

**NOTICE ACCOMPANYING THE ELECTRONIC PROSPECTUS OF LKL INTERNATIONAL BERHAD (“LKL INTERNATIONAL” OR THE “COMPANY”) DATED 26 APRIL 2016 (“ELECTRONIC PROSPECTUS”)**

*(Unless otherwise indicated, specified or defined in this notice, the definitions in the Prospectus shall apply throughout this notice)*

**Website**

The Electronic Prospectus can be viewed or downloaded from Bursa Malaysia Securities Berhad’s (“**Bursa Securities**”) website at [www.bursamalaysia.com](http://www.bursamalaysia.com) (“**Website**”).

**Availability and Location of Paper/Printed Prospectus**

Any applicant in doubt concerning the validity or integrity of the Electronic Prospectus should immediately request a paper/printed copy of the Prospectus directly from the Company, Alliance Investment Bank Berhad (“**AIBB**”), or Malaysian Issuing House Sdn Bhd. Alternatively, the applicant may obtain a copy of the Prospectus from participating organisations of Bursa Securities, members of the Association of Banks in Malaysia and members of the Malaysian Investment Banking Association.

Prospective investors should note that the Application Forms are not available in electronic format.

**Jurisdictional Disclaimer**

This distribution of the Electronic Prospectus and the sale of the units are subject to Malaysian law. Bursa Securities, AIBB and LKL International take no responsibility for the distribution of the Electronic Prospectus and/or the sale of the units outside Malaysia, which may be restricted by law in other jurisdictions. The Electronic Prospectus does not constitute and may not be used for the purpose of an offer to sell or an invitation of an offer to buy any units, to any person outside Malaysia or in any jurisdiction in which such offer or invitation is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation.

**Close of Application**

Applications will be accepted from 10.00 a.m. on 26 April 2016 and will close at 5.00 p.m. on 4 May 2016 or for such further period or periods as the Directors of LKL International, together with AIBB, in their absolute discretion may mutually decide.

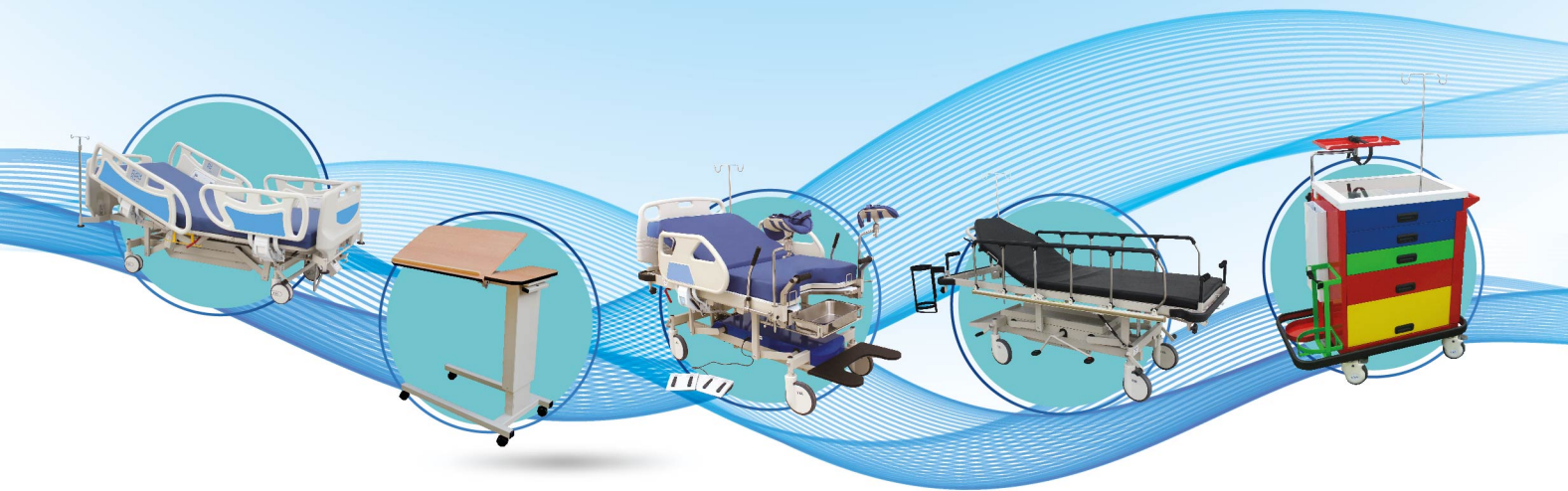
The Electronic Prospectus made available on the Website after the closing of the application period is made available solely for informational and archiving purposes. No securities will be allotted or issued on the basis of the Electronic Prospectus after the closing of the application period.

**Persons Responsible for the Internet Site in which the Electronic Prospectus is Posted**

The Electronic Prospectus which is accessible at the Website is owned by Bursa Securities. Users’ access to the website and the use of the contents of the Website and/or any information in whatsoever form arising from the Website shall be conditional upon acceptance of the terms and conditions of use as contained in the Website.

The contents of the Electronic Prospectus are for informational and archiving purposes only and are not intended to provide investment advice of any form or kind, and shall not at any time be relied upon as such.

www.lklbeds.com



#### LKL INTERNATIONAL BERHAD

(Company No. 1140005-V)  
(Incorporated in Malaysia under the Companies Act, 1965)

#### Head Office:

Wisma LKL  
No 3, Jalan BS 7/18  
Kawasan Perindustrian Bukit Serdang  
Seksyen 7, 43300 Seri Kembangan  
Selangor Darul Ehsan, Malaysia

Tel : +603 8948 2990

PROSPECTUS

LKL INTERNATIONAL BERHAD (Company No. 1140005-V)



#### LKL INTERNATIONAL BERHAD

(Company No. 1140005-V)

(Incorporated in Malaysia under the Companies Act, 1965)



# PROSPECTUS

INITIAL PUBLIC OFFERING ("IPO") IN CONJUNCTION WITH THE LISTING OF LKL INTERNATIONAL BERHAD ("LKL INTERNATIONAL") ON THE ACE MARKET OF BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES") COMPRISING PUBLIC ISSUE OF 113,000,000 NEW ORDINARY SHARES OF RM0.10 EACH ("SHARES") IN THE FOLLOWING MANNER:-

- 8,000,000 NEW SHARES MADE AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;
- 13,200,000 NEW SHARES MADE AVAILABLE FOR APPLICATION BY OUR ELIGIBLE DIRECTORS, EMPLOYEES AND PERSONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF OUR GROUP;
- 42,200,000 NEW SHARES MADE AVAILABLE BY WAY OF PLACEMENT TO SELECTED INVESTORS; AND
- 49,600,000 NEW SHARES MADE AVAILABLE BY WAY OF PLACEMENT TO BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY;

AT AN ISSUE PRICE OF RM0.20 PER SHARE, PAYABLE IN FULL UPON APPLICATION.

*Principal Adviser, Sponsor, Sole Underwriter And Placement Agent*



#### ALLIANCE INVESTMENT BANK

**Alliance Investment Bank Berhad** (21605-D)  
(A Participating Organisation of Bursa Malaysia Securities Berhad)

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.

THERE ARE CERTAIN RISK FACTORS WHICH PROSPECTIVE INVESTORS SHOULD CONSIDER. PLEASE REFER TO "RISK FACTORS" AS SET OUT IN SECTION 4 OF THIS PROSPECTUS.

INVESTORS ARE ADVISED TO NOTE THAT COMPANIES LISTED ON THE ACE MARKET OF BURSA SECURITIES MAY BE OF HIGH INVESTMENT RISK.

THIS PROSPECTUS IS NOT TO BE DISTRIBUTED OUTSIDE OF MALAYSIA.

THIS PROSPECTUS IS DATED 26 APRIL 2016

## RESPONSIBILITY STATEMENTS

OUR DIRECTORS AND PROMOTERS (AS DEFINED HEREIN) HAVE SEEN AND APPROVED THIS PROSPECTUS. THEY COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION CONTAINED HEREIN AND CONFIRM THAT, AFTER HAVING MADE ALL REASONABLE ENQUIRIES, AND TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THERE IS NO FALSE OR MISLEADING STATEMENT OR OTHER FACTS WHICH IF OMITTED, WOULD MAKE ANY STATEMENT IN THIS PROSPECTUS FALSE OR MISLEADING.

ALLIANCE INVESTMENT BANK BERHAD ("**AIBB**"), BEING THE PRINCIPAL ADVISER, SPONSOR, SOLE UNDERWRITER AND PLACEMENT AGENT, ACKNOWLEDGES THAT, BASED ON ALL AVAILABLE INFORMATION, AND TO THE BEST OF ITS KNOWLEDGE AND BELIEF, THIS PROSPECTUS CONSTITUTES A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS CONCERNING THE IPO.

## STATEMENT OF DISCLAIMER

A COPY OF THIS PROSPECTUS HAS BEEN REGISTERED WITH THE SECURITIES COMMISSION MALAYSIA ("**SC**"). THE REGISTRATION OF THIS PROSPECTUS, SHOULD NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS THE IPO OR ASSUMES RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENT MADE OR OPINION OR REPORT EXPRESSED IN THIS PROSPECTUS. THE SC HAS NOT, IN ANY WAY, CONSIDERED THE MERITS OF THE SECURITIES BEING OFFERED FOR INVESTMENT.

THE SC IS NOT LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF THE COMPANY AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS DOCUMENT, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS.

**YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE IPO AND THE INVESTMENT IN OUR COMPANY. IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.**

APPROVAL HAS BEEN OBTAINED FROM BURSA SECURITIES FOR THE LISTING OF AND QUOTATION FOR THE SECURITIES BEING OFFERED. ADMISSION TO THE OFFICIAL LIST OF BURSA SECURITIES IS NOT TO BE TAKEN AS AN INDICATION OF THE MERITS OF THE INVITATION, OUR COMPANY OR OUR SECURITIES.

BURSA SECURITIES SHALL NOT BE LIABLE FOR ANY NON-DISCLOSURE ON OUR PART AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS.

A COPY OF THIS PROSPECTUS, TOGETHER WITH THE APPLICATION FORMS (AS DEFINED HEREIN), HAS ALSO BEEN LODGED WITH THE REGISTRAR OF COMPANIES, WHO TAKES NO RESPONSIBILITY FOR ITS CONTENTS.

