He began his career as a House Officer with National University Hospital, later joining United MediCorp Pte Ltd as Director of Business Development in 1990, becoming its Chief Executive Officer in 1996. United MediCorp had interests in several healthcare companies in six Asian countries involved in pharmaceuticals, clinical equipment, hospital support services and private hospitals. He was formerly a member of the Board of Yellow Ribbon Singapore and was the Chairman of its wholly owned subsidiary, YR Industries Pte Ltd. He was awarded the Bintang Bakti Masyarakat (Public Service Star) (BBM) by the President of the Republic of Singapore in 2015.

He is the brother of Kee Kirk Chuen. He is deemed to be a major shareholder of the Company through his deemed interest in Apex Pharmacy Holdings Sdn Bhd, a major shareholder which holds 39.95% equity in the Company. Save as disclosed, he does not have any other family relationships with any other director and/or major shareholder of the Group, nor any personal interest in any business arrangement involving the Company. He attended all of the four Board Meetings held in the financial year ended 31st December 2021 and has had no convictions for any offences within the past 5 years, other than traffic offences, if any and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year.

Robert Dobson Millner
Non-Independent Non-Executive Director

Robert Dobson Millner, 71, male, an Australian, was appointed as a Non-Independent Non-Executive Director of the Company on 23rd February 2000. He is currently a member of the Nomination Committee. He was re-designated as a member of the Remuneration Committee on 19th August 2015. He was a farmer and grazier prior to joining the Board of Washington H Soul Pattinson & Co Limited ('WHSP') in 1984, a company listed on the Australian Stock Exchange with principal activities in properties, coal mining, bulk handling, manufacturing, wholesaling and retailing of pharmaceutical products, and telecommunication. He was appointed Deputy Chairman of WHSP in 1997, becoming its Chairman in 1998. He is also the Chairman of Brickworks Limited, Milton Corporation Limited, New Hope Corporation Limited, and Director on the Boards of Australian Pharmaceutical Industries Limited and TPG Telecom, all of which are companies listed on the Australian Stock Exchange. He is a member of the Institute of Company Directors, New South Wales, Australia and a fellow of the Australian Institute of Directors.

He is the Chairman of WHSP, which holds 29.78% equity in the Company. He does not have any family relationship with any other director and/or major shareholder of the Group, nor any personal interest in any business arrangement involving the Company. He attended all of the four Board Meetings held in the financial year ended 31st December 2021 and has had no convictions for any offences within the past 5 years, other than traffic offences, if any and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year.

Datuk Noharuddin Bin Nordin @ Harun
Senior Independent Non-Executive Director

Datuk Noharuddin Bin Nordin @ Harun, 66, male, a Malaysian, was appointed as an Independent Non-Executive Director of the Company on 20th May 2015. He was appointed as a member of the Audit Committee on 19th August 2015. He was appointed as Chairman of the Nomination Committee and as Senior Independent Non-Executive Director on 23rd May 2019. He ceased from office as a member of the Audit Committee on 1st January 2022 and was appointed as a member of the Risk and Sustainability Committee on the same day. He graduated with a Master of Business Administration from the University of Birmingham, UK in 1992. He has vast working experience with the Ministry of International Trade and Industry ('MITI'), Malaysia External Trade Development Corporation ('MATRADE') and Malaysian Investment Development Authority ('MIDA'). He was the Assistant Director of MITI from 1986 to 1993. He

PROFILE OF DIRECTORS (CONT'D)

joined MATRADE in 2000 and he was the Chief Executive Officer of MATRADE from 2006 to 2011. He was the Chief Executive Officer of MIDA from 2011 until his retirement in February 2014. He is currently an Independent Director of Hong Leong Industries Berhad.

He does not have any family relationship with any director and/or major shareholder of the Group, nor any personal interest in any business arrangement involving the Company. He attended three of the four Board Meetings held in the financial year ended 31st December 2021 and has had no convictions for any offences within the past 5 years, other than traffic offences, if any and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year.

Heng Su-Ling Mae
Independent Non-Executive Director

Heng Su-Ling Mae, 51, female, a Singaporean, was appointed as an Independent Non-Executive Director of the Company on 20th November 2008. She was appointed as Chairman of the Audit Committee and ceased from office as Chairman of the Nomination Committee on 19th August 2015. She was appointed as a member of the Nomination Committee and ceased from office as a member of the Remuneration Committee on 23rd May 2019. She graduated with a Bachelor of Accountancy from Nanyang Technological University, Singapore in 1992 and is a Fellow Chartered Accountant with the Institute of Singapore Chartered Accountants. She has over 16 years of experience in an audit, corporate finance and business advisory environment with Ernst and Young, Singapore. She is an ASEAN Chartered Professional Accountant as approved by the ASEAN Chartered Professional Accountant Coordinating Committee. She is an Independent Director of Singapore-listed HRnetGroup Limited, Chuan Hup Holdings Limited, Ossia International Limited, Grand Venture Technology Limited and Novo Tellus Alpha Acquisition, a Special Purpose Acquisition Company.

She does not have any family relationship with any director and/or major shareholder of the Group, nor any personal interest in any business arrangement involving the Company. She attended all of the four Board Meetings held in the financial year ended 31st December 2021 and has had no convictions for any offences within the past 5 years, other than traffic offences, if any and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year.

Datuk Phang Ah Tong
Independent Non-Executive Director

Datuk Phang Ah Tong, 64, male, a Malaysian, was elected as an Independent Non-Executive Director of the Company on 24th May 2018. He was appointed as Chairman of the Remuneration Committee and a member of the Audit Committee and ceased from office as a member of the Nomination Committee on 23rd May 2019. He graduated with a Bachelor of Economics (Honours) from University of Malaya in 1981. He has had a distinguished career in the civil service of Malaysia, spanning 36 years in promoting foreign and domestic investments and assisted in developing the manufacturing and services sectors in Malaysia under the Malaysian Investment Development Authority ('MIDA') where his last held position was the Deputy Chief Executive Officer before his retirement in 2017. He has served in various capacity including being the Assistant Trade Commissioner for MIDA London and Director of MIDA New York. Upon returning to the MIDA headquarters, he was appointed the Director of Foreign Direct Investment ('FDI'), overseeing the promotion of global FDI into Malaysia. He is the Non-Executive Chairman of JF Technology Berhad and Jerasia Capital Berhad and an Independent Director of Inari Amertron Berhad and United Overseas Bank (Malaysia) Berhad. He is also the Chairman of Malaysia Automotive, Robotics and IoT Institute ('MARii'), an agency under the Ministry of International Trade and Industry ('MITI').

He does not have any family relationship with any director and/or major shareholder of the Group, or any personal interest in any business arrangement involving the Company. He attended all of the four Board Meetings held in the financial year ended 31st December 2021 and has had no convictions for any offences within the past 5 years, other than traffic offences, if any and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year.

Jackson Chevalier Yap-Kit-Siong
Independent Non-Executive Director

Jackson Chevalier Yap-Kit-Siong, 70, male, a Singaporean, was appointed as a Non-Independent Non-Executive Director of the Company on 15th February 2000. He was re-designated as an Independent Non-Executive Director on 25th February 2015. He was appointed as Chairman of the Remuneration Committee on 19th August 2015 and re-designated as a member of the Remuneration Committee on 23rd May 2019. He graduated with a Bachelor of Engineering with Honours from University of Auckland, New Zealand in 1974 under a Colombo Plan Scholarship. He worked in various technical and management positions in the oil and gas sector with several multinational corporations before joining United Engineers Limited ('UEL') as Chief Operating Officer and later, Group Managing Director and Director of UEL, a company then listed on the Singapore Stock Exchange, whose principal activities are in the construction and engineering of buildings, properties and environmental projects. He retired in January 2014 as CEO and from the UEL Board in April 2014. He is the Independent Non-Executive Chairman of Singapore-listed Memiontec Holdings Limited.

He was a Director of Apex Pharmacy Holdings Sdn Bhd, a major shareholder of the Company until 18th March 2014. He does not have any family relationships with any director and/or major shareholder of the Group, nor any personal interest in any business arrangement involving the Company. He attended all of the four Board Meetings held in the financial year ended 31st December 2021 and has had no convictions for any offences within the past 5 years, other than traffic offences, if any and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year.

Kee Kirk Chuen
Non-Independent Non-Executive Director

Kee Kirk Chuen, 57, male, a Singaporean, was appointed as a Non-Independent Non-Executive Director of the Company on 18th May 2016. He was appointed as a member of the Risk and Sustainability Committee on 1st January 2022. He obtained a Bachelor of Science (Electrical Engineering) in 1986, a Master of Engineering (M. Eng) in 1989 and a Master of Business Administration (MBA) in 1996 from Cornell University, USA. He was the Executive Director of Apex Pharmacy International Pte Ltd from 1989 to 2004. From 2005 to 2007, he was a Deputy Director at the National Council of Social Service, Singapore and a Director of Apex Holdings Pte Ltd since 2007. He joined Temasek Foundation Cares CLG Limited, a Singapore non-profit philanthropic organisation established to improve the lives of underprivileged individuals, families and communities in Singapore in 2010 and is currently holding the position of Principal Senior Director.

He is the brother of Dr Kee Kirk Chin. He is deemed to be a major shareholder of the Company through his deemed interest in Apex Pharmacy Holdings Sdn Bhd, a major shareholder which holds 39.95% equity in the Company. Save as disclosed, he does not have any other family relationships with any other director and/or major shareholder of the Group, nor any personal interest in any business arrangement involving the Company. He attended all of the four Board Meetings held in the financial year ended 31st December 2021 and has had no convictions for any offences within the past 5 years, other than traffic offences, if any and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year.

Leong Khai Cheong
Independent Non-Executive Director

Leong Khai Cheong, 70, male, a Malaysian, was appointed as an Independent Non-Executive Director of the Company on 18th February 2000 and as Senior Independent Non-Executive Director on 24th August 2005. He retired as a Director of the Company on 23rd May 2019. He was re-appointed as an Independent Non-Executive Director of the Company and a member of the Audit Committee on 2nd August 2021. He was appointed as Chairman of the Risk and Sustainability Committee on 1st January 2022. He is a Chartered Accountant of the Malaysian Institute of Accountants and holds associate membership of the Institute of Chartered Secretaries and Administrators. He worked in professional audit firms in Malaysia and England in the areas of audit and company secretarial services. He held senior positions with experience in corporate planning and financial management in public listed companies in Malaysia and Singapore. He was the Senior Independent Non-Executive Director of Ogawa World Berhad from 2007 to 2013. He currently holds directorships in various private companies in Malaysia.

He does not have any family relationship with any director and/or major shareholder of the Group, nor any personal interest in any business arrangement involving the Company. He attended the two Board Meetings held in the financial year ended 31st December 2021 since the date of his appointment and has had no convictions for any offences within the past 5 years, other than traffic offences, if any and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year.

PROFILE OF KEY SENIOR MANAGEMENT

Tan Hing Tai
Chief Operating Officer (Distribution Group)

Tan Hing Tai, 61, male, a Malaysian, was appointed as Chief Operating Officer of the Company on 1st January 2015. He is also a Director on the Board of Group subsidiary companies, Apex Pharmacy Marketing Sdn Bhd, ABio Marketing Sdn Bhd and Apex Pharma Marketing Pte Ltd. He was re-designated as Chief Operating Officer (Distribution Group) of the Company on 1st March 2022.

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

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

Ch'ng Kien Peng
Chief Operating Officer (Manufacturing Group)

Ch'ng Kien Peng, 56, male, a Malaysian, was appointed as Senior Vice President of the Company on 1st January 2015. He was also appointed as the Executive Director of Xepa-Soul Pattinson (Malaysia) Sdn Bhd ('Xepa'), a wholly owned subsidiary of the Company on the same date. He was re-designated as Chief Operating Officer (Manufacturing Group) of the Company on 1st March 2022.

He graduated with a Bachelor of Pharmacy (Honours) from University Science Malaysia in 1990 and obtained his Master of Business Administration (MBA) from Heriot-Watt University, Edinburgh in 2004. In 2005, he joined Xepa as the General Manager of Manufacturing and was promoted as the Chief Operating Officer of Xepa in 2012. He was the Vice President of Malaysian Organisation of Pharmaceutical Industries ('MOPI') from 2011 to 2014 and is currently an Executive Committee member of MOPI. He is registered with the Pharmacy Board of Malaysia and is also a member of Malaysian Pharmaceutical Society.

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

Chiew Woon Wui
Financial Controller

Chiew Woon Wui, 48, female, a Malaysian, was appointed as Financial Controller of the Company on 1st July 2014. She is one of two Joint Company Secretaries of the Company. She is a member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants. She graduated from the University of Malaya with a Bachelor of Accounting (Hons) and began her career at KPMG, Kuala Lumpur. She joined Apex Healthcare Berhad in 2002 and was holding the position of Senior Group Finance Manager prior to her appointment as Financial Controller.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

Introduction

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

At the start of financial year 2021, AHB is not a Large Company as defined in the MCCG and hence the Practices set out in the MCCG which are applicable to Large Companies have not been adopted by the Company. The Board has taken cognisance of Step Up Practices as prescribed in the MCCG in its endeavour to attain higher standards of corporate governance. With regards to Practices that are applicable to AHB, explanations on how the Company has applied the Practices are disclosed in the CG Report. If there is departure from a Practice, explanations for the departure are also provided with disclosure of the alternative practice which AHB has adopted to achieve the Intended Outcome as set out in the MCCG.

This CG Overview Statement provides a summary of the corporate governance practices implemented by AHB during financial year 2021 with reference to the three Principles of MCCG:

Principle A: Board Leadership and Effectiveness

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

While the Board of the Company does not comprise at least 30% women Director as recommended by Practice 5.9, the Board acknowledges the benefits of having participation of women on the Board in terms of providing different perspectives and insights for effective decision making and targets to ensure that there is women representation on the Board at any one time. This policy is in line with the amendments to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad which mandates a listed company to have at least one woman Director on its Board with effect from 1st June 2023 for listed companies with market capitalization of less than RM 2 billion as at 31st December 2021. The Company is in compliance with this requirement.

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

Principle B: Effective Audit and Risk Management

All the prescribed Practices under this Principle are complied with by the Company, and in this regard, the Board is satisfied that an objective and effective audit function, risk management and internal controls are in place in line with the demands of a good and robust corporate governance practices. A special mention is also made to the establishment of a dedicated Board Committee, namely the Risk and Sustainability Management Committee with effect from 1st January 2022 for the purpose of strengthening risk oversight including sustainability risks as advocated by Step Up Practice 10.3.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Principle C: Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

A fully virtual Annual General Meeting was held in 2021 to leverage technology to facilitate communication and engagements with shareholders while enabling voting in absentia and shareholders' participation. The Company departed from Practice 13.2 which recommends that all Directors attend General Meetings and Chairmen of Board Committees provide meaningful response to questions addressed to them. At the Annual General Meeting ('AGM') in 2021, the Chairman of Nomination Committee was unable to attend the said AGM due to a COVID-19 pandemic related flight rescheduling with his long-haul flight coinciding with the time of the AGM. Barring any unforeseen circumstances, the Board ensures that the full complement of Directors attend every general meeting and all Chairmen of Board Committees are required to be prepared to answer all questions addressed to them.

While questions posed by shareholders were not made visible to all meeting participants during the AGM as recommended by Practice 13.5, transparency of the AGM is assured through the publication of all questions and answers received before and during the AGM as part of the Minutes or Summary of Key Matters Discussed at the AGM on the Company's website at **www.apexhealthcare.com.my** no later than 30 business days after the AGM. Due to the high volume of questions, a good number of which are similar and require moderation, the Company has elected not to publish questions as and when they are received during the virtual AGM. The Board is satisfied that communication by the Company with its shareholders and other stakeholders through transparent and timely communication is in place.

Looking Ahead

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

The Group has developed a Board Succession Planning Policy and this is regularly reviewed with the ultimate aim of enhancing Board leadership and effectiveness. In line with the spirit of Practice 5.2 of MCCG, the tenure of Independent Directors has been enshrined as a tenet of the Company's Board Succession Planning Policy in compliance with MMLR and any applicable rules and regulations. To ensure that the decisions of the Board are made objectively in the best interests of the Company, taking into account the evolution and developments in the pharmaceutical industry, the compositions of the Board and Board Committees are constantly assessed. In this regard, reorganisation of Board Committees will be undertaken where necessary, so that the members of each Board Committee have the pertinent skills, expertise and experience in addition to the appropriate character, integrity and competence required of every Director. In terms of Board composition, effort is also directed at widening the identification of candidates suitable as future Board Directors of the Group guided by the Directors' Fit and Proper Policy which has been established and published on the Company's website at **www.apexpharmacy.com.my.**

Conclusion

The Board is cognisant of the importance of the various dimensions of good corporate governance culture and in this regard, strives to ensure equal attention is paid to all Practices of MCCG such that the Intended Outcomes are achieved, taking into account the business environment, culture and needs of AHB. While there is departure of certain Practices of the Company from MCCG, the Board is satisfied that the corporate governance infrastructure of the Company is in line with the Intended Outcome of MCCG. The Board is of the view that the Company has in all material aspects satisfactorily complied with the Principles set out in MCCG and has approved this CG Overview Statement on 23rd February 2022.

ADDITIONAL INFORMATION

1. Audit and Non-Audit Fees

The amount of audit and non-audit fees paid and payable to the External Auditors, Ernst & Young PLT, and its affiliated firms by the Company and the Group for the financial year ended 31st December 2021 are as stated in the following table:-

Nature of services	Company (RM)	Group (RM)
Audit	80,000	377,280
Non-audit:		
Tax filing	-	82,539
Review of the Statement on Risk Management and Internal Control	7,500	7,500
Overview of audit of associated company	12,000	12,000
Fair value valuation of Executive Share Option Scheme	10,000	10,000
Review of MFRS 16	5,000	5,000
Total Non-audit Fees	34.500	117,039

2. Material Contracts

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

3. Recurrent Related Party Transactions

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

4. Directors' Responsibility for Preparing the Financial Statements

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

In preparing the financial statements, the Directors have:

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

5. Contracts Relating to Loans

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

6. Utilisation of Proceeds

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

7. Executive Share Option Scheme

The Executive Share Option Scheme ('ESOS') approved at the Extraordinary General Meeting held on 18th May 2016 is the only share scheme of the Company in existence as at the financial year ended 31st December 2021.

On 24th June 2019, 353,343,279 new ordinary shares were issued on the basis of 3 bonus shares for every 1 existing share. Pursuant to ESOS Bylaws in respect of *Alteration of Share Capital During the Option Period*, the number of unexercised Option of the Company are to be adjusted accordingly. The number of options as presented below had been adjusted retrospectively to reflect the effect of 3 for 1 bonus issue. Further information on the ESOS is available in the Directors' Report and Notes to the Financial Statements.

	During the financial year ended 31st December 2021	Since the commencement of the ESOS on 1st July 2016
Total number of options or shares granted	840,000	12,627,000
Total number of options or shares lapsed (grant 1 - 6)	58,000	1,046,000
Total number of options exercised (grant 1 - 4)	1,160,000	7,665,000
Total options or shares outstanding	-	3,916,000

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

	During the financial year ended 31st December 2021	Since the commencement of the ESOS on 1st July 2016
Aggregate options or shares granted	75,000	1,170,000
Aggregate options exercised	-	700,000
Aggregate options or shares outstanding	-	470,000

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

	During the financial year ended 31st December 2021	Since the commencement of the ESOS on 1st July 2016
Aggregate maximum allocation in percentage	60.0%	60.0%
Actual percentage granted	48.2%	44.0%

No options were offered to and exercised by, or shares granted to and vested in Non-Executive Directors pursuant to the ESOS during the financial year ended 31st December 2021 and since the commencement of the ESOS on 1st July 2016.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

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

BOARD RESPONSIBILITY

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

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

RISK MANAGEMENT FRAMEWORK

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

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

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

Risk are managed in accordance with Apex's Risk Management Framework, modelled largely on ISO 31000:2018 Risk Management – Principles and Guidelines, which is implemented across the entire Group.

The results of the above risk management exercise were presented to the Audit Committee on 19th May 2021. Thereafter, the results were presented to the Board. Risks identified were prioritized in terms of the possibility of their occurrence and their impact on the Group's business objectives and goals. This allows Management to allocate appropriate resources in the mitigation of such risks identified.

The key aspects of the risk management process is shown in the diagram below:-

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

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

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

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

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

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

Economic Conditions

The Group's financial performance may be adversely affected by the global economy as well as the economic conditions of countries in which the Group operates. Increased geopolitical uncertainty will lead to greater volatility in the financial markets, reduced liquidity and tightening of credit. Any prolonged downturn in general economic conditions would present risks for the Group's business such as a potential decrease in healthcare spending by the government and dampened consumer sentiment. Adverse economic developments in the markets that the Group operates would have an impact on its financial performance and prospects.

Recent events like the COVID-19 pandemic have brought unprecedented disruption to global supply chains. A confluence of factors, namely shortage of containers, saturated ports and too few ships and dock workers, have contributed to the squeeze on transportation capacity leading to increased shipping costs and shipment delays. The global energy crunch further exacerbates the economic challenges, and is expected to stoke inflation and curtail economic recovery. Diversification involving product development and new market development are strategies which the Group embraces to weather the uncertain economic environment. Engagement of alternative supplier relationships and securing additional critical inventory are also measures adopted by the Group in this regard.

Foreign Currency

The volatility and strength of the Ringgit, susceptible to uncertainties in the global economic environment, is an identified risk to the Group. A weakened Ringgit leads to higher cost of raw materials and imported finished goods, resulting in profit margin compression. Effort is continually directed at securing more competitive pricing from alternate sources, reducing wastage and eliminating inefficiencies in operations in order to preserve profit margins.

Regulatory Compliance

The development, manufacturing and distribution of pharmaceuticals are closely regulated in all the markets the Group operates. Regulatory compliance is critical in ensuring uninterrupted manufacturing and distribution operations. Compliance is not restricted to current standards, but also to ensure that the Group's manufacturing and distribution infrastructure is prepared for anticipated future standards when implemented. To manage regulatory compliance risks, the Group has established procedures and mechanisms to assure full compliance and periodically invests in major infrastructure upgrades in anticipation of future regulatory demands. Ongoing costs are incurred to comply with relevant laws, regulations and standards to avert any deficiencies which would result in additional costs for corrective measures. The construction of SPP NOVO and the various standards attained by the manufacturing and distribution businesses are initiatives taken to mitigate regulatory compliance risks.

Incidents of unanticipated global product safety alerts and recalls may rise. New regulations pertaining to the registration and renewal of pharmaceutical products by the regulatory authorities in the jurisdictions which the Group operates may delay approvals and increase the costs of compliance. In this regard, the Group constantly engages the regulatory and governmental authorities with active participation in pharmaceutical-related associations to prepare the Group, enabling it to anticipate and to respond to changes optimally.

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

Data and ERP Integrity

The strict management of proprietary, personal and confidential data and the stable operations of the Group's ERP systems is another key concern and risk, as the loss or corruption of such data and prolonged systems failures can result in loss of competitiveness and business opportunities.

Any material failure of the ERP systems due to natural disasters or security breaches could affect the performance of critical business operational functions or the loss of key business data, which could materially and adversely affect business operations. Stringent controls are in place for the management of data and ERP integrity which become particularly exigent as employees work from home. ERP systems are rigorously maintained, tested and upgraded periodically to ensure operational reliability, continuity and stability.

Amid the COVID-19 pandemic, cybersecurity risks have intensified, particularly with widespread remote working and increased online interactions. In the current environment, remaining cyber-resilient and building stakeholder trust in the Group's data security and privacy practices are strategic imperatives. With cyber-attacks against critical infrastructure becoming a growing threat, the Group has enhanced its technological resilience to ensure good cyber hygiene practices. The Group's Information Technology ('Group IT') department ensures all staff are well trained on adherence to strict protocols in the management of proprietary, confidential and personal data. Data and ERP Systems integrity is subject to periodic internal audits.

Loss of Key Principals

The Group is mindful of the risks associated with high dependency on revenue contributions from key external principals. Competition is strong in the pharmaceutical distribution sector with aggressive margin pressure from competitors. The probability of internal reorganization or business restructuring by key external principals exists, and turnover of key contact persons may impact business relationships built over time. The Group's external principals may decide not to renew their working relationship with the Group either entirely or in respect of limitation of business model or product portfolio for various reasons, including but not limited to their decision to conduct the sale and marketing of their products themselves or to change the local distributor of their products. To ensure retention of key external principals, the Group engages key external principals closely and ensure all deliverables and performance indicators are always met or exceeded.

Disease Epidemics

The COVID-19 pandemic has triggered the deepest economic recession in nearly a century, threatening health, disrupting economic activity, and hurting well-being and jobs. It will not be the last pandemic and outbreaks of infectious diseases are becoming more common and pose a major threat to livelihood and global economy. As a risk mitigation measure, the Group has pandemic specific Business Continuity Plans covering the key business operational risks including human resource management, processes and business functions, supplier and customer management and communications with stakeholders.

INTERNAL AUDIT FUNCTION

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

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

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

- Distribution and warehousing in Malaysia business units: Procurement and Credit Control and Collection;
- Distribution and warehousing in Singapore business unit: Inventory Management and Revenue and Receivables; and
- Cybersecurity of the IT network of Malaysia business units.

The result of their reviews is reported directly to the Audit Committee which includes significant internal audit findings, recommendations for improvements, Management's response and proposed action plans. Follow-up reviews of the implementation of action plans are carried out to ensure that the matters highlighted in the internal audit reports have been adequately addressed.

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

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

As a response to border restrictions arising from the COVID-19 pandemic in 2021, the Group has appointed a Singapore-based outsourced internal auditor to conduct physical audit for the Group's Singapore operating subsidiaries to complement Malaysia-based outsourced internal auditor in the discharge of their professional functions. The costs incurred in maintaining the outsourced internal audit function for the financial year ended 31st December 2021 amounted to RM 78,400.

OTHER KEY ELEMENTS OF INTERNAL CONTROL

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

1. Control Environment

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

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

- Whistleblowing Policy & Procedure
  The Group has a Whistleblowing Policy and Procedure to provide an avenue for staff or any external party to report any breach or suspected breach of any laws or regulations and the Groups' policies and procedures, in a safe and confidential manner.

- Anti-Corruption Framework & Practices
  The Group has put in place an anti-corruption framework to demonstrate the Group's stance and initiatives on combating corruption. The Group's anti-corruption framework are developed in line with the TRUST framework promulgated by the Prime Minister's Department of Malaysia. Anti-corruption guidelines and practices provided in the Group's anti-corruption framework are constantly monitored for its compliance.

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

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

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

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

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

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

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

2. Information and Communication

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

3. Review and Monitoring Process

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

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

ASSURANCE PROVIDED BY THE GROUP SENIOR MANAGEMENT

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

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The External Auditors have performed limited assurance procedures on this Statement on Risk Management and Internal Control ('the Statement') in accordance with Malaysian Approved Standard on *Assurance Engagements, ISAE 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and Audit and Assurance Practice Guide 3 ('AAPG 3'), *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report* issued by the Malaysian Institute of Accountants ('MIA') for inclusion in the Annual Report of the Group for the year ended 31st December 2021, and reported to the Board that nothing has come to their attention that causes them to believe the statement intended to be included in the Annual Report is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Guidelines, nor is the Statement factually inaccurate.

