

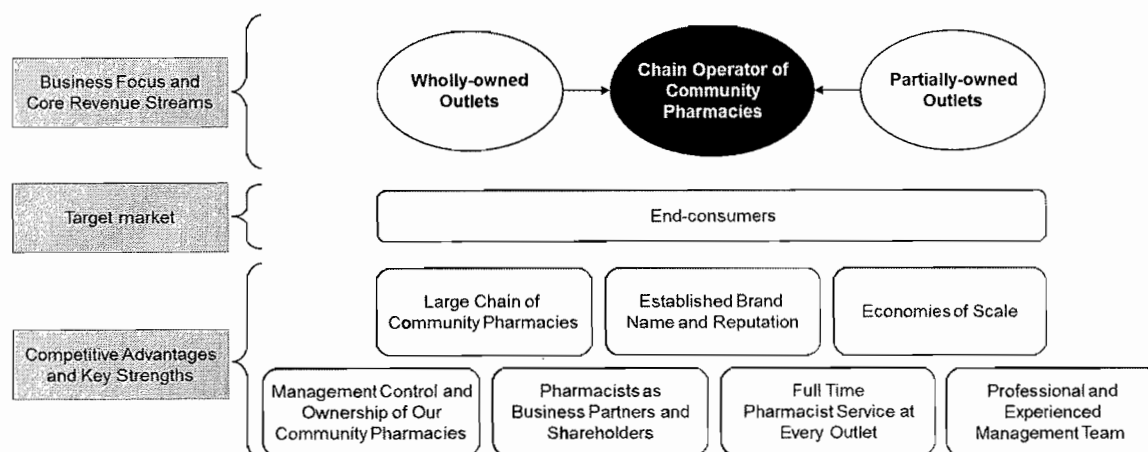
## 6. BUSINESS AND INDUSTRY OVERVIEW

### 6.1 OVERVIEW OF OUR GROUP'S BUSINESS ACTIVITIES

#### 6.1.1 Principal Business Activities

Our business activity is focused on operation of a chain of community pharmacies. In addition, we also undertake supporting activities including advertising and promotion and distribution.

#### 6.1.2 Business Model



#### (i) Business Focus and Core Revenue Stream

Our business is focused on the operation of a chain of community pharmacies. As at LPD, we have a total of 85 community pharmacies operating under the brand of 'CARiNG' in Malaysia, which include wholly and partially-owned community pharmacies.

#### (a) Wholly and Partially-owned Outlets

##### Determination of Type of Outlet

The process of determining the type of outlets is generally based on the following:

- Identify possible locations for new outlets;
- Assess the suitability and viability of locations.

The preferred criteria for wholly-owned outlets include some or all of the following:

- |   |   |  |
|---|---|--|
| <ul style="list-style-type: none"> <li>- High profile outlet;</li> <li>- Good for corporate branding;</li> </ul>                  | } | <p><i>Such as outlets located in reputable shopping complexes in the country, airports, etc</i></p>  |
| <ul style="list-style-type: none"> <li>- Require huge financial commitment;</li> <li>- Possible long gestation period.</li> </ul> | } | <p><i>Certain locations may have good potential but may take a longer time to mature and therefore may require higher financial commitment. In this respect, we are concern that the JV partner(s) may not have the financial capability to undertake such commitment.</i></p> |

## 6. BUSINESS AND INDUSTRY OVERVIEW (Cont'd)

Otherwise, the Group may consider establishing partially-owned outlets under the Caring Joint Venture Scheme.

Generally, all 'CARiNG' community pharmacy outlets shall not be located within 1km radius of each other, unless deemed suitable by the management on the basis of potential business opportunity.

All of our 'CARiNG' community pharmacy outlets are owned by the respective subsidiaries who set-up the operations. Generally, wholly-owned outlets are set-up by wholly-owned subsidiaries whereas partially-owned outlets are set-up by partially-owned subsidiaries. Nevertheless, as our Group retains management control of all wholly and partially-owned outlets, we also manage the recruitment of employees in all outlets.

We have no intention of converting our existing wholly-owned outlets into partially-owned outlets. However, when opportunity arises or under certain circumstances, our partially-owned outlets may be converted into wholly-owned outlets as mentioned in "Acquisition of Our Partially-owned Outlets" below.

### Advantages and Disadvantages of Wholly and Partially-owned Outlets

For wholly-owned outlets, all returns of investment will be kept within our Group whereas for partially-owned outlets, returns of investment will have to be shared according to the proportion of shareholdings and the pre-agreed terms.

Nevertheless, partially-owned outlets have their advantages, which include the following:

- Gain full commitment and dedication from joint venture partners;
- Provide joint venture partners a sense of ownership and thus they will run the outlets wholeheartedly;
- Having pharmacists as business partners will ensure our Group that the outlets are managed by personnel with the necessary qualifications, experience and knowledge in operating a community pharmacy.

### Acquisition of Our Partially-owned Outlets

Our Group may consider acquiring our existing partially-owned outlets based on the following factors:

- To involve those committed business partners with leadership qualities in the overall management of our Group
- When there is an offer from the minority shareholders to sell their interests in partially-owned outlets.

### (b) Core Revenue Stream

As part of our operation of community pharmacies, we undertake retail sales of pharmaceutical products which include scheduled drugs, OTC drugs and health supplements. Part of our portfolio of products also includes non-pharmaceutical products like personal care products, medical and healthcare devices, health food, confectionery, beverages, and household products.

We mainly carry products of third party brands at our chain of community pharmacies. Nevertheless, we also offer a range of products of the brand 'CARiNG'. These products include bottled mineral water, wet wipes and a range of personal care products.

## 6. BUSINESS AND INDUSTRY OVERVIEW (Cont'd)

Within our operation of community pharmacies, a small proportion of our revenue was contributed by sales derived from internet, warehouse and roadshow, which mainly consist of health supplements, OTC drugs, personal care products, and medical and healthcare devices.

### (ii) Target Market

Our target market is mainly the end-consumers.

### (iii) Competitive Advantages and Key Strengths

For further details of our competitive advantages and key strengths, please refer to Section 6.2 of this Prospectus.

### (iv) Revenue Segmentation by Business Activity and Products

The breakdown of our Group's revenue by business activity and products for FYE 31 May 2013 is as follows:

#### Revenue Breakdown by Business Activity and Products for FYE 31 May 2013

	<i>RM '000</i>	<i>%</i>
<b>Operation of Community Pharmacies</b>		
Pharmaceutical Products.....	187,399	62.17
- <i>Scheduled drugs</i> .....	88,208	29.26
- <i>Health supplements</i> .....	81,055	26.89
- <i>OTC drugs</i> <sup>(1)</sup> .....	18,136	6.02
Personal Care Products.....	75,707	25.12
Medical and Healthcare Devices.....	15,694	5.21
Other Products and Services <sup>(2)</sup> .....	22,617	7.50
<b>TOTAL</b>	<b>301,417</b>	<b>100.00</b>

Notes:

(1) Include a small proportion of traditional medicine;

(2) Include mainly health food, confectionery, beverages, household products and blood glucose tests.

For the FYE 31 May 2013, 100% of our revenue was derived from operation of community pharmacies. Of this, pharmaceutical products accounted for 62.17% of our total revenue, representing the largest group of products sold at our 'CARiNG' community pharmacies.

Within pharmaceutical products, scheduled drugs accounted for 29.26% of our total revenue for the FYE 31 May 2013. This was followed by health supplements and OTC drugs, which accounted for 26.89% and 6.02% of our total revenue for the FYE 31 May 2013 respectively.

Personal care products and medical and healthcare devices accounted for 25.12% and 5.21% of our total revenue for the FYE 31 May 2013. The remaining 7.50% of our total revenue was contributed by other products and services, including mainly health food, confectionery, beverages, household products and blood glucose tests.

**6. BUSINESS AND INDUSTRY OVERVIEW (Cont'd)****(v) Revenue Segmentation by Types of Outlets**

The breakdown of our Group's revenue by types of outlets for FYE 31 May 2013 is as follows:

**Revenue Breakdown by Types of Outlets for FYE 31 May 2013**

	<i>RM '000</i>	<i>%</i>
Shopping Complex .....	148,216	49.17
Street Outlet .....	138,414	45.92
Specialised Retail Centre .....	13,217	4.38
Others <sup>(1)</sup> .....	1,570	0.53
<b>TOTAL</b>	<b>301,417</b>	<b>100.00</b>

*Notes:*

(1) Include sales of health supplements, OTC drugs and personal care products via other retail channels namely internet, warehouse and roadshows.

For the FYE 31 May 2013, 49.17% of our total revenue was derived from our 'CARiNG' community pharmacies located in shopping complexes. This was followed by our 'CARiNG' community pharmacies located on streets which accounted for 45.92% of our total revenue for the FYE 31 May 2013.

Our 'CARiNG' community pharmacies located within specialised retail centres accounted for 4.38% of our total revenue for the FYE 31 May 2013. The remaining 0.53% of our total revenue for the FYE 31 May 2013 was derived from other retail channels namely internet, warehouse and roadshows.

**(vi) Revenue Segmentation by Third Party Brands and 'CARiNG' Brand**

The breakdown of our Group's revenue by third party brands and 'CARiNG' brand for FYE 31 May 2013 is as follows:

**Revenue Breakdown by Third Party Brands and 'CARiNG' Brand for FYE 31 May 2013**

	<i>RM '000</i>	<i>%</i>
Third Party Brands .....	300,006	99.53
'CARiNG' Brand .....	1,411	0.47
<b>TOTAL</b>	<b>301,417</b>	<b>100.00</b>

For the FYE 31 May 2013, 99.53% of our total revenue was derived from retail sales of third party brand products.

The remaining 0.47% of our total revenue for the FYE 31 May 2013 was derived from 'CARiNG' brand of products including bottled mineral water and personal care products such as beauty accessories, hand wash, body wash and wet wipes.

## 6. BUSINESS AND INDUSTRY OVERVIEW (Cont'd)

### 6.1.3 Products And Services

#### (i) Operation of Retail Pharmacy Outlets

Generally, products and services available at our 'CARiNG' community pharmacies include the following:

- Pharmaceutical products including health supplements, scheduled drugs and OTC drugs;
- Personal care products;
- Medical and healthcare devices; and
- Other products and services such as health food, confectionery, beverages, household products and blood glucose tests, blood pressure test as well as free consultation and advice.

We mainly undertake retail sales of third party brand of products at our 'CARiNG' community pharmacies. In addition to third party brands, we also carry a small proportion of the 'CARiNG' brand of products in our community pharmacies including bottled mineral water, wet wipes and personal care products such as beauty accessories, hand wash and body wash.

Within our operation of community pharmacies, a small proportion of our sales which amounted to 0.53% of our Group revenue for FYE 31 May 2013 were contributed by sales from internet, warehouse and roadshow. Internet sales are mainly focused on sales of our health supplements, OTC drugs, personal care products and medical and healthcare devices via Rakuten Malaysia's online shopping website. Warehouse sales refer to sales conducted at our warehouse including promotions of selected goods to the public and staff purchases. Roadshow sales are usually undertaken during organised promotions and activities.

As at LPD, we have a total of 85 community pharmacies, all of which operate under the brand of 'CARiNG'. The breakdown of our 'CARiNG' community pharmacies are as follows:

#### Number of 'CARiNG' Community Pharmacies by Wholly and Partially-Owned Outlets

	<b>Number of Community Pharmacies</b>		
	<b>Wholly-Owned</b>	<b>Partially-Owned</b>	<b>Total</b>
Malaysia.....	26	59	85
Selangor.....	11	27	38
Kuala Lumpur.....	13	17	30
Johor.....	-	11	11
Melaka.....	-	2	2
Perak.....	2	-	2
Penang.....	-	2	2

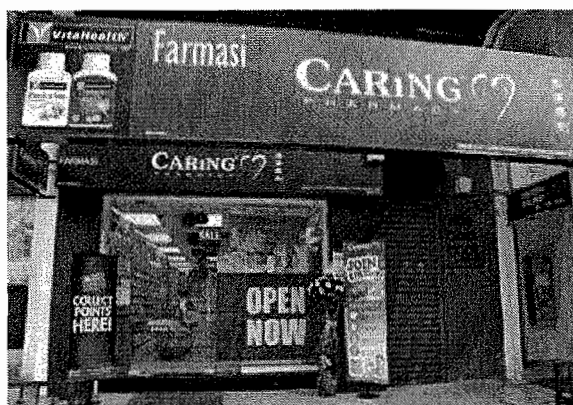
In addition, our 'CARiNG' community pharmacies can also be segmented by types of outlets. As at LPD, the breakdown of our 'CARiNG' community pharmacies by types of outlets is listed below:

## 6. BUSINESS AND INDUSTRY OVERVIEW (Cont'd)

## Number of 'CARiNG' Community Pharmacies by Types of Outlets

	<u>Street Outlet</u>	<u>Number of Community Pharmacies</u>		<u>Total</u>
		<u>Shopping Complex</u>	<u>Specialised Retail Centre</u>	
Malaysia.....	43	36	6	85
Selangor.....	20	16	2	38
Kuala Lumpur.....	17	11	2	30
Johor.....	6	3	2	11
Melaka.....	-	2	-	2
Perak.....	-	2	-	2
Penang.....	-	2	-	2

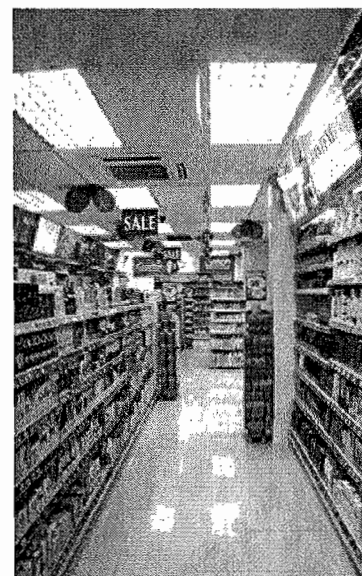
## 'CARiNG' Community Pharmacy on Street Shopping Areas



Front View of Outlet



Dispensing Counter for Scheduled Drugs



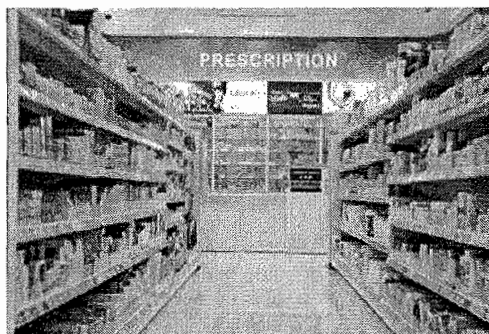
Overview of Product Display in Outlet

6. BUSINESS AND INDUSTRY OVERVIEW (Cont'd)

**‘CARiNG’ Community Pharmacy in Shopping Complex**



**Front View of Outlet**



**Dispensing Counter for Scheduled Drugs**



**Overview of Product Display in Outlet**

**‘CARiNG’ Community Pharmacy in Specialised Retail Centre**



**Dispensing Counter for Scheduled Drugs**

## 6. BUSINESS AND INDUSTRY OVERVIEW (Cont'd)

Products sold at our 'CARiNG' community pharmacies within specialised retail centres are on consignment basis. Nevertheless, we have our own pharmacists and retail staff to operate and manage these outlets.

### (a) Pharmaceutical Products

Our community pharmacies carry a range of pharmaceutical products comprising scheduled drugs, health supplements and OTC drugs. Our health supplements and OTC drugs also include products with ingredients such as plant extracts that are sometimes perceived as traditional medicine.

We only undertake retail sales of pharmaceutical products that are registered with the National Pharmaceutical Control Bureau of Malaysia. As a retailer, we are not responsible for product registrations.

#### Scheduled Drugs

Scheduled drugs refer to medicinal products for medical treatment regulated under the Poisons Act 1952. The sales and supply of scheduled drugs are restricted to licensed personnel and registered professionals only.

Our range of scheduled drugs generally includes Group B and Group C drugs:

- Group B drugs can be supplied by a licensed pharmacist in accordance with a prescription from a registered medical practitioner; and
- Group C drugs can be supplied by a licensed pharmacist on premises specified in his or her licence for the purpose of the medical treatment of a particular individual.

Some of the main types of scheduled drugs available at our 'CARiNG' community pharmacies include the following:

- Analgesic applications in the form of gel and plaster;
- Anaesthetics;
- Antibiotics;
- Antidiabetic drugs;
- Antiemetics drugs to treat nausea and vomiting;
- Antivertigo drugs;
- Antihyperlipidaemic drugs to treat high cholesterol;
- Antiobesity drugs;
- Bone metabolism drugs;
- Chemotherapeutic drugs to treat cancer;
- Cough and cold drugs;
- Cardiovascular drugs;
- Dermatological drugs;
- Drugs for allergy and immune system;
- Drugs for obstructive airway diseases such as asthma;
- Gastrointestinal drugs;
- Genito-urinary drugs;
- Hypothyroidism and hyperthyroidism drugs;
- Muscle relaxants;



**6. BUSINESS AND INDUSTRY OVERVIEW (Cont'd)**

- Nasal preparations;
- Non-steroidal anti-inflammatory drugs for pain relief, fever-reducing and anti-inflammatory;
- Ophthalmological and otological drugs for sensory organs;
- Oral contraceptives;
- Smoking cessation drugs; and
- Throat preparations.

**Health Supplements**

Health supplements are commonly referred to as diet supplements, food supplements or nutritional supplements and they include the following:

- products intended to supplement the diet with one or more dietary substances such as vitamins, minerals, amino acids, fatty acids, fibres and enzymes; and
- products intended to maintain or improve the functioning of the human body including, among others, minerals and extracts from plants and animals.

Health supplements available at our 'CARiNG' community pharmacies commonly come in different forms such as pills, capsules, tablets, liquid or powder.

The range of health supplements carried by our 'CARiNG' community pharmacies contain various dietary substances and extracts from plants and animals, including, among others, the following:

- Vitamins such as Vitamin A, Vitamin B1, Vitamin B2, Vitamin B3, Vitamin B5, Vitamin B6, Vitamin B7/H, Vitamin B9, Vitamin B12, Vitamin C, Vitamin D, Vitamin E and Vitamin K;
- Minerals such as potassium, calcium, phosphorus, magnesium, zinc, iron, manganese, copper, iodine, selenium, fluoride and chromium;
- Amino acids such as carnitine, lysine and taurine;
- Plants extracts such as celery, evening primrose oil, ginkgo, spirulina, red yeast rice, garlic, barley grass, wheat grass, grape seed, ginseng, cordyceps, guggulipid, coenzyme Q10 and lecithin;
- Animal extracts such as chondroitin, colostrum and coenzyme Q10;
- Fatty acids such as fish oil and flaxseed oil; and
- Others including amino sugar such as glucosamine, pre and probiotic and weight management products.

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## 6. BUSINESS AND INDUSTRY OVERVIEW (Cont'd)

### OTC Drugs

OTC drugs are medicinal products that are made available to the public without professional supervision and prescriptions. These drugs are commonly used for self-medication to treat minor ailments and conditions. These OTC drugs are either taken orally or for external application.

Some of the common OTC drugs available at our 'CARiNG' community pharmacies include the following:

- Cough syrup;
- Analgesic applications in the forms of gel, liniment, plaster, spray, balm and oil;
- Laxative;
- Cold and flu drugs;
- Mucolytic drugs for loosening and clearing mucus;
- Pain relief and fever patches;
- Deworming drugs for treating soil-transmitted intestinal worms;
- Antacid and indigestion drugs for treating heartburn and indigestion;
- Electrolytes to prevent dehydration by replacing fluids and minerals lost due to diarrhoea and vomiting;
- Haemorrhoid topical applications;
- Topical applications for treating skin diseases and conditions; and
- Topical applications for treating insect bites.

### (b) Personal Care Products

We also carry non-pharmaceutical products including a range of personal care products of local and international brands at our community pharmacies. Some of the common types of personal care products available at our community pharmacies include the following:

Types of Personal Care Products	Examples
Hair care products	Shampoo, conditioners, colouring products, styling products, treatments, tonic and accessories.
Skin care products	Facial, eye, hand and body moisturisers, suncare products, facial and body washes, facial and body scrubs, facial and body soaps, facial wipes, facial toner, facial masks, makeup remover, talcum powder, hand sanitizer, body massage oil, facial blotters, lip balms, as well as specialised skin care products for various skin conditions including scars, dry and sensitive skin, acne and blackheads, anti-cellulite and stretch marks.
Colour cosmetics	Lipstick, lip liner, lip gloss, eye shadow, eyeliner, mascara, eyebrow pencil, blush, foundation, face powder, concealer, nail polish and blemish balm (BB) cream.
Dental and oral care	Toothbrushes, toothpaste, mouthwash, dental floss, breath freshener, denture care, tongue cleaner and oral care accessories.
Baby care products	Perinatal care, baby wipes, nursing and feeding accessories.

**6. BUSINESS AND INDUSTRY OVERVIEW (Cont'd)**

<b>Types of Personal Care Products</b>	<b>Examples</b>
Foot care products	Heel balm, hosiery, foot spray, foot support and other accessories.
Family planning products	Condoms, lubricant, pregnancy testers and ovulation testers.
Other personal care products	Deodorant, antiperspirant, sanitary protection, wet wipes, disposable panties, feminine hygienic wash, hair removal, fragrance, perfume and cologne, facial cotton and cotton buds, facial tissues, beauty accessories, razor blade, shaving foam and after shave care.

**(c) Medical and Healthcare Devices**

We also carry a range of medical and healthcare devices at our 'CARiNG' community pharmacies, which include first aid, rehabilitation aid as well as diagnostic and other healthcare devices.

Some common types of medical and healthcare devices available at our 'CARiNG' community pharmacies include the following:

<b>Types of Medical and Healthcare Devices</b>	<b>Examples</b>
First aid devices	Antiseptics, gauze pads, bandages, first aid kits, pain relief hot and cold pads, examination gloves, surgical and face masks, plasters and surgical tapes, cotton wool as well as syringes and needles for emergency needs.
Rehabilitation aid devices	Adult diapers and underpads, rehabilitation support for various body parts, toilet and bathroom equipment, mobility aids and compression stockings.
Diagnostic devices	Blood glucose meters, blood pressure monitors, fat analysers, thermometers, nebulisers, respiratory equipment and blood screening for general health control and diagnosis.
Healthcare devices	Pedometers, air sterilisers and purifiers, various guards for the knee, elbow, ankle, shoulder, chest and wrist, as well as shaping belts, massage socks and eye massagers for general health promotion.

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## 6. BUSINESS AND INDUSTRY OVERVIEW (Cont'd)

### (d) Other Products and Services

#### Other Products

We also carry a range of other products at our 'CARiNG' community pharmacies which include the following:

- Health food include, among others, organic food, vinegar, soybean, sweetener, salt and sugar, oats and cereals, dried fruits, energy drinks, fruit based beverages, bird's nest, enzymes, yogurt and energy bars; and
- Confectionery such as lozenges, and beverages such as bottled mineral water and Asian drinks as well as household products such as disinfectant sprays and batteries.

#### Other Services

We also provide a range of services to our customers including blood glucose test and blood pressure test.

Blood pressure test is generally provided to our customers for free while a small fee is charge of blood glucose test.

Furthermore, we also provide free consultation and advice to our customers such as the following:

- General OTC and health supplement product selection and usage;
- Patient medication review;
- Smoking cessation;
- Weight management; and
- Diabetic management.

We also collaborate with product principals to provide free health testing services to our customers as part of our promotional campaign for their brands or products. However, these are generally not the regular health testing services available at our 'CARiNG' community pharmacies and are conducted by the professionals and personnel assigned by the product principals.

### (ii) Advertising and Promotions

We also undertake advertising and promotional activities for various product principals. As part of our business operations, we also derive income in the form of product listing fees, advertising and promotional funds from either the product principals or suppliers for these activities.

These advertising and promotional activities include, among others, the following:

- Product and/or brand display at our 'CARiNG' community pharmacies;
- Product and/or brand display on the signage of our 'CARiNG' community pharmacies;
- Participation in our advertising and promotional activities for example newspaper advertisements as well as sales campaigns and events such as health talks and roadshows;
- Product and/or brand display on banners, posters, bunting and stickers at our community pharmacies; and

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**6. BUSINESS AND INDUSTRY OVERVIEW (Cont'd)**


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- Product and/or brand display on our gift items.

For the FYE 31 May 2013, income generated from advertising and promotions amounted to RM14.66 million, represented 74.86% of our other income. Advertising and promotions income may also include contribution from suppliers for opening of new stores and incentives for achieving sales targets.

**(iii) Distribution**

We also undertake distribution activities for some of our suppliers. Generally, this involves transportation of products from our central distribution centre in Bedford Business Park to our chain of 'CARiNG' community pharmacies. We derive income from our suppliers for undertaking these distribution activities.

For the FYE 31 May 2013, distribution income amounted to RM3.59 million which represented 18.31% of our other income. We do not collect any distribution fee from suppliers who undertake their own distribution to our outlets.

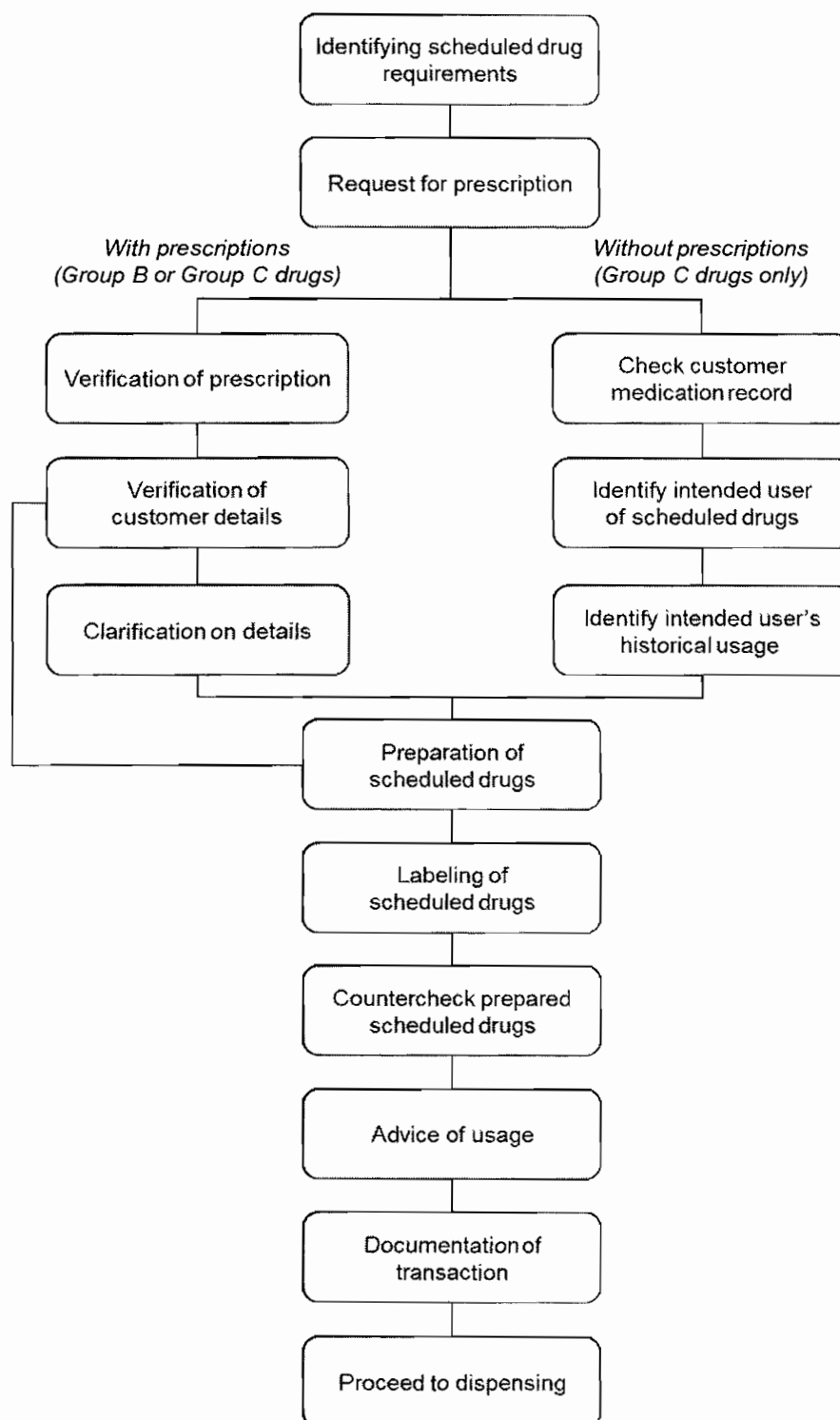
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## 6. BUSINESS AND INDUSTRY OVERVIEW (Cont'd)

### 6.1.4 Process Flow

#### (i) Process Flow for Supply of Scheduled Drugs

The process flow put in place by our Group for our pharmacists to adhere to for the supply of scheduled drugs is as follows:



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**6. BUSINESS AND INDUSTRY OVERVIEW (Cont'd)**

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The following procedure put in place by our Group to be adhered to by our pharmacists for supply of scheduled drugs begins with identifying the customer's scheduled drug requirements.

The pharmacist on duty will then proceed to request for the prescription by medical practitioners. For Group B scheduled drugs, dispensing will be declined without a valid prescription save for permitted circumstances.

Upon receipt of the prescription for Group B or Group C scheduled drugs, the pharmacist on duty will then proceed to verify validity of the prescription including name and address of prescribed patient, the routes of administration and other drug instructions, dosage and dosage forms, possible side-effects, risk of adverse drug reactions and contraindications.

Upon verification of the prescription, the pharmacist on duty will proceed to request for identification of customer to verify customer details. If required, the pharmacist would clarify details in prescription with the customer.

For Group C scheduled drugs without a prescription, the pharmacist on duty will proceed to check if the customer had previously purchase the same types of scheduled drugs with any of the 'CARiNG' community pharmacies.

As a precautionary step, the pharmacist on duty will then proceed to identify with the customer the intended user of the drugs such as age group of the patient and his or her historical usage and experience of such drugs such as dosage consumed, routes of administration and the conditions of the patient following the use of the drugs.

The pharmacist on duty or retail staff under the supervision of a pharmacist on duty will then proceed to prepare the scheduled drugs.