## OTHER STATEMENTS

COMPANIES LISTED ON THE ACE MARKET OF BURSA SECURITIES MAY HAVE A LIMITED OPERATING HISTORY OR MAY NOT HAVE ANY PROFIT TRACK RECORD PRIOR TO LISTING. SUCH COMPANIES MAY BE OF HIGH INVESTMENT RISK. AS WITH ALL INVESTMENTS, YOU SHOULD BE AWARE OF ALL POTENTIAL RISKS IN INVESTING IN SUCH COMPANIES AND SHOULD MAKE THE DECISION TO INVEST AFTER GIVING DUE AND CAREFUL CONSIDERATION BY REFERRING TO, AMONGST OTHERS, THIS PROSPECTUS, OUR LATEST FINANCIAL STATEMENTS AND CORPORATE ANNOUNCEMENTS, IF ANY. YOU ARE STRONGLY RECOMMENDED TO SEEK ADVICE FROM A SECURITIES PROFESSIONAL OR ADVISER.

THIS IPO IS AN EXEMPT TRANSACTION UNDER SECTION 212(8) OF THE CAPITAL MARKETS AND SERVICES ACT 2007 ("**CMSA**") AND IS THEREFORE NOT SUBJECT TO THE APPROVAL OF THE SC.

YOU ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE OR MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS PROSPECTUS IS DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CMSA.

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE IPO FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CMSA, FOR EXAMPLE, DIRECTORS AND ADVISERS, ARE RESPONSIBLE.

THIS PROSPECTUS HAS NOT BEEN AND WILL NOT BE MADE TO COMPLY WITH THE LAWS OF ANY JURISDICTION OTHER THAN MALAYSIA, AND HAS NOT BEEN AND WILL NOT BE LODGED, REGISTERED OR APPROVED PURSUANT TO OR UNDER ANY APPLICABLE SECURITIES OR EQUIVALENT LEGISLATION OR WITH OR BY ANY REGULATORY AUTHORITY OR OTHER RELEVANT BODY OF ANY JURISDICTION OTHER THAN MALAYSIA.

WE WILL NOT, PRIOR TO ACTING ON ANY ACCEPTANCE IN RESPECT OF THE IPO, MAKE OR BE BOUND TO MAKE ANY ENQUIRY AS TO WHETHER YOU HAVE A REGISTERED ADDRESS IN MALAYSIA AND WILL NOT ACCEPT OR BE DEEMED TO ACCEPT ANY LIABILITY IN RELATION THERETO WHETHER OR NOT ANY ENQUIRY OR INVESTIGATION IS MADE IN CONNECTION THEREWITH.

THIS PROSPECTUS IS PREPARED AND PUBLISHED SOLELY FOR THE IPO IN MALAYSIA UNDER THE LAWS OF MALAYSIA. OUR SHARES ARE ISSUED IN MALAYSIA SOLELY BASED ON THE CONTENTS OF THIS PROSPECTUS. OUR BOARD, PROMOTERS, PRINCIPAL ADVISER, SPONSOR, SOLE UNDERWRITER AND PLACEMENT AGENT TAKE NO RESPONSIBILITY FOR THE DISTRIBUTION OF THIS PROSPECTUS (IN PRELIMINARY OR FINAL FORM) OUTSIDE MALAYSIA. OUR BOARD, PROMOTERS, PRINCIPAL ADVISER, SPONSOR, SOLE UNDERWRITER AND PLACEMENT AGENT HAVE NOT AUTHORISED ANYONE TO PROVIDE YOU WITH INFORMATION WHICH IS NOT CONTAINED IN THIS PROSPECTUS.

IT SHALL BE YOUR SOLE RESPONSIBILITY, IF YOU ARE OR MAY BE SUBJECT TO THE LAWS OF ANY COUNTRIES OR JURISDICTIONS OTHER THAN MALAYSIA TO CONSULT YOUR LEGAL AND/OR OTHER PROFESSIONAL ADVISERS AS TO WHETHER YOUR APPLICATION FOR THE IPO WOULD RESULT IN THE CONTRAVENTION OF ANY LAWS OF SUCH COUNTRIES OR JURISDICTIONS. NEITHER WE NOR OUR PRINCIPAL ADVISER NOR ANY OTHER ADVISER IN RELATION TO THE IPO SHALL ACCEPT ANY RESPONSIBILITY OR LIABILITY IN THE EVENT THAT ANY APPLICATION MADE BY YOU SHALL BECOME ILLEGAL, UNENFORCEABLE, AVOIDABLE OR VOID IN ANY SUCH COUNTRY OR JURISDICTION.

FURTHER, IT SHALL BE YOUR SOLE RESPONSIBILITY TO ENSURE THAT YOUR APPLICATION FOR THE IPO WOULD BE IN COMPLIANCE WITH THE TERMS OF THE IPO AND WOULD NOT BE IN CONTRAVENTION OF ANY LAWS OF COUNTRIES OR JURISDICTIONS OTHER THAN MALAYSIA TO WHICH YOU MAY BE SUBJECTED TO. WE WILL FURTHER ASSUME THAT YOU HAD ACCEPTED THE IPO IN MALAYSIA AND WILL BE SUBJECT ONLY TO THE LAWS OF MALAYSIA IN CONNECTION THEREWITH.

HOWEVER, WE RESERVE THE RIGHT, IN OUR ABSOLUTE DISCRETION TO TREAT ANY ACCEPTANCES AS INVALID IF WE BELIEVE THAT SUCH ACCEPTANCE MAY VIOLATE ANY LAW OR APPLICABLE LEGAL OR REGULATORY REQUIREMENTS.

## ELECTRONIC PROSPECTUS

THIS PROSPECTUS CAN ALSO BE VIEWED OR DOWNLOADED FROM BURSA SECURITIES' WEBSITE AT [www.bursamalaysia.com](http://www.bursamalaysia.com). THE CONTENTS OF THE ELECTRONIC PROSPECTUS ARE AS PER THE CONTENTS OF THE COPY OF THIS PROSPECTUS REGISTERED WITH THE SC.

YOU MAY ALSO OBTAIN A COPY OF THE ELECTRONIC PROSPECTUS FROM THE WEBSITES OF AFFIN BANK BERHAD AT [www.affinOnline.com](http://www.affinOnline.com), AFFIN HWANG INVESTMENT BANK BERHAD AT [trade.affinhwang.com](http://trade.affinhwang.com), CIMB BANK BERHAD AT [www.cimbclicks.com.my](http://www.cimbclicks.com.my), CIMB INVESTMENT BANK BERHAD AT [www.eipocimb.com](http://www.eipocimb.com), MALAYAN BANKING BERHAD AT [www.maybank2u.com.my](http://www.maybank2u.com.my), PUBLIC BANK BERHAD AT [www.pbebank.com](http://www.pbebank.com) AND RHB BANK BERHAD AT [www.rhbgroup.com](http://www.rhbgroup.com).

YOU ARE ADVISED THAT THE INTERNET IS NOT A FULLY SECURED MEDIUM, AND THAT YOUR INTERNET SHARE APPLICATION (AS DEFINED HEREIN) IS SUBJECT TO THE RISK OF PROBLEMS OCCURRING DURING DATA TRANSMISSION, COMPUTER SECURITY THREATS SUCH AS VIRUSES, HACKERS AND CRACKERS, FAULTS WITH COMPUTER SOFTWARE AND OTHER EVENTS BEYOND THE CONTROL OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS (AS DEFINED HEREIN). THESE RISKS CANNOT BE BORNE BY THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.

IF YOU ARE IN DOUBT AS TO THE VALIDITY OR INTEGRITY OF AN ELECTRONIC PROSPECTUS, YOU SHOULD IMMEDIATELY REQUEST FROM US, OUR ADVISER OR THE ISSUING HOUSE, A PAPER/PRINTED COPY OF THIS PROSPECTUS.

IN THE EVENT OF ANY DISCREPANCIES ARISING BETWEEN THE CONTENTS OF THE ELECTRONIC PROSPECTUS AND THE CONTENTS OF THE PAPER/PRINTED COPY OF THIS PROSPECTUS FOR ANY REASON WHATSOEVER, THE CONTENTS OF THE PAPER/PRINTED COPY OF THIS PROSPECTUS, WHICH IS IDENTICAL TO THE COPY OF THE PROSPECTUS REGISTERED WITH THE SC, SHALL PREVAIL.

IN RELATION TO ANY REFERENCE IN THIS PROSPECTUS TO THIRD PARTY INTERNET SITES ("**THIRD PARTY INTERNET SITES**"), WHETHER BY WAY OF HYPERLINKS OR BY WAY OF DESCRIPTION OF THE THIRD PARTY INTERNET SITES, YOU ACKNOWLEDGE AND AGREE THAT:-

- (I) WE AND OUR PRINCIPAL ADVISER DO NOT ENDORSE AND ARE NOT AFFILIATED IN ANY WAY WITH THE THIRD PARTY INTERNET SITES AND ARE NOT RESPONSIBLE FOR THE AVAILABILITY OF, OR THE CONTENTS OR ANY DATA, INFORMATION, FILES OR OTHER MATERIAL PROVIDED ON THE THIRD PARTY INTERNET SITES. YOU SHALL BEAR ALL RISKS ASSOCIATED WITH THE ACCESS TO OR USE OF THE THIRD PARTY INTERNET SITES;
- (II) WE AND OUR PRINCIPAL ADVISER ARE NOT RESPONSIBLE FOR THE QUALITY OF PRODUCTS OR SERVICES IN THE THIRD PARTY INTERNET SITES, FOR FULFILLING ANY OF THE TERMS OF YOUR AGREEMENTS WITH THE THIRD PARTY INTERNET SITES. WE AND OUR PRINCIPAL ADVISER ARE ALSO NOT RESPONSIBLE FOR ANY LOSS, DAMAGE OR COST THAT YOU MAY SUFFER OR INCUR IN CONNECTION WITH OR AS A RESULT OF DEALING WITH THE THIRD PARTY INTERNET SITES OR THE USE OF OR RELIANCE ON ANY DATA, INFORMATION, FILES OR OTHER MATERIAL PROVIDED BY SUCH PARTIES; AND
- (III) ANY DATA, INFORMATION, FILES OR OTHER MATERIAL DOWNLOADED FROM THE THIRD PARTY INTERNET SITES IS AT YOUR OWN DISCRETION AND RISK. WE AND OUR PRINCIPAL ADVISER ARE NOT RESPONSIBLE, LIABLE OR UNDER OBLIGATION FOR ANY DAMAGE TO YOUR COMPUTER SYSTEM OR LOSS OF DATA RESULTING FROM THE DOWNLOADING OF ANY SUCH DATA, INFORMATION, FILES OR OTHER MATERIAL.

