THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

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7-ELEVEN MALAYSIA HOLDINGS BERHAD

(Registration No. 201301028701 (1058531-W))
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

PROPOSED DISPOSAL BY CONVENIENCE SHOPPING (SABAH) SDN BHD, A WHOLLY-OWNED SUBSIDIARY OF 7-ELEVEN MALAYSIA HOLDINGS BERHAD, OF ITS ENTIRE 75% EQUITY INTEREST IN CARING PHARMACY GROUP BERHAD TO BIG PHARMACY HOLDINGS SDN BHD FOR A CASH CONSIDERATION OF RM675.0 MILLION

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Financial Adviser, Principal Adviser and Consent Solicitation Agent

RHB Investment Bank Berhad
(Registration No. 197401002639 (19663-P))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Extraordinary General Meeting ("**EGM**") of 7-Eleven Malaysia Holdings Berhad ("**SEM**" or the "**Company**") will be conducted virtually through live streaming from the broadcast venue at Manhattan I, Level 14, Berjaya Times Square Hotel Kuala Lumpur, No. 1 Jalan Imbi, 55100 Kuala Lumpur, Malaysia on Thursday, 14 December 2023 at 10:00 a.m. via the Remote Participation and Electronic Voting facilities to be provided by the Poll Administrator of our Company, Boardroom Share Registrars Sdn Bhd via its ePortal's online meeting platform at https://web.lumiagm.com/. The Notice of the EGM and the Form of Proxy are enclosed in this Circular and can be downloaded from our Company's website at https://www.7eleven.com.my or Bursa Securities' website at https://www.bursamalaysia.com.

A member entitled to participate, speak and vote remotely at the EGM is entitled to appoint up to two (2) proxies to participate, speak and vote remotely on his/her behalf. If you are unable to participate in the virtual EGM, please complete and return the Form of Proxy in accordance with the instructions therein as soon as possible and deposit the same at our Share Registrar's office situated at 09-27 Level 9, Berjaya Times Square, No. 1 Jalan Imbi, 55100 Kuala Lumpur, not less than forty-eight (48) hours before the time set for holding the EGM. The lodging of the Form of Proxy will not preclude you from participating, speaking and voting remotely at the EGM should you subsequently wish to do so. Alternatively, you may deposit the Form of Proxy via Boardroom Smart Investor Portal at https://investor.boardroomlimited.com not less than forty-eight (48) hours before the time set for holding the EGM. For further information on the electronic submission of the Form of Proxy and participation at the EGM, kindly refer to the Administrative Guide for the EGM.

Last date and time for lodgement of the Form of Proxy	:	Tuesday, 12 December 2023 at 10:00 a.m.
Date and time of the EGM	:	Thursday, 14 December 2023 at 10:00 a.m.

This Circular is dated 29 November 2023

DEFINITIONS

Except where the context otherwise requires, the following abbreviations and definitions shall apply throughout this Circular:

"7-CAFé Expansion"	:	7-CAFé store expansion, refurbishment of existing classic stores to 7-CAFé format and convenience store related infrastructure investments as set out in Sections 2.7 and 4.2 of this Circular
"7-CAFé Set Up and Refurbishment Costs"	:	Setting up of approximately 200 new 7-CAFé stores and refurbishment of approximately 350 existing classic stores to 7-CAFé store format as well as the stock up costs
"Act"	:	Companies Act 2016
"BA"	:	Bankers' acceptance
"Balance Disposal Consideration"	:	Collectively, the First Tranche Balance Consideration and the Second Tranche Balance Consideration
"BIG Pharmacy" or "Purchaser"	:	BIG Pharmacy Holdings Sdn Bhd
"BIG Pharmacy Healthcare"	:	BIG Pharmacy Healthcare Sdn Bhd, a wholly-owned subsidiary of BIG Pharmacy
"Board"	:	Board of Directors of our Company
"Bursa Securities"	:	Bursa Malaysia Securities Berhad
"Caring"	:	Caring Pharmacy Group Berhad
"Caring Group" or "Caring Group Company"	:	Collectively, Caring and all its subsidiaries and associated companies, which own and operate the retail pharmacy businesses under the 'CARiNG' brand and its acquired pharmacy chains under the 'Georgetown' and 'Wellings' brands in Malaysia as well as any manufacturing and distribution of in-house products in Malaysia (but excluding the Indonesian Business), and each a "Caring Group Company"
"Caring Group IPR"	:	All intellectual property rights presently owned and utilised by Caring Group and the Indonesian Business, including the brands 'CARiNG', 'Georgetown' and 'Wellings' and all in-house brands sold by Caring Group
"Caring Shares"	:	Ordinary shares in Caring
"Circular"	:	This circular to shareholders dated 29 November 2023 in relation to the Proposed Disposal
"Claim"	:	All Losses which the Purchaser or Caring Group may at any time, and from time to time sustain, incur or suffer by reason of or in connection with any breach of any provision of the SPA by the Vendors, including a breach of any warranty or claim pursuant to a specific indemnity or tax indemnity given under the SPA
"CNY"	:	Chinese Yuan

"Comparable Companies"	:	Pure pharmacy retailers listed in Asia and retail players in South East Asia with significant presence in pharmacy retail stores which share similar characteristics to Caring Group
"Completion"	:	The completion of the Proposed Transaction in accordance with the terms of the SPA
"Completion Date"	:	The date falling 10 business days from the date on which the SPA becomes unconditional upon which the last condition precedent is satisfied or is deemed to be satisfied or is waived in accordance with the SPA or such other date as the Parties may agree in writing
"CPRM"	:	Caring Pharmacy Retail Management Sdn Bhd
"CSSSB"	:	Convenience Shopping (Sabah) Sdn Bhd
"CSSSB Sale Shares"	:	A total of 163,280,543 Caring Shares, representing 75% equity interest in Caring to be sold by CSSSB to BIG Pharmacy in accordance with the terms and conditions of the SPA
"Cut-Off Date"	:	The date falling 4 months from the date of the SPA or such other date as may be agreed upon in writing between the Vendors and the Purchaser
"Deed of Sale and Purchase"	:	The deed of shares sale and purchase to be entered into between CPRM (as vendor) and IVSB (as purchaser) for the sale and purchase of the entire 50.1% equity interest in ECI held by CPRM
"Definitive Documents"	:	A binding agreement in respect of the Proposed Disposal in accordance with the Offer, including the SPA and other ancillary agreements as may be required in respect of the Proposed Disposal (which includes the escrow agreement for the operation of the escrow account of which the Deposit is deposited, the Deed of Sale and Purchase, the ECI Adherence Agreement, the EFI Adherence Agreement and the Trademark Licensing Agreement)
"Deposit"	:	A sum of RM60.75 million paid by the Purchaser into an escrow account within 7 business days from the execution of the SPA
"Directors"	:	The directors of our Company and shall have the meaning given in Section 2(1) of the Act, Section 2(1) of the Capital Markets and Services Act 2007 and Paragraphs 10.02(c)(i) and (ii) of the Listing Requirements
"Disclosure Letter"	:	The letter setting out disclosures against the representations and warranties on the part of the Vendors under or pursuant to the SPA, which the Vendors are entitled to furnish to BIG Pharmacy within 14 business days from the date of the SPA
"Disposal Consideration"	:	A total cash consideration of RM675.0 million (subject to adjustments to the Equity Value as disclosed in Section 2.1 of the Circular)
"ECI"	:	PT Era Caring Indonesia

"ECI Adherence Agreement"	:	The adherence agreement to be entered into between IVSB, CPRM, PT Era Prima Indonesia and ECI to bind IVSB to the terms of the shareholders' agreement executed between CPRM and PT Era Prima Indonesia governing the relationship between CPRM and PT Era Prima Indonesia as the existing shareholders of ECI
"EFI"	:	PT Era Farma Indonesia
"EFI Adherence Agreement"	:	The adherence agreement to be entered into between IVSB, CPRM, PT Era Prima Indonesia and EFI which records the sale and transfer of the entire unsecured mandatory convertible bonds held by CPRM in EFI to IVSB, and binds IVSB to the terms of the governance agreement executed between CPRM, PT Era Prima Indonesia and EFI governing the relationship between CPRM (as the existing bondholder) and PT Era Prima Indonesia (as the controlling and majority shareholder of EFI)
"EGM"	:	Extraordinary general meeting
"EPS"	:	Earnings per SEM Share
"Equity Value"	:	The agreed equity value of Caring Group (excluding the Indonesian Business) of RM850.0 million for 100% equity interest in Caring pursuant to the SPA
"Erajaya Group"	:	PT Erajaya Swasembada Tbk and its group companies (which includes PT Era Prima Indonesia)
"EY" or "Reporting Accountants"	:	Messrs Ernst & Young PLT
"First Tranche Balance Consideration"	:	A sum of RM15 million payable by BIG Pharmacy to CSSSB on the last day of the 12th month from the Completion Date
"FPE"	:	Financial period ended
"FY22 Caring Group Reported PATMI"	:	The PATMI of Caring Group for the FYE 31 December 2022 (excluding the Indonesian Business)
"FYE"	:	Financial year ended/ending, as the case may be
"IDR"	:	Indonesian Rupiah
"Indonesian Business"	:	The current business in the Republic of Indonesia operated by the Caring Group pursuant to a joint venture arrangement with PT Era Prima Indonesia to establish the business of distributing, marketing, selling and administering pharmaceutical products in the Republic of Indonesia, where the joint venture includes ECI and EFI
"Indonesian Business Carve-Out"	:	The carve-out of the Indonesian Business in accordance with the steps set out in Section 2.1 of Appendix III of this Circular or in such other manner as may be agreed upon in writing between the Parties

"Indonesian Carve-Out Permitted Leakage"	:	The declaration and payment as dividend of the net proceeds (after deducting from the Indonesian Consideration, all costs incurred in respect of the Indonesian Business Carve-Out and debt attributable to the investment into the Indonesian Business) of the disposals of the following to the Vendors in accordance with their respective shareholding proportions in Caring: (i) the disposal of the shares in ECI to IVSB, an entity nominated by CSSSB and approved by the Purchaser; and (ii) the disposal of the unsecured mandatory convertible bonds in EFI to IVSB, an entity nominated by CSSSB and approved by the Purchaser
"Indonesian Consideration"	:	The payment of cash consideration for the Indonesian Business pursuant to the Indonesian Business Carve-Out
"Initial Consideration"	:	A sum of RM546.75 million payable by BIG Pharmacy to CSSSB on the Completion Date
"IVSB"	:	Indo Ventures Sdn Bhd, a wholly-owned subsidiary of our Company
"JV Companies"	:	Subsidiaries of CPRM, Wellings and TPH which are partially owned by third parties that are joint venture partners
"Leakage"	:	Refers to any of the following which occur (directly or indirectly) during the period from (and excluding) the Locked Box Date up to (and including) the Completion Date: (i) any dividend (in cash or otherwise) or distribution (whether of cash or assets) declared, made or paid (whether actual or deemed) or agreed to be declared, made or paid by any Caring Group Company to the Vendors, any of their respective affiliates or any of their respective shareholders; (ii) any payments made or benefits granted to, or assets transferred to, or liabilities or obligations assumed, indemnified, or incurred for the benefit of, the Vendors, any of their respective affiliates or any of their respective shareholders by any Caring Group Company (including any management consultancy, service or other fees or charges, or professional advisers' fees and costs relating to the transactions contemplated by the SPA, or any payment or accrual of interest); (iii) any payments made or agreed to be made by any Caring Group Company to any of the directors or shareholders of the Vendors or any of their respective affiliates, save and except for payment of directors' fees consistent with fees paid and recorded in the consolidated audited accounts of Caring Group for previous financial years;

(iv) the payment of, or incurring of any obligation to pay, any salary or bonus save and except for salary increments or bonus payments in a manner consistent with historical practices, or fees or other sums which are not contractually required to be paid to any director, employee, consultant or officer of any Caring Group Company;

(v) the creation, assumption or increase of the aggregate of all borrowings and indebtedness owed by Caring Group to any financial institutions, its affiliates, its shareholders, or any other third party, whether on- and off-balance sheet, including but not limited to, term loans, hire purchases, amounts owing to shareholders, amounts owing to related parties and revolving credit, excluding utilisation of existing facilities for working capital purposes in the ordinary course of business obtained by any Caring Group Company in respect of the existing facilities that have been disclosed to the Purchaser and up to the amount of existing facilities as disclosed to the Purchaser;

(vi) any payments made, or sums incurred, by any Caring Group Company to any third party other than payments made, or sums incurred, in the ordinary course of business, which for the avoidance of doubt shall exclude payments made to third parties pursuant to acquisitions of businesses and assets of identified companies that the Caring Group has entered into binding agreements for such acquisitions since the Locked Box Date;

(vii) the waiver by any Caring Group Company of any rights, value, benefit or amount owned to any Caring Group Company by the Vendors, the key senior management of Caring Group or any of their respective affiliates or any of their respective shareholders;

(viii) any costs incurred by, allocated to or paid by any Caring Group Company for the entry into the SPA, save for the costs paid or payable to the company secretaries and auditors of any Caring Group Company for services provided in connection with the SPA;

(ix) any further investments whether in the form of shareholders' loan or equity investments into the Indonesian Business; or

(x) any tax triggered as a result of or in connection with paragraphs (i) to (ix) above,

but does not include Permitted Leakages

"Listing Requirements"	:	Main Market Listing Requirements of Bursa Securities
"Locked Box Date"	:	31 December 2022
"Losses"	:	All losses, damages, costs, expenses, charges and other liabilities (including in respect of any tax) whether present or future, fixed or unascertained

"LPD"	:	15 November 2023, being the latest practicable date prior to the date of this Circular
"Major Shareholders"	:	The major shareholders of our Company and shall have the meaning given in Paragraph 10.02(f)(i) of the Listing Requirements
"MOSB"	:	Motivasi Optima Sdn Bhd
"MOSB Sale Shares"	:	The number of Caring Shares to be disposed by MOSB pursuant to the Proposed MOSB Disposal
"MTN"	:	Medium term notes issued by our Company under a MTN programme of RM600 million in nominal value
"NA"	:	Net assets
"OCBC Facility"	:	Banking facilities amounting to RM60 million granted by OCBC Bank (Malaysia) Berhad to CPRM to part finance the purchase of shares in TPH and Wellings, as well as for working capital requirement
"Offer"	:	The offer to acquire CSSSB's entire 75% equity interest in Caring for a consideration of RM637.5 million, which includes the acquisition by BIG Pharmacy Healthcare, or its nominee, of the Caring Group and Caring Group IPR but excludes the Indonesian Business which is subject to the Indonesian Business Carve-Out
"Parties"	:	Collectively, CSSSB, MOSB and BIG Pharmacy, being the parties to the SPA, and each a "Party"
"PATMI"	:	Profit after taxation and minority interest
"Permitted Leakages"	:	Refers to the following: (i) the RM40 million dividend that had been declared and paid during the 1st quarter of 2023; (ii) payments made pursuant to recurrent related party transactions entered into by Caring Group within its ordinary course of business in a manner consistent with past practices, the full details of which is set out in the SPA and also subject to compliance with pre-completion undertakings in the SPA; (iii) disclosed matters and amounts as set out in the SPA and (subject to acceptance of the Disclosure Letter) the Disclosure Letter; (iv) payments made for settlement of intercompany balances within Caring Group including existing intercompany loan arrangements, the full details of which have been disclosed to BIG Pharmacy; (v) the Indonesian Carve-Out Permitted Leakage; and

(vi) up to RM15,563,000 in dividends to be declared by the JV Companies to its respective shareholders, where the Vendors agree that the amount of dividend paid by the JV Companies to a Caring Group Company will not be further dividend-out to the Vendors (*For clarity, the amount represents an interim dividend for the FYE 31 December 2023 which was already paid by the JV Companies in September 2023. No further dividend shall be made to the Vendors as this would represent a Leakage under definition of Leakage under item (i) of the definition of Leakage. The Leakages and Permitted Leakages were negotiated based on a cut off date, during the period from (and excluding) the Locked Box Date of 31 December 2022 up to (and including) the Completion Date, with the purpose of containing the payment outflows after the Locked Box Date, save for the Permitted Leakages. The Caring Group Company, being the major shareholders of the JV Companies will utilise the dividend received for working capital purposes*)

"PHP"	:	Philippine peso
"POS"	:	Point of Sale
"Premium"	:	An additional agreed fixed premium of RM50.0 million payable by the Purchaser to the Vendors on the Completion Date based on their respective shareholding proportions in Caring
"Proposed Disposal"	:	Proposed disposal by CSSSB of its entire 75% equity interest in Caring to BIG Pharmacy for the Disposal Consideration
"Proposed MOSB Disposal"	:	Proposed disposal by MOSB of its entire 25% equity interest in Caring to BIG Pharmacy for a total cash consideration of RM225.0 million (subject to adjustments to the Equity Value as disclosed in Section 2.1 of the Circular)
"Proposed Transaction"	:	Collectively, the Proposed Disposal and Proposed MOSB Disposal
"RC"	:	Revolving credit
"Replacement of POS Hardware and Application"	:	Replacement of store POS hardware and application for all stores
"Responsible Party"	:	The party responsible for the fulfilment of the conditions precedent of the SPA
"RHB Investment Bank" or the "Principal Adviser"	:	RHB Investment Bank Berhad
"RM" and "sen"	:	Ringgit Malaysia and sen respectively
"RTE"	:	Ready-to-eat
"Sale Shares"	:	A total of 217,706,400 Caring Shares, representing 100% equity interest in Caring to be sold by CSSSB and MOSB to BIG Pharmacy in accordance with the terms and conditions of the SPA

"Second Tranche Balance Consideration"	:	A sum of RM15 million payable by BIG Pharmacy to CSSSB on the last day of the 24th month from the Completion Date
"SEM" or "Company"	:	7-Eleven Malaysia Holdings Berhad
"SEM Group" or "Group"	:	Collectively, SEM and its subsidiaries
"SEM Shares"	:	Ordinary shares in our Company
"SPA"	:	The conditional sale and purchase agreement dated 21 September 2023 entered into between CSSSB, MOSB and BIG Pharmacy for the Proposed Transaction
"Stock-Up"	:	Stock up for a self-operated ambient warehouse in Shah Alam, a 300,000 square feet facility based on a full inventory put-away model and coupled with the automation of handling activities, to serve over 2,000 stores
"Term Sheet"	:	A binding term sheet dated 28 June 2023 from BIG Pharmacy Healthcare to CSSSB for the Offer
"TPH"	:	The Pill House Pharmacy Sdn Bhd
"Trademark Licensing Agreement"	:	The trademark licensing agreement to licence the 'Wellings' trademark registered in Indonesia to ECI and/or EFI for a period of 2 years to assist the transition of the Indonesian Business currently operating under the 'Wellings' trademark to another brand, which may be in the form of a new trademark licensing agreement or an addendum to vary the terms of the existing trademark licensing agreement
"TWD"	:	New Taiwan dollar
"Vendors"	:	Collectively, CSSSB and MOSB, and each a "Vendor"
"Wellings"	:	Wellings Pharmacy Sdn Bhd

References to "our Company" in this Circular are to SEM and references to "our Group" are to our Company and the subsidiaries. References to "we", "us", "our" and "ourselves" in this Circular are to our Company and where the context otherwise requires, shall include its subsidiaries. All references to "you" in this Circular are to the shareholders.

Unless specifically referred to, words denoting the singular shall, where applicable, include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine and/or neuter genders and vice versa. References to persons shall include corporations, unless otherwise specified.

Any reference in this Circular to the provisions of any statute, rules, regulation or rules of stock exchange shall (where the context admits) be construed as a reference to the provisions of such statute, rules, regulation or rules of stock exchange (as the case may be) as modified by any written law or (if applicable) amendments to the statute, rules, regulation or rules of stock exchange for the time being in force.

Any reference to a time of day and date in this Circular shall be a reference to Malaysian time and date respectively, unless otherwise specified.

Certain amounts and percentage figures included herein have been subject to rounding adjustments. Any discrepancy between the figures shown herein and figures published by our Company, such as in its quarterly results or annual reports, is due to rounding differences.

Certain statements in this Circular may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by our Board (save for the Interested Director) after due inquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Circular should not be regarded as a representation or warranty that our Company's and/or our Group's plans and objectives will be achieved.

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TABLE OF CONTENTS

EXECUTIVE SUMMARY

This Executive Summary highlights only the salient information of the Proposed Disposal as set out in this Circular. You are advised to read and carefully consider the contents of this Circular and the appendices contained herein in its entirety for further details and not to rely solely on this Executive Summary in forming a decision on the Proposed Disposal before voting at the forthcoming EGM.

Salient information	**Description**	**Reference to Circular**
Summary of the Proposed Disposal	The proposed disposal by CSSSB, our wholly-owned subsidiary of a total of 163,280,543 Caring Shares, representing 75% equity interest in Caring for a cash consideration of RM675.00 million.	Sections 1 and 2 of this Circular
Basis of and justification for arriving at the Disposal Consideration	In determining the Disposal Consideration, which was arrived at on a willing-buyer willing-seller basis, our Board has taken into consideration the following: (i) the Equity Value of RM850 million and the Premium of RM50 million for 100% equity interest in Caring; (ii) the implied PE multiple of the Disposal Consideration of 20.7 times, in comparison to the range of the PE multiples of the Comparable Companies; and (iii) the rationale and benefits of the Proposed Disposal as detailed in Section 3 of this Circular.	Section 2.2 of this Circular
Rationale and benefits of the Proposed Disposal	• The Proposed Disposal provides an opportunity for our Company to unlock and realise the value of its investment in Caring. • The Proposed Disposal will enable our Group to raise cash proceeds of RM675.0 million (subject to adjustments to the Equity Value as disclosed in Section 2.1 of the Circular) which will be utilised for the purposes as set out in Section 2.7 of this Circular which includes repayment of borrowings and 7-CAFé Expansion. • Upon the completion of the Proposed Disposal, we will focus our resources to grow our convenience store segment which is expected to contribute positively to our Group's future income.	Section 3 of this Circular
Risk factors of the Proposed Disposal	The Proposed Disposal is subject to the following risks: (i) Non-completion of the Proposed Disposal; (ii) Contractual risk; (iii) Loss of income from Caring; (iv) Deferred payment; and (v) Demand and competition in the convenience stores industry.	Section 5 of this Circular

Salient information	Description	Reference to Circular
Approvals required/obtained	• The Proposed Disposal is subject to the following approvals being obtained: (i) the shareholders of our Company at the forthcoming EGM; (ii) the shareholder of CSSSB; (iii) the holders of the MTN for the sale and transfer of the CSSSB Sale Shares in accordance with the terms and conditions of the SPA, which was obtained on 26 October 2023; and (iv) any other relevant regulatory authorities and/or parties, if required. • The Proposed Disposal and the Proposed MOSB Disposal are interconditional upon each other. • The Proposed Disposal is not conditional upon any other proposals undertaken or to be undertaken by our Company.	Section 7 of this Circular
Interests of Directors, Major Shareholders and/or persons connected	None of the Directors and Major Shareholders of our Company, and/or persons connected with them have any interests, whether direct or indirect, in the Proposed Disposal.	Section 8 of this Circular
Directors' statement and recommendation	Our Board having considered all aspects of the Proposed Disposal, including the rationale and benefits of the Proposed Disposal, the salient terms of the SPA, the basis and justification for arriving at the Disposal Consideration as well as the effects of the Proposed Disposal, is of the opinion that the Proposed Disposal is in the best interest of our Company. Accordingly, our Board recommends that you **VOTE IN FAVOUR** of the resolution pertaining to the Proposed Disposal to be tabled at the forthcoming EGM.	Section 9 of this Circular

7-ELEVEN MALAYSIA HOLDINGS BERHAD

(Registration No. 201301028701 (1058531-W))
(Incorporated in Malaysia)

Registered Office

12th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan

29 November 2023

Board of Directors

Datuk Wira Farhash Wafa Salvador *(Chairman, Non-Independent Non-Executive Director)*
Dato' Richard Alexander John Curtis *(Deputy Chairman, Senior Independent Non-Executive Director)*
Tan U-Ming *(Executive Director cum Co-Chief Executive Officer)*
Wong Wai Keong (*Executive Director cum Co-Chief Executive Officer)*
Muhammad Lukman Bin Musa @ Hussain *(Non-Independent Non-Executive Director)*
Chan Kien Sing *(Non-Independent Non-Executive Director)*
Tsai, Tzung-Han *(Non-Independent Non-Executive Director)*
Puan Sri Datuk Seri Rohani Parkash Binti Abdullah *(Independent Non-Executive Director)*
Moyra Binti Ibrahim *(Independent Non-Executive Director)*

To: Our shareholders

Dear Sir/Madam,

PROPOSED DISPOSAL

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1. INTRODUCTION

On 21 July 2023, RHB Investment Bank had, on behalf of our Board, announced that CSSSB had received a Term Sheet from BIG Pharmacy Healthcare, a wholly-owned subsidiary of BIG Pharmacy, for the Offer to acquire our entire 75% equity interest in Caring for a consideration of RM637.5 million. Further thereto, our Board had on 21 July 2023 decided to accept the Offer, subject to the execution of the Definitive Documents.

On 21 September 2023, RHB Investment Bank had, on behalf of our Board, announced that CSSSB entered into a conditional SPA with BIG Pharmacy and MOSB, who holds 25% equity interest in Caring, for the Proposed Transaction which are as follows:

(a) the Proposed Disposal of CSSSB's entire 75% equity interest in Caring to BIG Pharmacy for the Disposal Consideration of RM675.0 million; and

(b) the Proposed MOSB Disposal of MOSB's entire 25% equity interest in Caring to BIG Pharmacy for a total cash consideration of RM225.0 million.

The aggregate consideration for the Proposed Disposal and Proposed MOSB Disposal of RM900 million is subject to adjustments to the Equity Value as disclosed in Section 2.1 of the Circular.

For information purposes, subsequent to the initial Offer accepted on 21 July 2023, the Parties had re-negotiated the aggregate consideration for the Sale Shares and the Purchaser had then agreed to pay the Premium of RM50 million over and above the Equity Value. Please refer to Section 2.2(i) of this Circular for further details.

As the Proposed Transaction involves the disposal of 100% equity interest in Caring to BIG Pharmacy, MOSB who holds the remaining 25% equity interest in Caring, is made a party to the SPA as there are certain obligations under the SPA which require joint performance by MOSB and CSSSB. The Proposed Disposal and the Proposed MOSB Disposal are interconditional upon each other. For clarification, the Proposed MOSB Disposal is not part of our Company's corporate exercise. Please refer to Appendix IV of this Circular for further details on MOSB.

Further details of the Proposed Disposal are set out in the ensuing sections of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE DETAILS OF THE PROPOSED DISPOSAL AND TO SEEK YOUR APPROVAL FOR THE RESOLUTION PERTAINING TO THE PROPOSED DISPOSAL TO BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF THE EGM AND THE FORM OF PROXY ARE ENCLOSED TOGETHER WITH THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR AND THE APPENDICES CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED DISPOSAL TO BE TABLED AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED DISPOSAL

The Proposed Disposal, which forms part of the Proposed Transaction, entails the disposal by CSSSB of 163,280,543 CSSSB Sale Shares, representing 75% equity interest in Caring, to BIG Pharmacy for the Disposal Consideration of RM675.0 million, subject to the terms and conditions of the SPA, the salient terms of which are as set out in Appendix III of this Circular.

All the Sale Shares shall be sold by the Vendors free from encumbrances and together with all rights and advantages attaching to them as at the Completion Date including the right to receive all dividends or distributions declared, made or paid on or after the Completion Date.

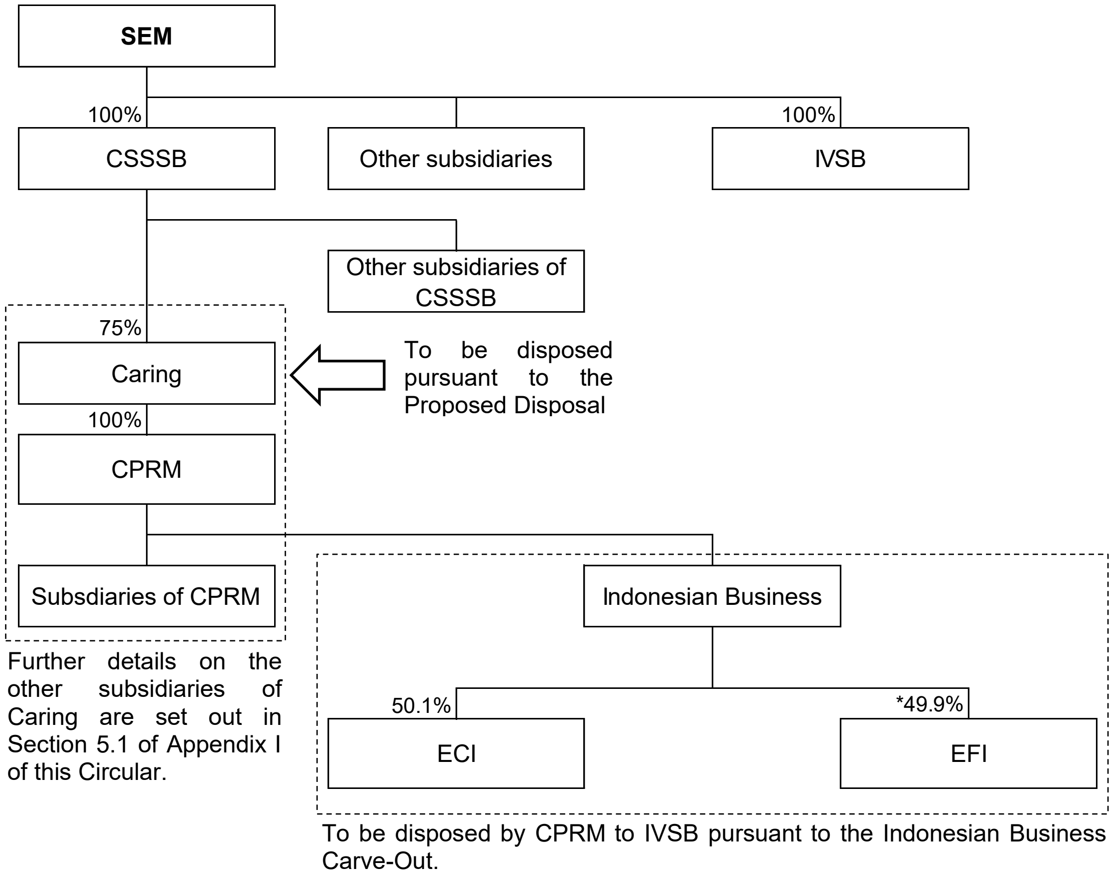
The Proposed Transaction does not include the disposal of the Indonesian Business operated by Caring Group in the Republic of Indonesia. As such, the Parties will undertake the Indonesian Business Carve-Out in accordance with the terms and conditions of the SPA and as mutually agreed between the Parties. To facilitate the Indonesian Business Carve-Out, CSSSB has nominated IVSB (and approved by BIG Pharmacy) to be the entity that will undertake the Indonesian Business Carve-Out.

For information purposes, the Proposed Disposal and the Proposed MOSB Disposal are interconditional upon each other. As such, in the event that either the Proposed Disposal or the Proposed MOSB Disposal does not proceed to Completion due to default of either Parties of their respective completion obligations under the SPA, the SPA may be terminated by the Purchaser (in the event of a default by any or both Vendors of their respective completion obligations under the SPA) or jointly by the Vendors (in the event of a default by the Purchaser of its completion obligations under the SPA). In the event the SPA is terminated, the Effect of Termination as set out in Section 4 of Appendix III of this Circular shall apply.

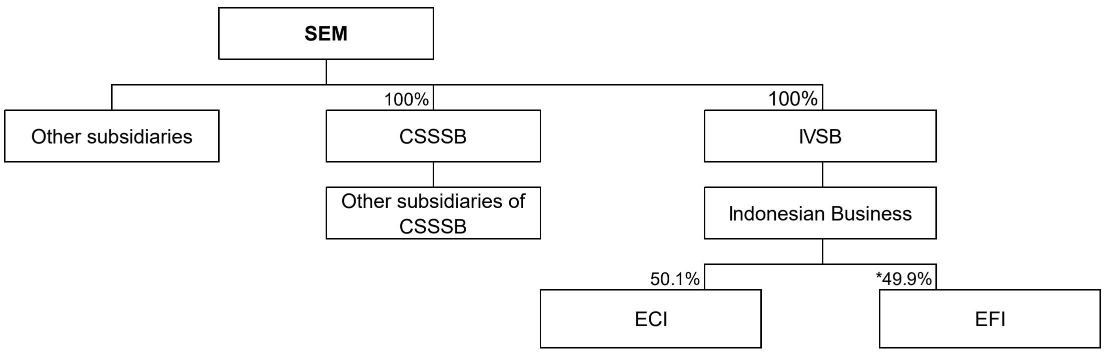
Upon the completion of the Proposed Disposal in accordance with the terms of the SPA, Caring will cease to be a subsidiary of our Company and the Indonesian Business will be held by IVSB.

Our group structure before and after the Proposed Disposal is illustrated as follows:

Before the Proposed Disposal



After the Proposed Disposal



Note:

* *The interest in EFI is derived from the holding of unsecured mandatory convertible bonds in EFI.*

Further information on Caring and BIG Pharmacy are set out in Appendices I and II of this Circular.

2.1 Disposal Consideration and mode of settlement

Subject to the adjustments below, the aggregate consideration of the Sale Shares shall be RM900.0 million which comprise of the Equity Value of RM850 million and the Premium of RM50 million. The portion of the aggregate consideration payable to each Vendor shall be calculated based on their respective proportion of shareholding in Caring. Accordingly, the disposal consideration for CSSSB Sale Shares is RM675.0 million.

The Disposal Consideration shall be paid by BIG Pharmacy to CSSSB entirely in cash in the following manner:

Payment tranche	Timing	Note	RM'million
• Deposit	Payable within 7 business days from the execution of the SPA	(i)	60.75
• Initial Consideration	Payable on the Completion Date		546.75
• Premium	Payable on the Completion Date	(ii)	37.50
• Balance Disposal Consideration	Payable in 2 instalments in the following manner:		
	(a) **First Tranche Balance Consideration**	(iii)	15.00
	Payable on the last day of the 12th month from the Completion Date		
	(b) **Second Tranche Balance Consideration**	(iii)	15.00
	Payable on the last day of the 24th month from the Completion Date		
Total			**675.0**

Notes:

(i) The Deposit is held in an interest-bearing escrow account denominated in Ringgit Malaysia and shall be released to CSSSB, excluding the interest accrued on the Deposit, on the Completion Date.

(ii) The Premium of RM50 million to the Vendors is a fixed sum and shall not be adjusted against the Equity Value. In other words, any adjustments to the Equity Value for the Proposed Transaction of RM850.0 million could only result in an adjustment or deduction to the Initial Consideration or the Balance Disposal Consideration.