Upon preparation of scheduled drugs, the pharmacist on duty or retail staff under the supervision of a pharmacist will proceed to label the packaging containing the scheduled drugs including patient's name, generic and trade name of the scheduled drugs, strength and quantity per unit dosage form and dosage form itself, direction for use, precautions and cautionary labels, date of supply, expiry of the scheduled drugs, 'controlled medicine' label where required, name, address and contact number of the respective 'CARiNG' community pharmacy.

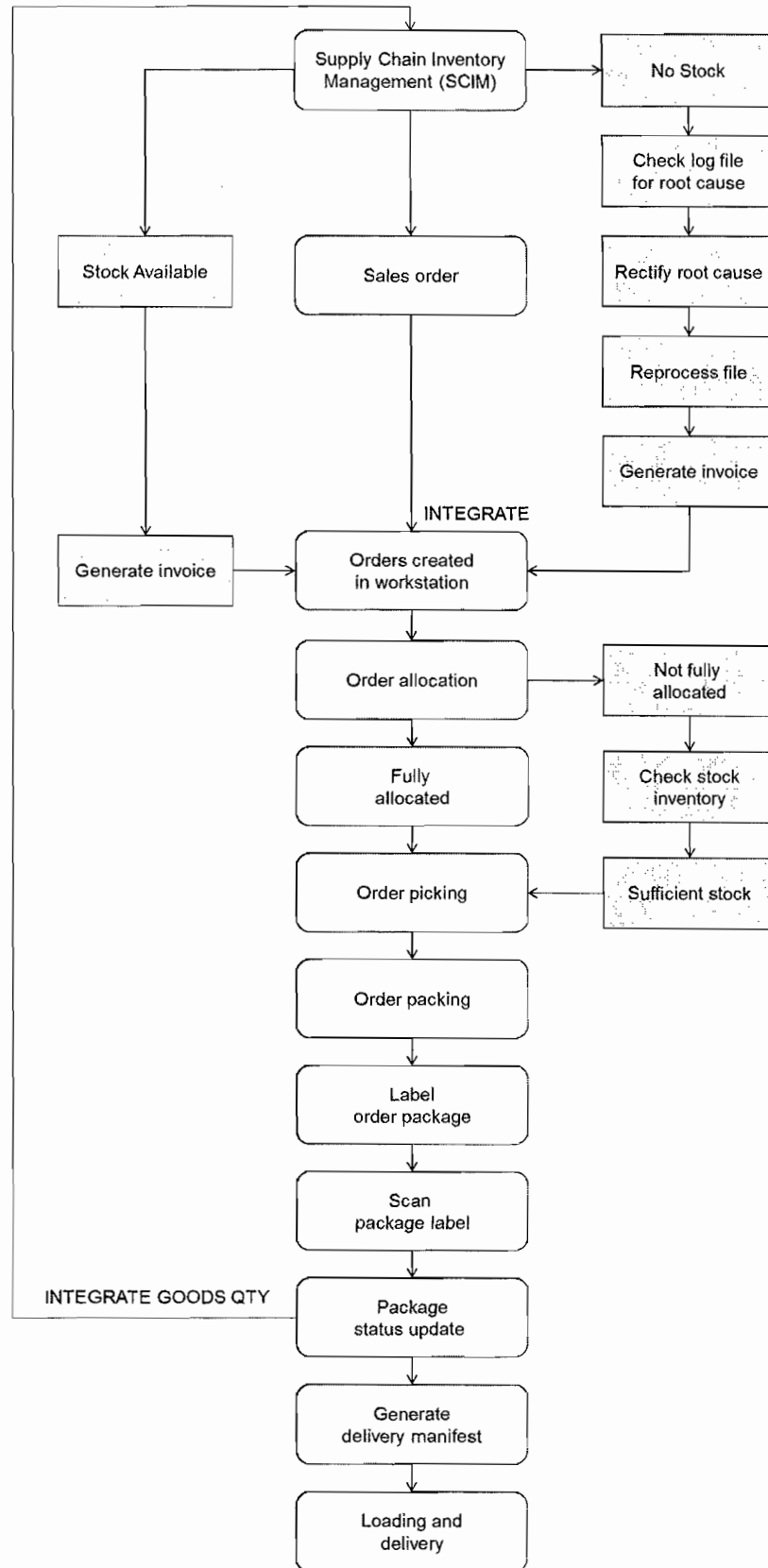
Upon labelling of scheduled drugs, the pharmacist on duty must countercheck the prepared scheduled drugs against the prescription or customer request. The pharmacist on duty will then proceed to advice the customer on usage and consumption of the scheduled drugs including direction for use, dosage to be taken and the proper precautions to be taken.

Prior to dispensing the scheduled drugs, all transactions must be recorded including, among others, date and quantity of supply of scheduled drugs, name, address and identification number of customer or patient, invoice number, name and address of the respective 'CARiNG' community pharmacy.

After satisfying all of the above, the pharmacist on duty will proceed to dispense the scheduled drugs to customers.

## 6. BUSINESS AND INDUSTRY OVERVIEW (Cont'd)

## (ii) Process Flow for Warehousing and Distribution





## 6. BUSINESS AND INDUSTRY OVERVIEW (Cont'd)

The following is the procedure for warehousing and distribution of drugs and other products via the SCIM. This system is key part of the supply chain for processing and delivering stock orders.

Stock is ordered through the SCIM for replenishment and a sales order is issued. An invoice is prepared and generated upon availability of stock. If stock for the item is unavailable, a thorough check of its log file and replenishment of the stock is undertaken. Once the stock is available, the order file is then reprocessed.

Invoices for the orders are generated in the workstation and an order allocation is entered into the system for order picking. The order is then packed and labelled in readiness for delivery.

Upon readiness of the package for delivery, the label is then scanned for identification and tracking purposes. A delivery manifest is generated before loading into truck for delivery and distribution.

### 6.1.5 Technology Used/ To Be Used

#### Relevant Technologies

As our business is focused on the operation of chain community pharmacies, technologies are not directly relevant to our business with the exception of the use of information technology (IT) in the form of retail management software system for inventory management and control.

In July 2012, we have commenced the implementation of a financial and warehousing software system and a supply chain inventory management software system to facilitate more timely and efficient inventory control process. The completion of the system is expected to be in the fourth quarter of 2013.

The systems are integrated with our in-house point-of-sale (POS) system, which is linked among all of our 'CARiNG' community pharmacies and head office via virtual private network.

## 6.2 OUR COMPETITIVE ADVANTAGES AND KEY STRENGTHS

Our competitive advantages and key strengths provide us with the platform for future growth. This includes the following:

### (i) Large Chain of Community Pharmacies

As at June 2013, we had a total of 83 'CARiNG' community pharmacy outlets in Malaysia. Based on the number of community pharmacy outlets, we ranked among the top three (3) community pharmacy operators in Malaysia as at June 2013 (*Source: Vital Factor Consulting Sdn Bhd*). As we operate in a consumer-oriented industry, an extensive network of community pharmacies is important to ensure our products and services reach as many consumers as possible. In this respect, a wide network of community pharmacies would provide convenience and proximity to a larger base of consumers, as our outlets are mainly located in two of the most densely-populated areas in Malaysia with 38 outlets in Selangor and 30 outlets in Kuala Lumpur. We also have 11 outlets in Johor, two (2) each in Melaka, Perak and Penang to reach consumers outside the Klang Valley area. In total, we have 85 'CARiNG' community pharmacy outlets as at LPD.

Our large chain of community pharmacies is a competitive advantage as it enables us to reach a larger base of population, which would provide us with the platform for growth opportunities.

## 6. BUSINESS AND INDUSTRY OVERVIEW (Cont'd)

### (ii) Established Brand Name and Reputation

We have developed an established brand of community pharmacies under 'CARiNG' which has been operating since 1994 when we started our first community pharmacy in Cheras, Kuala Lumpur. Since then, we have expanded our chain of community pharmacies to a total of 85 outlets in Malaysia as at LPD. All of our community pharmacies continue to operate under the brand of 'CARiNG', which include 26 wholly-owned and 59 partially-owned community pharmacies. Our extensive chain of community pharmacies has enabled us to increase our profile and awareness of our brand among urban consumers in a number of states and federal territory of Kuala Lumpur in Malaysia.

In addition, our established brand name and reputation is also supported by our continuous investment in advertising and promotion whereby we spent a total of RM11.36 million in advertising and promotional activities over the last 4 FYE 2010, 2011, 2012 and 2013.

Our established brand and reputation provide us with a competitive advantage by assisting us in creating brand loyalty, which is the key to our business sustainability and growth within a retail environment.

### (iii) Economies of Scale

Operating a large number of community pharmacies enables us to enjoy economies of scale from the following perspectives:

- Bulk purchases where we are able to command better pricing and commercial terms including credit terms, logistic support and timely delivery of products;
- Sharing of overheads over a large number of operating community pharmacies. Some of these overheads include head office functions, administrative functions, information technology, and sales and marketing expenses; and
- Centralised logistics, where we maintain a central warehouse and provide regular deliveries to all our community pharmacies. In this manner, our community pharmacy outlets are able to maximise its retail space without need to have space to keep stocks. This also enables our community pharmacies to optimise retail space to carry a wider range of products.

### (iv) Management Control and Ownership of Our Community Pharmacies

As at LPD, we have 59 partially owned community pharmacies operating under 'CARiNG', which represented approximately 69% of our total number of community pharmacies.

Despite the significant number of partially owned community pharmacies, we continue to retain management control of all of our wholly and partially-owned community pharmacies through our shareholding of at least 50% or more in every subsidiary company.

Retaining management control of all of our community pharmacies is important in ensuring control over corporate and brand image, marketing, pricing, product and service quality, and range of products and services carried at our community pharmacies.

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**6. BUSINESS AND INDUSTRY OVERVIEW (Cont'd)**


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**(v) Pharmacists as Business Partners and Shareholders**

For each of our partially-owned subsidiaries, all our business partners are generally registered and trained pharmacists (with the exception of one individual who was an existing shareholder of a chain of community pharmacies which we acquired). This is one of the preferred criteria under our Caring Joint Venture Scheme for individual shareholders. Therefore our business partners possess the necessary qualifications, licences, experience and knowledge to operate our community pharmacies including dispensing of scheduled drugs.

Our business partners who are pharmacists also required to devote full-time to the management and operation of their respective community pharmacies on a daily basis.

**(vi) Full Time Pharmacist Service at every Outlet**

All of our community pharmacies have full time pharmacists who are licensed to dispense scheduled drugs throughout our retail operating hours to service our customers. As at LPD, we have a total of 85 community pharmacies, with a total of 154 pharmacists for our retail operations.

Full time pharmacist services are important to ensure that the needs and requirements of our walk-in customers relating to the purchase of scheduled drugs, health supplements as well as blood pressure tests and blood glucose tests are met. The availability of a pharmacist would also enable our customers to seek professional advice and recommendations on health issues and product requirements during our retail operating hours.

The provision of full time pharmacist services is an important competitive advantage as it assists us in building good customer relationships and ensures that a certain level of service quality is met. In addition, being able to provide professional advice differentiates ourselves from other retail outlets like health food stores that also sell health related products.

**(vii) Professional and experienced management team with proven track record of delivering sustainable growth and profitability**

The Executive Directors and key management personnel of the Group have extensive management and operational experience and an in-depth understanding of the community pharmacy business and they have been responsible for formulating and implementing the overall business strategy and corporate development of the Group.

Our management team has shown a loyal, continued commitment to our Group. The executive directors have, on average, served our Group for approximately 16-19 years. The Group is characterised by a culture of balanced entrepreneurship and professionalism, whereby the directors serve its best interests, whilst always applying professional care and judgment to decision making. The management team is dedicated to raise corporate standards and has a proven track record of achieving results, which is reflected in the financial and operational improvements recorded over the years. They use their expertise, experience and ability to collaborate as a team to contribute positively to the operations and growth of the business.

The Group has in place a well-defined management structure that supports its wide network and planned growth. The Group has invested significant resources to recruit, retain and motivate qualified managerial personnel. Such management structure enables greater operational efficiency whilst being able to provide management support to the Group's outlets in different geographic regions. Further details of the Group's management structure are set out in Section 8.6 of the Registrable Prospectus.

## 6. BUSINESS AND INDUSTRY OVERVIEW (Cont'd)

### 6.2.1 Caring Joint Venture Scheme

We launched our Caring Joint Venture Scheme in 2000 to enable us to expand our market coverage by engaging individuals who are branch managers and are registered pharmacists to set up new subsidiaries of our Group in which these individuals become shareholder of the subsidiaries to undertake operation of community pharmacy under 'CARiNG'. Through this joint-venture scheme, we have individual partners with a maximum of shareholding up to 50% with our Group.

The selection of registered pharmacists is part of our emphasis on service quality, to ensure that our business partners have the necessary qualifications, experience and knowledge to operate our community pharmacies, particularly in dispensing scheduled drugs.

Generally, the key criteria and prerequisites considered in selecting a CARiNG Joint Venture business partner include, inter-alia the following:

- The applicant must be a registered pharmacist with the Pharmacy Board of Malaysia (except for one individual shareholder of Caring (IDR), who was one of the original vendors during the acquisition of a chain of community pharmacies in Johor operating under the trade name of "Medi-home". This individual is now an area manager for the Johor Bahru outlets);
- The applicant must have been a branch manager of a CARiNG community pharmacy outlet for at least one year (except for vendors of "Medi-home");
- The applicant must be financially secured;
- The applicant must not have any partnership or shares in other pharmacy business; and
- The applicant must share the same vision and mission of the CARiNG Group

The cumulative number of CARiNG Joint Venture business partners and the JVA entered into by CARiNG Group as at the financial years under review and LPD are as follows:

FYE	2010	2011	2012	2013	LPD
Number of business partners	32	35	40	58	65
Number of JVA	20	22	23	33	36

Under the JVA, a new company will be set up reflecting the pre-agreed equity interest of the respective parties to the joint-venture.

We will then contribute the initial capital commitment based on our equity interest in the relevant partially-owned subsidiaries to start up the business. Thereafter, the respective subsidiaries will bear all costs in operating the business of the company. The advertising and promotions efforts of all partially-owned subsidiaries are centralised and managed by our Group. Each partially-owned subsidiary is required to pay a specific proportion of their gross turnover as contribution towards our advertising and promotion fund. However, currently the advertising and promotion income from the suppliers of the Company is sufficient to cover the advertising and promotion expenses. Hence, we have not commenced collection of the said fund from our partially-owned subsidiaries.

The return of investment for JV business partners are shared and paid as dividends, based on their shareholdings proportions.

The terms of the JVA are standard. However, certain terms may vary depending on circumstantial factors.

## 6. BUSINESS AND INDUSTRY OVERVIEW (Cont'd)

### Terms of JVA

The salient terms of the JVAs includes, inter-alia, the following:

#### (i) **Transfer of shares**

The party desiring to sell transfer or dispose any of its shares in the company ("**Selling Party**") shall not do so without first making an offer in writing ("**Transfer Notice**") to sell such shares to the other party ("**Non-Selling Party/Parties**") in proportion with their shareholdings in the company. The Non-Selling Party/Parties shall accept or decline such offer within thirty (30) days from the date of the Transfer Notice. If the offer is not accepted, the Selling Party may sell or transfer such shares at any time within three (3) months thereafter to any outside party or parties who are not shareholders of the company at a price and on terms no more favourable than the offer price and the offer terms. If the shares so offered have not been accepted in full after the expiration of the aforesaid thirty (30) days, then the balance shall be offered at a price and on terms which it/they has/have been first offered under the Transfer Notice ("**Second Offer**"). The Second Offer shall be accepted or declined within fourteen (14) days from the date of the Second Offer and any balance of shares of the Second Offer may be sold and transferred by the Selling Party at any time within three (3) months thereafter to any outside party or parties who are not shareholders of the company.

If the shares are sold to any outside party or parties who are not shareholders of the company, the Selling Party shall deliver to the company a written agreement or undertaking from such outside party or parties purchasing such shares to be bound by the provisions of the JVA.

However, the parties agree that this provision shall not apply if the shares are transferred by CPRM to a transferee who is a member of the CPRM Group provided that CPRM shall procure that such transferee comply with all the provisions of the JVA.

#### (ii) **Undertaking of the parties**

CPRM shall provide the following services to the company:

- to allow the company to operate its business by using the trade name of CARING PHARMACY for the duration of the JVA;
- to provide the know-how and assist in the planning and establishment of the business;
- to assist in the planning of the budget;
- to provide management and staff training;
- to provide marketing, purchasing, advertising and cost guidelines;
- to assist and advise in the setting up of the outlets including layout and renovation works;
- to advise on any contracts entered with suppliers;
- to supply pharmaceutical products at cost on credit terms of 60 days; and
- to provide back-up and support staff in cases of shortage of staff.

The parties to the JVA have agreed that the company shall do the following:

- to setup the first retail outlet within the first six months of the JVA and the subsequent second retail outlet shall not be set up within the first six months of the opening of the first retail outlet;
- any retail outlets set up by the company shall be at least 1km beyond any of the pharmaceutical retail outlets owned or operated by the CPRM Group;

## 6. BUSINESS AND INDUSTRY OVERVIEW *(Cont'd)*

- pay CPRM management service fee;
- pay CPRM loyalty fee;
- contribute towards the Advertising & Promotion fund which is been administered by CPSB; and
- to procure insurance coverage against burglary, theft, fire and all types of public liability.

The joint venture parties (save for CPRM) will agree to the following:

- to devote their best full-time efforts to the management and operation of the company or CPRM Group as the business requires their day-to-day supervision at all times. If they are unable to perform this obligation for a continuous period in excess of 3 consecutive months, CPRM have the right to terminate the JVA in accordance to the term of the agreement;
- to manage and operate the business professionally by maintaining high standards of service;
- to be responsible to ensure that there are always adequate finances including working capital and cash flow; and
- to maintain monthly sales reports.

### (iii) Term and Termination

The JVA shall be deemed to have come into force and effect as at the date of this agreement and shall continue in force for such time until the company shall be wound up or until this agreement is terminated earlier in accordance with the terms of the JVA.

The parties agree that in the event if the company is operating at a continual loss for the first three (3) years of the business commencing from the unconditional date, the parties shall mutually agree on the transfer of shares to such remaining party or third party who intend to continue with the business. If the parties cannot mutually agree on the transfer of shares between themselves, then any party may by notice in writing to the other party(ies) require a general meeting to be convened and other actions to be taken, including but not limited to for the purpose of winding-up the company.

### (iv) Acquisition of shares by the shareholders

For community pharmacy outlets acquired from other parties, the parties agree that if any of the shareholders commits or permit to occur any one of the following circumstances, the JVA may be terminated immediately with respect to the affected shareholder any one or more of the remaining shareholders by notice in writing to the affected shareholder and the remaining shareholders shall have the right and option to acquire the affected shareholders' shares in accordance with the JVA:

- death of the affected shareholder;
- total and permanent disability (as a result of injury or illness, the shareholder is permanently disabled and unable to continue his employment with the Group, for which he is qualified by reason of his education, training and/or experience;
- the affected shareholder's decision of retirement from the company;
- voluntary departure from the company or the business for any reason of whatsoever;
- a breach of any of the terms or covenants of this JVA and, where remediable, the affected shareholder has failed to remedy the breach within a period of 30 days upon receipt of a notice in writing from any one or more of the remaining shareholders giving particulars of the breach and requiring the affected shareholder to remedy the breach;

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**6. BUSINESS AND INDUSTRY OVERVIEW (Cont'd)**

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- a criminal offence or other legal proceedings which may affect the business or the image of the business or CPRM Group; or
- declared insolvent, bankrupt, or have a receiver appointed in respect of the whole or any part of his/its assets or undertaking or in the case of corporate bodies, have steps taken for its winding up (otherwise than for the purpose of a bona fide amalgamation or reconstruction) or have made a general assignment for the benefit of creditors.

In the event the remaining shareholders opt not to purchase all the shares of the affected shareholder, then the affected shareholder can nominate a third party to purchase the shares subject to the approval of and absolute discretion of the remaining shareholders. In the event that the approval of the remaining shareholders is not forthcoming within twenty one (21) days from the date of the notice of the nomination given by the affected shareholder to the remaining shareholders, the remaining shareholders shall be deemed to have approved the sale by the affected shareholder to such third party.

**(v) Profit sharing**

Unless otherwise from time to time mutually agreed upon by the parties, the company shall not declare, pay or make any dividend or other distribution until all loans (if any) made to the company by the parties have been repaid in full. The company will thereafter procure that in each financial year all profits available for distribution will be declared and distributed to the parties by way of dividend in proportion to the amount paid-up or credited as paid-up on the shares held by them respectively in the company, upon making provisions for inter alia taxation, extraordinary items, company's expenses and directors' remuneration and subject to reasonable and proper reserves being retained as the board may consider appropriate. Unless otherwise agreed between the parties in writing and subject to the foregoing, if the company has earned an audited net profit after tax for a financial year, then not less than 50% of the net profit after tax of the company shall be declared as dividend in two (2) periods of payment.

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## 6. BUSINESS AND INDUSTRY OVERVIEW *(Cont'd)*

### 6.3 MARKETING INITIATIVES AND MAJOR CUSTOMERS

#### 6.3.1 Strategies and Modes of Marketing/ Sales

##### (i) Marketing Strategies

Marketing and promotions play a key role in creating brand awareness as well as building brand equity and corporate image of our community pharmacies.

We adopt the following strategies to sustain and expand our business:

- Continue to place emphasis on branding by promoting the 'CARiNG' brand, which is key in building brand equity and customer loyalty;
- Maximise on the established 'CARiNG' brand by expanding our community pharmacies in Malaysia;
- Maintain our corporate image as a community pharmacy whereby we position ourselves as a one-stop centre for pharmaceutical products coupled with the provision of full time pharmacist service for personal healthcare advice during retail operating hours; and
- Provide proximity and convenience to our customers by locating our 'CARiNG' community pharmacies in highly visible areas on streets near densely populated residential areas, busy commercial areas, and in shopping complexes and specialised retail centres.

We utilise the following marketing and promotional methods to continually create brand awareness and build our brand equity:

- Undertake advertisements and promotions on various mediums including television, radio and newspapers;
- Tying up with third party loyalty card companies namely BonusLink since 2006 to gain access into customer databases in order for us to undertake marketing to our members via short message service (SMS), emails and newsletters. In addition, we were also featured in BonusLink's Pointers Magazine as well as participated in campaigns, programmes and promotional activities organised by BonusLink;
- As at LPD, we also maintain our own customer database of approximately 180,000 members through our customer loyalty programme named "Caring Regular Card" which was launched in 2002. Our Caring Regular Card programme is for us to keep track of our customers' purchasing history as well as for our Group to undertake marketing to these members via short messaging service (SMS), emails and newsletters; and
- The BonusLink programme is not in competition and is partly different from our Caring Regular Card programme.

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## 6. BUSINESS AND INDUSTRY OVERVIEW *(Cont'd)*

- BonusLink programme enables our customers to collect BonusLink points when making purchases at our CARiNG community pharmacy outlets. These BonusLink points may be used to redeem a wide range of free gifts. Since tying up with BonusLink programme, our Caring Regular Card programme has ceased its rewarding element. Our Caring Regular Card programme is now mainly used by our Group to keep track of the purchasing history of our customers whilst the BonusLink is used to collect BonusLink points for redemption purposes.
- Distribute and provide free leaflets and catalogues to residential areas through post box drop or insertions in newspapers, and via our website and community pharmacies to inform customers of promotional products;
- Notify customers of events such as free health talks and health testing services by displaying notices on our website, in our community pharmacies and via short messaging service (SMS), emails and newsletters to members of our Caring Regular Card programme. Free health talks and health testing services are generally organised in conjunction with various product principals as joint promotional activities. These are normally conducted at our 'CARiNG' community pharmacy outlets or our 'Caring Wellness Centre' located above CARiNG's outlet in Taman Overseas Union, Kuala Lumpur, which was set-up during the second quarter of 2013; and
- To build on our corporate image as community pharmacy, we also publish health related information on our website to educate our customers.

For the Financial Years Under Review, we spent a total of RM11.36 million on advertising and promotional activities.

As part of our Group's strategy to promote the 'CARiNG' brand, we have also organised various health talks and roadshows in Malaysia in conjunction with various product principals and suppliers. Between 1 January 2012 and LPD, we have organised approximately 60 health talks, roadshows, 'Care Home Visit' and awareness programmes with various product principals, suppliers and non-government organisations in Selangor, Kuala Lumpur and Melaka. Our 'Care Home Visit' programme involves visiting residences and old folks homes and providing the elderly with various screening tests including blood pressure and glucose tests, complimentary personal care products and health supplements as well as health counselling sessions.

As at LPD, we have six (6) sales and marketing personnel in our Group focusing on implementing our marketing strategy including advertising and promotional activities.

### (ii) Distribution Channel Strategy

Our distribution channel strategy is principally based on direct distribution channel where we service our walk-in customers directly. Our direct sales approach enables us to service our customers better from dispensing of scheduled drugs to general healthcare advice on health supplements as well as the provision of blood pressure and blood glucose tests.

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**6. BUSINESS AND INDUSTRY OVERVIEW (Cont'd)****6.3.2 Principal Markets for Products and Services**

For FYE 31 May 2013, our principal market is Malaysia as it accounted for 100.00% of our total Group revenue. Within Malaysia, our revenue for the FYE 31 May 2013 was mainly derived from Selangor and Kuala Lumpur, which accounted for 47.06% and 42.98% of our total Group revenue respectively. This was followed by Johor, Melaka, Perak and Penang, which accounted for 7.18%, 1.94%, 0.82% and 0.02% of our total Group revenue for the FYE 31 May 2013 respectively.

**Revenue Contribution by Geographical Markets for FYE 31 May 2013**

	<b>RM'000</b>	<b>%</b>
<b>Malaysia .....</b>	<b>301,417</b>	<b>100.00</b>
- Selangor .....	141,858	47.06
- Kuala Lumpur .....	129,540	42.98
- Johor.....	21,654	7.18
- Melaka .....	5,848	1.94
- Perak .....	2,461	0.82
- Penang.....	56	0.02

**6.3.3 Major Customers**

As our customers are mainly individual walk-in customers to our community pharmacies, none of our customers represented 10% or more of our total Group revenue for the past 4 FYE 2010 to FYE 2013.

**6.4 SEASONALITY**

Generally, there are no sharp contrasts in seasonality as our products are for general use and applications that are not generally tied to any seasonality factors.

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**6. BUSINESS AND INDUSTRY OVERVIEW (Cont'd)****6.5 MAJOR SUPPLIERS AND RESOURCES****6.5.1 Major Suppliers**

Our Group's major suppliers are mainly pharmaceutical product and personal care product suppliers. Our Group's major suppliers (i.e. those individually contributing 10% or more of our Group's total purchases for the past four (4) FYE 2010 to FYE 2013) are as depicted in the table below:

Suppliers	Major Products Purchased	Approximate Length of Relationship (years)	FYE 2010		FYE 2011		FYE 2012		FYE 2013	
			Purchases (RM'000)	Proportion of Group's Purchases (%)	Purchases (RM'000)	Proportion of Group's Purchases (%)	Purchases (RM'000)	Proportion of Group's Purchases (%)	Purchases (RM'000)	Proportion of Group's Purchases (%)
Zuellig Pharma Sdn Bhd	Pharmaceutical and personal care products	19	49,274	35.30	55,065	33.65	73,932	36.43	90,101	39.04
DKSH Malaysia Sdn Bhd	Pharmaceutical and personal care products	19	15,113	10.83	17,072	10.43	30,609	15.08	39,946	17.31
<b>Total purchases<sup>(1)</sup> (RM'000)</b>			<b>64,387</b>	<b>46.13</b>	<b>72,137</b>	<b>44.08</b>	<b>104,541</b>	<b>51.51</b>	<b>130,047</b>	<b>^56.34</b>

Notes:

(1) Total purchases of Zuellig Pharma Sdn Bhd and DKSH Malaysia Sdn Bhd only

^ Figures do not tie up due to rounding

Our top two (2) suppliers namely Zuellig Pharma Sdn Bhd and DKSH Malaysia Sdn Bhd individually accounted for more than 10% of our total purchases for the Financial Years Under Review.

Zuellig Pharma Sdn Bhd and DKSH Malaysia Sdn Bhd are our suppliers for pharmaceutical products as well as personal care products. As a mitigating factor, we have been dealing with Zuellig Pharma Sdn Bhd and DKSH Malaysia Sdn Bhd since 1994. This indicates a stable business relationship with our top suppliers.

Our reliance on these suppliers is also mitigated by eight (8) other suppliers of pharmaceutical products and/or personal care products from our top 10 suppliers. This indicates that we have access to other suppliers of pharmaceutical products and personal care products should there be a need to purchase from alternative suppliers.

In addition, Zuellig Pharma Sdn Bhd is a distributor of pharmaceutical products in Malaysia with distribution rights of various patented drugs while DKSH Malaysia Sdn Bhd is a distributor of a wide range of consumer products. As such, a larger proportion of our supply of pharmaceutical products and personal care products were sourced from these suppliers.

Furthermore, it is also our strategy to undertake bulk purchases from major suppliers to enable us to obtain bulk discounts from these suppliers.

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**6. BUSINESS AND INDUSTRY OVERVIEW (Cont'd)****6.5.2 Types, Sources and Availability of Resources**

For the FYE 31 May 2013, the major types of products that we purchased for our operations are as follows:

	VALUE OF PURCHASES (RM'000)	% OF TOTAL GROUP PURCHASES (%)
<b>Pharmaceutical Products .....</b>	<b>153,839</b>	<b>66.65</b>
- Health supplements .....	65,252	28.27
- Scheduled drugs .....	64,536	27.96
- OTC drugs <sup>(1)</sup> .....	24,051	10.42
<b>Personal care products .....</b>	<b>61,628</b>	<b>26.70</b>
<b>Medical and healthcare devices .....</b>	<b>11,864</b>	<b>5.14</b>
<b>Others<sup>(2)</sup> .....</b>	<b>3,485</b>	<b>1.51</b>
<b>TOTAL</b>	<b>230,816</b>	<b>100.00</b>

Notes:

(1) Including traditional medicine;

(2) Others include mainly health food, confectionery, beverages and household products.

Our operation of chain community pharmacies is generally a retail business which services end-consumers. For the FYE 31 May 2013, all of our purchases were sourced from local suppliers, whose supply may include local or imports.