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

CONCLUSION

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

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

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

The Board has granted its approval on 23rd February 2022 that this Statement on Risk Management and Internal Control be included in the Company's Annual Report 2021.

REPORT OF THE AUDIT COMMITTEE

The Board of Directors ('Board') of Apex Healthcare Berhad ('the Company') is pleased to present the report of the Audit Committee for the financial year ended 31st December 2021.

This Audit Committee Report provides insights on how the Audit Committee discharged its functions and duties during the financial year ended 31st December 2021 with the details as follows:-

COMPOSITION OF AUDIT COMMITTEE AND ATTENDANCE RECORD

The Audit Committee (hereinafter referred to as the 'AC') currently consists of three members, all of whom are Independent Non-Executive Directors. The Chairman of the AC is a Chartered Accountant.

The members of AC and their attendance at the AC meetings held during the financial year ended 31st December 2021 are as follows:

Director	Position	Attendance					Total
		24th Feb	25th Mar	19th May	19th Aug	17th Nov	
Heng Su-Ling Mae (Chairman of AC)	Independent Non-Executive Director	√	√	√	√	√	5/5
Datuk Noharuddin Bin Nordin @ Harun*	Senior Independent Non-Executive Director	√	√	√	√	√	5/5
Datuk Phang Ah Tong	Independent Non-Executive Director	√	√	√	√	√	5/5
Leong Khai Cheong**	Independent Non-Executive Director	-	-	-	√	√	2/2
Total Attendance		3/3	3/3	3/3	4/4	4/4	

Datuk Noharuddin Bin Nordin @ Harun ceased as a member of AC on 1st January 2022.
** *Mr Leong Khai Cheong was appointed as a member of AC on 2nd August 2021.*

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

ACTIVITIES OF THE AUDIT COMMITTEE

During the financial year ended 31st December 2021, the AC in the discharge of its duties and functions carried out the following activities:

- Evaluated the Audit Plan presented by the External Auditors, Ernst & Young PLT ('EY') including but not limited to the audit analytics used, the assessment of professional independence, the manpower of the audit engagement team, the concept of materiality, the potential areas of audit emphasis, the coordination with the auditors of the Group Associate, the audit reliance placed with the internal auditors and the audit timeline for the full audit engagement. Included in this Audit Plan is an annual statement from EY that the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants are complied with;

- Reviewed the Audit Results of the External Auditors, EY which include the audit scope changes, the significant accounting and auditing issues, the qualitative aspect of accounting policies and the summary of audit difference, if any;

- Reviewed the Annual Inspection Report 2020 issued by Securities Commission Malaysia's (SC) Audit Oversight Board (AOB) and the Annual Transparency Reporting submitted by EY;

- Reviewed the assistance provided by Management to the External Auditors and Internal Auditors;

- Reviewed the reports of the Internal Auditors on Principal Risks Assessment conducted with key Management for the Company and Group;

- Reviewed the Internal Audit report on Inventory Management and Revenue and Receivables of Apex Pharma Marketing Pte Ltd ('APS');

- Reviewed the Internal Audit report on Procurement and Credit Control and Collection of Apex Pharmacy Marketing Sdn Bhd ('APM') and ABio Marketing Sdn Bhd ('ABIO');

- Reviewed the performance of External Auditors and recommended to the Board for re-appointment;

- Reviewed the one year Internal Audit Plan submitted by the Internal Auditors;

- Conducted private sessions with the External and Internal Auditors in the absence of the Management in conjunction with AC Meetings;

- Reviewed the draft Statement on Risk Management and Internal Control for inclusion in the Annual Report 2020;

- Verified the allocation of options pursuant to the Group's Executive Share Option Scheme ('ESOS') at the end of each financial year;

- Reviewed the draft announcement at the end of each quarter prior to approval for release to Bursa Malaysia Securities Berhad by the Board of Directors;

- Reviewed the draft financial statements at the end of financial year;

- Reviewed the Group's Summary of Corruption Risks Assessment, Anti-Corruption Policy Statement, Whistleblowing Policies and Statement, Anti-Corruption Monitoring Programme in relation to Malaysian Anti-Corruption Commission Act 2009 (Act 694); and

- Reviewed and recommended the draft AC Report to the Board for approval and inclusion in the Company's Annual Report 2020.

INTERNAL AUDIT FUNCTION

Resolve IR Sdn Bhd has been appointed as the new outsourced Internal Auditor ('IA') of the Group effective from January 2021. As a response to border restrictions arising from the COVID-19 pandemic in 2021, the Group has appointed BDO Advisory Pte Ltd ('BDO'), a Singapore-based outsourced internal auditor to conduct physical audit for the Group's Singapore operating subsidiaries to complement Resolve in the discharge of their professional functions. The cost incurred for Internal Audit Services by both the out-sourced IAs in respect of 2021 was RM 78,400.

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

During the financial year ended 31st December 2021, the Internal Auditors undertook the following activities:

- Attended and reported to the AC at four of five AC meetings held during the year 2021;

- Conducted a Principal Risks Assessment with key Management of the Company and Group and reported the findings to the AC;

- Reviewed and reported on Inventory Management and Revenue and Receivables of APS;

- Reviewed and reported on Procurement and Credit Control and Collection of APM and ABIO; and

- Followed up on previous auditable activities of APS to ensure compliance of recommendations of Internal Auditors by Management.

REPORT OF THE REMUNERATION COMMITTEE

The Board of Directors ('Board') of Apex Healthcare Berhad ('the Company') is pleased to present the report of the Remuneration Committee for the financial year ended 31st December 2021.

This Remuneration Committee Report provides insights on how the Remuneration Committee discharged its functions and duties during the financial year ended 31st December 2021 with the details as follows:-

COMPOSITION OF REMUNERATION COMMITTEE AND ATTENDANCE RECORD

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

Director	Position	Attendance	Total
		25th Feb	
Datuk Phang Ah Tong (Chairman of RC)	Independent Non-Executive Director	√	1/1
Robert Dobson Millner	Non-Independent Non-Executive Director	√	1/1
Jackson Chevalier Yap-Kit-Siong	Independent Non-Executive Director	√	1/1
Total Attendance		3/3	

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

ACTIVITIES OF THE REMUNERATION COMMITTEE

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

- Assessed the performance of the Chief Executive Officer ('CEO') and determined his performance bonus for financial year 2020 and adjustments to salary for financial year 2021;
- Reviewed and approved the recommendations of the CEO in respect of performance bonuses for financial year 2020 and salary adjustments and promotions for Senior Management of Apex Healthcare Berhad Group for financial year 2021;
- Reviewed and approved Key Performance Indicators for financial year 2021 for the CEO and Group's Senior Management;
- Reviewed and recommended the Directors' Fees and any benefits payable to Directors for financial year 2020 to be tabled for shareholders' approval in Annual General Meeting in May 2021;
- Recommended the provision of Directors' Fee and any benefits payable to Directors for financial year 2021; and
- Reviewed and recommended the draft Annual RC Report to the Board for approval and inclusion in the Company's Annual Report 2020.

DIRECTORS' REMUNERATION

The detailed disclosure on named basis for the remuneration of individual Directors with remuneration breakdown including fees, salary, bonus, pension costs, benefits-in-kind and other emoluments for the financial year 2021 is as follows:

REPORT OF THE REMUNERATION COMMITTEE (CONT'D)

Company

Director	Remuneration						
	Fees	Salary	Bonus	Pension Costs	Benefits-in-kind	Emoluments	Total
Executive Director							
Dr Kee Kirk Chin	66,800	57,097	39,719	17,953	107,682	-	289,251
Non-Executive Directors							
Robert Dobson Millner	-	-	-	-	-	-	-
Datuk Noharuddin Bin Nordin @ Harun	102,900	-	-	-	-	-	102,900
Heng Su-Ling Mae	111,900	-	-	-	-	-	111,900
Datuk Phang Ah Tong	112,800	-	-	-	-	-	112,800
Jackson Chevalier Yap-Kit-Siong	79,600	-	-	-	-	-	79,600
Kee Kirk Chuen	56,800	-	-	-	-	-	56,800
Leong Khai Cheong*	35,564	-	-	-	-	-	35,564
Total	**566,364**	**57,097**	**39,719**	**17,953**	**107,682**	**-**	**788,815**

Group

Director	Remuneration						
	Fees	Salary	Bonus	Pension Costs	Benefits-in-kind	Emoluments	Total
Executive Director							
Dr Kee Kirk Chin	66,800	837,557	2,345,792	84,850	107,682	-	3,442,681
Non-Executive Directors							
Robert Dobson Millner	-	-	-	-	-	-	-
Datuk Noharuddin Bin Nordin @ Harun	102,900	-	-	-	-	-	102,900
Heng Su-Ling Mae	111,900	-	-	-	-	-	111,900
Datuk Phang Ah Tong	112,800	-	-	-	-	-	112,800
Jackson Chevalier Yap-Kit-Siong	79,600	-	-	-	-	-	79,600
Kee Kirk Chuen	56,800	-	-	-	-	-	56,800
Leong Khai Cheong*	35,564	-	-	-	-	-	35,564
Total	**566,364**	**837,557**	**2,345,792**	**84,850**	**107,682**	**-**	**3,942,245**

* *Mr Leong Khai Cheong was appointed as an Independent Non-Executive Director on 2nd August 2021.*

REPORT OF THE NOMINATION COMMITTEE

The Board of Directors ('Board') of Apex Healthcare Berhad ('the Company') is pleased to present the report of the Nomination Committee for the financial year ended 31st December 2021.

This Nomination Committee Report provides insights on how the Nomination Committee discharged its functions and duties during the financial year ended 31st December 2021 with the details as follows:

COMPOSITION OF NOMINATION COMMITTEE AND ATTENDANCE RECORD

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

Director	Position	Attendance	Total
		25th Feb	
Datuk Noharuddin Bin Nordin @ Harun (Chairman of NC)	Senior Independent Non-Executive Director	√	1/1
Robert Dobson Millner	Non-Independent Non-Executive Director	√	1/1
Heng Su-Ling Mae	Independent Non-Executive Director	√	1/1
Total Attendance		3/3	

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

ACTIVITIES OF THE NOMINATION COMMITTEE

The activities of the NC during the financial year 2021 include:

- Reviewed the composition of the Board and Board Committees with regards to the mix of skills, independence and diversity in accordance with its policy as stated in the Group's Corporate Governance Report to ensure compliance;

- Assessed and reviewed the independence and continuing independence of the Independent Directors;

- Assessed the effectiveness and performance of the Board, Directors and Board Committees for the financial year 2020. This is carried out through a self-assessment document that is completed by each Director and reviewed by the NC. Assessment criteria include the following:
  - Board composition
  - Board process
  - Performance of Board Committees
  - Information provided to the Board
  - Role of the Board in strategy and planning
  - Risk management framework
  - Accountability and standard of conduct of Directors

- Reviewed and assessed on behalf of the Board the training record and needs of each Director, and proposed training courses to meet any shortfall or gaps in knowledge;

- Determined the Directors to stand for re-election at the 2021 Annual General Meeting on 20th May 2021;

- Reviewed the character, experience, integrity and competence of all the Directors, the Chief Executive Officer and Chief Financial Officer / Financial Controller and assessed their performance in 2020, paying attention to whether each of the Non-Executive Directors has made available sufficient time to discharge their responsibilities and duties;

- Reviewed the term of office and performance of the Audit Committee ('AC') and each of its members to ascertain that the AC and its members have carried out their duties in accordance with the AC Terms of Reference; and

REPORT OF THE NOMINATION COMMITTEE (CONT'D)

- Reviewed and recommended the draft NC Report to the Board for approval and inclusion in the Company's Annual Report 2020.

Attendance Record at Board Meetings in the financial year 2021:-

Director	Position	Attendance				Total
		25th Feb	20th May	19th Aug	17th Nov	
Dr Kee Kirk Chin	Chairman & CEO	√	√	√	√	4/4
Robert Dobson Millner	Non-Independent Non-Executive Director	√	√	√	√	4/4
Datuk Noharuddin Bin Nordin @ Harun	Senior Independent Non-Executive Director and Chairman of Nomination Committee	√	x	√	√	3/4
Heng Su-Ling Mae	Independent Non-Executive Director and Chairman of Audit Committee	√	√	√	√	4/4
Datuk Phang Ah Tong	Independent Non-Executive Director and Chairman of Remuneration Committee	√	√	√	√	4/4
Jackson Chevalier Yap-Kit-Siong	Independent Non-Executive Director	√	√	√	√	4/4
Kee Kirk Chuen	Non-Independent Non-Executive Director	√	√	√	√	4/4
Leong Khai Cheong*	Independent Non-Executive Director	-	-	√	√	2/2
Total Attendance		7/7	6/7	8/8	8/8	

* *Mr Leong Khai Cheong was appointed as an Independent Non-Executive Director on 2nd August 2021.*

The Secretary was present at all Board Meetings held in the financial year 2021.

DIRECTORS' TRAINING

The Directors of the Company had attended the following training programmes/seminars during the financial year ended 31st December 2021:-

Director	Date	Subject
Dr Kee Kirk Chin	25th February 2021	NUS Medicine, NUHS, NUS NIC & GOARN Present - COVID-19: Updates from Singapore (Webinar Series)
	18th March 2021	COVID-19 Vaccinations: Public Health Scenarios & Implications for Businesses
	26th April 2021 to 27th April 2021	Adopting Balanced Scorecard as a Strategic Framework : The Link between Strategy and Successful Execution
	Q2 2021	The Official Blue Ocean Online Certificated Course: Create A Business Strategy That Sets You Apart
	23rd July 2021	Competition Law: Business Strategies and Compliance
	17th December 2021	Cybersecurity Update
Robert Dobson Millner	23rd July 2021	Competition Law: Business Strategies and Compliance
	17th December 2021	Cybersecurity Update

REPORT OF THE NOMINATION COMMITTEE (CONT'D)

Director	Date	Subject
Datuk Noharuddin Bin Nordin @ Harun	8th July 2021	ICDM Advocacy Dialogue - Launch of the 2020 Malaysian Board Practices Review Report
	21st July 2021	KPMG Board Leadership Center Exclusive - The New Reality of Cyber Hygiene
	22nd July 2021	ESG Reporting Health Check
	23rd July 2021	Competition Law: Business Strategies and Compliance
	13th December 2021	2022 ASEAN Board Trends: What Keeps You Awake at Night?
	14th December 2021	Your Biggest "S" in ESG: Sustainable Human Capital Management & Workplace Transformation
	15th December 2021	Demystifying Investors' ESG Expectations, the Do's & Don'ts
	16th December 2021	Rethink, Reimagine & Redesign: Business Model of the Future
	17th December 2021	Cybersecurity Update
Heng Su-Ling Mae	21st January 2021	Navigating Data Protection Security Concerns in the WFH Economy (Webinar)
	3rd February 2021	Moore Asia Pacific Webinar: IFRS 3 Business Combinations
	8th February 2021	OCBC Global Treasury Webinar: Brave New World in 2021
	23rd February 2021	CCS - MS Singapore Budget Webinar 2021
	9th March 2021	Singapore Budget 2021 – Main Webcast
	10th March 2021	An Analysis of Recent Tax Cases in Singapore and Their Ramifications on Business
	11th March 2021	Driving Transformation Through Upskilling and Reskilling
	11th March 2021	Updates and Developments on Employment Tax and Employee Remuneration reporting Requirements
	12th March 2021	Transfer Pricing: Understanding COVID-19 Positions of OECD and the IRAS and their Impact on Business
	12th March 2021	The evolution of Digital Services Tax and Its Impact on Business in Singapore and ASEAN
	7th May 2021	SGX Regulatory Symposium 2020: Market Needs in a Changing Landscape
	8th July 2021	ICDM Advocacy Dialogue - Launch of the 2020 Malaysian Board Practices Review Report
	23rd July 2021	Competition Law: Business Strategies and Compliance
	14th October 2021	Q3 2021 Real Estate Market Updates
	27th October 2021	Moore APAC Webinar IFRS 9 Practical Application – Expected Credit Loss
	30th November 2021	Board Governance of SPACs
	13th December 2021	2022 ASEAN Board Trends: What Keeps You Awake at Night?
	14th December 2021	Your Biggest "S" in ESG: Sustainable Human Capital Management & Workplace Transformation
	15th December 2021	Demystifying Investors' ESG Expectations, the Do's & Don'ts
	16th December 2021	Rethink, Reimagine & Redesign: Business Model of the Future
	17th December 2021	Cybersecurity Update

REPORT OF THE NOMINATION COMMITTEE (CONT'D)

Director	Date	Subject
Datuk Phang Ah Tong	14th January 2021	Implementing amendments in the Malaysian Code on Corporate Governance
	24th May 2021	Sustainability Reporting Workshop for Practitioners
	9th June 2021	BNM-FIDE Forum Dialogue on the Future of Malaysia's Financial Sector
	23rd June 2021	JC 3 Flagship Conference 2021- Finance of Change
	22nd July 2021	Cyber Security Awareness
	22nd July 2021	AML- Heightened Regulatory Expectations on the Roles of the BODs
	23rd July 2021	Competition Law: Business Strategies and Compliance
	17th December 2021	Cybersecurity Update
Jackson Chevalier Yap-Kit-Siong	23rd July 2021	Competition Law: Business Strategies and Compliance
	17th December 2021	Cybersecurity Update
Kee Kirk Chuen	21st July 2021	KPMG Board Leadership Center Exclusive - The New Reality of Cyber Hygiene
	23rd July 2021	Competition Law: Business Strategies and Compliance
	17th December 2021	Cybersecurity Update
Leong Khai Cheong*	17th December 2021	Cybersecurity Update

* *Mr Leong Khai Cheong was appointed as an Independent Non-Executive Director on 2nd August 2021.*

SUSTAINABILITY STATEMENT

Apex Healthcare Berhad ('AHB' or 'the Company'), with its mission of 'Restoring Health, Enhancing Life' upholds sustainability in all aspects of its business operations and in a way which brings value to all stakeholders.

The Sustainability Statement of AHB ('Sustainability Statement') sets out its approach towards sustainable development and management of economic, environmental and social risks and opportunities, based on a foundation of considering the impact of its business endeavours on the economic conditions of its stakeholders ('Economic'), on living and non-living natural systems ('Environmental') and on the social system ('Social').

A. GOVERNANCE STRUCTURE

As there is no "one size fits all" approach, the Board of Directors ('the Board') of AHB adopts a sustainability governance approach that is fit for the AHB Group ('the Group') considering amongst others, its culture, needs, sustainability-related risks and opportunities and level of maturity of its sustainability thinking and readiness.

The Board is responsible for embedding sustainability into the Group to complement its business strategy. The Board reviews and approves AHB's sustainability strategies and ensures that adequate resources, systems and processes are in place for managing sustainability matters. The Board sets the tone from the top and assumes the highest governance body in setting the Group's purpose, values and strategies which incorporate sustainability considerations. Ultimately, the Board is accountable for managing sustainability matters in AHB.

To strengthen risk oversight including sustainability risks, the Board has established a dedicated Board Committee, namely the Risk and Sustainability Committee with effect from 1st January 2022. The role of the Risk and Sustainability Committee is critical in integrating sustainability risks and opportunities into the Group's risk management framework for effectiveness. The Risk and Sustainability Committee comprises exclusively of Non-Executive Directors, the majority of whom are independent with its duties specified in its Terms of Reference which are reviewed from time to time.

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

- Ensure that the Group's sustainability efforts are aligned with the long-term business strategy taking into account the business environment within which AHB operates and the interests of its stakeholders.
- Oversee, review and make recommendations to the Board regarding AHB's material economic, environmental and social matters impacting its principal businesses
- Annually review and present to the Board for approval of AHB's Sustainability Statement for inclusion in its Annual Report.
- Undertake any other duties as may be assigned by the Board from time to time in relation to sustainability matters.

The ultimate responsibility for decisions and recommendations taken by the Risks and Sustainability Committee rests with the Board as a whole.

Since 2018, a Sustainability Committee comprising the Chief Executive Officer ('CEO') as Chairman of the Sustainability Committee and members of the Executive Committee, namely the Chief Operating Officers and Financial Controller, has been established by the Company for purpose of supporting the Board in implementation of sustainability-related strategies. The Sustainability Committee has been charged with the responsibility of implementing and monitoring sustainability-related strategies, measures and actions in achieving AHB's sustainability goals as approved by the Board.

With the establishment of the Risk and Sustainability Committee, the Sustainability Committee has been renamed the Sustainability Management Committee* and continues to discharge its duties and functions under the oversight of the Risk and Sustainability Committee. The Sustainability Management Committee is responsible and accountable to the Risk and Sustainability Committee in identifying, evaluating, monitoring and managing Economic, Environmental and Social ('EES') risks and opportunities and ensuring all material sustainability matters are being considered and managed by the Group through its business

* *In view of the change of name from 'Sustainability Committee' to 'Sustainability Management Committee', the two terms are used interchangeably in the context of this Sustainability Statement.*

operations including stakeholder engagement and materiality assessment. The preparation of sustainability disclosures as required by the laws and regulations including the Sustainability Statement is undertaken by the Sustainability Management Committee. The Sustainability Statement for Annual Report 2021 is reviewed by the Risk and Sustainability Committee for recommendation to the Board for approval for inclusion in the Annual Report of AHB.

For the day-to-day management of sustainability issues and to support the Sustainability Management Committee in implementing sustainability initiatives are designated personnel from the subsidiaries of the Group who report to the Sustainability Management Committee. These personnel serve as touchpoints to gather input from the relevant departments or functions, execute sustainability plans and support the Sustainability Management Committee in ensuring robust processes are in place.

B. MATERIALITY ASSESSMENT PROCESS

Objectives

Through the materiality assessment, AHB endeavours to optimize identification of material sustainability matters with a view to enhance the Group's strategic planning, operational management and business decision-making and enabling stakeholders to make better informed decisions.

The Group's context and scope

The context within which the Group operates is examined to gain a broad knowledge of the sustainability issues. As sustainability is a risk management tool which helps the Group to evaluate its management of business operations, the Sustainability Management Committee regularly identifies and categorizes issues which the Group should consider and assesses the impact of those issues on the business over the near, medium and long-term. Sustainability issues are identified from a combination of internal and external sources. The main internal sources are derived from internal analysis of trends that are relevant to AHB, its business strategies taking into account the Group's short, medium and long-term goals and risk management assessments of the Group as discussed during monthly Management Meetings, Sustainability Committee Meetings, Board Strategy Forum and Board Meetings. The external sources are obtained from concerns raised by business partners, customers, stakeholders during stakeholder engagements including but not limited to Annual General Meeting and sessions with analysts and media, examination of emerging and development of relevant laws and regulations and business environment which impact on sustainability.

The scope within which materiality of sustainability issues would apply is then determined. Xepa-Soul Pattinson (Malaysia) Sdn Bhd ('XEPA') and Apex Pharmacy Marketing Sdn Bhd ('APM') are key subsidiaries of AHB. The Board considers it appropriate in this regard to limit the scope of the materiality assessment and by extension the sustainability disclosure to XEPA and APM. Nevertheless, as the Group endeavours to enhance socioeconomic benefits and create a positive social impact to the immediate communities surrounding its operations, the contributions made by any wholly owned subsidiaries of AHB are taken into account with regard to Community Investment. For Training and Development, the training hours of employees of AHB's wholly owned subsidiary, ABio Marketing Sdn Bhd ('ABIO') are also taken into consideration. Whilst for other sustainability matters, the geographical boundary of their materiality assessment is confined within Malaysia as XEPA and APM operate predominantly in Malaysia. The scope within which materiality applies as far as operations are concerned is limited to manufacturing and distribution as they are the core operations of XEPA and APM respectively.

Stakeholder Engagement

In the overall objective of identifying and prioritizing material sustainability matters, AHB engages with different stakeholder groups as such interactions are crucial to identify, prioritize and address material sustainability matters. Engagements are carried out on a regular basis with various stakeholders as they are integral to the business development and commitment of the Group to sustainability. For effective engagement with its stakeholders, various platforms are employed including but not limited to the following :

SUSTAINABILITY STATEMENT (CONT'D)

Stakeholder groups	Issues of Interest	Platforms of engagement
Employees	• Training and development • Performance management • Career development • Company policies and procedures • Contribution of company to community	• Training and Development programs • Staff performance appraisals • On-Board Inductions • Circulation of internal policies • Group Corporate Briefings • Community investment programs • CEO Engagement Sessions
Shareholders	• Group financial performance • Group business strategies • Sustainability policies	• Annual General Meeting • Website of AHB • Annual Report • Quarterly Reports • Announcements to Bursa Malaysia Securities Berhad issued by AHB from time to time
Communities	• Community investment • Social, health and environmental management of the Group • Impact of business operations • Ethical business conduct • Transparency and accountability	• B2C e-commerce websites : **www.apexpharmacy.com.my** (Malaysia) **https://shop.apexpharma.com.sg/** (Singapore) • Community investment programs • Health screenings • Public health talks • Website of AHB • Annual Report • Quarterly Reports • Announcements to Bursa Malaysia Securities Berhad issued by AHB from time to time
Customers	• Product availability and price points • Product quality and efficacy • Delivery service • Competence of manufacturing and sales personnel	• Instant messaging apps e.g. WhatsApp • Social media platforms e.g. Facebook, Instagram • B2C e-commerce websites : **www.apexpharmacy.com.my** (Malaysia) **https://shop.apexpharma.com.sg/** (Singapore) • B2B e-commerce websites : **http://online.apexpharma.com.my/** (Malaysia) **http://online.apexpharma.com.sg/** (Singapore) • Meetings with sales personnel (online and/or face-to-face) • Advertisements • Promotional campaigns • Public health talks • Continuing medical education talks for medical professionals (webinars) • Health screenings Website of AHB
Government	• Compliance with laws and regulations • Social, health and environmental management of the Group • Community investment	• Dialogues, seminars and meetings • Memberships in pharmaceutical-related organisations • Website of AHB

The Board is cognizant of the fact that engaging with all issues and concerns expressed by all stakeholder groups are resource-intensive and inefficient. The Group therefore identifies and prioritizes issues which are most relevant to each of its stakeholder groups. Each stakeholder group is weighted by the Sustainability Management Committee based on their influence on AHB's achievement of strategic objectives and their dependence on AHB's operations. In the context of AHB, the prioritized stakeholder groups which been identified are Employees, Shareholders and Communities.

Prioritization of Sustainability Matters

The sustainability issues which have been identified and categorized taking into account stakeholders' input encompass training and development of employees, reduction of energy consumption, community investment, digitalization and waste management. These issues are further assessed and prioritized based on their materiality in the context of the Group.