(iii) BIG Pharmacy has undertaken as a term of the SPA that in the event any of the following circumstances occurs at any time prior to the scheduled date for payment of the Balance Disposal Consideration, the payment of the First Tranche Balance Consideration (if it has not already been paid) and the Second Tranche Balance Consideration shall be brought forward to within 14 days from the date on which any of the following events or circumstances occurs:

(a) BIG Pharmacy enters into a binding definitive agreement for the sale of the whole or a substantial part of its business or assets or liabilities; or

(b) BIG Pharmacy is subject to any bankruptcy/winding-up/liquidation proceedings or analogous action.

Our Board is of the view that the mode of settlement of the Disposal Consideration (which includes the deferred payments under the First Tranche Balance Consideration and the Second Tranche Balance Consideration) is reasonable after having considered the following:

(i) the mode of settlement for the Proposed Disposal was agreed and arrived at on a willing-buyer willing-seller basis after taking into consideration the opportunity to realise and unlock the value in our Company's investment in Caring at the Disposal Consideration;

(ii) the Deposit and Initial Consideration which amounts to RM645 million, forms 95.56% of the Disposal Consideration which would help strengthen our Group's cash flow in the immediate term; and

(iii) the First Tranche Balance Consideration and the Second Tranche Balance Consideration form only 4.44% of the Disposal Consideration.

There is no interest to be charged on the First Tranche Balance Consideration and the Second Tranche Balance after taking into consideration that the balance disposal consideration only forms 4.44% of the Disposal Consideration and any interest chargeable would be deemed insignificant in comparison to the opportunity to realise the Proposed Disposal at the Disposal Consideration. Further information on the basis and justification of the Disposal Consideration is set out in Section 2.2 of this Circular.

The adjustments to the Equity Value

The Equity Value for the Proposed Transaction of RM850.0 million may be subject to the following adjustments:

(i) as part of the Indonesian Business Carve-Out, all losses after tax incurred by Caring Group arising from the operations and ownership of the Indonesian Business and following the settlement of the intercompany balances between the Indonesian Business and Caring Group from 1 January 2023 up until completion of the Indonesian Business Carve-Out will be deducted from the Initial Consideration or the First Tranche Balance Consideration or the Second Tranche Balance Consideration, in accordance with CSSSB's 75% shareholding in Caring; and

(ii) arising from any Leakages and any Claim which has been resolved based on mutual agreement between the Parties or as determined by a court of competent jurisdiction (which may be set-off against the First Tranche Balance Consideration and/or the Second Tranche Balance Consideration before the 24th month from Completion, in accordance with CSSSB's 75% shareholding in Caring) subject to the terms and conditions in the SPA.

Our Company will make an immediate announcement on Bursa Securities on the details of the adjustments, including the basis and justification and impact to the final Disposal Consideration.

Indonesian Business Carve-Out

To facilitate the Indonesian Business Carve-Out, it is envisaged that IVSB shall enter into the following agreements:

(i) the Deed of Sale and Purchase with CPRM for the acquisition by IVSB of the entire 50.1% equity interest in ECI held by CPRM;

(ii) the ECI Adherence Agreement to bind IVSB to the terms of the shareholders' agreement executed between CPRM and PT Era Prima Indonesia governing the relationship between CPRM and PT Era Prima Indonesia as the existing shareholders of ECI; and

(iii) the EFI Adherence Agreement with CPRM, PT Era Prima Indonesia and EFI which records the sale and transfer of the entire unsecured mandatory convertible bonds held by CPRM in EFI to IVSB, and binds IVSB to the terms of the governance agreement executed between CPRM, PT Era Prima Indonesia and EFI governing the relationship between CPRM (as the existing bondholder) and PT Era Prima Indonesia (as the controlling and majority shareholder of EFI).

For the avoidance of doubt, IVSB shall acquire the entire unsecured mandatory convertible bonds issued by EFI held by CPRM only as CPRM does not hold equity interest in EFI through any other equity securities. CPRM's interest in EFI is derived solely from the holding of the unsecured mandatory convertible bonds.

The settlement of the Indonesian Business Carve-Out is to be fully settled by cash. The Indonesian Consideration shall be arrived at on a "no gain, no loss" basis after taking into account the estimated closing balance of CPRM's investment in ECI and EFI as at the completion of the Indonesian Business Carve-Out which took into account the following:

(a) any further investments made into the Indonesian Business after the Locked Box Date up to and including the completion of the Indonesian Business Carve-Out; and

(b) all losses after tax incurred by Caring Group arising from the operations and ownership of the Indonesian Business and following the settlement of the intercompany balances between the Indonesian Business and Caring Group from 1 January 2023 up until completion of the Indonesian Business Carve-Out.

The exact Indonesian Consideration can only be determined on completion of the Indonesian Business Carve-Out.

As part of the Indonesian Carve-Out Permitted Leakages, CPRM shall declare as dividend of the net proceeds (after deducting from the Indonesian Consideration, all costs incurred in respect of the Indonesian Business Carve-Out and debt attributable to the investment into the Indonesian Business) to Caring and thereafter, Caring shall declare the same amount of dividend to the Vendors in accordance with their respective shareholding proportions in Caring. For the avoidance of doubt, the actual net cash outflow from our Group pursuant to the Indonesian Business Carve-Out is only 25% of the aforesaid net proceeds, as 75% of the said net proceeds shall accrue to CSSSB, being the 75% equity shareholder of Caring.

The Indonesian Business Carve-Out reflects our Group's strategic commitment to our Indonesian conglomerate partner, Erajaya Group, to expand its beauty and wellness business vertical by penetrating into the pharmaceutical sector in Indonesia. Essentially, we remain steadfast in our collective vision to transform and reshape the landscape of retail pharmacy and pharmaceutical offerings in Indonesia by introducing comprehensive services such as prescription filling, expert drug consultations, nutritional guidance and providing a diverse range of supplements and health products, health consultations, and rehabilitation services.

As at the LPD, the Indonesian Business has successfully opened 16 pharmacy outlets in Indonesia and the near-term focus of our Group is to address the current teething challenges faced, together with Erajaya Group. Currently, our Group does not foresee any substantial financial commitment that would be required to bring the Indonesian Business on-stream.

Upon completion of the Indonesian Business Carve-Out, our Company will make the necessary announcement on Bursa Securities on the details of the Indonesian Business Carve-Out, including the final consideration, basis, formula calculation, justifications, implication and detailed calculation on the adjustment to the Equity Value and final Disposal Consideration.

Further details of ECI, EFI and PT Era Prima Indonesia are set out in Section 12.1 to 12.3 of Appendix I of this Circular.

2.2 Basis of and justification for arriving at the Disposal Consideration

In determining the Disposal Consideration, which was arrived at on a willing-buyer willing-seller basis, our Board has taken into consideration the following:

(i) Equity Value and Premium

The Equity Value of RM850 million for 100% equity interest in Caring has been determined as follows:

Items	**Note**	
The FY22 Caring Group Reported PATMI	A	RM43.4 million
PE multiple	B	19.6 times
Equity Value on 100% equity interest in Caring	C = A x B	RM850.0 million
Equity value on 75% equity interest in Caring (before the Premium)	75% x C	RM637.5 million

In considering the Equity Value, our Board has considered the Equity Value's PE multiple of 19.6 times, in comparison to the range of the PE multiples of the Comparable Companies. The Equity Value's PE multiple of 19.6 times is within the range of the PE multiples of the Comparable Companies of 13.99 times to 35.50 times, and is above the median PE multiple of the Comparable Companies of 19.30 times.

Subsequent to the initial Offer, the Parties had re-negotiated the aggregate consideration for the Sale Shares and the Purchaser had then agreed to pay the Premium of RM50 million over and above the aforesaid Equity Value on a willing-buyer willing-seller basis. Accordingly, the Disposal Consideration for CSSSB Sale Shares based on CSSSB's 75% equity interest in Caring (including CSSSB's portion of the Premium of RM37.5 million) is RM675.0 million. The Disposal Consideration of RM675.0 million represents an implied PE multiple of 20.7 times; which our Board has considered in comparison to the range of the PE multiples of the Comparable Companies as set out below.

(ii) the implied PE multiple of the Disposal Consideration of 20.7 times, in comparison to the range of the PE multiples of the Comparable Companies.

It should be noted that the Comparable Companies are by no means exhaustive and may differ from Caring Group in terms of, amongst others, the composition of business activities, scale of operations, geographical location of operations, profit track record, financial profile, risk profile, prospects, capital structure, marketability of their securities and other criteria. However, the list of Comparable Companies was mainly selected as their principal activities are broadly similar to Caring Group by virtue of their involvement in the retail pharmaceutical segment.

For the avoidance of doubt, we have considered the following consumer retail players with presence in pharmacy retail stores for comparison purposes due to the following reasons:

(a) SEM (being the ultimate holding company of Caring) is a proxy of retail players with significant presence in pharmacy retail stores in Malaysia under the extensive pharmaceutical chains of Caring, Wellings and Pill House.

(b) Aeon Co. (M) Bhd's presence in the pharmacy retail stores is via AEON Wellness which has a total of 62 outlets across Malaysia as at 31 March 2023 that sells products related to well-being and healthy living, beauty care and personal hygiene and has evolved into an all-inclusive pharmacy chain, offering a selection of health products and professional consultation services by their team of in-store pharmacists and beauty advisors.

(c) Robinsons Retails Holdings, Inc’s presence in the pharmacy retail stores is via their extensive drugstore chains in the Republic of Philippines comprising 623 Southstar Drug owned stores, 370 Rose Pharmacy owned stores and 2,151 TGP franchised stores in 2022.

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The PE multiples of the Comparable Companies as referred to above are set out below:

Comparable Companies	Principal Activities	Market Capitalisation (RM'million) [(a)]	PE Multiple (times)
Pure pharmacy retailers listed in Asia			
Yifeng Pharmacy Chain Co., Ltd. (listed on the Shanghai Stock Exchange)	Yifeng Pharmacy Chain Co., Ltd. Retails pharmaceutical products in China. The company also offers Chinese and western patent medicines, Chinese herbal medicines, medical equipment, health foods, personal care products, and daily convenience products related to health	23,177.30	28.74
LBX Pharmacy Chain Joint Stock Company (listed on the Shanghai Stock Exchange)	LBX Pharmacy Chain Joint Stock Company operates a pharmacy store chain in China.	10,145.28	20.13
Jianzhijia Pharmaceutical Chain Group Co., Ltd. (listed on the Shanghai Stock Exchange)	Jianzhijia Pharmaceutical Chain Group Co., Ltd. Engages in pharmaceutical retail business in China. The company operates direct operated stores, as well as an online pharmacy business. It offers health food, personal care, daily consumables, mother and baby products, convenience food, and other health products.	4,571.63	19.30
Yixintang Pharmaceutical Group Co., Ltd. (listed on the Shenzhen Stock Exchange)	Yixintang Pharmaceutical Group Co., Ltd., together with its subsidiary, operates a chain of drugstores in China. It also produces and sells medicinal materials, Chinese herbal medicines, and food and health products, as well as engages in the drug distribution activities.	9,439.52	14.71
ShuYu Civilian Pharmacy Corp., Ltd. (listed on the Shenzhen Stock Exchange)	ShuYu Civilian Pharmacy Corp., Ltd. Operates a chain of pharmaceutical retail stores in China. It offers Chinese and Western patent medicines, health foods, Chinese herbal medicines, health equipment, and other products. The company is also involved in pharmaceutical online store and wholesale business.	4,819.81	32.93
Norbel Baby Co., Ltd (listed on the Taipei Exchange)	Norbel Baby Co., Ltd engages in the retail and wholesale of medicines, health foods, maternity and infant products, cosmetics, and medical equipment in Taiwan. It also sells its products online.	1,071.78	17.30
		High [(b)]	32.93
		Low [(b)]	14.71
		Average [(b)]	22.19
		Median [(b)]	19.72

Comparable Companies	Principal Activities	Market Capitalisation (RM'million) [a]	PE Multiple (times)
Retail players in South East Asia with significant presence in pharmacy retail stores			
7-Eleven Malaysia Holdings Berhad (listed on Bursa Securities)	7-Eleven Malaysia Holdings Berhad, an investment holding company, owns, operates, and franchises a chain of convenience stores under the 7-Eleven brand in Malaysia. The company operates through convenience stores, pharmaceutical, and others segments. Its stores offer a range of grocery and food items, including hot food and beverages; manage the distribution of reloads of mobile phones and online games; and manufactures prepared meals and dishes. The company's stores also provide distribution of pharmaceutical, and healthcare and personal care products, as well as operates a chain of pharmacies under the Caring, Pill House, and Wellings brand names.	2,364.40	35.50
Aeon Co. (M) Bhd. (listed on Bursa Securities)	Aeon Co. (M) Bhd. operates and manages a retail chain of departmental stores and supermarkets in Malaysia. It sells clothing, food, and household products, as well as other merchandise. The company also operates shopping centers, pharmacies, shopping malls, and flat price shops.	1,712.88	15.25
Robinsons Retail Holdings, Inc. (listed on the Philippine Stock Exchange)	Robinsons Retail Holdings, Inc. operates as a multi-format retail company in the Republic of Philippines. It operates through supermarkets, department stores, convenience stores, drug stores, do-it-yourself stores, and specialty stores segments. The company operates convenience stores under the Uncle John's brand; and operates drug stores under the South Star Drug name that offer prescription and over-the-counter pharmaceutical products, as well as food, personal care, and other products.	6,745.70	13.99
		High [c]	35.50
		Low [c]	13.99
		Average [c]	21.98
		Median [c]	19.30
		PE multiple of the Equity Value	**19.6**
		Implied PE multiple based on the Disposal Consideration	**20.7**

(Source: S&P Capital IQ as at 20 July 2023)

Notes:

(a) The market capitalisation of each Comparable Company is derived from the closing share price of the respective Comparable Companies multiplied by its number of shares outstanding as at 20 July 2023 and has been converted to RM equivalent based on the exchange rate of TWD100 : RM14.6340, CNY1 : RM0.6335 and PHP100 : RM8.3440 as at 20 July 2023 published on Bank Negara Malaysia's website.

(b) Based on PE multiples of the pure pharmacy retailers listed in Asia.

(c) Based on PE multiple of all the Comparable Companies, which comprised pure pharmacy retailers listed in Asia and the retail players in South East Asia with significant presence in pharmacy retail stores.

Our Board is of the view that the Disposal Consideration is deemed fair and reasonable based on the following:

(a) the Disposal Consideration's implied PE multiple of 20.7 times and the Equity Value's PE multiple of 19.6 times as set out in the table above are within the range of the PE multiples of the Comparable Companies of 13.99 times to 35.50 times, and are above the median PE multiple of the Comparable Companies of 19.30 times. Accordingly, the Disposal Consideration is deemed fair;

(b) the Disposal Consideration's implied PE multiple of 20.7 times is within the range of the PE multiples of the pure pharmacy retailers comparables of 14.71 times to 32.93 times but is a discount to the average PE multiple of the pure pharmacy retailers comparables of 22.19 times. The discount is justifiable after considering the scale of operations and market capitalisations of the pure pharmacy retailers comparables listed on the China stock exchanges, which are significantly larger than Caring Group. Nevertheless, the Disposal Consideration's implied PE multiple of 20.7 times is higher than the PE multiple of Norbel Baby Co., Ltd (which is listed on the Taipei Exchange) of 17.30 times and the median PE multiple of the pure pharmacy retailers comparables of 19.30 times. Accordingly, the Disposal Consideration is deemed fair;

(c) the effects of the Proposed Disposal which is expected to result in a pro forma gain of approximately RM240.09 million to our Group as detailed in Section 2.6 of this Circular; and

(d) the rationale and benefits of the Proposed Disposal as detailed in Section 3 of this Circular.

2.3 Other salient terms of the SPA

Please refer to Appendix III of this Circular for the salient terms of the SPA.

2.4 Liabilities which will remain with our Company

Save as disclosed below, there are no liabilities, including contingent liabilities and guarantees, in relation to Caring Group which will remain with our Company after completion of the Proposed Disposal.

(a) Within 60 days from the Completion Date, CSSSB and BIG Pharmacy will jointly procure the release of our Company from the corporate guarantee given on behalf of or for the benefit of CPRM in favour of OCBC Bank (Malaysia) Berhad in respect of the OCBC Facility. Pending the release of the corporate guarantee, BIG Pharmacy shall indemnify and keep our Company indemnified from and against all claims, costs, damages or penalties which may be brought, suffered or levied against our Company arising under the corporate guarantee as a result of any default by CPRM in respect of the OCBC Facility after the Completion Date. Any default by CPRM in respect of the OCBC Facility prior to the Completion Date shall be the sole responsibility of the Vendors.

(b) On Completion, CSSSB shall deliver to BIG Pharmacy, amongst others, completion deliverables, a letter of guarantee executed by our Company in favour of BIG Pharmacy, guaranteeing the performance of all the obligations of CSSSB as set out under the SPA.

2.5 Date and original cost of investment

The original cost of investment in Caring incurred by CSSSB which was incurred from February 2020 to June 2020, amounts to approximately RM423.23 million.

2.6 Expected gain arising from the Proposed Disposal

The Proposed Disposal is expected to result in a pro forma gain on disposal to our Group, details of which are set out below:

		RM'000
Disposal Consideration (before any adjustments under Section 2.1 of this Circular)		[(a)] 675,000
Less:	Expected losses after tax incurred by the Indonesian Business as part of the Indonesian Business Carve-Out	[(b)] (3,921)
Less:	Leakages in relation to the further investments made into the Indonesian Business from 1 January 2023 up to the LPD	[(c)] (4,610)
		666,469
Less:	Our carrying value in Caring Group (excluding the Indonesian Business) as at 31 December 2022	(415,589)
Less:	Fair value adjustment of the deferred payment of the Balance Disposal Consideration	[(d)] (1,980)
Less:	Estimated expenses in relation to the Proposed Disposal as set out in Section 2.7 of this Circular	(8,806)
Pro forma gain on the Proposed Disposal		**240,094**

Notes:

(a) *The Disposal Consideration is subject to adjustments as stated in Section 2.1 of this Circular and will only be determined upon Completion. Our Company will make the necessary announcement on the expected gain arising from the Proposed Disposal once the final Disposal Consideration has been determined.*

(b) *Derived from the expected share of losses after tax of approximately RM5.23 million to be incurred from the operations and ownership of the Indonesian Business which is subject to deduction from the Equity Value pursuant to Section 2.1(i) of the Circular. The portion attributable to CSSSB is RM3.92 million based on its 75% shareholding in Caring. Nevertheless, the final adjustments pursuant to losses after tax incurred by the Indonesian Business will only be determined after the completion of the Indonesian Business Carve-Out, and subject to an audit to be performed.*

(c) *Derived from Leakages of approximately RM6.15 million for the investments made into the Indonesian Business from 1 January 2023 up to LPD that have already been identified and shall be deducted from the Equity Value pursuant to Section 2.1(ii) of the Circular. The portion of the identified Leakages attributable to CSSSB is RM4.61 million based on its 75% shareholding in Caring. Nevertheless, the final amount of Leakages will only be determined after the completion of the Indonesian Business Carve-Out, and subject to an audit to be performed.*

(d) *Being fair value adjustment of the deferred payment of the Balance Disposal Consideration which is 1 year and above.*

2.7 Utilisation of proceeds

The Disposal Consideration of RM675.0 million (which is subject to adjustments to the Equity Value as stated in Section 2.1 of this Circular) is intended to be utilised by our Group in the following manner:

Details of utilisation	Time frame for utilisation#	RM'000	%
Repayment of borrowings [(a)]	Within 12 months	250,000	37.04
7-CAFé Expansion [(b)]	Within 24 months	416,194	61.66
Estimated expenses in relation to the Proposed Disposal [(c)]	Within 6 months	8,806	1.30
Total		**675,000**	**100.00**

Notes:

\# *Time frame for utilisation shall be from the Completion.*

(a) *As at the LPD, the total interest-bearing borrowings of our Group (excluding Caring Group) amounted to approximately RM680 million. Our Group intends to utilise RM250 million of the proceeds from the Proposed Disposal for the repayment of the following borrowings that is expected to result in total interest cost savings of approximately RM10.92 million per annum, which translates into an effective interest rate of approximately 4.37% per annum:*

Type of facility	***Interest/ Coupon rate per annum***	***Repayment amount RM'000***	***Interest cost savings per annum RM'000***	***Details of Utilisation***
MTN	*4.05%*	*150,000*	*6,075*	*Acquisition of Caring*
RC	*4.92% - 4.95%*	*20,000*	*990*	*Working Capital*
BA	*4.51% - 4.96%*	*80,000*	*3,857*	*Working Capital*
Total		***250,000***	***10,922***	
Effective interest rate per annum				***4.37%***

(b) *Our Group intends to utilise RM416.19 million of the proceeds from the Proposed Disposal to fund the costs for 7-CAFé store expansion, refurbishment of existing classic stores to 7-CAFé format and convenience store related infrastructure investments as follows:*

	RM'000
7-CAFé Set Up and Refurbishment Costs	*355,242*
Replacement of POS Hardware and Application	*30,952*
Stock-Up	*30,000*
Total	***416,194***

The proceeds to be utilised for each component of capital expenditure above is subject to the operating and funding requirements of our Group at the point of utilisation and therefore, our Group may reallocate the proceeds to be utilised for the aforementioned components interchangeably.

(c) *The estimated expenses in relation to the Proposed Disposal comprise the following:*

	RM'000
Professional fees (i.e. principal adviser, financial adviser, solicitors and other professionals)	
- *Financial Adviser, Principal Adviser and Consent Solicitation Agent fees*	*7,791*
- *Solicitors fees*	*572*
- *Reporting Accountant fees*	*318*
- *Company secretary fees*	*19*
	8,700
Regulatory fee	*10*
Other incidental expenses such as printing and advertising costs, general meeting costs and other ancillary expenses	*96*
Total	***8,806***

Our Company will adjust the quantum earmarked for 7-CAFé Expansion by the shortfall of the Disposal Consideration received pursuant to adjustments as stated in Section 2.1 of this Circular, which will only be determined upon Completion and may be subject to Claims which may be set-off against the First Tranche Balance Consideration and/or the Second Tranche Balance Consideration before the 24th month from Completion, in accordance with CSSSB's 75% shareholding in Caring.

Pending utilisation of the cash proceeds from the Proposed Disposal for the above purposes, the cash proceeds will be placed in interest-bearing deposit(s) with licensed financial institution(s) and/or short-term money market instrument(s). The interest derived from such deposit(s) and/or any gain arising from such short-term money market instrument(s) will be utilised for the future working capital requirements of our Group.

2.8 Cash company or Practice Note 17 listed issuer

The Proposed Disposal will not result in our Company becoming a cash company or a Practice Note 17 listed issuer as defined under the Listing Requirements.

3. RATIONALE AND BENEFITS OF THE PROPOSED DISPOSAL

Our Group is primarily involved in the convenience store segment as operators of convenience stores in Malaysia under the "7-Eleven" brand and operating a chain of pharmacies under the "Caring", "Pill House" and "Wellings" brand name, for retailing of pharmaceutical, healthcare and personal care products.

The Proposed Disposal provides an opportunity for our Company to unlock and realise the value of our investment in Caring. Our Company is expected to record an estimated one-off gain on disposal from the Proposed Disposal of approximately RM240.09 million, as set out in Section 2.6 of this Circular, and thereby improving the NA per share of our Company, as set out in Section 6.2 of this Circular.

The Proposed Disposal will enable our Group to raise cash proceeds of RM675.0 million (subject to adjustments to the Equity Value as disclosed in Section 2.1 of the Circular) to be utilised for the purposes as set out in Section 2.7 of this Circular which includes 7-CAFé Expansion and the repayment of borrowings. The utilisation of the aforesaid proceeds is expected to contribute positively to the future income of our Group.

4. INDUSTRY OVERVIEW AND FUTURE PROSPECTS

4.1 Overview and prospects of the convenience stores in Malaysia

In the past, convenience stores revenue was mainly attributable to the sales of tobacco products and other dry items. In recent times, more convenience store players are increasing their offering of fresh food and RTE selections in their stores as they look to improve margins amid the increased demand by consumers as they return to their pre-pandemic lifestyles. Accordingly, 7-Eleven launched its 7-CAFé concept towards the end of 2021 in response to this trend, a refreshed format offering a wider range of RTE meals and snacks, ranging from sandwiches, pastries and pizza to dim-sum, nachos and loaded fries, alongside an array of iced beverages and soft-serve. With many 7-Eleven outlets being located in central business districts near offices and other areas of employment, the ability to offer a range of convenience food and snacks is seen as an area with strong potential for growth. As at the LPD, our Group has successfully opened 202 of its 7-CAFé store format, primarily in Klang Valley.

With a growing demand for more fresh food and RTE products, there is likely to be a further expansion of the convenience stores channel in the immediate future as existing players continue to be optimistic about the future growth and their offerings to the market. We believe that there is still plenty of room for growth in convenience retailers as their success would generally depend on their value propositions and business strategies. Essentially, the penetration rate of convenience stores in Malaysia is substantially lower than developed countries such as Japan and South Korea. In comparison, Malaysia has about 200 stores per million people, in line with neighbouring countries such as Thailand. This suggests that as Malaysia becomes more urbanised, the prospects for growth of convenience stores in Malaysia remains promising.

Retail sales should continue to see steady growth in 2023, seeing a return close to pre-pandemic levels. Moving into 2024, the landscape is expected to be more normalised as consumers return to their regular consumption patterns. For consumers especially in the urban areas with increasingly busier lifestyles, convenience stores have progressively become an attractive proposition, especially when looking for a quick meal. In the near to medium term, we expect to see more major convenience store players expanding their store footprint for greater reach to consumers.

(Source: Management of our Company)

4.2 Future activities and direction of our Group

Upon the completion of the Proposed Disposal, we will focus our resources to grow our convenience store segment which is expected to contribute positively to our Group's future income. This is in line with our Group's future plans to achieve the following:

(a) Expansion of our 7-CAFé store format

The 7-CAFé format entails improved product offerings and in-store customer experience, and is expected to contribute positively to the growth of our Group's fresh food category. We plan to set up approximately 200 new 7-CAFé stores and refurbish 350 existing classic stores to 7-CAFé format. We have earmarked approximately RM355.24 million from the proceeds arising from the Proposed Disposal for this purpose. Nevertheless, our Company will adjust the utilisation of proceeds of 7-CAFé Expansion accordingly in the event of any shortfall of the Disposal Consideration received pursuant to adjustments as stated in Section 2.1 of this Circular.

Based on the overview and prospects of the convenience store segment as set out in Section 4.1 of this Circular, the substantial investment into the 7-CAFé is on the basis that the new format has proven to deliver higher productivity and higher customer count to the store since its introduction towards the end of the year 2022. The fresh foods offerings in the form of ready-to-go meals and made-to-go counter food also gives better margin to our business, whereby fresh foods margins are approximately 4 times more than that of tobacco, which typically makes up around 30% or more of sales.

The new 7-CAFé format offers a wider range of fresh foods, ranging from ready-to-go meals and made-to-go counter-food and beverages as compared to the existing classic stores. In order for the existing classic stores to be re-formatted to a 7-CAFé, the refurbishment works required include major renovation works and fittings, additional and/or upgrade of equipment such as soft-serve ice cream machines and coffee machines, food and beverage preparation and handling equipment, storage freezers and open-case chillers and overall uplift of store ambience by including tables and chairs.

The estimated cost and timeframe for setting up approximately 200 new 7-CAFé stores and refurbishing 350 existing classic stores to 7-CAFé format are as follows:

	Estimated time frame	**RM'000**
Setting up approximately 200 new 7-CAFé stores	Within 24 months	134,000
Refurbishing 350 existing classic stores to 7-CAFé format	Within 24 months	221,242
Total		**355,242**

(b) Replacement of POS Hardware and Application for all stores

Our Group intends to replace the POS hardware and application for all classic and 7 CAFé stores, which is approximately 2,500 of our convenience stores. This strategic investment is envisage to simply store operations, align with modernisation trends, strengthen integration with new business processes, and enhance the overall security of our systems. We have earmarked approximately RM30.95 million from the proceeds arising from the Proposed Disposal for this purpose.

(c) Setting up our self-operated distribution center to improve fulfilment rate

Our Group plans to stock up the 300,000 square feet self-operated ambient warehouse facility in Shah Alam, which is expected be to fully operational by the end of 2023.

The self-operated ambient warehouse facility stocks up food, beverages and general merchandise to be sold at our convenience stores. Our Group will employ more than 200 workers to operate the facility and with a full inventory put-away model which entails strategic stock cover days planning coupled with automation of handling activities, we envisage to achieve the following:

(a) reduction of the risk of inventories being out-of-stocks at our stores in the event of any external supply chain disruption such as our suppliers being unable to fulfil our orders; and

(b) improvement in both fulfilment rates and delivery accuracies for better on-shelf availability at our stores.

We have earmarked approximately RM30.00 million from the proceeds arising from the Proposed Disposal for the stocking up of this facility.

4.3 Future prospects of our Group after the Proposed Disposal

Despite the continued positive turnaround in trading conditions and retail sentiment, our Group is cognisant and will remain steadfast in monitoring potential headwinds arising from global supply chain disruptions, workforce supply constraints and cost pressures on the back of an increase in minimum wages, rising interest rates and inflation; essentially, we will take appropriate measures to mitigate these impacts, as necessary.

Our Group will continue to focus on the roll-out of the 7-CAFé store format in the convenience store segment, with approximately 200 new 7-CAFé stores to be opened and 350 existing classic stores to be refurbished to 7-CAFé stores in the next 24 months post Completion. Our 7-CAFé store format entails improved product offerings and in-store customer experience which enables us to be more competitive. With the new 7-CAFé store format, we will also continue our efforts to enhance our product assortment, fresh food and private labels to drive stronger sales mix to improve our margins.

The construction of our new fresh food commissary is progressing as scheduled and is expected to be fully operational by the end of 2023. This commissary has a capacity to serve up to 1,000 stores in the Klang Valley and is designed with better equipment and machines to aid automation of key processes such as raw material preparation, cooking and packaging. Our Group is of the view that this facility would help elevate the quality and consistency of our fresh food offerings to our customers.

We have also completed the set up of our first self-operated distribution center which will be fully operational by the end of 2023. This facility will help our Group achieve a shorter delivery lead-time, better on-shelf availability and order picking accuracy to improve fulfilment rate to our stores.

As for our pharmaceutical business in Indonesia, the near-term focus for our Group is to stabilise our pharmaceutical business operations in Indonesia by addressing the current teething challenges faced. In the longer term, together with Erajaya Group, we believe that through customer-centric omnichannel concept that we will implement, combined with the right use of digital technology, we will transform our pharmacy outlets to be the main destination for the local communities to attain the most complete range of high quality health and wellness products, at competitive prices.

Taking cognisance of the above, we anticipate that our convenience store segment along with our Indonesian pharmaceutical segment will contribute positively to our Group's future income.

(Source: Management of our Company)

5. RISK FACTORS OF THE PROPOSED DISPOSAL

5.1 Non-completion of the Proposed Disposal

The Completion is conditional upon the conditions precedent of the SPA, as set out in Section 1 of Appendix III of this Circular, being fulfilled or waived (as the case may be). In the event that any of the conditions precedent is not fulfilled or waived (as the case may be), the Proposed Disposal may be delayed or terminated. In the event of non-fulfilment of the conditions precedent on or before the Cut-Off Date, the SPA shall lapse and cease to have further effect.

There can be no assurance that all the conditions precedent will be fulfilled or waived (as the case may be) in accordance with the terms of the SPA within the stipulated timeframe. Nevertheless, our Company will endeavour to ensure that all the conditions precedent for the SPA, insofar as they are within the control of CSSSB and our Company, will be fulfilled or waived (as the case may be) within the stipulated timeframe to complete the Proposed Disposal.

Additionally, the completion of the Proposed Disposal is interconditional upon the completion of the Proposed MOSB Disposal. In the event that either Vendor defaults on its completion obligation under the SPA, the Proposed Transaction may be terminated by BIG Pharmacy and the defaulting Vendor shall pay a sum equivalent to its respective portion of the deposit for the Sale Shares as liquidated and ascertained damages. Notwithstanding the foregoing, BIG Pharmacy may still elect to proceed to complete the Proposed Disposal or the Proposed MOSB Disposal in accordance with the terms set out in Section 4.3 of Appendix III of this Circular.

5.2 Contractual risk

Our Company, through CSSSB, has given representations, warranties, undertakings, covenants and indemnities, as set out in the SPA, in favour of BIG Pharmacy. In this respect, our Company and CSSSB may be subject to potential claims in accordance with the terms and conditions of the SPA if the pre-completion or post-completion obligations under the SPA are not fulfilled and/or in the event of any breach of any representations, warranties, undertakings and/or covenants given by CSSSB. Nevertheless, our Company will endeavour to procure CSSSB to ensure compliance with its obligations under the SPA in order to minimise the risk of any breach of the representations, warranties, undertakings and/or covenants given.

5.3 Loss of income from Caring

Our Group’s consolidated profit attributable to Caring Group for the FYE 31 December 2022 is approximately RM32.39 million, representing 48.4% of the consolidated profit attributable to our Company as set out in Section 6.3 of this Circular. Upon Completion, Caring Group will cease to be an indirect subsidiary of our Group and as such, our Company would no longer consolidate the profit from Caring in the future.

Notwithstanding the above, our Group is expected to realise an estimated pro forma gain arising from the Proposed Disposal of approximately RM240.09 million as set out in Section 2.6 of this Circular. Our Company intends to utilise the Disposal Consideration in the manner set out in Section 2.7 of this Circular. The Proposed Disposal would enable our Group to focus its resources to grow our convenience store segment which is expected to contribute positively to our Group’s future income. The details of our Group's future activities and direction are set out in Section 4.2 of this Circular.

Nevertheless, there is no assurance that the benefits from the utilisation of proceeds from the Proposed Disposal which includes our 7-Café Expansion and interest savings from repayment of borrowings would adequately compensate the loss of income from Caring.

5.4 Deferred payment

The Disposal Consideration will be paid by BIG Pharmacy to CSSSB in the manner as set out in Section 2.1 of this Circular. The determination of the deferred payment of the Balance Disposal Consideration which shall be paid within 12 months and 24 months respectively from the Completion Date was mutually agreed between the parties to facilitate the negotiation for the Disposal Consideration.

There is no assurance that CSSSB will be able to receive the Balance Disposal Consideration within the stipulated payment timeframe under the SPA. Notwithstanding that, the Balance Disposal Consideration forms only approximately 4.44% of the total Disposal Consideration. Our Company had also taken into consideration the financial strength, reputation and future plans of BIG Pharmacy.

In the event that BIG Pharmacy fails to pay and settle the Balance Disposal Consideration in accordance with the timeframe stipulated under the SPA, the Vendors are entitled to initiate such legal action as may be available to the Vendors under the law to recover the Balance Disposal Consideration or any part thereof.

5.5 Demand and competition in the convenience stores industry

The success of convenience stores industry hinges on a multitude of factors, encompassing population growth, demographic composition, spending behaviours across various consumer age groups, consumer affluence and expenditure, urbanisation trends, as well as tourist arrivals and their spending patterns. Concurrently, the industry landscape is witnessing intensified competition, marked by existing players and new entrants offering enhanced fresh food selections and diverse thematic approaches tailored to specific countries.