WHERE AN ELECTRONIC PROSPECTUS IS HOSTED ON THE WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS, YOU ARE ADVISED THAT:-

- (I) THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS ARE LIABLE IN RESPECT OF THE INTEGRITY OF THE CONTENTS OF AN ELECTRONIC PROSPECTUS, TO THE EXTENT OF THE CONTENTS OF THE ELECTRONIC PROSPECTUS SITUATED ON THE WEB SERVER OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS WHICH MAY BE VIEWED VIA YOUR WEB BROWSER OR OTHER RELEVANT SOFTWARE.

THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS SHALL NOT BE RESPONSIBLE IN ANY WAY FOR THE INTEGRITY OF THE CONTENTS OF AN ELECTRONIC PROSPECTUS WHICH HAS BEEN DOWNLOADED OR OTHERWISE OBTAINED FROM THE WEB SERVER OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS AND THEREAFTER COMMUNICATED OR DISSEMINATED IN ANY MANNER TO YOU OR OTHER PARTIES; AND

- (II) WHILE ALL REASONABLE MEASURES HAVE BEEN TAKEN TO ENSURE THE ACCURACY AND RELIABILITY OF THE INFORMATION PROVIDED IN AN ELECTRONIC PROSPECTUS, THE ACCURACY AND RELIABILITY OF AN ELECTRONIC PROSPECTUS CANNOT BE GUARANTEED AS THE INTERNET IS NOT A FULLY SECURED MEDIUM.

THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS SHALL NOT BE LIABLE (WHETHER IN TORT OR CONTRACT OR OTHERWISE) FOR ANY LOSS, DAMAGE OR COST, YOU OR ANY OTHER PERSON MAY SUFFER OR INCUR DUE TO, AS A CONSEQUENCE OF OR IN CONNECTION WITH ANY INACCURACIES, CHANGES, ALTERATIONS, DELETIONS OR OMISSIONS IN RESPECT OF THE INFORMATION PROVIDED IN AN ELECTRONIC PROSPECTUS WHICH MAY ARISE IN CONNECTION WITH OR AS A RESULT OF ANY FAULT OR FAULTS WITH WEB BROWSERS OR OTHER RELEVANT SOFTWARE, ANY FAULT OR FAULTS ON YOUR OR ANY THIRD PARTY'S PERSONAL COMPUTER, OPERATING SYSTEM OR OTHER SOFTWARE, VIRUSES OR OTHER SECURITY THREATS, UNAUTHORISED ACCESS TO INFORMATION OR SYSTEMS IN RELATION TO THE WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS, AND/OR PROBLEMS OCCURING DURING DATA TRANSMISSION, WHICH MAY RESULT IN INACCURATE OR INCOMPLETE COPIES OF INFORMATION BEING DOWNLOADED OR DISPLAYED ON YOUR PERSONAL COMPUTER.

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**INDICATIVE TIMETABLE**

The following events are intended to take place on the following tentative dates:-

| <b>Event(s)</b>                                                           | <b>Tentative Date(s)</b> |
|---------------------------------------------------------------------------|--------------------------|
| Issuance of this Prospectus/Opening of the application period for the IPO | 26 April 2016            |
| Closing of the application period for the IPO                             | 4 May 2016               |
| Balloting of the Applications for the Issue Shares                        | 6 May 2016               |
| Allotment of Issue Shares to successful applicants                        | 12 May 2016              |
| Listing date                                                              | 16 May 2016              |

This timetable is tentative and is subject to changes which may be necessary to facilitate the implementation procedures. The application period for the IPO will close at the date stated above or such further period or periods as our Directors, together with the Sole Underwriter, in their absolute discretion may mutually decide.

In the event the closing date of the application period is extended, we will advertise the notice of the extension in a widely circulated daily English and Bahasa Malaysia newspaper in Malaysia prior to the original closing date of the application period. Following this, we will extend the dates for the balloting of the Applications, allotment of Issue Shares and Listing accordingly.

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## PRESENTATION OF INFORMATION

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All references to “our Company” or “LKL International” in this Prospectus are to LKL International Berhad, while references to “our Group” are to our Company and our subsidiary. References to “we”, “us”, “our” and “ourselves” are to our Company or our Group or any member of our Group, as the context requires. Unless the context otherwise requires, references to “Management” are to our Executive Directors and our key management personnel as disclosed in this Prospectus and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

Certain abbreviations, acronyms and technical terms used are defined in the “Definitions” section of this Prospectus. Words denoting the singular shall, where applicable, include the plural and vice versa. Words denoting the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include companies and corporations.

In this Prospectus, references to the “Government” are to the Government of Malaysia; and references to “RM” and “sen” are to the lawful currency of Malaysia. The word “approximately” used in this Prospectus is to indicate that a number is not an exact one, but that number is usually rounded off to the nearest hundredth or two (2) decimal places. Any discrepancies in the tables included herein between the amounts listed and the total thereof are due to rounding.

Unless otherwise stated, any reference to dates and times in this Prospectus shall be a reference to dates and times in Malaysia.

Any reference to any enactment in this Prospectus shall be a reference to that enactment as for the time being or amended or re-enacted.

This Prospectus includes statistical data provided by our Management and various third parties and cites third party projections regarding growth and performance of the industry in which our Group operates. This data is taken or derived from information published by industry sources and from our internal data. In each such case, the source is stated in this Prospectus. Where no source is stated, it can be assumed that the information originates from us.

In particular, certain information in this Prospectus is extracted or derived from the IMR Report prepared by Smith Zander (as defined herein), an independent market research company. We believe that the statistical data and projections cited in this Prospectus are useful in helping you to understand the major trends in the industry in which we operate. However, neither we nor our Principal Adviser have independently verified these data. Neither we nor our Principal Adviser make any representation as to the correctness, accuracy or completeness of such data, hence accordingly, you should not place undue reliance on the statistical data cited in this Prospectus. Similarly, third party projections cited in this Prospectus are subject to significant uncertainties that could cause actual data to differ materially from the projected figures. We give no assurance that the projected figures will be achieved and you should not place undue reliance on the third party projections cited in this Prospectus.

The information on our website or any website, directly or indirectly, linked to such website does not form part of this Prospectus and you should not rely on it. If there is any discrepancy between the contents of such website relating to our Group and this Prospectus, the information contained in this Prospectus shall prevail.

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## FORWARD-LOOKING STATEMENTS

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This Prospectus includes forward-looking statements, which include all statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding our Group's financial position, business strategies, plans and objectives of our Management for future operations. Some of these statements can be identified by words that have a bias towards or are forward-looking such as "may", "will", "would", "could", "believe", "expect", "anticipate", "estimate", "aim", "plan", "forecast", "project" or similar expressions. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond our Group's control that could cause our actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements include, without limitation, statements relating to:-

- (i) demand of our products and services;
- (ii) our business strategies;
- (iii) our plans and objectives for future operations;
- (iv) our financial position; and
- (v) our future earnings, cash flows and liquidity.

Such forward-looking statements are based on numerous assumptions regarding our Group's present and future business strategies and the environment in which our Group operates. Additional factors that could cause our Group's actual results, performance or achievements to differ materially include, but are not limited to those discussed in Section 4 – Risk Factors and Section 11.4 – Management's Discussion and Analysis of Financial Conditions, Results of Operations and Prospects, of this Prospectus. We cannot assure you that the forward-looking statements in this Prospectus will be realised.

These forward-looking statements are based on information available to us as at the date of this Prospectus. Unless otherwise required pursuant to the provisions of Section 238 of the CMSA, we expressly disclaim any obligation or undertaking to release publicly any update or revision to any forward-looking statements contained in this Prospectus to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

You will be deemed to have read and understood the descriptions of the assumptions and uncertainties underlying the forward looking statements, where available, that are contained herein.

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**DEFINITIONS**

The following definitions shall apply throughout this Prospectus unless the definitions are defined otherwise or the context requires otherwise:-

|                                             |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|---------------------------------------------|---|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>2D</b>                                   | : | Two (2)-dimensional                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>3D</b>                                   | : | Three (3)-dimensional                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Act</b>                                  | : | Companies Act, 1965                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Acquisition of Advance Metaltech LKL</b> | : | Acquisition by LKL International of the entire issued and paid-up share capital of LKL Advance Metaltech, amounting to RM2,000,000 comprising 2,000,000 ordinary shares of RM1.00 each in LKL Advance Metaltech for a purchase consideration of RM31,579,990 satisfied by the issuance of 315,799,900 LKL International Shares at par. The acquisition of LKL Advance Metaltech was completed on 10 March 2016                                                                                                                                                                                                                                                                      |
| <b>ADA</b>                                  | : | Authorised Depository Agent                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Agents</b>                               | : | In this Prospectus, agents are typically intermediary companies who work with hospitals and medical centres to source and purchase our medical/healthcare beds, peripherals and accessories. In this scenario, the identity of the end-user customers is known to us and we may deliver directly to the end-user customers. There are no contractual agreements between the Company and these agents in respect of geographical/customer restriction and payment/commission arrangements. Orders are made via purchase orders and agents do not receive commission from us. Please refer to Section 5.7.8 of this Prospectus for further information on the mode of sales by agents |
| <b>AIBB</b>                                 | : | Alliance Investment Bank Berhad (21605-D)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>APHM</b>                                 | : | Association of Private Hospital of Malaysia                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Application(s)</b>                       | : | The application(s) for the Issue Shares by way of Application Form, Electronic Share Application and/or Internet Share Application                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Application Form(s)</b>                  | : | The printed application form(s) for the application of the Issue Shares                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>ATM</b>                                  | : | Automated Teller Machine                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>AUD</b>                                  | : | Australian dollar                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Board</b>                                | : | The Board of Directors of LKL International                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Bursa Depository</b>                     | : | Bursa Malaysia Depository Sdn Bhd (165570-W)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Bursa Securities</b>                     | : | Bursa Malaysia Securities Berhad (635998-W)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>CAB</b>                                  | : | Conformity Assessment Bodies                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>CAD</b>                                  | : | Computer-aided design                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>CAGR</b>                                 | : | Compound annual growth rate                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>CAM</b>                                  | : | Computer-aided manufacturing                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>CCC</b>                                  | : | Certificate of Completion and Compliance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>CCU</b>                                  | : | Critical care unit                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |