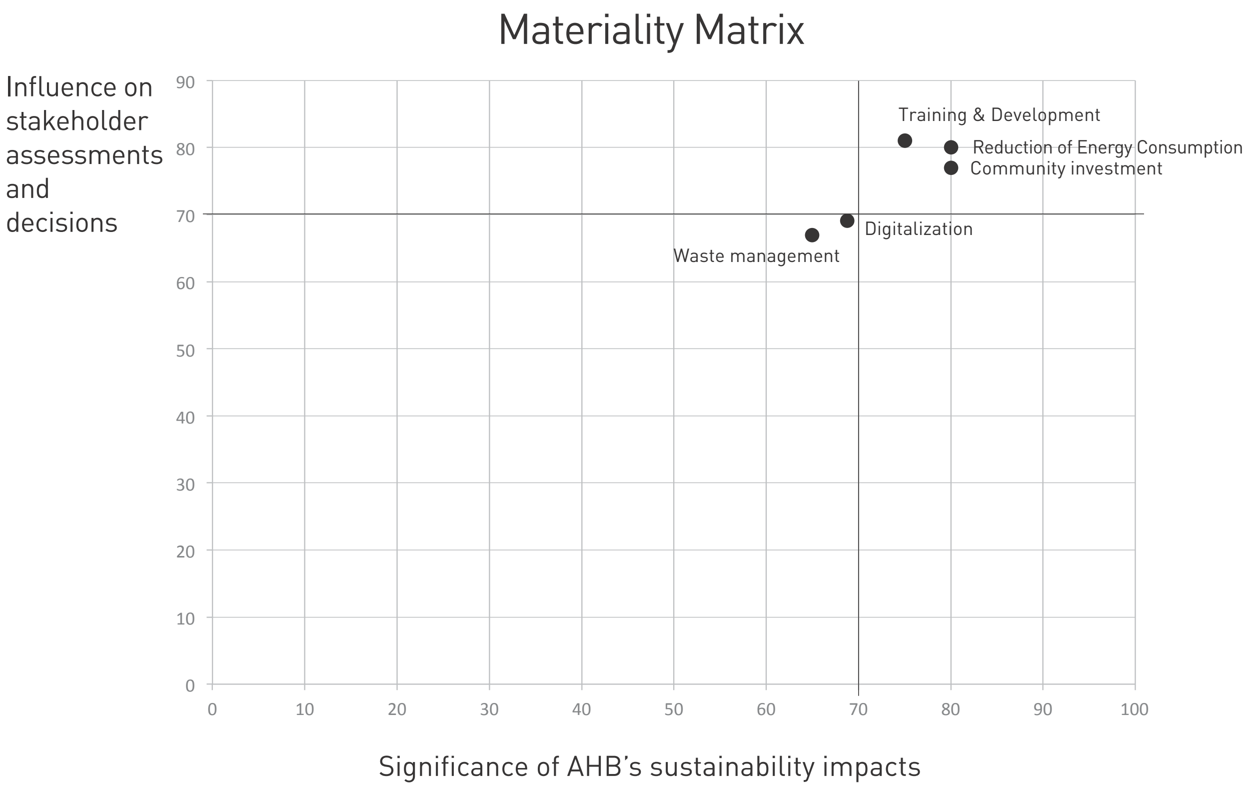
C. MATERIAL SUSTAINABILITY MATTERS

Sustainability matters are considered material if they reflect AHB's significant EES impacts or substantively influence the assessments and decisions of stakeholders. The Sustainability Management Committee employs a Materiality Matrix as a tool to determine the degree of materiality of each identified sustainability matter. This tool takes into consideration the significance of the Group's EES impacts (x-axis) and the influence of sustainability matters on stakeholder assessments and decisions (y-axis).

The closer a sustainability matter is to the upper right corner of the Materiality Matrix, the more material the sustainability matter is. AHB determines the materiality threshold to be 70% for each axis taking into consideration the context within which the Group operates. Sustainability matters that fall beyond the materiality threshold will be considered as material. The following sustainability matters are considered material to the Group as they have the greatest significance to the Group's EES impacts and substantively influence stakeholders' decisions and interests:

1. Training and Development
2. Reduction of Energy Consumption
3. Community Investment

With respect to the materiality assessment conducted in 2021, the process and outcome of the exercise was reviewed by the Sustainability Committee and ultimately approved by the Board to ensure integrity and credibility of the materiality assessment. Upon the establishment of the Risk and Sustainability Committee from 1st January 2022, the Risk and Sustainability Committee will exercise its oversight over the materiality assessment conducted by the Sustainability Management Committee for approval by the Board.



D. MANAGEMENT OF MATERIAL SUSTAINABILITY MATTERS

Material Sustainability Matter: Social
Training and Development

Policy

The Group believes that a strong culture of learning plays a vital role in enhancing sustainable growth. As a matter of policy, the training and development framework and approach of the Group focuses on programs that will enhance leadership skills, broaden professional knowledge and elevate productivity. The development of employees' skills and knowledge is part of sustainable labour practices and in line with the United Nations Sustainable Development Goals (SDGs), specifically Quality Education (Goal 4).

Measures and Actions

The training and development framework of APM and ABIO ('APM/ABIO') aims to ensure new employees become effective as quickly as possible by providing requisite skills and knowledge needed for their jobs, assist existing employees to improve their performance and competencies in their current jobs and retrain and equip existing employees for future development and higher responsibilities to support APM/ABIO's competitive strategy. The framework of APM/ABIO's training and development for various categories of employees is as follows:

No	Training Focus	Types of Training	Categories
1	Acclimatize & Adapt to Work and Environment	Employee Induction Program	New employees
2	Skill Set Enhancement	Ad hoc On-the-Job Training	All employees
3	Knowledge Development	Product Training	All employees involved in sales, marketing and customer service
4	(i) Talent Development (ii) Competencies Development	Public Seminar/In-House Workshops/Webinars	(i) All employees (ii) Executives/Managers
5	Fostering Cordial Work relationship	Team Huddles	All employees
6	Leadership Development	One-to-One Sessions/ Mentorship/Assignments	High potential management level employees

XEPA's training and development framework aspires to form a skilled workforce that is motivated, ready for challenges and able to adapt to an evolving environment. The framework is guided by the learning objectives for different categories of employees as illustrated below:

No	Learning Objectives	Training Method	Categories
1	Orientation & On-boarding program To introduce to new hires • Vision and core values of the company • Culture and company policies • Organizational structure • Relevant job skills, and address all the topics that employees need to do their job well.	a. Face to face b. Online c. Tea Talk with Executive Director	All employees

No	Learning Objectives	Training Method	Categories
2	Technical, Functional Skills & Competency Programs To achieve continuous improvement • Enhancement of existing skills • Mastering new ones	a. On-the-job training b. Public courses c. Multitasking	All employees
3	Soft Skills & Self Development • Essential for job growth. It is a combination of personality traits, behaviors, and social attitudes. • To help build corporate culture and improve work relationships and allow employees to communicate, collaborate, and manage conflict effectively.	a. Development Program aligning to Xepa Core Values b. Lateral Development • Visits to industries: sharing and exchange idea of best practices • Mentorship Program c. Cross functional learning d. Living Skills Program • Culture & Inclusion Program • Project Management Skills • Time Management Skills • Problem Solving Skills • People Skills • Communication Skills e. Movie Day Program	Executives
4	Shopfloor Operations Training • On-going skills training to keep operations staff up-to-date on new products and process	a. On-the-job training b. Refresher program c. Buddy system	Shopfloor employees
5	Compliance • To provide employees with the knowledge to fulfill certain legal obligations to perform their jobs as well as maintaining company's certification to run the business	a. Public courses, webinar, seminar b. Internal process briefing c. Inhouse workshop	Executives and Managers
6	Managerial and leadership training for employees with strong leadership potential • To prepare selected employees to grow into new and higher positions. • To prepare them for a job with a leadership role - deeper insights into leadership	a. External coaching program b. Internal Mentoring c. Internal Resource Speaker d. Project Work e. Personalized Development Program	Executives and Managers

XEPA is also recognized by the Pharmacy Board Malaysia as one of the Training Premises for Provisionally Registered Pharmacist ('PRP'). The PRPs are exposed to various areas relevant to pharmacy practice; encompassing production and packaging, laboratory testing, quality assurance, innovation and development, regulatory affairs and marketing and distribution. This accreditation further consolidates the commitment of the Group to providing training and development of junior pharmacists in their pursuit of professional excellence. In 2021, XEPA provided training for 2 PRPs.

SUSTAINABILITY STATEMENT (CONT'D)

Indicators

a. Choice of Indicators

The number of training hours per annum by employee category is adopted by the Board as the indicator. The number of training hours of employees of XEPA and APM/ABIO are organized in different job grades, namely 'Manager to Senior Manager', 'Executive' and 'Non-Executive'.

b. Baseline

Year 2015 is adopted as the baseline against which the data for training and development will be benchmarked to determine if the performance in this area has improved. The said year is adopted as the Board considers that a 2-year time period following the establishment of a formalized training and development platform in 2013 will be able to provide the Group reasonable experience in formalizing and structuring its training and development programs.

c. Measurement of Progress

The number of training hours of employees of XEPA and APM/ABIO from 2015 to 2021 are as follows:

No of training hours	2015	2016	2017	2018	2019	2020	2021
Manager to Senior Manager	5,080.00	3,787.50	3,333.00	3,860.00	2,892.50	3,528.00	6,524.00
Executive	5,885.50	6,258.50	5,580.50	5,452.00	6,364.50	7,445.00	9,695.00
Non-Executive	10,470.00	9,643.00	11,254.00	10,032.00	14,422.25	16,810.00	18,122.00
Total	**21,435.50**	**19,689.00**	**20,167.50**	**19,344.00**	**23,679.25**	**27,783.00**	**34,341.00**

The total training hours in 2021 translates to an average of 43 training hours per employee of XEPA and APM/ABIO. Despite the challenges of conducting training and development programs amid the COVID-19 pandemic, there was no let up in efforts in this regard. Continuous monitoring is conducted to provide a quantitative gauge that measures the adequacy of training and development provided to the employees. The number of training hours is reported on a yearly basis to allow the Group to track its performance and determine if any change is required to ensure the goal is still achievable.

Material Sustainability Matter: Environmental
Reduction of Energy Consumption

Policy

Energy efficiency plays an essential role in climate strategy. Reduction of energy consumed is important to the Group as a cost-saving measure and vital to reduction of greenhouse gas emissions. AHB's environmental policy is foremost to improve energy efficiency and minimize energy consumption ultimately reducing its carbon footprint as far as possible while ensuring that the relevant regulations and standards are met. Reduction of energy consumption is part of sustainable energy efficiency initiatives and meet SDGs Responsible Consumption and Production (Goal 12) and Climate Action (Goal 13).

Measures and Actions

In APM's main warehouse in Subang Jaya, environmentally-responsible and efficient technologies and systems are adopted to reduce energy emission including the use of energy-saving 22W LED lights. In XEPA, the replacement of air-cooled chiller with new water-cooled chiller in the form of HVAC cooling system at the Liquids and Solids Production Plants in Melaka, has led to optimization of energy consumption while providing effective cooling for the production plants. A second water-cooled chiller for SPP NOVO, the new Oral Solid Dosage manufacturing plan was acquired and operationalized in 2021.

The Ministry of Energy and Natural Resources will be implementing the Malaysia Renewable Energy Roadmap ('MyRER') to achieve the national aspiration of 31% renewable energy ('RE') capacity by 2025 and 40% by 2035. MyRER which has been prepared by the Sustainable Energy Development Authority ('SEDA') Malaysia outlines a strategic framework to achieve the country's RE development vision, namely 'Towards a Low Carbon Energy System'. The targeted increase in RE capacity reflects the Ministry of Energy and Natural Resources' commitment to supporting Malaysia's aspiration to achieve net-zero greenhouse gas emissions as early as 2050 as well as contributing to the nation's climate change commitment under the Paris Agreement[1].

In line with the Government's endeavours, XEPA fully operationalized its Solar Renewable Energy Project at its manufacturing site in Melaka in late June 2021. XEPA's Solar Renewable Energy Project is part of the business sustainability efforts in promoting the use of renewable energy to minimize environmental harm, reduce greenhouse gas emissions, minimize cost impact and ultimately improve the environment. Rated at 729 kWp, the system supplies an estimated 7% - 8% of the total electricity consumption at the site.

Information on average amount of energy consumption in kWh per million RM revenue by XEPA and APM from 2016 to 2021 is found in the section on 'Indicators' described below. In addition, the total savings and carbon dioxide avoidance contributed by the Solar Renewable Energy Project of XEPA are also set out in the said section.

Indicators

a. Choice of Indicators

The Group's indicator for energy consumption, as measured by the total energy consumed in terms of Kilowatt hour ('kWh') per million Ringgit ('RM') revenue of XEPA and APM, both entities being the key subsidiaries of AHB, is monitored monthly and reviewed regularly. The measures and actions taken are poised to improve energy efficiency and minimize energy consumption.

b. Baseline

The Group formalized the collection of data pertaining to energy conservation from XEPA and APM with effect from 2016 in accordance with Bursa Malaysia Securities Berhad's emphasis on a robust sustainability framework. Thus, year 2016 is adopted as the baseline.

c. Measurement of Progress

Average amount of energy consumption in kWh per million RM revenue by XEPA and APM from 2016 to 2021 are shown as follows:

Average kWh per million RM revenue	2016	2017	2018	2019	2020	2021	2020 vs 2021
XEPA	72,692	61,635	59,773	81,684	95,094	77,877	-18.1%
APM	4,155	3,808	3,777	3,718	4,042	4,292	6.2%

The Solar Renewable Energy Project in XEPA has played a pivotal role in reducing the average amount of energy consumption in kWh per million RM revenue in 2021 by 18.1% as compared with 2020. This Project has also enabled a savings of RM 174,384 since its commencement in late June 2021 to December 2021 while achieving carbon dioxide avoidance amounting to an aggregate of 330.67 tonnes during this period. This amount of carbon dioxide avoidance translates to fossil fuel avoidance and trees equivalent of 44.50 tonnes of oil equivalent and 8,267 trees respectively.

Meanwhile in APM, its energy consumption in kWh per million RM revenue in 2021 has increased by 6.2% as compared with 2020 due to installation of new air conditioning units and expansion of storage areas and cold rooms to support warehouse expansion. Overall system optimization has been implemented by APM as part of its electricity saving initiative to control energy consumption.

The Group is cognizant that the metric employed for the measurement of progress of this material sustainability matter is dependent on several factors including sales mix, logistics and warehousing required and geographical distribution of products. XEPA and APM will continue to monitor and measure the progress of their energy consumption on a monthly basis to provide a good point of reference for the Group to maximize operational efficiencies and ultimately to attain its sustainable energy efficiency objectives. As and when there are new measures and actions instituted proposed by the Management, the Sustainability Management Committee will review under the oversight of the Risk and Sustainability Committee and report to the Board.

Material Sustainability Matter: Economic Community Investment

Policy

To enhance socioeconomic benefits and to create a positive social impact, the Group's strategic sustainability direction as far as community investment is concerned involves voluntary contributions in the form of donations and sponsorships. Voluntary contributions by the Group are part of sustainable community investment initiatives and go a long way in meeting SDGs Zero Hunger (Goal 2), Good Health and Well-Being (Goal 3), Decent Work and Economic Growth (Goal 8) and Industry, Innovation and Infrastructure (Goal 9).

Measures and Actions

The Group supports cash contribution to the following causes as determined by Sustainability Committee, namely Education, Disadvantaged, and General; as well as non-cash contributions in the form of participation in exhibitions, roadshows and social outreach programs.

Indicators

a. Choice of Indicators

The Group's community investment is guided by contribution to the following causes: Education, Disadvantaged and General, the percentage of which is determined by the Sustainability Committee. The Sustainability Committee assesses and determines the quantum of contributions made by the Group as and when there are needs by the communities and may vary the weightage of contribution depending on the needs of the communities within which the Group operates.

b. Baseline

The Group formalized its endeavours towards community investment with effect from 2017 and as a result, year 2017 is adopted as the baseline for purpose of Economic sustainability reporting.

c. Measurement of Progress

In response to the COVID-19 pandemic, the Group continued its contribution to COVID-19 related causes in the form of cash, XEPA Hand Sanitizers and AGNESIA Antibacterial Powder amounting to RM 127,847. The beneficiaries include Government Hospitals and District Health Departments in Kuala Lumpur, Selangor, Seremban, Ipoh and Johor Bahru as well as Hospital Angkatan Tentera Tuanku Mizan in Kuala Lumpur, Ministry of Health Melaka and Malim Police Station in Melaka. To meet the critical need for life-saving medical equipment and essential medical supplies in hospitals, AHB supported CovidFund.my, an initiative by BAC Education Group with partners Rotary District 3300, Yayasan Kelab-Kelab Rotary Malaysia, The Malaysian Association of Hong Kong, and Make It Right Movement where contribution in cash was made to Yayasan Kelab-Kelab Rotary Malaysia.

Malaysia's worst flooding in a decade occurred after torrential rains in December 2021 affecting Selangor, Kuala Lumpur, Perak, Negeri Sembilan, Melaka and the east coast states. To assist and support the flood victims, contributions in the form of cash and non-cash amounting to RM 35,255 were made to Malaysian Pharmacists Society's donation drive for flood victims, Pusat Khidmat Rakyat Parlimen Klang, St John Ambulance of Malaysia and employees of the Group were affected by the catastrophe.

Overall, the contributions made by the Group to the community in 2021 amounted to RM 226,689. Other beneficiaries of notable contributions made by the Group in 2021 include Yayasan Budi Penyayang (a charity foundation dedicated to providing assistance to all Malaysians in need, regardless of colour, race or creed), Wings Melaka (a not-for-profit organization providing a range of programs designed to help children and young adults with learning differences and their families) and The Lost Food Project (a not-for-profit organization rescuing lost food and giving it to those in need). To support educational causes, sponsorships were made to support the 3rd Annual Scientific Meeting of the Dermatology Chapter by the Council of College of Physicians, Academy of Medicine of Malaysia and the inaugural Monash International Health Science and Technology Virtual Conference as a Gold Sponsor. XEPA sponsored two Book Prizes for UCSI Bachelor of Pharmacy Students through Xepa-Soul Pattinson Award 2021. Contribution was made by APM to Taylor's University Pharmacy Students' Society annual public health campaign 'Heart Your Kidney: Comes In Pairs, Please Take Care' on chronic kidney disease.

Other Sustainability Initiatives

Electronic Quality Management System

An electronic quality management system ('EQMS') providing an integrated Quality Assurance architecture that allows automated routing and review and approval of documents remotely was developed by the Group IT's software engineers. Phase 1 of the EQMS went live in June 2020 while the various modules under phase 2 was successfully rolled out in 2021. Phase 3 is expected to take place in 2022 when the various tests and enhancement of its modules have been deployed. Concurrently, plans are underway to extend EQMS to other key business units within the Group when the relevant tests and enhancement of this digitalization initiative have been deployed. The implementation of EQMS goes beyond enhancing business processes; most notably EQMS saves paper and reduces waste, ultimately benefiting the environment.

Waste Management

Implementing an effective waste management practice is vital in supporting environmental sustainability. As part of XEPA's Input-Process-Output manufacturing model, one of the sustainability focus areas in this regard is the management of materials generated as part of the Output, namely the discharge air, waste water, chemical waste, product including packaging materials rejects and paper waste.

The current practices and initiatives instituted by XEPA with respect to management of such materials have been instituted to minimize their harmful impact on the environment. Discharge Air Treatment is employed in new processing machinery. Waste water is processed using the Industrial Effluent Treatment System. To manage chemical waste, XEPA's initiatives include waste segregation, chemical hazard risk assessment, neutralization prior to disposal, antibiotic waste denaturization, and Kualiti Alam treatment. Product rejects are managed by waste segregation involving sorting and packing for disposal and Kualiti Alam treatment while packaging material rejects are handled through waste control and waste minimization with newer machinery technology.

Management of paper waste meanwhile is enabled by eQMS as described earlier which renders a paperless environment for certain documents or records.

Digitalization

The COVID-19 pandemic has accelerated the need to leverage digital technology to adapt to the new normal. The Group's strategic plan in integrating its Enterprise Resource Planning, Human Resource, Warehouse Management System, Electronic Quality Management System and Robotic Process Automation for key business units are progressing well. E-commerce capabilities have been enhanced in the Malaysia and Singapore marketing and distribution businesses. The enhanced B2B and B2C platforms facilitate customers' access to the Group offerings in terms of speed and convenience. Digitalization is employed for webinar offerings to the health professionals for training and knowledge-sharing of therapy and management of diseases as well as social media promotion and engagement with consumers. Digitalization is also a viable option to reduce printing, paper consumption and paper waste, effectively benefiting the environment. Ultimately, the Group's digitalization efforts aim to ensure economic, social and environmental benefits for its stakeholders.

In 2021, the Group invested RM 2,819,689 for the purpose of enhancing its digital infrastructure comprising hardware and software and services. The Group will continue to invest to enhance its digital capabilities; to ensure that employees are equipped to perform effectively in the new normal and to further deepen customer relationships by improving access to the Group's products. This is imperative in enabling the Group to harness the power of digitalization to enhance operational efficiencies, grow the business and drive results.

Reference :

1 *The Edge 'Putrajaya kicks off Renewable Energy Roadmap to achieve 40% RE capacity by 2035' 30th December 2021.*

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2021.

CORPORATE INFORMATION AND PRINCIPAL ACTIVITIES

Apex Healthcare Berhad ("the Company") is incorporated in Malaysia. The principal activities of the Company are investment holding and the provision of management services. Corporate information of the Company are set out in Note 1 to the financial statements.

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

RESULTS

	Group RM	Company RM
Profit after taxation	59,435,465	24,968,713
Profit attributable to:		
Owners of the parent	59,417,380	24,968,713
Non-controlling interest	18,085	-
	59,435,465	24,968,713

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

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

The amounts of dividends paid by the Company since 31 December 2020 were as follows:

	RM
In respect of the financial year ended 31 December 2020 as reported in the directors' report of that financial year:	
Final single-tier dividend of 2.8 sen per share on 475,569,372 ordinary shares, approved on 20 May 2021 and paid on 16 June 2021	13,315,939
In respect of the financial year ended 31 December 2021:	
Interim single-tier dividend of 2.5 sen per share on 476,179,372 ordinary shares, declared on 19 August 2021 and paid on 15 September 2021	11,904,484
	25,220,423

DIVIDENDS (Cont'd)

At the forthcoming Annual General Meeting, a final and special single-tier dividend of 3.0 sen and 6.0 sen per share respectively in respect of the financial year ended 31 December 2021 will be proposed for shareholders' approval. As disclosed in Note 27 to the financial statements, any Executive Share Option Scheme ("ESOS") exercised prior to the dividend entitlement date will be entitled to the final dividend. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2022.

DIRECTORS

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

Dr. Kee Kirk Chin
Robert Dobson Millner
Datuk Noharuddin Bin Nordin @ Harun
Datuk Phang Ah Tong
Heng Su-Ling Mae
Jackson Chevalier Yap-Kit-Siong
Kee Kirk Chuen
Leong Khai Cheong (Appointed on 2 August 2021)

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

Tan Hing Tai
Ch'ng Kien Peng
Chiew Woon Wui
Kee Chin Joo
Michele Tan
Koh Chee Yang (alternate to Michele Tan)

In accordance with Clause 95 of the Company's Constitution, Mr. Robert Dobson Millner and Datuk Phang Ah Tong retire by rotation at the forthcoming Annual General Meeting and being eligible, offers themselves for re-election.

In accordance with Clause 102 of the Company's Constitution, Mr. Leong Khai Cheong, who was appointed on 2 August 2021, retires at the forthcoming Annual General Meeting and being eligible, offers himself for re-election.

DIRECTORS' BENEFITS

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

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

DIRECTORS' BENEFITS (Cont'd)

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

Analysis of Directors' remuneration for the financial year ended 31 December 2021

	Group RM	Company RM
Directors:		
- fees (Note 8)	566,364	566,364
- salaries	837,557	57,097
- bonus	2,345,792	39,719
- defined contribution plans	84,850	17,953
Benefits-in-kind	107,682	107,682
Total directors' remuneration	3,942,245	788,815

DIRECTORS' INDEMNITY

There was no amount paid or payable for the directors or officers of the Company in respect of their liability for any act or omission in their capacity as directors or officers of the Company or in respect of costs incurred by them in defending or settling any claim or proceedings relating to any such liability for the current financial year. The amount of insurance premium incurred by the Company for Directors and Officers insurance during the current financial year amounts to RM12,571.

DIRECTORS' INTERESTS

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

Name of directors	Number of ordinary shares As at 1.1.2021/ date of appointment	Acquired	Disposed	As at 31.12.2021
Direct interest:				
Dr. Kee Kirk Chin	5,141,248	-	-	5,141,248
Robert Dobson Millner	93,748	-	-	93,748
Datuk Noharuddin Bin Nordin @ Harun	40,000	-	-	40,000
Datuk Phang Ah Tong	10,000	-	-	10,000
Jackson Chevalier Yap-Kit-Siong	93,748	-	-	93,748
Kee Kirk Chuen	827,500	80,000	-	907,500
Leong Khai Cheong	1,009,148	-	-	1,009,148
Indirect interest:				
Dr. Kee Kirk Chin	195,752,024	1,246,000	-	196,998,024
Kee Kirk Chuen	195,752,024	1,246,000	-	196,998,024

	Number of options over ordinary shares pursuant to ESOS As at 1.1.2021	Granted	Exercised	As at 31.12.2021
Direct interest:				
Dr. Kee Kirk Chin	395,000	75,000	-	470,000

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

Other than as disclosed above, none of the other directors in office at the end of the current financial year had any interest in shares in the Company or its related corporations during the current financial year.

ISSUE OF SHARES

During the financial year, the Company increased its paid-up capital from RM125,254,504 to RM127,190,754. The increase in paid-up capital of the Company was due to the exercise of options granted under the ESOS by the employees of the Company and its subsidiaries as disclosed in Note 27 to the financial statements.

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

EXECUTIVE SHARE OPTION SCHEME ("ESOS")

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

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

During the financial year, the Company has granted 840,000 share options under the ESOS plan. These options have a vesting period of two (2) years and three (3) months from 1 July 2021 to 30 September 2023 and will expire on 30 June 2026. These options are exercisable if the employee remains in service for twenty seven (27) months from the date of grant.

Details of all the unexercised options to subscribe for ordinary shares of the Company pursuant to the ESOS as at 31 December 2021 are as follows:

Grant and Expiry date	**Exercise price (RM)**		**Number of options**	
	Pre-Bonus issue	**Post-Bonus issue***	**Pre-Bonus issue**	**Post-Bonus issue***
Grant No 2 - 30 June 2026	4.35	1.09	37,500	150,000
Grant No 3 - 30 June 2026	4.70	1.18	173,750	695,000
Grant No 4 - 30 June 2026	7.27	1.82	-	1,132,000
Grant No 5 - 30 June 2026	-	2.08	-	1,111,000
Grant No 6 - 30 June 2026	-	2.71	-	828,000
Total			211,250	3,916,000

** On 25 June 2019, the Company completed the listing and quotation for 353,343,279 bonus shares on the basis of three (3) bonus shares for every one (1) existing share held.*

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

OTHER STATUTORY INFORMATION

(a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

  (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

  (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

OTHER STATUTORY INFORMATION (Cont'd)

(b) At the date of this report, the directors are not aware of any circumstances which would render:

(i) the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

(ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(e) At the date of this report, there does not exist:

(i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

SIGNIFICANT EVENT

Details of the significant event during the financial year are disclosed in Note 38 to the financial statements.