Essentially, the penetration rate of convenience stores in Malaysia is substantially lower than developed countries such as Japan and South Korea. In comparison Malaysia has about 200 stores per million people, in line with neighbouring countries such as Thailand. This suggests that as Malaysia becomes more urbanised, the prospects for growth of convenience stores in Malaysia remains promising.

In the face of escalating competition, our Group’s extensive convenience store network nationwide provides a distinct competitive advantage, augmented by reach and economies of scale. In addition, recent key strategic investments in our value chain such as our 7-CAFé store format expansion, fresh food commissary and chilled/ambient distribution facilities will fortify our market standing, re-inforcing our resilience and ability to thrive amid evolving market dynamics.

6. EFFECTS OF THE PROPOSED DISPOSAL

6.1 Issued share capital and substantial shareholders' shareholding

The Proposed Disposal will not have any effect on the issued share capital and substantial shareholders' shareholdings in our Company as the Proposed Disposal will not involve the issuance of any new SEM Shares.

6.2 NA per SEM Share and gearing

Based on the latest audited consolidated statements of financial position of our Company as at 31 December 2022 and assuming that the Proposed Disposal had been effected on that date, the pro forma effects of the Proposed Disposal on the NA per SEM Share and gearing of our Group are as follows:

	Audited as at 31 December 2022 RM'000	**After the Proposed Disposal RM'000**
Share capital	1,485,138	1,485,138
Treasury shares	(194,302)	(194,302)
Capital reorganisation deficit	(1,343,248)	(1,343,248)
Fair value adjustment reserve	37,338	37,338
Assets revaluation reserve	45,599	(a) 43,065
Retained profits	103,636	(b) 346,264
Shareholders' funds/NA	**134,161**	**374,255**
No. of Shares in issue (excluding treasury shares) ('000)	1,110,046	1,110,046
NA per Share (RM)	0.12	0.34
Total borrowings (RM'000)	721,042	(c) 415,500
Gearing ratio (times) (d)	5.37	1.11

Notes:

(a) The assets revaluation reserve attributable to Caring Group of approximately RM2.53 million is transferred to retained profits pursuant to the Proposed Disposal.

(b) After realising a pro forma gain arising from the Proposed Disposal of RM240.09 million as set out in Section 2.6 of this Circular.

(c) After excluding the total borrowings of Caring Group of approximately RM55.54 million and after the repayment of borrowings of our Group (excluding Caring Group) amounting to RM250 million using the proceeds from the Proposed Disposal, as detailed in Section 2.7 of this Circular.

(d) The gearing ratio of our Group is calculated by dividing the total borrowings of our Group by the shareholders' funds/NA.

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6.3 EPS

The pro forma effects of the Proposed Disposal on the consolidated EPS assuming the Proposed Disposal had been effected at the beginning of the FYE 31 December 2022, is illustrated as follows:

		Audited for the FYE 31 December 2022 RM'000	After the Proposed Disposal RM'000
PATMI of our Group		66,875	66,875
Less:	PATMI of Caring Group (excluding the Indonesian Business) [(a)]	-	[(c)] (32,387)
Add:	Pro forma gain arising from the Proposed Disposal [(b)]	-	240,094
Add:	Estimated interest cost savings from the repayment of borrowings [(d)]	-	10,922
PATMI of our Group		66,875	285,504
Weighted average no. of SEM Shares in issue (excluding treasury shares) ('000)		1,123,309	1,123,309
Basic EPS (sen) [(e)]		5.95	25.42

Note:

(a) Our Group's share of PATMI of Caring Group pursuant to our 75% equity interest in Caring for the FYE 31 December 2022.

(b) The computation for pro forma gain arising from the Proposed Disposal is set out in Section 2.6 of this Circular.

(c) After the amortisation of dealership rights amounting to RM1.29 million and our Group's opening adjustment of RM1.14 million attributable to Caring Group.

(d) The computation for estimated interest cost savings from the repayment of borrowings is set out in Section 2.7(a) of this Circular.

(e) The basic EPS of our Group is calculated by dividing the PATMI of our Group by the weighted average number of SEM Shares in issue (excluding treasury shares).

7. APPROVALS REQUIRED/OBTAINED

The Proposed Disposal is subject to approvals being obtained from the following:

(a) the shareholders of our Company at the forthcoming EGM;

(b) the shareholder of CSSSB;

(c) the holders of the MTN for the sale and transfer of the CSSSB Sale Shares in accordance with the terms and conditions of the SPA, which was obtained on 26 October 2023; and

(d) any other relevant regulatory authorities and/or parties, if required.

The Proposed Disposal and the Proposed MOSB Disposal are interconditional upon each other.

The Proposed Disposal is not conditional upon any other corporate exercise undertaken or to be undertaken by our Company.

8. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

None of the Directors and Major Shareholders of our Company, and/or persons connected with them have any interests, whether direct or indirect, in the Proposed Disposal.

9. DIRECTORS' STATEMENT AND RECOMMENDATION

Our Board having considered all aspects of the Proposed Disposal, including the rationale and benefits of the Proposed Disposal, the salient terms of the SPA, the basis and justification for arriving at the Disposal Consideration as well as the effects of the Proposed Disposal, is of the opinion that the Proposed Disposal is in the best interest of our Company.

Accordingly, our Board recommends that you **vote in favour** of the resolution pertaining to the Proposed Disposal to be tabled at the forthcoming EGM.

10. HIGHEST PERCENTAGE RATIO APPLICABLE TO THE PROPOSED DISPOSAL

The highest percentage ratio applicable to the Proposed Disposal pursuant to Paragraph 10.02(g) of the Listing Requirements is approximately 503.13%, computed based on the Disposal Consideration as compared to the latest audited consolidated NA of our Company as at 31 December 2022.

11. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

As at the LPD, save for the Proposed Disposal, there is no other corporate exercise which has been announced but has yet to be completed.

12. ESTIMATED TIME FRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all relevant approvals being obtained, the Proposed Disposal is expected to be completed by the 4th quarter of 2023.

The tentative timetable for the implementation of the Proposed Disposal is as set out below:

Date/Month	Events
14 December 2023	• Convening of the EGM to obtain the approval from the shareholders of our Company for the Proposed Disposal
End December 2023	• Fulfilment of all the conditions precedent of the SPA for the Proposed Disposal • Completion of the SPA

13. EGM

The forthcoming EGM of our Company will be conducted virtually through live streaming from the broadcast venue at Manhattan I, Level 14, Berjaya Times Square Hotel Kuala Lumpur, No. 1 Jalan Imbi, 55100 Kuala Lumpur on Thursday, 14 December 2023 at 10.00 a.m. via Remote Participation and Electronic Voting facilities to be provided by the Poll Administrator of our Company, Boardroom Share Registrars Sdn Bhd via its ePortal's online meeting platform at https://web.lumiagm.com/, for the purpose of considering and if thought fit, passing with or without modification, the resolution to give effect to the Proposed Disposal.

The Notice of the EGM and the Form of Proxy are enclosed in this Circular and can be downloaded from our Company's website at https://www.7eleven.com.my or Bursa Securities' website at https://www.bursamalaysia.com.

You are entitled to participate, speak and vote remotely at the EGM is entitled to appoint up to two (2) proxies to participate, speak and vote remotely on your behalf. If you are unable to participate in the virtual EGM, please complete and return the Form of Proxy in accordance with the instructions stated herein below not less than forty-eight (48) hours before the time set for holding the EGM:

(i) In hard copy form

In the case of an appointment made in hard copy form, the Form of Proxy must be deposited at our Share Registrar’s office situated at 09-27 Level 9, Berjaya Times Square, No. 1 Jalan Imbi, 55100 Kuala Lumpur.

(ii) By electronic forms

In the case of an appointment made via email transmission, the Form of Proxy can be electronically lodged with the Poll Administrator via Boardroom Smart Investor Portal at https://investor.boardroomlimited.com. Please refer to the Administrative Guide for the EGM.

The lodging of the Form of Proxy will not preclude you from participating, speaking and voting remotely at the EGM should you subsequently wish to do so.

14. ADDITIONAL INFORMATION

You are advised to refer to the appendices for additional information.

Yours faithfully,
For and on behalf of our Board
7-ELEVEN MALAYSIA HOLDINGS BERHAD

DATUK WIRA FARHASH WAFA SALVADOR
Chairman, Non-Independent Non-Executive Director

INFORMATION ON CARING

1. HISTORY AND BUSINESS

Caring was incorporated in Malaysia under the Companies Act 1965 on 30 July 2012 as a private company limited by shares under the name of Caring Pharmacy Group Sdn Bhd and is deemed registered under the Act. It was subsequently converted into a public limited company on 24 October 2012. Caring was listed on the official list of Bursa Securities on 13 November 2013 and was subsequently delisted from the official list of Bursa Securities on 8 May 2020 following the consummation of an unconditional mandatory general offer undertaken by CSSSB on 6 March 2020 which resulted in the acquisition of the entire share capital of Caring not already then owned by SEM.

The history of Caring Group's business can be traced back to 1994 with the opening of its first 'CARiNG' community pharmacy in Taman Muda, Cheras, Kuala Lumpur. Presently, Caring owns and operates the retail pharmacy business under the ‘CARiNG’ brand in Malaysia and ‘Wellings’ brand in the Republic of Indonesia, and its acquired pharmacy chains which operate under the ‘Georgetown’ and ‘Wellings’ brands in Malaysia.

Caring Group's principal products include pharmaceutical products, personal care products, and medical and healthcare devices. Its subsidiaries and associate companies' principal markets is Malaysia while its joint venture companies' principal market is Indonesia. Hence, 100% of Caring Group's revenue for the FYE 31 December 2022 was derived from Malaysia. The raw materials of Caring Group are mainly sourced from local suppliers, whose supply may include local or imported goods.

As at the LPD, Caring Group has 248 stores in Malaysia and the Indonesian Business has 16 stores in Indonesia. Further, Caring Group does not have any factory or production capacity and it is not involved in any research and development.

2. SHARE CAPITAL

As at the LPD, the issued share capital of Caring is RM225,108,316 comprising 217,706,400 ordinary shares in Caring.

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INFORMATION ON CARING (CONT'D)

3. SHAREHOLDERS

As at the LPD, the shareholders of Caring and their respective shareholdings in Caring are as set out below:

Shareholders	Place of incorporation / Nationality	<-----------Direct--------> No of Caring Shares	%	<----------Indirect----------> No of Caring Shares	%
CSSSB	Malaysia	163,280,543	75.00	-	-
MOSB	Malaysia	54,425,857	25.00	-	-
SEM	Malaysia	-	-	(a) 163,280,543	75.00
Chong Yeow Siang	Malaysian	-	-	(b) 54,425,857	25.00
Soo Chan Chiew	Malaysian	-	-	(b) 54,425,857	25.00
Tan Lean Boon	Malaysian	-	-	(b) 54,425,857	25.00
Ang Khoon Lim	Malaysian	-	-	(b) 54,425,857	25.00
Loo Jooi Leng	Malaysian	-	-	(b) 54,425,857	25.00
Gooi Chean Keong	Malaysian	-	-	(b) 54,425,857	25.00
Ch’ng Haw Chong	Malaysian	-	-	(b) 54,425,857	25.00
Tan Lay Ean	Malaysian	-	-	(b) 54,425,857	25.00

Notes:

(a) Deemed interested pursuant to Section 8(4) of the Act by virtue of CSSSB being a wholly-owned subsidiary of SEM.

(b) Deemed interested by virtue of his/her interest in MOSB pursuant to Section 8(4) of the Act.

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4. DIRECTORS

As at the LPD, the directors of Caring and their respective shareholdings in Caring are as set out below:

		<-----------Direct----------->		<----------Indirect---------->	
Directors	**Nationality**	**No of Caring Shares**	**%**	**No of Caring Shares**	**%**
Ang Khoon Lim	Malaysian	-	-	[(a)] 54,425,857	25.00
Chong Yeow Siang	Malaysian	-	-	[(a)] 54,425,857	25.00
Soo Chan Chiew	Malaysian	-	-	[(a)] 54,425,857	25.00
Tan Lean Boon	Malaysian	-	-	[(a)] 54,425,857	25.00
Loh Paik Yoong	Malaysian	-	-	-	-
Tan U-Ming	Malaysian	-	-	-	-
Wong Wai Keong	Malaysian	-	-	-	-
Rachel Lau Jean Mei	Malaysian	-	-	-	-

Note:

(a) Deemed interested by virtue of his/her interest in MOSB pursuant to Section 8(4) of the Act.

5. SUBSIDIARY, ASSOCIATE COMPANY AND JOINT VENTURE

5.1 Subsidiary

As at the LPD, the subsidiaries of Caring are as follows:

Name of company	Date / Place of incorporation	Share capital RM	Percentage of effective equity interest %	Principal activities
CPRM	26 December 2006 / Malaysia	46,000,000	100	Investment holding company, provision of management services and central warehousing and distribution of pharmaceutical, healthcare and personal care products.
<u>Subsidiary of CPRM</u>				
Caring Pharmacy Sdn Bhd	21 April 1994 / Malaysia	2,500,000	100	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products, all kinds of foodstuff including but not limited to rice and grains products.

INFORMATION ON CARING (CONT'D)

Name of company	Date / Place of incorporation	Share capital RM	Percentage of effective equity interest %	Principal activities
Caring Estore Sdn Bhd	8 December 2009 / Malaysia	2	100	Internet sales and warehouse sales of healthcare and personal care products.
Caring Pharmacy (Kinrara) Sdn Bhd	1 June 2000 / Malaysia	100,000	100	Investment holding company and property investment.
Caring Pharmacy (RS) Sdn Bhd	31 March 2010 / Malaysia	100,000	100	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products.
Viva Caring Sdn Bhd	25 April 2000 / Malaysia	100,000	60	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products.
Caring Belle Sdn Bhd	16 February 2021 / Malaysia	100,000	100	Dormant.
Sterling Pharmacy Sdn Bhd	2 April 2002 / Malaysia	100,000	51	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products.
Be Caring Sdn Bhd	31 March 2003 / Malaysia	100,000	76	Operation of community pharmacy including retailing of pharmaceutical healthcare and personal care products.
MN Pharmacy Sdn Bhd	23 April 2004 / Malaysia	100,000	80	Operation of community pharmacy including retailing of pharmaceutical healthcare and personal care products.
Stay Caring Sdn Bhd	3 August 2004/ Malaysia	100,000	70	Operation of community pharmacy including retailing of pharmaceutical healthcare and personal care products.
Caring Health Solutions Sdn Bhd	10 January 2007 / Malaysia	100,000	100	Dormant.

INFORMATION ON CARING (CONT'D)

Name of company	Date / Place of incorporation	Share capital RM	Percentage of effective equity interest %	Principal activities
Caring Pharmacy (KLP) Sdn Bhd	11 June 2007 / Malaysia	100,000	80	Operation of community pharmacy including retailing of pharmaceutical healthcare and personal care products, all kinds of foodstuff including but not limited to rice and grains products.
Caring 'N' You Pharmacy Sdn Bhd	23 August 2007 / Malaysia	100,000	60	Operation of community pharmacy including retailing of pharmaceutical healthcare and personal care products.
Ace Caring Pharmacy Sdn Bhd	3 August 2007 / Malaysia	100,000	76	Operation of community pharmacy including retailing of pharmaceutical healthcare and personal care products.
Caring Pharmacy (Ampang) Sdn Bhd	14 July 2008 / Malaysia	100,000	100	Dormant.
Vertex Pharmacy Sdn Bhd	7 July 2008/ Malaysia	100,000	76	Operation of community pharmacy including retailing of pharmaceutical healthcare and personal care products.
Preciouslife Pharmacy Sdn Bhd	30 May 2008 / Malaysia	100,000	70	Operation of community pharmacy including retailing of pharmaceutical healthcare and personal care products, all kinds of foodstuff including but not limited to rice and grains products.
WM Caring Pharmacy Sdn Bhd	10 February 2009 / Malaysia	100,000	80	Operation of community pharmacy including retailing of pharmaceutical healthcare and personal care products.
Tonic Pharma Sdn Bhd	4 July 2007 / Malaysia	100,000	100	Dormant.

INFORMATION ON CARING (CONT'D)

Name of company	Date / Place of incorporation	Share capital RM	Percentage of effective equity interest %	Principal activities
Caring Pharmacy (MPLS) Sdn Bhd	30 September 2009 / Malaysia	100,000	60	Operation of community pharmacy including retailing of pharmaceutical healthcare and personal care products.
Caring Pharmacy (SW) Sdn Bhd	20 February 2009 / Malaysia	300,000	51	Operation of community pharmacy including retailing of pharmaceutical healthcare and personal care products.
Caring Pharmacy (ABM) Sdn Bhd	25 September 2009 / Malaysia	400,000	80	Operation of community pharmacy including retailing of pharmaceutical healthcare and personal care products.
My Caring Pharmacy Sdn Bhd	21 April 2009 / Malaysia	100,000	60	Operation of community pharmacy including retailing of pharmaceutical healthcare and personal care products.
Victorie Caring Sdn Bhd	16 December 2009 / Malaysia	200,000	85	Operation of community pharmacy including retailing of pharmaceutical healthcare and personal care products.
One Caring Pharmacy Sdn Bhd	3 February 2010 / Malaysia	100,000	60	Operation of community pharmacy including retailing of pharmaceutical healthcare and personal care products.
Caring Pharmacy Always Sdn Bhd	8 April 2010 / Malaysia	100,000	100	Dormant.
Green Surge Sdn Bhd	8 July 2010/ Malaysia	310,000	60	Operation of community pharmacy including retailing of pharmaceutical healthcare and personal care products.
Caring Pharmacy (JB Molek) Sdn Bhd	15 July 2011 / Malaysia	100,000	60	Operation of community pharmacy including retailing of pharmaceutical healthcare and personal care products.

INFORMATION ON CARING (CONT'D)

Name of company	Date / Place of incorporation	Share capital RM	Percentage of effective equity interest %	Principal activities
Caring Pharmacy (Shah Alam) Sdn Bhd	15 July 2011 / Malaysia	100,000	100	Operation of community pharmacy including retailing of pharmaceutical healthcare and personal care products.
Caring Pharmacy (SK) Sdn Bhd	2 June 2011 / Malaysia	100,000	100	Dormant.
Caring Pharmacy (IDR) Sdn Bhd	22 September 2011 / Malaysia	100,000	68	Operation of community pharmacy including retailing of pharmaceutical healthcare and personal care products.
Living Glory Sdn Bhd	7 October 2011 / Malaysia	100,000	51	Operation of community pharmacy including retailing of pharmaceutical healthcare and personal care products.
Caring Trio Sdn Bhd	31 May 2012 / Malaysia	100,000	60	Operation of community pharmacy including retailing of pharmaceutical healthcare and personal care products, all kinds of foodstuff including but not limited to rice and grains products.
Mega Caring Sdn Bhd	5 October 2012 / Malaysia	100,000	60	Operation of community pharmacy including retailing of pharmaceutical healthcare and personal care products.
Caring Abundance Sdn Bhd	1 November 2012 / Malaysia	100,000	60	Operation of community pharmacy including retailing of pharmaceutical healthcare and personal care products.
Fuji Acre Sdn Bhd	4 March 2013 / Malaysia	400,000	87	Operation of community pharmacy including retailing of pharmaceutical healthcare and personal care products.

INFORMATION ON CARING (CONT'D)

Name of company	Date / Place of incorporation	Share capital RM	Percentage of effective equity interest %	Principal activities
Caring Pharmacy Rising Sdn Bhd	2 May 2013 / Malaysia	200,000	61	Operation of community pharmacy including retailing of pharmaceutical healthcare and personal care products.
Caring Trinity Sdn Bhd	2 May 2013 / Malaysia	100,000	60	Operation of community pharmacy including retailing of pharmaceutical healthcare and personal care products, all kinds of foodstuff including but not limited to rice and grains products.
Caring Clover Sdn Bhd	16 December 2013 / Malaysia	100,000	60	Operation of community pharmacy including retailing of pharmaceutical healthcare and personal care products.
Caring Healthmark Sdn Bhd	15 September 2017 / Malaysia	100,000	75	Operation of community pharmacy including retailing of pharmaceutical healthcare and personal care products, all kinds of foodstuff including but not limited to rice and grains.
Caring Pharmacy Ascend Sdn Bhd	24 May 2018 / Malaysia	100,000	60	Operation of community pharmacy including retailing of pharmaceutical healthcare and personal care products.
Caring Empire Sdn Bhd	11 November 2011 / Malaysia	310,000	60	Operation of community pharmacy including retailing of pharmaceutical healthcare and personal care products.
Caring T&T Sdn Bhd	27 February 2019 / Malaysia	100,000	75	Operation of community pharmacy including retailing of pharmaceutical healthcare and personal care products, all kinds of foodstuff including but not limited to rice and grains products.

INFORMATION ON CARING (CONT'D)

Name of company	Date / Place of incorporation	Share capital RM	Percentage of effective equity interest %	Principal activities
Caring Link Sdn Bhd	11 April 2019 / Malaysia	100,000	60	Operation of community pharmacy including retailing of pharmaceutical healthcare and personal care products, all kinds of foodstuff including but not limited to rice and grains products.
Caring Alliance Sdn Bhd	13 February 2020 / Malaysia	100,000	60	Operation of community pharmacy including retailing of pharmaceutical healthcare and personal care products, all kinds of foodstuff including but not limited to rice and grains products.
Caring Evergreen Sdn Bhd	26 March 2018 / Malaysia	100,000	70	Operation of community pharmacy including retailing of pharmaceutical healthcare and personal care products.
JOM Pharmacy Sdn Bhd	6 July 2009 / Malaysia	600,000	60	Investment holding, operation of community pharmacy including retailing of pharmaceutical healthcare and personal care products.
TPH	10 September 2009 / Malaysia	7,423,216	100	Investment holding.
Wellings	3 August 2007 / Malaysia	1,000,000	100	Investment holding, operation of community pharmacy including retailing of pharmaceutical healthcare and personal care products.
Subsidiaries of TPH				
Wellings Pill House Sdn Bhd	14 April 2010 / Malaysia	1,287,086	100	Investment holding.
Wellings Pill House (TG) Pharmacy Sdn Bhd	7 October 2010 / Malaysia	200,000	100	Dormant.

INFORMATION ON CARING (CONT'D)

Name of company	Date / Place of incorporation	Share capital RM	Percentage of effective equity interest %	Principal activities
Blooming Health Pharmacy Sdn Bhd	9 September 2011 / Malaysia	150,000	100	Dormant.
Realcare Pharmacy (K) Sdn Bhd	11 November 2011 / Malaysia	700,000	100	Operation of community pharmacy including retailing of pharmaceutical healthcare and personal care products.
Health Town Pharmacy Sdn Bhd	26 May 2014 / Malaysia	150,000	100	Dormant.
Green Trees Pharmacy Sdn Bhd	22 December 2014 / Malaysia	150,000	51	Operation of community pharmacy including retailing of pharmaceutical healthcare and personal care products.
Realcare Baby and Organic Sdn Bhd	9 May 2016 / Malaysia	150,000	100	Dealer in all kind of baby products.
Nutrilife Pharmacy Sdn Bhd	14 December 2016 / Malaysia	300,000	100	Dormant.
Pure Health Pharmacy Sdn Bhd	8 March 2017 / Malaysia	300,000	100	Dormant.
Sharing Pharmacy Sdn Bhd	20 March 2019 / Malaysia	300,000	51	Operation of community pharmacy including retailing of pharmaceutical healthcare and personal care products.
Simple Life Pharmacy Sdn Bhd	22 March 2019 / Malaysia	600,000	51	Operation of community pharmacy including retailing of pharmaceutical healthcare and personal care products.
Langkawi Pharmacy Sdn Bhd	9 April 2019 / Malaysia	250,000	60	Operation of community pharmacy including retailing of pharmaceutical healthcare and personal care products.

INFORMATION ON CARING (CONT'D)

Name of company	Date / Place of incorporation	Share capital RM	Percentage of effective equity interest %	Principal activities
Amazinglife Pharmacy Sdn Bhd	21 October 2019 / Malaysia	400,000	51	Operation of community pharmacy including retailing of pharmaceutical healthcare and personal care products.
Pharmfresh Pharmacy Sdn Bhd	21 October 2019 / Malaysia	400,000	51	Operation of community pharmacy including retailing of pharmaceutical healthcare and personal care products.
Nutricient RX Sdn Bhd	14 February 2020 / Malaysia	300,000	51	Operation of community pharmacy including retailing of pharmaceutical healthcare and personal care products.
Super Health Sdn Bhd	7 January 2021 / Malaysia	300,000	51	Operation of community pharmacy including retailing of pharmaceutical healthcare and personal care products.
Healthy Care Pharmacy Sdn Bhd	21 May 2021 / Malaysia	100,000	51	Operation of community pharmacy including retailing of pharmaceutical healthcare and personal care products.
Ambergreen Pharmacy Sdn Bhd	13 April 2023 / Malaysia	100,000	60	Operation of community pharmacy including retailing of pharmaceutical healthcare and personal care products.
Healthy Point Pharmacy Sdn Bhd	24 August 2023 / Malaysia	100,000	70	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products.
<u>Subsidiaries of Wellings</u>				
Masons Health Sdn Bhd	24 May 2018 / Malaysia	1	100	Dormant.

INFORMATION ON CARING (CONT'D)

Name of company	Date / Place of incorporation	Share capital RM	Percentage of effective equity interest %	Principal activities
Wellings Selat Sdn Bhd	14 April 2023 / Malaysia	100,000	60	Operation of community pharmacy including retailing of pharmaceutical healthcare and personal care products.
Subsidiaries of JOM Pharmacy Sdn Bhd				
Medical Supplies (Sarawak) Sdn Bhd	12 September 1989 / Malaysia	400,000	60	Retail in pharmaceutical and wholesale in consumer goods.
JOM Pharmacy (Serian) Sdn Bhd	3 June 2019 / Malaysia	100	60	Dormant.
Subsidiary of Caring Evergreen Sdn Bhd				
Maxi Caring Sdn Bhd (formerly known as Caring Pharmacy Paradise Sdn Bhd)	15 March 2012 / Malaysia	100,000	42	Operation of community pharmacy including retailing of pharmaceutical healthcare and personal care products.

5.2 Associate company

As at the LPD, Caring does not have any associate company.

5.3 Joint venture companies

As at the LPD, the joint venture companies of Caring are as follows:

Name of joint venture company	Date / Place of incorporation	Share capital IDR 'billion	Percentage of participation interest %	Principal activities
Joint venture companies of CPRM				
ECI	4 January 2022/ Republic of Indonesia	79.996	50.1	Distribution business of pharmaceutical products.
EFI	26 January 2021/ Republic of Indonesia	24.048	49.9[(1)]	Retailing business in pharmaceutical products.

Note:

(1) CPRM's interest in EFI is via the holding of unsecured mandatory convertible bonds only.

6. TYPE OF ASSETS OWNED BY CARING GROUP

As at 31 December 2022, Caring Group owns the following assets:

	Audited as at 31 December 2022 RM'000
Property, plant and equipment	
- Land and building	18,376
- Computer equipment	7,522
- Motor vehicles	1,530
- Furniture and fittings	18,867
- Office equipment	8,302
- Renovation	17,476
- Signboard	2,730
Investment properties	20,585
Total	**95,388**

Land and Buildings

Further details on the land and buildings owned by Caring Group are as follows:

No.	Type of Land / Building	Tenure	Usage	Location
1.	Intermediate unit 4 storey shop office	99-year leasehold expiring on 27 August 2088	'CARiNG' outlet and rental	Kuala Lumpur
2.	Intermediate unit 1 and 1/2 storey shop office	Freehold	'CARiNG' outlet	Selangor
3.	Intermediate unit 3 storey shop office	Freehold	'CARiNG' outlet and rental	Johor
4.	Intermediate unit 2 storey shop office	Freehold	Vacant	Selangor
5.	Intermediate unit 3 storey shop office	Freehold	'CARiNG' outlet and rental	Kuala Lumpur
6.	Corner unit 2 storey shop office	Freehold	'Georgetown' outlet and storage	Kedah
7.	Corner unit 2nd floor shop office	Freehold	Headquarter	Penang
8.	Underconstruction Shoplot	Freehold	Underconstruction	Penang

Investment Properties

The investment properties refers to 9 properties comprising units in serviced apartments, condo or shop lots which are held by Caring or are under finance lease for the purposes of either earning rental income or to be sold for capital gains, or both and are different from the properties, plants and equipment used by Caring for the purposes of carrying out its principal activities and businesses. The investment properties are measured initially at cost including transaction cost. Subsequently, the investment properties are stated at fair value to reflect the market price as at the reporting date.

7. HISTORICAL FINANCIAL INFORMATION

A summary of the audited consolidated financial information of Caring for the past 3 financial years up to the FYE 31 December 2022 and the unaudited consolidated financial information for the 9-month FPE 30 September 2023 are set out below:

	<----------Audited	----------	---------->	Unaudited
	19-month	12-month		9-month
	FPE 31 December	FYE 31 December		FPE 30 September
	[(a)] 2020	2021	2022	2023
	RM'000	RM'000	RM'000	RM'000
Revenue	1,038,035	997,868	1,279,587	1,003,387
Profit before tax	65,643	55,355	66,140	26,893
Profit before tax but after minority interest	55,203	46,215	55,290	21,838
PATMI	41,410	35,931	40,032	15,269
Share capital	225,108	225,108	225,108	225,108
Shareholders' fund/NA	175,541	153,243	175,665	146,868
Total interest-bearing borrowings	6,785	67,237	55,542	64,551
No. of issued shares ('000)	217,706	217,706	217,706	217,706
Earnings per share (RM)	0.19	0.17	0.18	0.07
NA per share (RM)	0.81	0.70	0.81	0.67
Current ratio (times)	1.81	1.42	1.26	1.07
Gearing ratio (times)	0.04	0.44	0.32	0.44

Note:

(a) Caring changed its financial year end from 31 May 2020 to 31 December 2020.

For the past 3 financial years up to the FYE 31 December 2022:

(i) there were no exceptional or extraordinary item;

(ii) there were no accounting policies adopted by Caring Group that are peculiar to Caring Group due to the nature of its business of the industry it operates in; and

(iii) there was no audit qualification for the financial statements of Caring Group.

Commentaries of past financial performance:

(a) 19-month FPE 31 December 2020

For the 19-month FPE 31 December 2020, Caring Group recorded a revenue of approximately RM1,038.03 million mainly attributable to the change of financial year end which comprise 19 months of financial performance. On the same note, Caring Group also recorded higher same store sales generated from Covid-19 related products sold during the movement control order.

In addition, Caring Group recorded a PATMI of approximately RM41.41 million for the 19-month FPE 31 December 2020 mainly attributable to the higher same store sales and higher margin generated from Covid-19 related products sold during the movement control order.

(b) FYE 31 December 2021

For the FYE 31 December 2021, Caring Group recorded a revenue of approximately RM997.87 million mainly attributable to the consolidation of TPH's and Wellings' operations of RM259.10 million and the high sales of Covid-19 related items.

In addition, Caring Group recorded a PATMI of approximately RM35.93 million for the FYE 31 December 2021 mainly attributable to the contribution of RM9.69 million from TPH's and Wellings' operations and higher gross profit margin from the sales of Covid-19 related items.

(c) FYE 31 December 2022

For the FYE 31 December 2022, Caring Group recorded a revenue of approximately RM1,279.59 million which represents an increase of approximately RM281.72 million or 28.23% as compared to the preceding financial year of approximately RM997.87 million mainly attributable to new store openings, the gradual recovery of Wellings' performance with the reopening of the Malaysian borders and a positive same-store-sales growth of 17%.

In addition, Caring Group recorded a PATMI of approximately RM40.03 million for the FYE 31 December 2022 which represents an increase of approximately RM4.10 million or 11.41% as compared to the preceding financial year of approximately RM35.93 million mainly attributable to higher sales from new store openings and the gradual recovery of Wellings' performance and higher same-store sales growth.

(d) FPE 30 September 2023

For the FPE 30 September 2023, Caring Group recorded a revenue of approximately RM1,003.39 million which represents an increase of approximately RM58.23 million or 6.16% as compared to the corresponding period in the preceding financial year of approximately RM945.16 million mainly attributable to store expansion and the acquisition of Jom Pharmacy Sdn Bhd, which has 12 retail pharmacy stores operating in Sarawak.

In addition, Caring Group recorded a PATMI of approximately RM15.27 million for the FPE 30 September 2023 which represents a decrease of approximately RM15.08 million or 49.69% as compared to the corresponding period in the preceding financial year of approximately RM30.35 million mainly due to lower sales of Covid-19 related items which have higher gross profit margin.

8. MATERIAL COMMITMENTS

As at the LPD, save as disclosed below, there is no material commitment incurred or known to be incurred by Caring Group which may have a material impact on the financial results/position of Caring Group:

	RM'000
Capital commitments	
Property, plant and equipment	
- Approved and contracted for	425
- Approved but not contracted for	1,555
	1,980

9. CONTINGENT LIABILITIES

As at the LPD, there is no contingent liability incurred or known to be incurred by Caring Group which, upon becoming enforceable, may have a material impact on the financial results/position of Caring Group.

10. MATERIAL LITIGATIONS, CLAIMS AND ARBRITRATION

As at the LPD, Caring Group is not involved in any material litigation, claims or arbitration, either as plaintiff or defendant, and the board of directors of Caring is not aware and does not have any knowledge of any proceedings pending or threatened against Caring Group, or of any facts likely to give rise to any proceedings, which might materially or adversely affect the financial position or business of Caring Group.

11. MATERIAL CONTRACTS

Save as disclosed below, the board of directors of Caring confirmed that there are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by Caring Group during the 2 years preceding the date of this Circular:

(a) shareholders' agreement dated 29 November 2021 entered into between CPRM and PT Era Prima Indonesia to facilitate the establishment of a new company in the Republic of Indonesia under the name of ECI to undertake the distribution business of pharmaceutical products in the Republic of Indonesia, and to regulate the relationship of the shareholders of ECI, being CPRM and PT Era Prima Indonesia, that respectively hold 50.1% and 49.9% equity interest in ECI; and

(b) mandatory convertible bond subscription agreement dated 29 November 2021 entered into between CPRM, PT Era Prima Indonesia and its 98.46% owned subsidiary, EFI, for the subscription of a principal amount of IDR23.95 billion (approximately RM7.09 million[(i)]) ("**Principal Amount**") unsecured mandatory convertible interest-bearing bonds in EFI by CPRM, at a cash consideration equivalent to 100% of the Principal Amount. The subscription agreement had been completed in accordance with its terms on 1 April 2022.

Note:

(i) Based on the exchange rate of IDR100 : RM0.0296 as at 29 November 2021 published on Bank Negara Malaysia's website.