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**DEFINITIONS (Cont'd)**


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|-------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>CDS</b>                          | : Central Depository System                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>CDS Account(s)</b>               | : Account(s) established for a Depositor by Bursa Depository for the recording of deposits or withdrawals of securities and for dealings in such securities by the Depositor                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>CE</b>                           | : Conformité Européene, meaning "European Conformity"                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Central Depositories Act</b>     | : Securities Industry (Central Depositories) Act, 1991                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Co-Founder(s)</b>                | : Lim Kon Lian and Mok Mei Lan, collectively                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>CMSA</b>                         | : Capital Markets and Services Act, 2007                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>CNC</b>                          | : Computer numerical control                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>CPR</b>                          | : Cardiopulmonary resuscitation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Depositor</b>                    | : A holder of a CDS Account                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Director(s)</b>                  | : Director(s) of our Company and shall have the meaning given in Section 2 of the CMSA                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Distributors</b>                 | : In this Prospectus, distributors are typically traders who purchase our products for onward sales to customers. In this scenario, we are unable to identify the end-user customers. There are no contractual agreements between the Company and these distributors in respect of geographical/customer restriction (save for some overseas distributors who are geographically restricted due to country regulations) and payment/commission arrangements. Orders are made via purchase orders and distributors do not receive commission from us. Please refer to Section 5.7.8 of this Prospectus for further information on the mode of sales by distributors |
| <b>EBITDA</b>                       | : Earnings before interest, taxes, depreciation and amortisation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Electronic Prospectus</b>        | : A copy of this Prospectus that is issued, circulated or disseminated via the Internet, and/or an electronic storage medium, including but not limited to CD-ROMs (compact disc read-only memory)                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Electronic Share Application</b> | : An application for the Issue Shares through Participating Financial Institutions' ATM                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>EPP</b>                          | : Entry Point Project                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>EPS</b>                          | : Earnings per share                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>ETP</b>                          | : Economic Transformation Programme                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>EU</b>                           | : European Union                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>EUR</b>                          | : Euro Dollar                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Executive Director</b>           | : A natural person who holds a directorship in an executive capacity in any company within our Group and is on the payroll of that company                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Factory Lot No. 1</b>            | : A double-storey detached factory used as an office, manufacturing plant and warehouse bearing the postal address of No. 1, Jalan BS7/18, Kawasan Perindustrian Bukit Serdang, Seksyen 7, 43300 Seri Kembangan, Selangor Darul Ehsan                                                                                                                                                                                                                                                                                                                                                                                                                              |

**DEFINITIONS (Cont'd)**

|                                                        |   |                                                                                                                                                                                                                                                         |
|--------------------------------------------------------|---|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Factory Lot No. 3</b>                               | : | A double-storey detached factory used as an office and manufacturing plant bearing the postal address of No. 3, Jalan BS 7/18, Kawasan Perindustrian Bukit Serdang, Seksyen 7, 43300 Seri Kembangan, Selangor Darul Ehsan                               |
| <b>Factory Lot No. 12</b>                              | : | An intermediate double-storey terrace industrial unit used as a manufacturing plant and storage bearing the postal address of No. 12, Perindustrian BS 9, Jalan BS 9/10, Taman Bukit Serdang, 43300 Seri Kembangan, Selangor Darul Ehsan                |
| <b>Factory Lot No. 12A</b>                             | : | An intermediate double-storey terrace industrial unit used as a manufacturing plant and storage bearing the postal address of No. 12A, Perindustrian BS 9, Jalan BS 9/10, Taman Bukit Serdang, 43300 Seri Kembangan, Selangor Darul Ehsan               |
| <b>Factory Lot No. 15</b>                              | : | An intermediate semi-detached one and a half (1½)-storey factory used as a manufacturing plant and warehouse bearing the postal address of No. 15, Jalan BS 7/20, Taman Perindustrian Bukit Serdang, Sek. 7, 43300 Seri Kembangan, Selangor Darul Ehsan |
| <b>Factory Lot No. 16</b>                              | : | An intermediate double-storey terrace industrial unit used as a manufacturing plant and storage bearing the postal address of No. 16, Perindustrian BS 9, Jalan BS 9/10, Taman Bukit Serdang, 43300 Seri Kembangan, Selangor Darul Ehsan                |
| <b>Factory Lot No. 22</b>                              | : | An intermediate double-storey terrace industrial unit used as a warehouse bearing the postal address of No. 22, Perindustrian BS 9, Jalan BS 9/10, Taman Bukit Serdang, 43300 Seri Kembangan, Selangor Darul Ehsan                                      |
| <b>FPE</b>                                             | : | Financial period ended/ending                                                                                                                                                                                                                           |
| <b>FYE</b>                                             | : | Financial year(s) ended/ending                                                                                                                                                                                                                          |
| <b>GBP</b>                                             | : | British Pound Sterling                                                                                                                                                                                                                                  |
| <b>GNI</b>                                             | : | Gross National Income                                                                                                                                                                                                                                   |
| <b>HKTDC</b>                                           | : | Hong Kong Trade Development Council                                                                                                                                                                                                                     |
| <b>ICU</b>                                             | : | Intensive care unit                                                                                                                                                                                                                                     |
| <b>IMR Report</b>                                      | : | Independent Market Research Report prepared by Smith Zander                                                                                                                                                                                             |
| <b>Internet Participating Financial Institution(s)</b> | : | Participating financial institution(s) for the Internet Share Application, as listed in Section 15 of this Prospectus                                                                                                                                   |
| <b>Internet Share Application</b>                      | : | Application for the Issue Shares through an online share application service provided by the Internet Participating Financial Institution(s)                                                                                                            |
| <b>IPO</b>                                             | : | Initial public offering of the Issue Shares in conjunction with the listing of and quotation for our entire enlarged issued and paid-up share capital on the ACE Market of Bursa Securities                                                             |
| <b>ISO</b>                                             | : | International Organization for Standardization                                                                                                                                                                                                          |
| <b>Issue Price</b>                                     | : | The issue price of RM0.20 for each Issue Share                                                                                                                                                                                                          |

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**DEFINITIONS (Cont'd)**


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|-----------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Issue Share(s)</b>                         | : 113,000,000 new LKL International Shares, representing approximately 26.35% of our enlarged issued and paid-up share capital, which are to be issued pursuant to the Public Issue and subject to the terms and conditions of this Prospectus            |
| <b>Issuing House or MIH</b>                   | : Malaysian Issuing House Sdn Bhd (258345-X)                                                                                                                                                                                                              |
| <b>IT</b>                                     | : Information Technology                                                                                                                                                                                                                                  |
| <b>IV</b>                                     | : Intravenous                                                                                                                                                                                                                                             |
| <b>LCD</b>                                    | : Liquid crystal display                                                                                                                                                                                                                                  |
| <b>Listing</b>                                | : The admission to the Official List of Bursa Securities and the listing of and quotation for our entire enlarged issued and paid-up share capital of RM42,880,000, comprising 428,800,000 LKL International Shares on the ACE Market of Bursa Securities |
| <b>Listing Requirements</b>                   | : ACE Market Listing Requirements of Bursa Securities                                                                                                                                                                                                     |
| <b>Listing Scheme</b>                         | : The Acquisition of LKL Advance Metaltech, Public Issue and Listing, collectively                                                                                                                                                                        |
| <b>LKL Advance Metaltech</b>                  | : LKL Advance Metaltech Sdn Bhd (278577-X)                                                                                                                                                                                                                |
| <b>LKL International or Company</b>           | : LKL International Berhad (1140005-V)                                                                                                                                                                                                                    |
| <b>LKL International Group or Group</b>       | : LKL International and LKL Advance Metaltech, collectively                                                                                                                                                                                               |
| <b>LKL International Share(s) or Share(s)</b> | : Ordinary shares of RM0.10 in LKL International                                                                                                                                                                                                          |
| <b>LPD</b>                                    | : 11 March 2016, being the latest practicable date prior to the issuance of this Prospectus                                                                                                                                                               |
| <b>Malaysian Public</b>                       | : Citizens of Malaysia and companies, societies, co-operatives and institutions incorporated or organised under the laws of Malaysia                                                                                                                      |
| <b>Market Day</b>                             | : Any day between Monday to Friday (both days inclusive) which is not a public holiday and when Bursa Securities is open for trading of securities                                                                                                        |
| <b>MATRADE</b>                                | : Malaysia External Trade Development Corporation                                                                                                                                                                                                         |
| <b>MDA</b>                                    | : Medical Device Authority                                                                                                                                                                                                                                |
| <b>MEDCAST</b>                                | : Medical Device Centralised Online Application System                                                                                                                                                                                                    |
| <b>MICCI</b>                                  | : Malaysian International Chamber of Commerce and Industry                                                                                                                                                                                                |
| <b>MITI</b>                                   | : Ministry of International Trade and Industry                                                                                                                                                                                                            |
| <b>Mm</b>                                     | : millimetre                                                                                                                                                                                                                                              |
| <b>MMA</b>                                    | : Malaysian Medical Association                                                                                                                                                                                                                           |
| <b>MMEBA</b>                                  | : MICCI Malaysia Entrepreneurs Branding Award                                                                                                                                                                                                             |