AUDITORS

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

The total amount paid to or receivable by the auditors as remuneration for their services for the current financial year as auditors of the Group and of the Company are RM411,780 and RM114,500 respectively.

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

Signed on behalf of the Board in accordance with a resolution of the directors dated 24 March 2022.

Dr. Kee Kirk Chin **Heng Su-Ling Mae**

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

We, Dr. Kee Kirk Chin and Heng Su-Ling Mae, being two of the directors of Apex Healthcare Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 71 to 159 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 24 March 2022.

Dr. Kee Kirk Chin **Heng Su-Ling Mae**

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

I, Chiew Woon Wui, being the officer primarily responsible for the financial management of Apex Healthcare Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 71 to 159 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed Chiew Woon Wui
at Melaka in Malaysia
on 24 March 2022

Chiew Woon Wui
MIA 20586

Before me,

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Apex Healthcare Berhad, which comprise the statements of financial position as at 31 December 2021 of the Group and of the Company, and statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 71 to 159.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

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

Independence and other ethical responsibilities

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

Key audit matters

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

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (Cont'd)

Key audit matters (Cont'd)

Revenue recognition

(Refer Note 4 – Revenue, Note 2.24 Summary of significant accounting policies: Revenue)

Revenue from sale of pharmaceutical products recognised by the Group during the financial year amounted to RM771 million. We identified revenue recognition in respect of sale of pharmaceutical products to be an area of audit focus as we consider the high volume of transactions for numerous types of pharmaceutical products produced and purchased and thereafter sold by the Group to be a possible cause of higher risk of material misstatements in relation to the timing and amount of revenue recognised. We have specifically focused our audit efforts to determine the possibility of overstatement of revenue.

Our audit procedures for revenue recognition included the following:

- Obtained an understanding of the relevant internal controls over the revenue recognition process and tested the Group's internal controls over timing and amount of revenue recognised;

- Used data analytics on the audit of revenue recognised by establishing the correlation between Revenue-Receivable-Cash;

- On a sampling basis, inspected documents which evidenced the delivery of goods to customers;

- On a sampling basis, traced cash journal entries pertaining to receipts from trade receivables and confirmed that they represent real cash transactions by agreeing them to the bank statements and checked that the payments were applied to clear outstanding revenue invoices;

- Focused on testing the recording of sales transactions close to the financial year end and credit notes issued after the financial year end, to establish whether sales transactions were recorded in the correct accounting period; and

- Assessed the adequacy of the Group's disclosures on revenue in accordance with MFRS 15 *Revenue from Contracts with Customers*.

Trade Receivables – Impairment of trade receivables

(Refer Note 21 – Trade receivables, Note 2.15 Summary of significant accounting policies: Financial assets, Note 3.2(a) Impairment of financial assets at amortised cost and Note 34(c) – Credit risk)

As at the reporting date, trade receivables of the Group amounted to RM146 million, which represents 32% of the current assets of the Group, as disclosed in Note 21 to the financial statements.

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (Cont'd)

Key audit matters (Cont'd)

Trade Receivables – Impairment of trade receivables (Cont'd)

The valuation of trade receivables requires management judgement due to the credit risks associated with each individual trade receivable and the existing and future economic environment. Management assesses the recoverability of trade receivables by reviewing customers' aging profile, credit history, historical credit loss experience and status of subsequent settlement, and determines whether an impairment provision is required. MFRS 9 Financial Instruments requires management to perform an impairment assessment of trade receivables using a simplified Expected Credit Loss ("ECL") model. Under the simplified ECL model, credit losses are required to be recognised earlier, of which significant judgements and estimations were required by management to form expectations of their customers' credit risk, lifetime expected credit losses, and other forward-looking estimates. Due to the significant degree of judgement and estimations involved in assessing the impairment of trade receivables and the significance of the trade receivables balance, we considered this as a key area of audit focus.

Our audit procedures include, amongst others, the following:

- Obtained an understanding of the Group's credit control procedures and assessing the design, implementation and operating effectiveness of key internal controls over granting of credit to customers;

- On a sampling basis, sent confirmations and reviewed for the subsequent collectability by way of obtaining evidence of subsequent receipts from the trade receivables;

- Obtained and reviewed management's assumptions used to calculate the trade receivables impairment under the simplified ECL model by reviewing historical collection trends of receivables in arriving at the actual loss and evaluating the appropriateness of the forwardlooking estimates in arriving at the loss rates; and

- Assessed the adequacy of the Group's disclosures on trade receivables in accordance with MFRS 7 *Financial Instruments: Disclosures* in the financial statements.

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the Group's 2021 Annual Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report, which is expected to be made available to us after the date of this auditors' report.

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

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

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

When we read the Group's 2021 Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Company and take appropriate action.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (Cont'd)

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (Cont'd)

Auditors' responsibilities for the audit of the financial statements (Cont'd)

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

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Other matters

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

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

Edwin Joseph Francis
No. 03370/05/2022 J
Chartered Accountant

Kuala Lumpur, Malaysia
24 March 2022

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

		Group		Company	
		2021	2020	2021	2020
	Note	RM	RM	RM	RM
Revenue	4	**770,756,174**	698,729,097	**28,732,000**	28,224,216
Cost of sales/services rendered	5	**(609,783,903)**	(550,513,827)	**(2,263,436)**	(2,388,873)
Gross profit		**160,972,271**	148,215,270	**26,468,564**	25,835,343
Other income	6	**7,707,578**	9,188,455	**2,003,933**	1,938,147
Administrative expenses		**(26,739,348)**	(27,364,002)	**(2,554,820)**	(1,162,052)
Selling and marketing expenses		**(71,345,600)**	(65,926,058)	**(4,477)**	(5,037)
Other expenses		**(1,418,029)**	(1,456,124)	**(224,053)**	(132,911)
Operating profit		**69,176,872**	62,657,541	**25,689,147**	26,473,490
Finance costs	7	**(862,565)**	(1,145,066)	**-**	-
Share of after tax results on associate		**7,096,244**	8,661,908	**-**	-
Profit before taxation	8	**75,410,551**	70,174,383	**25,689,147**	26,473,490
Taxation	11	**(15,975,086)**	(14,163,204)	**(720,434)**	(855,783)
Profit after taxation		**59,435,465**	56,011,179	**24,968,713**	25,617,707
Other comprehensive income/(loss)					
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods, net of tax:					
Foreign currency translation		**2,486,866**	(6,128)	**-**	-
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods, representing total other comprehensive income/(loss), net of tax		**2,486,866**	(6,128)	**-**	-
Total comprehensive income for the financial year		**61,922,331**	56,005,051	**24,968,713**	25,617,707

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

		Group		Company	
		2021	2020	2021	2020
	Note	RM	RM	RM	RM
Profit/(loss) attributable to:					
Owners of the parent		**59,417,380**	56,021,701	**24,968,713**	25,617,707
Non-controlling interest		**18,085**	(10,522)	**-**	-
		59,435,465	56,011,179	**24,968,713**	25,617,707
Total comprehensive income/(loss) attributable to:					
Owners of the parent		**61,904,246**	56,015,573	**24,968,713**	25,617,707
Non-controlling interest		**18,085**	(10,522)	**-**	-
		61,922,331	56,005,051	**24,968,713**	25,617,707
Earnings per share attributable to owners of the parent (sen per share):					
- Basic	12	**12.55**	11.84		
- Diluted	12	**12.53**	11.80		

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

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

		Group		Company	
		2021	2020	2021	2020
	Note	RM	RM	RM	RM
Assets					
Non-current assets					
Property, plant and equipment	14	**167,100,326**	170,657,128	**94,887**	89,274
Investment properties	15	**11,601,623**	10,588,616	**-**	-
Intangible assets	16	**2,560,700**	1,386,241	**-**	-
Right-of-use assets	17(a)	**5,700,453**	6,265,563	**-**	-
Investments in subsidiaries	18	**-**	-	**60,097,941**	56,377,941
Investment in an associate	19	**40,738,169**	33,781,925	**7,406,622**	7,406,622
Deferred tax assets	20	**1,005,000**	845,000	**-**	-
Trade and other receivables	21	**-**	-	**40,875,000**	15,360,000
		228,706,271	223,524,473	**108,474,450**	79,233,837
Current assets					
Inventories	22	**95,396,799**	92,065,084	**-**	-
Trade and other receivables	21	**158,817,245**	129,343,101	**57,708,457**	96,821,166
Prepayments		**2,159,371**	941,619	**18,684**	21,674
Tax recoverable		**976,542**	2,070,316	**33,903**	-
Derivative financial instruments	23	**28,635**	42,387	**-**	-
Short term deposits and investments	24	**100,696,823**	90,096,029	**78,036,577**	65,887,339
Cash at banks and on hand	24	**93,362,098**	82,832,804	**713,993**	1,111,614
		451,437,513	397,391,340	**136,511,614**	163,841,793
Total assets		**680,143,784**	620,915,813	**244,986,064**	243,075,630

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021
(CONT'D)

		Group		Company	
		2021	2020	2021	2020
	Note	RM	RM	RM	RM
Equity and liabilities					
Current liabilities					
Trade and other payables	25	**143,264,568**	117,659,492	**3,220,852**	3,213,721
Borrowings	26	**5,857,152**	21,214,272	**-**	-
Lease liabilities	17(b)	**791,786**	737,495	**-**	-
Income tax payable		**1,985,171**	1,503,525	**-**	93,334
		151,898,677	141,114,784	**3,220,852**	3,307,055
Net current assets		**299,538,836**	256,276,556	**133,290,762**	160,534,738
Non-current liabilities					
Borrowings	26	**9,499,968**	-	**-**	-
Lease liabilities	17(b)	**5,272,774**	5,808,356	**-**	-
Deferred tax liabilities	20	**6,615,386**	6,027,161	**-**	-
		21,388,128	11,835,517	**-**	-
Total liabilities		**173,286,805**	152,950,301	**3,220,852**	3,307,055
Net assets		**506,856,979**	467,965,512	**241,765,212**	239,768,575
Equity attributable to owners of the parent					
Share capital	27	**127,190,754**	125,254,504	**127,190,754**	125,254,504
Other reserves	28	**14,567,434**	11,768,471	**1,545,287**	1,233,190
Retained earnings	29	**365,017,497**	330,807,328	**113,029,171**	113,280,881
		506,775,685	467,830,303	**241,765,212**	239,768,575
Non-controlling interest		**81,294**	135,209	**-**	-
Total equity		**506,856,979**	467,965,512	**241,765,212**	239,768,575
Total equity and liabilities		**680,143,784**	620,915,813	**244,986,064**	243,075,630

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

		Attributable to owners of the parent					
			Non-distributable			Distributable	
	Total equity	Total equity attributable to owners of the parent	Share capital (Note 27)	Share option reserve (Note 28)	Foreign currency translation reserve (Note 28)	Retained earnings (Note 29)	Non-controlling interest
	RM	RM	RM	RM	RM	RM	RM
Group							
At 1 January 2021	467,965,512	467,830,303	125,254,504	1,233,190	10,535,281	330,807,328	135,209
Profit for the financial year	59,435,465	59,417,380	-	-	-	59,417,380	18,085
Other comprehensive income	2,486,866	2,486,866	-	-	2,486,866	-	-
Total comprehensive income	61,922,331	61,904,246	-	-	2,486,866	59,417,380	18,085
Share-based payment transactions							
- Issuance of shares pursuant to ESOS	1,590,200	1,590,200	1,590,200	-	-	-	-
- Share options granted	671,359	671,359	-	671,359	-	-	-
- Share options exercised	-	-	346,050	(346,050)	-	-	-
- Share options expired transfer to retained earnings	-	-	-	(13,212)	-	13,212	-
	2,261,559	2,261,559	1,936,250	312,097	-	13,212	-
Transaction with owners							
Dividends on ordinary shares, representing total transactions with owners	(25,292,423)	(25,220,423)	-	-	-	(25,220,423)	(72,000)
At 31 December 2021	506,856,979	506,775,685	127,190,754	1,545,287	13,022,147	365,017,497	81,294

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

		Attributable to owners of the parent					
			Non-distributable			Distributable	
	Total equity	Total equity attributable to owners of the parent	Share capital (Note 27)	Share option reserve (Note 28)	Foreign currency translation reserve (Note 28)	Retained earnings (Note 29)	Non-controlling interest
	RM	RM	RM	RM	RM	RM	RM
Group							
At 1 January 2020	425,528,634	425,062,903	120,835,621	1,373,355	10,541,409	292,312,518	465,731
Profit/(loss) for the financial year	56,011,179	56,021,701	-	-	-	56,021,701	(10,522)
Other comprehensive loss	(6,128)	(6,128)	-	-	(6,128)	-	-
Total comprehensive income	56,005,051	56,015,573	-	-	(6,128)	56,021,701	(10,522)
Share-based payment transactions							
- Issuance of shares pursuant to ESOS	3,572,500	3,572,500	3,572,500	-	-	-	-
- Share options granted	716,381	716,381	-	716,381	-	-	-
- Share options exercised	-	-	846,383	(846,383)	-	-	-
- Share options expired transfer to retained earnings	-	-	-	(10,163)	-	10,163	-
	4,288,881	4,288,881	4,418,883	(140,165)	-	10,163	-
Transaction with owners							
Dividends on ordinary shares, representing total transactions with owners	(17,857,054)	(17,537,054)	-	-	-	(17,537,054)	(320,000)
At 31 December 2020	467,965,512	467,830,303	125,254,504	1,233,190	10,535,281	330,807,328	135,209

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

	Note	Share capital (Note 27) RM	Non-distributable share option reserve (Note 28) RM	Distributable Retained earnings (Note 29) RM	Total equity RM
Company					
At 1 January 2021		**125,254,504**	**1,233,190**	**113,280,881**	**239,768,575**
Profit for the financial year, representing total comprehensive income		**-**	**-**	**24,968,713**	**24,968,713**
Share-based payment transactions					
- Issuance of shares pursuant to ESOS		**1,590,200**	**-**	**-**	**1,590,200**
- Share options granted		**-**	**671,359**	**-**	**671,359**
- Share options exercised		**346,050**	**(346,050)**	**-**	**-**
- Share options expired		**-**	**(13,212)**	**-**	**(13,212)**
		1,936,250	**312,097**	**-**	**2,248,347**
Transaction with owners					
Dividends on ordinary shares, representing total transactions with owners	13	**-**	**-**	**(25,220,423)**	**(25,220,423)**
At 31 December 2021		**127,190,754**	**1,545,287**	**113,029,171**	**241,765,212**
At 1 January 2020		120,835,621	1,373,355	105,200,228	227,409,204
Profit for the financial year, representing total comprehensive income		-	-	25,617,707	25,617,707
Share-based payment transactions					
- Issuance of shares pursuant to ESOS		3,572,500	-	-	3,572,500
- Share options granted		-	716,381	-	716,381
- Share options exercised		846,383	(846,383)	-	-
- Share options expired		-	(10,163)	-	(10,163)
		4,418,883	(140,165)	-	4,278,718
Transaction with owners					
Dividends on ordinary shares, representing total transactions with owners	13	-	-	(17,537,054)	(17,537,054)
At 31 December 2020		125,254,504	1,233,190	113,280,881	239,768,575

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

		Group		Company	
		2021	2020	2021	2020
	Note	RM	RM	RM	RM
Operating activities					
Profit before taxation		**75,410,551**	70,174,383	**25,689,147**	26,473,490
Adjustments for:					
Property, plant and equipment:					
- depreciation	8	**15,077,171**	15,145,698	**46,422**	82,706
- written off	8	**71,417**	19,758	**7**	3
- gain on disposal	6	**(183,228)**	(182,965)	**-**	-
Depreciation of:					
- investment properties	8	**59,994**	59,994	**-**	-
- right-of-use assets	8	**832,146**	932,743	**-**	-
Intangible assets:					
- amortisation	8	**365,831**	311,329	**-**	-
- written off	8	**152**	3	**-**	-
Interest expense on:					
- bank borrowings	7	**525,552**	747,177	**-**	-
- lease liabilities	7	**337,013**	397,889	**-**	-
Interest income on:					
- advances to subsidiaries	6	**-**	-	**(583,599)**	(1,231,048)
- loan to an associate	6	**-**	(123,856)	**-**	(123,856)
- short term deposits and investments	6	**(1,824,630)**	(1,664,423)	**(1,078,890)**	(581,184)
Dividend income:					
- subsidiaries	4	**-**	-	**(24,020,000)**	(24,020,000)
- associate	4	**-**	-	**(140,000)**	-
Net fair value loss/(gain) on derivative financial instruments	8	**13,752**	(30,700)	**-**	-
Share options granted	9	**671,359**	716,381	**108,903**	115,003
Total adjustments carried forward		**15,946,529**	16,329,028	**(25,667,157)**	(25,758,376)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021
(CONT'D)

		Group		Company	
		2021	2020	2021	2020
	Note	RM	RM	RM	RM
Operating activities (Cont'd)					
Total adjustments brought forward		**15,946,529**	16,329,028	**(25,667,157)**	(25,758,376)
Share of results in an associate		**(7,096,244)**	(8,661,908)	**-**	-
Trade receivables:					
- allowance for expected credit losses	8	**536,547**	1,409,728	**-**	-
- bad debts (recovered)/ written off	8	**(5,346)**	188,365	**-**	-
- reversal of expected credit losses	8	**(573,467)**	(734,608)	**-**	-
Inventories:					
- written back	8	**(1,047,288)**	(635,653)	**-**	-
- written off	8	**151,305**	81,810	**-**	-
- written down	8	**2,335,185**	1,145,155	**-**	-
Net unrealised foreign exchange (gain)/loss	8	**(43,633)**	206,072	**(330,521)**	-
Total adjustments		**10,203,588**	9,327,989	**(25,997,678)**	(25,758,376)
Operating cash flows before changes in working capital		**85,614,139**	79,502,372	**(308,531)**	715,114
Changes in working capital:					
Inventories		**(4,770,917)**	(6,151,292)	**-**	-
Trade and other receivables		**(30,593,312)**	25,130,624	**73,338**	(28,057)
Subsidiaries		**-**	-	**10,794,193**	24,481,438
Associate		**-**	3,774,052	**-**	3,774,052
Trade and other payables		**25,539,787**	(2,404,296)	**(99,936)**	(244,815)
Cash flows generated from operations		**75,789,697**	99,851,460	**10,459,064**	28,697,732
Taxes paid		**(13,972,244)**	(14,363,699)	**(847,671)**	(850,617)
Dividends received	4	**-**	-	**24,020,000**	24,020,000
Net cash flows generated from operating activities		**61,817,453**	85,487,761	**33,631,393**	51,867,115

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

		Group		Company	
		2021	2020	2021	2020
	Note	RM	RM	RM	RM
Investing activities					
Purchase of:					
- plant and equipment	14	**(10,968,163)**	(15,827,449)	**(52,042)**	(27,989)
- investment properties	15	**(911,826)**	-	**-**	-
- intangible assets	16	**(1,178,339)**	(27,000)	**-**	-
Proceeds from disposal of plant and equipment		**183,323**	292,797	**-**	-
Dividend from an associate	4	**140,000**	-	**140,000**	-
Dividend paid to non-controlling interests		**(72,000)**	(320,000)	**-**	-
Interest received		**1,824,630**	1,788,279	**1,662,489**	1,936,088
Net changes in short term deposits and investments		**(3,902,066)**	(37,398,794)	**(12,149,238)**	(39,066,198)
Net cash flows used in investing activities		**(14,884,441)**	(51,492,167)	**(10,398,791)**	(37,158,099)
Financing activities					
Proceeds from issuance of shares		**1,590,200**	3,572,500	**1,590,200**	3,572,500
Repayment of term loans		**(5,857,152)**	(2,928,576)	**-**	-
Dividends paid	13	**(25,220,423)**	(17,537,054)	**(25,220,423)**	(17,537,054)
Interest paid		**(525,552)**	(747,177)	**-**	-
Payment of lease liabilities	17(b)	**(1,085,339)**	(1,206,391)	**-**	-
Net cash flows used in financing activities		**(31,098,266)**	(18,846,698)	**(23,630,223)**	(13,964,554)
Net increase/(decrease) in cash and cash equivalents		**15,834,746**	15,148,896	**(397,621)**	744,462
Effect of foreign exchange rate changes on cash and cash equivalents		**1,393,276**	(8,426)	**-**	-
Cash and cash equivalents at 1 January		**86,632,076**	71,491,606	**1,111,614**	367,152
Cash and cash equivalents at 31 December	24	**103,860,098**	86,632,076	**713,993**	1,111,614

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

1. CORPORATE INFORMATION

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

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

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

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

The financial statements for the financial year ended 31 December 2021 were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 24 March 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

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

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

2.2 Changes in accounting policies

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

On 1 January 2021, the Group and the Company adopted the following amended MFRSs mandatory for annual financial periods beginning on or after 1 January 2021.

Description	Effective for annual periods beginning on or after
Covid-19-Related Rent Concessions (Amendment to MFRS 16)	1 June 2020
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 : Interest Rate Benchmark Reform - Phase 2	1 January 2021

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.3 Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
Amendment to MFRS 16 Leases: Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Annual Improvement to MFRS Standards 2018 - 2020 Cycle	1 January 2022
Amendments to MFRS 3 : Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116 : Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137 : Onerous Contracts - Costs of Fulfilling a Contract	1 January 2022
MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 17: Insurance Contracts	1 January 2023
Amendment to MFRS 17 Insurance Contracts: Initial Application of MFRS 17 and MFRS 9—Comparative Information	1 January 2023
Amendments to MFRS 101 : Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

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

2.4 Subsidiary companies and basis of consolidation

(a) Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.4 Subsidiary companies and basis of consolidation (Cont'd)

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

(i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its involvement with the investee; and

(iii) The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(i) The contractual arrangement with the other vote holders of the investee;

(ii) Rights arising from other contractual arrangements; and

(iii) The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the financial year are included in the statements of financial position and statements of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

(i) Derecognises the assets (including goodwill) and liabilities of the subsidiary;

(ii) Derecognises the carrying amount of any non-controlling interests;

(iii) Derecognises the cumulative translation differences recorded in equity;

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.4 Subsidiary companies and basis of consolidation (Cont'd)

(b) Basis of consolidation (Cont'd)

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it: (Cont'd)

(iv) Recognises the fair value of the consideration received;

(v) Recognises the fair value of any investment retained; and

(vi) Recognises any surplus or deficit in profit or loss.

Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

(c) Transactions with non-controlling interests

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in profit or loss of the Group and within equity in the consolidated statements of financial position, separately from parent shareholders' equity. Transactions with non-controlling interests are accounted for using the entity concept method, whereby, transactions with non-controlling interests are accounted for as transactions with owners. On acquisition of non-controlling interests, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to non-controlling interests is recognised directly in equity.

2.5 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the noncontrolling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is financial instrument and within the scope of MFRS 9 *Financial Instruments* , is measured at fair value with the changes in fair value recognised in the profit or loss in accordance with MFRS 9 *Financial Instruments.* Other contingent consideration that is not within the scope of MFRS 9 *Financial Instruments* is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.5 Business combinations and goodwill (Cont'd)

Subsidiaries are consolidated using the acquisition method of accounting except for certain subsidiaries, as disclosed in Note 18, which were acquired prior to 1 January 2002 using the merger method of accounting. These subsidiaries continue to be accounted for using the merger method of accounting.

Under the merger method of accounting, the results of the subsidiaries are presented as if the companies had been combined throughout the current and previous financial years. Any difference between the consideration paid and the share capital of the acquired subsidiary is reflected within equity as merger reserve. The merger reserve has been subsequently set off against retained earnings.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest) and any previous interest held over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assess whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of the net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cashgenerating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit ("CGU") and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed of in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

2.6 Fair value measurement

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

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

- in the principal market for the asset or liability; or

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.6 Fair value measurement (Cont'd)

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

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

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

Level 1 Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2 Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; or

Level 3 Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.7 Current versus non-current classification

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

(i) Expected to be realised or intended to be sold or consumed in normal operating cycle;

(ii) Held primarily for the purpose of trading;

(iii) Expected to be realised within twelve months after the reporting period; or

(iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

(i) It is expected to be settled in normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

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

2.8 Foreign currencies

(a) Functional and presentation currency

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

(b) Foreign currency transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date.

Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.8 Foreign currencies (Cont'd)

(b) Foreign currency transactions and balances (Cont'd)

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation. Tax charges and credits attributable to exchange differences on these monetary items are also recorded in other comprehensive income.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(c) Foreign operations

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

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

2.9 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group and the Company recognise such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. Freehold land is measured at cost less any accumulated impairment losses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.9 Property, plant and equipment (Cont'd)

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

Leasehold land	31 - 81 years
Buildings	2 - 3%
Plant, machinery and factory equipment	10 - 15%
Furniture, fittings and equipment	10 - 33 1/3%
Motor vehicles	20%
Renovation	10 - 20%

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

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.

The residual values, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

2.10 Investment Properties

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and any accumulated impairment losses. All other repair and maintenance costs are recognised in profit or loss as incurred. The investment properties are depreciated in accordance with that for property, plant and equipment as described in Note 2.9.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021
(CONT'D)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.11 Intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss, in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives or not yet available for use are not amortised, but are tested for impairment annually either individually or at the cashgenerating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

(a) Trademark

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

(b) Computer software

Software costs, considered to have finite useful lives, are stated at cost less any impairment losses and amortised using the straight-line basis over the commercial lives of the underlying products not exceeding 5 years. Impairment is assessed whenever there is an indication of impairment and the amortisation period and method are also reviewed at least at each reporting date.

(c) Research and development cost

Research expenditure is recognised as an expense when incurred.

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

(i) it is technically feasible to complete the intangible asset so that it will be available for use or sale;

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.11 Intangible assets (Cont'd)

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

Costs incurred on development projects are recognised as intangible assets when the following criteria are fulfilled (Cont'd):

(ii) management intends to complete the intangible asset and use or sell it;

(iii) there is an ability to use or sell the intangible asset;

(iv) it can be demonstrated how the intangible asset will generate probable future economic benefits;

(v) adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and

(vi) the expenditure attributable to the intangible asset during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense when incurred. Development costs previously recognised as an expense are not recognised as an asset in subsequent period.

Capitalised development costs recognised as intangible assets are amortised from the point at which the asset is ready for use on a straight-line basis over its useful life, not exceeding 10 years.

Development costs work-in-progress is tested for impairment annually, in accordance with MFRS 136 *Impairment of Assets* . See accounting policy Note 2.12 on impairment of non-financial assets.

2.12 Impairment of non-financial assets

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group and the Company make an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value-in-use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value-in-use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses including impairment on inventories, are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

NOTES TO THE FINANCIAL STATEMENTS
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(CONT'D)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.12 Impairment of non-financial assets (Cont'd)

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss. Impairment loss on goodwill is not reversed in a subsequent period.