Pharmaceutical products constituted the largest proportion of our total purchases at 66.65%. The bulk of our purchases of pharmaceutical products were health supplements followed by scheduled drugs, which accounted for 28.27% and 27.96% respectively of our total Group purchases for FYE 31 May 2013. Purchases of OTC drugs accounted for 10.42% of our total Group purchases.

Personal care products constituted 26.70% of our total purchases. Personal care products include hair care, skin care, colour cosmetics, dental and oral care, baby care, foot care, family planning products and others.

Medical and healthcare devices constituted 5.14% of our total purchases. Some of the medical devices include first aid, rehabilitation aid as well as diagnostic devices.

Other products accounted for the remaining 1.51% of our total purchases.

As at LPD, our Group has not experienced any material shortages in the supply of products mentioned above that has materially affected our business performance and operations in the past four (4) FYE 2010 to FYE 2013.

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## 6. BUSINESS AND INDUSTRY OVERVIEW *(Cont'd)*

### 6.6 QUALITY CONTROL PROCEDURES/ QUALITY MANAGEMENT PROGRAMMES

We placed emphasis on our product and service quality. In general, our Group adopts the following approaches and measures in our operations:

- Incoming products including pharmaceutical products, personal care products, medical and healthcare devices and other products have to go through inspection on validity of dates and registrations;
- Internal checks on scheduled drugs prior to dispensing including counter checking on types of drugs, dosage, drug instructions and date of supply;
- Provide training to all of our pharmacists in the form of induction programmes for new pharmacists, product training for pharmacists including two to three weeks in-store training with a senior pharmacist;
- Undertake a store audit on each of our outlets at least twice a year and followed by informal visits and reviews;
- Prepare standard operating procedures for all of our 'CARiNG' community pharmacies to ensure a consistent standard and mode of operations; and
- Availability of registered licensed pharmacists during retail operating hours to ensure that customer needs and requirements, particularly on scheduled drugs are met.

As part of our internal control procedures for our chain of community pharmacies, we have common practices and standards that have to be adhered to by all our community pharmacies including wholly and partially-owned outlets. Some of the internal procedures in place are:

- All scheduled drugs are stored in cabinets with locks, as well as in fridge behind the counter;
- Dispensing and labelling of scheduled drugs must be in accordance to guidelines;
- Patient medication records are kept for purchasing of scheduled drugs with a record of each transaction in a prescription book;
- Standard personnel attire such as uniforms with name tags and covered shoes to maintain a professional and standard appearance of our pharmacists and retail staff;
- Standard product display guidelines are maintained to ensure that products are displayed in a consistent manner throughout all of our community pharmacies; and
- Regular housekeeping of community pharmacies to ensure cleanliness.

### 6.7 RESEARCH AND DEVELOPMENT ("R&D")

#### (i) Policy on Research Development

As we are engaged in the operation of chain community pharmacies, we do not undertake any product research and development in our business operations. As a result, R&D activities and R&D policy are not relevant to our operations.





#### (ii) R&D Expenditure

In view that we do not undertake any research and development activities in our business operations, we did not recognise any R&D expenditure for the Financial Years Under Review.



## 6. BUSINESS AND INDUSTRY OVERVIEW (Cont'd)

### 6.8 BRAND NAMES, PATENTS, TRADE MARKS, LICENCES, TECHNICAL ASSISTANCE AGREEMENTS, FRANCHISES AND OTHER INTELLECTUAL PROPERTY RIGHTS

Save as disclosed below, as at the LPD, our Directors confirm that the CARiNG Group does not presently hold any brand names, patents, trade marks, licenses, technical assistance agreements, franchises and other intellectual property rights.

No.	Trade Mark	Registered Owner	Registration Number/ Application Number	Place of Registration	Validity Period	Specification of Goods/ Services	Class of Trade Mark	Purchase Consideration / Costs to CPRM (RM'000)
1.		CPRM	02014241	Malaysia	15 November 2002 till 15 November 2022	Retailing services in relation to medicines, pharmaceutical goods and services and all other goods commonly sold in pharmacies, all included in Class 35	35	-
2.	 	CPRM <sup>(1)</sup>	09016571	Malaysia	24 September 2009 to 24 September 2019	Retailing services in relation to medicines, pharmaceutical goods and services and all other goods commonly sold in pharmacies, all included in Class 35	35	1,874
3.		CPRM	100045890	Taiwan <sup>(2)</sup>	1 November 2012 till 31 October 2022	Business management consultancy; sales promotion for others; product promotion for others; retailing and wholesaling of skincare products; retailing and wholesaling of hair care products; retailing and wholesaling of cosmetics; retailing and wholesaling of beauty accessories; retailing and wholesaling of confectioneries, all included in Class 35	35	-

## 6. BUSINESS AND INDUSTRY OVERVIEW (Cont'd)

No.	Trade Mark	Registered Owner	Registration Number/ Application Number	Place of Registration	Validity Period	Specification of Goods/ Services	Class of Trade Mark	Purchase Consideration / Costs to CPRM (RM'000)
4	 	CPRM	Application submitted in November 2012, pending for approval	Malaysia	Application pending for approval <sup>(3)</sup>	Retailing services in relation to medicines, pharmaceutical goods and services and all other goods commonly sold in pharmacies, all included in Class 35	35	-

## Notes:

- (1) The original trade mark application was filed by CPH as it was originally the holding company of CPRM. In 2011, CPH divested 36% equity interest in CPRM to Jiumaju. Subsequently, in 2012 CPH distributed the balance of its equity interest in CPRM (52.65%) back to its shareholders namely Chong Yeow Siang, Soo Chan Chiew, Tan Lean Boon, Chia Kia, Ang Khoo Lim and Tan Lye Suan. As such, CPH no longer form part of the enlarged CARiNG Group. Pursuant to the TM15 form (Application and Declaration of an Assignment/ A Transmission for Registration as Proprietor of a Trade Mark) to the Trade Mark Registry on 28 February 2011, this trade mark was assigned to CPRM.
- (2) Historically, there were plans to expand our business to Taiwan. However, the plans have been shelved and CARiNG are not considering proceeding with the plan in the near future
- (3) Subsequent to LPD, our trade mark search results dated 28 March 2013 shows that the application for the registration of this trade mark is currently at the initial stage of formality examination.

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**6. BUSINESS AND INDUSTRY OVERVIEW (Cont'd)****6.9 APPROVALS, MAJOR LICENCES AND PERMITS OBTAINED**

Details of the approvals obtained by our Company for the Listing from the SC, ECU and MITI together with the conditions imposed by these authorities and status of compliance are set out in Section 9 of this Prospectus.

As at LPD, the details of the licences, permits and approvals obtained by the CARiNG Group for the operation of our business are as set out below:

**6.9.1 Business and Signage Licence****(i) Subsisting Business and Signage Licence**

Save as disclosed, as at the LPD, all of the CARiNG Group's outlets have the requisite business and signage licences, issued by the relevant local authorities, all of which will expire on 31 December 2013. The business and signage licenses of the following outlets however, expire on a different date:

No.	Licence Holder	Issuer	Outlet	Expiry Date
1.	CPRM	Dewan Bandaraya Kuala Lumpur	Megamall outlet	31 November 2013
2.	Caring 'N' You	Dewan Bandaraya Kuala Lumpur	Pudu Pasar outlet	30 November 2013
3.	Caring (KLP)	Dewan Bandaraya Kuala Lumpur	Pavilion outlet	31 October 2013
4.	Caring (KLP)	Dewan Bandaraya Kuala Lumpur	Fahrenheit 88 outlet	31 January 2014
5.	Caring Always	Dewan Bandaraya Kuala Lumpur	Taman Midah outlet	31 August 2014
6.	Caring Paradise	Dewan Bandaraya Kuala Lumpur	Taman Segar Perdana outlet	29 May 2014
7.	Green Surge	Majlis Perbandaran Subang Jaya	Setiawalk outlet	30 May 2014
8.	MN Pharmacy	Dewan Bandaraya Kuala Lumpur	Jalan Kuchai Maju 1 outlet	31 May 2014
9.	My Caring	Majlis Perbandaran Subang Jaya	Empire Shopping Gallery outlet	29 July 2014
10.	One Caring	Dewan Bandaraya Kuala Lumpur	IMK outlet	4 April 2014 (in relation to the business licence only)
11.	One Caring	Dewan Bandaraya Kuala Lumpur	IMK outlet	31 March 2014 (in relation to the signage licence only)



**6. BUSINESS AND INDUSTRY OVERVIEW (Cont'd)**

No.	Licence Holder	Issuer	Outlet	Expiry Date
12.	URX Care	Dewan Bandaraya Kuala Lumpur	Tesco Bandar Manjalara outlet	31 July 2014
13.	URX Care	Dewan Bandaraya Kuala Lumpur	Taman Bukit Maluri Kepong outlet	30 November 2013
14.	Victorie Caring	Dewan Bandaraya Kuala Lumpur	Desa Sri Hartamas outlet	31 May 2014
15.	Caring (MSF)	Dewan Bandaraya Kuala Lumpur	Publika outlet	30 November 2013
16.	Caring (SK)	Majlis Perbandaran Subang Jaya	Seri Kembangan outlet	14 December 2013
17.	Caring (SW)	Dewan Bandaraya Kuala Lumpur	Plaza Sungei Wang outlet	31 July 2014
18.	CPSB	Majlis Bandaraya Ipoh	AEON Ipoh Station 18 outlet	31 March 2014 (in relation to the business licence only)
19.	CPSB	Dewan Bandaraya Kuala Lumpur	Warehouse/ Store	31 July 2014
20.	CPSB	Dewan Bandaraya Kuala Lumpur	Taman OUG outlet	7 February 2014 (in relation to the signage licence only)
21.	CPSB	Majlis Bandaraya Ipoh	Ipoh Parade outlet	2 May 2014
22.	Viva Caring	Dewan Bandaraya Kuala Lumpur	BV outlet	30 November 2013
23.	Cosy Vision	Majlis Perbandaran Kajang	Kajang outlet	31 January 2014
24.	Caring Trio	Dewan Bandaraya Kuala Lumpur	Berjaya Times Square outlet	31 January 2014
25.	Viva Caring <sup>(1)</sup>	Dewan Bandaraya Kuala Lumpur	The Store, Sri Petaling	31 May 2014

*Note:*

*(1) The business and signage licence issued by Dewan Bandaraya Kuala Lumpur is a temporary business licence.*

**6.9.2 Annual Retention Certificate for Body Corporate**

As at the LPD, all of the CARiNG Group's outlets have the requisite annual retention certificate for body corporate, issued by the Pharmacy Board of Malaysia, which will expire on 31 December 2013.

**6. BUSINESS AND INDUSTRY OVERVIEW (Cont'd)****6.9.3 Annual Retention Certificate for Pharmacist**

As at the LPD, all of the pharmacists of the CARiNG Group have the requisite annual retention certificates for pharmacist issued by the Pharmacy Board of Malaysia. The annual retention certificate for pharmacist is issued annually and all of the subsisting annual retention certificates for pharmacist which were issued to the pharmacists of the CARiNG Group will expire on 31 December 2013.

**6.9.4 Type A Licence**

As at the LPD, all of the pharmacists of the CARiNG Group have the Type A licence issued by the relevant states' health departments. The Type A licence is issued annually and all of the subsisting Type A licences which were issued to the pharmacists of the CARiNG Group will expire on 31 December 2013.

**6.10 EMPLOYEES**

The breakdown of our employees as at the end of the past four (4) FYE 2010 to FYE 2013 and as at the LPD is as follows:

Category of Employees	Total Number of Employees/ Workers				
	As at 31.5.2010	As at 31.5.2011	As at 31.5.2012	As at 31.5.2013	As at the LPD
<b>Head Office and Warehouse</b>	<b>79</b>	<b>86</b>	<b>109</b>	<b>112</b>	<b>120</b>
Management and professionals <sup>(1)</sup>	12	12	16	23	23
Sales and marketing <sup>(2)</sup>	5	6	7	6	6
Administrative <sup>(3)</sup>	22	29	35	39	42
Warehousing and distribution	40	39	51	44	49
<b>Retail Operation</b>	<b>258</b>	<b>312</b>	<b>540</b>	<b>684</b>	<b>730</b>
Pharmacists <sup>(4)</sup>	72	85	130	150	154
Area manager <sup>(5)</sup>	-	-	1	1	1
Retail staff	186	227	409	533	575
<b>Total</b>	<b>337</b>	<b>398</b>	<b>649</b>	<b>796</b>	<b>850</b>

Notes:

- (1) Includes directors, accountants and managers
- (2) Includes marketing managers, sales executives, marketing executives and merchandise executives
- (3) Includes executives and co-ordinators
- (4) Includes directors of partially owned subsidiaries, area managers, branch managers and outlet pharmacists, which are all registered pharmacists.
- (5) Some pharmacists are also area managers and are not included here to avoid double counting.

Our Group's workforce is located in Malaysia.

As at the LPD, our Group has a total workforce of 850 employees, comprising 713 permanent employees and 137 part-time employees, representing 83.88% and 16.12% of the total employees in our Group, respectively.

The increase in the total number of employees for the past four (4) FYE 2010 to FYE 2013 and up to LPD was mainly due to the expansion of the CARiNG Group's businesses.

**6. BUSINESS AND INDUSTRY OVERVIEW (Cont'd)**

Our Group's employees are not part of any union. The relationship and co-operation between our management and our employees have always been good and this is expected to continue. As at the LPD, our Group has not been involved in, or aware of any industrial dispute with any of our employees. We regard our employees as invaluable and key components to our continued growth and view sound human resource management as our critical success factors. We believe a well-trained, well-motivated and well-managed workforce is essential for efficient operations and the success of our business. As such, we proactively cultivate a positive working culture by having good working relationships with our employees and place great emphasis on conducive working environment for our employees.

We believe in developing our human capital. It is our policy to develop and train employees to improve their skill sets and professionalism in order to enhance productivity and operational efficiencies. As training and development is a continuing process, we encourage our employees to continually increase their skills and knowledge through hands-on training.

In addition, our human resource department will also evaluate and hold one-to-one talks with the employees where both parties engage freely and discuss about the employee's performance in relation to our Group's objectives. Our Group also hold internal company functions regularly where employees are encouraged to interact with each other to foster close relationships.

We conduct both internal and external training programmes for our employees. Some of the external training programmes undertaken by our employees over the last 4 financial years are as follows:

<b>Financial Year</b>	<b>Name of Programme</b>	<b>Job Grade</b>	<b>Skills</b>
2013	Power of Change	JV Director, Branch Manager, Area Manager and Creative Manager	Personal talent development
	Employee termination guideline	Area Manager	Employment
	Employee salary guidelines	Senior Accounts Executive	Finance
	Preparation of Group Account	Account Officer	Finance
	National minimum wages	Senior Accounts Executive	Finance
	Advance company secretarial practice	Accounts Executive	Secretarial
	Purchasing and procurement management practices	Purchasing Manager	Finance
	Better grammar for business writing	Accounts Executive and Accounts Officer	Soft skill
	Digital Marketing and Advertising Asia	Director and Pharmacists	Marketing
2012	Malaysia Association of Pharmaceutical Suppliers	Director	Purchasing
	Accounting principles and practices	Accounts Officer and Assistant	Finance
	Advanced Conso Principle	Accounts Manager	Finance
	Corporate Tax Practice	Accounts Executive	Finance
	Equity Valuation	Finance Manager and Director	Finance
	Preparation of group accounts	Accounts Executive	Finance
	Collateral of bank borrowings	Finance Manager and Director	Finance
	Power of Change	JV Director and Training Executive	Personal talent development

**6. BUSINESS AND INDUSTRY OVERVIEW (Cont'd)**

<b>Financial Year</b>	<b>Name of Programme</b>	<b>Job Grade</b>	<b>Skills</b>
	Company Secretarial workshop Advanced company secretarial	Accounts Executive Accounts Manager, Finance Manager and Director	Secretarial Secretarial
2011	Employment Act  Consolidated Financial Statement Update on company laws and practice Your role as a Finance Executive Leadership training Power of Change Microsoft Excel	Chief Pharmacist, Area Manager, Senior Account Executive and Account Officer  Finance Manager and Accounts Manager Finance Director and Finance Manager Accounts Executive Training Executive JV Director, Area Manager and Purchasing Executive IT Manager, IT Executive and Account Executive	Employment  Finance Finance Finance Leadership Personal talent development Soft skill
2010	Reinventing end to end working capital management Power of Change  Better grammar for business writing Supply Chain	Director and Accounts Manager Director and Area Manager  Senior Accounts Executive and Accounts Executive Director and Supply Chain Manager	Finance Personal talent development Soft skill Personal talent development

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## 6. BUSINESS AND INDUSTRY OVERVIEW (Cont'd)

### 6.11 PROPERTY, PLANT AND EQUIPMENT

#### 6.11.1 Material Tangible Fixed Assets

As at 31 May 2013, the total audited net book value of our Group's land and buildings is RM6.86 million. The details of the land and buildings that are owned by our Group are as follows:

No.	Registered Owner/ Beneficial Owner	Postal Address/ Title Identification	Description of Property/ Existing Use	Approximate Land Area (sq ft)/ Approximate Built-up Area (sq ft)	Approximate Age of Building/ Tenure/ Category of Land Use	Date of Issuance of Certificate of Fitness ("CF")	Restriction in Interest/ Express Conditions/ Major Encumbrances	Audited Net Book Value as at 31.5.2013 (RM'000)
1.	CPRM	<ul style="list-style-type: none"> <li>No. 18, Jalan Sembilang, Taman Tenaga, Off Jalan Cheras, 56000 Kuala Lumpur, Wilayah Persekutuan</li> <li>Pajakan Negeri (WP) 14748, Lot 33765, Mukim Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan</li> </ul>	<p><b>Description of Property:</b> Four (4) Storey Intermediate Shop Office</p> <p><b>Existing Use:</b> Ground floor – CARING outlet Other floors – for rental purposes</p>	<p><b>Land area:</b> 1,615</p> <p><b>Built up area:</b> 6,967</p>	<p><b>Approximate age of building:</b> 30 years</p> <p><b>Tenure:</b> 99 years - Till 18 April 2076</p> <p><b>Category of land use:</b> Building</p>	16 December 1983	<p><b>Restriction in interest:</b> None</p> <p><b>Express Conditions:</b> The land shall only be used for commercial building and development on the land shall comply with the Development Order issued by Dewan Bandaraya Kuala Lumpur ("DBKL")</p> <p><b>Major Encumbrances:</b> None</p>	1,243

## 6. BUSINESS AND INDUSTRY OVERVIEW (Cont'd)

No.	Registered Owner/ Beneficial Owner	Postal Address/ Title Identification	Description of Property/ Existing Use	Approximate Land Area (sq ft)/ Approximate Built-up Area (sq ft)	Approximate Age of Building/ Tenure/ Category of Land Use	Date of Issuance of Certificate of Fitness ("CF")	Restriction in Interest/ Express Conditions/ Major Encumbrances	Audited Net Book Value as at 31.5.2013 (RM'000)
2.	CPRM	<ul style="list-style-type: none"> <li>No. 22-1, 22-2, 22-3, Jalan Radin Anum 1, Taman Sri Petaling, 57000 Kuala Lumpur, Wilayah Persekutuan</li> <li>Pajakan Mukim No. 2286, Lot 21207, Mukim Petaling, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Persekutuan KL</li> </ul>	<p><b>Description of Property:</b> Three (3) Storey Shop Office End Lot</p> <p><b>Existing Use:</b> Ground floor – CARING outlet Other floors – for rental purposes</p>	<p><b>Land area:</b> 2,476</p> <p><b>Built up area:</b> 7,225</p>	<p><b>Approximate age of building:</b> 30 years</p> <p><b>Tenure:</b> 99 years - Till 5 April 2078</p> <p><b>Category of land use:</b> Building</p>	11 October 1983	<p><b>Restriction in interest:</b> None</p> <p><b>Express Conditions:</b> The land shall only be used for commercial building and development on the land shall comply with the Development Order issued by DBKL</p> <p><b>Major Encumbrances:</b> The land is currently charged to Alliance Bank Malaysia Berhad (Company No. 88103-W), Commercial Banking (BPF), 29<sup>th</sup> Floor, Menara Multi-Purpose, Capital Square, No. 8, Jalan Munshi Abdullah, 50100 Wilayah Persekutuan, Kuala Lumpur</p>	1,717

## 6. BUSINESS AND INDUSTRY OVERVIEW (Cont'd)

No.	Registered Owner/ Beneficial Owner	Postal Address/ Title Identification	Description of Property/ Existing Use	Approximate Land Area (sq ft)/ Approximate Built-up Area (sq ft)	Approximate Age of Building/ Tenure/ Category of Land Use	Date of Issuance of Certificate of Fitness ("CF")	Restriction in Interest/ Express Conditions/ Major Encumbrances	Audited Net Book Value as at 31.5.2013 (RM'000)
3.	Pembangunan Kalung (M) Sdn Bhd/Caring Pharmacy (Kinrara) Sdn Bhd <sup>(1)</sup>	<ul style="list-style-type: none"> <li>No. 19, Jalan TK 1/11B, No. 19A, 19B &amp; 19C, Jalan TK 1/11A, Taman Kinrara Seksyen 1, Batu 7 ½, Jalan Puchong, 58200 Kuala Lumpur</li> <li>Master Title H.S. (D) 104492, PT 2068, Mukim Petaling, District of Petaling, State of Selangor Darul Ehsan</li> </ul>	<p><b>Description of Property:</b> Four (4) Storey Intermediate Shop Office</p> <p><b>Existing Use:</b> Ground floor – CARING outlet Other floors – for rental purposes</p>	<p><b>Land area:</b> 1,650</p> <p><b>Built up area:</b> 5,916</p>	<p><b>Approximate age of building:</b> 16 years</p> <p><b>Tenure:</b> 99 years - Till 27 August 2088</p> <p><b>Category of land use:</b> Building</p>	20 January 1997	<p><b>Restriction in interest:</b> This land can only be transferred with the consent of the Land Office</p> <p><b>Express Conditions:</b> Residential Building <sup>(2)</sup></p> <p><b>Major Encumbrances:</b> None</p>	1,276
4.	CPRM	<ul style="list-style-type: none"> <li>No. 22, Jalan Manis 4, Taman Segar, Cheras, 56100 Kuala Lumpur Wilayah Persekutuan</li> <li>Pajakan Negeri 10493, Lot No. 39187, Mukim Kuala Lumpur, District Kuala Lumpur</li> </ul>	<p><b>Description of Property:</b> Three (3) Storey Intermediate Shop House</p> <p><b>Existing Use:</b> Ground floor – CARING outlet Other floors – for rental purposes</p>	<p><b>Land area:</b> 1,679</p> <p><b>Built up area:</b> 4,002</p>	<p><b>Approximate age of building:</b> 30 years</p> <p><b>Tenure:</b> 99 years - Till 10 December 2077</p> <p><b>Category of land use:</b> Building</p>	Not available <sup>(3)</sup>	<p><b>Restriction in interest:</b> None</p> <p><b>Express Conditions:</b> The land shall only be used for commercial building and development on the land shall comply with the Development Order issued by DBKL</p> <p><b>Major Encumbrances:</b> None</p>	2,625

Notes:

(1) The registered owner of this property is Pembangunan Kalung (M) Sdn Bhd because the individual title to this property has not been issued and Pembangunan Kalung (M) Sdn Bhd is the proprietor of the said land on which the property was built. A deed of assignment was executed on 14 April

## 6. BUSINESS AND INDUSTRY OVERVIEW (Cont'd)

2008 to assign Caring Pharmacy (Kinrara) Sdn Bhd's rights, title and interest to the property to Public Bank Berhad as a security in consideration of the facilities being made available to Caring Pharmacy (Kinrara) Sdn Bhd to finance the purchase of this property.

- (2) The property is one of the 54 units of 4 storey intermediate shop office in a mixed development consisting of commercial and residential properties. The CF of the property was issued by Majlis Daerah Petaling on 20 January 1997. The master title of the property was surrendered to the Land Office vide presentation no. 149/2010, registered on 20 January 2010 and the strata title of the property is currently pending issuance by the Land Office.
- (3) CARING does not have in possession the CF of this property. The property was acquired by CPRM from a third party vendor on 18 February 2013. It is an intermediate lot amongst 2 rows of other long standing operating shop lots that have been around for more than 30 years. Notwithstanding this, the Company is making a continuous effort to locate the CF and has appointed a property agent to search for CF of properties from the same vicinity, which may provide a lead to the Company locating the CF of their property or to facilitate in applying for a new CF based on the details of the said CF.

Further to the above, as at LPD, the properties rented by our Group are listed in Section 6.11.5.

Other than disclosed as above, all of the abovementioned land and buildings have obtained the necessary certificates of fitness and there are no breaches of any law, rules and building regulations including land-use conditions or permissible land use on the land and buildings which may result in a potential adverse impact to our Group. Valuation on the abovementioned land and buildings has not been undertaken for inclusion in this Prospectus.

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**6. BUSINESS AND INDUSTRY OVERVIEW (Cont'd)****6.11.2 Material Machinery and Equipment**

For the FYE 31 May 2013, our Group did not utilise any major machinery and equipment for our operations.

**6.11.3 Material Capital Expenditure and Divestitures**

The details of material capital expenditure for the past 4 FYE 2010 to FYE 2013 and up to the LPD are as follows:

Capital Expenditure	FYE 2010 (RM'000)	FYE 2011 (RM'000)	FYE 2012 (RM'000)	FYE 2013 (RM'000)	LPD (RM'000)
Leasehold land	-	-	^746	2,250	-
Buildings	-	-	^540	419	-
Assets in progress*	-	-	1,980	12,941	1,980
New Outlets:					
- Furniture and fittings	793	572	1,400	705	159
- Renovation	347	273	921	593	129

**Notes:**

^ The amount is in relation to the property acquired by CPRM, i.e. located at No. 18, Jalan Sembilang, Taman Tenaga, Off Jalan Cheras, 56000 Kuala Lumpur.

\* The assets in progress refer to the new office and warehouse building in Tiong Nam Industrial Park in PJ Old Town.

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**6. BUSINESS AND INDUSTRY OVERVIEW (Cont'd)****6.11.4 Material Plans to Construct, Expand or Improve Facilities**

As at LPD, our Group has no immediate plan to construct, expand or improve on existing facilities, save for the following:

<b>Description</b>	<b>Estimated expenditure amount (RM'000)</b>	<b>Amount already paid as at LPD (RM'000)</b>	<b>Method of financing</b>	<b>Estimated commencement date and completion date</b>
Purchase of a customised new building <sup>(1)</sup> with an estimated built up area of 68,000 sq.ft. on an industrial land with an area of 33,778 sq.ft. located at Pajakan Negeri 10310, Lot 73, Seksyen 20, Bandar Petaling Jaya, Daerah Petaling, Negeri Selangor Darul Ehsan	19,800	16,830	RM11,880,000 financed by Business Premises Smart-I Facility from HSBC Amanah Malaysia Berhad ("HSBC Amanah") <sup>(2)</sup> and the balance is funded by the Group's internally generated funds. Upon IPO, a total utilisation proceeds of RM6.00 million will be used to pare down the borrowings of the financing	December 2011 / 2014
Renovation, furniture and fittings for above customised new building	4,000	-	Utilisation of IPO Proceeds	2014 / 2014
Enterprise Resource Planning System	2,985	2,202	Internally generated funds	Fourth quarter of 2013

Notes:

- (1) A building to be built according to the specification of CARiNG.
- (2) The RM11,880,000 loan with HSBC Amanah taken to finance the purchase of a customized new building to serve as the new warehouse and head office. The customized building is not charged but assigned to HSBC Amanah. The security documents required for the said facility includes the facility agreement, the purchase undertaking, the deed of assignment and power of attorney. According to the Letter of Offer dated 20 April 2012, CPRM undertakes to inform the Bank of any change of its management structure, composition of its Board of Directors and/or substantial shareholders in its business. CPRM also undertakes to inform the Bank of any significant internal or external development which may affect the financial position of its business or its financial position.

We are investing into the customised new building, which is located in Tiong Nam Industrial Park in PJ Old Town, to serve as our new warehouse and head office for our expanding operations. Upon completion of the construction work on the building, we shall be undertaking further renovation works, details of which are outlined in Section 6.15(ii) of this Prospectus.

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**6. BUSINESS AND INDUSTRY OVERVIEW (Cont'd)**

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With the completion of our new warehouse, we will be able to expand the storage capacity for our products. This is in line with the Group's expansion strategy. The new warehouse acts to serve as the central distribution centre for our chain of community pharmacies, the increase in storage capacity is essential to cater for the storage, administration and distribution of stocks to CARiNG Group outlets.

With the implementation of the ERP System, we plan to achieve the following objectives:

- To improve on employee effectiveness (through. including, but not limited to, modern user interface, streamlined processes, better access to transaction information and enhanced business function support);
- To enhance resource productivity of the Company by logistics improvements, enhanced supply chain management, better preparation for globalisation and internationalisation and full life cycle support and service management; and
- End to end business process.

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## 6. BUSINESS AND INDUSTRY OVERVIEW (Cont'd)

### 6.11.5 Rented Properties

As at LPD, the number of the properties rented by our Group including the approximate built up area and tenure of tenancy are summarised as follows:

Location	Existing Use			Approximate Total Built Up Area / Approximate Built Up Area per Property (Sq ft)	Tenure of Tenancy
	Community Pharmacy		Others		
	Shopping Complex Outlets	Street Outlets			
Selangor	16	19	-	54,461 / (920 – 2,679)	2 – 3 years
Kuala Lumpur	11	14	Office – headquarters No. of unit: 1  Warehouses No. of units: 2	<ul style="list-style-type: none"><li>For community pharmacies:  40,462 / (762 – 2,800)</li><li>For others:  23,200/ (6,400 – 9,600)</li></ul>	1 – 6 years
Johor	3	5	Office No. of unit: 1	<ul style="list-style-type: none"><li>For community pharmacies:  11,008 / (230 – 2, 111)</li><li>For others:  1,674 / (1,674)</li></ul>	2 – 3 years
Melaka	2	-	-	4,477 / (1,582 – 2,895)	3 years
Perak	2	-	-	4,020 / (1,980 – 2,040)	3 years
Penang	2	-	-	3,726 / (1,859 – 1,867)	3 years
Total	36	38 <sup>(1)</sup>		143,028	

Note:

(1) The number of street outlets does not add up to the total street outlets of the Group as some of these outlets are not operating under a rented premises for example outlets operating in properties owned by the Group.