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12. INDONESIAN BUSINESS

12.1 ECI

(i) History and Business

ECI was established based on Deed No. 6 dated 23 December 2021 made by Muthia Nurani S.H., M.KN, a notary in Bekasi Regency, which was approved by the Indonesian Ministry of Law and Human Rights with the approval number AHU-0000268.AH.01.01 TAHUN 2022. ECI is domiciled in West Jakarta. The principal activities of ECI are to engage in wholesale and retail trade of pharmaceutical, healthcare, personal care and other general products. Based on the latest audited financial statements of ECI, ECI made a loss of IDR24.43 billion (approximately RM7.33 million#) from its incorporation date to 31 December 2022. The company continued to make losses of IDR11.89 billion (approximately RM3.57 million#) for the 6-month FPE 30 June 2023.

Note:

\# *Based on the exchange rate of IDR100 : RM0.0300 as at the LPD published on Bank Negara Malaysia's website.*

(ii) Shareholders

As at the LPD, the shareholders of ECI and their respective shareholdings in ECI are as set out below:

		<-----Direct----->		<-----Indirect----->	
Shareholders	**Place of incorporation / Nationality**	**No. of shares**	**%**	**No. of shares**	**%**
CPRM	Malaysia	40,081	50.1	-	-
PT Era Prima Indonesia	Indonesia	39,915	49.9	-	-
Caring	Malaysia	-	-	(i)40,081	50.1
CSSSB	Malaysia	-	-	(ii)40,081	50.1
MOSB	Malaysia	-	-	(ii)40,081	50.1
SEM	Malaysia	-	-	(iii)40,081	50.1

Notes:

(i) Deemed interested by virtue of its interest in CPRM pursuant to Section 8(4) of the Act.

(ii) Deemed interested by virtue of its interest in Caring pursuant to Section 8(4) of the Act.

(iii) Deemed interested by virtue of its interest in CSSSB pursuant to Section 8(4) of the Act.

(iii) Board of Commissioners and Board of Directors

As at the LPD, the members of the board of commissioners and board of directors of ECI and their respective shareholdings in ECI are as set out below:

		<--------Direct------->		<---Indirect---->	
Commissioners	**Nationality**	**No. of shares**	**%**	**No. of shares**	**%**
Sim Chee Ping	Indonesian	-	-	-	-
Chong Yeow Siang	Malaysian			(i)40,081	50.1
Directors					
Lee Wei Phang	Malaysian	-	-	-	-
Mah Choon Leng	Malaysian	-	-	-	-
Nona Elly	Indonesian	-	-	-	-

Note:

(i) Deemed interested by virtue of its interest in MOSB pursuant to Section 8(4) of the Act.

12.2 EFI

(i) History and Business

EFI was established under the name PT Asia Anugrah Tecknologi Indonesia based on Notarial deed no. 86, dated 21 March 2019 by Suhardi Hadi Santoso, S.H., notary in Jakarta. The deed was approved by the Ministry of Law and Human Rights of the Republic of Indonesia in its decision letter number AHU-0015661.AH.01.01. TAHUN 2019.

On 26 January 2021, in accordance with Notarial Deed No. 12 which approved by Ministry of Law and Human Rights of the Republic of Indonesia with Number AHU-0005138.AH.01.02. TAHUN 2021, the shareholders of EFI approved the change of the company name from PT Asia Anugrah Tecknologi Indonesia to EFI.

EFI is domiciled in West Jakarta. The principal activities of EFI are to engage in retail trade of pharmaceutical, healthcare, personal care and other general products.

(ii) Shareholders

As at the LPD, the shareholders of EFI and their respective shareholdings in EFI are as set out below:

Shareholders	**Place of incorporation / Nationality**	**No. of shares**	**%**
PT Era Prima Indonesia	Indonesia	24,047	99.99
Budiarto Halim	Indonesian	1	0.01

INFORMATION ON CARING (CONT'D)

(iii) Board of Commissioners and Board of Directors

As at the LPD, the members of the board of commissioners and board of directors of EFI and their respective shareholdings in EFI are as set out below:

Commissioners	Nationality	No. of shares	%
Chong Yeow Siang	Malaysian	-	-
Budiarto Halim	Indonesian	1	0.01
Directors			
Nona Elly	Indonesian	-	-
Syaiful Hayat	Indonesian	-	-
Lee Wei Phang	Malaysian	-	-

(iv) Salient terms of the unsecured mandatory convertible bonds in EFI

(a) Issuance date

The unsecured mandatory convertible bonds were issued by EFI on 10 January 2022.

(b) Total Issuance

The total value of the unsecured mandatory convertible bonds issued were IDR23.95 billion (approximately RM7.04 million based on the exchange rate of IDR100 : RM0.0294 as at the 10 January 2022 published on Bank Negara Malaysia's website) of which CPRM had subscribed all of the total issued unsecured mandatory convertible bonds.

(c) Appointment of Board of Commissioners and Board of Directors

Mr. Chong Yeow Siang and Mr. Lee Wei Phang, representatives of Caring are respectively appointed as the President Commissioner and to the board of directors of EFI.

(d) Mandatory Conversion

The unsecured mandatory convertible bonds shall be mandatorily converted into ordinary shares of EFI equivalent to the enlarged issued share capital on the maturity date which is the earlier of the following:

(da) the date of completion of the initial public offering and listing of ordinary shares of PT Era Prima Indonesia on the Indonesian Stock Exchange; or

(db) the date when a change in the laws of Indonesia which allows CPRM to own ordinary shares converted from convertible bonds comes into effect.

(e) Interest Rate

The unsecured mandatory convertible bonds shall bear an interest rate based on the following formula:

% of holdings in the unsecured mandatory convertible bonds	x	Dividends declared by EFI

whereby the bondholder shall be entitled to the interest based on its holding of the unsecured mandatory convertible bonds.

(f) Transfer of unsecured mandatory convertible bonds

CPRM shall not transfer the unsecured mandatory convertible bonds to any 3rd parties other than to its affiliates.

(g) Shareholders' Meeting

CPRM's representatives are entitled to attend all EFI shareholders' meeting.

12.3 PT Era Prima Indonesia

(i) History and Business

PT Era Prima Indonesia was established under the name PT Nusantara Prima Sukses Artha based on Notarial deed no. 50, dated 23 June 2016 by Notary Edward Suharjo Wiryomartani, S.H., M.Kn. in Jakarta. The deed was approved by the Ministry of Law and Human Rights of the Republic of Indonesia in its decision letter number AHU-0031571.AH.01.01. TAHUN 2016, 30 June 2016.

On 15 December 2020, in accordance with Notarial Deed No. 20 which approved by Ministry of Law and Human Rights of the Republic of Indonesia with Number AHU-008360.AH.01.02. dated 16 December 2020, the company changed its name from PT Nusantara Prima Sukses Artha to PT Era Prima Indonesia.

EPI is domiciled in West Jakarta. The principal activities of PT Era Prima Indonesia are wholesale of laboratory, pharmacy and medical equipment, cosmetics, other household goods, software, computer and its peripheral as well as brokerage consultancy activities.

(ii) Shareholders

As at the LPD, the shareholders of PT Era Prima Indonesia and their respective shareholdings in PT Era Prima Indonesia are as set out below:

Shareholders	Place of incorporation / Nationality	No. of shares	%
PT Erajaya Swasembada Tbk	Indonesia	180,154	99.998
Budiarto Halim	Indonesian	2	0.002

INFORMATION ON CARING (CONT'D)

(iii) Board of Commissioners and Board of Directors

As at the LPD, the members of the board of commissioners and board of directors of PT Era Prima Indonesia and their respective shareholdings in PT Era Prima Indonesia are as set out below:

Commissioners	Nationality	No. of shares	%
Budiarto Halim	Indonesian	2	0.002
Hasan Aula	Indonesian	-	-
Directors			
Nona Elly	Indonesian	-	-
Syaiful Hayat	Indonesian	-	-

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INFORMATION ON BIG PHARMACY

1. HISTORY AND BUSINESS

BIG Pharmacy was incorporated in Malaysia under the Companies Act 1965 on 2 May 2013 as a private company limited by shares under the name of Platinum Perspective Sdn Bhd and is deemed registered under the Act. It assumed its present name on 12 November 2013. BIG Pharmacy is an investment holding company. Its wholly-owned subsidiary, BIG Pharmacy Healthcare, owns and operates the retail pharmacy business under the 'BIG' brand, and its acquired pharmacy chains which operate, amongst others, under the 'MY Pharmacy' and 'Mercury Pharmacy' brands in Malaysia.

2. SHARE CAPITAL

As at the LPD, the issued share capital of BIG Pharmacy is RM28,414,365 comprising 135,200,000 ordinary shares in BIG Pharmacy.

3. SUBSTANTIAL SHAREHOLDERS

As at the LPD, the substantial shareholders of BIG Pharmacy and their respective shareholdings in BIG Pharmacy are as set out below:

		<-----------Direct--------->		<--------Indirect-------->	
Substantial shareholders	**Place of incorporation / Nationality**	**No of ordinary shares**	**%**	**No of ordinary shares**	**%**
Uptown Paradise Sdn Bhd	Malaysia	54,371,916	40.22	-	-
Iris Pallida Sdn Bhd	Malaysia	[(a)] 47,360,000	35.03	-	-
Lee Meng Chuan	Malaysian	13,520,000	10.00	[(b)] 54,371,916	40.22
Lim Sin Yin	Malaysian	6,760,000	5.00	[(b)] 54,371,916	40.22
Iris Pallida Limited	British Virgin Islands	-	-	[(c)] 47,360,000	35.03

Notes:

(a) As at the LPD, Iris Pallida Sdn Bhd is a wholly-owned subsidiary of Iris Pallida Limited, a wholly-owned special purpose vehicle of Creador V L.P., a private equity fund managed by Creador, a South and Southeast Asia focused private equity fund manager with USD2.2 billion assets under management.

(b) Deemed interested by virtue of his/her interest in Uptown Paradise Sdn Bhd pursuant to Section 8(4) of the Act.

(c) Deemed interested by virtue of its interest in Iris Pallida Sdn Bhd pursuant to Section 8(4) of the Act.

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4. DIRECTORS

As at the LPD, the directors of BIG Pharmacy and their respective shareholdings in BIG Pharmacy are as set out below:

		<----------Direct---------->		<---------Indirect--------->	
Directors	**Nationality**	**No of ordinary shares**	**%**	**No of ordinary shares**	**%**
Lee Meng Chuan	Malaysian	13,520,000	10.00	[(a)] 54,371,916	40.22
Lim Sin Yin	Malaysian	6,760,000	5.00	[(a)] 54,371,916	40.22
Lew Weng Ho	Malaysian	-	-	-	-
Loh Kok Leong	Malaysian	-	-	-	-
Livia Chan Lih Wen	Malaysian	-	-	-	-

Note:

(a) *Deemed interested by virtue of his/her interest in Uptown Paradise Sdn Bhd pursuant to Section 8(4) of the Act.*

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SALIENT TERMS OF THE SPA

The salient terms of the SPA are set out below:

1. Conditions precedent

1.1 Completion of the sale and purchase of the Sale Shares is conditional upon the following conditions being satisfied or waived in accordance with the provisions of the SPA, on or before the Cut-Off Date:

(a) CSSSB and SEM (being the holding company of CSSSB) having obtained the approval of their shareholders in a general meeting to be convened approving the sale and transfer of the CSSSB Sale Shares in accordance with the terms and conditions of the SPA;

(b) SEM having received the consent/approval of its noteholders under the MTN programme of RM600 million for the sale and transfer of the CSSSB Sale Shares in accordance with the terms and conditions of the SPA (which has been obtained on 26 October 2023);

(c) Vendors having delivered the Disclosure Letter to the Purchaser and the Purchaser being satisfied with the contents of the Disclosure Letter and subject to the Vendors and the Purchaser agreeing to enter into any requisite supplemental agreement to address the disclosures under the Disclosure Letter;

(d) The completion of the Indonesian Business Carve-Out and the distribution of the Indonesian Carve-Out Permitted Leakage in accordance with the provisions of the SPA;

(e) The execution of the Trademark Licensing Agreement;

(f) The completion of the limited due diligence on Caring Group by the Purchaser to the Purchaser's satisfaction, and subject to the Parties agreeing to enter into any requisite supplemental agreement to address the findings of the due diligence;

(g) Since the date of the SPA, no material adverse change has occurred which is continuing;

(h) The warranties given by each party to the SPA shall be true, accurate and not misleading, where such material breach (if capable of being rectified) is not rectified within 14 days or such other time frame that may be agreed upon by the party relying on such warranty, but in respect of the warranties, shall exclude any breach that would result in a reduction of the PATMI of Caring Group by 20% or less of the FY22 Group Reported PATMI;

(i) The Vendors have not committed a material breach of any of their respective undertakings as set out in the SPA, where such material breach (if capable of being rectified) is not rectified within 14 days or such other time frame that may be agreed upon by the Purchaser but shall exclude any breach that would result in a reduction of the PATMI of Caring Group by 20% or less of the FY22 Group Reported PATMI;

(j) The Vendors having obtained the approval or consent of the identified financiers/creditors of Caring Group for the sale and transfer of the Sale Shares in favour of the Purchaser, including any change in shareholding and/or directors/managers of the Caring Group Companies (as applicable);

(k) The Vendors having provided prior written notification in respect of the upcoming change in directors of Caring Pharmacy (KLP) Sdn Bhd and subsequently obtaining the confirmation of no objection from the landlord, in respect of the tenancy agreement between Caring Pharmacy (KLP) Sdn Bhd and MTrustee Berhad; and

(l) The Vendors providing evidence that they are the legal and beneficial owners of the Sale Shares, including providing certified true copy of the register of members of Caring and the share certificates of the Sale Shares to the Purchaser.

1.2 In the event that any of the conditions precedent to the SPA are not fulfilled or waived in accordance with the provisions of the SPA (as the case may be) on or before the Cut-Off Date, the SPA shall lapse and cease to have further effect, and:

(a) in the event the Purchaser is the Responsible Party and fails to procure the completion of the conditions precedent it is responsible for, the deposit for the Sale Shares (including the interest accrued thereon) shall be forfeited to the Vendors (in accordance with their shareholding proportions in Caring) as liquidated and ascertained damages;

(b) in respect of the conditions precedent set out in paragraphs 1.1(a) to (b) above, in the event CSSSB is the Responsible Party and fails to procure the completion of the aforesaid conditions precedent it is responsible for, then CSSSB shall pay to the Purchaser a sum equivalent to the Deposit as liquidated and ascertained damages; or

(c) in respect of the conditions precedent other than paragraphs 1.1(a) and (b) set out above, then the deposit paid in respect of the Sale Shares (including interest thereon) shall be refunded in full to the Purchaser and no liquidated and ascertained damages shall be payable by the Vendors,

and all other obligations and liabilities of the Parties under the SPA shall cease, and no party shall have any other claim against the other party, save in respect of any antecedent breach of the SPA.

2. Indonesian Business Carve-Out and adjustments

2.1 The Indonesian Business Carve-Out shall include the following steps:

(a) CPRM to procure the necessary consents and approvals from PT Era Prima Indonesia to transfer its shares in ECI;

(b) the disposal of the shares in ECI to CSSSB, or an entity nominated by CSSSB and approved by the Purchaser (whose approval shall not be unreasonably withheld);

(c) CPRM to procure the necessary consents and approvals from PT Era Prima Indonesia to transfer the unsecured mandatory convertible bonds held by it in EFI;

(d) the disposal of the unsecured mandatory convertible bonds in EFI to CSSSB, or an entity nominated by CSSSB and approved by the Purchaser (whose approval shall not be unreasonably withheld);

(e) the termination of the governance agreement between CPRM, PT Era Prima Indonesia and EFI;

(f) the payment of the Indonesian Consideration where the Indonesian Consideration shall be paid at fair value for the Indonesian Business and on terms that are at arms' length;

(g) the declaration and payment of dividend pursuant to the Indonesian Carve-Out Permitted Leakage;

(h) the settlement of the intercompany balances between the Indonesian Business and Caring Group;

(i) in the event any intellectual property rights are owned by or registered to any of the Indonesian Business, the transfer of such intellectual property rights to a Caring Group Company as nominated by the Purchaser;

(j) the termination of the existing trademark licensing agreement between Wellings, EFI and ECI; and

(k) the execution of the Trademark Licensing Agreement.

2.2 The Vendors and Purchaser agree that the precise steps to complete the Indonesian Business Carve-Out will be further discussed and agreed between the Vendors and the Purchaser and any agreements entered into by a Caring Group Company to effect the Indonesian Business Carve-Out must be shown to the Purchaser and agreed by the Purchaser.

2.3 As part of the Indonesian Business Carve-Out, it is envisaged that an adjustment to the Equity Value could take place, where all losses after tax incurred by Caring Group arising from the operations and ownership of the Indonesian Business and following the settlement of the intercompany balances between the Indonesian Business and Caring Group from 1 January 2023 up until completion of the Indonesian Business Carve-Out, shall be deducted from the Initial Consideration or the First Tranche Balance Consideration or the Second Tranche Balance Consideration, according to the Vendors' respective shareholding proportions in Caring.

3. Completion

3.1 On Completion, each of the Vendors and Purchaser shall carry out their respective Completion obligations set out in the SPA.

3.2 If any party to the SPA breaches any of its respective Completion obligations set out in the SPA, the Purchaser (in the case of material non-compliance of a Vendor) or the Vendors (in the case of material non-compliance by the Purchaser), in addition to and without prejudice to all other rights or remedies available including the right to claim damages and/or to pursue the specific performance of the SPA, will be entitled to:

(a) fix a new date for Completion (not being more than 7 days after the Completion Date or such other date as the Parties may agree in writing) in which case this provision shall apply to Completion as so deferred;

(b) effect Completion so far as practicable having regard to the defaults which have occurred; or

(c) elect to terminate the SPA (other than the surviving provisions), provided that the Purchaser (in the case of material non-compliance of a particular Vendor but not both Vendors) shall be entitled to elect to terminate the SPA in respect of both Vendors or a particular Vendor in default of the SPA as a result of a default by either Vendor of their respective Completion obligations.

4. Effect of Termination

4.1 In the event:

(a) the Purchaser elects to terminate the SPA, whether in respect of both Vendors or a particular Vendor in default of the SPA, as a result of a default by any or both Vendors of their respective Completion obligations, then such Vendor or both Vendors (as the case may be) in default shall pay to the Purchaser a sum equivalent to the deposit for the Sale Shares (which shall, if both Vendors are liable to pay the deposit for the Sale Shares, be paid by the relevant Vendor in accordance with their shareholding proportions in Caring) as liquidated and ascertained damages and for the avoidance of any doubt, the Vendor not in default shall not be liable to pay to the Purchaser the aforesaid liquidated and ascertained damages. In this scenario, the entire deposit for the Sale Shares (including the interest accrued thereon) shall be refunded in full to the Purchaser in accordance with the terms of the SPA; or

(b) the Vendors (acting jointly) elect to terminate the SPA as a result of a default by the Purchaser of its Completion obligations, then the deposit for the Sale Shares (including the interest accrued thereon) shall be forfeited in favour of the Vendors (in accordance with their shareholding proportions in Caring) as liquidated and ascertained damages,

and all other obligations and liabilities of the Parties under the SPA (other than the surviving provisions) shall cease, and no party shall have any other claim against the other party, save in respect of any antecedent breach of the SPA.

4.2 The Purchaser shall not be obliged to complete the purchase of either the CSSSB Sale Shares or MOSB Sale Shares unless Completion of the purchase of all Sale Shares occurs. For the avoidance of doubt, if the Purchaser elects not to complete the purchase of either the CSSSB Sale Shares or the MOSB Sale Shares in such a scenario whereby either CSSSB or MOSB has failed to comply with its Completion obligations under the SPA, this shall not constitute a default by the Purchaser of its Completion obligations.

4.3 Notwithstanding the foregoing, the Purchaser may, but shall not be obliged, to complete the purchase of either the CSSSB Sale Shares or the MOSB Sale Shares in a scenario that Completion of the purchase of all Sale Shares could not be completed as a result of a default by either of the Vendors of their respective Completion obligations under the SPA and the Purchaser elects to pursue the specific performance of the SPA against the particular defaulting Vendor instead of the termination of the SPA.

5. Non-compete undertaking

The Vendors severally undertake with the Purchaser that for a period of 3 years after the Completion Date:

5.1 the Vendors shall not, and shall procure that their affiliates shall not, in Malaysia either on its/their own account or in conjunction with or on behalf of any person, firm or company, carry on or be engaged, concerned or interested directly or indirectly whether as promoter, director, employee, partner, consultant, agent or otherwise in carrying on any retail pharmacy business competing directly with the business of Caring Group in Malaysia as at the Completion Date ("**Business**") save and except for the businesses carried out by the Vendors' respective affiliates which have been identified in the SPA and/or as may be mutually agreed or varied otherwise by the Parties;

5.2 save and except in connection with the convenience store business carried out by CSSSB and its affiliates, the Vendors and their affiliates, shall not, either on its/their own account or in conjunction with or on behalf of any other person, firm or company:

(a) in relation to the Business, solicit or entice away or attempt to solicit or entice away from Caring Group the custom of any person, firm, company or organisation, who is at the time a customer, client, identified prospective customer or client, representative, agent or correspondent of Caring Group or in the habit of dealing with Caring Group ("**Identified Persons**") for purposes of and/or in connection with the same Business only; or

(b) enter into any contract with or accept any business from, which is related to (in whole or in part) to the Business, any such Identified Persons;

5.3 the Vendors and their affiliates shall not, either on its/their own account or in conjunction with or on behalf of any other person, firm or company employ, solicit or entice away or attempt to employ, solicit or entice away from Caring Group any person who is an employee whether or not such person would commit a breach of contract by reason of leaving such employment; and

5.4 the Vendors and their affiliates shall not in relation to any trade, business or company use a name including the word or symbol or any similar word or symbol in such a way as to be capable of or likely to be confused with the name of Caring Group and/or the Purchaser or its affiliates and shall use all reasonable endeavours to procure that no such name shall be used by any person, firm or company with which it is connected.

6. Limitation of Vendors' liabilities

The liability of the Vendors in respect of any and all claims under the SPA in respect of the Vendors' warranties and all liabilities of the Vendors under the indemnities set out under the SPA shall, amongst others, be limited as follows:

6.1 the Vendors shall not be liable for any claim until and unless the amount of any individual claim exceeds RM0.5 million ("**Qualifying Claim**") and the aggregate amount of all Qualifying Claims exceeds RM8.5 million ("**Minimum Sum**"). For the avoidance of doubt, the Vendors shall be liable for the entire amount claimed including all amounts excluded as a Qualifying Claim and not just the amounts in excess of the Minimum Sum and the Qualifying Claim.

6.2 the aggregate liability of the Vendors in respect of all claims shall not in any event exceed:

(a) 100% of the aggregate consideration of the Sale Shares actually paid by the Purchaser as at the date of the claim, in the case of any claim relating to the fundamental warranties; and

(b) 50% of the aggregate consideration of the Sale Shares actually paid by the Purchaser as at the date of the claim, in the case of any other claim,

provided that the aggregate liability under paragraphs (a) and (b) above shall not exceed 100% of the aggregate consideration of the Sale Shares actually paid by the Purchaser.

INFORMATION ON MOSB

1. HISTORY AND BUSINESS

MOSB was incorporated in Malaysia under the Companies Act 1965 on 12 December 2012 as a private company limited by shares and is deemed registered under the Act. MOSB is an investment holding company.

2. SHARE CAPITAL

As at the LPD, the issued share capital of MOSB is RM29,158,191 comprising 100,000 ordinary shares in MOSB.

3. SUBSTANTIAL SHAREHOLDERS

As at the LPD, the substantial shareholders of MOSB and their respective shareholdings in MOSB are as set out below:

		<-----------Direct--------->		<--------Indirect-------->	
Substantial shareholders	**Nationality**	**No of ordinary shares**	**%**	**No of ordinary shares**	**%**
Ang Khoon Lim	Malaysian	18,647	18.65	-	-
Chong Yeow Siang	Malaysian	18,647	18.65	-	-
Soo Chan Chiew	Malaysian	18,647	18.65	-	-
Tan Lay Ean	Malaysian	13,162	13.16	-	-
Tan Lean Boon	Malaysian	18,647	18.65	-	-

4. DIRECTORS

As at the LPD, the directors of MOSB and their respective shareholdings in MOSB are as set out below:

		<----------Direct---------->		<---------Indirect--------->	
Directors	**Nationality**	**No of ordinary shares**	**%**	**No of ordinary shares**	**%**
Soo Chan Chiew	Malaysian	18,647	18.65	-	-
Tan Lean Boon	Malaysian	18,647	18.65	-	-
Chong Yeow Siang	Malaysian	18,647	18.65	-	-
Ang Khoon Lim	Malaysian	18,647	18.65	-	-
Loo Jooi Leng	Malaysian	4,875	4.88	-	-
Gooi Chean Keong	Malaysian	4,875	4.88	-	-
Ch’ng Haw Chong	Malaysian	2,500	2.50	-	-

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REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION INCLUDED IN A CIRCULAR

(Prepared for inclusion in the Circular to the Shareholders of 7-Eleven Malaysia Holdings Berhad dated 29 November 2023)

28 November 2023

The Board of Directors
7-Eleven Malaysia Holdings Berhad
Level 3A, Podium Block,
Plaza Berjaya,
No. 12, Jalan Imbi,
55100 Kuala Lumpur

Dear Sirs

Report on the Pro Forma Consolidated Statement of Financial Position as at 31 December 2022 in relation to the proposed disposal by Convenience Shopping (Sabah) Sdn Bhd, a wholly-owned subsidiary of 7-Eleven Malaysia Holdings Berhad, of its entire 75% equity interest in Caring Pharmacy Group Berhad to Big Pharmacy Holdings Sdn Bhd for a cash consideration of RM675.0 million ("Proposed Disposal").

We have completed our assurance engagement to report on the compilation of pro forma consolidated statement of financial position as at 31 December 2022 of 7-Eleven Malaysia Holdings Berhad ("SEM" or the "Company") and the related notes as set out in Appendix 1, prepared by the Directors of SEM. The applicable criteria on the basis of which the Directors have compiled the pro forma consolidated statement financial position are specified in the Guidance Note for Issuers of Pro Forma Financial Information issued by the Malaysian Institute of Accountants and described in Note 1 of Appendix 1 of the pro forma consolidated statement of financial position ("Applicable Criteria").

The pro forma consolidated statement of financial position has been compiled by the Directors of SEM to illustrate the effects of the Proposed Disposal on the Company's consolidated financial position as at 31 December 2022 as if the Proposed Disposal had taken place on 31 December 2022. As part of this process, information about the Company's consolidated financial position has been extracted by the Directors of SEM from SEM's financial statements for the financial year ended 31 December 2022, on which audit reports have been published.

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The Directors' Responsibility for the Pro Forma Consolidated Statement of Financial Position

The Directors are responsible for compiling the pro forma consolidated statement of financial position on the basis of the Applicable Criteria.

Our Quality Management and Independence

The firm applies Malaysia Approved Standard on Quality Management and International Standard on Quality Management 1 ("ISQM 1"), *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* and accordingly, the firm is required to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirement of the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our Responsibilities

Our responsibility is to express an opinion, as required by the Bursa Malaysia Securities Berhad ("Bursa Securities") about whether the pro forma consolidated statement of financial position has been compiled, in all material respects, by the Directors of SEM on the basis of the Applicable Criteria.

We conducted our engagement in accordance with the Malaysian Approved Standard on Assurance Engagements, ISAE 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the Malaysian Institute of Accountants. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the pro forma consolidated financial position on the basis of the Applicable Criteria.

For the purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma consolidated statement of financial position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma consolidated statement of financial position.

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Our Responsibilities (cont'd.)

The purpose of pro forma consolidated statement of financial position included in a circular is solely to illustrate the impact of a significant event or transaction on unadjusted consolidated financial position of the Company as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the pro forma consolidated statement of financial position has been compiled, in all material respects, on the basis of the Applicable Criteria involves performing procedures to assess whether the Applicable Criteria used by the Directors of SEM in the compilation of pro forma consolidated statement of financial position provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma consolidated statement of financial position reflects the proper application of those adjustments to the unadjusted financial position.

The procedures selected depend on our judgment, having regard to our understanding of the nature of the Company, the event or transaction in respect of which the pro forma consolidated statement of financial position has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma consolidated statement of financial position.

We believe that the evidence we obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the pro forma consolidated statement of financial position has been compiled, in all material respects, on the basis of the Applicable Criteria.

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Other matters

This letter is issued for the sole purpose of complying with the Main Market Listing Requirements issued by Bursa Securities in connection with the Proposed Disposal. Our work had been carried out in accordance with Malaysian Approved Standard on Assurance Engagements and accordingly should not be relied upon as if it had been carried out in accordance with standards and practices in other jurisdictions. Therefore, this letter is not appropriate in other jurisdictions and should not be used or relied upon for any purpose other than the Proposed Disposal described above. We accept no duty or responsibility to and deny any liability to any party in respect of any use of, or reliance upon, this letter in connection with any type of transaction, including the sale of securities other than the Proposed Disposal.

Ernst & Young PLT
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Chartered Accountant

Kuala Lumpur, Malaysia

REPORTING ACCOUNTANTS' REPORT ON THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR COMPANY AS AT 31 DECEMBER 2022 (CONT'D)

7 - Eleven Malaysia Holdings Berhad **Appendix 1**
Pro Forma Consolidated Statements of Financial Position as at 31 December 2022

The Pro Forma Consolidated Statement of Financial Position of 7-Eleven Malaysia Holdings Berhad as set out below have been prepared for illustrative purposes only and illustrates the effects referred to in the notes to the Pro Forma Consolidated Statement of Financial Position had they been effected on 31 December 2022.

	Audited as at 31 December 2022 RM'000	Proposed Disposal of Caring Group RM'000	Pro Forma RM'000
Assets			
Non-current assets			
Property, plant and equipment	361,620	(40,449)	321,171
Investment properties	20,584	(20,584)	-
Right-of-use assets	684,363	(125,495)	558,868
Intangible assets	473,375	(457,707)	15,668
Other investments	33,392	-	33,392
Investment in joint ventures	9,665	-	9,665
Other receivables	23,598	28,020	51,618
Deferred tax assets	12,382	(963)	11,419
	1,618,979		1,001,801
Current assets			
Inventories	453,054	(198,481)	254,573
Trade and other receivables	220,356	(38,245)	182,111
Tax recoverable	8,411	(7,793)	618
Other investments	77,794	(69,999)	7,795
Cash and bank balances	298,633	565,013	863,646
	1,058,248		1,308,743
Total assets	2,677,227		2,310,544
Equity and liabilities			
Equity attributable to equity holders of the Company			
Share capital	1,485,138	-	1,485,138
Treasury shares	(194,302)	-	(194,302)
Capital reorganisation deficit	(1,343,248)	-	(1,343,248)
Fair value adjustment reserve	37,338	-	37,338
Assets revaluation reserve	45,599	(2,534)	43,065
Retained profits	103,636	242,628	346,264
	134,161		374,255
Non-controlling interest	96,080	(97,121)	(1,041)
Total equity	230,241		373,214
Non-current liabilities			
Provisions	15,251	(865)	14,386
Borrowings	643,476	(43,476)	600,000
Lease liabilities	579,417	(74,453)	504,964
Contract liabilities	12,698	-	12,698
Contingent consideration	33,423	(33,423)	-
Deferred tax liabilities	65,787	(61,045)	4,742
	1,350,052		1,136,790
Current liabilities			
Provisions	1,982	(744)	1,238
Borrowings	77,566	(12,066)	65,500
Lease liabilities	113,042	(28,021)	85,021
Trade payables	668,370	(212,676)	455,694
Other payables	211,332	(39,608)	171,724
Contract liabilities	11,783	(3,209)	8,574
Taxation	12,859	(70)	12,789
	1,096,934		800,540
Total liabilities	2,446,986		1,937,330
Total equity and liabilities	2,677,227		2,310,544

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7-Eleven Malaysia Holdings Berhad **Appendix 1**

Notes to Pro Forma Consolidated Statement of Financial Position as at 31 December 2022

1. Basis of preparation

The pro forma consolidated statement of financial position of 7-Eleven Malaysia Holdings Berhad ("SEM" or the "Company") as at 31 December 2022 ("Pro Forma Consolidated Statement of Financial Position"), for which the Board of Directors of SEM ("Directors") is solely responsible, have been prepared for illustrative purpose only for inclusion in the Circular to shareholders of SEM in connection with the proposed disposal of 163,280,543 ordinary shares in Caring Pharmacy Group Berhad ("Caring"), representing 75% equity interest in Caring by Convenience Shoppinq (Sabah) Sdn Bhd ("CSSSB") to BIG Pharmacy Holdings Sdn Bhd ("BIG Pharmacy") for a cash consideration of RM675.0 million ("Proposed Disposal").

The Proposed Disposal does not include the disposal of the Indonesian business held by Caring Pharmacy Retail Management Sdn Bhd ("CPRM"), a wholly-owned subsidiary of Caring, in the Republic of Indonesia ("Indonesian Business"). As such, CSSSB, Motivasi Optima Sdn Bhd ("MOSB") and BIG Pharmacy (collectively referred to as the "Parties") will undertake the Indonesian Business Carve-Out in accordance with the terms and conditions of the conditional sales and purchase agreement dated 21 September 2023 entered into between the Parties for the Proposed Disposal ("SPA") and as mutually agreed between the Parties ("Indonesian Business Carve-Out").

The Pro Forma Consolidated Statement of Financial Position ("Pro Forma CSOFP") illustrates the effects of the Proposed Disposal assuming the Proposed Disposal has been effected on 31 December 2022. For the purpose of illustrating the effects of the Proposed Disposal, please refer to further details of the Pro Forma Adjustments relating to the Proposed Disposal ("Pro Forma Adjustments") as described in Note 2. The Pro Forma Adjustments made to the information used in the preparation of the Pro Forma Consolidated Statement of Financial Position is appropriate for the purpose of preparing the Pro Forma Consolidated Statement of Financial Position.

The Pro Forma Consolidated Statement of Financial Position has been prepared based on the audited consolidated statement of financial position of SEM as at 31 December 2022 ("Audited Financial Statements"), which was prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 ("CA 2016") and in a manner consistent with both the format of the Audited Financial Statements and the accounting policies of SEM and its subsidiaries (collectively referred to as "SEM Group").

The Pro Forma Consolidated Statement of Financial Position, and the notes thereto, are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

The Pro Forma Consolidated Statement of Financial Position do not purport to predict the future financial position of the SEM Group.

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7-Eleven Malaysia Holdings Berhad **Appendix 1**

Notes to Pro Forma Consolidated Statement of Financial Position as at 31 December 2022

2. Pro forma adjustments

The Pro Forma Consolidated Statement of Financial Position incorporates the effects arising from the Proposed Disposal, which entails the disposal by CSSSB of 163,280,543 ordinary shares in Caring, representing 75% equity interest in Caring, to BIG Pharmacy for disposal consideration of RM675.0 million.