2.13 Investment in an associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

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

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

The statement of profit or loss reflects the Group's share of the results of operations of the associate. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate is eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

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

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.13 Investment in an associate (Cont'd)

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

2.14 Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

(a) Raw materials

Purchase cost on a weighted average basis.

(b) Finished goods and work in progress

Cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs.

(c) Pharmaceutical products held for resale

Purchase cost on a weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.15 Financial assets

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("OCI"), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under MFRS 15 *Revenue from Contracts with Customers*.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.15 Financial assets (Cont'd)

(a) Initial recognition and measurement (Cont'd)

The Group's and the Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

(b) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)

- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)

- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)

- Financial assets at fair value through profit or loss

The Group and the Company have no financial assets carried at fair value through OCI, for both debt and equity instruments.

(i) Financial assets at amortised cost (debt instruments)

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's and the Company's financial assets at amortised cost includes trade receivables and other receivables included under other non-current financial assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.15 Financial assets (Cont'd)

(b) Subsequent measurement (Cont'd)

(ii) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the profit or loss.

This category includes derivative instruments and listed equity investments which the Group and the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the profit or loss when the right of payment has been established.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that is held primarily for trading purposes are presented as current whereas financial assets that is not held primarily for trading purposes are presented as current or non-current based on the settlement date.

(c) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired; or

- The Group and the Company have transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.15 Financial assets (Cont'd)

(c) Derecognition (Cont'd)

When the Group and the Company have transferred its rights to receive cash flows from an asset or have entered into a pass-through arrangement, they evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

2.16 Impairment of financial assets

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months ("a 12- month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default ("a lifetime ECL").

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience. The Group considers forward-looking factors do not have significant impact to its credit risk given the nature of its industry and the amount of ECLs is insensitive to changes to forecast economic conditions.

The Group and the Company consider a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.17 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at banks and short term deposits and investments with a maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's and of the Company's cash management.

2.18 Provisions

Provisions are recognised when the Group or the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably. When the Group or the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in profit or loss, net of any reimbursement.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance costs.

2.19 Financial liabilities

(a) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's and the Company's financial liabilities include lease liabilities, trade and other payables and loans and borrowings.

(b) Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss

- Financial liabilities at amortised cost

Financial liabilities at amortised cost

After initial recognition, lease liabilities, trade and other payables and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.19 Financial liabilities (Cont'd)

(b) Subsequent measurement (Cont'd)

Financial liabilities at amortised cost (Cont'd)

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to lease liabilities, trade and other payables and borrowings as further disclosed in Notes 17(b), 25 and 26 respectively.

The other category of financial liabilities is not applicable to the Group and the Company.

(c) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the profit or loss.

(d) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.20 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that the Group and the Company have incurred in connection with the borrowing of funds.

2.21 Employee benefits

(a) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.21 Employee benefits (Cont'd)

(b) Defined contribution plans

The Group and the Company participate in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employees Provident Fund ("EPF") in Malaysia, a defined contribution pension scheme. The Group's foreign subsidiaries in the Republic of Singapore make contributions to their country's Central Provident Fund ("CPF"). Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(c) Share options plan

Executives of the Group and the Company receive remuneration in the form of share options as consideration for services rendered. The cost of these equitysettled transactions with executives is measured by reference to the fair value of the options at the date on which the options are granted. This cost is recognised in profit or loss, with a corresponding increase in the share option reserve over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's and the Company's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised at the beginning and end of that period.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. The share option reserve is transferred to retained earnings upon expiry of the share options. When the options are exercised, the share option reserve is transferred to share capital if new shares are issued, or to treasury shares if the options are satisfied by the reissuance of treasury shares.

2.22 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary.

Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

2.23 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(a) Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.23 Leases (Cont'd)

(a) Group as a lessee (Cont'd)

(i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets as follow:

Office premises	3 - 6 years
Office equipment	5 years
Leasehold land	34 years

(ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.23 Leases (Cont'd)

(b) Group as a lessor

The Group and the Company classified its leases as either operating leases or finance leases. Leases where the Group and the Company retain substantially all the risks and rewards of ownership of the leased assets are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

If the Group and the Company transfer substantially all the risks and rewards incidental to ownership of the leased assets, leases are classified as finance leases and are capitalised at an amount equal to the net investment in the lease.

2.24 Revenue

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and services tax, returns, rebates and discounts. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer. The Group recognises revenue from contracts with customers for the sale of goods and provision of services based on the five-step model as set out below:

(a) Identify contract with a customer

A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.

(b) Identify performance obligations in the contract

A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

(c) Determine the transaction price

The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.24 Revenue (Cont'd)

The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer. The Group recognises revenue from contracts with customers for the sale of goods and provision of services based on the five-step model as set out below (Cont'd):

(c) Determine the transaction price (Cont'd)

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Generally, the Group receives progress payment in advance from its customers. Using the practical expedient in MFRS 15 Revenue from Contracts with Customers , the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

(d) Allocate the transaction price to the performance obligation in the contract

For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

(e) Recognise revenue when (or as) the Group satisfies a performance obligation

The Group satisfies a performance obligation and recognises revenue over time if the Group's performance:

(i) do not create an asset with an alternative use to the Group and has an enforceable right to payment for performance obligation completed to-date; or

(ii) create or enhance an asset that the customer controls as the asset is created or enhanced; or

(iii) provide benefits that the customer simultaneously receives and consumes as the Group performs.

For performance obligations where any one of the above conditions are met, revenue is recognised over time at which the performance obligation is satisfied.

For performance obligations that the Group satisfies over time, the Group determined that the input method is the best method in measuring progress of the services because there is direct relationship between the Group's effort and the transfer of service to the customer.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.24 Revenue (Cont'd)

The following describes the performance obligation in contracts with customers:

(1) Sale of goods

Revenue is recognised net of sales taxes and discounts upon transfer of control of the goods or services to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(2) Other revenue

Revenue from other sources are recognised as follows:

(a) Revenue from rendering of services is recognised net of services taxes and discounts at point of time as and when the services are performed.

(b) Dividend income is recognised at point of time when the Group's and the Company's right to receive payment is established.

(c) Interest income is recognised on the accrual basis, using the effective interest method, unless recoverability is in doubt, in which case, it is recognised on receipt basis.

(d) Rental income from investment properties is recognised on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straightline basis. The income recognition is not within the scope of MFRS 15 *Revenue from Contracts with Customers*.

(e) Management service fees are recognised at point of time as and when services are rendered.

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in Note 2.15.

2.25 Government grant

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.25 Government grant (Cont'd)

The Group has elected to present the grant as a reduction in the carrying amount of the asset. The grant is then recognised in profit or loss over the useful life of the depreciable asset by way of a reduced depreciation charge.

2.26 Taxes

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.26 Taxes (Cont'd)

(b) Deferred tax (Cont'd)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) Sales and Service Tax ("SST")

When SST is incurred, SST is recognised as part of the expense or cost of acquisition of the asset applicable as SST is not recoverable from the taxation authority.

Whereas, revenue is recognised net of the amount of SST billed as it is payable to the taxation authority. SST payable to the taxation authority is included as part of payables in the statements of financial position.

2.27 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 36, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.28 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.29 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and of the Company.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and of the Company.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

3.1 Judgements made in applying accounting policies

The preparation of the Group's and of the Company's financial statements requires management to make judgements and estimates that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures at the reporting date. However, uncertainty about these estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

In the process of applying the Group's and the Company's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

(a) Classification between investment properties and property, plant and equipment

The Group has developed certain criteria based on MFRS 140 *Investment Property* in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rental or for capital appreciation or both.

Some properties comprise a portion that is held to earn rental or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

(b) Operating lease commitments – Group as lessor

The Group has entered into commercial property leases on its investment properties. The commercial properties combined leases of land and buildings. At the inception of the lease, it was not possible to obtain a reliable estimate of the split of the fair values of the lease interest between the land and the buildings.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Cont'd)

3.1 Judgements made in applying accounting policies (Cont'd)

(b) Operating lease commitments – Group as lessor (Cont'd)

Therefore, the Group evaluated based on terms and conditions of the arrangement, whether the land and the buildings were clearly operating leases or finance leases. The Group assessed the following:

(i) The land titles do not pass to the lessee, and

(ii) The rentals paid to the Group for the commercial properties are increased to the market rent at regular intervals, and the lessee does not participate in the residual value of the building.

Management judged that the Group retains all the significant risks and rewards of ownership of these properties, thus accounted for the contracts as operating leases.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment of financial assets at amortised cost

The Group and the Company assess at each reporting date impairments on financial assets at amortised cost to be based on a forward-looking ECL model. ECL is the difference between the contractual cash flows due in accordance with the terms of the contract and the cash flows the Group and the Company expect to receive. The Group and the Company apply the simplified approach, which allows expected lifetime credit losses to be recognised for trade receivables. The ECL is determined based on the Group’s and the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The carrying amount of the Group's and the Company's financial assets at amortised cost at reporting date is disclosed in Note 21.

(b) Write down of inventories

The Group reviews at each reporting date for excess inventory and obsolescence. Inventories are written down to reflect the current net realisable value, which represent the management’s estimation of the value recoverable through sale. The carrying amount of the Group’s inventories at reporting date is disclosed in Note 22.

(c) Impairment of trademark

The Group determines whether the trademark is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units (“CGU”) to which the trademark is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the trademark as at 31 December 2021 is RM1,081,700 (2020: RM1,080,400). Further details are disclosed in Note 16.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Cont'd)

3.2 Key sources of estimation uncertainty (Cont'd)

(d) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowance and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies.

Assumptions about generation of future taxable profits depend on management's estimates of future cash flows. These depends on estimates of future production and sales volume, operating costs, capital expenditure, dividends and other capital management transactions. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statements of financial position and the amount of unrecognised tax losses and unrecognised temporary differences.

As at 31 December 2021, the carrying value of deferred tax assets of the Group was RM1,005,000 (2020: RM845,000). Unrecognised deferred tax assets arising from unutilised tax losses and unabsorbed capital allowances of the Group amounted to RM939,248 (2020: RM595,188). Further details are disclosed in Note 20.

(e) Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax provisions already recorded. The Group and the Company establish provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the relevant tax authority.

(f) Share options

The Group measures the cost of equity-settled transactions with executives by reference to the fair value of the share options at the date at which they are granted. Judgement is required in determining the most appropriate valuation model for the share options granted which is depending on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. Further details are disclosed in Note 27.

4. REVENUE

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Sale of pharmaceutical products	**770,732,992**	698,665,533	**-**	-
Rental income from investment properties	**23,182**	63,564	**-**	-
Dividend income from subsidiaries	**-**	-	**24,020,000**	24,020,000
Dividend income from an associate	**-**	-	**140,000**	-
Management service fees from subsidiaries	**-**	-	**4,572,000**	4,204,216
	770,756,174	698,729,097	**28,732,000**	28,224,216
Timing of revenue recognition				
At a point in time	**770,732,992**	698,665,533	**24,160,000**	24,020,000
Over time	**23,182**	63,564	**4,572,000**	4,204,216
	770,756,174	698,729,097	**28,732,000**	28,224,216

5. COST OF SALES/SERVICES RENDERED

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Cost of goods sold on pharmaceutical products	**609,749,854**	550,471,238	**-**	-
Direct cost arising from investment properties that generated rental income	**34,049**	42,589	**-**	-
Cost relating to rendering of management services	**-**	-	**2,263,436**	2,388,873
	609,783,903	550,513,827	**2,263,436**	2,388,873

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6. OTHER INCOME

Included in other income are the following:

	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Interest income on:				
- advances to subsidiaries	**-**	-	**583,599**	1,231,048
- loan to an associate	**-**	123,856	**-**	123,856
- short term deposits and investments	**1,824,630**	1,664,423	**1,078,890**	581,184
Rental receivable from operating leases, other than those relating to investment properties	**538,784**	681,824	**-**	-
Gain on disposal of property, plant and equipment	**183,228**	182,965	**-**	-
Gain on foreign exchange:				
- realised	**839,700**	934,774	**10,613**	1,982
- unrealised	**405,880**	53,995	**300,744**	-
Product development fee	**326,995**	395,325	**-**	-
Commission received	**253,111**	329,574	**-**	-
Insurance claims received	**264,310**	23,732	**-**	-

7. FINANCE COSTS

	Group 2021 RM	Group 2020 RM
Interest expense on:		
- bank borrowings	**525,552**	747,177
- lease liabilities (Note 17(b))	**337,013**	397,889
	862,565	1,145,066

8. PROFIT BEFORE TAXATION

The following items have been included in arriving at profit before taxation:

		Group		Company	
		2021	2020	2021	2020
	Note	RM	RM	RM	RM
Auditors' remuneration					
- statutory audit					
- current year		**377,280**	292,500	**80,000**	50,000
- (over)/under provision of prior year		**(1,692)**	-	**5,000**	-
- other services		**34,500**	28,800	**34,500**	28,800
Employee benefits expense	9	**73,395,709**	67,966,804	**1,697,072**	1,853,073
Directors' fees	10	**566,364**	535,800	**566,364**	535,800
Property, plant and equipment:					
- depreciation	14	**15,077,171**	15,145,698	**46,422**	82,706
- written off		**71,417**	19,758	**7**	3
Depreciation of investment properties	15	**59,994**	59,994	**-**	-
Intangible assets:					
- amortisation	16	**365,831**	311,329	**-**	-
- written off		**152**	3	**-**	-
Depreciation of right-of-use assets	17(a)	**832,146**	932,743	**-**	-
Net fair value loss/(gain) on derivative financial instruments	23	**13,752**	(30,700)	**-**	-
Net foreign exchange (gain)/loss:					
- realised		**(587,210)**	(729,025)	**41,861**	1,094
- unrealised		**(43,633)**	206,072	**(330,521)**	-
Research and development cost		**5,985,195**	5,142,655	**-**	-
Trade receivables:					
- allowance for expected credit losses	21(a)	**536,547**	1,409,728	**-**	-
- bad debts (recovered) /written off		**(5,346)**	188,365	**-**	-
- reversal of expected credit losses	21(a)	**(573,467)**	(734,608)	**-**	-
Inventories:					
- written back	22	**(1,047,288)**	(635,653)	**-**	-
- written off	22	**151,305**	81,810	**-**	-
- written down	22	**2,335,185**	1,145,155	**-**	-

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9. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Wages and salaries	**62,372,734**	57,690,539	**1,308,318**	1,266,363
Contributions to defined contribution plans	**8,148,882**	7,607,783	**243,048**	223,345
Social security contributions	**528,509**	521,010	**5,405**	6,115
Share options granted	**671,359**	716,381	**108,903**	115,003
Other benefits	**1,674,225**	1,431,091	**31,398**	242,247
	73,395,709	67,966,804	**1,697,072**	1,853,073

Included in employee benefits expense of the Group and of the Company are an executive director's remuneration other than director's fees and benefits-in-kind amounting to RM3,268,199 and RM114,769 (2020: RM3,132,790 and RM174,952 respectively. Details of directors' remuneration is further disclosed in Note 10.

10. DIRECTORS' REMUNERATION

The details of remuneration receivable by directors of the Company during the financial year are as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Directors:				
- fees (Note 8)	**566,364**	535,800	**566,364**	535,800
- salaries	**837,557**	821,057	**57,097**	100,841
- bonus	**2,345,792**	2,202,039	**39,719**	46,317
- defined contribution plans	**84,850**	109,694	**17,953**	27,794
Benefits-in-kind	**107,682**	125,686	**107,682**	125,686
	3,942,245	3,794,276	**788,815**	836,438
Other emoluments	**-**	38,000	**-**	38,000
Total directors' remuneration	**3,942,245**	3,832,276	**788,815**	874,438

11. TAXATION

Major components of taxation

The major components of taxation for the financial years ended 31 December 2021 and 2020 are:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Statements of comprehensive income:				
Current income tax:				
- Malaysian income tax	**13,771,051**	13,176,717	**730,251**	849,061
- Foreign tax	**1,999,638**	1,009,492	**-**	-
- (Over)/under provision in respect of previous financial year	**(223,025)**	44,619	**(9,817)**	6,722
	15,547,664	14,230,828	**720,434**	855,783
Deferred tax (Note 20):				
- Relating to origination and reversal of temporary differences	**302,522**	103,232	**-**	-
- Under/(over) provision in respect of previous financial year	**124,900**	(170,856)	**-**	-
	427,422	(67,624)	**-**	-
Tax expense for the financial year	**15,975,086**	14,163,204	**720,434**	855,783

11. TAXATION (Cont'd)

Reconciliation between tax expense and accounting profit

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company respectively for the financial years ended 31 December 2021 and 2020 are as follows:

	2021 RM	2020 RM
Group		
Profit before taxation	**75,410,551**	70,174,383
Tax at Malaysian statutory tax rate of 24% (2020: 24%)	**18,098,532**	16,841,852
Effect of different tax rates in foreign subsidiaries	**(1,119,927)**	(1,372,626)
Adjustments:		
Share of results of an associate	**(1,703,099)**	(2,078,858)
Income not subject to tax	**(531,795)**	(378,843)
Expenses not deductible for tax purposes	**2,059,062**	1,307,097
Double deduction for tax purposes	**(91,881)**	(62,576)
Utilisation of current year's reinvestment allowances	**(720,255)**	-
Deferred tax assets not recognised in respect of deductible temporary differences	**82,574**	33,395
(Over)/under provision of income tax in respect of prior financial year	**(223,025)**	44,619
Under/(over) provision of deferred tax in respect of prior financial year	**124,900**	(170,856)
Tax expense for the financial year	**15,975,086**	14,163,204
Company		
Profit before taxation	**25,689,147**	26,473,490
Tax at Malaysian statutory tax rate of 24% (2020: 24%)	**6,165,395**	6,353,638
Adjustments:		
Income not subject to tax	**(6,188,866)**	(5,977,601)
Expenses not deductible for tax purposes	**753,722**	473,024
(Over)/under provision of income tax in respect of previous financial year	**(9,817)**	6,722
Tax expense for the financial year	**720,434**	855,783

11. TAXATION (Cont'd)

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2020: 24%) of the estimated assessable profit for the financial year.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction. The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

12. EARNINGS PER SHARE

(i) Basic

Basic earnings per share is calculated by dividing profit after taxation for the financial year, attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2021	**2020**
Profit after taxation attributable to owners of the parent (RM)	**59,417,380**	56,021,701
Weighted average number of ordinary shares in issue (units)	**473,616,538**	473,047,705
Basic earnings per share (sen)	**12.55**	11.84

(ii) Diluted

The diluted earnings per share is calculated by dividing profit after taxation for the financial year, attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year which have been adjusted for the dilutive effects of share options granted to employees.

	Group	
	2021	**2020**
Profit after taxation attributable to owners of the parent (RM)	**59,417,380**	56,021,701
Weighted average number of ordinary shares in issue (units)	**473,616,538**	473,047,705
Effect of dilution - Share options (units)	**574,378**	1,818,154
	474,190,916	474,865,859
Diluted earnings per share (sen)	**12.53**	11.80

There have been no other transactions involving ordinary shares or potential dilution of ordinary shares between the reporting date and the date of authorisation of these financial statements.

13. DIVIDENDS

	Group/Company	
	2021	**2020**
	RM	**RM**
In respect of financial year ended 31 December 2021:		
- Interim single-tier dividend of 2.5 sen per share on 476,179,372 ordinary shares	**11,904,484**	-
In respect of financial year ended 31 December 2020:		
- Final single-tier dividend of 2.8 sen per share on 475,569,372 ordinary shares	**13,315,939**	-
In respect of financial year ended 31 December 2020:		
- Interim single-tier dividend of 1.7 sen per share on 474,939,372 ordinary shares	**-**	8,073,967
In respect of financial year ended 31 December 2019:		
- Second Interim single-tier dividend of 2.0 sen per share on 473,154,372 ordinary shares	**-**	9,463,087
	25,220,423	17,537,054

At the forthcoming Annual General Meeting, a final and special single-tier dividend of 3.0 sen and 6.0 sen per share respectively in respect of the financial year ended 31 December 2021 will be proposed for shareholders' approval. As disclosed in Note 27 to the financial statements, any ESOS exercised prior to the dividend entitlement date will be entitled to the final dividend. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2022.

14. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM	Buildings on freehold land RM	Leasehold land RM	Buildings on leasehold land* RM	Plant, machinery and factory equipment RM	Furniture, fittings and equipment RM	Motor vehicles RM	Renovation RM	Capital-in-progress RM	Total RM
Group										
At 31 December 2021										
Cost										
At 1 January 2021	8,418,400	8,487,576	7,824,600	84,716,012	93,438,433	65,413,217	4,962,641	583,745	16,943,752	290,788,376
Additions	-	-	-	154,246	1,417,930	3,459,811	178,651	-	5,757,525	10,968,163
Disposals	-	-	-	-	(29,420)	(158,274)	(658,852)	-	-	(846,546)
Transfers	-	-	-	46,700	1,794,608	92,000	-	-	(1,933,308)	-
Transfers to intangible assets (Note 16)	-	-	-	-	-	-	-	-	(360,802)	(360,802)
Written off	-	-	-	-	(596,653)	(542,384)	(31,000)	-	-	(1,170,037)
Exchange differences	-	-	-	1,146,920	-	180,379	4,777	-	-	1,332,076
At 31 December 2021	8,418,400	8,487,576	7,824,600	86,063,878	96,024,898	68,444,749	4,456,217	583,745	20,407,167	300,711,230
Accumulated depreciation										
At 1 January 2021	-	2,463,677	1,001,532	12,540,122	60,847,831	39,626,281	3,300,808	350,997	-	120,131,248
Depreciation charge for the financial year (Note 8)	-	154,931	89,644	1,849,122	6,382,522	5,804,493	736,824	59,635	-	15,077,171
Disposals	-	-	-	-	(29,419)	(158,182)	(658,850)	-	-	(846,451)
Written off	-	-	-	-	(596,646)	(470,982)	(30,992)	-	-	(1,098,620)
Exchange differences	-	-	-	218,914	-	124,263	4,379	-	-	347,556
At 31 December 2021	-	2,618,608	1,091,176	14,608,158	66,604,288	44,925,873	3,352,169	410,632	-	133,610,904
Net carrying amount										
At 31 December 2021	8,418,400	5,868,968	6,733,424	71,455,720	29,420,610	23,518,876	1,104,048	173,113	20,407,167	167,100,326

14. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

	Freehold land RM	Buildings on freehold land RM	Leasehold land RM	Buildings on leasehold land* RM	Plant, machinery and factory equipment RM	Furniture, fittings and equipment RM	Motor vehicles RM	Renovation RM	Capital-in-progress RM	Total RM
Group										
At 31 December 2020										
Cost										
At 1 January 2020	8,418,400	8,487,576	7,824,600	84,710,057	91,602,088	66,256,220	4,985,095	502,062	7,030,236	279,816,334
Additions	-	-	-	12,435	975,631	3,276,435	579,545	97,983	10,885,420	15,827,449
Disposals	-	-	-	-	(92,750)	(190,654)	(527,041)	-	-	(810,445)
Transfers	-	-	-	-	971,904	-	-	-	(971,904)	-
Written off	-	-	-	(6,480)	(18,440)	(3,928,784)	(74,958)	(16,300)	-	(4,044,962)
At 31 December 2020	8,418,400	8,487,576	7,824,600	84,716,012	93,438,433	65,413,217	4,962,641	583,745	16,943,752	290,788,376
Accumulated depreciation										
At 1 January 2020	-	2,308,746	911,890	10,705,784	54,365,020	37,920,295	3,145,851	306,531	-	109,664,117
Depreciation charge for the financial year (Note 8)	-	154,931	89,642	1,834,338	6,592,864	5,662,322	756,947	54,654	-	15,145,698
Disposals	-	-	-	-	(91,617)	(81,958)	(527,038)	-	-	(700,613)
Written off	-	-	-	-	(18,436)	(3,874,378)	(74,952)	(10,188)	-	(3,977,954)
At 31 December 2020	-	2,463,677	1,001,532	12,540,122	60,847,831	39,626,281	3,300,808	350,997	-	120,131,248
Net carrying amount										
At 31 December 2020	8,418,400	6,023,899	6,823,068	72,175,890	32,590,602	25,786,936	1,661,833	232,748	16,943,752	170,657,128

* *RM28,035,637 (2020: RM27,950,637) of the net carrying amount of buildings on leasehold land is ascribable to land held on short lease being a lease with an unexpired period of less than fifty years.*

14. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

	Furniture, fittings and equipment RM
Company	
Cost	
At 1 January 2020	897,945
Additions	27,989
Written off	(5,837)
At 31 December 2020	920,097
Additions	52,042
Written off	(14,950)
At 31 December 2021	957,189
Accumulated depreciation	
At 1 January 2020	753,951
Depreciation charge for the financial year (Note 8)	82,706
Written off	(5,834)
At 31 December 2020	830,823
Depreciation charge for the financial year (Note 8)	46,422
Written off	(14,943)
At 31 December 2021	862,302
Net carrying amount	
At 31 December 2020	89,274
At 31 December 2021	94,887

Acquisitions of property, plant and equipment were financed as follows:

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Cash	**10,968,163**	15,827,449	**52,042**	27,989

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15. INVESTMENT PROPERTIES

	Investment properties RM	Investment properties under construction RM	Total RM
Group			
Cost			
At 1 January 2020/31 December 2020	7,229,288	4,507,629	11,736,917
Additions	-	911,826	911,826
Exchange differences	196,187	-	196,187
At 31 December 2021	7,425,475	5,419,455	12,844,930
Accumulated depreciation			
At 1 January 2020	1,082,197	-	1,082,197
Depreciation (Note 8)	59,994	-	59,994
Exchange differences	6,110	-	6,110
At 31 December 2020	1,148,301	-	1,148,301
Depreciation (Note 8)	59,994	-	59,994
Exchange differences	35,012	-	35,012
At 31 December 2021	1,243,307	-	1,243,307
Net carrying amount			
At 31 December 2020	6,080,987	4,507,629	10,588,616
At 31 December 2021	6,182,168	5,419,455	11,601,623

Investment properties under construction relates to the purchases of six (6) freehold strata office suites comprising the entire Level 10 of Corporate Tower 2 in the newly launched mixed development, Pavilion Damansara Heights, for a total consideration RM9.1 million. A 10% deposit, nett of prompt payment discount, was paid upon signing of the sales and purchase agreements ("SPAs") on 19 July 2016. The vacant possession was originally expected to be delivered within forty-eight (48) months from the date of the SPAs but where the developer is now granted relief from having to do under the Temporary Measures for Reducing the Impact of Coronavirus (Covid-19) Act which came in force on 23 October 2020. Barring any unforeseen circumstances the developer expects to hand over the vacant possession in the second half of 2022.

Investment properties of the Group are measured at cost less accumulated depreciation and accumulated impairment loss. The management undertakes annual valuation on the investment properties to assess whether there is any indication of impairment.

The fair value measurement of the properties as at 31 December 2021 are carried out by C H Williams Talhar & Wong Sdn. Bhd. and RHT Valuation Pte. Ltd. and are determined primarily using comparison methods.