The total rental paid by our Group during the FYE 2013 and two months up to LPD is approximately RM12.14 million and RM4.41 million respectively, which translate to the rental paid per square foot of RM7.07 (FYE2013) per month and RM8.23 (LPD) per month.

**6. BUSINESS AND INDUSTRY OVERVIEW (Cont'd)**

Save for the properties listed below, our rented properties are not in breach of any laws, rules and buildings regulations which may materially affect our Group's operations:

Outlet	Type of Outlet
The Store, Sri Petaling, Kuala Lumpur <sup>(1)</sup>	Shopping Complex
Bangunan JB Sentral, Johor Bahru, Johor <sup>(2)</sup>	Shopping Complex

Notes:

- (1) *The Company does not have in its possession the certificate of fitness for occupation of this property. However, they have received a letter from the local authority, Dewan Bandaraya Kuala Lumpur on 13 May 2013 to confirm that the outlet is located in a building that has a certificate of fitness.*
- (2) *The building is a government owned building, whereby the compliance confirmation has to be obtained from the Bahagian Pengurusan Hartanah, Jabatan Perdana Menteri - Putrajaya. As such, we have sought confirmation via a letter dated 29 August 2013 from the said government department. Currently, the reply from the said department is still pending.*

*Any relocation of the outlets in the above areas will not have a material adverse effect on the profitability of the Group.*

Please refer to Section 5.1 of the Prospectus for further details of CARiNG's community pharmacies.

**6.12 REGULATORY REQUIREMENTS, HEALTH AND SAFETY POLICIES, AND ENVIRONMENTAL ISSUES**

Save as disclosed in Section 6.8, 6.9 and 6.11.1 of this Prospectus, our Group are in compliance in respect of material regulatory requirements, health and safety policies, and environmental issues which may materially affect our Group's operations and/or utilisation of assets. As at the LPD, our Group is not aware of any health and safety, and environmental proceedings or investigations to which we are or might become a party to.

**6.13 DEPENDENCY ON CONTRACTS/ ARRANGEMENTS/ DOCUMENT OR OTHER MATTER****(i) Dependency on Registration, Patents and Intellectual Rights**

Save for the trade marks as disclosed in Section 6.8 of this Prospectus, our Group is not dependent on any other registrations, patents and intellectual rights for our business operations.

**(ii) Dependency on Major Licences**

Save for the major licences as disclosed in Section 6.9 of this Prospectus, our Group is not dependent on any other major licences.

**(iii) Dependency on Industrial, Commercial and Financial Contracts**

Our Board is of the opinion that, as at the LPD, we are not highly dependent on any single contract/ agreement/ arrangement (including informal arrangements or understandings) that could materially affect our business or profitability.

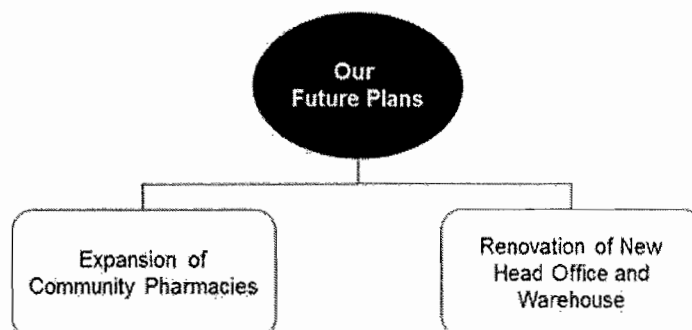
**6.14 INTERRUPTIONS IN BUSINESS OPERATIONS**

There have been no material interruptions to our business operations in the past 12 months.

## 6. BUSINESS AND INDUSTRY OVERVIEW (Cont'd)

### 6.15 FUTURE PLANS AND STRATEGIES

Our future plans are focused in two (2) key areas as depicted in the figure below:



#### (i) Expansion of Community Pharmacies

Part of our future plans is to expand the coverage of our 'CARiNG' community pharmacies in Malaysia to provide convenience to our customers as well as enlarge our customer base. As at LPD, we have a chain of 85 'CARiNG' community pharmacies in Malaysia. This includes wholly and partially-owned community pharmacies.

Barring any unforeseen circumstances, we plan to establish an additional 30 to 35 'CARiNG' community pharmacies in Peninsular Malaysia by FYE 2016.

As at LPD, we have identified 17 locations in the following street areas, shopping complexes and airport for our new 'CARiNG' community pharmacies:

- Jonker Walk in Melaka;
- Pearl Point Shopping Mall in Kuala Lumpur;
- Cheras Sentral Shopping Mall in Kuala Lumpur;
- Avenue K in Kuala Lumpur;
- Encorp Strand Mall in Selangor;
- Jaya Shopping Centre in Selangor;
- One City in Selangor;
- KLIA2 (International Departure Ground Level (Airside)) in Selangor;
- KLIA2 (International Departure Level (Airside)) in Selangor;
- D'Pulze Cyberjaya in Selangor;
- The Main Place Shopping Mall in Selangor;
- Klang Parade in Selangor;
- Kompleks Tun Abdul Razak (KOMTAR) in Johor;
- Atria Shopping Gallery in Selangor;
- DA:MEN in Selangor;
- Gamuda Walk Retail Centre in Selangor; and
- IOI City Mall (also known as IOI Resort City) in Putrajaya.

We envisage opening the abovementioned 'CARiNG' community pharmacies between third quarter of 2013 and FYE 2015. As at LPD, we have either signed tenancy agreements, letters of offers or in negotiation for the abovementioned locations.

We plan to utilise internally generated funds to set up 5 to 10 community pharmacies, while we will use our IPO proceeds to set-up the remaining 25 to 30 community pharmacies.

## 6. BUSINESS AND INDUSTRY OVERVIEW (Cont'd)

### (ii) Renovation of New Head Office and Warehouse

To cater to our expanding operations, our subsidiary CPRM purchased a factory lot with an estimated land area of 33,778 sq. ft. and a built-up area of approximately 68,000 sq. ft. in an industrial park development in PJ Old Town, Selangor in 2011 to serve as our new warehouse and head office. The developer has commenced construction work on the building and this is scheduled to be completed by 2014.

Following the completion of the construction works of building, we plan to undertake further renovation works which include among others, painting, interior design and decoration works, cabling and electrical works, warehousing facilities including racking system, installation of air conditioning and ventilation system, security and surveillance systems, fire fighting equipment and telecommunication systems.

We plan to utilise RM4 million from our IPO proceeds for the renovation of our new head office building and warehouse.

For further details on the proposed utilisation of proceeds, please refer to Section 3.9 of the Prospectus.

## 6.16 PROSPECTS OF OUR GROUP

The prospects of our Group are dependent on the following factors:

- Sustainable business performance;
- Competitive advantages and key strengths;
- Future plans to provide sustainable growth; and
- Industry prospects and outlook.

### (i) Sustainable Business Performance

Our sustainable business performance is supported by the following financial achievements between the FYE 2012 and FYE 2013:

- Revenue grew by 21.40%;
- GP grew by 21.30%;
- PBT grew by 10.66%; and
- PAT grew by 11.22%.

Between FYE 2010 and FYE 2013, our financial performance was as follows:

- Revenue grew at an average annual rate of 20.90%;
- GP grew at an average annual rate of 19.39 %;
- PBT grew at an average annual rate of 14.56%; and
- PAT grew at an average annual rate of 13.48%.

The sustainable financial performance over the last four (4) years will provide us with the platform for continuing business success and growth.

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## 6. BUSINESS AND INDUSTRY OVERVIEW *(Cont'd)*

### (ii) Competitive Advantages and Key Strengths

Our competitive advantages and key strengths will provide a platform for continuing growth and success. This includes the following:

- Large chain of community pharmacies;
- Established brand name and reputation;
- Economies of scale;
- Management control and ownership of our community pharmacies;
- Pharmacists as business partners and shareholders;
- Full time pharmacist service at every outlet; and
- Professional and experienced management team with proven track record of delivering sustainable growth and profitability.

*(Please refer to Section 6.2 of this Prospectus for further details)*

### (iii) Future Plans to Provide Sustainable Growth

We have in place a sound business and expansion plan for moving forward. Our future plans are as follows:

- Expansion of our community pharmacies to expand our coverage in Malaysia to provide convenience and enlarge our base of customers; and
- Renovation of our new head office and warehouse to cater to our expanding operations.

Our future plans would provide us with the platform to grow our business.

### (iv) Industry Prospects and Outlook

*(Please refer to Section 13 in the Independent Assessment of the Community Pharmacy Industry in Malaysia prepared by Vital Factor Consulting Sdn Bhd)*

Given the sustainable business performance of our Group, the competitive advantages and key strengths, the future plans to provide sustainable growth for our Group, and the industry prospects and outlook of Community Pharmacy Industry, the Directors believe that the prospects of our Group are favourable.

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## 7. THE INDEPENDENT MARKET RESEARCH REPORT



### VITAL FACTOR CONSULTING

Creating Winning Business Solutions

Vital Factor Consulting Sdn Bhd

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17 September 2013

The Board of Directors  
Caring Pharmacy Group Berhad  
No 3-2, 3rd Mile Square  
No 151, Jalan Kelang Lama  
Batu 3½  
58100 Kuala Lumpur

Dear Sirs and Madam

### Independent Assessment of the Community Pharmacy Industry in Malaysia

The following is an Independent Assessment of the Community Pharmacy Industry in Malaysia prepared by Vital Factor Consulting Sdn Bhd (Vital Factor Consulting) for inclusion in the prospectus of Caring Pharmacy Group Berhad (herein together with all or any one or more of its subsidiaries will be referred to as CARiNG Group or the Group) in relation to its proposed listing on the Main Market of Bursa Malaysia Securities Berhad.

#### 1. BACKGROUND AND INTRODUCTION

- CARiNG Group is primarily an operator of a chain of community pharmacies. As at 6 September 2013, the Group had 85 community pharmacies in Malaysia operating under the brand name of 'CARiNG'. This includes wholly and partially owned community pharmacies.
- As such, this report focuses on the Community Pharmacy Industry in Malaysia, which covers physical store based retailing of pharmaceutical products where there is at least one pharmacist licensed to dispense scheduled drugs. It is also common for a community pharmacy to retail non-pharmaceutical products such as medical and surgical devices, health food, personal care products and other items.
- While according to the Poisons Act 1952 which states that "dispensed medicine" means medicine supplied for the purpose of medical, dental or animal treatment, the focus of this report will be for medical purposes only, and will exclude dental and veterinary purposes.
- Within the context of this report, the term "drugs" has a similar meaning as "pharmaceutical products". Some drugs are also classified as poisons, under the Poisons Act 1952.

## 7. THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

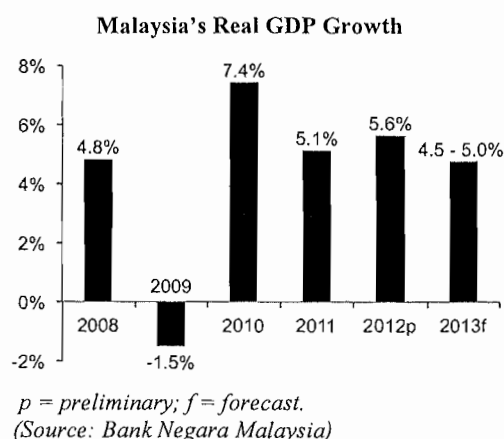
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## 2. MACROECONOMIC INDICATORS

## 2.1 Key Macroeconomic Indicators for Malaysia

- Generally, a favourable macroeconomic environment provides an environment conducive for businesses to sustain and expand.
- Overall, Malaysia's key economic indicators in terms of real GDP grew at an average annual growth rate (AAGR) of 4.1% between 2008 and 2012. An exception to the growth during this period was a decline in 2009 due to the global economic downturn.
- In 2012, growth of 5.6% was driven by resilient domestic demand despite the weak external environment. During the first and second quarters of 2013, real GDP grew by 4.1% and 4.3% respectively, contributed by strong domestic demand.
- While global growth prospects are expected to improve in 2013, uncertainty in the external environment in view of the prolonged European sovereign debt crisis, expected tapering of the US Federal Reserve's quantitative easing policy, and concerns about a reduction in China's economic growth rate, would continue to be major concerns. Despite these uncertainties, the Malaysian economy is forecasted to grow between 4.5% and 5.0% in 2013 with expectations of growth being driven by expansion in the private sector investment and consumption, as well as a gradual improvement in external demand.



## 2.2 Consumer Confidence

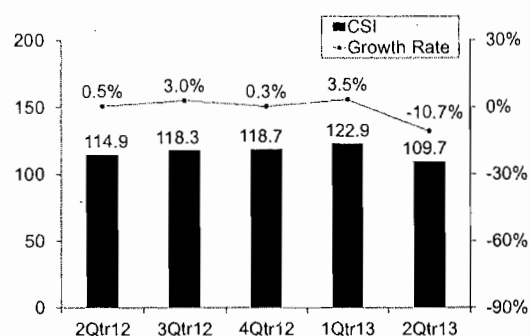
- The level of consumer confidence in the economy will have an impact on consumer spending patterns. A high consumer confidence level may lead to an increase in consumer spending that will benefit businesses in Malaysia.
- In the second quarter of 2012, the Consumer Sentiment Index (CSI) improved slightly to 114.9 points led by stronger finances, positive financial and employment outlook, and subsiding fears of inflation.
- The CSI grew by 3.0% to 118.3 points in the third quarter of 2012 where consumer confidence increased due to positive outcomes in incomes and spending plans, encouraging financial and employment expectations, and easing of inflationary concerns.

## 7. THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

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- During the fourth quarter of 2012, the CSI improved marginally to 118.7 points. Although expectations on present and expected incomes remained favourable with moderate outlook of the employment market, price pressures were expected to build up with delays in consumer spending.

**Consumer Sentiment Index (CSI)**

(Source: Malaysian Institute of Economic Research)

- In the first quarter of 2013, the CSI increased by 3.5% to 122.9 points, which was the highest in six years. This was contributed by the positive expectations on financial and employment outlook, easing of inflationary concerns and stabilisation of current incomes which led to the increase in consumer confidence.
- However by the second quarter of 2013, CSI registered a contraction of 10.7% to 109.7 points due to concerns of inflation coupled with bleak employment and financial expectations.

**3. INDUSTRY OVERVIEW AND STRUCTURE****3.1 Introduction**

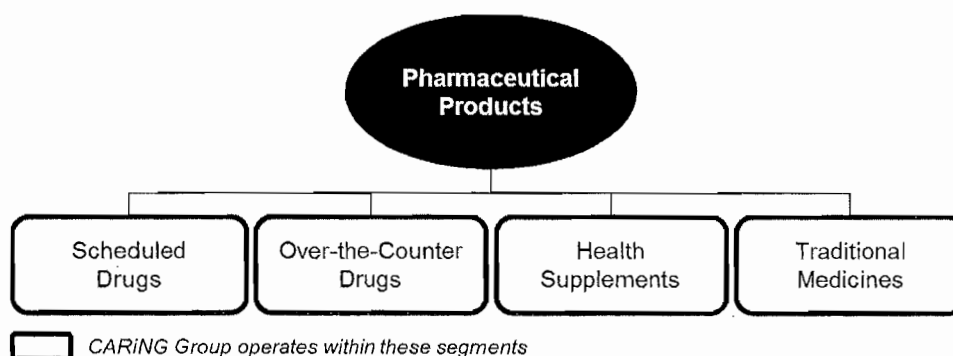
- Generally, pharmaceutical products refer to any substance or mixture of substances that are intended to be used for medicinal purposes. According to the Drug Control Authority (DCA), medicinal purposes mean any of the following purposes:
  - Alleviating, treating, curing or preventing a disease or a pathological condition or symptoms of a disease;
  - Diagnosing a disease or ascertaining the existence, degree or extent of a physiological or pathological condition;
  - Contraception;
  - Inducing anaesthesia;
  - Maintaining, modifying, preventing, restoring, or interfering with, the normal operation of a physiological function;
  - Controlling body weight;
  - General maintenance or promotion of health or wellbeing.
- Some food items can provide health benefits and satisfy one or more of the above criteria. However, certain food items particularly those with less than 20% active ingredients that are not in pharmaceutical dosage form such as pills, capsules, tablets, liquids or powders, are generally not classified as pharmaceutical products. For example, fruit juices may contain various vitamins that are beneficial to human, however, fruit juices generally contain less than 20% active ingredients and consumption of fruit juices are not restricted to a particular pharmaceutical dosage.

## 7. THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

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- In Malaysia, pharmaceutical products are regulated by the Drug Control Authority (DCA) and must be registered with the National Pharmaceutical Control Bureau (NPCB) before being sold to the general public.
- Pharmaceutical products can be broadly categorised as follows:



- **Scheduled Drugs** are medicinal products regulated under the Poisons Act 1952. These drugs contain substances listed under the Poison List in the Act and their sale and supply are generally restricted to licensed personnel and registered professionals including licensed wholesalers, licensed pharmacists and medical practitioners, and persons employed in healthcare institutions in the course of undertaking his or her duties. Generally, the public can only purchase scheduled drugs from healthcare institutions and community pharmacies. The purchase of scheduled drugs from community pharmacies may require prescriptions from registered professionals, such as medical practitioners, and can only be dispensed by licensed pharmacists.
- **Over-the-Counter (OTC) Drugs** are medicinal products that are made available to the public without professional supervision and prescriptions. Some common over-the-counter drugs include, among many others, analgesics, antihistamines, antacids, cough suppressants, anti-fungal lotions and laxatives. These drugs are commonly used for self-medication to treat minor ailments and conditions. OTC drugs are widely available in most retail outlets such as community pharmacies, Chinese Medical Halls, supermarkets and convenience stores.
- **Health Supplements** commonly fall into one or two of the following categories:
  - products intended to supplement the diet with one or more dietary substances such as vitamins, minerals, amino acids, fatty acids and fibres;
  - products intended to maintain or improve the healthy functioning of the human body, such as extracts from plants and animals.

Health supplements normally come in different forms such as pills, capsules, tablets, liquid or powder. Consumption of health supplements is commonly restricted to a particular recommended pharmaceutical dosage within a specific period. Although some supplements are taken orally to supplement one's diet, it is not intended for use as a replacement or an alternative to food for normal body sustenance or as a sole item of a meal.

## 7. THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

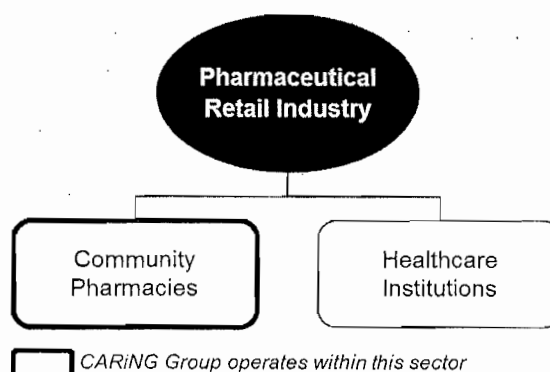
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- **Traditional Medicines** are generally products consisting solely of one or more naturally occurring substances of a plant, mineral or animal, or parts in dried, unextracted or in crude extract form, including homeopathic medicine, primarily for the diagnosis, treatment or prevention of a disease or ailment, or for maintaining or improving the health and wellbeing of a person. Homeopathic medicines are used to induce symptoms similar to the disease to be treated, which would stimulate the body to counter the original disease.
- As an operator of a chain of community pharmacies, pharmaceutical products constitute the core products of CARiNG Group.

**3.2 Industry Structure****3.2.1 Overview of the Pharmaceutical Retail Industry**

- The Pharmaceutical Retail Industry is primarily involved in dispensing and retailing pharmaceutical products. The general structure of the Pharmaceutical Retail Industry can be depicted as follows:



- Community pharmacies are store based retailing of pharmaceutical products where there is at least one pharmacist licensed to dispense scheduled drugs. Community pharmacies generally undertake retail sales of pharmaceutical products as well as other non-pharmaceutical products such as medical and surgical devices, health food, personal care products, and other items.
- Healthcare institutions include, among others, clinics, hospitals, medical centres and hospices in the public and private sector. This includes the dispensing of drugs by medical practitioners as well as pharmacists, typically to the patients or customers of the healthcare institutions. Nevertheless, these premises may also supply medicinal drugs to walk-in customers on a small scale basis.
- CARiNG Group is primarily an operator of a chain of community pharmacies. As such, the focus of this report is on the Community Pharmacy Industry.

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**7. THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)**

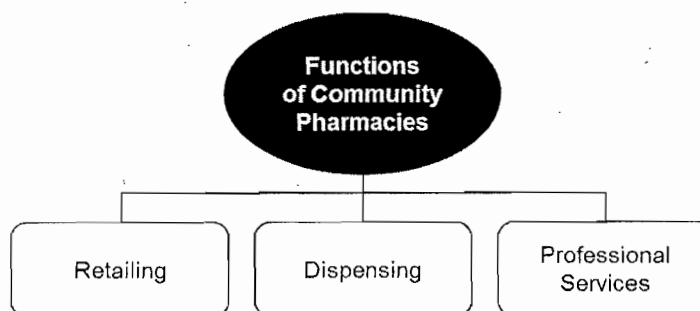
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**3.2.2 Functions of Community Pharmacies**

- Generally, community pharmacies perform the following functions:



- **Retailing:** This component covers the retailing of pharmaceutical products including scheduled drugs, OTC drugs, health supplements and traditional medicines. In Malaysia, it is also common for community pharmacies to undertake retailing of non-pharmaceutical products.
- **Dispensing:** This component refers to the dispensing of scheduled drugs and can only be carried out under the supervision of a licensed pharmacist.
- **Services:** This component refers to professional services that may be provided in community pharmacies, although the availability of such services may differ from one pharmacy to another. Some examples include:
  - Consultation on minor ailments or general health;
  - Medication review;
  - Smoking cessation counselling;
  - Diabetic management counselling;
  - Weight management counselling;
  - Various health tests, e.g. blood glucose test and blood pressure test.

## 7. THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

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## 4. SUPPLY

## 4.1 Number of Community Pharmacies

- The number of community pharmacies in Malaysia are shown below:

Number of Community Pharmacies in Malaysia

	2008	2009	2010	2011	2012	2013*	AAGR 2008-2012 (%)
Selangor.....	346	541	368	423	477	522	8.4
Kuala Lumpur.....	199	230	217	225	270	271	7.9
Pulau Pinang.....	263	250	280	290	236	239	-2.7
Johor.....	156	162	155	163	186	206	4.5
Sarawak.....	151	153	141	143	167	170	2.5
Perak.....	175	176	174	150	162	167	-1.9
Sabah.....	97	129	119	127	143	152	10.2
Kedah.....	113	125	111	121	137	141	4.9
Negeri Sembilan.....	54	57	58	63	70	76	6.7
Kelantan.....	68	69	70	75	74	75	2.1
Melaka.....	49	56	57	55	62	72	6.1
Pahang.....	54	56	57	65	68	68	5.9
Terengganu.....	25	25	24	26	25	26	0.0
Perlis.....	11	13	13	12	13	15	4.3
Labuan.....	6	5	5	5	5	5	-4.5
<b>Total</b>	<b>1,767</b>	<b>2,047</b>	<b>1,849</b>	<b>1,943</b>	<b>2,095</b>	<b>2,205</b>	<b>4.3</b>

\*Data up to June 2013 only; AAGR = Average Annual Growth Rate.

(Source: Pharmaceutical Services Division, Ministry of Health)

- Between 2008 and 2012, the total number of community pharmacies in Malaysia grew at an AAGR of 4.3%.
- Generally, Sabah experienced the highest AAGR at 10.2% in terms of number of community pharmacies between 2008 and 2012.
- In 2012, out of the 2,095 community pharmacies in Malaysia, 35.7% or 747 outlets were located in Kuala Lumpur and Selangor respectively.
- The number of community pharmacies in Malaysia continued to grow and reached 2,205 outlets in June 2013.

## 7. THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

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## 4.2 Number of Body Corporates

- In Malaysia, all body corporates carrying a business of keeping, retailing, dispensing and compounding of poisons, dangerous drugs or therapeutic substances, including operators of community pharmacies, are required to be registered with the Pharmacy Board. As such, the number of body corporates registered with the Pharmacy Board would provide an indication on the supply of community pharmacies in Malaysia.

**Number of Body Corporates Registered with the Pharmacy Board**

	2008	2009	2010	2011	2012	AAGR 2008-2012 (%)
Total.....	414	493	711	838	605	9.9
--Newly Registered.....	43	48	48	44	57	7.3
--Annual Retention Certificates.....	371	445	663	794	548	10.2

(Source: Pharmacy Board)

- Between 2008 and 2012, the total number of body corporates registered with the Pharmacy Board grew at an AAGR of 9.9%, as newly registered body corporates and annual retention certificates of body corporates both grew, at AAGR of 7.3% and 10.2% respectively.
- In 2012, the number of body corporates registered with the Pharmacy Board fell by 27.8% to 605, of which 57 were newly registered body corporates.
- However, the number of body corporates does not represent the number of premises engaged in the specified business as there is no limit to the number of premises operated by a single body corporate.

## 5. SUPPLY DEPENDENCIES

- The operations of community pharmacies are mainly dependent on the following:
  - Availability of registered pharmacists licensed to dispense scheduled drugs;
  - Availability of pharmaceutical products.
- As such, the following statistics will be used to assess the supply of pharmacists and pharmaceutical products from local and imported sources.



## 7. THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

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## 5.1 Number of Registered Pharmacists

## Number of Pharmacists Registered with the Pharmacy Board

	2008	2009	2010	2011	2012	AAGR 2008-2012 (%)
Provisionally Registered .....	722	813	925	922	1,208	13.7
Fully Registered .....	6,541	6,202	9,591	9,680	9,886	10.9
--Newly Registered ....	617	705	739	934	918	10.4
--Annual Retention Certificates .....	5,924	5,497	8,852	8,746	8,968	10.9

(Source: Pharmacy Board)

- Between 2008 and 2012, the supply of pharmacists has generally increased. During the period, the number of provisionally registered pharmacists and fully registered pharmacists grew at an AAGR of 13.7% and 10.9% respectively.
- Fresh graduates with a degree in pharmacy or equivalent who wish to operate pharmacy practices in Malaysia have to be provisionally registered for a period of one year before being fully registered. During the provisional period, pharmacists are legally required to undergo training in the public sector. At any point in time, the number of provisionally registered pharmacists would provide an indication of the future supply of fully registered pharmacists.
- Newly registered pharmacists refer to those who had undergone one year of training as provisionally registered pharmacists and had become fully registered pharmacists for the first time. Newly registered pharmacists are still required to serve in the public sector for one year before being made available to the private sector, including practicing in community pharmacies.

## 5.2 Number of Licensed Pharmacists

- Licensed pharmacists refer to pharmacists issued with a 'Type A Licence' under the Poisons Act 1952.
- The key pre-requisites to obtain a Type A Licence include:
  - full registration with the Pharmacy Board of Malaysia;
  - degree in pharmacy or equivalent recognised by the Pharmacy Board of Malaysia;
  - 2 years' experience working in the public sector, under the purview of the Ministry of Health.
- For the community pharmacy industry, the relevant types of drugs that can be dispensed by licensed pharmacists are mainly Group B and Group C drugs.

## 7. THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

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- All community pharmacies are required to have at least one licensed pharmacist to deal with scheduled drugs on a retail basis. Type A Licences are renewable on a yearly basis.

	Number of 'Type A Licence' Holders					AAGR 2008-2012 (%)
	2008	2009	2010	2011	2012	
Type A Licence Holders.....	3,055	3,000	3,187	3,314	3,814	5.7

(Source: Pharmaceutical Services Division, Ministry of Health)

- Between 2008 and 2012, the number of new and renewed Type A Licences issued by the Ministry of Health grew every year with the exception of 2009, to register an overall AAGR of 5.7%.
- In 2012, there were 3,814 pharmacists with Type A Licences issued by the Ministry of Health in Malaysia.

## 5.3 Student Enrolments in Pharmacy Courses

## Student Enrolments for Bachelor and Masters Degree in Pharmacy in Malaysia

						AAGR 2008 -2012 (%)
	2008	2009	2010	2011	2012	
<b>Public HEI</b>	<b>2,201</b>	<b>2,262</b>	<b>2,335</b>	<b>2,527</b>	<b>2,620</b>	<b>4.5</b>
- Bachelor Degree .....	1,946	1,982	2,033	2,131	2,270	3.9
- Masters Degree .....	255	280	302	396	350	8.2
<b>Private HEI</b>	<b>2,881</b>	<b>2,088</b>	<b>2,429</b>	<b>1,923</b>	<b>2,400</b>	<b>-4.5</b>
- Bachelor Degree .....	2,595	1,600	1,902	713	1,862	-8.0
- Masters Degree .....	286	488	527	1,210	538	17.1
<b>Total Public and Private HEI</b>	<b>5,082</b>	<b>4,350</b>	<b>4,764</b>	<b>4,450</b>	<b>5,020</b>	<b>-0.3</b>

HEI = Higher Education Institutions

Note: A registered pharmacist will require a minimum of a bachelor degree in pharmacy recognised by the Pharmacy Board. As such, student enrolment of lower levels such as diploma and other certificates are not included here.

(Source: Ministry of Higher Education)

- Between 2008 and 2012, the total number of student enrolments for bachelor and masters degree in pharmacy at public and private higher education institutions declined marginally at an average annual rate of 0.3%, although it fluctuated on a year-to-year basis.

## 7. THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

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- In 2012, pharmacy students from public higher education institutions represented 52.2% of the total number of student enrolments for bachelor and masters degree while the remaining 47.8% were from private higher education institutions.
- While the above figures are for public and private higher education institutions in Malaysia, other overseas higher education institutions offering pharmacy degree courses may also be a source of supply of pharmacy graduates for Malaysia. In 2013, there were approximately 30 pharmacy courses conducted by overseas higher education institutions that are recognised by the Pharmacy Board.
- As such, the steady supply of students pursuing a bachelor or masters degree in pharmacy provide a good base of future pharmacists to support the continuous growth of the Community Pharmacy Industry.