**DEFINITIONS (Cont'd)**

|                                               |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|-----------------------------------------------|---|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>N/A</b>                                    | : | Not applicable                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>NA</b>                                     | : | Net assets                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>NKEA</b>                                   | : | National Key Economic Area                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Official List</b>                          | : | Official list of the ACE Market of Bursa Securities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Participating Financial Institution(s)</b> | : | Participating financial institution(s) for Electronic Share Application, as listed in Section 15 of this Prospectus                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>PAT</b>                                    | : | Profit after taxation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>PBT</b>                                    | : | Profit before taxation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>PC</b>                                     | : | Process control                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>PE Multiple</b>                            | : | Price earnings multiple                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>PEMANDU</b>                                | : | Performance Management Delivery Unit                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Pink Form Allocations</b>                  | : | The allocation of 13,200,000 Issue Shares to our eligible Directors, employees and persons who have contributed to the success of our Group pursuant to the Public Issue                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Placement Agent</b>                        | : | AIBB, being the agent to place out 42,200,000 Issue Shares to be issued pursuant to the Public Issue                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>PPE</b>                                    | : | Property, plant and equipment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Prescribed Security</b>                    | : | Securities of a company that are prescribed by Bursa Securities to be deposited in the CDS subject to the provision of the Central Depositories Act and the Rules                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Principal Adviser</b>                      | : | AIBB                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Promoters</b>                              | : | Lim Kon Lian, Mok Mei Lan, Elaine Lim Sin Yee, Lim Pak Hong, Lim Ming Chang and Tan Lee Ching, collectively                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Prospectus</b>                             | : | This Prospectus dated 26 April 2016 in relation to the IPO                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Public Issue</b>                           | : | Public issue of 113,000,000 new LKL International Shares at the Issue Price comprising:- <ul style="list-style-type: none"> <li>(a) 8,000,000 new LKL International Shares made available for application by the Malaysian Public;</li> <li>(b) 13,200,000 new LKL International Shares made available for application by our eligible Directors, employees and persons who have contributed to the success of our Group;</li> <li>(c) 42,200,000 new LKL International Shares made available by way of placement to selected investors; and</li> <li>(d) 49,600,000 new LKL International Shares made available by way of placement to Bumiputera investors approved by the MITI</li> </ul> |
| <b>QA</b>                                     | : | Quality Assurance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |

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**DEFINITIONS (Cont'd)**


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|-------------------------------|---|--------------------------------------------------------------------------------------------------------------|
| <b>QC</b>                     | : | Quality Control                                                                                              |
| <b>R&amp;D</b>                | : | Research and development                                                                                     |
| <b>RM and sen</b>             | : | Ringgit Malaysia and sen respectively                                                                        |
| <b>ROC</b>                    | : | Registrar of Companies                                                                                       |
| <b>Rules</b>                  | : | Rules of Bursa Depository                                                                                    |
| <b>SC</b>                     | : | Securities Commission Malaysia                                                                               |
| <b>SGD</b>                    | : | Singapore Dollar                                                                                             |
| <b>SME</b>                    | : | Small and medium enterprise                                                                                  |
| <b>Smith Zander</b>           | : | Smith Zander International Sdn Bhd (1058128-V), an independent market research company                       |
| <b>Sole Underwriter</b>       | : | AIBB                                                                                                         |
| <b>Sponsor</b>                | : | AIBB                                                                                                         |
| <b>sq ft</b>                  | : | Square feet                                                                                                  |
| <b>UAE</b>                    | : | United Arab Emirates                                                                                         |
| <b>Underwriting Agreement</b> | : | The underwriting agreement dated 22 March 2016 entered into between our Company and AIBB pursuant to our IPO |
| <b>USA</b>                    | : | United States of America                                                                                     |
| <b>USD</b>                    | : | US Dollar                                                                                                    |

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**GLOSSARY OF TECHNICAL TERMS**


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The following technical terms in this Prospectus bear the same meanings as set out below unless the term is defined otherwise or the context requires otherwise:-

|                                                     |   |                                                                                                                                                                                                                                                                                                                                                                                |
|-----------------------------------------------------|---|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>ABS</b>                                          | : | Acrylonitrile butadiene styrene, a form of thermoplastic polymer which has higher impact resistance properties as compared to PE                                                                                                                                                                                                                                               |
| <b>AutoCAD</b>                                      | : | A 2D and 3D computer-aided design and drafting software application                                                                                                                                                                                                                                                                                                            |
| <b>Cardiac</b>                                      | : | A term that refers to parts relating to, or situated near, the heart                                                                                                                                                                                                                                                                                                           |
| <b>Defibrillator</b>                                | : | An electrical device used to correct abnormal heart rhythm by delivering brief electrical shocks to restore normal heartbeat                                                                                                                                                                                                                                                   |
| <b>Delivery bed</b>                                 | : | A delivery bed refers to a specially designed bed that provides additional support for mothers during labour and delivery stages, enabling them to be in a lithotomy position. Some delivery beds can also be converted into a bed for after-delivery stages                                                                                                                   |
| <b>Electric bed</b>                                 | : | An electric bed is a medical bed that is electrically powered to enable height, back rest, and/or knee rest adjustments. LKL International Group manufactures two (2) types of electric beds, namely standard electric beds (i.e. typical electric bed used in general wards) and ICU/CCU electric beds (i.e. electric beds with other salient features used in ICU/CCU wards) |
| <b>Examination table</b>                            | : | An examination table is a flat base medical bed where patients are placed during a medical examination                                                                                                                                                                                                                                                                         |
| <b>Hospital</b>                                     | : | A hospital is a healthcare institution or facility involved in the reception, hospitalisation, treatment and care of persons suffering from diseases, or requiring medical treatment, or dental treatment which requires hospitalisation                                                                                                                                       |
| <b>Hydraulic bed</b>                                | : | A hydraulic bed is a medical bed fitted with a foot pedal-operated hydraulic jack to enable height adjustments, and a gas spring mechanism to enable back rest and/or knee rest adjustments                                                                                                                                                                                    |
| <b>Instrument trolley</b>                           | : | An instrument trolley is designed for healthcare professionals to hold medical instruments while they are examining a patient or performing surgery on a patient                                                                                                                                                                                                               |
| <b>IV drip</b>                                      | : | A device used to administer fluid, medication and/or nutrients into a patient's circulatory system                                                                                                                                                                                                                                                                             |
| <b>Lateral Patient Transfer Trolley System</b>      | : | A patient transport trolley that allows for the transfer of patients from one (1) trolley to another, in a perpendicular direction                                                                                                                                                                                                                                             |
| <b>Lathe machine</b>                                | : | A machine that is used for shaping and removing nicks and fragments from materials using a rotating drive which turns the material against a cutting tool                                                                                                                                                                                                                      |
| <b>Lithotomy position</b>                           | : | A position in which a mother, commonly takes during childbirth. In this position, the mother lies flat on her back with hips and knees flexed and thighs apart and raised                                                                                                                                                                                                      |
| <b>Longitudinal Patient Transfer Trolley System</b> | : | A patient transport trolley that allows for the transfer of patients from one (1) trolley to another, in a parallel direction                                                                                                                                                                                                                                                  |

**GLOSSARY OF TECHNICAL TERMS (Cont'd)**

|                                       |   |                                                                                                                                                                 |
|---------------------------------------|---|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Manual bed</b>                     | : | A manual bed refers to a medical bed fitted with a manual crank mechanism to enable height, back rest and/or knee rest adjustments                              |
| <b>Medical bed</b>                    | : | A medical bed refers to a specially designed bed for patients that allows for height, back rest and/or knee rest adjustments                                    |
| <b>Medical cart</b>                   | : | A medical cart is used by healthcare professionals to temporarily or permanently hold and/or store medical equipment, instruments and accessories               |
| <b>Medical centre</b>                 | : | The term "medical centre" is another terminology for a hospital                                                                                                 |
| <b>Medical device</b>                 | : | A medical device refers to any device, equipment, instrument or apparatus, or a related product, used in the provision of healthcare services                   |
| <b>Milling machine</b>                | : | A machine with rotating cutters that is used for shaping and removing nicks and fragments from steel materials                                                  |
| <b>Overbed table</b>                  | : | An overbed table is a movable platform designed for hospitalised patients to place their meals and/or belongings, in order to enable easy access to these items |
| <b>Patient transport trolley</b>      | : | A patient transport trolley that is used by healthcare professionals to transport patients within and out of the hospital                                       |
| <b>PE</b>                             | : | Polyethylene, a form of thermoplastic polymer, is an elastic and non-toxic polymer, and is the most common form of thermoplastic polymer used                   |
| <b>PVC</b>                            | : | Polyvinyl chloride is a form of synthetic plastic polymer which is low in cost, durable and malleable                                                           |
| <b>Ratchet</b>                        | : | A mechanical device which is engaged on a wheel/caster to allow for motion in one direction only                                                                |
| <b>Reverse Trendelenburg position</b> | : | A position in which a patient lying flat on his/her back is tilted so that his/her head is higher than the feet                                                 |
| <b>SolidWorks</b>                     | : | A 3D computer-aided design and drafting software application                                                                                                    |
| <b>Trendelenburg position</b>         | : | A position in which a patient lying flat on his/her back is tilted so that his/her feet is higher than the head                                                 |
| <b>X-ray</b>                          | : | A non-invasive radiography procedure                                                                                                                            |

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**1. CORPORATE DIRECTORY****BOARD OF DIRECTORS**

| <b>Name/(Designation)</b>                                                          | <b>Address</b>                                                                                                | <b>Occupation</b>    | <b>Nationality</b> |
|------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------|----------------------|--------------------|
| Tan Sri Datuk Adzmi Bin Abdul Wahab<br><i>(Independent Non-Executive Chairman)</i> | No. 15, Jalan Bunga Cempaka 2/11<br>40000 Shah Alam<br>Selangor Darul Ehsan                                   | Director             | Malaysian          |
| Lim Kon Lian<br><i>(Managing Director)</i>                                         | No. 40, Jalan Indah 1/10<br>Taman Universiti Indah<br>43300 Seri Kembangan<br>Selangor Darul Ehsan            | Director             | Malaysian          |
| Mok Mei Lan<br><i>(Executive Director)</i>                                         | No. 40, Jalan Indah 1/10<br>Taman Universiti Indah<br>43300 Seri Kembangan<br>Selangor Darul Ehsan            | Director             | Malaysian          |
| Tan Chuan Hock<br><i>(Non-Independent Non-Executive Director)</i>                  | No. 2, Jalan 12/15<br>46200 Petaling Jaya<br>Selangor Darul Ehsan                                             | Director             | Malaysian          |
| Tevanaigam Randy Chitty<br><i>(Senior Independent Non-Executive Director)</i>      | C-39-7, 9 Bukit Utama<br>Persiaran Bukit Utama<br>Bandar Utama<br>47800 Petaling Jaya<br>Selangor Darul Ehsan | Director             | Malaysian          |
| Selma Enolil Binti Mustapha Khalil<br><i>(Independent Non-Executive Director)</i>  | No. 32, Jalan Putra Bistari 2/1s<br>Putra Heights<br>47650 Subang Jaya<br>Selangor Darul Ehsan                | Advocate & Solicitor | Malaysian          |