15. INVESTMENT PROPERTIES (Cont'd)

The fair value measurement using comparison method draws reference to transactions of similar properties in surrounding with adjustments made for differences in location, terrain, size and shape of the land, tenure, title restrictions, if any and other relevant characteristics.

Fair value measurement hierarchy for investment properties is as follows:

	Valuation method	Date of valuation	Fair value measurement using significant unobservable inputs (Level 3) RM
As at 31 December 2021			
Commercial properties	Comparison method	31 December 2021	1,550,000
Warehouse	Comparison method	31 December 2021	12,369,000
As at 31 December 2020			
Commercial properties	Comparison method	31 December 2020	1,650,000
Warehouse	Comparison method	31 December 2020	11,700,000

The directors are of the view that the fair value of investment properties under construction approximate their costs as they are still under construction.

16. INTANGIBLE ASSETS

	Trademark RM	Development cost RM	Computer software RM	Total RM
Group				
Cost				
At 1 January 2020	1,080,400	-	4,041,008	5,121,408
Additions	-	-	27,000	27,000
Write off	-	-	(28,700)	(28,700)
At 31 December 2020	1,080,400	-	4,039,308	5,119,708
Additions	-	937,609	240,730	1,178,339
Transfers from property, plant and equipment (Note 14)	-	-	360,802	360,802
Write off	-	-	(12,788)	(12,788)
Exchange differences	1,300	-	17,318	18,618
At 31 December 2021	1,081,700	937,609	4,645,370	6,664,679

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16. INTANGIBLE ASSETS (Cont'd)

	Trademark RM	Development cost RM	Computer software RM	Total RM
Accumulated amortisation				
At 1 January 2020	-	-	3,450,835	3,450,835
Amortisation (Note 8)	-	-	311,329	311,329
Write off	-	-	(28,697)	(28,697)
At 31 December 2020	-	-	3,733,467	3,733,467
Amortisation (Note 8)	-	-	365,831	365,831
Write off	-	-	(12,636)	(12,636)
Exchange differences	-	-	17,317	17,317
At 31 December 2021	-	-	4,103,979	4,103,979
Net carrying amount				
At 31 December 2020	1,080,400	-	305,841	1,386,241
At 31 December 2021	1,081,700	937,609	541,391	2,560,700

(a) Trademark

Impairment testing of trademark

The intangible asset relating to trademark arose as a result of the acquisition of a subsidiary, Apex Pharma Marketing Pte. Ltd. ("APS") in prior financial years, where a fair value was ascribed to the AGNESIA trademark and all other intellectual property rights in relation to the AGNESIA trademark based on a valuation carried out by management as at 31 December 2005. APS operates in Singapore and its principal activity is as disclosed in Note 18. The management undertakes impairment review of the trademark with indefinite useful life annually or more frequently if events or changes in circumstances indicate a potential impairment.

16. INTANGIBLE ASSETS (Cont'd)

(a) Trademark (Cont'd)

Key assumptions used in value-in-use calculations

The recoverable amount of the cash generating unit ("CGU") is determined based on value-in-use calculations using the royalty relief method. This method discounts to present value the estimated future royalties that would be payable for its use were it owned by a third party net of direct expenses necessarily incurred in connection with the trademark. The estimated future royalties have been derived based on projected revenue arising from sale of products marketed under the trademark approved by management covering a five-year period. The key assumptions used for value-in-use calculations are:

	2021 %	2020 %
Royalties rate		
- Local market	**10.0**	10.0
- Foreign market	**2.0**	2.0
Growth rate	**5.0**	5.0
Discount rate	**11.0**	11.0

The following describes each key assumption on which the management has based its cash flow projections to undertake impairment testing of trademark:

(i) Royalties rate

The royalty rate is based on a range for each application of the brand by reviewing comparable licensing agreements and industry royalty rates.

(ii) Growth rate

The management believes that the growth rates used are appropriate for the business segments in which the entity operates after considering the marketability, control and size and diversity factors relating to the product.

(iii) Discount rate

The discounted rate used reflects specific risks relating to the relevant segments.

Sensitivity to changes in assumptions

With regards to the assessment of value-in-use, the management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the CGU to materially exceed its recoverable amount.

(b) Development cost

The carrying amount of development costs represents costs incurred for the Bioequivalence study and Pharmaceutical Dossier of various products. These products are yet to be fully commercialised at reporting date. The management made an assumption that the development costs will be recovered through future commercial activity when the products are fully commercialised in the future.

17. LEASES

Group as a lessee

(a) Right-of-use assets

	Office premises RM	Office equipment RM	Leasehold land RM	Total RM
Group				
Cost				
At 1 January 2020	2,547,153	129,848	4,317,232	6,994,233
Additions	1,748,712	-	-	1,748,712
Written off	(1,796,356)	-	-	(1,796,356)
At 31 December 2020	2,499,509	129,848	4,317,232	6,946,589
Additions	96,901	92,591	-	189,492
Written off	(76,711)	(46,052)	-	(122,763)
Exchange differences	-	4,328	143,907	148,235
At 31 December 2021	2,519,699	180,715	4,461,139	7,161,553
Accumulated depreciation				
At 1 January 2020	892,090	36,264	129,842	1,058,196
Depreciation charge for the financial year (Note 8)	766,637	36,264	129,842	932,743
Written off	(1,309,913)	-	-	(1,309,913)
At 31 December 2020	348,814	72,528	259,684	681,026
Depreciation charge for the financial year (Note 8)	660,592	39,549	132,005	832,146
Written off	(38,356)	(25,119)	-	(63,475)
Exchange differences	-	2,747	8,656	11,403
At 31 December 2021	971,050	89,705	400,345	1,461,100
Net carrying amount				
At 31 December 2020	2,150,695	57,320	4,057,548	6,265,563
At 31 December 2021	1,548,649	91,010	4,060,794	5,700,453

17. LEASES (Cont'd)

Group as a lessee (Cont'd)

(b) Lease liabilities

	Group	
	2021	**2020**
	RM	**RM**
Non-current		
Lease liabilities	**5,272,774**	5,808,356
Current		
Lease liabilities	**791,786**	737,495
Total lease liabilities	**6,064,560**	6,545,851

The movement of lease liabilities during the financial year is as follows:

	Group	
	2021	**2020**
	RM	**RM**
At 1 January	**6,545,851**	6,092,084
Additions	**189,492**	1,748,712
Written off	**(59,288)**	(486,443)
Interest charged (Note 7)	**337,013**	397,889
Exchange differences	**136,831**	-
Payments of:		
- Principal	**(748,326)**	(808,502)
- Interest	**(337,013)**	(397,889)
At 31 December	**6,064,560**	6,545,851

The following are the amounts recognised in profit or loss:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Depreciation of right-of-use assets (Note 8)	**832,146**	932,743	**-**	-
Interest expense on lease liabilities (Note 7)	**337,013**	397,889	**-**	-
Expense relating to short-term leases and low-value assets	**471,921**	684,498	**310,989**	357,035
	1,641,080	2,015,130	**310,989**	357,035

17. LEASES (Cont'd)

Group as a lessee (Cont'd)

(b) Lease liabilities (Cont'd)

The Group had total cash outflows for leases of RM1,557,260 (2020: RM1,890,889) during the financial year.

Group as a lessor

The Group has entered into operating leases on its office buildings and warehouse. These leases have terms of between 1 and 3 years. Rental income recognised by the Group during the financial year is RM561,966 (2020: RM745,388).

Future minimum rentals receivable under non-cancellable operating leases as at 31 December are as follows:

	Group	
	2021	**2020**
	RM	**RM**
Within one year	**288,922**	464,624
After one year but not more than five years	**53,750**	174,737
	342,672	639,361

18. INVESTMENT IN SUBSIDIARIES

	Company	
	2021	**2020**
	RM	**RM**
Unquoted shares, at cost	**60,097,941**	56,377,941

On 1 December 2021, the Company has subscribed for 1,200,000 new ordinary shares issued by Apex Pharma Marketing Pte Ltd, a subsidiary of the Company, by way of capitalizing its interest-bearing loan of RM3,720,000 provided to this subsidiary.

18. INVESTMENT IN SUBSIDIARIES (Cont'd)

Details of the Group's subsidiaries are as follows:

Name of companies	Country of incorporation	Principal activities	% of ownership interest held by the Group*		% of ownership interest held by non-controlling interest	
			2021 %	2020 %	2021 %	2020 %
Held by the Company:						
Xepa-Soul Pattinson (Malaysia) Sdn. Bhd. [a]	Malaysia	Manufacturing and marketing of pharmaceutical products	**100**	100	**-**	-
Apex Pharmacy Marketing Sdn. Bhd. [a]	Malaysia	Marketing and distribution of pharmaceutical products	**100**	100	**-**	-
ABio Marketing Sdn. Bhd. [a]	Malaysia	Marketing and distribution of healthcare products	**100**	100	**-**	-
Apex Retail Sdn. Bhd. [a]	Malaysia	Retailing of pharmaceutical products, property rental and management and provision of accounting services	**100**	100	**-**	-
Apex Pharmacy Corporate Sdn. Bhd. [a]	Malaysia	Property rental and management and provision of accounting services	**100**	100	**-**	-
EpiCrest Sdn. Bhd. [a]	Malaysia	Investment holding	**100**	100	**-**	-
Apex Pharma Marketing Pte. Ltd. [b]	Singapore	Marketing and distribution of pharmaceutical products	**100**	100	**-**	-
PharmCrest Pte. Ltd. [b]	Singapore	Brands management, development of pharmaceutical and healthcare products and management consultancy services	**100**	100	**-**	-
First SGC Pte. Ltd. [b]	Singapore	Investment holding	**100**	100	**-**	-

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18. INVESTMENT IN SUBSIDIARIES (Cont'd)

Name of companies	Country of incorporation	Principal activities	% of ownership interest held by the Group*		% of ownership interest held by non-controlling interest	
			2021 %	2020 %	2021 %	2020 %
Held through Xepa-Soul Pattinson (Malaysia) Sdn. Bhd.:						
Xepa-Soul Pattinson (S) Pte. Ltd. [b]	Singapore	Marketing and distribution of pharmaceutical products	**100**	100	**-**	-
Held through Apex Retail Sdn. Bhd.:						
CS Health Store Sdn. Bhd. (In Members' Voluntary Liquidation) [a]	Malaysia	Dormant	**60**	60	**40**	40

a Audited by Ernst & Young PLT, Malaysia
b Audited by member firm of Ernst & Young Global in the Republic of Singapore
** Equals to the proportion of voting rights held*

The non-controlling interest in respect of CS Health Store Sdn. Bhd. is not material to the Group.

19. INVESTMENT IN ASSOCIATE

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Unquoted shares, at cost	**6,976,000**	6,976,000	**6,976,000**	6,976,000
Share of post-acquisition reserves of the joint venture prior to it becoming an associate	**(694,552)**	(694,552)	**-**	-
Share of post-acquisition reserves	**39,181,145**	32,084,901	**-**	-
Fair value adjustments on interest free loan	**-**	-	**430,622**	430,622
Accumulated impairment loss	**(4,164,424)**	(4,164,424)	**-**	-
Accumulated dividend received	**(560,000)**	(420,000)	**-**	-
	40,738,169	33,781,925	**7,406,622**	7,406,622

19. INVESTMENT IN AN ASSOCIATE (Cont'd)

The investment in an associate is continuously tested for impairment by comparing the carrying amount of the investment against its recoverable amount, which is based on value-in-use. The value-in-use is determined by discounting future cash flows including a terminal value. The future cash flows are projected based on the associate's historical average cash flows, adjusted for the associate's future business plan, which is the best estimate of immediate future performance. Various assumptions are used in estimating future cash flows particularly in respect of budgeted revenue growth and rates, profit margin, future market and economic challenges arising from uncertain global trade policies. The discount rate used is 11% (2020: 11%) and the recoverable amount is sensitive to the discount rate used as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Sensitivity to changes in assumptions

On the basis that all other assumptions in the calculation remain constant, an increase of 1% in discount rate would reduce the Group's profit before tax by 5%. Conversely, a decrease of 1% in discount rate would improve the Group's profit before taxation by 6%. The changes in the discount rate have an immaterial impact on the Group's total assets.

(a) Details of the Group's associate are as follows:

Name of companies	Country of incorporation	% of ownership interest held by the Group*		Accounting model applied
		2021 %	**2020 %**	
Straits Apex Group Sdn. Bhd. #	Malaysia	**40**	-	Equity method
Subsidiary of Straits Apex Group Sdn. Bhd.				
Straits Apex Sdn. Bhd. #	Malaysia	**40**	40	Equity method
Subsidiaries of Straits Apex Sdn. Bhd.				
ABio Orthopaedics Sdn. Bhd. #	Malaysia	**40**	40	Equity method
Straits Orthopaedics (Mfg) Sdn. Bhd. #	Malaysia	**40**	40	Equity method

* *Equals to the proportion of voting rights held*
\# *Audited by a firm other than Ernst & Young PLT, Malaysia*

During the current financial year, both the Company and November Union Sdn. Bhd. swapped their direct equity interests in Straits Apex Sdn. Bhd. of 40% and 60% respectively with direct equity interest in similar proportions in Straits Apex Group Sdn. Bhd. (formerly known as Straits Surgical Drills Sdn. Bhd.) to create a more efficient holding structure.

19. INVESTMENT IN AN ASSOCIATE (Cont'd)

(a) Details of the Group's associate are as follows: (Cont'd)

Straits Apex Group Sdn. Bhd. and its subsidiaries are collectively referred to as SA Group. The associate has the same reporting period as the Group. No quoted market prices are available for the shares of Straits Apex Group Sdn. Bhd. as the company is a private limited company. Straits Apex Group Sdn. Bhd. and Straits Apex Sdn. Bhd. are both investment holding companies.

The principal activities of Straits Orthopaedics (Mfg) Sdn. Bhd. are the manufacturing and sales of medical implants, medical instruments and components.

ABio Orthopaedics Sdn. Bhd. is currently a sub-contractor of Straits Orthopaedics (Mfg) Sdn. Bhd. performing orthopaedics subcontracting works primarily in the areas of trauma, instrumentation and spine.

(b) Summarised financial information of SA Group is set out below. The summarised information represents the amounts in the financial statements of the associate and not the Group's share of the amounts.

(i) Summarised consolidated statement of financial position

	2021 RM	2020 RM
Non-current asset	**102,120,048**	94,090,270
Current assets	**105,416,680**	77,254,762
Total assets	**207,536,728**	171,345,032
Non-current liabilities	**52,156,607**	50,677,432
Current liabilities	**52,134,698**	35,162,787
Total liabilities	**104,291,305**	85,840,219
Net assets	**103,245,423**	85,504,813
Equity attributable to:		
Owners of the associated company	**103,245,423**	85,504,813

(ii) Summarised consolidated statement of comprehensive income

	2021 RM	2020 RM
Revenue	**142,401,916**	133,137,435
Profit before tax	**21,748,367**	24,538,650
Profit after tax, representing total comprehensive income	**17,740,610**	21,654,770
Profit attributable to:		
Owners of the parent	**17,740,610**	21,654,770

19. INVESTMENT IN AN ASSOCIATE (Cont'd)

(c) Reconciliation of the summarised consolidated financial information presented above to the carrying amount of the Group's interest in associate

	2021 RM	2020 RM
Net assets at 1 January	**85,504,813**	63,850,043
Profit for the financial year, net of tax	**17,740,610**	21,654,770
Net assets at 31 December	**103,245,423**	85,504,813
Interest in associate as at financial year end	**40%**	40%
	41,298,169	34,201,925
Effect of former joint venture becoming an associate	**3,233,364**	3,233,364
Goodwill	**931,060**	931,060
Less: Accumulated impairment loss	**(4,164,424)**	(4,164,424)
Less: Accumulated dividend received	**(560,000)**	(420,000)
Carrying value of Group's interest in associate	**40,738,169**	33,781,925

20. DEFERRED TAX

	Group	
	2021 RM	2020 RM
At 1 January 2021	**5,182,161**	5,249,785
Recognised in profit or loss (Note 11)	**427,422**	(67,624)
Exchange differences	**803**	-
At 31 December 2021	**5,610,386**	5,182,161

Presented after appropriate offsetting as follows:

Deferred tax assets	**(1,005,000)**	(845,000)
Deferred tax liabilities	**6,615,386**	6,027,161
	5,610,386	5,182,161

20. DEFERRED TAX (Cont'd)

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Group

Deferred tax assets

	Others* RM
At 1 January 2021	**(3,154,175)**
Recognised in profit or loss (Note 11)	**(793,002)**
At 31 December 2021	**(3,947,177)**
At 1 January 2020	(2,923,501)
Recognised in profit or loss (Note 11)	(230,674)
At 31 December 2020	(3,154,175)

Deferred tax liabilities

	Property, plant and equipment RM
At 1 January 2021	**8,336,336**
Recognised in profit or loss (Note 11)	**1,220,424**
Exchange differences	**803**
At 31 December 2021	**9,557,563**
At 1 January 2020	8,173,286
Recognised in profit or loss (Note 11)	163,050
At 31 December 2020	8,336,336

* *Consists of allowance for inventories written down and estimated credit losses on trade receivables.*

Tax consequences of proposed dividends

There are no income tax consequences attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 13).

20. DEFERRED TAX (Cont'd)

Deferred tax assets not recognised

Deferred tax assets have not been recognised in respect of the following items:

	Group 2021 RM	Group 2020 RM
Unutilised tax losses	**749,677**	401,786
Unabsorbed capital allowances	**189,571**	193,402
	939,248	595,188

At the reporting date, the Group has unutilised tax losses and unabsorbed capital allowances of approximately RM749,677 (2020: RM401,786) and RM189,571 (2020: RM193,402) respectively that are available for offset against future taxable profits of the companies in which the losses and capital allowances arose, for which no deferred tax asset is recognised due to uncertainty of their recoverability. The availability of unutilised tax losses for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to a 7- year limitation on the carry forward of those losses under the Finance Bill 2018 and guidelines issued by the tax authority while unabsorbed capital allowances can be carried forward indefinitely. The availability of the unused tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the respective subsidiaries in Malaysia are also subject to no substantial changes in shareholdings under the Income Tax Act, 1967 and guidelines issued by the tax authority.

21. TRADE AND OTHER RECEIVABLES

		Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Current					
Trade receivables	(a)				
Third parties		**148,947,127**	125,161,321	**-**	-
Less: Allowance for expected credit loss		**(3,269,017)**	(3,457,786)	**-**	-
Trade receivables, net		**145,678,110**	121,703,535	**-**	-
Other receivables					
Amounts due from subsidiaries					
- non-interest bearing	(b)	**-**	-	**57,704,957**	96,747,318
Deposits		**3,010,613**	2,315,146	**3,500**	3,500
Sundry receivables	(c)	**10,128,522**	5,324,420	**-**	70,348
		13,139,135	7,639,566	**57,708,457**	96,821,166
		158,817,245	129,343,101	**57,708,457**	96,821,166

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21. TRADE AND OTHER RECEIVABLES (Cont'd)

		Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Non-current					
Other receivables					
Amounts due from subsidiaries					
- interest bearing	(b)	-	-	40,875,000	15,360,000
		-	-	40,875,000	15,360,000
Total trade and other receivables		158,817,245	129,343,101	98,583,457	112,181,166
Add: Short term deposits and investments and cash at banks and on hand (Note 24)		194,058,921	172,928,833	78,750,570	66,998,953
Total financial assets measured at amortised cost		352,876,166	302,271,934	177,334,027	179,180,119

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 120 days (2020: 30 to 120 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The currency exposure profile of trade receivables is as follows:

	Group	
	2021 RM	2020 RM
Ringgit Malaysia ("RM")	108,325,261	90,680,010
Singapore Dollar ("SGD")	35,346,579	27,717,370
United States Dollar ("USD")	1,656,843	3,208,474
Others	349,427	97,681
	145,678,110	121,703,535

21. TRADE AND OTHER RECEIVABLES (Cont'd)

(a) Trade receivables (Cont'd)

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group	
	2021	**2020**
	RM	**RM**
Neither past due nor impaired	**115,924,632**	100,786,781
1 to 30 days past due not impaired	**23,782,280**	15,129,850
31 to 60 days past due not impaired	**5,208,203**	3,254,413
61 to 90 days past due not impaired	**762,995**	681,043
More than 90 days past due not impaired	**-**	1,851,448
	29,753,478	20,916,754
Impaired	**3,269,017**	3,457,786
	148,947,127	125,161,321

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired relates to customers with good track record with the Group. Based on past experience, the Board believes that no allowance for impairment is necessary in respect of those balances.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM29,753,478 (2020: RM20,916,754) that are past due at the reporting date but not impaired.

Receivables that are past due but not impaired relate to customers that the Group still deems to be creditworthy. Based on the past experience, the Board believes that no allowance of impairment is necessary in respect of those balances.

The receivables that are past due but not impaired are unsecured in nature.

21. TRADE AND OTHER RECEIVABLES (Cont'd)

(a) Trade receivables (Cont'd)

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the expected credit losses are as follows:

	Group	
	2021 RM	**2020 RM**
Trade receivables - nominal amounts	**3,269,017**	3,457,786
Less: Allowance for expected credit losses	**(3,269,017)**	(3,457,786)
	-	-

Movement in allowance for expected credit losses accounts:

	Group	
	2021 RM	**2020 RM**
At beginning of financial year	**3,457,786**	2,949,400
Charge for the financial year (Note 8)	**536,547**	1,409,728
Written off	**(164,944)**	(166,734)
Reversal of expected credit losses (Note 8)	**(573,467)**	(734,608)
Exchange differences	**13,095**	-
At end of financial year	**3,269,017**	3,457,786

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(b) Amounts due from subsidiaries

The amounts due from subsidiaries are unsecured and are repayable on demand except for an amount of RM40,875,000 (2020: RM15,360,000) which is expected to be repaid in more than 12 months. The weighted average effective interest rate for amounts due from subsidiaries which are interest bearing at reporting date is 2.5% (2020: 2.5%) per annum.

(c) Other receivables

The Group and the Company have no significant concentration of credit risk that may arise from exposures to a single debtor or group of debtors.

22. INVENTORIES

	Group	
	2021	**2020**
	RM	**RM**
Cost		
Raw materials	**13,734,127**	13,941,767
Work-in-progress	**1,609,752**	1,272,620
Finished goods	**21,483,023**	19,261,789
Pharmaceutical products held for resale	**58,569,897**	57,588,908
	95,396,799	92,065,084

During the financial year, the amount of inventories recognised as an expense in cost of sales of the Group was RM559,211,048 (2020: RM503,725,931).

The Group has recorded a charge to profit or loss pertaining to inventories written down of RM2,335,185 (2020: RM1,145,155) and inventories written off amounting to RM151,305 (2020: RM81,810) respectively. Inventories written back of the Group amounting to RM1,047,288 (2020: RM635,653) was also made during the current financial year. All of these are disclosed in Note 8.

23. DERIVATIVE FINANCIAL INSTRUMENTS

	Contract/ Notional amount RM	Assets RM
Group		
As at 31 December 2021		
Non-hedging derivatives:		
Forward currency contracts		
- in respect of sales transactions	**8,281,800**	**18,336**
- in respect of purchases transactions	**(1,730,055)**	**10,299**
		28,635
As at 31 December 2020		
Non-hedging derivatives:		
Forward currency contracts		
- in respect of sales transactions	4,754,201	1,754
- in respect of purchases transactions	(1,526,445)	40,633
		42,387

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23. DERIVATIVE FINANCIAL INSTRUMENTS (Cont'd)

The Group uses forward currency contracts to manage some of the transaction exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.

Forward currency contracts are used to hedge the Group's sales and purchase denominated in SGD for which firm commitment existed at the reporting date, extending to February 2022 (2020: January 2021) for its purchases and April 2022 (2020: April 2021) for its sales.

During the financial year, the Group recognised a net loss of RM13,752 (2020: net gain of RM30,700) (Note 8) arising from fair value changes of derivative instruments. The fair value changes are attributable to changes in foreign exchange spot and forward rates. The method and assumptions applied in determining the fair values of derivatives are disclosed in Note 33.

24. SHORT TERM DEPOSITS AND INVESTMENTS AND CASH AT BANKS AND ON HAND

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Short term deposits and investments with:				
- Licensed finance companies	**78,036,577**	65,887,339	**78,036,577**	65,887,339
- Licensed banks	**22,660,246**	24,208,690	**-**	-
Total short term deposits and investments	**100,696,823**	90,096,029	**78,036,577**	65,887,339
Cash at banks and on hand	**93,362,098**	82,832,804	**713,993**	1,111,614
Total short term deposits and investments and cash at banks and on hand (Note 21)	**194,058,921**	172,928,833	**78,750,570**	66,998,953

Cash at banks earn interest at floating rates based on daily bank deposit rates. Deposits with licensed banks are made for varying periods of between 22 to 366 days (2020: 30 to 366 days) depending on the cash requirements of the Group and of the Company and earn interest rates at the respective deposit rates. As at the reporting day, the deposits are classified as short term if the remaining maturity days are within the next 12 months.

Included in the short term deposits and investments of the Group and of the Company is RM78,036,577 (2020: RM65,887,339) placed with money market fund held for investment purposes and short term deposits with licensed banks with tenure more than 3 months amounting to RM12,162,246 (2020: RM20,409,418). Both of these does not form part of cash and cash equivalents.

24. SHORT TERM DEPOSITS AND INVESTMENTS AND CASH AT BANKS AND ON HAND (Cont'd)

As at the reporting date, the weighted average interest rate and the number of days to maturity for short term deposits and investments of the Group and Company of RM100,696,823 (2020: RM90,096,029) and RM78,036,577 (2020: RM65,887,339) were as follows:

	Group		Company	
	2021	**2020**	**2021**	**2020**
Weighted average interest rate (%)	**1.64**	1.70	**1.63**	1.80
Average maturity days	**6**	11	**1**	1

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following at the reporting date:

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Short term deposits with tenure less than 3 months with licensed banks	**10,498,000**	3,799,272	**-**	-
Cash at banks and on hand	**93,362,098**	82,832,804	**713,993**	1,111,614
Cash and cash equivalents	**103,860,098**	86,632,076	**713,993**	1,111,614

25. TRADE AND OTHER PAYABLES

		Group		Company	
		2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Current					
Trade payables	**(a)**				
Third parties		**102,830,337**	82,751,283	**-**	-
Other payables					
Amount due to subsidiaries	**(c)**	**-**	-	**1,673,331**	1,566,264
Other payables	**(b)**	**11,533,503**	11,180,005	**34,007**	48,202
Other accruals		**28,900,728**	23,728,204	**1,513,514**	1,599,255
		40,434,231	34,908,209	**3,220,852**	3,213,721
Total trade and other payables		**143,264,568**	117,659,492	**3,220,852**	3,213,721
Add: Borrowings (Note 26)		**15,357,120**	21,214,272	**-**	-
Add: Lease liabilities (Note 17(b))		**6,064,560**	6,545,851	**-**	-
Total financial liabilities carried at amortised cost		**164,686,248**	145,419,615	**3,220,852**	3,213,721

25. TRADE AND OTHER PAYABLES (Cont'd)

The currency profile of the Group's and of the Company's payables are as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Ringgit Malaysia	**88,194,356**	74,890,036	**3,220,852**	3,213,721
Singapore Dollar	**52,682,599**	37,948,761	**-**	-
United States Dollar	**1,553,111**	3,730,500	**-**	-
Euro	**776,764**	1,090,195	**-**	-
Others	**57,738**	-	**-**	-
	143,264,568	117,659,492	**3,220,852**	3,213,721

(a) Trade payables

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 120 days (2020: 30 to 120 days).