The Proposed Disposal does not include the disposal of the Indonesian Business. Accordingly, the Pro Forma Consolidated Statement of Financial Position also incorporates the effects of the carve out of the Indonesian Business from the Proposed Disposal as a condition precedent in accordance with the steps set out in Section 2.1 of Appendix III of the Circular to Shareholders or in such other manner as may be agreed upon in writing between the Parties to the Indonesian Business Carve-Out.

Upon the completion of the Proposed Disposal, Caring and its subsidiaries (collectively referred to as "Caring Group") will cease to be an indirect subsidiary of SEM. Subsequent to this, the assets and liabilities of Caring Group will not be included in the consolidated statement of financial position of the Company and the Company will record a gain on disposal arising from the Proposed Disposal in its consolidated financial statements.

It should be noted that the expected gain arising from the Proposed Disposal is solely for the purpose of preparation of these Pro Forma Consolidated Statements of Financial Position of SEM and for illustrative purposes only. Accordingly, the final determination of the gain on disposal of Caring may defer significantly from what is reflected in the Pro Forma Consolidated Statement of Financial Position.

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7-Eleven Malaysia Holdings Berhad **Appendix 1**

Notes to Pro Forma Consolidated Statement of Financial Position as at 31 December 2022

2. Pro forma adjustments (cont'd.)

Below are the pro forma effects and adjustments arising from the Proposed Disposal of Caring as described above.

(a) Disposal consideration

Payment tranche	Timing	(Note)/[Ref]	RM'000
• Deposit	Payable within 7 business days from the execution of the SPA	[aa]	60,750
• Initial Consideration	Payable on the completion date of the SPA ("Completion Date")	[bb]	546,750
• Premium	Payable on the Completion Date	[cc]	37,500
• Balance Disposal Consideration	Payable in 2 instalments in the following manner:		
	(a) First Tranche Balance Consideration - Payable on the last day of the 12th month from the Completion Date	[dd]	15,000
	(b) Second Tranche Balance Consideration - Payable on the last day of the 24th month from the Completion Date	[ee]	15,000
Total Disposal Consideration			**675,000**
Adjustments against the Initial Consideration:			
• Leakage relating to share of additional capital injection made into the Indonesian Business		2(a)(i), [ff]	(4,610)
• Share of expected losses after tax incurred by the Caring Group on the Indonesian Business		2(a)(ii), [gg]	(3,921)
Adjusted Disposal Consideration			**666,469**

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2. Pro forma adjustments (cont'd.)

(a) Disposal consideration (cont'd.)

(i) Leakage relates to share of additional capital injection made into the Indonesian Business from 1 January 2023 up to the completion of the Indonesian Business Carve-Out (which is expected to be completed at the end of November 2023) that has already been identified up to the date of this letter and will be deducted from the Initial Consideration. The final amount of leakages will only be determined after the completion of the Indonesian Business Carve-Out which is subject to an audit to be performed on such adjustments.

(ii) Share of expected losses after tax incurred by Caring Group arising from the operations and ownership of the Indonesian Business and following the settlement of the intercompany balances between the Indonesian Business and the rest of the Caring Group, from 1 January 2023 up until completion of the Indonesian Business Carve-Out (which is expected to be completed at the end of November 2023), shall be deducted from the Initial Consideration or the First or Second Tranche Balance Consideration. For the purposes of illustration of this Pro Forma Consolidated Statement of Financial Position, the Directors of SEM have assumed that the share of expected losses after tax is to be deducted from the Initial Consideration as they expect the carve out of the Indonesian Business to be completed before the completion of the Proposed Disposal.

The expected losses after tax arising from the Indonesian Business were derived based on actual 10-months unaudited losses after tax from January to October 2023 and management's projection of the estimated losses after tax of 1-month for November 2023, as below:

	RM'000
Actual unaudited losses after tax - 10 months (Jan'23 to Oct'23)	4,753
Estimated losses after tax - 1 month (Nov'23)	475
Total expected losses after tax	5,228
SEM's proportionate share of the expected losses after tax @75% shareholding	3,921

The final adjustments pursuant to the losses after tax incurred by the Indonesian Business will only be determined after the completion of the Indonesian Business Carve-Out which is subject to an audit to be performed on such adjustments.

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7-Eleven Malaysia Holdings Berhad **Appendix 1**

Notes to Pro Forma Consolidated Statement of Financial Position as at 31 December 2022

2. Pro forma adjustments (cont'd.)

(a) Disposal consideration (cont'd.)

Summary of disposal considerations	[Ref]	RM'000	RM'000
Deposit received	[aa]		60,750
Initial Consideration and Premium to be received on Completion Date	[bb]+[cc]+[ff]+[gg]		575,719
Deferred considerations receivable*			
• First Tranche Balance Consideration	[dd]	15,000	
Adjusted for: Fair value effects**		(660)	
			14,340
• Second Tranche Balance Consideration	[ee]	15,000	
Adjusted for: Fair value effects**		(1,320)	
			13,680
			28,020

* The effects of deferred considerations receivable are reflected under Non-current Other Receivables to the Consolidated Statement of Financial Position.

** Fair value effects of the deferred considerations receivable were derived using a discount rate of 4.4% which represents the Company's weighted-average cost of capital.

(b) Proforma gain on the Proposed Disposal

	Note	RM'000	RM'000
Adjusted Disposal Consideration	2(a)		666,469
SEM's share of net assets of Caring Group (excluding the Indonesian Businesses) as at 31 December 2022	2(c)	(415,589)	
Fair value effects of deferred considerations receivable on Balance Disposal Consideration		(1,980)	
Estimated expenses in relation to the Proposed Disposal		(8,806)	
Pro Forma gain on the Proposed Disposal			240,094

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7-Eleven Malaysia Holdings Berhad **Appendix 1**

Notes to Pro Forma Consolidated Statement of Financial Position as at 31 December 2022

2. Pro forma adjustments (cont'd.)

(c) The pro forma effects of the disposal of Caring Group (excluding the Indonesian Business) arising from the Proposed Disposal, are as illustrated below:

	Note	Proposed Disposal of Caring Group as at 31 Dec 2022 RM'000
Assets		
Non-current assets		
Property, plant and equipment		40,449
Investment properties		20,584
Right-of-use assets		125,495
Intangible assets		457,707
Deferred tax assets		963
		645,198
Current assets		
Inventories		198,481
Trade and other receivables		38,245
Tax recoverable		7,793
Other investments		69,999
Cash and bank balances	2(d)	60,234
		374,752
Liabilities		
Non-current Liabilities		
Provisions		865
Borrowings		43,476
Lease liabilities		74,453
Contingent consideration		33,423
Deferred tax liabilities		61,045
		213,262
Current liabilities		
Provisions		744
Borrowings		12,066
Lease liabilities		28,021
Trade payables		212,676
Other payables		39,608
Contract liabilities		3,209
Tax payable		70
		296,394
Net assets		510,294
Less: Non controlling interest	2(e)	(94,705)
SEM's share of net assets of Caring Group	2(b)	415,589

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Chartered Accountants, Kuala Lumpur.
For identification purpose only.

7-Eleven Malaysia Holdings Berhad **Appendix 1**

Notes to Pro Forma Consolidated Statement of Financial Position as at 31 December 2022

2. Pro forma adjustments (cont'd.)

(d) Cash and bank balances

	Note	RM'000	RM'000
Audited as at 31 December 2022			298,633
Deposit received on the Proposed Disposal	2(a)	60,750	
Disposal consideration receivable upon completion of the Proposed Disposal	2(a)	575,719	
Cash and bank balances of Caring Group	2(c)	(60,234)	
Estimated dividend payable to MOSB	2(d)(i)	(2,416)	
Estimated expenses related to the Proposed Disposal		(8,806)	
As per Pro Forma CSOFP			863,646

(i) Relates to estimated dividends to be declared by Caring to CSSSB and MOSB pursuant to the terms of the Indonesian Business Carve-Out, of which the final dividend amount will only be determined upon completion of the Indonesian Business Carve-Out. This will result in a reduction in cash and bank balances and non-controlling interest by an estimated amount of RM2,416,000 being payment to MOSB.

(e) Non-controlling interest

	Note	RM'000	RM'000
Audited as at 31 December 2022			96,080
Non-controlling interest of Caring Group	2(c)	(94,705)	
Estimated dividend payable to MOSB	2(d)(i)	(2,416)	
As per Pro Forma CSOFP			(1,041)

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7-Eleven Malaysia Holdings Berhad **Appendix 1**

Notes to Pro Forma Consolidated Statement of Financial Position as at 31 December 2022

2. Pro forma adjustments (cont'd.)

(f) Assets revaluation reserves and retained profits

	Note	Assets revaluation reserve RM'000	Retained profits RM'000
Audited as at 31 December 2022		45,599	103,636
Effects of the Proposed Disposal	2(f)(i)	(2,534)	2,534
Pro Forma gain on the Proposed Disposal	2(b)	-	240,094
As per Pro Forma CSOFP		43,065	346,264

(i) Relates to assets revaluation reserve relating to Caring Group being transferred to retained profits on disposal.

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Chartered Accountants, Kuala Lumpur.
For identification purpose only.

CARING PHARMACY GROUP BERHAD
201201027369 (1011859-D)
(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements
31 December 2022

201201027369 (1011859-D)

Caring Pharmacy Group Berhad
(Incorporated in Malaysia)

Contents

201201027369 (1011859-D)

Caring Pharmacy Group Berhad
(Incorporated in Malaysia)

Directors' report

The directors have pleasure in presenting their report together with the audited financial statements of the Company for the financial year ended 31 December 2022.

Principal activities

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries and the changes in group structure are described in Note 15 to the financial statements.

Results

	Group RM	Company RM
Net profit for the financial year	48,067,711	20,114,314
Profit attributable to:		
Equity holders of the Company	40,031,706	20,114,314
Non-controlling interest	8,036,005	-
	48,067,711	20,114,314

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

Dividend paid or declared by the Company since 31 December 2021 is as follows:

	RM
In respect of the financial year ended 31 December 2022:	
First single tier dividend of RM0.0919 per ordinary share, declared on 16 March 2022 and paid on 30 March 2022	20,000,000
	20,000,000

The directors do not recommend the payment of any final dividend in respect of the financial year ended 31 December 2022.

201201027369 (1011859-D)

Caring Pharmacy Group Berhad
(Incorporated in Malaysia)

Dividends (cont'd.)

On 1 March 2023, the directors have declared an interim single tier dividend of RM0.1837 per share amounting to RM40,000,000 on 217,706,400 ordinary shares. The financial statements for the current financial year do not reflect this interim dividend. Such dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2023.

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:

Ang Khoon Lim*
Chong Yeow Siang*
Soo Chan Chiew*
Tan Lean Boon*
Loh Paik Yoong
Tan U – Ming
Wong Wai Keong
Rachel Lau Jean Mei

* These directors are also directors of the Company's subsidiaries.

The names of directors of the Company's subsidiaries in office since the beginning of the financial year to the date of this report (not including those directors listed above) are:

Ang Hooi Hoon
Ang Swee Lim
Beh Siew Lian
Chan Chia Huoi
Chan Yin Mei (Resigned on 23 December 2022)
Chia Muan Muan
Ch'ng Haw Chong
Chow Ching Yei
Chua Qi Yun
Dato' Sri Lai Kock Poh
Datin Sri Yong Mee Yam
Derek Moon Weng Chee
Elaine Poon Siew Yan

201201027369 (1011859-D)

Caring Pharmacy Group Berhad
(Incorporated in Malaysia)

Directors (cont'd.)

The names of directors of the Company's subsidiaries in office since the beginning of the financial year to the date of this report (not including those directors listed above) are (cont'd.):

Foong Jeng Yew	
Goh Seong Por	
Goo Yuan Tieh	
Gooi Chean Keong	
Gwee Xin Yun	
Joshua Ng Zheng Yong	
Khor Yong Xin	
Koh Pei Ying	
Kristy Ting Mei Ling	
Kuan Mun Ni	
Lai Kok Yoong	
Lau Yee Voon	
Lee Sze Wei	
Lee Wei Phang	
Lee Yoon Leong	
Ler Yong Ta	
Liew Pooi Cheng	
Loo Chuan Yen	
Loo Jooi Leng	
Low Yuen Ker	
Ng Cheah Phing	
Ng Yee Choung	
Ng Yi Chan	
Ong Chin Yee	
Ooi Jin Yi	
Ooi Pei Lin	
Ooi Thean Thean	
See Choon Keong	(Resigned on 15 February 2022)
Seow Fue Chin	
Sharon Lai Wai Ling	
Siew Ben Jern	
Siow Cheuk Ching	
Song Yick Yuan	
Soo Wai Han	
Tan Fei Wun	
Tan Lay Ean	
Tan Pik Seng	
Tan Teck Koon	
Tan Thien Thien	
Tan Yee May	
Tan Yi Hui	
Tang Guang Hui	
Tee Phaik Kien	
Tey Lu Ping	
Voon Hui Shun	

201201027369 (1011859-D)

Caring Pharmacy Group Berhad
(Incorporated in Malaysia)

Directors (cont'd.)

The names of directors of the Company's subsidiaries in office since the beginning of the financial year to the date of this report (not including those directors listed above) are (cont'd.):

Wong Kait Chon	
Wong Shin Yi	
Yap Sze Yin	
Kang Pei Joul	
Lim Kok Kit	
Lim Chee Mun	(Resigned on 01 June 2022)
Lim Kah Kiat	
Liam Kah Thiam	(Resigned on 01 May 2022)
Lim Kelvin	(Resigned on 01 June 2022)
Lye Chu Siang	(Resigned on 15 March 2022)
Lee Yu Ren	
Mah Choon Leng	(Appointed on 15 March 2022)
Ng Wei Ping	
Nah Bee Chyi	
Ong It Seang	
Ong Hoay Ling	(Resigned on 01 May 2022)
Ooi Yi Zhi	
Tung Kean Seng	(Appointed on 15 March 2022)
Tan Zhen Yao	
Tan Chai Choo	
Tan Wei Sheng	
Wong Meì Fong	(Appointed on 15 March 2022)
Yeow Shin Yi	(Resigned on 01 May 2022)
Lew Ai Peng	(Appointed on 01 July 2022)
Heng Xin Ya	(Appointed on 01 July 2022)
Choo Jia Ying	(Appointed on 01 July 2022)

Directors' interests

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

	[-------------------- Number of ordinary shares			-------------------]
Name of directors	**At 1.1.2022**	**Acquired**	**Disposed**	**At 31.12.2022**
Deemed interests:				
Ang Khoon Lim	54,425,857	-	-	54,425,857
Chong Yeow Siang	54,425,857	-	-	54,425,857
Soo Chan Chiew	54,425,857	-	-	54,425,857
Tan Lean Boon	54,425,857	-	-	54,425,857

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

201201027369 (1011859-D)

Caring Pharmacy Group Berhad
(Incorporated in Malaysia)

Directors' benefits

Neither at the end of the financial year, nor at any time during that 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.

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 emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company or its related corporations as shown) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a firm in which he has a substantial financial interest, except as disclosed in Note 29 to the financial statements.

The director's benefit are as follows:

	Group 2022 RM
Salaries and other emoluments	2,832,820
Defined contribution plan	511,731
Director fees	670,600
	4,015,151

Indemnity and insurance cost

During the financial year, the total amount of indemnity coverage and insurance premium paid for the directors and officers of the ultimate holding company of the Company, i.e. 7-Eleven Malaysia Holdings Berhad, are RM30,000,000 and RM43,293, respectively.

Holding companies

The immediate and ultimate holding companies are Convenience Shopping (Sabah) Sdn. Bhd. and 7-Eleven Malaysia Holdings Berhad respectively. These aforesaid holding companies are incorporated in Malaysia. 7-Eleven Malaysia Holdings Berhad is listed on Main Market of Bursa Malaysia Securities Berhad.

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 there were no known bad debts and that no allowance for doubtful debts was necessary; and

Other statutory information (cont'd.)

(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: (cont'd.)

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

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

(i) it necessary to write off any bad debts or to make any allowance for doubtful debts in respect of the financial statements of the Group and of the Company; 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 and 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 and 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 year of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet its 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 and of the Company for the financial year in which this report is made.

Significant events and subsequent events

In addition to significant events disclosed elsewhere in this report, other significant events are disclosed in Note 36 and Note 37 to the financial statements.

201201027369 (1011859-D)

Caring Pharmacy Group Berhad
(Incorporated in Malaysia)

Auditors

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

Auditors' remuneration is as follows:

	Group RM	Company RM
Ernst & Young PLT	404,000	42,700
Other auditors	186,859	-
	590,859	42,700

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young PLT, as part of the terms of its 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 for the financial year ended 31 December 2022.

Signed on behalf of the board in accordance with a resolution of the directors dated 30 June 2023.

Soo Chan Chiew

Chong Yeow Siang

201201027369 (1011859-D)

Caring Pharmacy Group Berhad
(Incorporated in Malaysia)

Statement by directors
Pursuant to Section 251(2) of the Companies Act 2016

We, Soo Chan Chiew and Chong Yeow Siang, being two of the directors of Caring Pharmacy Group Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 13 to 103 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 2022 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 30 June 2023.

Soo Chan Chiew

Chong Yeow Siang

Statutory declaration
Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Soo Chan Chiew, being the director primarily responsible for the financial management of Caring Pharmacy Group Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 13 to 103 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 Soo Chan Chiew
at Petaling Jaya, Selangor
on 30 June 2023

Soo Chan Chiew

Before me,

PESURUHJAYA SUMPAH
B 669
LOH PEI XUAN
01.01.2022-31.12.2024
MALAYSIA

No 24, Tingkat 1,
Jalan SS2/61,
47300 Petaling Jaya, Selangor.

EY
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Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
SST ID: W10-2002-32000062
Chartered Accountants
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201201027369 (1011859-D)

Independent auditors' report to the member of Caring Pharmacy Group Berhad (Incorporated in Malaysia)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Caring Pharmacy Group Berhad which comprise the statements of financial position as at 31 December 2022 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 period then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 13 to 103.

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 2022, and of its financial performance and cash flows for the financial period 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.

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 Directors' Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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201201027369 (1011859-D)

Independent auditors' report to the member of
Caring Pharmacy Group Berhad
(Incorporated in Malaysia)

Report on the audit of the financial statements (cont'd.)

Information other than the financial statements and auditors' report thereon (cont'd.)

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information 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, 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.

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 so as to 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 controls 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.

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201201027369 (1011859-D)

Independent auditors' report to the member of
Caring Pharmacy Group Berhad
(Incorporated in Malaysia)

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:

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

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and 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.

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201201027369 (1011859-D)

Independent auditors' report to the member of
Caring Pharmacy Group Berhad
(Incorporated in Malaysia)

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

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.

Other matters

This report is made solely to the member 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

Hoh Yoon Hoong
No. 02990/08/2024 J
Chartered Accountant

Kuala Lumpur, Malaysia
30 June 2023

201201027369 (1011859-D)

Caring Pharmacy Group Berhad
(Incorporated in Malaysia)

Statements of comprehensive income
For the financial year ended 31 December 2022

		Group		Company	
		2022	2021	2022	2021
	Note	RM	RM	RM	RM
Revenue	4	1,279,587,380	997,868,488	20,200,000	59,342,700
Cost of sales		(1,025,939,825)	(793,707,518)	-	-
Gross profit		253,647,555	204,160,970	20,200,000	59,342,700
Other operating income	5	50,451,888	39,613,746	10,724	3,778
Selling and distribution expenses		(168,504,186)	(133,499,904)	-	-
Administrative expenses		(60,804,256)	(49,622,866)	(95,629)	(194,646)
Finance costs		(5,302,013)	(5,296,539)	-	-
Share of results of joint ventures	14	(3,348,820)	-	-	-
Profit before tax	6	66,140,168	55,355,407	20,115,095	59,151,832
Income tax expense	9	(18,072,457)	(12,399,658)	(781)	(306)
Profit for the financial year		48,067,711	42,955,749	20,114,314	59,151,526
Other comprehensive income not to be reclassified to profit or loss in subsequent year:					
Revaluation of land and buildings	23	3,100,531	904,982	-	-
Taxation	9	(488,851)	9,525	-	-
Total other comprehensive income (net of taxation)		2,611,680	914,507	-	-
Total comprehensive income for the financial year		50,679,391	43,870,256	20,114,314	59,151,526
Profit after tax attributable to:					
Equity holders of the Company		40,031,706	35,931,405	20,114,314	59,151,526
Non-controlling interest		8,036,005	7,024,344	-	-
		48,067,711	42,955,749	20,114,314	59,151,526
Total comprehensive income attributable to:					
Equity holders of the Company		42,643,386	36,845,912	20,114,314	59,151,526
Non-controlling interest		8,036,005	7,024,344	-	-
		50,679,391	43,870,256	20,114,314	59,151,526
Basic/diluted earnings per share (sen)	27	20	17		

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

201201027369 (1011859-D)

Caring Pharmacy Group Berhad
(Incorporated in Malaysia)

Statements of financial position
As at 31 December 2022

	Note	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Assets					
Non-current assets					
Property, plant and equipment	10	40,220,055	30,328,313	-	-
Investment properties	11	20,585,000	21,003,035	-	-
Right-of-use assets	12	125,755,340	106,120,479	-	-
Intangible assets	13	66,142,779	64,773,653	-	-
Investment in joint ventures	14	9,665,149	-	-	-
Investment in a subsidiary	15	-	-	226,395,479	226,395,479
Deferred tax assets	16	1,237,352	2,271,127	-	-
		263,605,675	224,496,607	226,395,479	226,395,479
Current assets					
Inventories	17	198,481,163	167,681,326	-	-
Trade and other receivables	18	38,244,921	33,609,518	5,000	5,000
Current tax assets		7,793,271	1,155,811	9,389	6,354
Other investments	19	69,998,162	41,526,501	332,208	77,115
Cash and bank balances	20	60,234,045	76,154,736	70,733	242,536
		374,751,562	320,127,892	417,330	331,005
Total assets		638,357,237	544,624,499	226,812,809	226,726,484
Equity and liabilities					
Share capital	21	225,108,316	225,108,316	225,108,316	225,108,316
Retained earnings		127,638,167	107,828,168	1,643,402	1,529,088
Merger deficit	22	(182,040,731)	(182,040,731)	-	-
Asset revaluation reserve	23	4,959,154	2,347,474	-	-
		175,664,906	153,243,227	226,751,718	226,637,404
Non-controlling interests	15	7,634,404	8,807,736	-	-
Total equity		183,299,310	162,050,963	226,751,718	226,637,404
Non-current liabilities					
Borrowings	24	43,476,176	55,362,935	-	-
Lease liabilities	12	74,452,735	58,929,322	-	-
Deferred tax liabilities	16	6,446,210	5,331,794	-	-
Provision	26	865,000	1,085,000	-	-
Contingent consideration	25	33,423,190	36,082,711	-	-
		158,663,311	156,791,762	-	-

201201027369 (1011859-D)

Caring Pharmacy Group Berhad
(Incorporated in Malaysia)

Statements of financial position (cont'd)
As at 31 December 2022

		Group		Company	
		2022	2021	2022	2021
	Note	RM	RM	RM	RM
Current liabilities					
Trade and other payables	25	252,283,947	185,625,301	61,091	89,080
Contract liabilities	25	3,209,367	2,774,737	-	-
Borrowings	24	12,065,689	11,873,639	-	-
Provision	26	744,046	395,000	-	-
Lease liabilities	12	28,020,736	25,113,097	-	-
Current tax liabilities		70,831	-	-	-
		296,394,616	225,781,774	61,091	89,080
Total liabilities		455,057,927	382,573,536	61,091	89,080
Total equity and liabilities		638,357,237	544,624,499	226,812,809	226,726,484

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

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Caring Pharmacy Group Berhad
(Incorporated in Malaysia)

Statement of changes in equity
For the financial year ended 31 December 2022

	Share capital RM	Distributable Retained earnings RM	Total equity RM
Company			
At 1 January 2021	225,108,316	1,564,714	226,673,030
Total comprehensive income for the financial year	-	59,151,526	59,151,526
Transaction with owners			
Dividends on ordinary shares (Note 28), representing total transaction with owners	-	(59,187,152)	(59,187,152)
At 31 December 2021	225,108,316	1,529,088	226,637,404
Total comprehensive income for the financial year	-	20,114,314	20,114,314
Transaction with owners			
Dividends on ordinary shares (Note 28),	-	(20,000,000)	(20,000,000)
At 31 December 2022	225,108,316	1,643,402	226,751,718

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

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Caring Pharmacy Group Berhad
(Incorporated in Malaysia)

Statements of changes in equity
For the financial year ended 31 December 2022

	Attributable to equity holders of the Company						
	[--------Non-distributable--------]			Distributable			
Group	Share capital RM	Merger deficit RM	Asset revaluation reserve RM	Retained earnings RM	Total RM	Non-controlling interest RM	Total equity RM
As at 1 January 2021	225,108,316	(182,040,731)	1,432,967	131,040,390	175,540,942	4,094,197	179,635,139
Acquisition of a subsidiary	-	-	-	-	-	2,480,752	2,480,752
Total comprehensive income for the year	-	-	914,507	35,931,405	36,845,912	7,024,344	43,870,256
Transaction with owners							
Issuance of shares by subsidiaries	-	-	-	-	-	131,000	131,000
Changes in subsidiaries' ownership interests that do not result in a loss of control	-	-	-	43,525	43,525	(206,532)	(163,007)
Dividends on ordinary shares	-	-	-	(59,187,152)	(59,187,152)	-	(59,187,152)
Dividends paid to non-controlling interest	-	-	-	-	-	(4,716,025)	(4,716,025)
As at 31 December 2021	225,108,316	(182,040,731)	2,347,474	107,828,168	153,243,227	8,807,736	162,050,963
As at 1 January 2022	225,108,316	(182,040,731)	2,347,474	107,828,168	153,243,227	8,807,736	162,050,963
Total comprehensive income for the year	-	-	2,611,680	40,031,706	42,643,386	8,036,005	50,679,391
Transaction with owners							
Issuance of shares by subsidiaries						43,000	43,000
Changes in subsidiaries' ownership interests that do not result in a loss of control	-	-	-	(221,707)	(221,707)	(68,427)	(290,134)
Dividends on ordinary shares	-	-	-	(20,000,000)	(20,000,000)	-	(20,000,000)
Dividends paid to non-controlling interest	-	-	-	-	-	(9,183,910)	(9,183,910)
As at 31 December 2022	225,108,316	(182,040,731)	4,959,154	127,638,167	175,664,906	7,634,404	183,299,310

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

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF CARING FOR THE FYE 31 DECEMBER 2022 (CONT'D)

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Caring Pharmacy Group Berhad
(Incorporated in Malaysia)

Statements of cash flows
For the financial year ended 31 December 2022

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Cash flows from operating activities				
Profit before tax	66,140,168	55,355,407	20,115,095	59,151,832
Adjustments for:				
Amortisation of intangible assets	2,114,214	1,429,061	-	-
Depreciation of property, plant and equipment	7,067,319	5,943,357	-	-
Depreciation of right-of-use assets	29,635,455	25,846,532	-	-
Impairment losses on equipment	-	60,280	-	-
Impairment losses on right-of-use assets	-	968,318	-	-
Write off of equipment	168,935	103,150	-	-
Write off of goodwill	-	111,560	-	-
Interest expenses	5,302,013	5,296,539	-	-
Interest income	(2,748,840)	(2,707,502)	(10,695)	(3,778)
Gain on disposal of investment properties	(202,726)	30,000	-	-
Loss on disposal of intangible asset	-	12,750	-	-
Gain on disposal of property, plant and equipment	(399,067)	(211,975)	-	-
Gain on remeasurement of leases	(744,231)	(631,724)	-	-
Loss/(gain) on derecognition of lease	1,366,213	(95,294)	-	-
Effect of rent concession received	-	(2,260,616)	-	-
Provision for restoration cost	150,000	220,000	-	-
Net fair value (gain)/loss on:-				
- investment properties	(1,856,876)	-	-	-
- other investments	(3,763)	(30,461)	(29)	202
- contingent liabilities	(2,659,521)	-	-	-
Share of results of joint ventures	3,348,820	-	-	-
Operating profit before working capital changes	106,678,113	89,439,382	20,104,371	59,148,256
Inventories	(30,799,837)	(34,946,604)	-	-
Trade and other receivables	(10,087,660)	2,710,910	-	-
Trade and other payables	64,921,768	33,085,981	(27,989)	(259,999)
Cash generated from operations	**130,712,384**	**90,289,669**	**20,076,382**	**58,888,257**
Tax paid	(22,979,746)	(14,692,499)	(3,816)	(2,859)
Net cash from operating activities	**107,732,638**	**75,597,170**	**20,072,566**	**58,885,398**

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Caring Pharmacy Group Berhad
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Statement of cash flows (cont'd.)
For the financial year ended 31 December 2022

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Cash flows from investing activities				
Acquisition of subsidiaries	-	(19,785,565)	-	-
Investment in joint ventures	(13,013,969)	-		
Changes in subsidiaries' ownership interests that do not result in a loss of control	(290,134)	(163,007)	-	-
Proceeds from disposal of property, plant and equipment	560,013	456,297	-	-
Proceeds from disposal of investment properties	752,730	2,450,000		
Purchase of property, plant and equipment	(13,811,717)	(7,198,817)	-	-
Purchase of intangible assets	(3,483,340)	(7,214,385)		
Addition of investment property	-	(333,035)		
Placements of pledged fixed deposits with licensed banks	(760,294)	-	-	-
(Placement for)/withdrawal of other investment	(28,467,898)	4,652,956	(255,064)	171,066
Interest received	2,748,840	2,707,502	10,695	3,778
Net cash used in investing activities	**(55,765,769)**	**(24,428,054)**	**(244,369)**	**174,844**
Cash flows from financing activities				
Dividend paid				
- shareholders of the Company	(20,000,000)	(59,187,152)	(20,000,000)	(59,187,152)
- non-controlling shareholders of subsidiaries	(9,183,910)	(4,716,025)	-	-
Proceeds from issuance of shares by subsidiaries to non-controlling shareholders	43,000	131,000	-	-
Repayment from immediate holding company	4,799,935	26,093	-	-
Net repayment from related parties	2,960,296	80,338	-	-
Drawdown of hire purchase	-	261,500		
Drawdown of term loan	-	63,730,000		
Repayment of term loans	(11,694,709)	(29,215,782)	-	-
Net (repayment to)/advances from non-controlling shareholders	(157,420)	1,437,274	-	-
Interest paid	(2,128,078)	(1,996,750)	-	-
Payments of lease liabilities	(33,286,968)	(26,821,637)	-	-
Net cash used in financing activities	**(68,647,854)**	**(56,271,141)**	**(20,000,000)**	**(59,187,152)**

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Caring Pharmacy Group Berhad
(Incorporated in Malaysia)

Statement of cash flows (cont'd.)
For the financial year ended 31 December 2022

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Net decrease in cash and cash equivalents	(16,680,985)	(5,102,025)	(171,803)	(126,910)
Cash and cash equivalents at 1 January (Note 20)	75,405,712	80,507,737	242,536	369,446
Cash and cash equivalents at 31 December (Note 20)	**58,724,727**	**75,405,712**	**70,733**	**242,536**

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

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Caring Pharmacy Group Berhad
(Incorporated in Malaysia)

Notes to the financial statements
For the financial year ended 31 December 2022

1. Corporate information

Caring Pharmacy Group Berhad ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia. The registered office of the Company is located at 22-09, Menara 1MK, No 1 Jalan Kiara, Mont Kiara, 50480 Kuala Lumpur and the principal place of business is located at No. 1, Jalan 51/203A, Kawasan Perindustrian Tiong Nam, Seksyen 51, 46050 Petaling Jaya, Selangor Darul Ehsan.

The immediate and ultimate holding companies are Convenience Shopping (Sabah) Sdn. Bhd. and 7-Eleven Malaysia Holdings Berhad respectively. These aforesaid holding companies are incorporated in Malaysia. 7-Eleven Malaysia Holdings Berhad is listed on Main Market of Bursa Malaysia Securities Berhad.

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 15 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

The financial statements were authorised for issue in accordance with a resolution by the board of directors on 30 June 2023.

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 ("MFRS") and the requirements of the Companies Act 2016 in Malaysia. These financial statements also comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below. The financial statements are presented in Ringgit Malaysia ("RM").

2.2 Changes in accounting policies

On 1 January 2022, the Company adopted the following new and amended MFRS mandatory for annual financial periods beginning on or after the dates stated below:

Description	**Effective for annual financial periods beginning on or after**
Amendments to MFRS 1, MFRS 9 and MFRS 141 (Annual Improvements to MFRS 2018 - 2020 Cycle)	1 January 2022
Amendments to MFRS 3 Business Combinations (Reference to the Conceptual Framework)	1 January 2022

2. Summary of significant accounting policies (cont'd.)

2.2 Changes in accounting policies (cont'd.)

Description (cont'd.)	Effective for annual financial periods beginning on or after
Amendments to MFRS 116 Property, Plant and Equipment (Proceeds Before Intended Use)	1 January 2022
Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets (Onerous Contracts - Cost of Fulfilling a Contract)	1 January 2022

The adoption of the above amended standards did not have any significant effect on the financial performance or position of the Company.

2.3 Standards issued but not yet effective

The standards and interpretations 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 standards, if applicable, when they become effective.

Description	Effective for annual financial periods beginning on or after
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 101: Presentation of Financial Statements (Disclosure of Accounting Policies)	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 16 Leases (Leases Liability in a Sale and Leaseback)	1 January 2024
Amendments to MFRS 101: Presentation of Financial Statements (Non-current Liabilities with Convenants)	1 January 2024
Amendments to MFRS 10 Consolidated Financial Statements (Sale or Contribution of Assets between an Investor and its Associate or Joint Venture)	Deferred
Amendments to MFRS 128: Investments in Associates and Joint Ventures (Sale or Contribution of Assets between an Investor and its Associate or Joint Venture)	Deferred

There are no other new or revised MFRSs and amendments to MFRSs not yet effective that would likely have a material impact on the Company in the current or future reporting periods.

2. Summary of significant accounting policies (cont'd.)

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

The Company controls an investee if and only if the Company has all the following:

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

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

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

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained profits. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

Reorganisation

Acquisition of entities under a reorganisation scheme does not result in any change in economic substance. Accordingly, the consolidated financial statements of the Company is a continuation of the acquired entities and is accounted for as follows:

(a) The results of entities are presented as if the reorganisation occurred from the beginning of the earliest period presented in the financial statements;

(b) The Company will consolidate the assets and liabilities of the acquired entities at their pre-combination carrying amounts. No adjustments are made to reflect fair values, or recognise any new assets or liabilities, at the date of the reorganisation that would otherwise be done under the acquisition method; and

2. Summary of significant accounting policies (cont'd.)

2.4 Basis of consolidation (cont'd.)

Reorganisation (cont'd.)

Acquisition of entities under a reorganisation scheme does not result in any change in economic substance. Accordingly, the consolidated financial statements of the Company is a continuation of the acquired entities and is accounted for as follows: (cont'd.)