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**1. CORPORATE DIRECTORY (Cont'd)**


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**AUDIT COMMITTEE**

| <b>Name</b>                         | <b>Designation</b> | <b>Directorship</b>                       |
|-------------------------------------|--------------------|-------------------------------------------|
| Tevanaigam Randy Chitty             | Chairman           | Senior Independent Non-Executive Director |
| Tan Sri Datuk Adzmi Bin Abdul Wahab | Member             | Independent Non-Executive Chairman        |
| Selma Enolil Binti Mustapha Khalil  | Member             | Independent Non-Executive Director        |
| Tan Chuan Hock                      | Member             | Non-Independent Non-Executive Director    |

**REMUNERATION COMMITTEE**

| <b>Name</b>                        | <b>Designation</b> | <b>Directorship</b>                       |
|------------------------------------|--------------------|-------------------------------------------|
| Selma Enolil Binti Mustapha Khalil | Chairman           | Independent Non-Executive Director        |
| Lim Kon Lian                       | Member             | Managing Director                         |
| Tevanaigam Randy Chitty            | Member             | Senior Independent Non-Executive Director |
| Tan Chuan Hock                     | Member             | Non-Independent Non-Executive Director    |

**NOMINATION COMMITTEE**

| <b>Name</b>                        | <b>Designation</b> | <b>Directorship</b>                       |
|------------------------------------|--------------------|-------------------------------------------|
| Tevanaigam Randy Chitty            | Chairman           | Senior Independent Non-Executive Director |
| Selma Enolil Binti Mustapha Khalil | Member             | Independent Non-Executive Director        |
| Tan Chuan Hock                     | Member             | Non-Independent Non-Executive Director    |

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**1. CORPORATE DIRECTORY (Cont'd)**


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- COMPANY SECRETARIES** : Tea Sor Hua (MACS 01324)  
77C, Jalan SS21/60  
Damansara Utama  
47400 Petaling Jaya  
Selangor Darul Ehsan  
Telephone No. : (03) 7725 1777
- Yong Yen Ling (MAICSA 7044771)  
77C, Jalan SS21/60  
Damansara Utama  
47400 Petaling Jaya  
Selangor Darul Ehsan  
Telephone No. : (03) 7725 1777
- REGISTERED OFFICE** : Third Floor, No. 79 (Room A)  
Jalan SS21/60  
Damansara Utama  
47400 Petaling Jaya  
Selangor Darul Ehsan  
Telephone No. : (03) 7725 1777
- HEAD OFFICE** : Wisma LKL  
No. 3, Jalan BS7/18  
Kawasan Perindustrian Bukit Serdang  
Seksyen 7, 43300 Seri Kembangan  
Selangor Darul Ehsan  
Telephone No. : (03) 8948 2990  
Website : <http://www.lklbeds.com/>  
Email : [info@lklbeds.com](mailto:info@lklbeds.com)  
Information on our website does not constitute part of this Prospectus
- EXTERNAL AUDITORS AND REPORTING ACCOUNTANTS** : Crowe Horwath (AF1018)  
Level 16 Tower C  
Megan Avenue II  
12 Jalan Yap Kwan Seng  
50450 Kuala Lumpur  
Telephone No. : (03) 2788 9999
- SOLICITORS FOR THE LISTING** : Cheang & Ariff  
39 Court @ Loke Mansion  
273A, Jalan Medan Tuanku  
50300 Kuala Lumpur  
Telephone No. : (03) 2691 0803
- PRINCIPAL ADVISER, SPONSOR, SOLE UNDERWRITER AND PLACEMENT AGENT** : Alliance Investment Bank Berhad  
Level 3, Menara Multi-Purpose  
Capital Square  
8, Jalan Munshi Abdullah  
50100 Kuala Lumpur  
Telephone No. : (03) 2604 3333
- SHARE REGISTRAR** : Tricor Investor & Issuing House Services Sdn Bhd  
(formerly known as Equiniti Services Sdn Bhd)  
Unit 32-01, Level 32, Tower A  
Vertical Business Suite  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Telephone No. : (03) 2783 9299

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**1. CORPORATE DIRECTORY (Cont'd)**

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**PRINCIPAL BANKERS** : United Overseas Bank (M) Bhd  
Level 9, Menara UOB  
Jalan Raja Laut  
50350 Kuala Lumpur  
Telephone No. : (03) 2772 6306

OCBC Bank (Malaysia) Berhad  
Menara OCBC  
18 Jalan Tun Perak  
50050 Kuala Lumpur  
Telephone No. : (03) 8317 5200

**ISSUING HOUSE** : Malaysian Issuing House Sdn Bhd  
Level 6, Symphony House  
Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya  
Selangor Darul Ehsan  
Telephone No. : (03) 7841 8000

**INDEPENDENT MARKET RESEARCHER** : Smith Zander International Sdn Bhd  
Suite 23-3, Level 23, Office Suite  
Menara 1MK  
1 Jalan Kiara, Mont' Kiara  
50480 Kuala Lumpur  
Telephone No. : (03) 6211 2121

**LISTING SOUGHT** : ACE Market of Bursa Securities

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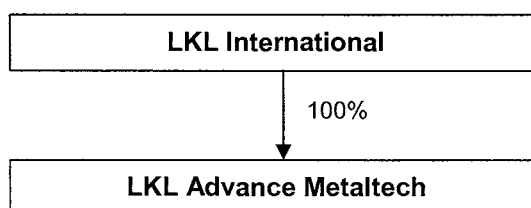
## 2. INFORMATION SUMMARY

THIS SECTION IS ONLY A SUMMARY OF THE SALIENT INFORMATION CONTAINED IN THIS PROSPECTUS AND MAY NOT CONTAIN ALL OF THE INFORMATION ABOUT US AND THE IPO WHICH MAY BE IMPORTANT TO YOU. YOU SHOULD CAREFULLY READ AND UNDERSTAND THIS SECTION TOGETHER WITH THE WHOLE PROSPECTUS BEFORE YOU DECIDE WHETHER TO INVEST IN US. PROSPECTIVE INVESTORS ARE ADVISED TO READ THE RISK FACTORS DESCRIBED IN SECTION 4 OF THIS PROSPECTUS FOR AN UNDERSTANDING OF THE RISKS ASSOCIATED WITH THE INVESTMENT IN OUR GROUP.

### 2.1 BACKGROUND AND OVERVIEW

Our Company was incorporated in Malaysia under the Act on 13 April 2015 as a private limited company under the name of LKL International Sdn Bhd and was subsequently converted to a public limited company on 16 July 2015.

Our Group corporate structure is as follows:-



Our principal activities are as follows:-

| Company               | Principal Activities                                              |
|-----------------------|-------------------------------------------------------------------|
| LKL International     | Investment holding                                                |
| LKL Advance Metaltech | Provision of medical/healthcare beds, peripherals and accessories |

We are principally involved in the design and manufacturing of medical/healthcare beds, peripherals and accessories, where we are one of the largest local manufacturers in Malaysia, in terms of revenue.

Our diverse range of products are used in/by a wide portfolio of customers such as hospitals and medical centres, as well as other healthcare-related facilities such as clinics and specialist institutions (i.e. fertility centres, diagnostics centres, eye specialists, orthopaedic centres, chiropractic centres, dialysis centres, confinement centres, nursing centres and etc). We also sell our products to education facilities/medical schools, wellness, beauty and aesthetics centres, pharmacies, and individuals.

We generate our sales from the abovementioned wide portfolio of customers either directly by our sales team or through Agents, Distributors and project consultants. Our sales which were secured via Agents, Distributors and project consultants, contributed approximately 65.36%, 63.43%, 56.98% and 46.63% of our total revenue for the past three (3) FYE 30 April 2013 to 2015 and six (6)-month FPE 31 October 2015 respectively. Further information on our mode of distribution and sales are set out in Section 5.7.8 of this Prospectus.

## 2. INFORMATION SUMMARY (Cont'd)

The end-users of our products are largely hospitals and medical centres, comprising 61.32%, 56.59%, 57.68% and 58.54% of our total revenue for the past three (3) FYE 30 April 2013 to 2015 and six (6)-month FPE 31 October 2015 respectively, with the remaining end-users coming from our wide portfolio of customers (as mentioned above). In Malaysia, some of these include public hospitals and medical centres such as Hospital Putrajaya, Hospital Serdang, Hospital Selayang, Pusat Perubatan Universiti Malaya, Hospital Sultanah Aminah and National Cancer Institute, Putrajaya; and private hospitals and medical centres such as Columbia Asia group of hospitals, Prince Court Medical Centre, Gleneagles Kuala Lumpur, KPJ Damansara Specialist Hospital, Pantai Hospital Kuala Lumpur, ParkCity Medical Centre, Tropicana Medical Centre and Sunway Medical Centre.

We have exported our medical/healthcare beds, peripherals and accessories to over 30 countries across six (6) continents, which contributed approximately 22.57%, 21.97%, 19.49% and 25.37% of our total revenue for the past three (3) FYE 30 April 2013 to 2015 and six (6)-month FPE 31 October 2015 respectively.

Our design and manufacturing process complies with international compliance standards. We are currently ISO 9001:2008 and EN ISO 13485:2012 certified, which demonstrate our compliance and commitment to respected industry quality management practices for the design and development, production, assembly and distribution of durable medical equipment such as hospital beds, trolleys, tables, mobility aids and other support equipment. We have also been granted a certificate of CE registration, a registration which certifies that our products comply with the European Commission health, safety and environment protection legislation, under the European Commission 93/42/EEC and 2007/47/EEC.