## 5.4 Local Production of Pharmaceuticals

## Sales Value of Manufacture of Selected Pharmaceuticals

	2008	2009	2010	2011	2012	AAGR 2008- 2012 (%)
Medicinal Pills <sup>1</sup> .....	684.1	594.8	639.0	698.9	805.2	4.2
Medicinal Drinks <sup>2</sup> .....	168.6	129.1	137.2	175.2	200.9	4.5
Medicinal Oils, Ointment and Lotions.....	131.4	130.7	125.0	170.6	190.1	9.7
Medicinal Solutions <sup>3</sup> .....	67.1	86.1	13.1	94.9	143.7	21.0
Other Pharmaceuticals <sup>4</sup> .....	63.2	36.2	63.6	92.0	90.5	9.4
Vitamin Pills .....	61.6	56.2	62.2	76.9	74.0	4.7
Herbal Medicines .....	40.6	12.4	10.2	16.2	34.4	-4.1
Medicinal Powder .....	46.0	39.3	10.3	51.4	13.8	-26.0

Notes: All units in RM million except percentages

(1) Includes tablets and capsules forms; (2) Includes cough mixtures and syrups;

(3) Includes ophthalmic solutions and intravenous fluid; (4) Includes medicinal salt and medicaments & pharmaceutical preparations (not elsewhere classified).

(Source: Department of Statistics)

- Between 2008 and 2012, the majority of selected pharmaceuticals registered growth, with the exception of herbal medicines and medicinal powder.
- Local production of medicinal pills was the largest subgroup of pharmaceuticals with a total sales value of RM805.2 million in 2012. Between 2008 and 2012, local production of medicinal pills registered an AAGR of 4.2%.
- Local production of medicinal solutions registered the highest growth among the selected group of pharmaceuticals with an AAGR of 21.0% between 2008 and 2012.

## 7. THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

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## 5.5 Import of Pharmaceuticals

## Import Value of Selected Pharmaceuticals

	2008	2009	2010	2011	2012	AAGR 2008-2012 (%)
Medicaments in measured dosage forms <sup>1</sup> .....	2,073.3	2,607.8	2,483.1	2,974.8	3,437.8	13.5
Wadding, Gauze, Bandages and Similar Articles <sup>2</sup> .....	84.9	132.2	91.3	141.8	196.0	23.3
Antibiotics.....	116.6	182.6	151.7	177.3	159.3	8.1
Provitamins and Vitamins.....	126.2	137.5	149.5	157.2	159.2	6.0
Medicaments not in measured dosage forms <sup>3</sup> .....	125.7	127.7	110.2	122.2	139.4	2.6
Other Pharmaceutical Goods <sup>4</sup> .....	81.0	98.6	91.7	101.1	79.5	-0.5

Notes: All units in RM million except percentages

(1) Excludes veterinary medicaments; (2) Impregnated or coated with pharmaceutical substances (also includes dressings, adhesive plasters and poultices); (3) Excludes veterinary medicaments; (4) Includes items such as sterile surgical catgut, diagnostic reagents, blood-grouping reagents, dental and bone reconstruction cements, first-aid kits and chemical contraceptive preparations.

(Source: Department of Statistics)

- Between 2008 and 2012, the above import of selected pharmaceuticals registered growth in terms of AAGR with the exception of other pharmaceutical goods.
- Import of medicaments in measured dosage forms was the largest subgroup with an import value of approximately RM3.4 billion in 2012. This subgroup consists of scheduled drugs that are sold only at healthcare institutions and community pharmacies. Between 2008 and 2012, import of medicaments in measured dosage forms registered an AAGR of 13.5%.
- Import of wadding, gauze, bandages and similar articles registered the highest growth among selected group of pharmaceuticals with an AAGR of 23.3% between 2008 and 2012.

## 7. THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

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## 5.6 Export of Pharmaceuticals

## Export Value of Selected Pharmaceuticals

	2008	2009	2010	2011	2012	AAGR 2008-2012 (%)
Medicaments in measured dosage forms <sup>1</sup> .....	342.2	373.4	427.4	458.3	515.9	10.8
Antibiotics.....	40.3	65.6	59.8	67.7	68.3	14.1
Provitamins and Vitamins	38.2	26.9	35.6	41.3	46.6	5.1
Other Pharmaceutical Goods <sup>2</sup> .....	47.3	58.7	75.7	42.9	32.5	-9.0
Wadding, Gauze, Bandages and Similar Articles <sup>3</sup> .....	13.7	18.7	17.3	27.8	22.1	12.7
Medicaments not in measured dosage forms <sup>4</sup> .....	22.8	31.8	18.1	18.8	21.7	-1.2

Notes: All units in RM million except percentages.

(1) Excludes veterinary medicaments; (2) Includes items such as sterile surgical catgut, diagnostic reagents, blood-grouping reagents, dental and bone reconstruction cements, first-aid kits and chemical contraceptive preparations; (3) Impregnated or coated with pharmaceutical substances (also includes dressings, adhesive plasters and poultices); (4) Excludes veterinary medicaments.

(Source: Department of Statistics)

- Between 2008 and 2012, the export of the above selected pharmaceuticals registered growth in terms of AAGR with the exception of other pharmaceutical goods and medicaments not in measured dosage forms.
- Export of medicaments in measured dosage forms was the largest subgroup with an export value of approximately RM515.9 million in 2012. Between 2008 and 2012, export of medicaments in measured dosage forms registered an AAGR of 10.8%.
- Export of antibiotics registered the highest growth among the selected group of pharmaceuticals with an AAGR of 14.1% between 2008 and 2012.

## 5.7 Number of Registered Products

- In Malaysia, all pharmaceutical products are required to be registered with the Drug Control Authority. As such, product registration with the Drug Control Authority would also provide some indication on the supply of pharmaceutical products in Malaysia.

## 7. THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

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**Product Registration with the Drug Control Authority**

	2007	2008	2009	2010	2011	AAGR 2007-2011 (%)
<b>Application for Registration</b>						
Prescription Products.....	555	604	492	402	510	-2.1
Non-Prescription Products.....	560	483	381	268	52	-44.8
Traditional Products .....	1,325	1,120	902	671	643	-16.5
<b>Total Number of Registered Products</b>						
Prescription Products.....	11,805	12,214	12,626	13,067	13,392	3.2
Non-Prescription Products.....	9,098	9,370	9,683	9,918	9,973	2.3
Traditional Products .....	18,200	19,153	20,193	20,775	21,242	3.9

*(Source: National Pharmaceutical Control Bureau)*

- Between 2007 and 2011, the number of applications for prescription products, non-prescription products and traditional products decreased at an average annual rate of 2.1%, 44.8% and 16.5% respectively. Both applications for non-prescription products and traditional products had been on a decreasing trend since 2007 while application for prescription products had only started decreasing since 2008.
- Between 2007 and 2011, the total number of registered pharmaceutical products continued to register growth. Traditional products registered an AAGR of 3.9% followed by prescription and non-prescription products at AAGR of 3.2% and 2.3% respectively.

## 6. DEMAND

- The sales of pharmaceutical products constitute the bulk of the revenue generated from the Community Pharmacy Industry. In addition, various other products such as personal care products, health food, and medical and surgical devices are also commonly available in community pharmacies.
- As such, the following statistics will focus on household expenditure on pharmaceutical products and a range of other products that are commonly available in community pharmacies in view of assessing demand for this industry.

## 7. THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

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## 6.1 Household Expenditure

## Average Monthly Household Expenditure on Selected Items

	2004/05	2009/10	AAGR 2004/05- 2009/10 (%)
<b>Malaysia</b>			
Overall Average Mthly Household Expenditure	1,953.02	2,190.37	2.3
- Healthcare .....	27.05	28.82	1.3
--Pharmaceutical Products <sup>1</sup> .....	12.41	14.27	2.8
--Other Medical Products <sup>2</sup> .....	0.48	0.96	14.9
--Therapeutic Appliances and Equipment <sup>3</sup> .....	2.28	2.93	5.1
- Personal Care Products <sup>4</sup> .....	38.16	55.84	7.9
<b>Peninsular Malaysia</b>			
Overall Average Mthly Household Expenditure .....	2,035.40	2,274.02	2.2
-Healthcare .....	29.33	30.27	0.6
--Pharmaceutical Products <sup>1</sup> .....	13.36	15.09	2.5
--Other Medical Product <sup>2</sup> .....	0.52	0.99	13.7
--Therapeutic Appliances and Equipment <sup>3</sup> .....	2.59	3.26	4.7
-Personal Care Products <sup>4</sup> .....	40.42	56.09	6.8

Notes: All units in RM except percentages.

(1) Refers to scheduled and OTC drugs, medicines for health upkeep and traditional medicines. Note that this subgroup is not confined to pharmaceutical products spent in community pharmacies alone, but is inclusive of those supplied by other retailers and healthcare institutions;

(2) Includes products such as bandages, cotton wool, contraceptive pills, contact lens solution, disinfectant, pregnancy tests and others;

(3) Includes products such as hearing aids, dentures, wheel chairs, orthopaedic braces and supports and others;

(4) Refers to electrical or other appliances, articles and products for personal care.

(Source: Department of Statistics)

- Overall, the average monthly household expenditure in Malaysia has increased from RM1,953.02 in 2004/05 to RM2,190.37 in 2009/10. This reflects an AAGR of 2.3% during the period under review.
- Overall, healthcare expenditure registered an AAGR of 1.3%, of which expenditure on pharmaceutical products as one of the subgroups, recorded an AAGR of 2.8% between 2004/05 and 2009/10. Thus, this indicates a continuing demand for such products.
- The average monthly expenditure on specifically pharmaceutical products, other medical products and therapeutic appliances and equipment in Malaysia increased from RM15.17 in 2004/05 to RM18.16 in 2009/10. This reflects an AAGR of 3.7% during the period under review.

## 7. THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

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## 7. DEMAND DEPENDENCIES

- As the demand for pharmaceutical products and other products sold in community pharmacies is ultimately dependent on end-consumers, the following factors will have an impact on the Community Pharmacy Industry:
  - Per capita income;
  - Population growth;
  - Average life expectancy.

## 7.1 Per Capita Income

- The increase in the affluence of Malaysia, which can be represented by per capita income, will generally mean greater affordability and higher consumer spending on consumer products including pharmaceutical products.

**Malaysia's Per Capita Income (Based on Current Prices)**

	2008	2009	2010	2011	2012e	AAGR 2008-2012 (%)
Per Capita Income .....	26,041	23,850	26,882	29,661	30,809	4.3

Notes: All units in RM except percentages; e = estimate.

(Source: Bank Negara Malaysia)

- In 2012, Malaysia's per capita income grew by 4.3% to reach RM30,809 from RM29,661 in 2011.
- Between 2008 and 2012, Malaysia's per capita income grew at an AAGR of 4.3%.

## 7.2 Population Growth

- Growth in Malaysia's population will provide the impetus for demand for pharmaceutical products as well as other products sold in community pharmacies.

**Malaysia's Mid-Year Population Estimate by Age Groups**

	2008	2009	2010	2011	2012	AAGR 2008-2012 (%)
0 – 14 .....	7,757	7,724	7,822	7,785	7,757	0.0
15 – 64.....	18,547	18,890	19,342	19,704	20,034	1.9
65 and above .....	1,236	1,282	1,425	1,475	1,545	5.7
<b>Total</b>	<b>27,541</b>	<b>27,895</b>	<b>28,589</b>	<b>28,964</b>	<b>29,337</b>	<b>1.6</b>

Notes: All units in thousands except percentages; Total does not add-up due to rounding.

(Source: Department of Statistics)

- The population of Malaysia in 2012 was estimated to be 29.3 million. This reflects an AAGR of 1.6% since 2008.



## 7. THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

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- Between 2008 and 2012, Malaysia's population aged 65 and above recorded an AAGR of 5.7%, which is significantly higher than the other age groups. An ageing population would continue to drive the demand for pharmaceutical products.

**7.3 Average Life Expectancy**

- An increase in average life expectancy would mean an increase in the ageing population. A larger ageing population segment would normally place higher demands on pharmaceutical products including those sold through community pharmacies.

**Malaysia's Average Life Expectancy at Birth**

	2008	2009	2010p	2011e	2012e	AAGR 2008 - 2012 (%)
Male.....	71.6	71.6	71.7	72.0	72.3	0.2
Female .....	76.4	76.5	76.8	77.1	77.2	0.3

*Notes: All units in years except percentages.*

*(Source: Department of Statistics)*

- Between 2008 and 2012, the life expectancies at birth of average male and average female in Malaysia registered an AAGR of 0.2% and 0.3% respectively.
- In 2012, the average life expectancy for male and female in Malaysia grew by 0.4% and 0.1% respectively.

**8. COMPETITIVE ANALYSIS****8.1 Nature of Competition in the Industry**

- In general, operators in the Community Pharmacy Industry in Malaysia face normal competitive conditions, which is similar to a free enterprise environment characterised by the following:
  - There are no undue government regulations or licensing requirements with the exception of the following:
    - Each community pharmacy premises must have a registered pharmacist licensed to dispense scheduled drugs;
    - Operator of a community pharmacy must be registered with the Pharmacy Board.
  - The industry is not dominated by a single or small number of operators;
  - Operators may enter or leave the industry freely;
  - No single or small group of operators is large enough to dictate pricing;
  - Supply of patented and generic drugs, scheduled and non-scheduled, are made equally available to all community pharmacies and other licensed premises.

## 7. THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

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- In such an environment, the industry is subjected to normal supply and demand conditions moderated by the price mechanism. Operators in the industry, including CARiNG Group, compete on service differentiations, and other factors of competition.

**8.2 Factors of Competition**

- As with most free enterprise environment, competition within the Community Pharmacy Industry is based on a number of factors, including:
  - Brand name and market reputation;
  - Range of products and services;
  - Quality of service;
  - Economies of scale;
  - Location.

- **Brand Name and Market Reputation**

With the target market for the Community Pharmacy Industry being consumers, brand name and reputation are key competitive factors in this industry. As such, an established brand name with a strong market reputation that appeals to target customer groups would be able to garner higher customer loyalty from existing customers as well as be in a stronger position to attract new customers through strong brand equity.

- **Range of Products and Services**

Operators that provide a wide range of products and services, especially pharmaceutical and health related products and services would have an advantage over operators with small or limited range of products and services. Operators with a wider range of products and services are better positioned to attract more customers and cater to their diverse preferences and requirements.

- **Quality of Service**

As community pharmacies are retail based operations, quality of service in terms of customer service and meeting customers' requirements are paramount in cultivating customer loyalty. In addition, community pharmacies staffed by professional pharmacists that are able to provide advice concerning minor ailments or general health is also an important factor in garnering customer loyalty, which could in turn generate repeat sales and patronage.

- **Economies of Scale**

Operators of a chain of community pharmacies would have stronger negotiation power to obtain better commercial terms in terms of product costs, credit terms, logistics arrangements and others. Similarly, community pharmacies that are part of a buying and marketing group are also able to maximise on some economies of scale through the group's combined purchases of products and/or services. Economies of scale would provide operators with higher gross margin, which would enable them to compete more effectively.

## 7. THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

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- **Location**

Community pharmacies operate in a consumer-based industry. As such, pharmacies located in densely populated areas, for example urban areas, and in high pedestrian traffic areas, for example shopping malls and shopping areas, would have a competitive advantage over those in low density population areas or in areas with low pedestrian traffic.

## 8.3 Operators in the Industry

- In June 2013, there were 2,205 community pharmacies in Malaysia (*Source: Pharmaceutical Services Division, Ministry of Health*).
- Some of the chain community pharmacies in Malaysia operating under their common brand names include the following (listed in alphabetical order):
  - Aeon Wellness;
  - Alpro Pharmacy;
  - **Caring Pharmacy;**
  - Constant Pharmacy;
  - Cosway Farmasi;
  - D'Apotic Pharmacy;
  - Farmasi Alpha.com<sup>(1)</sup>;
  - Farmasi Vitacare;
  - Georgetown Pharmacy;
  - Guardian;
  - Health Lane Family Pharmacy;
  - Multicare Pharmacy;
  - My Pharmacy;
  - Tigas Farmasi<sup>(1)</sup>;
  - Watsons.

*Notes:*

*This is not an exhaustive list.*

*(1) This is the common brand name carried by a group of independent community pharmacies that have contractual agreements with the brand owner to allow them to use the brand name.*

*(Source: Vital Factor Consulting)*

## 7. THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

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## 9. GOVERNMENT REGULATIONS

- Some of the regulations and policies applicable to the Community Pharmacy Industry are listed below:

## 9.1 Registration of Pharmacists

- According to the Registration of Pharmacists Act 1951 (Revised – 1989), registration of pharmacists can be broadly segmented into two types as follows:

**Provisionally Registered Pharmacist**

- A person who holds any registrable qualifications specified in the Act or a qualification in pharmacy, which is deemed suitable for registration, shall be entitled to be provisionally registered as a pharmacist, solely for the purpose of obtaining experience, by engaging in employment as a pharmacist to the satisfaction of the Pharmacy Board for a period of not less than one year in any of the public sector premises listed in the relevant section of the Act.

**Fully Registered Pharmacist**

- Upon gaining the experience required for a provisionally registered pharmacist, a person shall be entitled to be a fully registered pharmacist with the Pharmacy Board.

Every fully registered pharmacist who desires his or her name to be retained on the register shall have to apply for an annual certificate on a yearly basis.

*(Source: Registration of Pharmacists Act 1951 (Revised – 1989))*

## 9.2 Registration of Body Corporate

- Any body corporate undertaking the business of keeping, retailing, dispensing and compounding of poisons, dangerous drugs or therapeutic substances shall register with the Pharmacy Board.
- Every registered body corporate who desires its name to be retained on the register shall apply for an annual certificate on a yearly basis.

*(Source: Registration of Pharmacists Act 1951 (Revised – 1989))*

## 9.3 Poisons Act 1952 (Revised – 1989)

- According to the Poisons Act 1952 (Revised – 1989), no poison shall be sold by wholesale or retail except by a licensed wholesaler or retailer respectively.
- 'Type A Licence' is issued to a pharmacist to import, store and deal generally by wholesale and retail or by wholesale only or by retail only in all poisons in the Act. As such, community pharmacies that undertake retailing of pharmaceutical products would require a pharmacist with 'Type A Licence'.

## 7. THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

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- Some of the common types of poisons sold in community pharmacies are as follows:

**Group B**

Supply by retail is restricted to the following:

- by a registered medical practitioner to his patient in accordance to the Act;
- by a licensed pharmacist, as a dispensed medicine on and in accordance with a prescription prescribed by a registered medical practitioner in accordance to the Act.

Notwithstanding the above, in cases of emergency, it shall be lawful to sell or supply such poison without a prescription, provided that an entry is made in the prescription book, upon the verbal or telephoned instructions of a medical practitioner personally known to him or her.

**Group C**

Supply by retail is restricted to the following:

- as a dispensed medicine or an ingredient in a dispensed medicine supplied by a registered medical practitioner or a licensed pharmacist.

- Any poison sold or supplied as a dispensed medicine or as an ingredient in a dispensed medicine shall be entered into a prescription book.

*(Source: Poisons Act 1952 – revised 1989)*

**9.4 Poisons (Psychotropic Substances) Regulations 1989**

- According to the Poisons (Psychotropic Substances) Regulations 1989, possession, sale, supply and/or dispensing of psychotropic substances are restricted to authorised persons, including a licensed pharmacist.
- Any person who sells or supplies or administers any psychotropic substances for the purposes of medical treatment of a particular patient shall keep and maintain a register to be called the “Prescription Register for Psychotropic Substances” and for other purposes, a register to be called the “Supply Register for Psychotropic Substance”.
- Any disposal of psychotropic substances must be done in the presence and in accordance with the instructions of a Drug Enforcement Officer.
- The date and quantity of psychotropic substances disposed must be entered into the register and shall be acknowledged by the Drug Enforcement Officer.

*(Source: Poisons (Psychotropic Substances) Regulations 1989)*

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**9.5 Dangerous Drugs Act 1952**

- Under the Dangerous Drugs Regulations 1952, a person shall not be in possession, supply or procure, or offer to supply or procure, to or for any person (including himself) whether in Malaysia or elsewhere, or advertise for sale of a drug or preparation listed in the First Schedule of the Act, unless he is authorised under the Act to do so.
- The supply of any drug or preparation under the Act must be entered into a Dangerous Drugs Register with proper reference to each entry in the Prescription Book.

*(Source: Dangerous Drug Regulations 1952)***9.6 Sale of Drugs Act 1952 (Revised 1989)**

- Under the Control of Drugs and Cosmetics Regulations 1984 within the Sale of Drug Act 1952, no person shall manufacture, sell, supply, import or possess or administer any drugs unless:
  - the drug is a product registered with the Drug Control Authority (DCA); and
  - the person holds the appropriate licence required and issued under these Regulations, which includes a manufacturer's licence, a wholesaler's licence, a clinical trial import licence or an import licence.

*(Source: Control of Drugs and Cosmetic Regulations 1984)***9.7 Medicine Advertisement Sale Act 1956**

- According to the Act, no person shall take any part in the publication of any advertisement relating to the diseases specified in the Schedule of the Act, abortion, medicines to be approved and skill or service relating to the treatment, prevention or diagnosis of any ailment, disease, injury, infirmity or condition affecting the human body, unless approved by the Medicine Advertisements Board.

*(Source: Medicines (Advertisement and Sale) Act 1956 – revised 1983)***9.8 Penalties**

- The following table summarises the maximum fines that are enforceable upon conviction of failure to comply to the respective acts and regulations:

<b>Act / Regulation</b>	<b>Maximum Fine (RM)</b>
Registration of Pharmacist Act 1951	50,000
Poisons Act 1952	10,000
Poisons (Psychotropic Substances) Regulations 1989	10,000
Dangerous Drugs Act 1952	100,000
Dangerous Drugs Regulations 1952	10,000
Sales of Drugs Act 1952	100,000
Control of Drugs and Cosmetic Regulations 1984	100,000
Medicine (Advertisement and Sale) Act 1956	5,000

## 7. THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

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- Other forms of punishments under these acts and regulations also include imprisonment, whipping and death penalty.
- However, many of these penalties are specifically directed to individuals and not companies or body corporates. The exceptions to this is the Registration of Pharmacist Act 1951, Poisons Act 1952, Poisons (Psychotropic Substances) Regulations 1989 and the Sales of Drugs Act 1952, which specifically provide for penalties directed to individuals and body corporates.

## 10. BARRIERS TO ENTRY

- Some of the barriers to entry applicable to the Community Pharmacy Industry are listed below:

## 10.1 Capital and Set-up Costs

- The barriers to entry into the Community Pharmacy Industry are relatively low based on capital requirements (excluding land and building).
- The capital requirements of setting-up an independent community pharmacy would be between RM200,000 and RM400,000 that includes both renovation costs (fixtures and fittings) and stocks. An independent community pharmacy of this size is estimated to generate revenue of approximately RM0.5 million to RM3 million per year.
- At this level of entry, the set-up cost is for one outlet the size of a typical shop-lot of approximately 1,700 square feet. Capital costs would start to escalate for an operator that wants to establish a chain of community pharmacies in order to generate higher revenue and to achieve economies of scale.

## 10.2 Industry Regulations

- Regulations relevant to the Community Pharmacy Industry may pose a barrier of entry for new entrants. Some of these regulations may include, among others, the following:

**Registration of Body Corporate**

- Any entity that operates one or more community pharmacy outlets is required to be a registered body corporate with the Pharmacy Board. In addition, the control and management of the body corporate shall be represented by registered pharmacists.

## 7. THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

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**Registered and Licensed Pharmacist**

- It is a requirement to have at least one licensed pharmacist to operate a community pharmacy outlet. In this case, a licensed pharmacist refers to a registered pharmacist who is the holder of a Pharmacist's Poisons Licence (Type A Licence). To qualify as a licensed pharmacist, an individual would need to possess relevant qualifications and experience, and fully registered with the Pharmacy Board before being eligible for a 'Type A Licence'.
- Hence, the requirement on body corporate registration and availability of registered and licensed pharmacists would pose a barrier to entry, especially for non-pharmacist-owned outlets, or for a corporation that intends to own or operate a chain of community pharmacies.

**11. THREAT OF SUBSTITUTES**

- There are substitutes for community pharmacies depending on the type of pharmaceutical products as follows:
  - Scheduled drugs and some of the OTC drugs may be obtained through healthcare institutions. These healthcare institutions include, among others, clinics and hospitals. However, these healthcare institutions mainly service their own patients or customers. It is not common for non-patients or non-customers to purchase scheduled or OTC drugs from healthcare institutions.
  - Some of the OTC drugs may be purchased from hypermarkets, supermarkets, convenience stores and Chinese Medical Halls.
  - Many of the health supplements may be purchased from specialised health food and supplement stores, hypermarkets, supermarkets, convenience stores, Chinese Medical Halls and through direct sales using single-level and multilevel marketing, and through the internet.
  - Some of the traditional medicines may be purchased from Chinese Medical Halls.

**12. RELIANCE AND VULNERABILITY TO IMPORTS**

- Pharmaceutical products in Malaysia are manufactured locally as well as sourced through imports.
- In 2012, local production of pharmaceutical products, medicinal chemicals and botanical products amounted to RM1.7 billion while imports of medicinal and pharmaceutical products totalled RM4.7 billion.
- Although the Community Pharmacy Industry is reliant on imports, risk of supply disruption is mitigated by the various sources of supply from a number of overseas markets.



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- In 2012, imports of medicinal and pharmaceutical products were mainly sourced from the following countries:

	RM million	%
United States .....	563.5	12.1
Germany .....	434.2	9.3
Switzerland .....	425.0	9.1
China .....	409.5	8.8
France .....	375.4	8.1
Australia .....	279.4	6.0
United Kingdom .....	270.2	5.8

(Source: Department of Statistics)

- Malaysia is also reliant on a large number of patented drugs in which owners of the patents are corporations in overseas countries. However, this reliance on patented drugs is not a significant business risk to community pharmacies as they carry a wide range of products including patented drugs, generic drugs, OTC products, health supplements and other non-pharmaceutical products. The inability to carry one or a small range of patented drugs would be insignificant compared to several hundreds up to a thousand or more products that a typical community pharmacy in Malaysia would carry.

**13. INDUSTRY PROSPECTS AND OUTLOOK**

- The outlook of the Community Pharmacy Industry is dependent on the following factors:
  - Performance of the retail trade sector;
  - Economic conditions;
  - Population and consumer demographics;
  - Separating prescribing and dispensing functions;
  - Recommended requirements for pharmacists.

**13.1 Performance of the Retail Trade Sector**

- The outlook of the Community Pharmacy Industry is dependent on the performance of the retail trade sector. This is because community pharmacies operate within the retailing industry and many of its products are general consumer products including health supplements and other non-pharmaceutical products like personal care items.
- As such, growth in the retail trade sector would have a direct and positive flow-on effect on the Community Pharmacy Industry.
  - Between 2008 and 2012, the retail trade sector in Malaysia grew at an AAGR of 8.5%.
  - Between 2008 and 2012, the retail trade of other goods in specialised stores in Malaysia grew at an AAGR of 7.3%.

(Source: Department of Statistics)

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- The continuing growth in the retail trade in the last few years would augur well for the future growth and prospects of the Community Pharmacy Industry in Malaysia.
- The wholesale and retail trade, accommodation and restaurants sector is targeted to grow at an AAGR of 8.3% between 2011 and 2015 (*Source: 10<sup>th</sup> Malaysia Plan, Economic Planning Unit*).

**13.2 Economic Conditions**

- A growing economy provides the impetus for private and public spending, which would have a positive flow-on effect on the Community Pharmacy Industry.
  - Between 2008 and 2012, real GDP of the Malaysian economy grew at an AAGR of 4.1%;
  - In 2012, the Malaysian economy registered real GDP growth of 5.6%;
  - As for 2013, real GDP for Malaysia is forecasted to grow between 4.5% and 5.0%.

*(Source: Bank Negara Malaysia)***13.3 Population and Consumer Demographics**

- As the Community Pharmacy Industry services the general population, changes in population and demographics would have an impact on the long-term prospects of the industry.
- Some of the indicators for population and consumer demographics are as follows:

**Population and Consumer Demographics of Malaysia**

	<b>AAGR (%)</b>
Total Population (2008 to 2012).....	1.6
Population of Age 65+ (2008 to 2012).....	5.7
Per Capita Income (2008 to 2012).....	4.3
Average Monthly Household Expenditure (2004/05-2009/10) .....	2.3

*(Sources: Department of Statistics, Bank Negara Malaysia)*

- A growing population would increase the potential customer base for community pharmacies, while an ageing population would increase demand for pharmaceutical products.
- Higher per capita income and higher average monthly household expenditure would mean increase spending by consumers, which could also have a positive flow on effect on community pharmacies.
- If the above indicators continue to grow in the future, this would augur well for operators in the Community Pharmacy Industry.

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- The total population and population of 65 years and above are forecasted to grow at an AAGR of 1.1% and 4.1% respectively between 2011 and 2015 (*Source: 10<sup>th</sup> Malaysia Plan, Economic Planning Unit*).
- In addition, Malaysia's per capita income is forecasted to grow by 7.2% to RM33,015 in 2013 (*Source: Bank Negara Malaysia*).

**13.4 Separating Prescribing and Dispensing Functions**

- Medical practitioners are currently allowed to dispense medicine for the treatment of their patients. However, the Malaysian National Medicines Policy (MNMP) under the Ministry of Health recognises the importance and the need of separating prescribing and dispensing functions in the future.

*(Source: National Medicines Policy of Malaysia, Ministry of Health)*

- If the separation materialises, a significant proportion of scheduled drugs currently prescribed by medical practitioners and dispensed by healthcare institutions, will be dispensed through community pharmacies. This would have a significant and positive impact on the Community Pharmacy Industry in Malaysia.

**13.5 Recommended Requirements for Pharmacists**

- According to the World Health Organisation (WHO), in order for optimal healthcare to be delivered in a developed nation, a 1:2000 pharmacist-to-population ratio is recommended.
- Based on a population of 29.3 million in 2012, the recommended requirement for pharmacists in Malaysia is approximately 14,650 pharmacists.
- In 2012, there were 9,886 fully registered pharmacists and 1,208 provisional registered pharmacists in Malaysia, compared to the estimated national requirement of 14,650 pharmacists.