(c) No new goodwill is recognised as a result of the reorganisation. The only goodwill that is recognised is the existing goodwill relating to the combining entities. Any difference between the consideration paid/transferred and the equity acquired is reflected within equity as capital reorganisation reserve or deficit.

Business combination

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is 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 non-controlling 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 measured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a 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 statement of profit or loss in accordance with MFRS 9. Other contingent consideration that is not within the scope of MFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests 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-assesses 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 net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

The accounting policy for goodwill is detailed in Note 2.6(a).

2. Summary of significant accounting policies (cont'd.)

2.4 Basis of consolidation (cont'd.)

Acquisition of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

2.5 Subsidiaries

A subsidiary is an entity over which the Group has all the following:

(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 investment with the investee; and

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

In the Company's separate financial statements, investments in subsidiaries 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.

2.6 Intangible assets

(a) Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

2. Summary of significant accounting policies (cont'd.)

2.6 Intangible assets (cont'd.)

(b) Trademarks

The cost of trademarks acquired represents its fair value as at the date of acquisition. Following the initial recognition, trademarks are carried at cost less any accumulated impairment losses. Trademarks, which are considered to have indefinite useful lives, are not amortised but tested for impairment, annually or more frequently when indicators of impairment are identified. The useful lives of trademarks are reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

(c) Computer software

Computer software acquired separately are measured initially at cost. Following initial acquisition, computer software are measured at cost less any accumulated amortisation and accumulated impairment losses.

Computer software-in-development are not depreciated as these assets are not available for use. Computer software are amortised on a straight-line basis over the estimated useful lives of 3 years when the assets are available for use. Computer software are assessed for impairment whenever there is an indication that the computer software 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 embodies in the assets is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on computer software is recognised in profit or loss.

Gain or loss from derecognition of computer software 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 assets are derecognised.

2.7 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with them will flow to the Group, and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Subsequent to recognition, all items of property, plant and equipment are stated at cost less accumulated depreciation, except for land and properties, and any accumulated impairment losses.

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2. Summary of significant accounting policies (cont'd.)

2.7 Property, plant and equipment and depreciation (cont'd.)

Land and buildings are measured at fair value less accumulated depreciation and accumulated impairment losses recognised at the date of revaluation. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

A revaluation surplus is recognised in other comprehensive income and credited to the asset revaluation reserve in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit or loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained profits.

Freehold land has an unlimited useful life and therefore is not depreciated. Capital work-in-progress are also not depreciated as these assets are not available for use. Depreciation of other property, plant and equipment is provided for on a straight-line basis over its estimated useful lives.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

Buildings	50 years
Computer equipment	3 years
Motor vehicles	5 years
Office equipment	5 years
Furniture and fittings	5 years
Renovation	5 years
Signboard	5 years

Asset in progress mainly comprises customised software which have not been completed. Asset in progress is not depreciated as these assets are not yet available for use.

The residual values, useful life and depreciation method are reviewed at each reporting date to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in profit or loss.

2. Summary of significant accounting policies (cont'd.)

2.8 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) As 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.

(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 follows:

Property	2 to 9 years
Leasehold properties	70 to 99 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The accounting policy of impairment of non-financial assets is disclosed in Note 2.9.

(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.

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2. **Summary of significant accounting policies (cont'd.)**

2.8 Leases (cont'd.)

(a) As lessee (cont'd.)

(ii) Lease liabilities (cont'd.)

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.

Reassessment of lease liabilities

The Group is also exposed to potential future increases in variable lease payments that depend on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is remeasured and adjusted against the right of use assets.

(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 premises and other 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.

(b) As lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging 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. Contingent rents are recognised as revenue in the period in which they are earned.

2. **Summary of significant accounting policies (cont'd.)**

2.9 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 makes 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 Group's of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or Group's of units and then, to reduce the carrying amount of the other assets in the unit or Group's of units on a pro-rata basis.

Impairment losses are recognised in profit or loss.

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.

2.10 Financial assets

(a) Initial recognition and measurement

Financial assets are classified, at initial recognition, and 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. Refer to the accounting policies in Note 2.21 for Revenue from contracts with customers.

2. Summary of significant accounting policies (cont'd.)

2.10 Financial assets (cont'd.)

(a) Initial recognition and measurement (cont'd.)

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.

The Group'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 Company commits to purchase or sell the asset.

The Group and the Company determined the classification of their financial assets as financial assets at amortised cost (debt instruments) at its initial recognition.

(b) Subsequent measurement

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

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

Financial assets at amortised cost are subsequently measured using the effective interest 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 and the Company's financial assets at amortised cost includes trade and other receivables (excluding prepayments) and cash and bank balances.

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

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

2. Summary of significant accounting policies (cont'd.)

2.10 Financial assets (cont'd.)

(b) Subsequent measurement (cont'd.)

(ii) Financial assets at fair value through profit or loss (cont'd.)

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

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 noncurrent 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:

(i) The rights to receive cash flows from the asset have expired; or

(ii) The Group and the Company have transferred their rights to receive cash flows from the asset or have 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 has 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 have transferred control of the asset.

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2. Summary of significant accounting policies (cont'd.)

2.10 Financial assets (cont'd.)

(c) Derecognition (cont'd.)

When the Group and the Company have transferred their rights to receive cash flows from an asset or has entered into a pass-through arrangement, the Group and the Company evaluate if, and to what extent, the Group and the Company have retained the risks and rewards of ownership. When the Group and the Company 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.

2.11 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 and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The Group and the Company consider factors if a financial asset in default such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments that indicate that and 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.)

2.12 Inventories

Inventories comprise trading goods and consumables and are stated at the lower of cost (determined on the weighted average basis) and net realisable value. Cost comprises the invoiced value of the inventories and incidental expenses. Net realisable value represents the estimated selling price less estimated costs necessary to make the sale.

2.13 Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances, cash pledge on loan and deposits with banks and highly liquid investments which are subject to an insignificant risk of changes in value.

For the purpose of the statements of cash flows, cash and cash equivalents consist of unrestricted cash and bank balances, net of outstanding bank overdrafts, if any, as they are considered an integral part of the Group's and of the Company's cash management.

2.14 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 financial liabilities include trade and other payables, lease liabilities, deposit from customers, and loans and borrowings. The Group measures its financial liabilities as loans and borrowings.

(b) Subsequent measurement

(i) Amortised cost

Financial liabilities are measured at amortised cost using the effective interest method, which allocates interest expenses at a constant rate over the term of the financial liabilities. The effective interest rate is calculated at initial recognition and is the rate that exactly discounts the estimated future cash flows (including all fees and points paid that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability to the amortised cost of a financial liability.

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2. Summary of significant accounting policies (cont'd.)

2.14 Financial liabilities (cont'd.)

(b) Subsequent measurement (cont'd.)

(i) Amortised cost (cont'd.)

Subsequent to initial recognition, the amortised cost of a financial liability is the amount at initial recognition minus principal repayments, plus the cumulative amortisation using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

(ii) Fair value through profit or loss

The fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated as fair value through profit or loss to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The changes in fair value of these financial liabilities are recognised in profit or loss.

(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 statement of profit or loss.

2.15 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.)**

2.16 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

2.17 Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted at the reporting date.

Current income tax

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.

Deferred tax

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised as income or an expense and included in profit or loss for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

2. Summary of significant accounting policies (cont'd.)

2.17 Income tax (cont'd.)

<u>Deferred tax (cont'd.)</u>

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.

As the land and buildings held under property, plant and equipment of the Group is carried at fair value, the revaluation of the asset does not affect taxable profit in the period of the revaluation and, consequently, the tax base of the asset is not adjusted. Nevertheless, the future recovery of the carrying amount will result in taxable flow of economic benefits to the Group and the amount that will be deductible for tax purposes will differ from the amount of those economic benefits. The difference between the carrying amount of a revalued asset and its tax base is a temporary difference and gives rise to a deferred tax liability.

2.18 Provisions

Provisions for liabilities are recognised when the Group has present obligations as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where 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 cost.

2.19 Employee benefits

(a) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the period in which the associated services are rendered by employees of the Group and the Company. 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.

(b) Defined contribution plans

As required by law, the Group and the Company makes contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in profit or loss as incurred.

2. Summary of significant accounting policies (cont'd.)

2.20 Fair value measurement

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:

(a) In the principal market for the asset or liability, or

(b) 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 to by the Group and the Company.

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.

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 and the Company uses 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:

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

(b) Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

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

2. Summary of significant accounting policies (cont'd.)

2.21 Revenue from contracts with customers and other operating income

Revenue from contracts with customers and other operating income is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, except for the agency services for provision of in-store services, because it typically controls the goods or services before transferring them to the customer.

(a) Sale of goods

Revenue from sale of general merchandise is recognised at the point in time when control of the asset is transferred to the customer. These are in cash consideration.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g. customer loyalty points).

(b) Rental income

Income from the rental of property is recognised on an accrual basis in accordance with the terms of the agreements.

(c) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

(d) Dividend income

Dividend income is recognised when the Company's right to receive payment is established.

(e) Rebates and incentives income

The Group receives incentives and rebates from suppliers for various programs, primarily volume incentives, prompt payment discounts and central distribution centre rebates ("CDC rebates"). Rebates are recognised to statements of comprehensive income when the Group achieved the volume-purchase targets, the performance obligations for central distribution arrangement, and promotional programs have been fulfilled by the Group in accordance with the terms as stipulated in the trade agreements with vendors. These rebates and discounts are recognised as deduction against costs of goods sold when the goods are sold and for the CDC rebates only, when goods are delivered to the stores. Rebates and discounts for unsold goods and CDC rebates in respect of goods not delivered to the stores yet, are deducted against inventories and shall be recognised to the statements of comprehensive income when the goods are subsequently sold or delivered to respective stores.

2. Summary of significant accounting policies (cont'd.)

2.21 Revenue from contracts with customers and other operating income (cont'd.)

(e) Rebates and incentives income (cont'd.)

Other incentives mainly comprised in-store displays and promotions and advertisements for specific products. Incentives are recognised to the statements of comprehensive income when the performance obligations have been fulfilled by the Group in accordance with the terms as stipulated in the agreements with vendors. These incentives are recognised as other operating income in the statements of comprehensive income.

(f) Customer loyalty programme

The Group's loyalty programme allows the customers to collect loyalty points when the customers purchase products at the Company's outlets. The customers can use these points to redeem the gifts vouchers.

The Group accounts for the loyalty points as separately identifiable component of the initial sales transactions. The fair value of the consideration received or receivable in respect of the initial sales is allocated between the fair value of the loyalty points and the other components of the sale.

The consideration allocated to the award credits is deferred and subsequently recognised as revenue when the award credits are redeemed. The deferral is treated as a deduction from revenue. The fair value of the award credits is determined with reference to the fair value of the gift to the customer and considers the redemption rate for the award credits.

2.22 Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

The Group recognises contract assets for rebates and incentives income receivable.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

2. **Summary of significant accounting policies (cont'd.)**

2.23 Current versus non-current classification

The Group and the Company present assets and liabilities in the statements of financial position based on current/non-current classification.

An asset is classified as current when:

(i) it is expected to be realised or intended to be sold or consumed in normal operating cycle;

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

(iii) it is expected to be realised within twelve months after the reporting period; or

(iv) cash or cash equivalents 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 classified as 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 liabilities are classified as non-current assets and liabilities.

2.24 Joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investment in joint ventures are as disclosed of the financial statements.

Under the equity method, the investment in a joint venture 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 joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

2. **Summary of significant accounting policies (cont'd.)**

2.24 Joint ventures (cont'd.)

The statement of profit or loss reflects the Group's share of the results of operations of the joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the joint venture, 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 joint venture are eliminated to the extent of the interest in the joint venture.

The aggregate of the Group's share of profit or loss of a joint venture 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 joint venture.

The financial statements of the joint venture 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 it is necessary to recognise an impairment loss on its investment in joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, and then recognises the loss within 'Share of profit of a joint venture' in the statement of profit or loss.

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

2.25 Investment property

Investment property building held by the Group or held under a finance lease, to earn rental income or for capital appreciation or both. Investment property is measured initially at cost, including transaction cost. Subsequent to initial recognition, investment property is stated at fair value, to reflect market conditions at the reporting date. Gain or loss arising from change in the fair value of investment property is included in profit or loss in the period in which they arise, including the corresponding tax effect. Fair value is determined based on annual evaluation performed by an accredited external independent valuer.

Investment property is derecognised either when it has been disposed of or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceed and the carrying amount of the asset is recognised in profit and loss in the period of derecognition.

When an indication of impairment exists, the carrying amount of the asset is written down immediately to its recoverable value. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.9.

3. Significant accounting estimates and judgements

The preparation of the Group's financial statements in accordance with MFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

(a) Critical judgements made in applying accounting policies

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

(i) Determining the lease term of contracts with renewal and termination options as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassess the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate such as the construction of significant leasehold improvements or significant customisation to the leased asset.

The Group included the renewal period as part of the lease term for leases with shorter non-cancellable period such as three to five years. The Group typically exercise its option to renew for these leases because there will be a significant negative effect on production if a replacement asset is not readily available.

3. Significant accounting estimates and judgements (cont'd.)

(b) 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 described below:

(i) Recognition of incentives and rebates

The Group receives rebates and incentives from suppliers for various programs, primarily volume incentives, display and promotional incentives, prompt payment discounts and warehouse rebates.

Certain incentives and rebates recognised in profit or loss were estimated based on terms and rates in trade agreements entered into with suppliers. Actual amounts received from suppliers could differ from the amounts initially estimated. As at the reporting date, the Group has recognised incentives and rebates receivable of RM39,777,448 (2021: RM33,256,670).

(ii) Revaluation of property, plant and equipment

The Group carries its freehold and leasehold land and buildings at fair value, with changes in fair value being recognised in other comprehensive income. The Group engaged an independent valuation specialist to assess fair value as at 31 December 2022 and 31 December 2021.

The freehold and leasehold land and buildings were valued by reference to market-based evidence, using comparable price adjusted for specific market factors such as nature, location and condition of the properties.

Fair value adjustments and the key assumptions used to determine the fair value of the properties and sensitivity analysis are provided in Note 10 for freehold properties and Note 11 for leasehold properties.

(iii) Estimating the incremental borrowing rate to measure lease liabilities

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs such as market interest rates when available and is required to make certain entity-specific estimates.

3. Significant accounting estimates and judgements (cont'd.)

(b) Key sources of estimation uncertainty (cont'd.)

(iv) Impairment on goodwill

The Group determines whether the goodwill which has indefinite useful lives, are tested for impairment either annually or on a more frequent interval, depending on events or changes in circumstances that indicate the carrying value may be impaired. This requires an estimation of the value in use of the CGU to which the goodwill belongs to.

In assessing value in use, the management is required 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 to their present value of those cash flows. Further details of the carrying value, the key assumptions applied in the impairment assessment of goodwill and sensitivity analysis to changes in the assumptions are as disclosed in Note 13.

(v) Impairment of property, plant and equipment and right-of-use ("ROU") assets

During the current financial year, the Group recognised impairment losses in respect of certain subsidiary companies' property, plant and equipment and ROU assets. The Group carried out the impairment test based on a variety of estimation including the VIU of the CGU to which the property, plant and equipment and ROU assets are allocated. Estimating the VIU requires the Group 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. Further details of the impairment losses recognised are disclosed in Notes 10 and 11.

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4. Revenue from contracts with customers

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Type of goods or services				
Sale of goods	1,272,029,139	991,674,890	-	-
Loyalty fees	7,558,241	6,193,598	-	-
Dividend from subsidiaries	-	-	20,200,000	59,342,700
	1,279,587,380	997,868,488	20,200,000	59,342,700
Timing of revenue recognition				
Transferred at a point in time	1,279,587,380	997,868,488	20,200,000	59,342,700

5. Other operating income

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Interest income				
- Short term funds	1,989,200	1,631,019	7,440	2,501
- Fixed deposits with licensed banks	50,128	39,911	-	-
- Advances to immediate holding company	55,754	707,877	-	-
- Licensed banks	653,758	328,695	3,255	1,277
Government subsidies	97,400	783,481	-	-
Rental income	933,385	970,806	-	-
Net fair value gain on				
- Other investments	3,763	30,461	-	-
- Contingent liabilities	2,659,521	-	-	-
- Revaluation of investment properties	1,856,876	-	-	-
Incentives and rebates	39,777,448	33,256,670	-	-
Gain on disposal of				
- Investment properties	202,726	-	-	-
- Property, plant and equipment	399,067	211,975	-	-
Others	1,772,862	1,652,851	29	-
	50,451,888	39,613,746	10,724	3,778

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6. Profit from operations

Profit from operations is arrived at after charging/(crediting):

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Auditors' remuneration:				
- Statutory audit	590,859	525,440	42,700	24,900
Amortisation of intangible assets (Note 13)	2,114,214	1,429,061		
Depreciation of property, plant and equipment (Note 10)	7,067,319	5,943,357	-	-
Depreciation of investment properties (Note 11)	-	-		
Depreciation of right-of-use assets (Note 12)	29,635,455	25,846,532	-	-
Impairment loss on:				
- Property, plant and equipment (Note 10)	-	60,280	-	-
- Right of use assets (Note 12)	-	968,318	-	-
(Gain)/loss on disposal of investment properties	(202,726)	30,000	-	
Write off of:				
- Goodwill (Note 13)	-	111,560	-	-
- Property, plant and equipment	168,935	103,150	-	-
Rental of premises	6,989,971	2,594,997	-	-
Interest expense on				
- Lease liabilities (Note 12)	3,173,935	3,299,789	-	-
- Borrowings	2,054,604	1,945,808	-	
- Others	73,474	50,942	-	-
Effect of rent concession received (Note 12)	-	(2,260,616)	-	-
Provision for restoration (Note 26)	150,000	220,000	-	-
Gain on remeasurement of leases (Note 12)	(744,231)	(631,724)	-	-
Loss/(gain) on derecognition of lease (Note 12)	1,366,213	(95,294)	-	-
Loss on disposable of intangible assets	-	12,750	-	-
Employee benefits expense (Note 7)	137,744,030	109,276,400	-	-
Net fair value (gain)/loss on other investments	(3,763)	(30,461)	(29)	202

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7. Employee benefits expense

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Wages, salaries and other emoluments	118,744,891	90,370,596	-	-
Contribution to defined contribution plans	14,710,363	12,121,144	-	-
Social security contributions	1,834,998	1,025,083	-	-
Other benefits	2,453,778	5,759,578	-	-
	137,744,030	109,276,400	-	-

Included in employee benefits expense of the Group are executive directors' remuneration (excluding benefits-in-kind) amounting to RM4,015,151 (2021: RM3,470,137) as further disclosed in Note 8.

8. Directors' benefits

The directors' remuneration paid or payable from the Group and the Company categorised into appropriate components are as follows:

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Executive:				
- Salaries and other emoluments	2,832,820	2,667,969	-	-
- Defined contribution plans	511,731	498,868	-	-
- Directors' fees	670,600	303,300	-	58,500
	4,015,151	3,470,137	-	58,500

9. Income tax expense

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Statement of comprehensive income				
Income tax:				
- Malaysia income tax	14,887,291	13,235,325	781	306
- Under/(over) provision in the previous financial year	1,525,826	(32,646)	-	-
	16,413,117	13,202,679	781	306

9. Income tax expense (cont'd.)

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Deferred tax (Note 16):				
- Relating to origination and reversal of temporary differences	1,335,909	64,899	-	-
- Under/(over) provision in prior year	323,432	(867,920)	-	-
	1,659,340	(803,021)	-	-
Income tax expense recognised in profit or loss	18,072,457	12,399,658	781	306

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Deferred income tax related to other comprehensive income:				
- Net surplus on revaluation of land and building	488,851	(9,525)	-	-

Income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the financial year.

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9. Income tax expense (cont'd.)

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Profit before tax	66,140,168	55,355,407	20,115,095	59,151,832
Taxation at Malaysian statutory tax rate of 24% (2021: 24%)	15,873,640	13,285,298	4,827,623	14,196,439
Expenses not deductible for tax purposes	2,009,957	1,617,383	22,944	46,715
Income not subject to tax	(2,097,664)	(1,461,383)	(4,849,786)	(14,242,848)
Effect of income subject to real property gain tax	(118,650)	(76,294)	-	-
Utilisation of previously unrecognised deferred tax asset during the financial year	(275,435)	(407,425)	-	-
Deferred tax assets not recognised during the financial year	831,351	342,645	-	-
Under/(over) provision of income tax in prior financial year	1,525,826	(32,646)	-	-
Under/(over) provision of deferred tax in prior financial year	323,432	(867,920)	-	-
	18,072,457	12,399,658	781	306

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10. Property, plant and equipment

	At valuation	[-----	-----	-----	At cost-----	-----	-----	-----]	
	Land and building* RM	Computer equipment RM	Motor vehicles RM	Furniture and fittings RM	Office equipment RM	Renovation RM	Signboard RM	Asset-in-progress RM	Total RM
Group									
At 31 December 2022									
Cost									
At 1 January 2022	15,273,709	5,732,966	1,225,711	14,785,948	5,567,973	14,236,132	2,276,296	-	59,098,735
Additions	83,122	1,833,484	800,956	4,341,792	2,847,674	3,418,380	486,309	-	13,811,717
Disposals	-	(3,149)	(954,334)	(69,822)	(22,600)	(717)	-	-	(1,050,622)
Revaluation adjustment recognised in other comprehensive income (Note 10(d))	1,294,344	-	-	-	-	-	-	-	1,294,344
Write-offs	-	(41,734)	-	(190,746)	(91,167)	(177,482)	(33,149)	-	(534,278)
Reclassification	1,724,907	-	457,974	-	-	-	-	-	2,182,881
At 31 December 2022	18,376,082	7,521,567	1,530,307	18,867,172	8,301,880	17,476,313	2,729,456	-	74,802,777
Accumulated depreciation									
At 1 January 2022	303,709	4,187,699	699,383	9,672,746	3,622,150	8,641,861	1,164,164	-	28,291,712
Charge for the year (Note 6)	216,847	1,109,716	420,649	1,980,884	858,041	2,106,924	374,258	-	7,067,319
Disposals	-	(12,681)	(860,692)	-	(16,303)	-	-	-	(889,676)
Write-offs	-	(35,068)	-	(143,922)	(65,179)	(96,831)	(24,343)	-	(365,343)
At 31 December 2022	520,556	5,249,666	259,340	11,509,708	4,398,709	10,651,954	1,514,079	-	34,104,012
Accumulated impairment losses									
At 1 January 2022 / 31 December 2022	-	116,507	-	178,869	72,064	96,862	14,408	-	478,710
Net carrying amount	17,855,526	2,155,394	1,270,967	7,178,595	3,831,107	6,727,497	1,200,969	-	40,220,055

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10. Property, plant and equipment (cont'd.)

	At valuation	[------------	------------	------------	At cost	------------	------------	------------]	
	Land and building* RM	Computer equipment RM	Motor vehicles RM	Furniture and fittings RM	Office equipment RM	Renovation RM	Signboard RM	Asset-in-progress RM	Total RM
At 31 December 2021									
Cost									
At 1 January 2021	9,232,960	8,566,323	1,946,706	11,662,955	4,003,506	10,719,596	1,459,482	-	47,591,528
Additions	87,200	1,306,711	-	2,071,527	713,313	1,966,254	517,327	536,485	7,198,817
Acquisition of subsidiary Companies	5,040,000	362,915	819,767	1,328,943	975,524	1,805,481	389,922		10,722,552
Disposals	-	(24,738)	(793,600)	-	(1,200)	-	(12,300)	-	(831,838)
Revaluation adjustment recognised in other comprehensive income (Note 10(d))	913,549								913,549
Write-offs	-	(61,185)	-	(277,477)	(123,170)	(255,199)	(78,135)	-	(795,166)
Reclassification	-	(4,417,060)	(747,162)	-	-	-	-	(536,485)	(5,700,707)
At 31 December 2021	15,273,709	5,732,966	1,225,711	14,785,948	5,567,973	14,236,132	2,276,296	-	59,098,735
Accumulated depreciation									
At 1 January 2021	172,960	6,766,325	1,198,752	8,434,752	3,074,008	7,122,587	897,612	-	27,666,996
Charge for the year (Note 6)	130,749	1,340,953	361,627	1,462,078	650,513	1,704,186	293,251	-	5,943,357
Disposals	-	(11,988)	(571,808)	-	(440)	-	(3,280)	-	(587,516)
Write-offs	-	(44,178)	-	(224,084)	(100,979)	(184,912)	(23,419)	-	(577,572)
Reclassification	-	(3,863,413)	(289,188)	-	(952)	-	-	-	(4,153,553)
At 31 December 2021	303,709	4,187,699	699,383	9,672,746	3,622,150	8,641,861	1,164,164	-	28,291,712
Accumulated impairment losses									
At 1 January 2021	-	229,965	-	161,031	30,608	96,862	14,408	-	532,874
Charge for the year	-	986	-	17,838	41,456	-	-	-	60,280
Write-offs	-	(114,444)	-	-	-	-	-	-	(114,444)
At 31 December 2021	-	116,507	-	178,869	72,064	96,862	14,408	-	478,710
Net carrying amount	14,970,000	1,428,760	526,328	4,934,333	1,873,759	5,497,409	1,097,724	-	30,328,313

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10. Property, plant and equipment (cont'd.)

*Land and buildings

Group	Freehold land RM	Buildings RM	Total RM
At 31 December 2022			
Valuation			
At 1 January 2022	7,243,285	8,030,424	15,273,709
Additions	-	83,122	83,122
Revaluation adjustment recognised in other comprehensive income (Note 10 (d))	1,327,000	(32,656)	1,294,344
Reclassification	-	1,724,907	1,724,907
At 31 December 2022	8,570,285	9,805,797	18,376,082
Accumulated depreciation			
At 1 January 2022	-	303,709	303,709
Depreciation charge for the year	-	216,847	216,847
At 31 December 2022	-	520,556	520,556
Net carrying amount			
At 31 December 2022	8,570,285	9,285,241	17,855,526

	Freehold land RM	Buildings RM	Total RM
At 31 December 2021			
Valuation			
At 1 January 2021	6,363,285	2,869,675	9,232,960
Addtions	-	87,200	87,200
Acquisition of subsidiary companies	-	5,040,000	5,040,000
Revaluation adjustment recognised in other comprehensive income (Note 10 (d))	880,000	33,549	913,549
At 31 December 2021	7,243,285	8,030,424	15,273,709
Accumulated depreciation			
At 1 January 2021	-	172,960	172,960
Depreciation charge for the year	-	130,749	130,749
At 31 December 2021	-	303,709	303,709
Net carrying amount			
At 31 December 2021	7,243,285	7,726,715	14,970,000

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10. Property, plant and equipment (cont'd.)

(a) Included in property, plant and equipment of the Group are fully depreciated property, plant and equipment which are still in use costing RM24,869,723 (2021: RM20,855,368).

(b) During the financial year, the Group acquired property, plant and equipment by the following means:

	Group 2022 RM	2021 RM
Cash	13,811,717	7,198,817

(c) The carrying amount of certain properties pledged to licensed bank as security for bank facilities granted to the Group as disclosed in Note 24 to the financial statements are as follows:

	Group 2022 RM	2021 RM
Freehold land	2,217,000	6,040,000
Buildings	3,733,000	5,860,000
	5,950,000	11,900,000

(d) Management determined that the land and buildings constitutes a separate class of asset under MFRS 13 Fair Value Measurements, based on the nature, characteristics and risks of the properties.

Fair value of the land and buildings was determined using the market comparable method. This means that valuations performed by the valuer are based on active market prices, adjusted for differences in the nature, location or condition of the specific land and buildings. As at the date of revaluations on 31 December 2022, the land and buildings' fair values are based on valuations performed by LHC Valuers & Property Consultants, an independent professional valuer specialising in valuing land and buildings of similar nature. A net gain of RM1,294,344 (2021 is net gain, RM913,549 as per earlier page) was recognised in other comprehensive income for the financial period ended 31 December 2022, as a result of these revaluations.

Fair value measurement disclosures for the revalued land and buildings are provided in Note 32.

Significant unobservable valuation input:

	Group 2022 RM	2021 RM
Price per square foot for freehold land and buildings	518 - 3,440	555 - 2,702

Significant increase/(decrease) in estimated price per square foot would result in a significantly higher/(lower) fair value on a linear basis.

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10. Property, plant and equipment (cont'd.)

(d) Significant unobservable valuation input (cont'd.):

Reconciliation of carrying amount:

	Group 2022 RM	2021 RM
Carrying amount and fair value as at 31 December	14,970,000	9,060,000
Additions	83,122	87,200
Acquisition of subsidiary companies	-	5,040,000
Depreciation for the financial year	(216,847)	(130,749)
Level 3 revaluation loss on revaluation as at 31 December	1,294,344	913,549
Reclassification	1,724,907	-
Carrying amount as at 31 December	17,855,526	14,970,000

If the properties were measured using the cost model, the carrying amounts would be, as follows:

	Group 2022 RM	2021 RM
Cost	14,935,462	16,178,622
Accumulated depreciation	(685,841)	(525,945)
Net carrying amount	14,249,621	15,652,677

(e) Impairment assessment

Impairment losses on property, plant and equipment amounting to RM Nil (2021: RM60,280) have been recognised during the financial year due to recoverable amounts of property, plant and equipment in the Cash Generating Units ("CGU"), which are determined based on cash flow projections, are lower than their carrying amounts.

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11. Investment properties

	Group 2022 RM	2021 RM
Buildings		
Valuation		
At 1 January	21,003,035	-
Additions	-	333,035
Acquisition of subsidiary companies	-	23,150,000
Revaluation adjustment recognised in profit or loss	1,856,876	-
Disposal	(550,004)	(2,480,000)
Reclassification	(1,724,907)	-
At 31 December	20,585,000	21,003,035

(a) The carrying amount of certain properties pledged to licensed bank as security for bank facilities granted to the Group as disclosed in Note 24 to the financial statements are as follows:

	Group 2022 RM	2021 RM
Buildings	20,585,000	21,003,035

(b) Management determined that the land and buildings constitutes a separate class of asset under MFRS 13 Fair Value Measurements, based on the nature, characteristics and risks of the properties.

Fair value of the land and buildings was determined using the market comparable method. This means that valuations performed by the valuer are based on active market prices, adjusted for differences in the nature, location or condition of the specific land and buildings. As at the date of revaluations on 31 December 2022, the land and buildings' fair values are based on valuations performed by LHC Valuers & Property Consultants and One Asia Property Consultants, an independent professional valuer specialising in valuing land and buildings of similar nature. A net gain of RM1,856,876 (2021:RM nil) was recognised in other comprehensive income for the financial period ended 31 December 2022, as a result of these revaluations.

Fair value measurement disclosures for the revalued land and buildings are provided in Note 32.

Significant unobservable valuation input:

	Group 2022 RM
Price per square foot for freehold land and buildings	1,182 - 2,282

Significant increase/(decrease) in estimated price per square foot would result in a significantly higher/(lower) fair value on a linear basis.

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11. Investment properties (cont'd.)

(c) Profit arising from freehold property carried at fair value is as follow:

	Group 2022 RM	Group 2021 RM
Rental income derived from freehold properties	(703,105)	(448,655)
Direct operating expenses generating rental income (included in other operating expenses)	127,340	55,343
Profit arising from investment property carried at fair value	1,856,876	-
	1,281,111	(393,312)

(d) Reconciliation of carrying amount:

	Group 2022 RM	Group 2021 RM
Carrying amount as at 1 January	21,003,035	-
Additions	-	333,035
Acquisition of subsidiary companies	-	23,150,000
Level 3 revaluation loss on revaluation as at 31 December	1,856,876	-
Disposal	(550,004)	(2,480,000)
Reclassification	(1,724,907)	-
Carrying amount as at 31 December	20,585,000	21,003,035

If the properties were measured using the cost model, the carrying amounts would be, as follows:

	Group 2022 RM	Group 2021 RM
Cost	20,033,793	22,204,232
Accumulated depreciation	(1,068,108)	(2,396,197)
Net carrying amount	18,965,685	19,808,035

12. Right-of-use assets and lease liabilities

Group as a lessee

The Group has lease contracts for premises used in its operations. Leases of property generally have lease terms between 2 and 9 years, while leasehold property generally have lease terms between 70 and 99 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

(a) Right-of-use assets

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the financial year:

	Property RM	Leasehold properties RM	Motor vehicles RM	Total RM
As at 1 January 2022	77,712,505	27,950,000	457,974	106,120,479
Additions	47,743,115	-	-	47,743,115
Revaluation adjustment recognised in other comprehensive income (Note 12(a)(i))	-	1,806,187	-	1,806,187
Reclassification	284,474	(284,474)	(457,974)	(457,974)
Remeasurement	2,378,349	-	-	2,378,349
Derecognition	(2,199,361)	-	-	(2,199,361)
Depreciation expense (Note 6)	(29,163,924)	(471,531)	-	(29,635,455)
As at 31 December 2022	96,755,158	29,000,182	-	125,755,340

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12. Right-of-use assets and lease liabilities

(a) Right-of-use assets (cont'd.)

	Property RM	Leasehold properties RM	Motor vehicles RM	Total RM
As at 1 January 2021	61,320,255	28,440,000	-	89,760,255
Additions	21,969,665	-	-	21,969,665
Acquisition of subsidiary companies	7,116,344	-	-	7,116,344
Revaluation adjustment recognised in other comprehensive income (Note 12(a)(i))	-	(8,567)	-	(8,567)
Reclassification from property, plant & equipment	-	-	457,974	457,974
Remeasurement	15,310,000	-	-	15,310,000
Derecognition	(1,670,342)	-	-	(1,670,342)
Depreciation expense (Note 6)	(25,365,099)	(481,433)	-	(25,846,532)
Impairment (Note 6)	(968,318)	-	-	(968,318)
As at 31 December 2021	77,712,505	27,950,000	457,974	106,120,479

(i) Management determined that the land and buildings constitutes a separate class of asset under MFRS 13 Fair Value Measurements, based on the nature, characteristics and risks of the properties.

Fair value of the leasehold properties was determined using the market comparable method. This means that valuations performed by the valuer are based on active market prices, adjusted for differences in the nature, location or condition of the specific land and buildings. As at the date of revaluations on 31 December 2022, the land and buildings' fair values are based on valuations performed by LHC Valuers & Property Consultants and One Asia Property Valuer, an independent professional valuer specialising in valuing land and buildings of similar nature. A net gain of RM1,806,187 (2021: net loss of RM8,567) was recognised in other comprehensive income for the financial period ended 31 December 2022, as a result of these revaluations.

12. Right-of-use assets and lease liabilities (cont'd.)

Group as a lessee (cont'd.)

(a) Right-of-use assets (cont'd.)

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the financial year (cont'd.):

(i) Fair value measurement disclosures for the revalued leasehold properties are provided in Note 32.

Significant unobservable valuation input:

	Group 2022 RM	2021 RM
Price per square foot for:		
- Leasehold land and buildings	893 - 2,592	579 - 2,702

Significant increase/(decrease) in estimated price per square foot would result in a significant higher/(lower) fair value.