### **History: Evolution and Growth of our Business**

In 1981, our Co-Founder and Managing Director, Lim Kon Lian, established Victor Company, a sole proprietorship involved in the manufacturing of steel and wooden furniture, which included hospital furniture and accessories. Prior to 1981, Lim Kon Lian had spent over ten (10) years in metal and steel fabrication, initially as a trade apprentice and subsequently as a freelance sub-contractor. In 1988, our other Co-Founder and Procurement Director, Mok Mei Lan, co-founded Victory Supplies with Lim Kon Khoon, the brother of Lim Kon Lian. Victory Supplies, which was set up primarily as the trading arm of Victor Company, was involved in the trading and supply of hospital furniture, accessories, and steel and wooden furniture and fittings.

Lim Kon Lian and Mok Mei Lan jointly established our wholly-owned subsidiary, LKL Advance Metaltech on 13 October 1993, with the ultimate intention to utilise LKL Advance Metaltech, being a private limited company, to expand their business operations. LKL Advance Metaltech was a property holding company in the interim when it acquired its first property the following year with the purchase of a factory cum office building in Taman Universiti Indah, Seri Kembangan and rented the property to Victory Supplies. Victor Company ceased operations when the business was closed on 4 July 1994, and Victory Supplies assumed the manufacturing operations of Victor Company.

In 1996, we commenced our intended operations as a manufacturer and trader of hospital furniture, accessories, and steel and wooden furniture and fittings at our factory in Taman Universiti Indah helmed by Lim Kon Lian. Victory Supplies continued operating concurrently from the same premises.

Due to growing market demand, we began to gradually focus on the healthcare furniture and equipment business, where we sold our products to customers directly as well as through Agents, Distributors and project consultants. Within the first two (2) years of our operations, we delivered our products to hospitals and medical centres such as Assunta Hospital in Petaling Jaya, Taman Desa Medical Centre & Specialist Hospital and Hospital Tung Shin in Kuala Lumpur via our sales team.

## 2. INFORMATION SUMMARY (Cont'd)

In line with the expansion of our business, we expanded our factory when we purchased an adjacent unit to our factory cum office building in Taman Universiti Indah in 1997. Along with this expansion, we automated a large part of our welding processes through the installation of robotic welding machinery in the same year. With the on-going growth of LKL Advance Metaltech, Victory Supplies ceased operations, when it was closed on 22 March 1999, with Mok Mei Lan thereafter focusing solely on LKL Advance Metaltech's operations.

As our business grew, our portfolio of customers continued to expand, where from 2000 to 2001, we delivered our products to public hospitals and medical centres such as Hospital Putrajaya, Hospital Lahad Datu and Hospital Keningau via project consultants, which had subsequently paved the way for more deliveries to other local public hospitals and medical centres. Our sales team had also secured direct orders from private hospitals and medical centres such as Sentosa Medical Centre and Pantai Cheras Medical Centre (now known as Pantai Hospital Cheras). We also secured one of our earliest export sales via Distributor when we delivered our products to a customer in Singapore in 2000, thus forming the beginning of our export track record. We continued to secure orders from this distributor in subsequent years.

From 2002 to 2008, we continued to expand our business reach to other public hospitals and medical centres, as we secured deliveries to Hospital Jasin, Hospital Sarikei, Hospital Serdang, Hospital Temerloh and Hospital Angkatan Tentera Setapak via project consultants as well as Pusat Perubatan Universiti Malaya via our sales team. During this period, our sales team also secured direct orders from private hospitals and medical centres such as Perak Chinese Maternity Hospital and Gleneagles Intan Medical Centre (now known as Gleneagles Kuala Lumpur). Our export track record also grew during this period with the addition of more than ten (10) new countries with sales to customers in Sri Lanka, Bangladesh, Hong Kong, Saudi Arabia, Kuwait, Pakistan, India, Vietnam, Philippines, UAE, Maldives, Indonesia, Brunei and Australia. We also exported our products to customers in Europe, having secured orders from Switzerland, Germany and Poland between 2004 and 2008.

In 2008, to accommodate further expansion in our business, we relocated to our present head office and manufacturing plant in Factory Lot No. 3. In 2012, due to continued growth in our business, we expanded our manufacturing facility and commenced operations in an adjacent property (Factory Lot No. 1).

Between 2009 and 2015, our business continued to grow and we secured orders via project consultants to Hospital Kuala Lipis, Hospital Queen Elizabeth II Kota Kinabalu, Hospital Rehabilitasi Cheras and National Cancer Institute, Putrajaya; and directly by our sales team to Darul Ehsan Medical Centre, Columbia Asia group of hospitals, Manipal Hospitals Klang (formerly known as Arunamari Specialist Medical Centre) and KPJ Pahang Specialist Hospital. Our overseas business also continued to expand during this time, as we exported to more than 15 new countries to our customers in the Netherlands, United Kingdom, Mozambique, Finland, Austria, Oman, Ghana, Mauritius, Qatar, Syria, Jordan, Botswana, Kenya, Laos, Myanmar, Thailand and Cambodia. We also managed to secure sales from customers in North America and Central/South America, with the delivery of our products to Mexico and Costa Rica respectively.

In 2015, we acquired another factory (Factory Lot No. 15) located behind our current premises to accommodate our future expansion. We intend to use this factory to set up the new CNC machinery once the machinery is acquired. Please refer to Section 5.8.1(iv) of this Prospectus for further details of our planned machinery acquisition. In the same year, we rented four (4) nearby shophot factories (Factory Lot No. 12, Factory Lot No. 12A, Factory Lot No. 16 and Factory Lot No. 22) to relocate our storage, warehouse and some of our assembly processes due to space constraints at our current factory, as well as to carry out epoxy powder coating (which was previously carried out at another rented premise). Please refer to Section 5.8.1(v) of this Prospectus for further details.

To-date, we pride ourselves on having delivered our products to numerous public and private hospitals and medical centres in Malaysia and over 30 countries across six (6) continents, in support of the growing healthcare services industry globally.

## 2. INFORMATION SUMMARY (Cont'd)

### **Awards, Certifications and Recognitions**

In 2001, we received the ISO 9001:2000 certification from RWTÜV Anlagentechnik GmbH (updated to ISO 9001:2008 certification, and currently certified by TÜV SÜD Management Service GmbH), for the design and development, production, assembly and distribution of durable medical equipment such as hospital beds, trolleys, tables, mobility aids and other support equipment. Further, in 2005, we received the EN ISO 13485:2003 certification from TÜV Product Service GmbH (updated to EN ISO 13485:2012 certification, and currently certified by TÜV SÜD Product Service GmbH) for the design and development, production, assembly and distribution of durable medical equipment such as hospital beds, trolleys, tables, mobility aids and other support equipment. We were also granted a certificate of CE registration since 2009 by Obelis s.a., a registration which certifies that our products comply with the European Commission health, safety and environment protection legislation, under the European Commission 93/42/EEC and 2007/47/EEC. Our products under the purview of this registration are manual, hydraulic, standard electric, ICU/CCU electric and delivery beds, patient transport trolleys and stretchers, examination tables, medical tables and chairs, and overbed tables. These achievements are as a result of, amongst others, an accumulation of technical know-how and industry knowledge gained through many years of operating in the industry.

Arising from our industry reputation and track record built throughout the years, we were appointed by PEMANDU in 2011 to spearhead EPP13, a designated project to develop the medical hardware and furniture cluster under the healthcare sector. The EPP13 is a NKEA under the ETP driven by PEMANDU and targets to add RM380 million to GNI and create an additional 2,900 jobs in the healthcare sector by 2020.

Over the years, we have successfully grown and evolved into an established healthcare furniture and equipment manufacturer specialising in the design, manufacturing and sale of medical/healthcare beds and the design, manufacturing, sale and trading of medical peripherals and accessories. Through our achievements, we were awarded various accolades, including:-

- the "Enterprise 50" by SME Corporation Malaysia and Deloitte Malaysia in 2005;
- the "MMEBA" under the Platinum Brand Award category and under the Corporate Branding Export Market Gold Award category by MICCI and Lim Kok Wing University of Creative Technology in 2007;
- the "Golden Bull Award 2011 (Outstanding SME)" by Nanyang Siang Pau in 2011;
- the "SMEs BestBrands Awards" under the Corporate Branding Awards sector by the Asia Pacific Brand Foundation in 2011;
- the "1Malaysia Enterprise Award" under the "1Malaysia Lifecare category" by the Malaysia Food Processing and Packaging Entrepreneurs Association in 2012; and
- the "Golden Eagle Award 2015 (Malaysia 100 Excellent Enterprises)" by Nanyang Siang Pau in 2015.

According to the IMR Report, we garnered a market share of 40.5% in 2014 in Malaysia, based on our local revenue of RM31.4 million for the FYE 30 April 2015. As one of the largest local manufacturers in Malaysia, we are well-positioned to continuously strengthen our presence in Malaysia and pursue opportunities in both local and international markets. Therefore, we are seeking listing on the ACE Market of Bursa Securities to facilitate and accelerate our future growth. Our continuous commitment in maintaining the highest levels of product quality and customer service, as well as in expanding, improving and upgrading our products, coupled with our proven track record and technical know-how, will place us in a position to be able to ensure our long term growth and sustainability in the industry.

Further information on our Group, our business and our future plans and strategies are disclosed under Section 5 of this Prospectus.

## 2. INFORMATION SUMMARY (Cont'd)

### 2.2 COMPETITIVE STRENGTHS

(i) **We are well-positioned to capitalise on the growth in the local and international healthcare industry**

Our medical/healthcare beds, peripherals and accessories are mainly sold to hospitals and medical centres as well as other healthcare-related facilities, either directly by our sales team or via Agents, Distributors and project consultants (please refer to Section 5.7.8 of this Prospectus for further information). Thus, the potential for our future revenue growth is promising in line with the growth of the healthcare industry locally and internationally.