*(Source: Department of Statistics, Pharmacy Board)*

- The shortfall of pharmacists in Malaysia compared to WHO recommended requirement seems to suggest that in 2012, Malaysia's Community Pharmacy Industry had not reached saturation point.

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**14. THREATS AND RISK ANALYSIS****14.1 Shortage of Fully Registered Pharmacists**

- The operation of community pharmacies is highly dependent on fully registered pharmacists. This is because the dispensing of scheduled drugs can only be carried out by a fully registered pharmacist in a community pharmacy.
- In 2012, Malaysia was short of approximately 30% of the number of pharmacists as recommended by the World Health Organisation. In addition, the relatively low capital and set-up costs for a community pharmacy may encourage pharmacists to open their own independent pharmacies as opposed to working for, or partnering with chain community pharmacies.
- As such, there is a risk that the shortage or difficulties in hiring fully registered pharmacists may impede on the growth plans of chain community pharmacies.

**Mitigating Factors**

- The risk of shortage of pharmacists is mitigated by the supply of graduate pharmacists from local and overseas universities.
- Within public and private higher education institutions in Malaysia, the number of pharmacy student enrolment has been relatively stable where it registered a marginal decline in average annual rate of 0.3% between 2008 and 2012. Nevertheless, the number of pharmacy student enrolment in Malaysia grew by 12.8% in 2012. This growth is further supplemented by overseas universities that offer recognised pharmacy courses to Malaysian students.
- In addition, between 2008 and 2012, the number of provisionally registered pharmacists recorded an AAGR of 13.7% indicating potentially a strong flow of supply of fully registered pharmacists.

**14.2 Changes in Government Legislations**

- The Community Pharmacy Industry is regulated by various government legislations, including the Registration of Pharmacists Act, Poisons Act, Sales of Drugs Act, Dangerous Drugs Act and Medicine (Advertisement and Sale) Act.
- There is a risk that the any changes in government legislations or introduction of new policies, may negatively affect the Community Pharmacy Industry.

**Mitigating Factors**

- All community pharmacies are subjected to the same set of rules, regulations and guidelines. As such, operators that diligently comply with all government rules, regulations and guidelines would not be adversely affected by changes in government regulations.

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**7. THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)**

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**14.3 Pilferages and Robbery**

- Community pharmacies operate in a retail environment that is open to the public, and cash payment constitutes a large proportion of all sales transactions.
- Therefore, community pharmacy operators are exposed to the risk of pilferages by internal staff and external customers, as well as exposed to the potential risk of robbery.

**Mitigating Factors**

- Generally, operators may minimise the risk of pilferages by putting in place certain preventive measures such as securing the premises with alarms, installing CCTV in the premises and other operational procedures that would deter employees and customers from committing acts of pilferages and robbery.

**14.4 Economic Slowdown**

- Any widespread and/or prolonged economic slowdown would affect consumer and business confidence, and subsequently their propensity to spend. The uncertainty over the global economies, particularly resulting from the euro zone debt problem, may also impact on the local economy. This may cause consumers to be more cautious in their spending patterns, thus leading to a slowdown in consumer spending on discretionary items.
- All these may impair the performance of operators within the Community Pharmacy Industry considering that the general public is their end-user.

**Mitigating Factors**

- Generally, demand for pharmaceutical products is more resilient to an economic slowdown as many of these items are considered necessities, particularly scheduled drugs, or important to the maintenance of health and general wellbeing.
- As such, operators whose revenue streams are substantially derived from pharmaceutical products as opposed to general fast moving consumer goods would be in a better position to weather a slowdown in the local economy.

## 7. THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

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## 15. DRIVERS OF GROWTH

- Some of the drivers of growth for the Community Pharmacy Industry are as follows:
  - **Separation of prescribing and dispensing functions**, if implemented in Malaysia, would move a significant proportion of the business of dispensing scheduled and some OTC drugs from healthcare institutions to community pharmacies.
  - **Vertical integration into upstream activities**, such as venturing into the sourcing and supply of OTC drugs and health supplements sold under own brands, could possibly bring down costs, and if distributed to third party wholesalers and retail outlets, would provide growth.
  - **Non-traditional retail sales**, for example e-commerce, would enable operators to cover a wider base of potential consumers particularly for non-scheduled drugs. E-commerce could also potentially open up export markets, particularly for unique products that are indigenous to Malaysia.
  - **Socio-economic growth** such as GDP, general population, ageing population, household income and household spending would drive the demand for pharmaceutical products.
  - **A growing ageing population** would also drive demand for pharmaceutical products. Between 2008 and 2012, Malaysia's population aged 65 and above recorded an AAGR of 5.7%.

## 16. CRITICAL SUCCESS FACTORS

- **Attracting and retaining pharmacists** is critical particularly for chain community pharmacies that commonly rely on pharmacists as staff or business partners. The failure to do that would impede on the growth plans of any chain pharmacies. This is because a community pharmacy intending to dispense scheduled drugs must have on its premises, at least a licensed pharmacist. Thus, the ability to attract and retain pharmacists is critical for a chain pharmacy to grow its business.
- **Brand equity**, including market reputation and branding are critical in a consumer-based industry, which includes community pharmacies. Consumers are more likely to patronise retail outlets that they are aware of, or have confidence in their products and services. Brand equity, particularly for chain pharmacies would be critical to ensure continuing business growth.
- **Economies of scale** provide operators with cost and service advantages. Economies of scale is particularly relevant to chain pharmacies whose purchasing power would enable them to obtain favourable pricing as well as better commercial terms including credit periods, frequency of delivery and efficiency in logistics. In addition, marketing and promotional expenses are optimised as the benefits and costs are shared among many outlets. Economies of scale would provide chain operators with greater financial resources to expand the business or invest in other areas of growth.

## 7. THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

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- **Prudent and effective retail management** is critical for all retail based operations including community pharmacies. Retail management includes choice of location to optimise profits, maximise effective product display to attract and encourage customers to make purchases, optimum merchandising to maximise sales from limited retail space, use of information technology for effective and efficient operation of the business, and implementation of cost effective security measures to minimise pilferages from internal staff and external customers.
- **Quality of service** is a critical factor in all retail based operations. Specifically, community pharmacies need to differentiate themselves from any other retail stores by providing quality professional service and advice to customers. This is also essential in garnering customer trust and loyalty, which in turn would generate more repeat sales.

**17. MARKET RANKING AND SHARE****17.1 Market Ranking**

- As at June 2013, CARiNG Group had a total of 83 community pharmacy outlets in Malaysia. Based on the number of community pharmacy outlets, CARiNG Group ranked among the **top three** community pharmacy operators in Malaysia as at June 2013 (*Source: Vital Factor Consulting*).

*Note: Ranking of operators is based on the number of community pharmacy outlets operating under a common brand name.*

**17.2 Market Share**

- As at June 2013, CARiNG Group had an estimated market share of **4%** of the Community Pharmacy Industry in Malaysia based on number of community pharmacy outlets (*Source: Pharmaceutical Services Division, Ministry of Health and computed by Vital Factor Consulting*).
- As at June 2013, no one single operator has more than **7%** market share of the Community Pharmacy Industry in Malaysia based on the number of community pharmacy outlets (*Source: Pharmaceutical Services Division, Ministry of Health and computed by Vital Factor Consulting*).
- As at June 2013, CARiNG Group had an estimated market share of **8%** of the Community Pharmacy Industry in Kuala Lumpur and Selangor based on the number of community pharmacy outlets (*Source: Pharmaceutical Services Division, Ministry of Health and computed by Vital Factor Consulting*).

*Note: Market share of community pharmacies is based on the number of community pharmacy outlets, which are defined as those with a licensed pharmacist to dispense scheduled drugs.*

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7. **THE INDEPENDENT MARKET RESEARCH REPORT** *(Cont'd)*

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We, Vital Factor Consulting, have prepared this report in an independent and objective manner and have taken all reasonable consideration and care to ensure the accuracy of the report. It is our opinion that the report represents a true and fair assessment of the industry within the limitations of, among others, secondary statistics and information, and primary market research. Our assessment is for the overall industry and may not necessarily reflect the individual performance of any company. We do not take any responsibilities for the decisions or actions of readers of this document. This report should not be taken as a recommendation to buy or not to buy the shares of any company.

Yours sincerely

Wooi Tan  
Managing Director



## 8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT

### 8.1 PROMOTERS

#### 8.1.1 Particulars and Shareholdings of the Promoters

The details of our Promoters and their shareholdings in our Company before and after the IPO are as follows:

Name	Nationality/ Place of Incorporation	(a) Before the IPO		(b) After the IPO	
		Direct		Direct	
		No. of Shares	%	No. of Shares	%
Motivasi Optima Jitumaju	Malaysia	109,623,857	60.00	109,623,857	50.35
	Malaysia	37,188,278	20.35	37,188,278	17.08

Notes:

- (a) Based on our issued and paid-up share capital of 182,706,400 Shares after the Acquisition.  
(b) Based on our enlarged issued and paid-up share capital of 217,706,400 Shares after the IPO.

Save for the foregoing, we are not aware of any other person(s) who directly or indirectly, jointly or severally, exercise control over us. The ultimate shareholders of Motivasi Optima and Jitumaju are disclosed in the following sections.

#### 8.1.2 Profiles of the Promoters

##### (i) Motivasi Optima

##### (a) Background Information

Motivasi Optima is principally involved in investment holding. It was incorporated in Malaysia under the Act on 12 December 2012 as a private limited company under its present name.

The authorised and issued and paid-up share capital of Motivasi Optima as at the LPD is as follows:

Type (Ordinary Shares)	No. of Shares	Par Value RM	Total RM
Authorised	100,000	1.00	100,000
Issued and fully paid-up	100,000	1.00	100,000

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## 8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

### (b) Directors and Substantial Shareholders

The particulars of the Directors, substantial shareholders and their shareholdings in Motivasi Optima as at the LPD is as follows:

Name	Nationality	No. of Ordinary Shares of RM1.00 Each Held in Motivasi Optima			
		Direct	%	Indirect	%
<b>Directors and Substantial Shareholders</b>					
<b>Directors</b>					
Soo Chan Chiew	Malaysian	18,647	18.65	-	-
Ang Khoon Lim	Malaysian	18,647	18.65	-	-
Chia Kia	Malaysian	13,162	13.16	-	-
Chong Yeow Siang	Malaysian	14,239	14.24	(a)4,408	4.41
Ch'ng Haw Chong	Malaysian	2,500	2.50	-	-
Gooi Chean Keong	Malaysian	4,875	4.87	-	-
Loo Jooi Leng	Malaysian	4,875	4.87	-	-
Tan Lean Boon	Malaysian	18,647	18.65	-	-
<b>Substantial Shareholders</b>					
Soo Chan Chiew	Malaysian	18,647	18.65	-	-
Ang Khoon Lim	Malaysian	18,647	18.65	-	-
Chia Kia	Malaysian	13,162	13.16	-	-
Chong Yeow Siang	Malaysian	14,239	14.24	(a)4,408	4.41
Tan Lean Boon	Malaysian	18,647	18.65	-	-
Tan Lye Suan	Malaysian	4,408	4.41	(b)14,239	14.24

Notes:

- (a) Deemed interested by virtue of his spouse, Tan Lye Suan's direct shareholdings in Motivasi Optima, pursuant to Section 6A of the Act.
- (b) Deemed interested by virtue of her husband, Chong Yeow Siang's direct shareholdings in Motivasi Optima, pursuant to Section 6A of the Act.

### (c) Profiles of Directors and Substantial Shareholders

The profiles of Chong Yeow Siang, Soo Chan Chiew, Tan Lean Boon, and Ang Khoon Lim are disclosed in Section 8.4.2 of this Prospectus. The profiles of Ch'ng Haw Chong, Gooi Chean Keong and Loo Jooi Leng are disclosed in Section 8.6.2 of this Prospectus. The profiles of Chia Kia and Tan Lye Suan are as follow:

#### Chia Kia

Chia Kia, aged 46, graduated in 1992 from Universiti Sains Malaysia with a Bachelor of Pharmacy (Honours) Degree. He became a Registered Pharmacist with the Ministry of Health in 1993. His career started in 1992 as a Houseman Pharmacist in the Hospital Muar and G.M.S. Petaling Jaya. Subsequently he left and joined Alychem Pharmacy Sdn Bhd as a Pharmacist in 1993. In 1994, he joined Allin Pertama Pharmacy Sdn Bhd as a pharmacist. He left Allin Pertama Pharmacy in 1995 and took up the position as Branch Manager at the Taman Tenaga outlet of Caring Pharmacy as well as director of Caring Pharmacy Sdn Bhd. In 2006, he was appointed as a director of Caring Pharmacy Retail Management Sdn Bhd. Currently he is a non-executive director of Caring Pharmacy Retail Management Sdn Bhd.

## 8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

### Tan Lye Suan

Tan Lye Suan, aged 47, graduated in 1992 from Universiti Sains Malaysia with a Medical Doctor (Hons) Degree. Upon graduation, she was posted to Penang General Hospital as a House Medical Officer for a year. Subsequently, she served as a registered Medical Officer in Kuala Lumpur Hospital till 1995. She joined the Medical Faculty of Universiti Malaya in 1996 to pursue a Degree in Master of Surgery in ENT, Head & Neck. She graduated with the Master Degree in 1999 and was posted to Klang General Hospital as a Clinical Specialist then subsequently as a Consultant Surgeon and in 2004 as a Head of ENT Department in Klang General Hospital. In 2006, she set up the ENT Department at the new Sungai Buloh Hospital and later became the Head of the ENT Department. In 2008, she left the Ministry of Health Service and started her own medical practice in Hospital Pantai Kuala Lumpur till now. She is the spouse of Mr Chong Yeow Siang, Managing Director of Caring Pharmacy Group Berhad.

### (ii) Jitumaju

#### (a) Background Information

Jitumaju is principally involved in investment holding. It was incorporated in Malaysia under the Act on 26 October 1983 as Shaklee Electronics Berhad, and was converted into a private company under the name Shaklee Electronics Sdn. Bhd on 23 January 1987. It subsequently adopted its present name on 29 January 1988.

The authorised and issued and paid-up share capital of Jitumaju as at the LPD is as follows:

Type (Ordinary Shares)	No. of Shares	Par Value RM	Total RM
Authorised	10,000,000	1.00	10,000,000
Issued and fully paid-up	6,000,000	1.00	6,000,000

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## 8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

### (b) Directors and Substantial Shareholders

The particulars of the Directors, substantial shareholders and their shareholdings in Jitumaju as at the LPD is as follows:

Name	Nationality	No. of Ordinary Shares of RM1.00 Each Held in Jitumaju			
		Direct	%	Indirect	%
<b>Directors and Substantial Shareholders</b>					
<b>Directors</b>					
Chow Lean Keat	Malaysian	-	-	-	-
Lee Teck Chuan	Malaysian	-	-	-	-
<b>Substantial Shareholders</b>					
TSVT	Malaysian	4,200,000	70.00	<sup>(1)</sup> 1,800,000	30.00
Nerine Tan Sheik Ping ("Nerine Tan")	Malaysian	900,000	15.00	<sup>(2)</sup> 4,200,000	70.00
Chryseis Tan Sheik Ling ("Chryseis Tan")	Malaysian	900,000	15.00	<sup>(2)</sup> 4,200,000	70.00

Notes:

- (1) Deemed interested by virtue of his daughters, Nerine Tan and Chryseis Tan's direct shareholdings in Jitumaju, pursuant to Section 6A of the Act.
- (2) Deemed interested by virtue of her father, TSVT's direct shareholdings in Jitumaju, pursuant to Section 6A of the Act.

### (c) Profiles of Directors and Substantial Shareholders

#### Chow Lean Keat

Chow Lean Keat, aged 56, was appointed to the Board on 15 September 2008.

He is a Fellow member of the Association of Chartered Certified Accountants (UK) and also a member of the Malaysian Institute of Accountants.

He has more than 30 years of working experience in the fields of accounting, audit, financial and general management. He started his career in Birmingham in 1981 and worked for more than three years in chartered accounting firm in Birmingham. He also worked with NCR in early 1989 as accountant for 2 years before joining the current group of companies. His other experiences includes textile manufacturing, golf course construction & management, credit & leasing, property development, insurance and motor (sales & service)

Currently, he is the Managing Director of private limited companies involved in motor, insurance and property investments. He also holds directorships in several other private limited companies.

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**8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT** *(Cont'd)*


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**Lee Teck Chuan**

Lee Teck Chuan, aged 59, graduated from Kolej Tunku Abdul Rahman with Diploma in Business Studies and Administration. He has more than 30 years of working experience in the fields of accounting, audit, and financial management in several public listed and private companies. He is now attached to MOL AccessPortal Sdn Bhd as the Chief Finance Officer of Friendster and is currently posted to Istanbul, Turkey to assist in overseeing the operations there.

**TSVT**

TSVT, aged 61, is a businessman and entrepreneur with varied interest in property development and investment, gaming, stockbroking, manufacturing, trading, hospitality, internet-related business, utilities, media, food and beverage, telecommunications, insurance and education through various public and private companies namely, BCorporation, BLand, Berjaya Sports Toto Berhad, Berjaya Philippines Inc, Berjaya Media Berhad, Berjaya Food Berhad, Berjaya Assets Berhad, Berjaya Retail Berhad, Cosway Corporation Limited, Informatics Education Ltd, Intan Utilities Berhad, U Mobile Sdn Bhd and MOL Global Pte Ltd.

He is currently the Chairman of U Mobile Sdn Bhd, a 3G mobile phone operator in Malaysia and the Managing Director/Chief Executive Officer of Sports Toto Malaysia Sdn Bhd ("STMSB").

He also holds directorships in Berjaya Times Square Sdn Bhd and several other private limited companies.

**Nerine Tan**

Nerine Tan, aged 37, is an Executive Director of STMSB. She graduated from the London School of Economics, United Kingdom in 1998 with a Bachelor of Science degree in Management with Honors. She joined the Berjaya group of companies in May 1999 as a Business Development Manager in Cosway (M) Sdn Bhd and subsequently was made Executive Director of eCosway which she helped to establish. She joined STMSB in February 2007 as the General Manager (Sales and Operations). She was subsequently appointed as an Executive Director of STMSB on 1 April 2010.

Currently, she is also an Executive Director of Berjaya Hotels and Resorts (S) Pte Ltd and she also holds directorships in several other private limited companies.

**Chryseis Tan**

Chryseis Tan, aged 25, is currently pursuing a language course in The College of Intensive Chinese Language at Beijing Language and Culture University, Beijing, China. Prior to this, she has attended Waseda University, Japan from 2008 to 2012 and graduated with Bachelor of Arts in International Liberal Studies.

TSVT is the father of Nerine Tan and Chryseis Tan.

### 8.2.1 Particulars and Shareholdings of the Substantial Shareholders

Name	Nationality/ Place of Incorporation	(a) Before the IPO		(b) After the IPO		
		Direct	Indirect	Direct	Indirect	
		No. of Shares	%	No. of Shares	%	No. of Shares
Motivasi Optima	Malaysia	109,623,857	60.00			
Chong Yeow Siang	Malaysian	-	-	(e)109,623,857	60.00	109,623,857
Soo Chan Chiew	Malaysian	-	-	(e)109,623,857	60.00	#262,700
Ang Khoon Lim	Malaysian	-	-	(e)109,623,857	60.00	#262,600
Tan Lean Boon	Malaysian	-	-	(e)109,623,857	60.00	#262,600
Tan Lye Suan	Malaysian	-	-	(d)109,623,857	60.00	-
Jitumaju	Malaysia	37,188,278	20.35	-	-	37,188,278
TSVT	Malaysian	-	-	(e)37,188,278	20.35	-
Nerine Tan	Malaysian	-	-	(e)37,188,278	20.35	(e)37,188,278
Chryseis Tan	Malaysian	-	-	(e)37,188,278	20.35	(e)37,188,278

#	Based on their respective entitlements for the Pink Form Shares allocation pursuant to the IPO.
(a)	Based on our issued and paid-up share capital of 182,706,400 Shares after the Acquisition.
(b)	Based on our enlarged issued and paid-up share capital of 217,706,400 Shares after the IPO.
(c)	Deemed interested by virtue of his interests in Motivasi Optima, pursuant to Section 6A of the Act.
(d)	Deemed interested by virtue of the interests of her spouse, Chong Yeow Siang, pursuant to Section 6A of the Act.
(e)	Deemed interested by virtue of his/her interests in Jitumaju, pursuant to Section 6A of the Act.

### 8.2.2.2 Profiles of the Substantial Shareholders

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## 8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

### 8.3 CHANGES IN THE PROMOTERS' AND SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS IN OUR COMPANY

Save as disclosed below, there are no changes in the shareholdings of our Promoters and substantial shareholders in our Company since incorporation up to the date of Prospectus:

Name	As at date of incorporation				As at date of Prospectus (After the Acquisition)			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
<b><u>Promoters and Substantial Shareholders</u></b>								
Chong Yeow Siang	1	33.33	-	-	-	-	-	-
Soo Chan Chiew	1	33.33	-	-	-	-	-	-
Tan Hui Khim	1	33.33	-	-	-	-	-	-
Motivasi Optima	-	-	-	-	<sup>(1)</sup> 109,623,857	60.00	-	-
Jitumaju	-	-	-	-	37,188,278	20.35	-	-
<b><u>Substantial Shareholders</u></b>								
Chong Yeow Siang	-	-	-	-	-	-	<sup>(2)</sup> 109,623,857	60.00
Soo Chan Chiew	-	-	-	-	-	-	<sup>(2)</sup> 109,623,857	60.00
Ang Khoo Lim	-	-	-	-	-	-	<sup>(2)</sup> 109,623,857	60.00
Tan Lean Boon	-	-	-	-	-	-	<sup>(2)</sup> 109,623,857	60.00
Tan Lye Suan	-	-	-	-	-	-	<sup>(2)</sup> 109,623,857	60.00
TSVT	-	-	-	-	-	-	<sup>(3)</sup> 37,188,278	20.35
Nerine Tan	-	-	-	-	-	-	<sup>(3)</sup> 37,188,278	20.35
Chryseis Tan	-	-	-	-	-	-	<sup>(3)</sup> 37,188,278	20.35

Notes:

- (1) The three (3) Subscriber Shares shall be transferred to Motivasi Optima after the Proposed Acquisition
- (2) Deemed interested by virtue of his/her interests in Motivasi Optima, pursuant to Section 6A of the Act.
- (3) Deemed interested by virtue of his/her interests in Jitumaju, pursuant to Section 6A of the Act.

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## 8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

### 8.4 BOARD OF DIRECTORS

#### 8.4.1 Particulars and Shareholdings of the Directors

The details of our Directors and their shareholdings in our Company before and after the IPO are as follows:

Name	Nationality	Before the IPO <sup>(a)</sup>				After the IPO <sup>(b)</sup>			
		Direct		Indirect <sup>(c)</sup>		Direct		Indirect <sup>(c)</sup>	
		No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Datin Sunita Mei-Lin Rajakumar	Malaysian	-	-	-	-	#200,000	0.09	-	-
Chong Yeow Siang	Malaysian	-	-	109,623,857	60.00	#262,700	0.12	109,623,857	50.35
Soo Chan Chiew	Malaysian	-	-	109,623,857	60.00	#262,600	0.12	109,623,857	50.35
Tan Lean Boon	Malaysian	-	-	109,623,857	60.00	#262,600	0.12	109,623,857	50.35
Ang Khoon Lim	Malaysian	-	-	109,623,857	60.00	#262,600	0.12	109,623,857	50.35
Tan Sri Dato' Haji Mohd Ariffin Bin Mohd Yusuf	Malaysian	-	-	-	-	#200,000	0.09	-	-

Notes:

# Based on their respective entitlements for the Pink Form Shares allocation pursuant to the IPO.

(a) Based on our issued and paid-up share capital of 182,706,400 Shares after the Acquisition.

(b) Based on our enlarged issued and paid-up share capital of 217,706,400 Shares after the IPO.

(c) Deemed interested by virtue of their direct shareholdings in Motivasi Optima, pursuant to Section 6A of the Act.

#### 8.4.2 Profiles of the Directors

The profiles of our Directors are as follows:

##### (i) Datin Sunita Mei-Lin Rajakumar

Datin Sunita Mei-Lin Rajakumar, aged 45, is our Independent Non-Executive Chairman and was appointed to our Board on 27 December 2012. She graduated in 1990 from University of Bristol, United Kingdom with a Bachelor of Law (Honours) Degree. She became a member of the Institute of Chartered Accountants of England and Wales in 1994. She began her career in 1990 with Ernst & Young, London, where she worked at the audit and insolvency divisions. In 1994, she left to join RHB Sakura Merchant Bankers Berhad (now known as RHB Investment Bank Berhad) in their corporate finance department. She left RHB Sakura Merchant Bankers Berhad in 2000 and began consulting with MIMOS Berhad, the national research institution wholly-owned by the Ministry of Finance. Subsequently in 2001, she joined Artisan Encipta Ltd as a founder/Principal whereby the company was appointed as the Exclusive Manager of the Encipta Ltd venture capital fund, a wholly-owned subsidiary of MIMOS Berhad. In 2008, she began consulting with the King Abdulaziz City for Science and Technology, the national research institution of the Kingdom of Saudi Arabia. She is currently consulting with Yayasan Albukhary. She sits on the board of trustees of several charitable organisations namely Yayasan Seni, Yayasan myNadi and Hai-O Foundation. She currently holds directorships in two public listed companies, namely Hibiscus Petroleum Berhad and Hai-O Enterprise Berhad.



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**8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)**


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**(ii) Chong Yeow Siang**

Chong Yeow Siang, aged 46, is our Managing Director and was appointed to our Board on 27 December 2012. He graduated in 1992 from Universiti Sains Malaysia with a Bachelor of Pharmacy (Honours) Degree. He became a Registered Pharmacist with the Ministry of Health in 1993. His career started in 1992 as a Pupil Pharmacist in the Pharmacy Department of the Penang General Hospital. Subsequently he left and joined Servier Malaysia, a French pharmaceutical company located in Kuala Lumpur, as a Hospital Product Specialist in 1993. In 1994, he became Product Executive at Servier Malaysia and was later appointed as Product Manager of the company in 1995. He left Servier Malaysia in 1997 and took up the position as Branch Manager and Pharmacist at the Taman Kok Lian outlet of CPSB. In 1999, he was later appointed as General Manager of CPSB where he was responsible for the operations of six Caring outlets. He was appointed to his current tenure as Group Managing Director of CARiNG Group of companies in 2002 and is mainly responsible for developing the strategic direction and overseeing the business operations of the Group. He currently holds directorships in Bioscenergy International Sdn Bhd and Pharm-D Sdn Bhd.

**(iii) Soo Chan Chiew**

Soo Chan Chiew, aged 45, was appointed to our Board on 27 December 2012 as an Executive Director. He graduated in 1992 from Universiti Sains Malaysia with a Bachelor of Pharmacy (Honours) Degree. He became a Registered Pharmacist with the Ministry of Health in 1993. His career started in 1992 as a Pupil Pharmacist with Universiti Hospital, Kuala Lumpur. In 1993, he joined George Town Chemist Sdn Bhd, a retail pharmacy chain, as a Pharmacist in one of the outlets. Subsequently he left to set up CPSB in 1994 and was appointed as Branch Manager of our first 'CARiNG' community pharmacy outlet in Taman Muda. In 2007, with the establishment of CPRM, both the Heads of Finance and Management Information System Department report to him. His role and responsibilities include identifying critical business issues and to develop solutions to enhance the existing core applications, such as our in-house point-of-sales system and our retail management software system. Currently, he also sits on the boards of Pharm-D Sdn Bhd, Pharm-D Singapore Pte Ltd and Bioscenergy International Sdn Bhd.

**(iv) Tan Lean Boon**

Tan Lean Boon, aged 46, was appointed to our Board on 27 December 2012 as an Executive Director. He graduated in 1992 from Universiti Sains Malaysia with a Bachelor of Pharmacy (Honours) Degree. He became a Registered Pharmacist with the Ministry of Health in 1993. His career started in 1992 as a Houseman Pharmacist with Universiti Hospital, Kuala Lumpur. In 1993, he left and joined Apex Pharmacy Sdn Bhd as a Pharmacist at one of its retail outlets. In 1994, he joined Eli Lily (M) Sdn Bhd, a pharmaceutical company, as a Regulatory Affairs Executive. He then left and joined CPSB in 1997 as a Branch Manager in one of the group's retail outlets. Subsequently in 2002, he was appointed as Purchasing Director of CPSB. He is currently responsible for overseeing the supply chain operations of our Group which includes procurement, warehousing and logistics. He is a shareholder and director of Utmost Wellness Sdn Bhd. He also holds directorships in Pharm-D Sdn Bhd and Bioscenergy International Sdn Bhd.

## 8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

### (v) Ang Khoon Lim

Ang Khoon Lim, aged 46, is our Non-Independent Non-Executive Director and was appointed to our Board on 27 December 2012. He graduated in 1992 with a Bachelor of Pharmacy (Honours) Degree from Universiti Sains Malaysia. He became a Registered Pharmacist with the Ministry of Health in 1993. His career started in 1994 when he joined Sime Darby Marketing Sdn Bhd as Product Manager. The company is involved in the distribution of pharmaceutical products. In 1996, he joined Solvay Pharmaceutical B.V., Holland, a subsidiary of Solvay SA, a public listed company in Belgium, as Country Manager for Malaysia. Subsequently he left in 1999 and joined CPSB in the position of General Manager. In 2000, he was appointed Executive Director of CPH and as Managing Director of Bioscenergy International Sdn Bhd in 2001. He became Managing Director of Pharm-D Sdn Bhd in 2004 and Pharm-D Singapore Pte Ltd in 2006. He is also a shareholder and director of Atlantic Surge Sdn Bhd, Zenzari World Sdn Bhd (formerly known as Duckingham Foods Sdn Bhd) and Medini Healthcare Sdn Bhd.