Leasehold properties

Reconciliation of carrying amount:

	Group 2022 RM	2021 RM
Carrying amount as at 1 January	27,950,000	28,440,000
Depreciation for the financial year	(471,531)	(481,433)
Level 3 revaluation gain/(loss) on revaluation as at 31 December	1,806,187	(8,567)
Reclassification	(284,474)	-
Carrying amount as at 31 December	29,000,182	27,950,000

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12. Right-of-use assets and lease liabilities (cont'd)

Group as a lessee (cont'd)

(a) Right-of-use assets (cont'd)

* If the properties were measured using the cost model, the carrying amounts would be, as follows:

	Group 2022 RM	2021 RM
Cost	27,702,989	27,702,989
Accumulated depreciation	(2,984,554)	(2,718,695)
Net carrying amount	24,718,435	24,984,294

(i) The carrying amount of a property pledged to licensed bank as security for bank facilities granted to the Group as disclosed in Note 24 to the financial statements are as follows:

	Group 2022 RM	2021 RM
Leasehold property	19,940,000	19,560,000

(ii) Impairment losses on right-of-use assets amounting to RM Nil (2021: RM968,318) have been recognised during the financial year due to recoverable amounts of right-of-use assets in the Cash Generating Units ("CGU"), which are determined based on cash flow projections, are lower than their carrying amounts.

(b) Lease liabilities

Set out below are the carrying amounts of property and the movements during the financial year:

	Group Property RM	Hire Purchase RM	Total RM
At 1 January 2022	83,612,050	430,369	84,042,419
Additions	47,743,115	-	47,743,115
Accretion of interest (Note 6)	3,158,653	15,282	3,173,935
Payment of principal	(33,080,567)	(206,401)	(33,286,968)
Remeasurement	1,634,118	-	1,634,118
Derecognition	(833,148)	-	(833,148)
At 31 December 2022	102,234,221	239,250	102,473,471

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12. Right-of-use assets and lease liabilities (cont'd)

Group as a lessee (cont'd)

(b) Lease liabilities (cont'd.)

	Group		
	Property RM	Hire Purchase RM	Total RM
At 1 January 2021	66,773,197	-	66,773,197
Additions	21,969,665	261,500	22,231,165
Acquisition of subsidiary companies	7,258,694	649,187	7,907,881
Accretion of interest (Note 6)	3,273,134	26,655	3,299,789
Lease concession (Note 6)	(2,260,616)	-	(2,260,616)
Payment of principal	(26,314,664)	(506,973)	(26,821,637)
Remeasurement	14,678,276	-	14,678,276
Derecognition	(1,765,636)	-	(1,765,636)
At 31 December 2021	83,612,050	430,369	84,042,419

The maturity analysis of lease liabilities are disclosed in Note 34(c).

	Group	
	2022 RM	2021 RM
Current liabilities	28,020,736	25,113,097
Non-current liabilities	74,452,735	58,929,322
	102,473,471	84,042,419

Hire purchase

	Group	
	2022 RM	2021 RM
Future minimum lease payments:		
Not later than 1 year	126,898	172,872
Later than 1 year and not later than 2 years	128,847	157,990
Later than 2 years and not later than 5 years	-	126,987
	255,745	457,849
Less: Future finance charges	(16,495)	(27,480)
	239,250	430,369

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12. Right-of-use assets and lease liabilities (cont'd)

Group as a lessee (cont'd)

(b) Lease liabilities (cont'd.)

Analysis of present value of finance lease payables:

	Group 2022 RM	2021 RM
Current	98,928	125,494
Non-current:		
Later than 1 year and not later than 2 years	106,498	133,153
Later than 2 years and not later than 5 years	33,824	171,722
	239,250	430,369

Net carrying amounts of plant and equipment held under hire purchase and finance lease arrangements are as follows:

	Group 2022 RM	2021 RM
Motor vehicles	-	457,974

Property

The following are the amounts recognised in profit or loss:

	Group 2022 RM	2021 RM
Depreciation expense of right-of-use assets	29,635,455	25,846,532
Interest expense on lease liabilities	3,173,935	3,299,789
Gain on remeasurement of leases	(744,231)	(631,724)
Gain on derecognition of leases	1,366,213	(95,294)
Effect of rent concession received	-	(2,260,616)
Total amount recognised in profit or loss	33,431,372	26,158,687

The future cash outflows relating to leases that have not yet commenced are disclosed in Note 34(c).

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13. Intangible assets

	Goodwill RM	Trademark RM	Computer software RM	Total RM
Group				
At 31 December 2022				
Cost				
At 1 January 2022	35,240,457	22,505,592	12,433,772	70,179,821
Addition	1,132,138	-	2,351,202	3,483,340
At 31 December 2022	36,372,595	22,505,592	14,784,974	73,663,161
Accumulated amortisation				
At 1 January 2022	-	-	5,291,724	5,291,724
Amortisation (Note 6)	-	23,340	2,090,874	2,114,214
At 31 December 2022	-	23,340	7,382,598	7,405,938
Accumulated impairment loss				
At 1 January 2022 / 31 December 2022	-	-	114,444	114,444
Net carrying amount				
At 31 December 2022	36,372,595	22,482,252	7,287,932	66,142,779
At 31 December 2021				
Cost				
At 1 January 2021	2,669,077	1,874,870	4,871,135	9,415,082
Addition	3,938,608	116,700	3,159,077	7,214,385
Effect of purchase price allocation	28,744,332	20,514,022	-	49,258,354
Reclassification	-	-	4,417,060	4,417,060
Written off (Note 6)	(111,560)	-	-	(111,560)
Disposal	-	-	(13,500)	(13,500)
At 31 December 2021	35,240,457	22,505,592	12,433,772	70,179,821
Accumulated amortisation				
At 1 January 2021	-	-	-	-
Amortisation (Note 6)	-	-	1,429,061	1,429,061
Reclassification	-	-	3,863,413	3,863,413
Disposal			(750)	(750)
At 31 December 2021	-	-	5,291,724	5,291,724
Accumulated impairment loss				
At 1 January 2021	-	-	-	-
Reclassification	-	-	114,444	114,444
At 31 December 2021	-	-	114,444	114,444
Net carrying amount				
At 31 December 2021	35,240,457	22,505,592	7,027,604	64,773,653

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13. Intangible assets (cont'd.)

The carrying amounts of goodwill allocated to each community pharmacy business are as follows:-

	Group 2022 RM	2021 RM
Caring Pharmacy (IDR) Sdn Bhd	960,000	960,000
Caring Pharmacy (SW) Sdn Bhd	480,000	480,000
Caring Link Sdn Bhd	1,117,517	1,117,517
Caring Pharmacy (ABM) Sdn Bhd	1,071,672	1,071,672
The Pill House Sdn Bhd and its subsidiaries	25,715,253	24,583,115
Welling Pharmacy Sdn Bhd and its subsidiaries	7,028,153	7,028,153
	36,372,595	35,240,457

Goodwill and trademark arising from business combinations have been allocated to the Group's cash generating unit ("CGU").

The recoverable amount of the CGU has been determined using the value in use ("VIU") calculations using cash flow projections based on financial budget approved by the board of directors covering a five-year period. The following describes each key assumption on which management based its cash flow projections for VIU calculations of CGUs to undertake impairment test on goodwill:

(i) Budgeted revenue and gross profit margin

The basis used to determine the value assigned to the budgeted revenue gross margin are the historical sales and average gross margin achieved in the financial year immediately before the budgeted year adjusted for expected efficiency improvements, market and economic conditions, internal resource efficiency and the supply and demand factors, where applicable.

(ii) Discount rate

The discount rate used for identified CGU reflect the specific risks relating to the pharmaceutical segment. The post-tax discount rate, applied to post-tax cash flows, used for identified CGU is at 10% - 11%.

(iii) Terminal growth rate

Terminal growth rate used was based on the average anticipated growth rate of the respective economies. There is no terminal growth rate used has been used.

13. Intangible assets (cont'd.)

Sensitivity to changes in assumptions

With regard to the assessment of VIU for the pharmaceutical segment, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying amount to materially exceed its recoverable amount.

14. Investment in joint ventures

	Group 2022 RM
At cost	
Unquoted shares in Indonesia	
At 1 January	-
Additions	13,013,969
Share of results	(3,348,820)
At 31 December	9,665,149

On 1 April 2022, CPRM, an indirect 75%-owned subsidiary of the Company, completed the joint venture with PT Era Prima Indonesia ("EPI") to establish pharmaceutical business in Indonesia through the following:

(i) establishment of PT Era Caring Indonesia ("ECI"), a joint-venture company which undertakes the distribution business of pharmaceutical products via a Shareholder's Agreement for a cash consideration of RM1.48 million; and

(ii) subscription of convertible bonds in PT Era Farma Indonesia ("EFI"), a subsidiary of EPI which undertakes the retailing business of pharmaceutical products via a Mandatory Convertible Bond Subscription Agreement ("MCBSA") for a cash consideration of RM7.16million.

Subsequently, on 25 November 2022, CPRM invested an additional RM4.37 million in ECI.

14. Investment in joint ventures (cont'd.)

Summarised financial information in respect of ECI and EFI, the Group's material joint ventures is set out below. The summarised financial information represents the amounts in the financial statements of the joint ventures after modification of fair value adjustments arising from business combination and not the Group's share of those amounts.

	ECI RM	EFI RM
31 December 2022		
Non-current assets	703,017	10,150,294
Current assets, including cash and cash equivalents	10,783,720	8,496,799
Non-current liabilities	-	(1,775,057)
Current liabilities	(6,800,672)	(2,207,847)
Net assets	4,686,065	14,664,189
Revenue	759,234	2,693,666
(Loss)/Profit for the year, representing total comprehensive income for the year	(6,944,000)	260,770
Group's interest in the joint ventures	50.1%	49.9%
Group's share in the carrying amount of net assets	2,347,719	7,317,430
Group's share of (loss)/profits in joint ventures	(3,478,944)	130,124

15. Investments in subsidiary companies

	Company 2022 RM	 2021 RM
Unquoted shares, at cost		
As at 1 January/ 31 December	226,395,479	226,395,479

(i) Business combination

Acquisition in 2021

On 5 October 2020, Caring Pharmacy Retail Management Sdn Bhd ("CPRM"), a wholly-owned subsidiary of the Company had entered into the following share sales and business assets agreements ("SSAs and BAAs"):-

(i) 67% equity interest in The Pill House Pharmacy Sdn Bhd ("TPH") for a cash consideration of about RM24.94 million;

(ii) 60% equity interest in Wellings Pharmacy Sdn Bhd ("Wellings") for a cash consideration of RM19.90 million;

(iii) business assets in three (3) pharmacy outlets held by Farmasi Sri Nibong Sdn Bhd for a cash consideration of RM3.00 million; and

15. Investments in subsidiary companies (cont'd.)

(i) Business combination (cont'd.)

Acquisition in 2021 (cont'd.)

On 5 October 2020, Caring Pharmacy Retail Management Sdn Bhd ("CPRM"), a wholly-owned subsidiary of the Company had entered into the following share sales and business assets agreements ("SSAs and BAAs") (cont'd.):-

(iv) business assets in one (1) pharmacy outlet held by Farmasi Sri Nibong (Pekaka) Sdn Bhd for a cash consideration of RM0.45 million.

The SSAs have become unconditional on 25 January 2021. In addition, following the completion of the due diligence on TPH, the respective parties have agreed to reduce the cash consideration for the acquisition of TPH by around RM0.57 million from RM25.51 million to RM24.94 million in accordance to the SSA.

The acquisitions was completed on 29 January 2021.

CPRM has also entered into a put and call option agreement with the seller for the remaining 33% and 40% stake in the TPH & Wellings respectively. This option, which is treated as deferred consideration of the acquisition, effectively gives CPRM a present ownership interest of 100% in TPH and WP.

The fair values of the identifiable assets and liabilities of TPH and Wellings as at the date of acquisition were:

<u>Acquisition of TPH and Wellings</u>

	Fair value recognised on acquisition RM
Property, plant and equipment (Note 10)	10,722,553
Right of use assets (Note 12)	7,116,344
Investment properties (Note 11)	23,150,000
Trademarks (Note 13)	20,514,022
Receivables	7,248,747
Inventories	38,601,964
Short term funds	11,039,351
Fixed deposits with licensed banks	1,409,857
Cash and bank balances	12,977,427
Deferred tax liabilities (Note 16)	(5,404,103)
Borrowings (Note 24)	(25,937,321)
Payables	(40,078,274)
Tax recoverable	440,412
Contract liabilities	(1,074,815)
Lease liabilities (Note 12)	(7,907,881)
Non-controlling interest	(2,282,745)
Total identifiable net assets at fair value	50,535,538

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15. Investments in subsidiary companies (cont'd.)

(i) Business combination (cont'd.)

Acquisition in 2021 (cont'd.)

Acqusition of TPH and Wellings (cont'd.)

	Fair value recognised on acquisition RM
Total identifiable net assets at fair value	50,535,538
Goodwill arising on acquisition (Note 13)	28,744,332
Purchase consideration transferred	79,279,870

Consideration for acquisition of TPH and Wellings Group

	RM
Initial cash consideration paid	43,197,160
Deferred contingent consideration payable	36,082,710
	79,279,870

Analysis of cash flows on acquisition:

Transaction costs of the acquisition	(605,183)
Purchase consideration satisfied by cash	(43,197,160)
Cash and bank balances, short term funds of subsidiary company acquired	24,016,778
Net cash outflow on acquisition of subsidiary company	(19,785,565)

Transaction costs of RM605,182 were expensed and are included in administrative expenses.

(ii) Changes in the group structure in the current financial period

(a) On 28 February 2022, CPRM had subscribed 15,000 additional number of ordinary shares in Caring T&T Sdn. Bhd. with total purchase consideration of RM34,800. This subscription had increased the controlling interest of the respective subsidiary from 60% to 75%;

(b) On 8 August 2022, CPRM had disposed 78,000 additional number of ordinary shares in Caring Pharmacy Rising Sdn Bhd with consideration of RM78,000 at the issue price of RM1.00 per ordinary share. This subscription had decreased the controlling interest of the respective subsidiary from 100% to 61%.

(c) On 25 February 2022, CPRM had subscribed 20,000 additional number of ordinary shares in MN Pharmacy Sdn. Bhd. with total purchase consideration of RM290,333. This subscription had increased the controlling interest of the respective subsidiary from 60% to 80%;

15. Investments in subsidiary companies (cont'd.)

Details of the subsidiary companies are as follows:

Name of company	Country of incorporation	Equity interest 2022	2021	Principal activity
Held by the Company:				
Caring Pharmacy Retail Management Sdn. Bhd.	Malaysia	100%	100%	Investment holding, provision of management services and central warehousing and distribution of pharmaceutical, healthcare and personal care products.

Held through Caring Pharmacy Retail Management Sdn. Bhd.:

Name of company	Country of incorporation	Equity interest 2022	2021	Principal activity
Caring Pharmacy Sdn. Bhd.	Malaysia	100%	100%	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products, all kinds of foodstuff including but not limited to rice and grains products.
Caring Estore Sdn. Bhd.	Malaysia	100%	100%	Internet sales and warehouse sales of healthcare and personal care products
Caring Pharmacy (Kinrara) Sdn. Bhd.	Malaysia	100%	100%	Investment holding
Caring Pharmacy (RS) Sdn. Bhd.	Malaysia	100%	100%	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products.

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15. Investments in subsidiary companies (cont'd.)

Details of the subsidiary companies are as follows (cont'd.):

Held through Caring Pharmacy Retail Management Sdn. Bhd. (cont'd.):

Name of company	Country of incorporation	Equity interest 2022	2021	Principal activity
Viva Caring Sdn. Bhd.	Malaysia	60%	60%	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products.
Caring Belle Sdn. Bhd.	Malaysia	100%	100%	Dormant
Sterling Pharmacy Sdn. Bhd.	Malaysia	51%	51%	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products.
Be Caring Sdn. Bhd.	Malaysia	76%	76%	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products.
MN Pharmacy Sdn. Bhd.	Malaysia	80%	60%	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products.
Stay Caring Sdn. Bhd.	Malaysia	70%	70%	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products.
Caring Health Solutions Sdn. Bhd.	Malaysia	100%	100%	Dormant

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15. Investments in subsidiary companies (cont'd.)

Details of the subsidiary companies are as follows (cont'd.):

Held through Caring Pharmacy Retail Management Sdn. Bhd. (cont'd.):

Name of company	Country of incorporation	Equity interest 2022	2021	Principal activity
Caring Pharmacy (KLP) Sdn. Bhd.	Malaysia	80%	80%	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products, all kinds of foodstuff including but not limited to rice and grains products.
Caring 'N' You Pharmacy Sdn. Bhd.	Malaysia	60%	60%	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products.
Ace Caring Pharmacy Sdn. Bhd.	Malaysia	76%	76%	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products.
Caring Pharmacy (Ampang) Sdn. Bhd.	Malaysia	100%	100%	Dormant
Vertex Pharmacy Sdn. Bhd.	Malaysia	76%	76%	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products.
Preciouslife Pharmacy Sdn. Bhd.	Malaysia	70%	70%	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products, all kinds of foodstuff including but not limited to rice and grains products.

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15. Investments in subsidiary companies (cont'd.)

Details of the subsidiary companies are as follows (cont'd.):

Held through Caring Pharmacy Retail Management Sdn. Bhd. (cont'd.):

Name of company	Country of incorporation	Equity interest 2022	2021	Principal activity
WM Caring Pharmacy Sdn. Bhd.	Malaysia	80%	80%	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products.
Tonic Pharma Sdn. Bhd.	Malaysia	100%	100%	Dormant
Caring Pharmacy (MPLS) Sdn. Bhd.	Malaysia	60%	60%	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products.
Caring Pharmacy (SW) Sdn. Bhd.	Malaysia	51%	51%	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products.
Caring Pharmacy (ABM) Sdn. Bhd.	Malaysia	80%	80%	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products.
My Caring Pharmacy Sdn. Bhd.	Malaysia	60%	60%	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products, all kinds of foodstuff including but not limited to rice and grains products.

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15. Investments in subsidiary companies (cont'd.)

Details of the subsidiary companies are as follows (cont'd.):

Held through Caring Pharmacy Retail Management Sdn. Bhd. (cont'd.):

Name of company	Country of incorporation	Equity interest 2022	2021	Principal activity
Victorie Caring Sdn. Bhd.	Malaysia	85%	85%	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products.
One Caring Pharmacy Sdn. Bhd.	Malaysia	60%	60%	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products.
Caring Pharmacy Always Sdn. Bhd.	Malaysia	100%	100%	Dormant
Green Surge Sdn. Bhd.	Malaysia	60%	60%	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products.
Caring Pharmacy (JB Molek) Sdn. Bhd.	Malaysia	60%	60%	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products.
Caring Pharmacy (Shah Alam) Sdn. Bhd.	Malaysia	85%	85%	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products.
Caring Pharmacy (SK) Sdn. Bhd.	Malaysia	100%	100%	Dormant
Caring Pharmacy (IDR) Sdn. Bhd.	Malaysia	68%	68%	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products.

15. Investments in subsidiary companies (cont'd.)

Details of the subsidiary companies are as follows (cont'd.):

Held through Caring Pharmacy Retail Management Sdn. Bhd. (cont'd.):

Name of company	Country of incorporation	Equity interest 2022	2021	Principal activity
Living Glory Sdn. Bhd.	Malaysia	100%	100%	Dormant
Maxi Caring Sdn. Bhd. (formerly known as Caring Pharmacy Paradise Sdn.Bhd.)	Malaysia	100%	100%	Dormant
Caring Trio Sdn. Bhd.	Malaysia	60%	60%	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products, all kinds of foodstuff including but not limited to rice and grains products.
Mega Caring Sdn. Bhd.	Malaysia	60%	60%	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products.
Caring Abundance Sdn. Bhd.	Malaysia	60%	60%	Operation of clinics and supply of all kinds of pharmaceutical.
Fuji Acre Sdn. Bhd.	Malaysia	87%	87%	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products.
Caring Pharmacy Rising Sdn. Bhd.	Malaysia	61%	100%	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products.

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15. Investments in subsidiary companies (cont'd.)

Details of the subsidiary companies are as follows (cont'd.):

Held through Caring Pharmacy Retail Management Sdn. Bhd. (cont'd.):

Name of company	Country of incorporation	Equity interest 2022	2021	Principal activity
Caring Trinity Sdn. Bhd.	Malaysia	60%	60%	Operation of community pharmacy including retailing of pharmaceutical,healthcare and personal care products, all kinds of foodstuff including but not limited to rice and grains products.
Caring Clover Sdn. Bhd.	Malaysia	60%	60%	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products.
Caring Healthmark Sdn. Bhd.	Malaysia	75%	75%	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products, all kinds of foodstuff including but not limited to rice and grains products.
Caring Evergreen Sdn. Bhd.	Malaysia	70%	70%	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products.
Caring Pharmacy Ascend Sdn. Bhd.	Malaysia	60%	60%	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products.

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15. Investments in subsidiary companies (cont'd.)

Details of the subsidiary companies are as follows (cont'd.):

Held through Caring Pharmacy Retail Management Sdn. Bhd. (cont'd.):

Name of company	Country of incorporation	Equity interest 2022	2021	Principal activity
Caring Empire Sdn. Bhd.	Malaysia	60%	60%	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products.
Caring T&T Sdn. Bhd.	Malaysia	75%	60%	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products, all kinds of foodstuff including but not limited to rice and grains products.
Caring Link Sdn. Bhd.	Malaysia	60%	60%	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products, all kinds of foodstuff including but not limited to rice and grains products.
Caring Alliance Sdn. Bhd.	Malaysia	60%	60%	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products, all kinds of foodstuff including but not limited to rice and grains products.

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15. Investments in subsidiary companies (cont'd.)

Details of the subsidiary companies are as follows (cont'd.):

Name of company	Country of incorporation	Equity interest 2022	2021	Principal activity
The Pill House Pharmacy Sdn. Bhd.	Malaysia	67%	67%	Investment holding
Wellings Pharmacy Sdn. Bhd.	Malaysia	60%	60%	Wholsale of pharmaceutical and medical goods
Held through The Pill House Pharmacy Sdn. Bhd.:				
Wellings Pill House Sdn. Bhd.	Malaysia	100%	100%	Warehouse supplies and warehouse management of pharmaceuticals products
Wellings Pill House (TG) Pharmacy Sdn. Bhd.	Malaysia	100%	100%	Dormant
Blooming Health Pharmacy Sdn. Bhd.	Malaysia	100%	100%	Dormant
Realcare Pharmacy Sdn. Bhd.	Malaysia	100%	100%	Dealer in pharmaceutical products
Health Town Pharmacy Sdn. Bhd.	Malaysia	100%	100%	Dormant
Green Trees Pharmacy Sdn. Bhd.	Malaysia	51%	51%	Dealer in pharmaceutical products
Realcare Baby And Organic Sdn. Bhd.	Malaysia	100%	100%	Dealer in all kind of baby products
Nutrilife Pharmacy Sdn. Bhd.	Malaysia	100%	100%	Dormant
Pure Health Pharmacy Sdn. Bhd.	Malaysia	100%	100%	Dormant
Sharing Pharmacy Sdn. Bhd.	Malaysia	51%	51%	Dealer in pharmaceutical products

15. Investments in subsidiary companies (cont'd.)

Details of the subsidiary companies are as follows (cont'd.):

Held through The Pill House Pharmacy Sdn. Bhd. (cont'd.):

Name of company	Country of incorporation	Equity interest 2022	2021	Principal activity
Simple Life Pharmacy Sdn. Bhd.	Malaysia	51%	51%	Dealer in pharmaceutical products
Langkawi Pharmacy Sdn. Bhd.	Malaysia	60%	60%	Dealer in pharmaceutical products
Amazinglife Pharmacy Sdn. Bhd.	Malaysia	51%	51%	Dealer in pharmaceutical products
Pharmfresh Pharmacy Sdn. Bhd.	Malaysia	51%	51%	Dealer in pharmaceutical products
Nutricient RX Sdn. Bhd.	Malaysia	51%	51%	Dealer in pharmaceutical products
Super Health Sdn. Bhd.	Malaysia	51%	51%	Dealer in pharmaceutical products
Healthy Care Pharmacy Sdn. Bhd.	Malaysia	51%	51%	Dealer in pharmaceutical products

Held through Wellings Pharmacy Sdn. Bhd.:

Name of company	Country of incorporation	Equity interest 2022	2021	Principal activity
Masons Health Sdn. Bhd.	Malaysia	100%	100%	Dormant

The non-controlling interests as at the end of the reporting period comprise the following:

	Group 2022 RM	2021 RM
Non-controlling interests with the following effective equity interest:		
- 40.10% - 50.00%	3,290,357	3,398,522
- 30.10% - 40.00%	2,673,233	4,336,630
- 20.10% - 30.00%	952,948	655,599
- 10.00% - 20.00%	798,867	416,985
	7,634,404	8,807,736

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16. Deferred tax (assets)/liabilities

	Group 2022 RM	2021 RM
At 1 January	3,060,667	(1,530,890)
Acquisition of subsidiary companies	-	5,404,103
Recognised in profit or loss (Note 9)	1,659,340	(803,021)
Recognised in other comprehensive income (Note 23)	488,851	(9,525)
At 31 December	5,208,858	3,060,667
Presented after appropriate offsetting as follows:		
Deferred tax asset	(1,237,352)	(2,271,127)
Deferred tax liabilities	6,446,210	5,331,794
	5,208,858	3,060,667

The components and movements of deferred tax asset and liabilities during the financial year prior to offsetting are as follows:

Deferred tax assets:

Group	At 1 January 2022 RM	Acquisition of subsidiary companies RM	Recognised in profit or loss RM	Recognised in other comprehen-sive income RM	At 31 December 2022 RM
At 31 December 2022					
Property, plant and equipment	1,262,430	-	367,709	488,851	2,118,990
Lease liabilities	(20,170,181)	-	(4,423,452)	-	(24,593,633)
Provisions	(1,087,391)	-	1,254,760	-	167,369
Unabsorbed tax losses	(628,471)	-	-	-	(628,471)
	(20,623,613)	-	(2,800,983)	488,851	(22,935,745)

Group	At 1 January 2021 RM	Acquisition of subsidiary companies RM	Recognised in profit or loss RM	Recognised in other comprehen-sive income RM	At 31 December 2021 RM
At 31 December 2021					
Property, plant and equipment	(210,101)	-	1,472,531	-	1,262,430
Lease liabilities	(16,025,567)	-	-	-	(20,170,181)
Provisions	(1,087,391)	-	-	-	(1,087,391)
Unabsorbed tax losses	4,121	-	(632,592)	-	(628,471)
	(17,318,938)	-	839,939	-	(20,623,613)

16. Deferred tax (assets)/liabilities (cont'd.)

Deferred tax liabilities:

Group	At 1 January 2022 RM	Acquisition of subsidiary companies RM	Recognised in profit or loss RM	Recognised in other comprehensive income RM	At 31 December 2022 RM
At 31 December 2022					
Right-of-use assets	18,760,915	-	4,460,323	-	23,221,238
Trademark	4,923,365	-	-	-	4,923,365
	23,684,280	-	4,460,323	-	28,144,603

	At 1 January 2021 RM	Acquisition of subsidiary companies RM	Recognised in profit or loss RM	Recognised in other comprehensive income RM	At 31 December 2021 RM
At 31 December 2021					
Right-of-use assets	14,716,861	-	4,044,054	-	18,760,915
Trademark	-	4,923,365	-	-	4,923,365
	14,716,861	4,923,365	4,044,054	-	23,684,280

The amounts of temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows:

	Group 2022 RM	2021 RM
Unabsorbed tax losses	5,372,600	3,692,544
Unutilised capital allowances	670,040	559,445
Other temporary differences	1,291,928	766,263
	7,334,568	5,018,252

The unutilised tax losses of the Group are available for offsetting against future taxable profits of the respective subsidiaries within the Group, subject to no substantial changes in the shareholding of these subsidiaries under the Income Tax Act, 1967. Effective from year of assessment 2019, the unabsorbed tax losses of the Group will only be available for carry forward for a period of ten consecutive years. Upon expiry of the ten years, the unabsorbed tax losses will be disregarded. Deferred tax assets have not been recognised in respect of these items because there is uncertainty as to when the Group that have recent history of losses will be profitable and therefore, it is not probable that future taxable profits of the Group will be sufficient to allow the benefits to be realised.

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17. Inventories

	Group 2022 RM	2021 RM
At cost:		
General merchandise held for resale	198,481,163	167,681,326

	2022 RM	2021 RM
Cost of inventories recognised as an expense during the financial year	1,025,939,825	793,707,518

18. Trade and other receivables

	Note	Group 2022 RM	2021 RM	Company 2022 RM	2021 RM
Trade receivables					
Trade receivables	(a)	1,314,989	1,320,777	-	-
Sundry receivables					
Other receivables	(b)	23,164,756	15,375,832	-	-
Deposits	(c)	12,768,775	10,560,629	5,000	5,000
Prepayments		813,646	717,266	-	-
Due from immediate holding company	(d)	200,065	5,000,000	-	-
Due from related parties	(e)	89,376	741,699	-	-
		37,036,618	32,395,426	5,000	5,000
Less: Allowance for other receivables		(106,685)	(106,685)	-	-
		36,929,933	32,288,741	5,000	5,000
Total trade and other receivables		38,244,921	33,609,518	5,000	5,000
Add: cash and cash balance (Note 20)		60,234,045	76,154,736	70,733	242,536
(Less): Prepayment		(813,646)	(717,266)	-	-
Total financial assets, carried at amortised cost		97,665,321	109,046,988	75,733	247,536

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18. Trade and other receivables (cont'd.)

(a) Trade receivables

The Group's sales are normally conducted on cash basis. The trade receivable represent amount owing from transactions conducted with business associates and credit term are assessed and approved on case-by-case basis.

No expected credit loss is recognised arising from trade receivables as it is negligible.

Information on financial risks of trade receivables is disclosed in Note 34(a) to the financial statements.

(b) Other receivables

Included in other receivables is an amount of RM6,296,355 (2021: RM5,872,761), comprising of rebates and incentives income receivable from vendors. These rebates and incentives have been estimated based on terms in trade agreements entered into with vendors.

Other receivables that are impaired

At the reporting date, the Group have provided an allowance of RM106,685 (2021: RM106,685) for impairment of the termination of tenancy agreement.

(c) Deposits

In the previous financial year, included in deposits were an amount of RM4,886,350 in respect of deposits paid to execute share sales and business assets agreements relating to the partial sum of consideration to acquire the equity interests in retail pharmacies.

(d) Due from immediate holding company

The amount due from immediate holding company is unsecured, bore fixed interest rate ranging at 4.55% (2021: 3.50%) per annum and is repayable on demand.

(e) Due from related parties

Included in the amounts due from related parties is an amount of RM741,699 (2021: RM 741,699), in respect of being the joint parties with Farmasi Sri Nibong Sdn Bhd on the drawdown of term loan for financing the acquisition of properties. The remaining amounts due from related parties are unsecured, non-interest bearing and are repayable upon demand.

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19. Other investments

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
At fair value through profit or loss				
Short term investment funds	69,998,162	41,526,501	332,208	77,115

The funds invest mainly into highly liquid money market instruments, which are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value.

There is no maturity period for the money market funds as these money are callable on demand.

Information on the fair value hierarchy is disclosed in Note 32(c) to the financial statements.

20. Cash and bank balances

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Cash on hand and at banks	50,780,978	64,773,050	70,733	242,536
Cash pledge on term loan (Note 24)	6,881,659	8,741,514	-	-
Fixed deposits with licensed banks	2,571,408	2,640,172	-	-
	60,234,045	76,154,736	70,733	242,536
Less: Pledged deposits	(1,509,318)	(749,024)	-	-
Cash and cash equivalents	58,724,727	75,405,712	70,733	242,536

Included in cash and bank of the Group are amounts of RM6,881,659 (2021: RM8,741,514) are cash pledged on term loan the property loan's linked current account under full flexi loan arrangement. The Group has placed excess cash equal to the term loan balances hence there is no interest charged for the financial period. The cash pledge on term loan are readily convertible to know amounts of cash and subject to an insignificant risk of change in value.

As at the reporting date, the interest rate of short term fixed deposits of the Group was 3.06% (2021: 1.50 - 1.85%) per annum.

Included in the fixed deposit with licensed banks of the Group at the end of reporting period is an amount of RM1,509,318 (2021: RM749,024), which has been pledged to a licensed bank for bank guarantee granted to subsidiaries.

The remaining days to maturity of deposits as at the end of the financial year were as follows:

	Group 2022 Days	Group 2021 Days
Deposits with licensed banks	30 - 365	30 - 365

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21. Share capital

	Group and Company			
	2022		2021	
	Number of ordinary shares	Amount RM	Number of ordinary shares	Amount RM
Issued and fully paid up				
At 31 December	217,706,400	225,108,316	217,706,400	225,108,316

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

22. Merger deficit

The merger deficit arose from subsidiaries, which were consolidated under the pooling of interest method of accounting.

The merger deficit represents the difference between the carrying value of the investments and the nominal value of the shares of the subsidiaries upon consolidation using merger accounting principles.

23. Asset revaluation reserve

The asset revaluation reserve represents increases in the fair value of land and buildings, net of tax.

	Group	
	2022 RM	2021 RM
Revaluation of land and buildings classified as property, plant and equipment (Note 10) and right-of-use assets (Note 12)		
As 1 January	2,790,465	1,885,483
Increase in fair value	3,100,531	904,982
At 31 December	5,890,996	2,790,465
Deferred taxation		
As 1 January	442,991	452,516
Provision during the financial year (Note 16)	488,851	(9,525)
At 31 December	931,842	442,991
Total asset revaluation reserve, net of tax	4,959,154	2,347,474

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24. Borrowings

	Note	Group 2022 RM	2021 RM
Secured:			
Term loan			
Current liabilities	(i)	12,065,689	11,873,639
Non-current liabilities	(i)	43,476,176	55,362,935
		55,541,865	67,236,574

The remaining maturities of the borrowings are as follows:

	Group 2022 RM	2021 RM
At 31 December		
Current:		
Not later than 1 year	12,065,689	11,873,639
Non-current:		
Later than 1 year but not later than 2 years	12,037,255	11,936,552
Later than 2 years but not later than 5 years	18,499,210	27,141,297
Later than 5 years	12,939,711	16,285,086
	43,476,176	55,362,935
	55,541,865	67,236,574

Changes in liabilities arising from financing activities:

	Group 2022 RM	2021 RM
At 1 January	67,236,574	6,785,035
Acquisition of subsidiary companies	-	25,937,321
Drawdown of term loan	-	63,730,000
Repayment	(11,694,709)	(29,215,782)
At 31 December	55,541,865	67,236,574

(i) Term loans are secured by the legal charge over the Group's properties as disclosed in Note 10, 11 and 12 to the financial statements.

(ii) Other information on financial risks of borrowings are disclosed in Note 34(b).

(iii) Other information on interest risks of borrowings are disclosed in Note 34.