(b) Other payables

These amounts are non-interest bearing. Other payables are normally settled on an average term of 90 days (2020: 90 days).

(c) Amount due to subsidiaries

The amount is unsecured, non-interest bearing and is repayable on demand.

26. BORROWINGS

	Group	
	2021 RM	2020 RM
Current		
Secured:		
Term loans	**5,857,152**	21,214,272
Non-current		
Secured:		
Term loans	**9,499,968**	-
Total borrowings	**15,357,120**	21,214,272

26. BORROWINGS (Cont'd)

The remaining maturities of the loans as at 31 December 2021 are as follows:

	Group	
	2021 RM	2020 RM
Within one year	**5,857,152**	21,214,272
Later than 1 year but not later than 2 years	**9,499,968**	-
	15,357,120	21,214,272

On 9 January 2017, a wholly-owned subsidiary of the Group, Xepa-Soul Pattinson (Malaysia) Sdn. Bhd. accepted the offer of RM37,000,000 term loan facilities from a commercial bank in Malaysia to part-finance the construction of a new oral solid dosage plant and the purchase of plant and machineries.

The term loans are denominated in Ringgit Malaysia and secured by a RM37,000,000 Corporate Guarantee provided by Apex Healthcare Berhad.

The term loans were originally scheduled to be fully repaid by December 2021. On 5 December 2021, the loans were extended based on the same terms and conditions for another 3 years to be fully repaid by year 2024.

The weighted average interest rates per annum of borrowings that were effective as at reporting date were as follows:

	Group	
	2021 %	2020 %
Term loans	**2.83**	2.79

27. SHARE CAPITAL

	Group/Company			
	Number of ordinary shares		Amount	
	2021 Units	2020 Units	2021 RM	2020 RM
Issued and fully paid				
At beginning of the financial year	**475,089,372**	471,914,372	**125,254,504**	120,835,621
Issuance of shares pursuant to ESOS	**1,160,000**	3,175,000	**1,936,250**	4,418,883
At end of the financial year	**476,249,372**	475,089,372	**127,190,754**	125,254,504

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regards to the Company's residual assets.

27. SHARE CAPITAL (Cont'd)

At an extraordinary general meeting held on 18 May 2016, the Company's shareholders approved establishment of an Executive Share Option Scheme ("ESOS") which is governed by the By-Laws.

The salient features of the ESOS are as follows:

(a) The maximum number of new shares of the Company, which may be available under the scheme, shall not exceed in aggregate 10% of the total number of issued shares of the Company at any point in time during the existence of the ESOS;

(b) An executive employee of the Group shall be eligible to participate in the ESOS if, as at the date of the ESOS offer, such executive employee:

  (i) has attained the age of at least eighteen (18) years and is not an undischarged bankrupt;

  (ii) is in the employment of any corporation within the Group and/or its subsidiaries, which are not dormant, who has been confirmed in service and has not served a notice to resign nor received a notice of termination;

  (iii) is an executive director, is appointed and remains appointed as an executive director of the Group and/or its subsidiaries, which are not dormant; and/or

  (iv) is under such categories and criteria that the ESOS Committee may from time to time decide at its discretion.

In the case of a director or a chief executive or a major shareholder of the Company and/or persons connected to them, their specific allotments under the ESOS shall be approved by the shareholders of the Company in a general meeting.

It is the intention of the Company that only the executive director(s) of the Company shall be eligible to participate in the ESOS and all the non-executive directors of the Company shall not be entitled to participate in the ESOS.

(c) The ESOS shall be in force for a period of five (5) years from 1 July 2016 and may be extended by the Board at its absolute discretion, without having to obtain approval from the Company's shareholders, for a further period of up to five (5) years, but will not in aggregate exceed ten (10) years from 1 July 2016 or such longer period as may be allowed by the relevant authorities;

(d) The option price may be subjected to a discount of not more than 10% of the average of the market quotation of the shares as shown in the daily official list issued by Bursa Malaysia Securities Berhad for the five (5) trading days immediately preceding the offer date, or at par value of the shares of the Company, whichever is higher;

(e) The option may be exercised by the grantee by notice in writing to the Company in the prescribed form during the option period in respect of all or any part of the new shares of the Company comprised in the ESOS;

(f) All new ordinary shares issued upon exercise of the options granted under the ESOS will rank pari passu in all respects with the existing ordinary shares of the Company, except that new ordinary shares allotted and issued, will not be entitled to any dividends, rights, allotments and/or other distributions declared, where the entitlement date of which is prior to date of allotment and issuance of the new shares;

(g) The option granted to eligible employees will lapse when they are no longer in employment with the Group.

27. SHARE CAPITAL (Cont'd)

The option prices and the details in the movement of the unexrcised options granted are as follows:

Grant	Grant date	Exercisable date	Expiry date	Exercise price Pre- Bonus issue RM	Exercise price Post-* Bonus issue RM	Balance at 1.1.2021 Pre- Bonus issue	Balance at 1.1.2021 Post-* Bonus issue	Granted	Exercised	Lapsed	Balance at 31.12.2021
No 2	1.9.2017	1.9.2019	30.6.2026	4.35	1.09	65,000	260,000	-	(100,000)	(10,000)	150,000
No 3	1.3.2018	1.6.2020	30.6.2026	4.70	1.18	353,750	1,415,000	-	(700,000)	(20,000)	695,000
No 4	1.3.2019	1.6.2021	30.6.2026	7.27	1.82	-	1,492,000	-	(360,000)	-	1,132,000
No 5	1.3.2020	1.6.2022	30.6.2026	-	2.08	-	1,127,000	-	-	(16,000)	1,111,000
No 6	1.7.2021	1.10.2023	30.6.2026	-	2.71	-	-	840,000	-	(12,000)	828,000
						418,750	4,294,000	840,000	(1,160,000)	(58,000)	3,916,000

* *On 25 June 2019, the Company completed the listing and quotation for 353,343,279 bonus shares on the basis of three (3) bonus shares for every one (1) existing share held.*

During the financial year, the Company has granted 840,000 share options (with a vesting period of two (2) years and three (3) months from 1 July 2021 to 31 September 2023). The Board has approved for the date of expiration of these ESOS to be extended to 30 June 2026 (previously 30 June 2021). The options which have lapsed during the financial year were due to resignation of employees.

The fair value of ESOS granted during the financial year was estimated using the Binomial Option Pricing model, taking into account the terms and conditions upon which the options were granted. The assumptions adopted and the fair value measurement of share options which remains unexercised as at 31 December 2021 are as follows:

	Grant No 6 1 July 2021	Grant No 5 1 March 2020	Grant No 4 1 March 2019 *	Grant No 3 1 March 2018 *	Grant No 2 1 September 2017 *
Fair value of ESOS at grant date (RM)	0.950	0.793	1.520	1.046	1.094
Weighted average share price (RM)	3.00	2.30	8.08	5.21	4.75
Exercise price (RM)	2.71	2.08	7.27	4.70	4.35
Expected volatility (%)	33%	31%	22%	21%	24%
Expected life (years)**	5	6	7	8	9
Risk free rate (%)	2.51%	3.76%	3.76%	3.89%	3.73%
Expected dividend yield (%)	2.28%	1.60%	2.67%	2.65%	2.39%

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome. No other features of the option was incorporated into the measurement of fair value.

* *Not adjusted to reflect the effect of three (3) for one (1) bonus issue on 25 June 2019.*
** *The extension of the ESOS for another 5 years to 30 June 2026 was approved by the Board on 23 May 2019.*

28. OTHER RESERVES

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Share option reserve	(a)	**1,545,287**	1,233,190	**1,545,287**	1,233,190
Foreign currency translation reserve	(b)	**13,022,147**	10,535,281	**-**	-
		14,567,434	11,768,471	**1,545,287**	1,233,190

(a) Share option reserve

	Group/Company 2021 RM	Group/Company 2020 RM
Share options under ESOS:		
At 1 January	**1,233,190**	1,373,355
Movement during the financial year	**312,097**	(140,165)
At 31 December	**1,545,287**	1,233,190

The share option reserve represents the equity-settled share options granted to employees. This reserve is made up of the cumulative value of services received from employees recorded on grant of share options.

(b) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

29. RETAINED EARNINGS OF THE COMPANY

The Company may distribute dividends out of its entire retained earnings as at 31 December 2021 and 31 December 2020 under the single-tier system.

30. CAPITAL COMMITMENTS

Capital expenditure as at the reporting date is as follows:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Approved and contracted for:				
- Property, plant and equipment	**23,354,539**	21,973,069	**-**	-
Approved but not contracted for:				
- Property, plant andequipment	**12,379,948**	11,972,629	**-**	-
	35,734,487	33,945,698	**-**	-

31. FINANCIAL GUARANTEES

The Company has provided corporate guarantees to banks of RM29,169,189 (2020: RM31,107,544) for credit facilities granted to its subsidiaries.

As at the reporting date, no values were ascribed on corporate guarantees provided by the Company to secure bank loans and other banking facilities granted to its subsidiaries as these facilities are not fully utilised as at reporting date.

Fair value is determined based on probability weighted discounted cash flow method. The probability has been estimated and assigned for the following key assumptions:

- The likelihood of the guaranteed party defaulting within the guaranteed period;
- The exposure on the portion that is not expected to be recovered due to the guaranteed party's default; and
- The estimated loss exposure if the guaranteed party were to default.

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32. RELATED PARTY TRANSACTIONS

(a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Management service fees received from subsidiaries	**-**	-	**4,572,000**	4,204,216
Interest income on:				
- advances to subsidiaries	**-**	-	**583,599**	1,231,048
- loan to an associate	**-**	123,856	**-**	123,856
Dividend income received from subsidiaries	**-**	-	**24,020,000**	24,020,000
Dividend income received from an associate	**-**	-	**140,000**	-
Rental expense paid to subsidiaries	**-**	-	**(310,989)**	(357,035)

Information regarding outstanding balances arising from related party transactions as at 31 December 2021 is disclosed in Note 21 and Note 25.

(b) Compensation of key management personnel

The remuneration of directors and other members of key management during the financial year was as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Short-term employment benefits	**9,380,646**	8,661,360	**1,675,272**	1,560,228
Defined contribution plans	**898,912**	822,372	**174,227**	155,279
Other benefits	**35,276**	35,116	**-**	-
	10,314,834	9,518,848	**1,849,499**	1,715,507

Included in the total key management personnel is:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Directors' remuneration (Note 10)	**3,942,245**	3,832,276	**788,815**	874,438

33. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Financial instruments that are measured at fair value

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Group				
At 31 December 2021				
Financial assets:				
Derivatives				
- Forwarded currency contracts	**-**	**28,635**	**-**	**28,635**
At 31 December 2020				
Financial assets:				
Derivatives				
- Forwarded currency contracts	-	42,387	-	42,387

Fair value hierarchy

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

There have been no transfers between the fair value hierarchy during the financial years ended 2021 and 2020.

Derivatives

Forward currency contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates..

(b) Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables	21
Trade and other payables	25
Borrowings	26

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33. FAIR VALUE OF FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value (Cont'd)

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include foreign currency risk, interest rate risk, credit risk and liquidity risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks. The audit committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Group's and the Company's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from sales and purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily RM and Singapore Dollar ("SGD"). The foreign currencies in which these transactions are denominated are mainly United States Dollar ("USD") and Euro ("EUR"). Foreign currency exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

Approximately 2% (2020: 5%) of the Group's sales are denominated in foreign currencies other than the respective functional currencies of the Group's entities. The currency profiles for the Group's trade receivables and trade payables are disclosed at Note 21(a) and Note 25 respectively.

The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes. At the reporting date, such foreign currency balances which were denominated in currencies other than the functional currencies of the respective entities within the Group amount to RM5,359,162 (2020: RM2,689,530).

The Group requires all of its operating entities to use forward currency contracts to eliminate the currency exposures on any individual transactions in excess of RM50,000 for which payment is anticipated more than one month after the Group has entered into a firm commitment for a sale or purchase. The forward currency contracts must be in the same currency as the hedged item. It is the Group's policy not to enter into forward contracts until a firm commitment is in place. It is the Group's policy to negotiate the terms of the hedge derivatives to match the terms of the hedged item to maximise hedge effectiveness.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

(a) Foreign currency risk (Cont'd)

The Group is also exposed to currency translation risk arising from its net investments in foreign operations in the Republic of Singapore. The Group's net investments in Singapore are not hedged as currency positions in SGD are considered to be long-term in nature.

The net unhedged financial assets and financial liabilities of the Group that are not denominated in their functional currencies are as follows:

	Group	
	2021	**2020**
	RM	**RM**
Receivables		
United States Dollar	**1,656,843**	3,208,474
Singapore Dollar	**3,492**	-
Others	**349,427**	97,681
	2,009,762	3,306,155
Payables		
United States Dollar	**(1,553,111)**	(3,730,500)
Singapore Dollar	**(3,412,670)**	(2,666,275)
Euro	**(776,764)**	(1,090,195)
Others	**(57,738)**	-
	(5,800,283)	(7,486,970)

Sensitivity analysis for foreign currency risk

The following table demonstrate the sensitivity of the Group's profit net of tax to a reasonably possible change in the following foreign currencies:

	Profit net of tax	
	2021	**2020**
	RM	**RM**
Group		
USD/RM - strengthened 3% (2020: 3%)	**3,030**	(15,324)
SGD/RM - strengthened 0.6% (2020: 0.4%)	**(21,782)**	(9,581)
EUR/RM - strengthened 0.1% (2020: 5%)	**(975)**	(53,951)

The weakening of the currencies at a similar rate above will result in an equal but opposite effect to the Group's profit net of tax.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from their loan to an associate, amounts due from subsidiaries and short term deposits and investments. The Group's policy is to manage interest cost using a mix of fixed and floating rate debts.

At the reporting date, the interest rate profile of the interest-bearing financial instruments is as follows:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Fixed rate instruments				
- Financial assets	**22,660,246**	24,208,690	**40,875,000**	15,360,000
Floating rate instruments				
- Financial assets	**78,036,577**	65,887,339	**78,036,577**	65,887,339
- Financial liabilities	**(15,357,120)**	(21,214,272)	**-**	-

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not measure any fixed rate instruments at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Sensitivity analysis for floating rate instruments

The directors have assessed that there are no reasonably possible change in interest rates that would result in a material impact to the financial results of the Group and of the Company.

(c) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from sales made on deferred credit terms. For other financial assets (including cash at banks and on hand and derivatives), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group seeks to control credit risk by ensuring that sales of products are made to customers who have been subjected to stringent credit review, a process of the Group's credit control policy. Concentrations of credit risk with respect to trade receivables are limited due to the Group's large number of customers.

Exposure to credit risk

The Group considers the risk of material loss in the event of non-performance by customers to be unlikely.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

(c) Credit risk (Cont'd)

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the reporting date are as follows:

	Group			
	2021		2020	
	RM	% of total	RM	% of total
By industry sectors				
Malaysia private sector	**97,756,065**	**67.10%**	86,294,721	70.91%
Malaysia government sector	**9,933,869**	**6.82%**	4,307,792	3.54%
Singapore private sector	**35,343,087**	**24.26%**	27,219,220	22.36%
Export market	**2,645,089**	**1.82%**	3,881,802	3.19%
	145,678,110	**100.00%**	121,703,535	100.00%

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 21. Deposits with banks, investment securities and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 21.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on balances past due over an observation period. The calculation reflects the probability-weighted outcome, based on reasonable and supportable information that is available at the reporting date about past events.

The provision matrix is based on the Group's historical observed default rates, adjusted with forward looking information, if any. At every reporting date, the historical observed default rates and ECLs is a significant estimate. The Group's ECL provision matrix is guided by the Group's historical credit loss experience which may not be representative of customer's actual default in the future.

Financial guarantees

The Company provides unsecured financial guarantees to licensed banks in respect of credit granted to subsidiaries. The Company monitors on an ongoing basis the trend of repayments made by the subsidiaries.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

(c) Credit risk (Cont'd)

Financial guarantees (Cont'd)

The maximum exposure to credit risk amounts to RM29,169,189 (2020: RM31,107,544) representing banking facilities utilised as of the end of the reporting period.

At the end of the reporting date, there was no indication that the subsidiaries would default on repayment.

(d) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the Group and the Company aim at maintaining flexibility in funding by keeping committed credit lines available.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and of the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations:

	On demand or within one year RM	One year to five years RM	More than five years RM	Total RM
Group				
31 December 2021				
Financial liabilities:				
Trade and other payables	**143,264,568**	**-**	**-**	**143,264,568**
Borrowings	**6,022,909**	**10,045,275**	**-**	**16,068,184**
Lease liabilities	**1,098,051**	**2,472,778**	**6,301,008**	**9,871,837**
Total undiscounted financial liabilities	**150,385,528**	**12,518,053**	**6,301,008**	**169,204,589**
31 December 2020				
Financial liabilities:				
Trade and other payables	117,659,492	-	-	117,659,492
Borrowings	21,806,150	-	-	21,806,150
Lease liabilities	1,076,634	3,113,288	6,351,500	10,541,422
Total undiscounted financial liabilities	140,542,276	3,113,288	6,351,500	150,007,064

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

(d) Liquidity risk (Cont'd)

Analysis of financial instruments by remaining contractual maturities (Cont'd)

The table below summarises the maturity profile of the Group's and of the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations (Cont'd):

	On demand or within one year RM
Company	
31 December 2021	
Financial liabilities:	
Trade and other payables	**3,220,852**
Total undiscounted financial liabilities	**3,220,852**
31 December 2020	
Financial liabilities:	
Trade and other payables	3,213,721
Total undiscounted financial liabilities	3,213,721

The table below shows the contractual expiry of the Company's contingent liabilities and commitments. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantees could be called.

	On demand or within one year RM
Company	
31 December 2021	
Financial guarantees	**29,169,189**
31 December 2020	
Financial guarantees	31,107,544

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021
(CONT'D)

35. CAPITAL MANAGEMENT

The primary objective of the Group's and of the Company's capital management is to ensure that they maintain a strong credit rating and healthy capital ratios in order to support their business and maximise shareholders' value.

The Group and the Company manage their capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2021 and 31 December 2020.

The Group and the Company monitor capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's and the Company's policy is to keep the gearing ratio to not more than 40%. The Group and the Company include within net debt, trade and other payables, less short term deposits and investments and cash at banks and on hand. Capital includes equity attributable to the owners of the parent.

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
Trade and other payables	25	**143,264,568**	117,659,492	**3,220,852**	3,213,721
Borrowings	26	**15,357,120**	21,214,272	**-**	-
Less: Short term deposits and investments	24	**(100,696,823)**	(90,096,029)	**(78,036,577)**	(65,887,339)
Less: Cash at banks and on hand	24	**(93,362,098)**	(82,832,804)	**(713,993)**	(1,111,614)
Net cash		**(35,437,233)**	(34,055,069)	**(75,529,718)**	(63,785,232)
Equity attributable to the owners of the parent, representing total capital		**506,775,685**	467,830,303	**241,765,212**	239,768,575
Capital and net debt		**471,338,452**	433,775,234	**166,235,494**	175,983,343
Gearing ratio		*****	*	*****	*

* *Not applicable as there is sufficient short term deposits and investments and cash at banks and on hand to cover the debt.*

The Group and its subsidiaries are not subject to any externally imposed capital requirements.

36. SEGMENT INFORMATION

For management purposes, the Group is organised into three main business units based on their products, and has three reportable operating segments as follows:

(i) Manufacturing of pharmaceutical products;

(ii) Distribution of pharmaceutical and healthcare products; and

(iii) Corporate comprising investments, properties and others.

Except as indicated above, no operating segment has been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer pricing between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

All the major operations of the Group are carried out in Malaysia. Accordingly, the segment reports as presented below had been reviewed by the chief operating decision maker.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

36. SEGMENT INFORMATION (Cont'd)

	Manufacturing		Distribution		Corporate		Adjustments and eliminations		Note	Per consolidated financial statements	
	2021	2020	2021	2020	2021	2020	2021	2020		2021	2020
	RM	RM	RM	RM	RM	RM	RM	RM		RM	RM
Revenue											
External revenue	**58,600,559**	47,540,022	**711,496,671**	648,954,086	**658,944**	2,234,989	**-**	-		**770,756,174**	698,729,097
Inter-segment revenue	**113,942,566**	98,977,836	**369,554**	403,731	**28,910,080**	28,511,768	**(143,222,200)**	(127,893,335)	A	**-**	-
Total revenue	**172,543,125**	146,517,858	**711,866,225**	649,357,817	**29,569,024**	30,746,757	**(143,222,200)**	(127,893,335)		**770,756,174**	698,729,097
Results											
Interest income	**543,160**	887,238	**201,604**	170,723	**1,079,866**	730,318	**-**	-		**1,824,630**	1,788,279
Interest expense	**(803,852)**	(1,169,783)	**(1,109,407)**	(1,796,160)	**(54,375)**	(75,279)	**1,105,069**	1,896,156		**(862,565)**	(1,145,066)
Depreciation and amortisation	**(13,287,351)**	(13,432,690)	**(3,517,941)**	(3,208,592)	**(166,411)**	(445,046)	**636,561**	636,564		**(16,335,142)**	(16,449,764)
Share of results of an associate	**-**	-	**-**	-	**7,096,244**	8,661,908	**-**	-		**7,096,244**	8,661,908
Other non-cash expenses	**(1,332,402)**	(258,530)	**(484,430)**	(1,796,537)	**215,487**	(128,279)	**(325,410)**	-	B	**(1,926,755)**	(2,183,346)
Segment profit	**41,565,867**	34,263,912	**33,148,424**	33,842,361	**4,316,075**	4,513,176	**(3,619,815)**	(2,445,066)	C	**75,410,551**	70,174,383
Assets and liabilities											
Investment in an associate	**-**	-	**-**	-	**40,738,169**	33,781,925	**-**	-		**40,738,169**	33,781,925
Additions to non-current assets	**10,654,348**	13,376,653	**1,260,330**	2,449,808	**1,143,650**	27,988	**-**	-	D	**13,058,328**	15,854,449
Segment assets	**213,505,001**	208,419,954	**325,807,637**	295,077,082	**146,189,554**	121,574,052	**(5,358,408)**	(4,155,275)	E	**680,143,784**	620,915,813
Segment liabilities	**(45,999,876)**	(42,626,610)	**(114,709,354)**	(98,930,870)	**(3,977,018)**	(3,862,135)	**(8,600,557)**	(7,530,686)	F	**(173,286,805)**	(152,950,301)

36. SEGMENT INFORMATION (Cont'd)

Notes: Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

A Inter-segment revenues are eliminated on consolidation.

B Other material non-cash expenses/(gains) consist of the following items as presented in the respective notes to the financial statements:

	Note	2021 RM	2020 RM
Trade receivables:			
- bad debts (recovered)/written off	8	**(5,346)**	188,365
- (reversal of)/allowance for expected credit losses	8	**(36,920)**	675,120
Reversal of inventories written down	8	**(1,047,288)**	(635,653)
Inventories written off	8	**151,305**	81,810
Inventories written down	8	**2,335,185**	1,145,155
Property, plant and equipment written off	8	**71,417**	19,758
Intangible assets written off	8	**152**	3
Net unrealised (gain)/loss on foreign exchange	8	**(43,633)**	206,072
Fair value changes on derivatives instruments	8	**13,752**	(30,700)
Gain on disposal of property, plant and equipment	6	**(183,228)**	(182,965)
Share options granted	9	**671,359**	716,381
		1,926,755	2,183,346

C Unallocated corporate expense of RM3,619,815 (2020: RM2,445,066) was deducted from segment profit to arrive at "Profit before taxation" presented in the consolidated statement of comprehensive income.

D Additions to non-current assets consist of:

	2021 RM	2020 RM
Property, plant and equipment	**10,968,163**	15,827,449
Intangible assets	**1,178,339**	27,000
Investment properties	**911,826**	-
	13,058,328	15,854,449

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021
(CONT'D)

36. SEGMENT INFORMATION (Cont'd)

Notes: Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements (Cont'd)

E The following items were (deducted from)/added to segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2021 RM	2020 RM
Deferred tax assets	**1,005,000**	845,000
Tax recoverable	**976,542**	2,070,316
Property, plant and equipment	**(7,339,950)**	(7,070,591)
	(5,358,408)	(4,155,275)

F The following items were added to segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2021 RM	2020 RM
Income tax payable	**1,985,171**	1,503,525
Deferred tax liabilities	**6,615,386**	6,027,161
	8,600,557	7,530,686

Geographical information

Revenue and non-current assets (other than financial instruments, deferred tax assets and investment in an associate) information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2021 RM	2020 RM	2021 RM	2020 RM
Malaysia	**494,681,137**	463,178,543	**145,967,438**	147,392,536
Singapore	**261,762,881**	224,977,010	**35,295,211**	35,239,449
Others	**14,312,156**	10,573,544	**-**	-
	770,756,174	698,729,097	**181,262,649**	182,631,985

Non-current assets information presented above consists of the following items as presented in the consolidated statement of financial position:

	2021 RM	2020 RM
Property, plant and equipment	**167,100,326**	170,657,128
Investment properties	**11,601,623**	10,588,616
Intangible assets	**2,560,700**	1,386,241
	181,262,649	182,631,985

37. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	As at 1 January 2021 RM	Repayment RM	Reclassifications RM	As at 31 December 2021 RM
Group				
Current borrowings	**21,214,272**	**(5,857,152)**	**(9,499,968)**	**5,857,152**
Non-current borrowings	**-**	**-**	**9,499,968**	**9,499,968**
Total liabilities from financing activities	**21,214,272**	**(5,857,152)**	**-**	**15,357,120**

	As at 1 January 2020 RM	Repayment RM	Reclassifications RM	As at 31 December 2020 RM
Group				
Current borrowings	5,857,152	(2,928,576)	18,285,696	21,214,272
Non-current borrowings	18,285,696	-	(18,285,696)	-
Total liabilities from financing activities	24,142,848	(2,928,576)	-	21,214,272

38. SIGNIFICANT EVENT

On 11 March 2020, the World Health Organisation assessed the COVID-19 outbreak as a pandemic due to rapid escalation of COVID-19 cases across the globe. The COVID-19 pandemic also resulted in travel restriction and other precautionary measures implemented by the Government of Malaysia.

The directors have assessed the overall impact of this situation towards the Group's and the Company's operations, financial performance and cash flows and concluded there is no material adverse effect on the Group's and the Company's financial statements for the financial year ended 31 December 2021.