### (vi) Tan Sri Dato' Haji Mohd Ariffin Bin Mohd Yusuf

Tan Sri Dato' Haji Mohd Ariffin Bin Mohd Yusuf, aged 65, is our Independent Non-Executive Director and was appointed to our Board on 27 December 2012. He graduated from the Institut Teknologi Mara with a Diploma in Banking in 1972. He is a Member of the British Institute of Management, United Kingdom. His career started in 1975 when he took up the position of Managing Director of Primabumi Sdn Bhd, a company involved in procurement and supply of pharmaceutical products to government hospitals and institutions, where he has been involved in leading the overall operations of the company till to date. He is currently a Director and Shareholder of Amani Development Sdn Bhd, Amani Corporation Sdn Bhd, Asian Matters Sdn Bhd, Bio Grain Sdn Bhd, Dutamas Ventures Sdn Bhd, Far Go Industries Sdn Bhd, Golden Concept Solutions Sdn Bhd, Logique Sdn Bhd, North South Development Sdn Bhd, Pioneer Corporation (M) Sdn Bhd, Primabumi Holdings Sdn Bhd, Primabumi Sdn Bhd, Primaland Holdings Sdn Bhd, Setia Amani Sdn Bhd, Setia Amani Properites Sdn Bhd and Unimaps Holdings Sdn Bhd. He is also a Director of Primabina Development Sdn Bhd.

### 8.4.3 Principal Directorships in Other Corporations for the Past 5 Years and Principal Business Activities Performed Outside Our Group

Save as disclosed below, our Directors do not have any directorship or any principal business activities performed outside our Group. The directorship or our Directors outside our Group at present and in the last five years preceding the LPD are as follows:

Name	Directorships	Principal Activities	Involvement in business activities other than as a director
<b>Datin Sunita Mei-Lin Rajakumar</b>	<i>Present directorships:</i> <ul style="list-style-type: none"> <li>Artisan Encipta (M) Sdn Bhd</li> <li>Capital Path Sdn Bhd</li> <li>Surprise Voice Sdn Bhd</li> </ul>	Providing management and innovation consulting services.  Provision of technical support and administrative services  Promoter of Arts	Nil

**8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)**

<b>Name</b>	<b>Directorships</b>	<b>Principal Activities</b>	<b>Involvement in business activities other than as a director</b>
	<i>Present directorships (Cont'd):</i> <ul style="list-style-type: none"> <li>Hibiscus Petroleum Berhad</li> <li>Hai-O Enterprise Berhad</li> <li>Hai-O Foundation (Company Limited by Guarantee under the Companies Act)</li> <li>Yayasan MyNadi (Company Limited by Guarantee under the Companies Act)</li> <li>Yayasan Seni Berdaftar (Registered with the Prime Minister's Department)</li> </ul>	<ul style="list-style-type: none"> <li>Investment holding and the provision of project management, technical and other services relating to the oil and gas exploration and production industry</li> <li>Wholesale and retailing of herbal medicines and health care products, investment holding and property holding activities</li> <li>Registered charity</li> <li>Registered charity</li> <li>Registered charity</li> </ul>	
	<i>Previous directorships:</i> <ul style="list-style-type: none"> <li>I-Sprint Technologies Sdn Bhd (Resigned on 28 November 2008)</li> <li>Linguamatix Sdn Bhd (Resigned on 28 November 2008)</li> <li>Neuramatix Sdn Bhd (Resigned on 28 November 2008)</li> <li>Synamatix Sdn Bhd (Resigned on 28 November 2008)</li> <li>Unisay Sdn Bhd (Resigned on 28 November 2008)</li> <li>Cre8rs Sdn Bhd (Strike off under Section 308 Companies Act 1965, with effect from 7 Jan 2011)</li> </ul>	<ul style="list-style-type: none"> <li>Network Security Products and Solutions</li> <li>Developing Software for Machine Translation</li> <li>Developing Software for Artificial Intelligence Solutions</li> <li>Developing Software for Bio Informatics Solutions</li> <li>Developing Software based on MPEG 7 Standards</li> <li>Promoter of Arts</li> </ul>	

# 8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Name	Directorships	Principal Activities	Involvement in business activities other than as a director
<b>Chong Yeow Siang</b>	<p><i>Present directorships:</i></p> <ul style="list-style-type: none"> <li>Bioscenergy International Sdn Bhd</li> <li>Pharm-D Sdn Bhd</li> </ul> <p><i>Previous directorships:</i> Nil</p>	<p>Trading and wholesaling of aromatherapy, beauty care and healthcare products</p> <p>Trading and distribution of pharmaceutical and healthcare products</p>	Partner of Pajak Gadai Cheng Huo, a pawn broker which is a family-owned business
<b>Soo Chan Chiew</b>	<p><i>Present directorships:</i></p> <ul style="list-style-type: none"> <li>Pharm-D Sdn Bhd</li> <li>Pharm-D Singapore Pte Ltd</li> <li>Bioscenergy International Sdn Bhd</li> </ul> <p><i>Previous directorships:</i> Nil</p>	<p>Trading and distribution of pharmaceutical and healthcare products</p> <p>Relating to the business of wholesale and retail of pharmaceutical and medical supplies</p> <p>Trading and wholesaling of aromatherapy, beauty care and healthcare products</p>	Nil
<b>Tan Lean Boon</b>	<p><i>Present directorships:</i></p> <ul style="list-style-type: none"> <li>Utmost Wellness Sdn Bhd</li> <li>Pharm-D Sdn Bhd</li> <li>Bioscenergy International Sdn Bhd</li> </ul> <p><i>Previous directorships:</i> Nil</p>	<p>Property investment</p> <p>Trading and distribution of pharmaceutical and healthcare products</p> <p>Trading and wholesaling of aromatherapy, beauty care and healthcare products</p>	Nil
<b>Ang Khoon Lim</b>	<p><i>Present directorships:</i></p> <ul style="list-style-type: none"> <li>Atlantic Surge Sdn Bhd</li> <li>Zenzari World Sdn Bhd (Formerly known as Duckingham Foods Sdn Bhd)</li> </ul>	<p>Property and trading</p> <p>Restaurant</p>	Nil

**8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)**

<b>Name</b>	<b>Directorships</b>	<b>Principal Activities</b>	<b>Involvement in business activities other than as a director</b>
	<i>Present directorships (Cont'd):</i> <ul style="list-style-type: none"> <li>Pharm-D Sdn Bhd</li> </ul>	Trading and distribution of pharmaceutical and healthcare products	
	<ul style="list-style-type: none"> <li>Bioscenergy International Sdn Bhd</li> </ul>	Trading and wholesaling of aromatherapy, beauty care and healthcare products.	
	<ul style="list-style-type: none"> <li>Pharm-D Singapore Pte Ltd</li> </ul>	Relating to the business of wholesale and retail of pharmaceutical and medical supplies	
	<ul style="list-style-type: none"> <li>Medini Healthcare Sdn Bhd</li> </ul>	Dormant	
	<i>Previous directorships:</i> Nil		
<b>Tan Sri Dato' Haji Mohd Ariffin Bin Mohd Yusuf</b>	<i>Present directorships:</i> <ul style="list-style-type: none"> <li>Amani Development Sdn Bhd</li> </ul>	Investment holding	Nil
	<ul style="list-style-type: none"> <li>Amani Corporation Sdn Bhd</li> </ul>	Investment holding	
	<ul style="list-style-type: none"> <li>Asian Matters Sdn Bhd</li> </ul>	Investment holding	
	<ul style="list-style-type: none"> <li>Bio Grain Sdn Bhd</li> </ul>	Trading of oats related products	
	<ul style="list-style-type: none"> <li>Dutamas Ventures Sdn Bhd</li> </ul>	Investment holding	
	<ul style="list-style-type: none"> <li>Far Go Industries Sdn Bhd</li> </ul>	Manufacturing of baby care products	
	<ul style="list-style-type: none"> <li>Golden Concept Solutions Sdn Bhd</li> </ul>	Investment holding	
	<ul style="list-style-type: none"> <li>Logiqube Sdn Bhd</li> </ul>	Information Technology – Software development, trouble shooting and computer hardware repair	
	<ul style="list-style-type: none"> <li>North South Development Sdn Bhd</li> </ul>	Investment holding	
	<ul style="list-style-type: none"> <li>Pioneer Corporation (M) Sdn Bhd</li> </ul>	Investment holding	

**8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)**

<b>Name</b>	<b>Directorships</b>	<b>Principal Activities</b>	<b>Involvement in business activities other than as a director</b>
	<i>Present directorship (Cont'd):</i>		
	<ul style="list-style-type: none"> <li>Primabina Development Sdn Bhd</li> </ul>	Investment holding	
	<ul style="list-style-type: none"> <li>Primabumi Holdings Sdn Bhd</li> </ul>	Investment holding	
	<ul style="list-style-type: none"> <li>Primabumi Sdn Bhd</li> </ul>	Procurement and supply of pharmaceutical products and medical devices to government hospitals and institutions	
	<ul style="list-style-type: none"> <li>Primaland Holdings Sdn Bhd</li> </ul>	Investment holding	
	<ul style="list-style-type: none"> <li>Setia Amani Sdn Bhd</li> </ul>	Investment holding	
	<ul style="list-style-type: none"> <li>Setia Amani Properties Sdn Bhd</li> </ul>	Investment holding	
	<ul style="list-style-type: none"> <li>Unimap Holdings Sdn Bhd</li> </ul>	Education, training and consultancy center to the government and business owners in the areas of business management, industries and engineering.	
	<i>Previous directorships:</i>		
	<ul style="list-style-type: none"> <li>Alam Medik Industries Sdn Bhd (Resigned on 10/12/2012)</li> </ul>	Investment holding	
	<ul style="list-style-type: none"> <li>Amani Hills Sdn Bhd (Resigned on 10/12/2012)</li> </ul>	Investment holding	
	<ul style="list-style-type: none"> <li>Amanivista Sdn Bhd (Resigned on 10/12/2012)</li> </ul>	Investment holding	
	<ul style="list-style-type: none"> <li>Astral Corporation Sdn Bhd (Resigned on 10/12/2012)</li> </ul>	Investment holding	
	<ul style="list-style-type: none"> <li>Carumas Sdn Bhd (Resigned on 10/12/2012)</li> </ul>	Investment holding	
	<ul style="list-style-type: none"> <li>Dai-Ichi Prima Sdn Bhd (Resigned on 10/12/2012)</li> </ul>	Investment holding	

**8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)**

Name	Directorships	Principal Activities	Involvement in business activities other than as a director
	<i>Previous directorships (Cont'd):</i> <ul style="list-style-type: none"> <li>Damansara Park Sdn Bhd (<i>Resigned on 10/12/2012</i>)</li> <li>Damansara Point Sdn Bhd (<i>Resigned on 10/12/2012</i>)</li> <li>Eminent Estate Sdn Bhd (<i>Resigned on 10/12/2012</i>)</li> <li>Gedung Mekar Sdn Bhd (<i>Resigned on 10/12/2012</i>)</li> <li>Golden Arm Sdn Bhd (<i>Resigned on 10/12/2012</i>)</li> <li>Jewel Plus (<i>Resigned on 10/12/2012</i>)</li> <li>Prima Pharmaceuticals Sdn Bhd (<i>Resigned on 10/12/2012</i>)</li> <li>Prima Point Sdn Bhd (<i>Resigned on 10/12/2012</i>)</li> <li>Prime Intro Sdn Bhd (<i>Resigned on 10/12/2012</i>)</li> <li>Tegak Makmur Sdn Bhd (<i>Resigned on 10/12/2012</i>)</li> <li>Urusprima Sdn Bhd (<i>Resigned on 10/12/2012</i>)</li> <li>Vista Point Sdn Bhd (<i>Resigned on 10/12/2012</i>)</li> <li>Vistamas Sdn Bhd (<i>Resigned on 10/12/2012</i>)</li> </ul>	Investment holding  Investment holding  Investment holding  Investment holding  Investment holding  Investment holding  Investment holding  Investment holding  Investment holding  Investment holding  Investment holding  Investment holding  Investment holding	

Save as disclosed above, none of our Directors are involved in the management and day-to-day operations of other businesses and/or corporations as at LPD. Their involvements in other businesses and/or corporations are not expected to affect their contribution to our Group.

## 8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

### 8.4.4 Directors' Remuneration, Fee and Material Benefits-in-Kind

The aggregate remuneration, fee and material benefits-in-kind paid and proposed to be paid to our Directors for services rendered in all capacities to our Group for the FYE 2013 and proposed for the FYE 2014 are set out below in bands of RM50,000:

Name	Remuneration Band	
	Actual	Proposed
	FYE 2013 (RM)	FYE 2014 (RM)
Datin Sunita Mei-Lin Rajakumar	-	0-50,000
Chong Yeow Siang	450,000-500,000	500,000-550,000
Soo Chan Chiew	450,000-500,000	500,000-550,000
Tan Lean Boon	450,000-500,000	500,000-550,000
Ang Khoon Lim	-	0-50,000
Tan Sri Dato' Haji Mohd Ariffin Bin Mohd Yusuf	-	0-50,000

The above remuneration and material benefits-in-kind of our Directors, which comprises of the Directors' salaries, bonus, fees, any contingent or deferred compensation accrued for the year or to be paid at a later date and allowances as well as other benefits-in-kind, must be considered and recommended by the Remuneration Committee and subsequently approved by our Board. Our Directors' fees must be further approved or endorsed by our shareholders at a general meeting.

### 8.4.5 Board Practices

Our Directors were appointed to the Board and have served in their respective capacity since their respective dates of appointment as set out in Section 8.4.2 of this Prospectus. Our Board comprises two (2) Independent Non-Executive Director, namely Datin Sunita Mei-Lin Rajakumar and Tan Sri Dato' Haji Mohd Ariffin Bin Mohd Yusuf, three (3) Executive Directors, namely Chong Yeow Siang, Soo Chan Chiew and Tan Lean Boon, and one (1) Non-Independent Non-Executive Director, namely Ang Khoon Lim.

The current term of office for each of our Director is as follows:

Name of Director*	Years of service in our Group	Expiration of Current Term of Office
Datin Sunita Mei-Lin Rajakumar	< 1 year	-
Chong Yeow Siang	16 years	-
Soo Chan Chiew	19 years	Shall retire at our 2014 annual general meeting
Tan Lean Boon	16 years	-
Ang Khoon Lim	14 years	-
Tan Sri Dato' Haji Mohd Ariffin Bin Mohd Yusuf	< 1 year	Shall retire at our 2014 annual general meeting

Note:

\* Appointed on 27 December 2012.

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## 8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

The relevant articles relating to the Directors' term of office as reproduced from our Articles are set out below. The words and expressions appearing in the following provisions shall bear the same meaning used in the Articles unless they are otherwise defined here or the context otherwise requires:

- Article 95*      *At the first annual general meeting of the Company, all the Directors shall retire from office, and at the annual general meeting in every subsequent year, one-third (1/3) of the Directors for the time being or, if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3) shall retire from office and be eligible for re-election PROVIDED ALWAYS that all Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires, whether the meeting is adjourned or not. An election of directors shall take place each year.*
- Article 96*      *The Directors to retire in each year shall be those who have been longest in office since their last election, but as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.*
- Article 103*      *The Directors shall have power at any time and from time to time, to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors but so that the total number of Directors shall not at any time exceed the maximum number fixed in accordance with these Articles. Any Director so appointed shall hold office only until the next annual general meeting, and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting.*

## 8.5 AUDIT, NOMINATION AND REMUNERATION COMMITTEES

### 8.5.1 Audit Committee

Members of our Audit Committee are as follows:

Name	Designation	Directorship
Datin Sunita Mei-Lin Rajakumar	Chairman	Independent Non-Executive Director
Tan Sri Dato' Haji Mohd Ariffin Bin Mohd Yusuf	Member	Independent Non-Executive Director
Ang Khoo Lim	Member	Non-Independent Non-Executive Director

The major terms of reference for our Audit Committee include reviewing the financial statements of our Group before submission to our Board, recommendations of the external auditors, reviewing the results and scope of the audit and other services provided by our external auditors. In addition, our Audit Committee reviews and evaluates our Group's internal audit and control functions. Our Audit Committee is also responsible for the assessment of financial risks and matters relating to related party transactions and conflict of interests.

## 8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Our Audit Committee may obtain advice from independent parties and other professionals in the performance of its duties. In dispensing their judgment and actions, our Audit Committee has explicit right and at the expense of the Company to have unlimited/ unrestricted access to all information and documents/ resources which are required to perform its duties as well as to the internal and external auditors and senior management of our Company and our Group.

Our Board shall review the term of office and performance of the Audit Committee and each of its members at least once in every three (3) years to determine whether such Audit Committee and members have carried out their duties in accordance with their terms of reference.

### 8.5.2 Nomination Committee

Members of our Nomination Committee are as follows:

Name	Designation	Directorship
Tan Sri Dato' Haji Mohd Ariffin Bin Mohd Yusuf	Chairman	Independent Non-Executive Director
Datin Sunita Mei-Lin Rajakumar	Member	Independent Non-Executive Director
Ang Khoon Lim	Member	Non-Independent Non-Executive Director

Our Nomination Committee is responsible for identifying and recommending new nominees to our Board with regards to any appointment of Directors considering their skills, knowledge, expertise and experience; professionalism, integrity, and for the position of Independent Non-Executive Directors, the ability to discharge such responsibilities/ functions as expected. Our Nomination Committee also assists our Board to review regularly the Board structure, size and composition and the required mix of skills and experience and other qualities including core competencies which Non-Executive Directors should bring to the Board as well.

Our Nomination Committee will assess the effectiveness of our Board as a whole, our Board Committees and each individual Director annually based on the process and procedures laid out by the Board.

In developing such recommendations, our Nomination Committee will consult all Directors and reflect that consultation in any recommendation brought forward to our Board. Our Board makes all decisions on appointments after considering the recommendations of our Nomination Committee.

### 8.5.3 Remuneration Committee

Members of our Remuneration Committee are as follows:

Name	Designation	Directorship
Datin Sunita Mei-Lin Rajakumar	Chairman	Independent Non-Executive Director
Tan Sri Dato' Haji Mohd Ariffin Bin Mohd Yusuf	Member	Independent Non-Executive Director
Ang Khoon Lim	Member	Non-Independent Non-Executive Director

## 8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Our Remuneration Committee reviews and proposes, subject to the approval of our Board, the remuneration policy and terms and conditions of service of each Director for his services as a member of our Board as well as Committees of our Board. Nevertheless, the remuneration of the non-executive Directors is a matter for our Board as a whole and our Directors are required to abstain from deliberation and voting on decisions in respect of his individual remuneration. The remuneration of Directors is generally based on market conditions, responsibilities held and the overall financial performance of our Group.

Decisions and recommendations of our Remuneration Committee shall be reported to our Board for approval and where required by rules and regulations governing our Company, for approval of shareholders at the annual general meeting.

### 8.6 KEY MANAGEMENT

#### 8.6.1 Particulars and Shareholdings of Key Management

The details of key management of our Group and their shareholdings in our Company before and after the IPO are as follows:

Name	Nationality	<sup>(a)</sup> Before the IPO				<sup>(b)</sup> After the IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	%	No. of Shares	%	<sup>(c)</sup> No. of Shares	%	No. of Shares	%
Chong Yeow Siang	Malaysian	-	-	<sup>(d)</sup> 109,623,857	60.00	#262,700	0.12	<sup>(d)</sup> 109,623,857	50.35
Soo Chan Chiew	Malaysian	-	-	<sup>(d)</sup> 109,623,857	60.00	#262,600	0.12	<sup>(d)</sup> 109,623,857	50.35
Tan Lean Boon	Malaysian	-	-	<sup>(d)</sup> 109,623,857	60.00	#262,600	0.12	<sup>(d)</sup> 109,623,857	50.35
Ch'ng Haw Chong	Malaysian	-	-	-	-	#261,000	0.12	-	-
Gooi Chean Keong	Malaysian	-	-	-	-	#261,000	0.12	-	-
Loo Jooi Leng	Malaysian	-	-	-	-	#261,000	0.12	-	-
Hwah Shih Chia	Malaysian	-	-	-	-	#20,000	*	-	-
Wong Hooi Fen	Malaysian	-	-	-	-	#20,000	*	-	-
Ooh Chin Boon	Malaysian	-	-	-	-	#30,000	0.01	-	-

Notes:

\* Less than 0.01%

# Based on their respective entitlements for the Pink Form Shares allocation pursuant to the IPO.

(a) Based on our issued and paid-up share capital of 182,706,400 Shares after the Acquisition of CPRM.

(b) Based on our enlarged issued and paid-up share capital of 217,706,400 Shares after the IPO.

(c) Based on their respective entitlements for the Pink Form Shares allocation pursuant to the IPO.

(d) Deemed interested by virtue of his shareholding in Motivasi Optima pursuant to Section 6A of the Act.

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**8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)**


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**8.6.2 Profiles of the Key Management**

Save for the profiles of Chong Yeow Siang (Managing Director), Soo Chan Chiew (Account and Information System Director) and Tan Lean Boon (Supply Chain Director), which have been disclosed in Section 8.4.2 of this Prospectus, the profiles of our Company's other key management personnel are as follows:

**(i) Ch'ng Haw Chong**

**Ch'ng Haw Chong**, Malaysian, aged 35, is the Procurement Director of our Group and is responsible for the purchasing and category management of our Group which includes ensuring an uninterrupted supply of goods to CARiNG outlets and forging trade partnership with suppliers to maximise sales and profits through effective marketing promotion planning. He graduated in 2002 with a Master of Pharmacy Degree from the University of Strathclyde, Glasgow, United Kingdom. Subsequently he became a Registered Pharmacist with the Ministry of Health in 2003. His career started in 2002 as a Houseman Pharmacist at Institute Jantung Negara where he gained working experience as an apprentice to the registered pharmacist at the hospital. In 2003, he left and joined Caring Pharmacy Sdn Bhd as a Pharmacist. In 2004, he was appointed Pharmacist cum Branch Manager of our Group's 'CARiNG' community pharmacy in Taman Muda. He was a Director and individual shareholder of UC Venture between 2005 and 2009. In 2009, he disposed his shares in UC Venture to our Group and he was appointed to his current tenure as Procurement Director of our Group.

**(ii) Gooi Chean Keong**

**Gooi Chean Keong**, Malaysian, aged 40, is the Business Development Director of our Group and is generally responsible for CARiNG outlets expansion from the point of identifying the location of the potential outlets to the handing over of the new outlets to the branch operation team, which includes surveying of potential location, negotiation and securing of rental of the outlet, renovation and stocking up of the outlet. In addition, he also oversees the renewal of rental of our existing outlets. He graduated in 1996 from Universiti Sains Malaysia with a Bachelor of Pharmacy (Honours) Degree. He became a Registered Pharmacist with the Ministry of Health in 1997. His career started in 1999 when he joined Servier Malaysia Sdn Bhd, a French pharmaceutical company located in Kuala Lumpur, as a Medical Product Specialist and was involved in the marketing of pharmaceutical products. He left in 2000 and joined Novartis (Malaysia) Sdn Bhd as Medical Product Specialist before he became the Product Executive in the company in 2001. He was mainly responsible for marketing planning. Subsequently in 2002, he left and joined Viva Caring, a subsidiary of our Group in which he had been a shareholder since 2000, as Branch Manager of its CARiNG pharmacy outlets. He was later appointed to his current tenure as Business Development Director of our Group in 2004 and subsequently he disposed his shares in Viva Caring to our Group in 2007.

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**8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)**


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**(iii) Loo Jooi Leng**

**Loo Jooi Leng**, Malaysian, aged 41, is the Marketing Director of our Group and is generally responsible for forming merchandising teams, the marketing aspect of new outlets, organising road shows, development of in house advertising materials, merchandising layout and marketing planning and budgeting. He graduated in 1996 from Universiti Sains Malaysia with a Bachelor of Pharmacy (Honours) Degree. He became a Registered Pharmacist with the Ministry of Health in 1998. His career started in 1997 as a Houseman Pharmacist at Hospital Pulau Pinang. Subsequently he joined Caring Pharmacy Sdn Bhd in 1998 as a Pharmacist of a retail outlet located in Taman Kok Lian, Kuala Lumpur. He was a Branch Manager and Pharmacist of the 'CARiNG' community pharmacy in Taman Kok Lian later that same year. In 2001, he left to join Viva Caring, a subsidiary of our Group in which he had been a shareholder since 2000, and was appointed as a Director of Viva Caring and Branch Manager of its outlet in Lucky Garden, Bangsar. Subsequently in 2007, he disposed his shares in Viva Caring to CPRM pursuant to an internal restructuring exercise, and he was appointed as Marketing Director of our Group, a position he has held since his appointment.

**(iv) Hwah Shih Chia**

**Hwah Shih Chia**, Malaysian, aged 47, is the Finance Manager of our Group and is responsible for overseeing the finance related matters such as financial reporting, corporate finance, treasury and credit management. He was admitted into the Association of Chartered Certified Accountants, United Kingdom (ACCA) in 1994 and a qualified Chartered Accountant from the Malaysian Institute of Accountants (MIA) in 1996. He also obtained a Certificate in General Insurance from the Malaysian Insurance Institute in 1996. In 2004, he obtained a Graduate Diploma in Information Technology from Staffordshire University, United Kingdom. His career started in 1991 as an Accounts Assistant at Genting Berhad. During his tenure with Genting Berhad, he was promoted to the position of Corporate Planning Executive, the last position he held before he left and joined Carlsberg Brewery Malaysia Berhad in 1994. During his tenure with Carlsberg Brewery Malaysia Berhad, he held several positions and was promoted to Accountant which was the last position he held before he left the company. In 1996, he took up the position as Accountant at HiQ Bina Sdn Bhd before he was appointed Manager of HiQ Supacoat Sdn Bhd in 1998. He left in 2001 to join JDH Marketing Sdn Bhd as Finance Manager, but left in April 2002 to pursue his studies in Information Technology. Upon completing his studies in 2004, he took up the position as Accountant at PK Fertilizers Sdn Bhd and left within the same year. Subsequently in 2005, he joined our Group as Finance Manager. Currently, he heads our Finance Department.

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**8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)**


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**(v) Wong Hooi Fen**

**Wong Hooi Fen**, Malaysian, aged 48, is the Chief Pharmacist of our Group and is responsible for the professional development of our pharmacists, which includes staff development, staff training and heads the internal audit for the Group's pharmacists practice. She graduated in 1990 from Universiti Sains Malaysia with a Bachelor of Pharmacy (Honours) Degree. She became a Registered Pharmacist with the Ministry of Health in 1991. Her career started in 1991 as a Branch Manager with Apex Pharmacy Sdn Bhd where she was managing the company's retail outlet in Jalan Mega Mendung, off Old Klang Road, Kuala Lumpur. She was later appointed Merchandising Manager at Apex Pharmacy Sdn Bhd in 1999 and in 2005, she was appointed as Senior Operations Manager with the company. In June 2005, she moved to Watson's Personal Care Stores Sdn Bhd as Head of Pharmacy after the acquisition of the retail outlets of Apex Pharmacy Sdn Bhd by Watson's Personal Care Stores Sdn Bhd. In 2007, she left and joined our Group and was appointed in her current tenure as Chief Pharmacist.

**(vi) Ooh Chin Boon**

**Ooh Chin Boon**, Malaysian, aged 36, is the Management Information System (MIS) Manager of our Group and is responsible for all IT related matters within our Group. He graduated in 2001 from the University of Malaya with a Degree of Bachelor of Business Administration. He later obtained his Degree of Master of Information Technology from the same university in 2003. His career started in 2001 as an Operations Executive at CPSB where he was responsible for the general office and retail outlet operations. He was later appointed in his current tenure as MIS Manager of CPRM in 2007. He has been involved in our Group's Caring Pharmacy Retail Management System and all IT related matters within our Group.

**8.6.3 Involvement of Our Executive Directors and Key Management in Other Businesses and Corporations**

The details of the involvement of our Executive Directors, Chong Yeow Siang, Soo Chan Chiew and Tan Lean Boon in other businesses and corporations have been set out in Section 8.4.3 of this Prospectus.

Save as disclosed below, all of our key management are presently serving as full time personnel of our Group and has no involvement in other businesses and corporations as at the LPD.

<u>Name</u>	<u>Directorships</u>	<u>Involvement in business activities other than as a director</u>
<b>Ooh Chin Boon</b>	<i>Present directorships:</i> <ul style="list-style-type: none"> <li>• Golden Glory Development Sdn Bhd</li> </ul> <i>Previous directorship:</i> Nil	Nil

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**8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)**

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**8.7 DECLARATION BY PROMOTERS, DIRECTORS AND KEY MANAGEMENT**

None of our Promoters, Directors and key management is or has been involved in any of the following events (whether in or outside Malaysia):

- (i) A petition under any bankruptcy or insolvency laws filed (and not struck out) against such person or any partnership in which he was a partner or any corporation of which he was a director or key personnel;
- (ii) Such person was disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- (iii) Such person was charged and/or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;
- (iv) Any judgement was entered against such person involving a breach of any law or regulatory requirement that relates to the securities or futures industry; or
- (v) Such person was the subject of any order, judgment or ruling of any court, government or regulatory authority or body temporarily enjoining him from engaging in any type of business practice or activity.

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## 8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(Cont'd)*

### 8.8 RELATIONSHIPS AND ASSOCIATIONS

Save as disclosed below, there are no family relationships (as defined under Section 122A of the Act) or associations between our Company's Promoters, Directors, substantial shareholders and key management:

Name	Relationship/ Association
Ang Khoon Lim, Ang Hooi Hoon and Ooh Chin Boon	<ul style="list-style-type: none"> <li>- Ang Khoon Lim, our director/ substantial shareholder is the cousin of Ang Hooi Hoon, a director of our subsidiary</li> <li>- Ang Hooi Hoon, a director of our subsidiary is the spouse of Ooh Chin Boon, our MIS Manager</li> <li>- Ang Khoon Lim, our director/ substantial shareholder is the cousin-in-law of Ooh Chin Boon, our MIS Manager</li> </ul>
Tan Lay Ean and Chia Kia	Tan Lay Ean, a director of our subsidiary is the wife of Chia Kia, our shareholder
Chong Yeow Siang and Tan Lye Suan	Chong Yeow Siang, our managing director/ substantial shareholder is the spouse of Tan Lye Suan, shareholder of Motivasi Optima
TSVT, Nerine Tan and Chryseis Tan	TSVT, Nerine Tan and Chryseis Tan are substantial shareholders of one of our Promoters, Jitumaju. TSVT is the father of Nerine Tan and Chryseis Tan.