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25. Trade and other payables

		Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Current					
Trade payables					
Third parties	(a)	210,666,709	156,443,027	-	-
Due to related parties parties	(d)	2,009,412	672,542	-	-
		212,676,121	157,115,569	-	-
Other payables					
Sundry payables	(b)	7,105,538	4,542,296	901	6,400
Accruals		25,568,037	19,183,738	60,190	82,680
Due to non-controlling shareholders	(c)	3,804,241	3,961,661		-
Due to related parties parties	(d)	3,130,010	822,037		-
		39,607,826	28,509,732	61,091	89,080
Contract liabilities					
Loyalty points programme	(e)	3,209,367	2,774,737	-	-
Non-current					
Contingent consideration					
Contingent consideration for business combination	(f)	33,423,190	36,082,711	-	-
Total trade and other payables		288,916,504	224,482,749	61,091	89,080
Add: Borrowing (Note 24)		55,541,865	67,236,574	-	-
Add: Lease liabilities (Note 12(b))		102,473,471	84,042,419	-	-
Financial liabilities, carried at amortised cost		446,931,840	375,761,742	61,091	89,080

(a) Trade payables

The normal trade credit terms granted to the Group ranged from 30 to 120 days (2021: 30 days to 120 days). Other credit terms are granted to the Group on a case-by-case basis.

(b) Sundry payables

Sundry payables are unsecured, non-interest bearing and are normally settled on 30 days terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

(c) Due to non-controlling shareholders

The amount due to a non-controlling shareholders are unsecured, bore floating interest rate ranging from 1.88% to 2.95% (2021: 1.82% to 1.885%) per annum and is repayable on demand.

25. Trade and other payables (cont'd.)

(d) Due to related parties

The trade balances are subject to the normal trade credit terms of 60 days (2021: 60 days).

The non-trade balances represent unsecured, interest-free advances payment made on behalf. The amounts owing are repayable on demand.

(e) Contract liabilities

The contract liabilities comprises of customer loyalty points not yet redeemed. The Group recognises the allocated revenue when those points are redeemed or when it has expired.

A reconciliation of the contract liabilities is as follows:

	Group 2022 RM	2021 RM
At 1 January	2,774,737	1,248,709
Acquisition of subsidiary companies	-	1,074,815
Deferred during the financial year	7,992,871	6,644,811
Utilised during the financial year	(5,549,479)	(4,582,745)
Lapsed during the financial year	(2,008,762)	(1,610,853)
At 31 December	3,209,367	2,774,737

(f) Contingent consideration for business combination

The contingent consideration represents the fair value of the remaining purchase consideration payable to the vendors in FY2025 in relation to the acquisition of TPH Group and WP Group which disclosed in Note 15.

26. Provision

Provision mainly represent the estimated cost of dismantlement, removal or restoration of the property, plant and equipment arising from the use of such assets, which are capitalised and included in the right-of-use assets.

Restoration costs are provided for at the present value of expected costs to settle the obligation using estimated cash flows. All the estimates are reviewed on an annual basis or more frequently, where there is indication of a material change.

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26. Provision (cont'd.)

A reconciliation of the provision for restoration costs is as follows:

	Group 2022 RM	2021 RM
At 1 January	1,480,000	1,130,000
Acquisition of subsidiary companies	-	175,000
Additions during the financial year	180,000	275,000
Utilised during the financial year	(20,954)	(45,000)
Reversal during the financial year	(30,000)	(55,000)
At 31 December	1,609,046	1,480,000

The remaining maturities of the provision are as follows:

	Group 2022 RM	2021 RM
At 31 December		
Current:		
Not later than 1 year	744,046	395,000
Non-current:		
Later than 1 year but not later than 2 years	400,000	1,050,000
Later than 2 years but not later than 5 years	465,000	35,000
	865,000	1,085,000
	1,609,046	1,480,000

27. Earnings per share

Basic earnings per share amounts are calculated by dividing profit for the financial year (net of tax) attributable to equity holders of the Company, by the weighted average number of ordinary shares outstanding during the financial period.

The Company has no potential ordinary shares and therefore, diluted earnings per share is the same as basic earnings per share. The following reflect the profit and share data used in the computation of basic earnings per share for the financial period ended 31 December:

	Group 2022	2021
Net profit attributable to equity holders of the Company (RM)	42,643,386	36,845,912
Weighted average number of ordinary shares in issue	217,706,400	217,706,400
Basic/diluted earnings per ordinary share (sen)	19.59	16.92

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28. Dividends

	Company 2022 RM	2021 RM
Dividend for the financial year ended 31 December 2021:-		
Interim single-tier dividend of:		
- First single tier dividend of RM0.18 per ordinary share, declared on 12 July 2021 and paid on 15 July 2021	-	39,187,152
- Second interim single tier dividend of RM0.0919 per ordinary share, declared on 10 December 2021 and paid on 13 December 2021	-	20,000,000
Dividend for the financial year ended 31 December 2022:-		
- First single tier dividend of RM0.0919 per ordinary share, declared on 16 March 2022 and paid on 30 March 2022	20,000,000	-
	20,000,000	59,187,152

29. Significant related party transactions

(a) Identities of related parties

Parties are considered to be related to the Group and the Company if the Group and the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the Company and the party are subject to common control.

In addition to the information detailed elsewhere in the financial statements, the Group and the Company had related party relationships with its directors, key management personnel and entities within the same group of companies.

(b) Significant related party transactions

	Type of transaction	Group 2022 RM	2021 RM	Company 2022 RM	2021 RM
With immediate holding company					
Convenience Shopping (Sabah) Sdn. Bhd.	Interest income received/ receivable from CSSSB	-	707,877	-	-

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29. Significant related party transactions (cont'd.)

(a) Significant related party transactions (cont'd.)

	Type of transaction	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
With a former ultimate holding company					
Motivasi Optima Sdn. Bhd. ("MOTIVASI")	Accounting service income received/ receivable from MOTIVASI	6,000	6,000	-	-
With companies in which a closed family of certain Directors have significant financial interests					
Jejari Artistik Sdn. Bhd. ("JEJARI")	Rental income received/ receivable from JEJARI	18,000	17,285	-	-
Ken Prima Cosmeceuticals Sdn. Bhd.	Purchase of goods from KEN	-	1,079,804	-	-
TDR Jaya Sdn. Bhd ("TDR")	Rental income received/ receivable from TDR	18,000	17,100	-	-
Zenzari World Sdn. Bhd. ("ZENZARI")	Rental income received/ receivable from ZENZARI	10,800	10,260	-	-
	Purchase of goods from ZENZARI	165,184	274,377	-	-

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29. Significant related party transactions (cont'd.)

(a) Significant related party transactions (cont'd.)

	Type of transaction	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
With companies in which TSVT is deemed interested*					
Berjaya Registration Service Sdn. Bhd. ("BERREG")	Share registration services paid/ payable to BERREG	5,504	6,502	-	3,575
Berjaya Times Square Sdn. Bhd. ("BTSB")	Rental of property of BTSB	370,385	326,328	-	-
With companies in which Directors is deemed interested*					
Bioscenergy International Sdn. Bhd. ("BIO")	Purchase of goods from BIO	29,071,975	1,389,528	-	-
Caring Pharmacy Holdings Sdn. Bh(("HOLDINGS")	Rental of property of HOLDINGS	63,600	63,774		
	Accounting service income received/ receivable from HOLDINGS	6,000	6,000	-	-
Pharm D Sdn. Bhd. ("PHARM D")	Purchase of goods from PHARM D	3,362	18,212		
	Sales of goods to PHARM D	-	258,720	-	-

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29. Significant related party transactions (cont'd.)

(a) Significant related party transactions (cont'd.)

	Type of transaction	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
With companies in which Directors is deemed interested* (cont'd.)					
Farmasi Sri Nibong Sdn. Bhd.	Purchase of goods	-	3,673,795	-	-
	Incentive paid and logistic charge	-	38,878	-	-
Vitamart Enterprise	Sale of goods	-	130,474	-	-
Sin Yen Sen Engineering	Fabricate & install metal components	27,430	-	-	-

The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on negotiated terms and conditions.

Information regarding outstanding balances arising from related party transactions as at 31 December 2022 and 31 December 2021 are disclosedd in Note 18 and Note 25.

(b) Compensation of key management personnel

The remuneration of directors and members of key management during the financial year was as follows:

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Short-term employee benefits	4,320,560	3,547,745	-	58,500
Post-employment benefits:				
Defined contribution plan	788,930	657,591	-	-
	5,109,490	4,205,336	-	58,500
Included in the total key management personnel are:				
Directors' benefits (Note 8)	4,015,151	3,470,137	-	58,500

30. Commitments

(a) Capital commitments

	Group 2022 RM	2021 RM
Property, plant and equipment		
- approved but not contracted for	11,480,800	13,450,000
- approved and contracted for	524,940	-
	12,005,740	13,450,000

(b) Operating lease commitments - as lessor

The Group has entered into commercial property leases on their properties. The initial lease period was 1 to 3 years with an option to renew after that date. All leases include a clause to enable upward revision of the rental charge upon renewal of the leases based on prevailing market conditions.

The Group have aggregate future minimum lease receivables at the reporting date are as follows:-

	Group 2022 RM	2021 RM
Not later than 1 year	200,400	760,000
Later than 1 year but not later than 5 years	251,200	646,000
	451,600	1,406,000

31. Contingent liabilities

The Group has bank guarantees of RM267,666 (2021: RM225,738) as at 31 December 2022 as securit favour of various landlords of the tenancies.

The bank guarantee facilities are granted to Caring Pharmacy Retail Management Sdn. Bhd. on a clean basis.

32. Fair value of financial instruments

A. Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

	Group			
	2022		2021	
	RM Carrying amount	RM Fair value	RM Carrying amount	RM Fair value
Financial liability:				
- Lease liabilities (Note 12(b))	102,473,471	102,473,471	84,042,419	84,042,419

B. Determination of fair value

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 (current)	18
Trade and other payables (current)	25
Term loans (current and non-current)	24

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.

C. Fair value hierarchy

The Group and the Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1 - the fair value is measured using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - the fair value is measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - the fair value is measured using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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32. Fair value of financial instruments (cont'd.)

C. Fair value hierarchy (cont'd.)

The Group and the Company does not have any financial instruments classified as Level 1 as at 31 December 2022 and 31 December 2021.

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

Quantitative disclosures fair value measurement hierarchy for assets and liabilities:

	Fair value measurement using		
Group	**Significant observable inputs (Level 2) RM**	**Significant un-observable inputs (Level 3) RM**	**Total RM**
31 December 2022			
Assets carried at fair value:			
Land and buildings classified as property, plant and equipment (Note 10)	-	17,855,526	17,855,526
Land and buildings classified as right of use assets (Note 12)	-	29,000,182	29,000,182
Short term funds (Note 19)	69,998,162	-	69,998,162
Liabilities for which fair values are disclosed			
- Lease liabilities (Note 12(b))	-	102,473,471	102,473,471

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32. Fair value of financial instruments (cont'd.)

C. Fair value hierarchy (cont'd.)

Quantitative disclosures fair value measurement hierarchy for assets and liabilities: (cont'd.)

	Fair value measurement using		
Group	Significant observable inputs (Level 2) RM	Significant un-observable inputs (Level 3) RM	Total RM
31 December 2021			
Assets carried at fair value:			
Land and buildings classified as property, plant and equipment (Note 10)	-	14,970,000	14,970,000
Land and buildings classified as right of use assets (Note 12)	-	27,950,000	27,950,000
Short term funds (Note 19)	41,526,501	-	41,526,501
Liabilities for which fair values are disclosed			
- Lease liabilities (Note 12(b))	-	84,042,419	84,042,419
Company			
31 December 2022			
Assets carried at fair value:			
Short term funds (Note 19)	332,208	-	332,208
31 December 2021			
Assets carried at fair value:			
Short term funds (Note 19)	77,115	-	77,115

(a) The fair value of money market fund is determined by reference the exchange quoted market bid prices at the end of each reporting period.

(b) There have been no transfers between Level 1 and Level 3 during the financial year.

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33. Reconciliation of liabilities/(assets) arising from financing activities

	Amount owing by immediate holding company RM	Amount owing by related companies RM	Amount owing to related non controlling shareholders RM	Lease liability (Note 12) RM	Term loan (Note 24) RM	Total liabilities from financing activities RM
Group						
At 1 January 2022	(5,000,000)	80,338	3,961,661	84,042,419	67,236,574	150,320,992
Addition of right-of-use assets	-	-	-	47,743,115	-	47,743,115
Remeasurement and derecognition of lease	-	-	-	800,970	-	800,970
Interest expenses during financial year	-	-	-	3,173,935	-	3,173,935
Cash flows	4,799,935	2,960,296	(157,420)	(33,286,968)	(11,694,709)	(37,378,866)
At 31 December 2022	(200,065)	3,040,634	3,804,241	102,473,471	55,541,865	164,660,146
As at 1 January 2021	(5,026,093)	-	2,473,445	66,773,197	6,785,035	71,005,584
Addition of right-of-use assets	-	-	-	22,231,165	-	22,231,165
Acquisition of subsidiary companies	-	-	-	7,907,881	25,937,321	33,845,202
Remeasurement and derecognition of lease	-	-	-	12,912,640	-	12,912,640
Effect of lease concession	-	-	-	(2,260,616)	-	(2,260,616)
Interest expenses during financial year	-	-	50,942	3,299,789	-	3,350,731
Drawdown on term loan					63,730,000	63,730,000
Cash flows	26,093	80,338	1,437,274	(26,821,637)	(29,215,782)	(54,493,714)
At 31 December 2021	(5,000,000)	80,338	3,961,661	84,042,419	67,236,574	150,320,992

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 credit risk, interest rate risk, liquidity risk and foreign currency risk.

The Board of Directors reviews and agrees the policies and procedures for the management of these risks, in order to minimise the effects of the unpredictability of the financial markets on the performance of the Group and of the Company, which are executed by the senior management of the Company.

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) 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 and the Company's exposure to credit risk arises primarily from sundry receivables. For other financial assets (including cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's and the Company's objective is to seek continual growth while minimising losses incurred due to increased credit risk exposure. Receivable balances are monitored on an ongoing basis.

Credit risk concentration profile

The Group and the Company does not have any major concentration of credit risk related to any individual customer or counterparty.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

34. Financial risk management objectives and policies (cont'd.)

(a) Credit risk (cont'd.)

Ageing analysis

	Gross carrying amount RM	Total allowance RM	Balance as at 31 December RM
Group			
31 December 2022			
Neither past due nor impaired	1,314,989	-	1,314,989
31 December 2021			
Neither past due nor impaired	1,320,777	-	1,320,777

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The interest bearing assets made up of deposits with licensed banks. The Group manage the interest rate risk of their deposits with licensed banks by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank.

Borrowings at floating rates expose the Group to cash flow interest rate risk.

Sensitivity analysis for interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk arises from interest-bearing financial assets and liabilities. The Company's policy is to obtain the most favourable interest rates available. Sensitivity analysis on interest rate is applied on floating rate instruments only, as the carrying amount of fixed rate financial instruments and measured at amortised cost. As the Group's exposure to interest rate risk is immaterial sensitivity analysis is not presented.

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Caring Pharmacy Group Berhad
(Incorporated in Malaysia)

34. Financial risk management objectives and policies (cont'd.)

(c) 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. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group and the Company actively manages its operating cash flows and the availability of funding so as to ensure that all funding needs are met. As part of its overall prudent liquidity management, the Group and the Company maintains the availability of funding through adequate amount of committed credit facilities.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	On demand or within 1 year RM	1 to 5 years RM	Over 5 years RM	Total RM
Group				
At 31 December 2022				
Financial liabilities:				
Lease liabilities	34,345,814	76,574,687	2,820,785	113,741,286
Trade and other payables	288,916,504	-	-	288,916,504
Borrowings	13,817,819	33,833,852	15,643,605	63,295,276
Total undiscounted financial liabilities	337,080,137	110,408,539	18,464,390	465,953,066
Company				
Financial liabilities:				
Other payables, representing total undiscounted financial liabilities	61,091	-	-	61,091

201201027369 (1011859-D)

Caring Pharmacy Group Berhad
(Incorporated in Malaysia)

34. Financial risk management objectives and policies (cont'd.)

(c) Liquidity risk (cont'd.)

	2021			
	On demand or within 1 year RM	1 to 5 years RM	Over 5 years RM	Total RM
Group				
At 31 December 2021				
Financial liabilities:				
Lease liabilities	26,976,206	62,421,408	395,263	89,792,877
Trade and other payables	224,482,749	-	-	224,482,749
Borrowings	14,044,868	43,507,272	19,284,439	76,836,579
Total undiscounted financial liabilities	265,503,823	105,928,680	19,679,702	391,112,206
Company				
Financial liabilities:				
Other payables, representing total undiscounted financial liabilities	89,080	-	-	89,080

35. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group 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 2022 and 31 December 2021.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital. The Group includes within net debt, loans and borrowings, less cash and bank balances. Capital includes equity attributable to the shareholders of the Company.

The gearing ratio of the Group at the reporting date is not presented as its cash and bank balances exceeded the total external borrowings.

201201027369 (1011859-D)

Caring Pharmacy Group Berhad
(Incorporated in Malaysia)

36. Significant events disclosure

Significant event during the financial year relates to completion of joint venture arrangement by CPRM, an indirect 75%-owned subsidiary of the Company, with EPI to establish pharmacuetical business in Indonesia, Further details on the joint venture arrangement are disclosed in Note 14 to the financial statements.

37. Subsequent events

On 9 September 2022, CPRM, an indirect 75%-owned subsidiary of the Company had entered into a share-sale agreement ("SSA") to acquire 60% equity interest in Sarawak-based retail pharmacy chain, JOM Pharmacy ("JOM"), for a cash consideration of RM3.91million.

As at the financial year ended 31 December 2022, the Conditions Precedent of the agreement has not been met. On 1 January 2023, the Conditions Precedent were met and the SSA has become unconditional. In addition, the respective parties have agreed to reduce the cash consideration for the acquisition of JOM by around RM0.288 million from RM3.91 million to RM3.62 million, following the adjustment to provide for any increase of the Agreed Net Debt or shortfall in the Minimum NAV or to meet the indemnity obligations of the Seller based on the Completion Accounts and thereafter the Balance Purchase Price, in accordance to the SSA.

The acquisition was deemed completed and effective on 1 January 2023.

ADDITIONAL INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by our Board who collectively and individually accept full responsibility for the accuracy of the information given herein. Our Board hereby confirm that, after making all reasonable enquiries, and to the best of their knowledge and belief, there are no false or misleading statements contained in this Circular or other facts, the omission of which would make any statement in this Circular false or misleading.

Information relating to BIG Pharmacy and MOSB in this Circular was obtained from publicly available sources and/or provided by BIG Pharmacy, MOSB as well as directors and/or management of BIG Pharmacy and MOSB. The responsibility of our Board is therefore limited to ensuring that such information has been accurately reproduced in this Circular and our Board accepts no further or other responsibility in respect of such information.

2. CONSENT AND CONFLICT OF INTEREST

2.1 RHB Investment Bank

RHB Investment Bank, being the Principal Adviser to our Company for the Proposed Disposal, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereto in the form and context in which they appear in this Circular.

RHB Investment Bank, its subsidiaries and associated companies, as well as its holding company, RHB Bank Berhad ("**RHB Bank**"), and the subsidiaries and associated companies of RHB Bank ("**RHB Banking Group**") form a diversified financial group. RHB Banking Group may extend credit facilities or engage in private banking, commercial banking and investment banking transactions including, amongst others, brokerage, securities trading, asset and fund management and credit transaction service businesses. RHB Banking Group has engaged and may in the future, engage in transactions with and perform services for our Company and/or our affiliates, in addition to the role as set out in this Circular. RHB Banking Group, its directors and major shareholders may from time to time hold or deal in the securities of our Company and/or our affiliates for their own accounts or their proprietary accounts.

Furthermore, in the ordinary course of business, RHB Banking Group may at any time offer or provide its services or engage in any transactions (whether on its own account or otherwise) with our Company and/or our affiliates and/or any other entity or person, hold long or short positions in the securities offered by our Company and/or our affiliates, make investments recommendations and/or publish or express independent research views on such securities and may trade or otherwise effect transactions for its own account or the account of its customers in debt or equity securities or senior loans of our Company and/or our affiliates.

The business of RHB Banking Group generally act independently of each other, and accordingly, there may be situations where parts of RHB Banking Group and/or its customers now have or in the future, may have interest or take actions that may conflict with the said regulations issued by the relevant authorities governing its advisory business, which require, amongst others, segregation between dealing and advisory activities and Chinese Wall between different business divisions.

ADDITIONAL INFORMATION (CONT'D)

As at the LPD, RHB Banking Group had extended credit facilities amounting to RM1.90 million ("**Credit Facilities**") (with an amount of approximately RM1.59 million outstanding) to our Group. The Credit Facilities represent approximately 0.01% of the audited consolidated NA of RHB Bank of approximately RM28.72 billion as at 31 December 2022. In addition, as at the LPD, RHB Banking Group holds an aggregate of RM65 million of MTN issued by our Company under our MTN programme as set out below:

MTN	Size of issuance RM'million	Issuance date	Maturity date	Coupon rate %	RHB Banking Group's holding amount RM'million
Tranche 1	150	28 June 2021	28 June 2024	4.00	20
Tranche 2	250	28 June 2021	26 June 2026	4.28	35
Tranche 3	100	28 June 2021	28 June 2028	4.73	10
Total					**65**

In accordance with the utilisation of proceeds from the Proposed Disposal as set out in Section 2.7 of this Circular, our Company will be utilising RM20 million of the RM150 million earmarked for the repayment of MTN to redeem RHB Banking Group's holdings in the MTN upon its maturity on 28 June 2024.

Additionally, RHB Investment Bank has also been appointed by the Company for the following roles:

(i) the Financial Adviser in relation to the Proposed Transaction; and

(ii) the Consent Solicitation Agent in relation to consent solicitation from the holders of the MTN for the sale and transfer of the CSSSB Sale Shares in accordance with the terms and conditions of the SPA, which was obtained on 26 October 2023.

Notwithstanding the above, RHB Investment Bank is of the opinion that concerns of any potential conflict of interest that exists or is likely to exist in relation to its role as the Principal Adviser to our Company for the Proposed Disposal is mitigated by the following:

(a) RHB Investment Bank is a licensed investment bank and its appointment as the Principal Adviser to our Company for the Proposed Disposal is in the ordinary course of its business and RHB Investment Bank does not receive or derive any financial interest or benefits save for the professional fees received in relation to its appointment as the Principal Adviser to our Company for the Proposed Disposal;

(b) the Credit Facilities were approved by RHB Banking Group's relevant credit committee and granted on an arm's length basis and is not material when compared to the audited consolidated NA of RHB Bank of approximately RM28.72 billion as at 31 December 2022;

(c) the Corporate Finance division of RHB Investment Bank is required under its investment banking license to comply with strict policies and guidelines issued by the Securities Commission Malaysia, Bursa Securities and Bank Negara Malaysia governing its advisory operations. These guidelines require, amongst others, the establishment of Chinese Wall policies, clear segregation between dealing and advisory activities and the formation of an independent committee to review its business operations; and

(d) the conduct of RHB Banking Group in its banking business is strictly regulated by the Financial Services Act 2013, the Capital Markets and Services Act 2007 and RHB Banking Group's own internal controls which includes, segregation of reporting structures, in that its activities are monitored and reviewed by independent parties and committees.

As at the LPD, save as disclosed above, RHB Investment Bank confirms that it is not aware of any conflict of interest that exists or is likely to exist in relation to its role as the Principal Adviser to our Company for the Proposed Disposal.

2.2 EY

EY, being the Reporting Accountants to our Company for the Proposed Disposal, has given and has not subsequently withdrawn its written consent to the inclusion of its name, its report on the pro forma consolidated statements of financial position of our Company as at 31 December 2022 and all references thereto in the form and context in which they appear in this Circular.

EY confirms that it is not aware of any conflict of interest that exists or is likely to exist in relation to its role as the Reporting Accountants to our Company for the Proposed Disposal.

3. MATERIAL COMMITMENTS

As at 31 October 2023, save as disclosed below, there is no material commitment incurred or known to be incurred by our Group which may have a material impact on the financial results/position of our Group:

	RM'000
Capital commitments	
Property, plant and equipment	
- Approved and contracted for	21,975
- Approved but not contracted for	69,663
	91,638

4. CONTINGENT LIABILITIES

As at 31 October 2023, save as disclosed below, there is no contingent liability incurred or known to be incurred by our Group which, upon becoming enforceable, may have a material impact on the financial results/position of our Group:

	RM'000
Contingent liabilities	
Bank guarantees extended to third parties	19,602

ADDITIONAL INFORMATION (CONT'D)

5. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, our Company's registered office from Monday to Friday during normal business hours (except public holidays) from the date of this Circular up to and including the date of the forthcoming EGM:

(i) Constitution of our Company;

(ii) Constitution of Caring;

(iii) audited consolidated financial statements of SEM for the past 2 financial years up to the FYE 31 December 2022 and the latest unaudited consolidated financial statements of SEM for the 9-month FPE 30 September 2023;

(iv) audited consolidated financial statements of Caring for the past 2 financial years up to the FYE 31 December 2022 and the latest unaudited consolidated financial statements of Caring for the 9-month FPE 30 September 2023;

(v) SPA;

(vi) Reporting Accountants' report on the pro forma consolidated statements of financial position of our Company as at 31 December 2022 as set out in Appendix V of this Circular;

(vii) letters of consent and declaration of conflict of interests referred to in Section 2 of Appendix VII of this Circular;

(viii) the shareholders' agreement dated 29 November 2021 entered into between CPRM and PT Era Prima Indonesia; and

(ix) mandatory convertible bond subscription agreement dated 29 November 2021 entered into between CPRM, PT Era Prima Indonesia and EFI.

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7-ELEVEN MALAYSIA HOLDINGS BERHAD

(Registration No. 201301028701 (1058531-W))
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting ("**EGM**") of 7-Eleven Malaysia Holdings Berhad ("**SEM**" or "**Company**") will be conducted virtually via Remote Participation Electronic Voting facilities to be provided by the Poll Administrator of the Company, Boardroom Share Registrars Sdn Bhd via its ePortal's online meeting platform at https://web.lumiagm.com/, for the purpose of considering and if thought fit, passing the following resolution as set out in this notice:

Day and Date	:	Thursday, 14 December 2023
Time	:	10:00 a.m.
Broadcast Venue	:	Manhattan I, Level 14, Berjaya Times Square Hotel Kuala Lumpur, No. 1 Jalan Imbi, 55100 Kuala Lumpur, Malaysia.
Mode of Communication	:	(1) Typed text in the Meeting Platform (2) E-mail questions to ir@7eleven.com.my prior to EGM

ORDINARY RESOLUTION

PROPOSED DISPOSAL BY CONVENIENCE SHOPPING (SABAH) SDN BHD ("CSSSB"), A WHOLLY-OWNED SUBSIDIARY OF THE COMPANY, OF ITS ENTIRE 75% EQUITY INTEREST IN CARING PHARMACY GROUP BERHAD ("CARING") TO BIG PHARMACY HOLDINGS SDN BHD ("BIG PHARMACY" OR "PURCHASER") FOR A CASH CONSIDERATION OF RM675.0 MILLION ("PROPOSED DISPOSAL")

"**THAT** subject to the approvals of all relevant authorities and/or parties being obtained (if required) and the conditions precedent in the conditional sale and purchase agreement dated 21 September 2023 entered into between CSSSB, Motivasi Optima Sdn Bhd and BIG Pharmacy pertaining to the Proposed Disposal ("**SPA**") being fulfilled and waived (as the case may be), approval be and is hereby given to CSSSB to dispose of a total of 163,280,543 ordinary shares in Caring, representing its entire 75% equity interest in Caring to BIG Pharmacy for a cash consideration of RM675,000,000.00 (subject to adjustments to the equity value as disclosed in Section 2.1 of the circular to shareholders dated 29 November 2023 in relation to the Proposed Disposal) ("**Disposal Consideration**") upon the terms and conditions contained in the SPA.

AND THAT the Board of Directors of the Company ("**Board**") be and is hereby empowered and authorised to do all acts, deeds and things (including all applications and submissions to the relevant regulatory authorities and bodies) and take all such decisions as they may in their absolute discretion deem fit, necessary, expedient and/or appropriate in the best interest of the Company and to take all such steps and to execute, sign, deliver and cause to be delivered on behalf of the Company all such documents and/or arrangements as may be necessary or expedient in order to implement, finalise, give effect and complete the Proposed Disposal under the terms and conditions of the SPA with full powers to assent to any condition, modification, variation and/or amendment in any manner as may be required or imposed by the relevant authorities including to enter into any supplemental agreement(s), if any, in connection with the Proposed Disposal, and to deal with all matters relating thereto and to take all such steps and do all acts and things in any manner or as the Board may deem necessary or expedient in the best interest of the Company."

TAI YIT CHAN (MAICSA 7009143) (SSM PC No. 202008001023)
TIA HWEI PING (MAICSA 7057636) (SSM PC No. 202008001687)
Company Secretaries

Selangor
29 November 2023

Notes:

1. *The Company will conduct the EGM entirely via Remote Participation and Electronic Voting facilities. Kindly refer to the Administrative Guide for the EGM for more information.*

2. *The only venue involved is the broadcast venue for the compliance with Section 327(2) of the Companies Act 2016 that the Chairman of the Meeting shall be present at the main venue of the EGM. No shareholder or proxy from the public should be physically present nor admitted at the broadcast venue on the day of the EGM.*

3. *As the EGM will be conducted via a virtual meeting, a member who is not able to participate in the EGM may appoint the Chairman of the Meeting as his/her proxy and indicate the voting instruction in the Form of Proxy.*

4. *In respect of deposited securities, only members whose names appear in the Record of Depositors on 7 December 2023 shall be eligible to attend the EGM.*

5. *A member entitled to attend and vote at the EGM is entitled to appoint a proxy or proxies to attend and vote on his behalf. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation save that the proxy must be of full age.*

6. *A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting. Where a member appoints more than one (1) proxy, he shall specify the proportion of his holdings to be represented by each proxy, failing which the appointment shall be invalid.*

7. *Where a member is an authorised nominee as defined under the Central Depositories Act, it may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*

8. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) 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.*

9. *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or if the appointor is a corporation either under its common seal, or the hand of its officer or its duly authorised attorney.*

10. *The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the EGM or adjourned General Meeting at which the person named in the appointment proposes to vote:*

    (i) *In hard copy form*

    In the case of an appointment made in hard copy form, this Form of Proxy must be deposited at the Company's Share Registrar's office situated at 09-27 Level 9, Berjaya Times Square, No. 1 Jalan Imbi, 55100 Kuala Lumpur.

    (ii) *By electronic forms*

    In the case of an appointment made via email transmission, the Form of Proxy can be electronically lodged with the Poll Administrator via Boardroom Smart Investor Portal at https://investor.boardroomlimited.com. Please refer to the Administrative Guide for further information on submission via Boardroom Smart Investor Portal.

11. *Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolution(s) at the EGM shall be put to vote by way of poll.*

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Extraordinary General Meeting 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 Extraordinary General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Extraordinary General Meeting (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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7-ELEVEN MALAYSIA HOLDINGS BERHAD
(Registration No. 201301028701 (1058531-W))
(Incorporated in Malaysia)

FORM OF PROXY

CDS Account No.	
No. of Shares Held	

I/We...
[Full name in block, NRIC/Passport/Company No.]

Tel: …………………………………………………….of ....
[Address]

....

being a member/members of 7-ELEVEN MALAYSIA HOLDINGS BERHAD ("**the Company**") hereby appoint:

Full Name (in Block):	NRIC/Passport No.:	Proportion of Shareholdings	
		No. of Shares	%
Address:			
Email Address:			
Mobile Number:			

and / or* (*delete as appropriate)

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			
Email Address:			
Mobile Number:			

or failing whom, the Chairman of the Meeting as *my/our proxy to vote for *me/us on *my/our behalf at the Extraordinary General Meeting of the Company to be conducted virtually at the broadcast venue at Manhattan I, Level 14, Berjaya Times Square Hotel Kuala Lumpur, No. 1 Jalan Imbi, 55100 Kuala Lumpur, Malaysia on Thursday, 14 December 2023 at 10:00 a.m. or at any adjournment thereof.

ORDINARY RESOLUTION	FOR	AGAINST
PROPOSED DISPOSAL		

Please indicate an "X" in the space provided below on how you wish your votes to be casted. If no specific instruction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.

Signed on this ………….day of ……………….. 2023.

____
*Signature of Member(s)/Common Seal

** 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 company (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 Company will conduct the EGM entirely via Remote Participation and Electronic Voting facilities. Kindly refer to the Administrative Guide for the EGM for more information.*

2. *The only venue involved is the broadcast venue for the compliance with Section 327(2) of the Companies Act 2016 that the Chairman of the Meeting shall be present at the main venue of the EGM. No shareholder or proxy from the public should be physically present nor admitted at the broadcast venue on the day of the EGM.*

3. *As the EGM will be conducted via a virtual meeting, a member who is not able to participate in the EGM may appoint the Chairman of the Meeting as his/her proxy and indicate the voting instruction in the Form of Proxy.*

4. *In respect of deposited securities, only members whose names appear in the Record of Depositors on 7 December 2023 shall be eligible to attend the EGM.*

5. *A member entitled to attend and vote at the EGM is entitled to appoint a proxy or proxies to attend and vote on his behalf. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation save that the proxy must be of full age.*

6. *A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting. Where a member appoints more than one (1) proxy, he shall specify the proportion of his holdings to be represented by each proxy, failing which the appointment shall be invalid.*

7. *Where a member is an authorised nominee as defined under the Central Depositories Act, it may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*

8. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) 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.*

9. *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or if the appointor is a corporation either under its common seal, or the hand of its officer or its duly authorised attorney.*

10. *The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the EGM or adjourned General Meeting at which the person named in the appointment proposes to vote:*

    (i) <u>In hard copy form</u>

    In the case of an appointment made in hard copy form, this Form of Proxy must be deposited at the Company's Share Registrar's office situated at 09-27 Level 9, Berjaya Times Square, No. 1 Jalan Imbi, 55100 Kuala Lumpur.

    (ii) <u>By electronic forms</u>

    In the case of an appointment made via email transmission, the Form of Proxy can be electronically lodged with the Poll Administrator via Boardroom Smart Investor Portal at https://investor.boardroomlimited.com. Please refer to the Administrative Guide for further information on submission via Boardroom Smart Investor Portal.

11. *Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolution(s) at the EGM shall 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 set out in the Notice of the EGM dated 29 November 2023.

Fold this flap for sealing

Then fold here

AFFIX
STAMP

7-ELEVEN MALAYSIA HOLDINGS BERHAD
(Registration No. 201301028701 (1058531-W))

c/o Berjaya Registration Services Sdn Bhd
Registration No. 199401008064 (293743-X)
09-27, Level 9, Berjaya Times Square
No. 1, Jalan Imbi
55100 Kuala Lumpur.

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