Nevertheless, the directors of the Group and the Company shall continue to monitor the developments of the COVID-19 situation closely, assess and react actively to its impacts on the financial position and operating results of the Group and the Company for the financial year ending 31 December 2022. This includes continuous special attention to be given towards ensuring all standard operating procedures set by the government are complied with to minimise the risk of COVID-19 occurrences as well as ensuring the facilities and work activities of the Group and the Company are in normal and stable operation.

LIST OF PROPERTIES
AS AT 31ST DECEMBER 2021

	Registered Owner & Address	Land area sq.metres	Built-up area sq.metres	Existing use/ Description	Tenure/ (Expiry date) Age of building	Net Carrying Amount RM	Date of last revaluation/ acquisition
	APEX RETAIL SDN BHD						
1	Unit No. F120 First Floor, Holiday Plaza Jalan Dato' Sulaiman Taman Century Johor Bahru Johor Darul Takzim	-	158	1 parcel of commercial space located on the 1st floor of Holiday Plaza	Freehold / 37 years old	663,215	Revalued Dec 2013
2	No 21 Jalan Permas Jaya 9/12 Bandar Baru Permas Jaya Masai Johor	279	369	1 1/2 - storey terraced warehouse cum office	Freehold / 22 years old	333,200	Revalued Dec 2011
3	No 83 Jalan Munshi Abdullah Melaka	130	330	3- storey terraced shop office	Freehold / 59 years old	421,600	Revalued Dec 2011
4	No 134, 134/1, 134/2 and 134/3 Kompleks Perniagaan Munshi Abdullah Jalan Munshi Abdullah Melaka	137	524	4 1/2 - storey shop office	Leasehold / (exp. 2102) 31 years old	600,906	Revalued Dec 2011
5	Unit No. H-G-33 (D) AH - 106, Batu Kawah New Township Jalan Batu Kawa Kuching Sarawak	98	98	Warehouse / Ground Floor, Block H Commercial (D) Plot 14	Leasehold / (exp. 2058) 21 years old	229,025	Revalued Dec 2011
6	Unit No. H-G-33A (F1) AH - 107, Batu Kawah New Township Jalan Batu Kawa Kuching Sarawak	127	127	Warehouse cum office / Ground Floor Block H Commercial (D) Plot 14	Leasehold / (exp. 2058) 21 years old	311,525	Revalued Dec 2011

LIST OF PROPERTIES
AS AT 31ST DECEMBER 2021 (CONT'D)

	Registered Owner & Address	Land area sq.metres	Built-up area sq.metres	Existing use/ Description	Tenure/ (Expiry date) Age of building	Net Carrying Amount RM	Date of last revaluation/ acquisition
	XEPA-SOUL PATTINSON (MALAYSIA) SDN BHD						
7	No 1-5 Jalan TTC 1 Cheng Industrial Estate Melaka	38,966	39,484	Factory Buildings / Car park	Leasehold / (exp. 2096) 29 years old	49,012,052	Revalued Dec 2009
	APEX PHARMACY MARKETING SDN BHD						
8	No 2 Jalan SS 13/5 Subang Jaya Selangor Darul Ehsan	10,116	9,548	Industrial Land / Corporate Office and Warehouse	Freehold / 17 years old	14,038,879	Revalued Dec 2009
	APEX PHARMA MARKETING PTE LTD						
9	49 Tannery Lane #04-01 & 04-07 Noble Warehouse Singapore	-	700	Industrial Land / Warehouse	Freehold / 36 years old	5,185,754	Revalued Dec 2009
10	4 Loyang Way 1 Singapore	3,673	4,879	Industrial Warehouse / 3 - storey detached building	Leasehold / (exp. 2052) 25 years old	28,035,636	Acquired 2013

ANALYSIS OF SHAREHOLDINGS
AS AT 15TH MARCH 2022

Total Number of Issued Shares	: 476,281,372
Class of Shares	: Ordinary Shares
Voting Rights	: One (1) vote per Ordinary Share
Number of Shareholders	: 4,116

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
Less than 100	78	1.90	1,915	0.00
100 to 1,000	1,090	26.48	731,505	0.15
1,001 to 10,000	1,998	48.54	9,535,803	2.00
10,001 to 100,000	776	18.85	24,555,157	5.16
100,001 – less than 5% of issued shares	171	4.16	109,318,288	22.95
5% and above issued shares	3	0.07	332,138,704	69.74
Total	4,116	100.00	476,281,372	100.00

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

	No. of Shares Held			
Name of Substantial Shareholders	Direct Interest	%	Indirect Interest	%
Apex Pharmacy Holdings Sdn. Bhd.	190,287,824	39.95	-	-
Washington H.Soul Pattinson and Company Limited	141,850,880	29.78	-	-
Xepa Holdings Sdn. Bhd.	4,119,000	0.86	190,287,824[(1)]	39.95
Apex Holdings (Pte) Ltd	2,591,200	0.54	194,406,824[(1)]	40.82
Xepa Holdings Pte Ltd	-	-	196,998,024[(1)]	41.36
Kee Tah Peng @ Hee Teck Peng	-	-	196,998,024[(1)]	41.36
Dr. Kee Kirk Chin	5,141,248	1.08	196,998,024[(1)]	41.36
Yang Liew Fang	-	-	196,998,024[(1)]	41.36
Kee Kirk Chuen	907,500	0.19	196,998,024[(1)]	41.36
Dr Kee Loo	-	-	196,998,024[(1)]	41.36
United Engineers Limited	-	-	190,287,824[(1)]	39.95
UE UMC Pte Ltd	-	-	190,287,824[(1)]	39.95
Yanlord Land Group Limited	-	-	190,287,824[(1)]	39.95
Zhong Sheng Jian	-	-	190,287,824[(1)]	39.95
Yanlord Investment (Singapore) Pte. Ltd.	-	-	190,287,824[(1)]	39.95
Yanlord Commercial Property Investments Pte. Ltd.	-	-	190,287,824[(1)]	39.95
Yanlord Holdings Pte. Ltd.	-	-	190,287,824[(1)]	39.95

Note:-

[1] *Deemed interest by virtue of Section 8(4)(c) of the Companies Act 2016.*

ANALYSIS OF SHAREHOLDINGS
AS AT 15TH MARCH 2022
(CONT'D)

DIRECTORS' SHAREHOLDINGS

	No. of Shares Held			
Name of Directors	Direct Interest	%	Indirect Interest	%
Dr. Kee Kirk Chin	5,141,248	1.08	196,998,024[1]	41.36
Robert Dobson Millner	93,748	0.02	-	-
Jackson Chevalier Yap-Kit-Siong	93,748	0.02	-	-
Heng Su-Ling Mae	-	-	-	-
Datuk Noharuddin bin Nordin @ Harun	40,000	0.01	-	-
Datuk Phang Ah Tong	10,000	Negligible	-	-
Kee Kirk Chuen	907,500	0.19	196,998,024[1]	41.36
Leong Khai Cheong	1,009,148	0.21	-	-

Note:-
[1] *Deemed interest by virtue of Section 8(4)(c) of the Companies Act 2016.*

TOP THIRTY (30) SHAREHOLDERS

No.	Names	No. of Shares	%
1.	APEX PHARMACY HOLDINGS SENDIRIAN BERHAD	190,287,824	39.95
2.	WASHINGTON H.SOUL PATTINSON AND COMPANY LIMITED	74,243,748	15.59
3.	WASHINGTON H.SOUL PATTINSON AND COMPANY LIMITED	67,607,132	14.19
4.	LIM TEH REALTY SDN BERHAD	6,500,000	1.36
5.	LIEW YOON YEE	4,200,000	0.88
6.	XEPA HOLDINGS SDN. BHD.	4,119,000	0.87
7.	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC OPPORTUNITIES FUND	4,014,200	0.84
8.	TAN YAN MENG WARREN	4,007,924	0.84
9.	CIMB GROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR DBS BANK LTD (SFS-PB)	3,800,000	0.80
10.	MD ALI BIN MD DEWAL	2,719,000	0.57
11.	APEX HOLDINGS (PTE) LTD	2,591,200	0.54
12.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (NIAM EQ)	2,557,700	0.54

ANALYSIS OF SHAREHOLDINGS
AS AT 15TH MARCH 2022
(CONT'D)

TOP THIRTY (30) SHAREHOLDERS (Cont'd)

No.	Names	No. of Shares	%
13.	CHAN HENG KOON	2,484,000	0.52
14.	TEOH CHOON NEO @ IVY TEOH CHOON NEO	2,300,000	0.48
15.	CIMB COMMERCE TRUSTEE BERHAD PUBLIC FOCUS SELECT FUND	2,269,700	0.48
16.	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR MANULIFE INVESTMENT PROGRESS FUND (4082)	2,255,200	0.47
17.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MD ALI BIN MD DEWAL	2,200,000	0.46
18.	SINGAM A/L KUMARASAMY	2,188,000	0.46
19.	AMANAHRAYA TRUSTEES BERHAD PB ISLAMIC SMALLCAP FUND	2,087,500	0.44
20.	CARTABAN NOMINEES (TEMPATAN) SDN BHD ICAPITAL.BIZ BERHAD	2,041,000	0.43
21.	YEO LEE HEE	1,872,000	0.39
22.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR RASTAM DEWAL BIN MD ALI (PB)	1,804,000	0.38
23.	OH SIEW HEONG	1,620,000	0.34
24.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG YEE HUI	1,600,000	0.34
25.	TAN JIN THAI	1,500,000	0.32
26.	UOBM NOMINEES (ASING) SDN BHD UOBM FOR KEE KIRK CHIN (PBM)	1,341,248	0.28
27.	LEONG WAI KUEN	1,235,000	0.26
28.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SUSY DING (CEB)	1,224,700	0.26
29.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PHUA KIAP WITE (E-KTN)	1,136,300	0.24
30.	LIM KHUAN ENG	1,080,000	0.23

NOTICE OF TWENTY-THIRD ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Third ("**23rd**") Annual General Meeting ("**AGM**") of Apex Healthcare Berhad (the "**Company**") will be held and conducted on a virtual basis through live streaming from the broadcast venue at Level 12, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia via the meeting platform at https://meeting.boardroomlimited.my/ (Domain Registration No. with MYNIC - D6A357657) on Wednesday, 18th May 2022 at 10:00 a.m. for the following purposes:-

As Ordinary Business

1.	To receive the Audited Financial Statements for the financial year ended 31st December 2021 together with the Directors' and Auditors' Reports thereon.	***Explanatory Note 1***
2.	To approve a final single-tier dividend of 3.0 sen per ordinary share for the financial year ended 31st December 2021.	**Ordinary Resolution 1**
3.	To approve a special dividend of 6.0 sen per ordinary share for the financial year ended 31st December 2021.	**Ordinary Resolution 2**
4.	To approve the payment of Directors' fees of RM566,364 for the financial year ended 31st December 2021.	**Ordinary Resolution 3**
5.	To re-elect Mr Robert Dobson Millner who retires by rotation pursuant to Clause 95 of the Constitution of the Company.	**Ordinary Resolution 4**
6.	To re-elect Datuk Phang Ah Tong who retires by rotation pursuant to Clause 95 of the Constitution of the Company.	**Ordinary Resolution 5**
7.	To re-elect Mr Leong Khai Cheong who retires pursuant to Clause 102 of the Constitution of the Company.	**Ordinary Resolution 6**
8.	To re-appoint Messrs Ernst & Young PLT as the Auditors of the Company and to authorise the Directors to fix their remuneration.	**Ordinary Resolution 7**

As Special Business

To consider and if thought fit, to pass the following Resolutions with or without modifications:-

9. **AUTHORITY UNDER SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 FOR THE DIRECTORS TO ALLOT AND ISSUE SHARES** — **Ordinary Resolution 8**

"THAT pursuant to Sections 75 and 76 of the Companies Act 2016, and subject to the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered to issue new shares in the Company at any time, at such price, upon such terms and conditions and for such purposes and to such person or persons whomsoever as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution in any one financial year does not exceed 10% of the total number of issued shares of the Company for the time being AND THAT the Directors be and are also hereby empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued AND THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

NOTICE OF TWENTY-THIRD ANNUAL GENERAL MEETING (CONT'D)

10. **AUTHORITY FOR MS HENG SU-LING MAE TO CONTINUE IN OFFICE AS AN INDEPENDENT DIRECTOR OF THE COMPANY** **Ordinary Resolution 9**

 "THAT authority be and is hereby given for Ms Heng Su-Ling Mae who has served as an Independent Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Director of the Company until the conclusion of the next Annual General Meeting, in accordance with the Malaysian Code on Corporate Governance."

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT a final single-tier dividend of 3.0 sen per ordinary share and a special dividend of 6.0 sen per ordinary share for the financial year ended 31st December 2021, if approved, will be paid on 16th June 2022. The entitlement date for the payment is 2nd June 2022.

A depositor shall qualify for entitlement only in respect of:-

(a) Shares transferred into the Depositor's Securities Accounts before 4:30 p.m. on 2nd June 2022 in respect of transfer; and

(b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

CHIEW WOON WUI
Membership No.: MIA 20586
SSM Practicing Certificate No.: 201908001112

CHAN YOKE PENG
Membership No.: MAICSA 7053966
SSM Practicing Certificate No.: 202008001791

Secretaries

Melaka
18th April 2022

NOTICE OF TWENTY-THIRD ANNUAL GENERAL MEETING (CONT'D)

Notes:-

1. The AGM of the Company will be held and conducted on a virtual basis through live streaming and online remote voting via Remote Participation and Electronic Voting ("**RPEV**") facilities to be provided by the Company's Share Registrar, Boardroom Share Registrars Sdn. Bhd.. Please follow the procedures provided in the Administrative Guide for the AGM in order to register, participate and vote remotely via the RPEV facilities.

   The Administrative Guide on the conduct of a virtual AGM of the Company is available on the Company's website at http://www.apexhealthcare.com.my/annual-general-meeting-downloads.php.
2. The venue of the AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. The venue of the AGM is to inform shareholders where the electronic AGM production and streaming would be conducted from. **NO SHAREHOLDER(S)/PROXY(IES)** from the public will be allowed to be physically present at the broadcast venue.
3. In respect of deposited securities, only members whose names appear in the Company's Record of Depositors as at ***9th May 2022*** shall be eligible to participate and vote at this meeting or appoint proxy(ies) to participate and vote on his/her behalf.
4. A member of the Company who is entitled to participate and vote at this meeting is entitled to appoint not more than two (2) proxies, and in the case of a corporation, a duly authorised representative to participate and vote in its stead.
5. A proxy may but need not be a member of the Company, an advocate, an approved company auditor or a person approved by the Registrar. Where a member appoints more than one (1) proxy, he shall specify the proportions of his shareholdings to be represented by each proxy.
6. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
7. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised in writing.
8. The appointment of proxy may be made in a hard copy form or by electronic means, not less than forty-eight (48) hours before the time for holding the AGM or at any adjournment thereof, as follows:-
   - **(i) In hard copy form**
     The original instrument appointing a proxy ("**Proxy Form**") must be deposited at the Company's Share Registrar's Office at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia.
   - **(ii) By electronic means**
     The Proxy Form can also be lodged electronically with the Share Registrar of the Company through Boardroom Smart Investor Online Portal at https://investor.boardroomlimited.com/. Please follow the procedures provided in the Administrative Guide for the AGM in order to deposit the Proxy Form electronically.
9. If you have submitted your Proxy Form(s) and subsequently decide to appoint another person or wish to participate in our electronic AGM by yourself, please write in to bsr.helpdesk@boardroomlimited.com to revoke the earlier appointed proxy forty-eight (48) hours before this meeting.
10. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of AGM will be put to vote by way of poll.

EXPLANATORY NOTES ON ORDINARY BUSINESS AND SPECIAL BUSINESS

1. **Audited Financial Statements for the financial year ended 31st December 2021**
   The Audited Financial Statements is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this item on the Agenda is not put forward for voting.

2. **Ordinary Resolution 3 – Payment of Directors' fees for the financial year ended 31st December 2021**
   Section 230(1) of the Companies Act 2016 provides amongst others that the fees of the Directors and any benefits payable to the Directors of the Company and its subsidiaries shall be approved at a general meeting. In this respect, the Board of Directors of the Company (the "**Board**") wishes to seek shareholders' approval for the payment of Directors' fees of RM566,364 for the financial year ended 31st December 2021, details of which are set out in the Remuneration Committee Report on page 41 of the Annual Report 2021. The amount of Directors' fees consists of the fees payable to Directors as members of the Board and Board Committees.

NOTICE OF TWENTY-THIRD ANNUAL GENERAL MEETING (CONT'D)

The structure of annual and Board Committees fee payable to the Directors has remained unchanged since financial year 2020. In 2022, this structure of fees was reviewed by the Remuneration Committee and approved by the Board. The payment of the fees to Directors as members of the Board and Board Committees is recommended for shareholders' approval at this 23rd AGM.

3. **Ordinary Resolutions 4, 5 and 6 – Re-election of Directors**
The Board via the Nomination Committee ("**NC**") has reviewed the performance of each Director subject for re-election. The NC and the Board are satisfied with the performance, contribution and effectiveness of the retiring Directors, namely Mr Robert Dobson Millner, Datuk Phang Ah Tong and Mr Leong Khai Cheong being eligible, have offered themselves for re-election at the 23rd AGM and recommend that they be re-elected as Directors of the Company.

The three (3) retiring Directors have abstained from deliberations and decision on their own eligibility and suitability to stand for re-election at the relevant NC and Board meetings.

The profiles of the Directors who are standing for re-election under Ordinary Resolutions 4, 5 and 6 are set out in the Profiles of the Board of Directors on pages 25 to 27 of the Annual Report 2021.

4. **Ordinary Resolution 7 – Re-appointment of Auditors**
Messrs Ernst & Young PLT, the auditors of the Company have expressed their willingness to continue in office as auditors of the Company for the financial year ending 31st December 2022. The Board has approved the Audit Committee's recommendation that they be retained after taking into account relevant feedback on their experience, performance and independence following a formal assessment.

5. **Ordinary Resolution 8 – Authority under Sections 75 and 76 of the Companies Act 2016 for the Directors to allot and issue shares**
This proposed resolution, if passed, will renew the authority given to the Directors of the Company to allot and issue new shares in the Company at any time, to such person or persons, upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit ("**General Mandate**"), provided that the number of shares issued pursuant to this General Mandate, when aggregated with the total number of issued shares of any such shares issued during the preceding twelve (12) months, does not exceed 10% of the total number of issued shares of the Company at the time of issue. This renewed General Mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

The General Mandate procured and approved in the preceding year 2021 which was not exercised by the Company during the year, will expire at the forthcoming 23rd AGM of the Company.

With this renewed General Mandate, the Company will be able to raise funds expeditiously for the purpose of funding future investment, working capital and/or acquisition(s) without having to convene a general meeting to seek shareholders' approval when such opportunities or needs arise.

6. **Ordinary Resolution 9 – Authority for Ms Heng Su-Ling Mae to continue in office as Independent Director**
Pursuant to Practice 5.3 of the Malaysian Code on Corporate Governance ("**MCCG**") published on 28th April 2021, the tenure of an independent director should not exceed a term limit of nine (9) years. Upon completion of the nine (9) years, an independent director may continue to serve on the board as a non-independent director. If the board intends to retain an independent director beyond nine (9) years, shareholders' approval must be sought through a two-tier voting process and the board must provide justification for the retention.

Ms Heng Su-Ling Mae ("**Ms Heng**") was appointed as an Independent Director of the Company on 20th November 2008 and has served for a cumulative term of more than nine (9) years prescribed by the MCCG. In accordance with the MCCG, the NC and the Board, after having assessed the independence of Ms Heng, consider her to be independent based on amongst others, the following justifications and recommend that Ms Heng be retained as an Independent Director of the Company:-

(i) She has confirmed and declared that she is an Independent Director as defined under Paragraph 1.01 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;
(ii) She does not have any conflict of interest with the Company and has not been entering/is not expected to enter into contract(s) especially material contract(s) with the Company and/or its subsidiary companies;
(iii) She is currently not sitting on the board of any other public and/or private companies having the same nature of business as that of the Company and its subsidiary companies; and
(iv) The Board is of the opinion that Ms Heng is an important Independent Director in view of her many years on the Board with incumbent knowledge of the Company and the Group's activities and corporate history and has provided invaluable contributions to the Board in her role as an Independent Director.

Ms Heng has abstained from deliberations and decision on her own retention as Independent Director at the relevant NC and Board meetings. Pursuant to the MCCG, the Company would adopt a two-tier voting process in seeking shareholders' approval to retain Ms Heng at the 23rd AGM.

Personal data privacy:-

By submitting an instrument appointing a proxy(ies) and/or representative(s) to participate and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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FORM OF PROXY

APEX HEALTHCARE BERHAD (199801016979 (473108-T))
(Incorporated in Malaysia)

No. of Shares held	
CDS Account No.	

I/We, ______________________________ NRIC/Registration No. ______________________
(Full name in block letters)

of ____
(Full Address)

and telephone/mobile no. ____________________ email address ______________________

being a member/members of **APEX HEALTHCARE BERHAD**, hereby appoint ______________________
(Full name in block letters)

NRIC/Passport No. ____________________of ______________________________
(Full Address)

and telephone/mobile no. ____________________ email address ______________________

or failing him/her, ______________________________NRIC/Passport No. ______________
(Full name in block letters)

of ____
(Full Address)

and telephone/mobile no. ____________________ email address ______________________

or failing him/her, *the Chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the Twenty-Third Annual General Meeting ("**AGM**") of Apex Healthcare Berhad (the "**Company**") to be held and conducted on a virtual basis through live streaming from the broadcast venue at Level 12, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia via the meeting platform at https://meeting.boardroomlimited.my/ (Domain Registration No. with MYNIC - D6A357657) on Wednesday, 18th May 2022 at 10:00 a.m. and at each and every adjournment thereof, on the following resolutions referred to in the Notice of the Twenty-Third AGM.

** Please delete the words "the Chairman of the meeting" if you wish to appoint some other person to be your proxy.*

My/Our proxy is to vote as indicated below:-

	RESOLUTION	*FOR	*AGAINST
Ordinary Resolution 1	To approve a final single-tier dividend of 3.0 sen per ordinary share for the financial year ended 31st December 2021.		
Ordinary Resolution 2	To approve a special dividend of 6.0 sen per ordinary share for the financial year ended 31st December 2021.		
Ordinary Resolution 3	To approve the payment of Directors' fees of RM566,364 for the financial year ended 31st December 2021.		
Ordinary Resolution 4	To re-elect Mr Robert Dobson Millner who retires by rotation pursuant to Clause 95 of the Constitution of the Company.		
Ordinary Resolution 5	To re-elect Datuk Phang Ah Tong who retires by rotation pursuant to Clause 95 of the Constitution of the Company.		
Ordinary Resolution 6	To re-elect Mr Leong Khai Cheong who retires pursuant to Clause 102 of the Constitution of the Company.		
Ordinary Resolution 7	To re-appoint Messrs Ernst & Young PLT as the Auditors of the Company and to authorise the Directors to fix their remuneration.		
Ordinary Resolution 8	Authority under Sections 75 and 76 of the Companies Act 2016 for the Directors to allot and issue shares.		
Ordinary Resolution 9	Authority for Ms Heng Su-Ling Mae to continue in office as an Independent Director of the Company.		

Subject to the abovestated voting instructions, my/our proxy may vote or abstain from voting on any resolutions as *he/*she/*they may think fit.

Signed this __________ day of ________________2022

The proportion of my/our shareholdings to be represented by my/our proxies are as follows:-

	Percentage
First Proxy	%
Second Proxy	%
Total	100%

____
Signature of Member(s)^

^ Manner of execution:-

(a) If you are an individual member, please sign where indicated.
(b) If you are a corporate member which has a common seal, this Form of Proxy should be executed under seal in accordance with the Constitution of your corporation.
(c) If you are a corporate member which does not have a common seal, this Form of Proxy should be affixed with the rubber stamp of your corporation (if any) and executed by:-
   (i) at least two (2) authorised officers, of whom one shall be a director; or
   (ii) any Director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

Notes:

1. The AGM of the Company will be held and conducted on a virtual basis through live streaming and online remote voting via Remote Participation and Electronic Voting ("**RPEV**") facilities to be provided by the Company's Share Registrar, Boardroom Share Registrars Sdn. Bhd.. Please follow the procedures provided in the Administrative Guide for the AGM in order to register, participate and vote remotely via the RPEV facilities.

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5. A proxy may but need not be a member of the Company, an advocate, an approved company auditor or a person approved by the Registrar. Where a member appoints more than one (1) proxy, he shall specify the proportions of his shareholdings to be represented by each proxy.
6. Where a member of the company is an exempt authorised nominee which holds ordinary shares in the company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
7. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised in writing.
8. The appointment of proxy may be made in a hard copy form or by electronic means, not less than forty-eight (48) hours before the time for holding the AGM or at any adjournment thereof, as follows:-

   (i) In hard copy form

   The original instrument appointing a proxy ("**Proxy Form**") must be deposited at the Company's Share Registrar's Office at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

   (ii) By electronic means

   The Proxy Form can also be lodged electronically with the Share Registrar of the Company through Boardroom Smart Investor Online Portal at https://investor.boardroomlimited.com/. Please follow the procedures provided in the Administrative Guide for the AGM in order to deposit the Proxy Form electronically.
9. If you have submitted your Proxy Form(s) and subsequently decide to appoint another person or wish to participate in our electronic AGM by yourself, please write in to bsr.helpdesk@boardroomlimited.com to revoke the earlier appointed proxy forty-eight (48) hours before this meeting.
10. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of AGM will be put to vote by way of poll.

Personal Data Privacy:-

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms pursuant to Personal Data Protection Act, 2010.

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AFFIX
STAMP

The Share Registrar

Boardroom Share Registrars Sdn. Bhd.

(Registration no. 199601006647 (378993-D)

11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia

Fold Here

YEARS

Towards New Horizons,Together

At Xepa, ideas, people and technology work together to produce trusted, high quality affordable medicines. We are a pharmaceutical company with a distinct and true commitment. Xepa's products help people live healthier, longer and more productive lives.

World Class GMP

Xepa is awarded the EU GMP certificate on 1st September 2017. Our manufacturing processes and quality system are in compliance with EU standards. The EU certification covers all dosage forms manufactured by us: Tablets, Capsules, Liquids, Oral Suspensions, Creams, Ointments & Sterile Eye Drops.

Awarded
EU GMP Certificate

DEVELOP

We develop products: formulating, designing and validating.

MAKE

We manufacture to exacting high standard.

MARKET

We research, brand, position, promote and handle sale of our products to private and government-run pharmacies, clinics and hospitals within Malaysia and abroad.

Xepa sp

Xepa-Soul Pattinson (Malaysia) Sdn Bhd 196901000419 (8504-M)
1-5, Cheng Industrial Estate, 75250 Melaka, Malaysia
Tel +606.335 1515 Fax +606.335 5829

www.xepasp.com

Apex
Healthcare
Service • Quality • Integrity

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www.apexhealthcare.com.my