### 8.9 EXISTING OR PROPOSED SERVICE AGREEMENTS

Save as disclosed below and the usual employment letters issued by our Group to the Directors and/or key management, as at the LPD, there are no existing or proposed service agreements (contracts for service) entered into by our Group or any company within our Group, with our Company's Directors or Directors of any company within our Group.

### 8.10 BENEFITS PAID OR INTENDED TO BE PAID

No amount has been paid or benefits given within the two (2) years preceding the date of the Prospectus, nor is it intended to be so paid, to our Promoters, Directors and substantial shareholders except for the following:

- (i) remuneration, fees and material benefit-in-kind paid and payable to our Directors as set out in Section 8.4.4 of this Prospectus; and
- (ii) the dividend payment by CPRM to its shareholders as set out in item 3.1 in Section 11.1 and item 4 in Section 12 of this Prospectus.

### 8.11 CONTINUITY IN MANAGEMENT

As in any other business, our Board believes that the continued success of our Group will depend on the ability and dedication of our Directors and key management. The loss of any key members of our Group could adversely affect our Group's continued ability to compete. However, our Group has made efforts to train and groom our staff and has the support of long-term management staff. Our Group's future success will also depend on our ability to attract and retain skilled personnel. Our Group has in place human resources strategies which include, amongst others, attractive remuneration packages, promotion opportunities and training activities.



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**8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)**


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**8.12 MANAGEMENT SUCCESSION PLAN**

The Executive Directors and key management of our Group are in the age group of 35 to 48 and have experiences as discussed in Section 8.4.2 and Section 8.6.2 of this Prospectus. Our key management comprises personnel who possess relevant experience and are employed to head various departments. Our management understands the importance of having the experienced personnel in our Group who will be responsible for their respective departments to ensure smooth running of the business operations as well as to ensure that the business decisions of our Group are implemented efficiently and effectively.

The clear and well defined job responsibilities as well as proper reporting structure also enables smooth running of our Group's day-to-day operations with minimum intervention from our Directors. Thus, in the absence of our Directors, the active participation of the respective heads of department/ manager of our Group will ensure the smooth running of our Group's operations and management.

Our Group's initiatives on succession planning include the following:

- (i) identifying key competencies and requirements for managers and higher positions and developing job and candidate profiles for management positions in line with our business goals, strategies and culture;
- (ii) continuous efforts to train and groom the younger members of our management team to gradually take on more responsibilities and eventually succeed the senior management personnel of our Group; and
- (iii) taking a proactive approach towards addressing talent management to ensure that we have talent readily available to undertake leadership positions throughout our Group.

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## 9. APPROVALS AND CONDITIONS

### 9.1 CONDITIONS TO APPROVALS OBTAINED AND COMPLIANCE THEREOF

The SC has approved our Listing Scheme, under Section 212(5) of the CMSA and the equity requirements for public companies, vide its letter dated 9 July 2013. The conditions imposed by the SC and the status of compliance with these conditions are as follows:

<b>Conditions Imposed by the SC via SC's Letter Dated 9 July 2013</b>	<b>Status of Compliance</b>
CARiNG to allocate 5,443,000 new shares, representing 50% of the public offer portion to be made available to the retail Bumiputera investors through balloting; and	To be complied.
KIBB/ CARiNG to fully comply with the requirements of the SC's Equity Guidelines and Prospectus Guidelines – Equity pertaining to the implementation of the listing proposal.	Noted.

The SC under the Equity Requirements for Public Companies vide its letter dated 9 July 2013 has noted that the equity structure relating to Bumiputera, non-Bumiputera and foreign shareholding in the Company would change from the implementation of the proposed listing, as follows:

<b>Category</b>	<b>Before Proposed Listing (%)</b>	<b>After Proposed Listing (%)</b>
Bumiputera	-	16.90
Non-Bumiputera	100.00	83.10
Foreign	-	-
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

The MITI has, vide its letter dated 27 March 2013, taken note of and has no objections to the Listing of our Company on the Main Market of Bursa Securities. The approval from the MITI is subject to the approval of the SC and Bursa Securities. There are no other conditions imposed by the MITI.

**9. APPROVALS AND CONDITIONS (Cont'd)**

Bursa Securities had, via its letter dated 23 August 2013, approved-in-principle our Company's admission to the Official List and the listing of and quotation for the entire enlarged issued and paid-up share capital of our Company of RM217,706,400 comprising 217,706,400 Shares on the Main Market of Bursa Securities. The conditions imposed by Bursa Securities and the status of compliance with these conditions are as follows:

<b>Conditions Imposed by Bursa Securities via Bursa Securities' Letter Dated 23 August 2013</b>	<b>Status of Compliance</b>
To furnish Bursa Securities a specimen copy of each denomination of certificates of the class to be listed	Complied.
To make the relevant announcements pursuant to paragraphs 8.1 and 8.2 of Practice Note 21 of the Listing Requirements	To be complied.
To furnish Bursa Securities a copy of the schedule of distribution showing compliance to the share spread requirements based on the entire enlarged issued and paid up share capital of CARiNG on the first day of listing	To be complied.

**9.2 MORATORIUM ON SHARES**

In accordance with the Equity Guidelines, our Promoters will not be allowed to sell, transfer or assign their entire shareholdings in our Company for six (6) months from the date of our admission to the Official List of the Main Market of Bursa Securities.

Our Promoters, whose Shares are subjected to the moratorium upon Listing, are as set out below:

<b>Name of Shareholders</b>	<b>No. of Shares Held after IPO</b>	<b>% of Enlarged Issued and Paid-up Capital<sup>#</sup></b> (%)	<b>No. of Shares Held Under Moratorium</b>	<b>% of Enlarged Issued and Paid-up Capital<sup>#</sup></b> (%)
Motivasi Optima	109,623,857	50.35	109,623,857	50.35
Jitumaju	37,188,278	17.08	37,188,278	17.08
<b>Total</b>	<b>146,812,135</b>	<b>67.43</b>	<b>146,812,135</b>	<b>67.43</b>

*Note:*

<sup>#</sup> Computed based on our enlarged issued and paid-up share capital of 217,706,400 Shares.

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**9. APPROVALS AND CONDITIONS** *(Cont'd)*

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Our Promoters have furnished letters of undertaking to SC prior to the listing that they will not sell, transfer or assign any of their Shares in CARiNG as at the date of listing of our Company, for six (6) months from the date of listing of our Company on Bursa Securities.

The shareholders of Motivasi Optima, namely Ang Khoon Lim, Chia Kia, Chong Yeow Siang, Ch'ng Haw Chong, Gooi Chean Keong, Loo Jooi Leng, Soo Chan Chiew, Tan Lean Boon and Tan Lye Suan, and the shareholders of Jitumaju, namely TSVT, Nerine Tan Sheik Ping and Chryseis Tan Sheik Ling, have also furnished letters of undertaking that they will not sell, transfer or assign their respective shareholdings in Motivasi Optima and Jitumaju during the above 6-month moratorium period.

The moratorium is specifically endorsed on the notice of allotment and share certificates representing the entire shareholdings of our Promoters to ensure that our Share Registrar does not register any transfer not in compliance with the moratorium restrictions. In compliance with the restrictions imposed by the SC, Bursa Depository will on our Share Registrar's instructions in the prescribed forms, ensure that trading of these shares is not permitted in the moratorium period.

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## 10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST

### 10.1 EXISTING AND PROPOSED RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST

#### 10.1.1 Related Party Transactions and Recurrent Related Party Transactions ("RRPT") of Revenue or Trading in Nature

Save for the Acquisition and as disclosed below, our Group does not have any other existing and/or proposed related party transactions entered into by our Group which involved the interest, direct or indirect, of our Directors and Substantial Shareholders and/or key management and/or persons connected to them as defined under Section 122A of the Act for the past four (4) FYE 2010 to FYE 2013 and up to LPD:

Related Party	Nature of relationship	Principal Activities	Transacting Party/ Nature of Transactions	Transaction Value (RM'000)				
				FYE 2010	FYE 2011	FYE 2012	FYE 2013	LPD
Atlantic Surge Sdn Bhd	Ang Khoon Lim, being the substantial shareholder and director holding 50% of Atlantic Surge Sdn Bhd, is a substantial shareholder/director in Motivasi Optima.	Property and Trading	CPSB / Purchase of masks by CPSB	103	-	-	-	-
WK Future Solutions	WK Future Solutions is owned by Chia Kia's sister's son, whereby Chia Kia is a substantial shareholder/director in Motivasi Optima.	Printing & stationery, e.g: payment voucher, cash bill, address label bunting and etc.	CPSB / Purchase of buntings by CPSB	-	16	20	35	8
NYS Engineering Sdn Bhd	NYS Engineering Sdn Bhd is owned by Soo Chan Chiew's sibling. Soo Chan Chiew is a substantial shareholder/director in Motivasi Optima.	Fabricate & install metal components e.g: iron grill, railing and etc	CPSB/ Goods hoist, partition frame, roller shuttle staircase handrail by CPSB	-	5	1	19	2
Utmost Wellness Sdn Bhd	Tan Lean Boon, being the substantial shareholder and director holding 50% of Utmost Wellness Sdn Bhd, is also a substantial shareholder/director in Motivasi Optima.	Property Investment	CPRM/ Retainer fee in respect of advising on management consulting services, market research competitor strategy and pharmaceutical products consultation	64	64	-	-	-
Bioscenergy International Sdn Bhd	Ang Khoon Lim, Chong Yeow Siang, Soo Chan Chiew, Chia Kia and Tan Lean Boon being the substantial shareholder/director of CPH. CPH holds 51% of Bioscenergy International Sdn Bhd. They are also substantial shareholders/directors in Motivasi Optima.	Trading and wholesaling of aromatherapy, beauty care and healthcare products.	(i) CPSB/ Purchase of oats by CPSB	187	174	186	196	44
			(ii) Caring (Kinrara)/ Rental income to Caring (Kinrara)	-	27	29	29	10

**10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (Cont'd)**

Related Party	Nature of relationship	Principal Activities	Transacting Party/ Nature of Transactions	Transaction Value (RM'000)				
				FYE 2010	FYE 2011	FYE 2012	FYE 2013	LPD
Pharm D Sdn Bhd	Pharm D Sdn Bhd is a wholly-owned subsidiary of Bioscenergy International Sdn Bhd. Ang Khoon Lim, Soo Chan Chiew, Chong Yeow Siang, Tan Lean Boon and Chia Kia being the substantial shareholder/director through CPH, collectively holds 51% of Bioscenergy International Sdn Bhd. They are also the substantial shareholders/directors of Motivasi Optima.	Trading and distribution of pharmaceutical and healthcare products	(i) CPSB/ Purchase of masks	15	43	22	26	2
			(ii) Caring (Kinrara)/ Rental income to CARiNG (Kinrara)	-	8	13	13	4
Zenzari World Sdn Bhd (formerly known as Duckingham Foods Sdn Bhd)	Ang Khoon Lim, being the substantial shareholder and director holding 50% of Zenzari World Sdn Bhd, is a substantial shareholder/director in Motivasi Optima.	Restaurant	CPRM/ Packed meal for company events by CPRM	-	-	-	-	-
Berjaya Assets Berhad <sup>(1)</sup>	(i) TSVT is a substantial shareholder of Berjaya Assets Berhad. TSVT is a substantial shareholder in Jitumaju; and  (ii) Datuk Lye Ek Seang is an Executive Director of Berjaya Assets Berhad. He holds 4.10% equity interest in CARiNG.	Investment holding and provision of management services to its subsidiary companies	Caring Trio/ Rental income by Caring Trio	-	-	-	163	116
CPH	Soo Chan Chiew, Chong Yeow Siang, Chia Kia, Tan Lean Boon, Ang Khoon Lim, being the substantial shareholder and director, collectively holds 100% of CPH. They are also the substantial shareholders/directors of Motivasi Optima.	Investment holding company	(i) CPRM/ Renting of office space from CPH <sup>(2)</sup> ;  (ii) CPSB/ Renting of warehouse and shoplot from CPH <sup>(2)</sup>	301	270	270	275	99
			CPRM/ Purchase of trademark by CPRM	1,874	-	-	-	-
Jejari Artistik Sdn Bhd	(i) Jejari Artistik Sdn Bhd is owned by Ang Khoon Lin's spouse; and	Engaged in the operation of recreation and health centre	CPSB/ Purchase of trading goods by CPSB	11	9	10	-	-
	(ii) Ang Khoon Lin is a substantial shareholder/ director in Motivasi Optima.							

**10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (Cont'd)***Notes:*

- (1) A public listed company on the Main Market of Bursa Securities in which TSVT is a substantial shareholder.
- (2) Upon the completion of our new warehouse and head office in PJ Old Town, the existing head office and warehousing facilities in Old Klang Road will be surrendered back to its owner, CPH.

Our Directors are of the view that all the above related party transactions were conducted on arm's length basis and are carried out in the ordinary course of business and on competitive commercial terms not more favourable to the related parties than those generally available to other third parties and were not to the detriment of our minority shareholders. Our Audit Committee will supervise the terms of related party transactions, and the Directors of our Company will report related party transactions, if any, annually in our Company's annual report.

Going forward and as part of our ordinary course of business, we anticipate that our Group would continue to enter into certain transactions, including but not limited to the transactions as described above with the related parties which are necessary for our Group's day-to-day operations. They are recurring transactions which are likely to occur with some degree of frequency and arise at any time and from time to time.

Some of the related parties are joint venture partners and/or operators of our subsidiaries and/or pharmacy outlets. The subsidiaries which are jointly owned by the related parties as at LPD are as follows:

<b>Subsidiaries</b>	<b>Joint Venture Partners who are Related Parties</b>	<b>No. of Outlets Held</b>
Caring 'N' You	Chia Kia	1
Caring (KLP)	Ang Khoo Lim	2

Our Directors confirm that there is no conflict of interest arising from the CARiNG Group jointly owning the subsidiaries with the related parties. All joint ventures, whether or not related to the Group, are bound by the same salient terms of the CARiNG Group's JVA. For all joint ventures, the same key criteria and selection process, as outlined in Section 6.2.1 of this Prospectus, are also used by our Group in assessing the suitability of these joint ventures, regardless of whether these joint ventures are related parties of our Group.

**10.1.2 Monitoring and Oversight of Related Party Transactions**

Pursuant to Paragraph 10.09 of the Listing Requirements, a listed issuer may seek a mandate from its shareholders for a related party transaction which is recurrent, of a revenue or trading nature and which is necessary for day-to-day operations of a listed issuer or its subsidiaries subject to the following:

- (i) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;
- (ii) the shareholder mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholder mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed under Paragraph 10.09(1) of the Listing Requirements; and

**10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (Cont'd)**

- (iii) in a meeting to obtain shareholder mandate, the interested director, interested major shareholder or interested person connected with a director or major shareholder; and where it involves the interest of an interested person connected with a director or major shareholder, such director or major shareholder, must not vote on the resolution to approve the transactions. An interested director or interested major shareholder must ensure that persons connected with him abstain from voting on the resolution approving the transactions.

Going forward and as part of our ordinary course of business, we anticipate that our Group would continue to enter into transactions, including but not limited to the transactions as described in the related party transactions set out in Section 10.1.1 above, with persons which are considered "related party" as defined in Chapter 10 of the Listing Requirements. It is likely that such transactions will occur with some degree of frequency and could arise at any time and from time to time.

Due to the time-sensitive nature of commercial transactions, the shareholders' mandate will enable us to enter into such transactions in our ordinary course of business without the need to make announcements and/or convene numerous general meetings (including incurring such associated expenses) to specifically approve such transactions as and when they are entered into, provided such transactions involving the interested person are made at arm's length and on normal commercial terms.

Transactions that do not fall within the ambit of the shareholders' mandate shall be subject to the relevant provisions of the Listing Requirements.

An application will be made to Bursa Securities for an exemption to allow our Group to obtain shareholders' ratification for recurrent related party transactions to be entered between us or any of our subsidiaries and our Directors or major shareholders or persons connected with such Directors or major shareholders commencing from the date of our Listing up to the annual general meeting or extraordinary general meeting, whichever is earlier.

The nature of the RRPTs as described above are general transactions entered into by our Group relating to the provision of or obtaining from the related parties (as identified above), products and services in the ordinary course of our Group's business, and rental receipts. The nature of the RRPTs allows our Group to be more competitive as the related parties have the necessary expertise to provide the products and services which are needed for the operations of our Group.

To ensure that the RRPTs are undertaken on terms not more favourable to the related party than those generally available to third parties and are not to the detriment of the minority shareholders and that they are conducted at arm's length and on normal commercial terms consistent with our Group's usual business practices and policies and will not be prejudicial to shareholders, our key management will ensure that all such transactions with related parties will only be entered into after taking into consideration the pricing, level and quality of products or services and/or whether it is to the benefit of our Group or not.

The pricing of products or services shall be determined based on the usual commercial terms, business practices and policies or otherwise in accordance with those practised by our Group with third parties including other applicable industry norms/considerations.

As part of the process in determining the pricing of products or services under RRPTs, at least two (2) other contemporaneous transactions with unrelated third parties for similar products/service, and/or quantities will be used as comparison, wherever possible, to determine whether the price and terms offered to/by the related parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same/ substantial similar type of products/services and/or quantities.



**10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (Cont'd)**

Where quotation or comparative pricing from unrelated third parties cannot be obtained, the transaction price will be determined by us based on those offered to/by other unrelated parties for the same or substantial similar type of transaction to ensure that the RRPT is not detrimental to our Group and the reasons for the inability to obtain such quotation or comparative pricing in the first place shall be minuted by our key management for future review.

The review, approval and disclosure policies shall include the following:

- (i) Records will be maintained to list down all RRPTs entered into;
- (ii) Review by the internal auditors of all significant RRPTs entered into and/or those under future shareholders' mandate to ensure that the relevant approvals have been obtained and transactions are undertaken on arm's length basis and on normal commercial terms which are not more favourable to the related party than those generally available to third parties and are not detrimental to the minority shareholders;
- (iii) Review by the Audit Committee of the management reports to ascertain that the guidelines and procedures established to monitor all significant RRPTs have been complied with and the review shall be done at least every quarter;
- (iv) Review by our Board and our Audit Committee of the procedures for entering into RRPTs as and when necessary. If a member of our Board or Audit Committee has an interest (direct or indirect) in the transaction, he/ she shall abstain from deliberation and any decision making by our Board or the Audit Committee in respect of that transaction;
- (v) Disclosures will be made in our Company's Annual Report or in our Company's audited consolidated financial statements including breakdown of the aggregate value, type of transactions and the names of the related party involved in each type of RRPT made and their relationship with the respective companies within our Group during the financial year; and
- (vi) Pursuant to Paragraph 2.5 of Practice Note 12 of the Listing Requirements, if the actual value of a RRPT entered into by our Group exceeds the estimated value of the RRPT by 10% or more, our Company would make an immediate announcement to Bursa Securities of such matter.

Ultimately the Audit Committee has the overall responsibility of determining whether the procedures for reviewing all RRPTs are appropriate to ensure that the RRPTs are within the limits described above.

The Audit Committee has seen and reviewed the RRPT review, approval and disclosure processes (as described above) and is satisfied that our Group has adequate procedures and processes to monitor, track and identify RRPTs in a timely and orderly manner. The quarterly reviews as described in (iii) above are also sufficient to ensure that the RRPTs will be made at arm's length and in accordance with our Group's normal commercial terms, and on terms which are not more favourable to related parties than those generally available to third parties and hence, will not be detrimental to our Company's minority shareholders.

Save as disclosed above, there are no transactions that may give rise to conflict of interest situations between our Group and any of our Directors, Substantial Shareholders, key management and/or persons connected with them.

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**10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST *(Cont'd)***

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**10.2 TRANSACTIONS THAT ARE UNUSUAL IN THEIR NATURE OR CONDITIONS**

Our Directors have confirmed that, to the best of their knowledge and belief, there are no transactions that are unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which our Company or any of our subsidiaries was a party in respect of the Financial Years Under Review and up to the LPD.

**10.3 OUTSTANDING LOANS MADE TO OR FOR THE BENEFIT OF RELATED PARTIES**

There are no other outstanding loans (including guarantees of any kind) made by our Company or any of our subsidiaries to or for the benefit of any related party in respect of the Financial Years Under Review and up to the LPD.

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## 10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (Cont'd)

### 10.4 INTERESTS IN SIMILAR BUSINESSES

As at the LPD, save as disclosed below, to the best knowledge and belief of our Directors, none of our Directors and substantial shareholders has any interest, direct or indirect in other businesses and/or corporations carrying on a similar trade as that of our Group which would give rise to a conflict of interest situation:

Name of Interested Director/ Substantial Shareholder	Name of Company	Principal Activities	Mitigating Factor	Nature of Interest	% Equity Holding	
					Direct	Indirect
Interest in a competing business with the Company						
Jitumaju (TSVT, being the ultimate shareholder of the company)	Cosway (a wholly-owned subsidiary of Berjaya Corporation Berhad ("Berjaya Corp"))	Consumer marketing and direct selling company, including sale of pharmaceutical products within its stores known as "Cosway Pharmacy"	<p>- The CARiNG Group has never entered into any transactions with Cosway and are not dependent on Cosway for sales, purchases, finance and/or manpower support</p> <p>- Although both CARiNG and Cosway are in the retailing of pharmaceutical products (including the sales of prescription drugs by licenced pharmacists throughout the entire retail operating hours), both CARiNG and Cosway have different business model. Cosway is known for its multilevel marketing business. On the other hand, CARiNG's principal business is the operation of community pharmacies. CARiNG has long established itself in the community pharmacy sector (since the opening of its first pharmacy outlet in 1994) while Cosway has recently in end 2011 expanded its direct selling business to include pharmaceutical products and services in some of Cosway stores. Another distinctive factor of CARiNG is that the CARiNG's pharmacists are business partners-cum shareholders of the CARiNG group. As for Cosway, it combines the pharmaceutical business with its direct selling business. Cosway's pharmacists are not employees or shareholders of Cosway, hence their income is dependent on the performance of their Cosway sales network as these pharmacists are only paid a minimum income. They are also members of Cosway's direct selling business.</p> <p>- Jitumaju is an investment holding company with the principal objective in investing in retail business. In January 2011, when the opportunity arose, it acquired a total of 40% stake in CARiNG, which is a home-grown community pharmacy chain. Jitumaju believes in the future potential of CARiNG and it believes the management will guide the CARiNG Group to its full potential. The value of the CARiNG Group extends beyond its financial performance. A brand name such as CARiNG has marketing value and staying power for years to come, making it a compelling reason for Jitumaju to invest. At that point of time, the Cosway Group has not expanded its business into pharmacy.</p> <p>- Jitumaju's interest in the Company is purely as a financial investor, and will not play any role in the business of the enlarged CARiNG Group. Accordingly, Jitumaju has given its undertaking for the following:</p>	Major shareholder in Berjaya Corp	^23.19	^22.39

## 10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (Cont'd)

Name of Interested Director/ Substantial Shareholder	Name of Company	Principal Activities	Mitigating Factor	Nature of Interest	% Equity Holding	
					Direct	Indirect
			<ul style="list-style-type: none"> <li>There will be no appointment to the Board of Directors for CARiNG or any companies within the CARiNG Group. Currently, Chan Kien Sing and Tan U-Ming, both appointed by Jitumaju to the Board of Directors of CPRM, have undertaken to resign as directors prior to the issuance of CARiNG's prospectus. Accordingly, both Chan Kien Sing and Tan U-Ming have resigned from the Board of Directors of CPRM on 5 September 2013;</li> <li>Jitumaju/TSVT will not be allowed to participate in the appointment of nominated directors and key management staff of any companies within the enlarged CARiNG Group;</li> <li>There will not be any participation, directly or indirectly, in any performance review of the senior management team of the CARiNG Group, and instead agree for the same to be conducted by the Remuneration Committee to be established for CARiNG; and</li> <li>Jitumaju/TSVT has provided an undertaking that upon the listing of CARiNG, there will be no participation, directly or indirectly, in the day-to-day operations of the CARiNG Group nor be involved in any way in the formulation of the business plans and strategies of the CARiNG Group</li> </ul>			

Note:

^ Being TSVT's interests in Berjaya Corp

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**10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST** *(Cont'd)*

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Our Directors and the Audit Committee are of the view that the interests held by TSVT in Cosway which also retail pharmaceutical products and services in some selected Cosway stores are similar and compete with our Group. However, the businesses of Cosway and CARiNG are conducted under different business models and the competition is addressed by the mitigating factors as highlighted in the preceding table.

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## 10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (Cont'd)

### 10.5 INTEREST IN OTHER BUSINESSES OR CORPORATIONS WHICH ARE CUSTOMERS OR SUPPLIERS OF OUR GROUP

As at the LPD, save as disclosed below, to the best knowledge and belief of our Directors, none of our Directors and substantial shareholders has any interest, direct or indirect in other businesses and/or corporations which are the customers or suppliers of our Group:

Name of Interested Director/ Substantial Shareholder	Name of Company	Principal Activities	Mitigating Factor	Nature of Interest	% Equity Holding	
					Direct	Indirect
<u>Interest in business transactions involving goods or service, either directly or indirectly, with the Company</u>						
Ang Khoon Lim Chong Yeow Siang Soo Chan Chiew Tan Lean Boon, being the shareholders of Motivasi Optima.	Pharm D Sdn Bhd ("Pharm D")	Trading and distribution of pharmaceutical and healthcare products	<ul style="list-style-type: none"><li>The company is involved in the marketing and distribution of special pharmaceutical products<sup>(1)</sup> to hospitals.</li><li>As the nature of business is to supply products to hospitals, it is not in direct competition with CARiNG's course of business which is the retailing of products to end consumers.</li></ul>	<ul style="list-style-type: none"><li>Pharm D is a wholly-owned subsidiary of Bioscenergy;</li><li>Bioscenergy is a 51% owned subsidiary of CPH; and</li><li>Ang Khoon Lim, Chong Yeow Siang, Soo Chan Chiew and Tan Lean Boon are the shareholders of CPH.</li></ul>	-	*100.00
	Bioscenergy International Sdn Bhd ("Bioscenergy")	Trading and wholesaling of aromatherapy, beauty care and healthcare products	<ul style="list-style-type: none"><li>The company is the brand owner of their products and supplies them to their wholly-owned subsidiary, Pharm D Sdn Bhd, to market the products. These products are distributed to CARiNG and other pharmacies.</li></ul>	<ul style="list-style-type: none"><li>Bioscenergy is a 51% owned subsidiary of CPH; and</li><li>Ang Khoon Lim, Chong Yeow Siang, Soo Chan Chiew and Tan Lean Boon are the shareholders of CPH</li></ul>	-	*51.00

#### Notes:

- # Deemed interested by virtue of their indirect interest in Pharm D via Bioscenergy and CPH (being the holding company of Bioscenergy), pursuant to Section 6A of the Act.
- \* Deemed interested by virtue of their indirect interest in Bioscenergy via their shareholding in CPH pursuant to Section 6A of the Act.
- (1) Examples of special pharmaceutical products are:
- Drugs that are not available in Malaysia as they are not registered with the National Pharmaceutical Control Bureau;
  - Drugs, vaccines or in-vivo diagnostic agents designated with "orphan" status which physicians use to treat, prevent or diagnose rare diseases. Orphan drugs are medicinal products intended for diagnosis, prevention or treatment of life-threatening or debilitating rare/orphan diseases. There are different definitions for orphan disease. In Malaysian context, orphan drug means medicinal products which is not available in local market (unregistered, discontinued, low prevalence) but is still needed in the treatment by doctors, or emergency drugs supply (antitoxin, antidote, antivenin, decontaminant).
  - Drugs that are previously available in the local market but were discontinued by licensed holders.

## 10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST *(Cont'd)*

Our Directors confirm that all transactions entered into between these companies and the CARiNG Group are on arm's length basis and on commercial terms which are not more favourable to these companies than those generally available to third parties and which will not be detrimental to our minority shareholders. Please also refer to Section 10.1.2 of this Prospectus for the mitigating factors in the abovementioned companies.

Our Directors are aware that the interests held by the Directors and substantial shareholders in other businesses and corporations which are suppliers or customers to the CARiNG Group may give rise to conflict of interest situations. In view of their current or potential interests in such companies, interested Directors and interested shareholders will be required to abstain from deliberations and voting on decisions and resolutions pertaining to the matters and/or transactions with the affected businesses and corporations. Further, to safeguard the interest of the CARiNG Group, our Audit Committee comprising a majority of Independent Non- Executive Directors, will review all material transactions with related parties and will also ensure proper disclosure and corporate governance in all business dealings with the affected businesses and corporations.

### 10.6 DECLARATION BY EXPERTS

- (i) KIBB is not aware of any circumstances that exist or are likely to give rise to a possible conflict of interest situation in relation to its capacity as the Adviser, Managing Underwriter, Underwriter and Placement Agent to our Company in relation to the Listing.

KIBB, its related and associated companies (the “**KIBB Group**”) form a diversified financial group and are engaged in a wide range of investment banking, brokerage, securities trading, asset and funds management and credit transaction service businesses. The KIBB 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 roles set out in this Prospectus. In addition, in the ordinary course of business, any member of the KIBB Group may at any time offer or provide its services to or engage in any transactions (on its own account or otherwise) with our Company and/or our affiliates, hold long or short positions, and may trade or otherwise effect transactions for its own account or the account of its other customers in debt or equity securities or senior loans of our Company and/or our affiliates. This is a result of the businesses of KIBB Group generally acting independently of each other and accordingly, there may be situations where parts of the KIBB Group and/or its customers now have or in the future, may have interest or take actions that may conflict with the interests of our Company.

KIBB Group has in the ordinary course of their banking business, granted credit facilities to certain parties related to our Group. The credit facility granted is not material when compared to the audited total assets of KIBB Group as at LPD and therefore would not give rise to a conflict of interest situation.

- (ii) Crowe Horwath confirms that there are no existing or potential conflicts of interest in its capacity as the Auditors and Reporting Accountants to our Company in relation to the Listing.
- (iii) Lee Choon Wan & Co confirms that there are no existing or potential conflicts of interest in its capacity as the Solicitors for the IPO to our Company in relation to the Listing.
- (iv) Vital Factor Consulting Sdn Bhd confirms that there are no existing or potential conflicts of interest in its capacity as the Independent Business and Market Research Consultants to our Company in relation to the Listing.