According to the IMR Report, the healthcare services industry in Malaysia grew, in terms of total healthcare expenditure, at a CAGR of 9.7% from RM17.8 billion in 2004 to RM41.0 billion in 2013. Growth is expected to be driven by higher incidences of chronic diseases, the demographic shift to an ageing population, the increased accessibility to healthcare services due to growth in income and/or uptake of medical insurance, as well as Government initiatives in promoting the healthcare services industry. Specifically in terms of medical/healthcare beds, Malaysia's ratio of medical beds per 1,000 population stood at 1.9 beds in 2014, below both the developing country average and world average of 2.2 beds and 3.0 beds respectively, demonstrating that there is room for further growth for medical/healthcare beds in Malaysia's healthcare industry.

As one of Malaysia's largest manufacturers of medical/healthcare beds, peripherals and accessories by revenue, we have strong local market presence and are well-positioned to continue to capture future growth opportunities in the healthcare industry in Malaysia. According to the IMR Report, we garnered a market share of 40.5% in 2014 in Malaysia, based on our local revenue of RM31.4 million for the FYE 30 April 2015 and the market size for medical beds, peripherals and accessories of RM77.6 million in 2014. As such, with our strong market position and proven track record, we are primed to continue to grow in tandem with the rise in healthcare expenditure and growth in healthcare services in Malaysia.

In addition, the Government plays an active role in driving the healthcare equipment sector, thus benefiting the medical bed, peripheral and accessory industry. The Ministry of Health Malaysia acknowledges the shortage of medical beds in the country, and have announced that the Government have been taking measures to improve access to healthcare in general, including the upgrading of existing hospitals and the building of new hospitals in high density areas to accommodate for the lack of healthcare services and insufficient number of beds. In the 11th Malaysia Plan which was launched in May 2015, the Government announced its aim to achieve universal access to quality healthcare, and in doing so it aims to increase the medical bed ratio to 2.3 beds per 1,000 population.

Further, the global healthcare services industry has also demonstrated growth, where total healthcare expenditure increased at a CAGR of 6.4%, from USD4.3 trillion (RM16.3 trillion) in 2004 to USD7.5 trillion (RM23.6 trillion) in 2013. Particularly in the developing countries of Asia, Middle East, Africa and Central/South America, which have been, and will continue to be, our key export markets, per capita healthcare expenditure remain relatively low compared to per capita healthcare expenditure in the developed countries. Our growth potential in the medical bed, peripheral and accessory industry in Malaysia is not just limited to the demand from within the local market as there is also latent demand for medical beds in most developing countries, particularly in Asia, Middle East and Africa, and this is indicated by the lower developing country average for medical beds per 1,000 population of 2.2 beds relative to the world average of 3.0 beds.

(Source: IMR Report)

## 2. INFORMATION SUMMARY (Cont'd)

Premised on the above, our Group is poised to leverage on the continuing long term demand growth for healthcare services. The listing of our Group will provide the impetus to take our Group to the next phase of growth, as it will enhance our Group's corporate and business profile, as well as increase the stature of our Group in the marketing of our products and services, particularly in the international markets.

**(ii) We have delivered our products to established public and private hospitals and medical centres in the local as well as international markets**

We have delivered our products to both locally and internationally established hospitals and medical centres. In Malaysia, this includes Hospital Putrajaya, Pusat Perubatan Universiti Malaya, Columbia Asia group of hospitals and Sunway Medical Centre. In the overseas markets, we have delivered our products across six (6) continents to over 30 countries, including Botswana, Maldives, Mozambique, Singapore, Kenya, Bangladesh and Sri Lanka. Please refer to Section 5.7.2 of this Prospectus for details of the hospitals and medical centres where we have delivered our products.

Our success in securing and retaining these hospitals and medical centres is a testament to our product quality, customer service and proven industry track record. We have been serving some of our customers for over 15 years (Assunta Hospital, Hospital Tung Shin, Pantai Hospital Cheras and Hospital Putrajaya), where these long-term business relationships have resulted in repeat orders, which provide us with strong assurance in terms of business sustainability.

**(iii) We have the required technical expertise to conform to international compliance standards in the global healthcare industry**

Our design and manufacturing process complies with international compliance standards. We have the ISO 9001:2008 certification (first awarded as ISO 9001:2000 certification) and EN ISO 13485:2012 certification (first awarded as EN ISO 13485:2003 certification) from TÜV SÜD Management Service GmbH (first awarded by RWTÜV Anlagentechnik GmbH in 2001) and TÜV SÜD Product Service GmbH (first awarded by TÜV Product Service GmbH in 2005) respectively, which are certification bodies based in Germany, certifying that our manufacturing process comply with the quality management system requirements for the design and development, production, assembly and distribution of durable medical equipment such as hospital beds, trolleys, tables, mobility aids and other support equipment.

We have also been granted a certificate of CE registration by Obelis s.a., a registration which certifies that our products comply with the European Commission health, safety and environment protection legislation, under the European Commission 93/42/EEC and 2007/47/EEC. Our products under the purview of this registration are manual, hydraulic, standard electric, ICU/CCU electric and delivery beds, patient transport trolleys and stretchers, examination tables, medical tables and chairs, and overbed tables.

The abovementioned achievements are as a result of, amongst others, an accumulation of technical know-how and industry knowledge gained through many years of operating in the industry. The local and international healthcare industry places utmost importance on the quality of medical/healthcare beds, peripherals and accessories used in hospitals and medical centres, and as such, requires manufacturers and suppliers to conform to strict international product compliance standards.

Furthermore, our Group has the capability to manufacture customised products, based on requirements and specifications of our customers. These include design factors such as customised dimensions, shapes, enhanced features and colours.

## 2. INFORMATION SUMMARY (Cont'd)

**(iv) We have exported our products to over 30 countries across six (6) continents**

We have delivered medical/healthcare beds, peripherals and accessories to destinations across six (6) continents and in over 30 countries including Bangladesh, Brunei, Cambodia, Hong Kong, India, Jordan, Kuwait, Laos, Maldives, Myanmar, Oman, Pakistan, Philippines, Qatar, Saudi Arabia, Singapore, Sri Lanka, Syria, Thailand, UAE and Vietnam in Asia; Botswana, Ghana, Kenya, Mauritius and Mozambique in Africa; Austria, Finland, Germany, Switzerland and the United Kingdom in Europe; Australia in Oceania; Mexico in North America and Costa Rica in Central/South America.

These international markets serve as a vast market for our Group to tap into. It also reflects our global footprint in the healthcare furniture and equipment industry, in support of the growing healthcare services industry globally. In the past three (3) FYE 30 April 2013 to 2015 and six (6)-month FPE 31 October 2015, our revenue from international markets accounted for 22.57%, 21.97%, 19.49% and 25.37% respectively of our total revenue. Our penetration into international markets is a testament to our industry reputation and track record, and has been facilitated by our conformance to international standards.

**(v) We have a diversified range of products to cater for a wide range of customer demands**

Our Group has the capabilities and experience to design and manufacture a diverse range of medical/healthcare beds (such as medical and delivery beds comprising electric, hydraulic and manual beds) and medical peripherals and accessories (such as patient transport trolleys, medical carts, instrument trolleys, examination tables, overbed tables and miscellaneous peripherals and accessories). This wide range of products allows us to serve the different needs of customers as well as provides us the flexibility to alter our product mix in the event of changing market conditions.

Our diversified capabilities and wide range of products allow us to target a large customer base, making us less dependent on any particular product and/or customer. It also enables our Group to adapt to difficult market conditions and gives us flexibility in reacting to changing customer needs and demands. Difficult market conditions may occur due to a decrease in demand for medical/healthcare beds, peripherals and accessories, which may be a result of a lower number of newly established hospitals and medical centres, and/or a cutback in public and private healthcare expenditure as well as competition from local and foreign players.

**(vi) We are able to offer efficient and reliable after-sales services to our customers**

We are committed in providing efficient and reliable after-sales services to our customers in order to maintain strong relationships with our customers. As a result, we have been able to secure recurring orders from our key customers as well as derive sales through referrals from some of these customers. Since our establishment, we have built a strong customer base consisting of several longstanding customers, some with more than 15 years of working relationship.

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**2. INFORMATION SUMMARY (Cont'd)**

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**(vii) We have an experienced management team**

We have been operating in the healthcare furniture and equipment business, supporting hospitals and medical centres, for more than 15 years and throughout these years, we have been led by an experienced and dedicated management team. Our Co-Founder and Managing Director, Lim Kon Lian, has played a pivotal role in steering our growth and success since our inception. Lim Kon Lian has over 40 years of experience in steel and metal fabrication, and over 30 years in the healthcare furniture and equipment business. His experience, drive and passion for our business have been instrumental in leading our Group to its current position within the industry.

Throughout these years, we have built an established industry reputation through our management's experience, technical know-how and industry knowledge. Our ability to provide high quality products, coupled with our consistent levels of reliable service, has been instrumental in attracting new and recurring orders from established hospitals and medical centres, and has enabled us to maintain our business relationships with our existing customers. We believe that the strength and experience of our key management team will enable us to continue to further grow our business and expand our market presence.

Further details of our competitive strengths are set out in Section 5.1.2 of this Prospectus.

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**2. INFORMATION SUMMARY (Cont'd)****2.3 PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT OF OUR GROUP**

Our Company's Promoters, substantial shareholders, Directors and key management are as follows:-

| <b>Name</b>                                      | <b>Designation</b>                        |
|--------------------------------------------------|-------------------------------------------|
| <b>PROMOTERS AND/OR SUBSTANTIAL SHAREHOLDERS</b> |                                           |
| Lim Kon Lian                                     | Promoter and substantial shareholder      |
| Mok Mei Lan                                      | Promoter and substantial shareholder      |
| Elaine Lim Sin Yee                               | Promoter and substantial shareholder      |
| Lim Pak Hong                                     | Promoter and substantial shareholder      |
| Lim Ming Chang                                   | Promoter                                  |
| Tan Lee Ching                                    | Promoter                                  |
| Tan Chuan Hock                                   | Substantial shareholder                   |
| <b>DIRECTORS</b>                                 |                                           |
| Tan Sri Datuk Adzmi Bin Abdul Wahab              | Independent Non-Executive Chairman        |
| Lim Kon Lian                                     | Managing Director                         |
| Mok Mei Lan                                      | Executive Director                        |
| Tan Chuan Hock                                   | Non-Independent Non-Executive Director    |
| Tevanaigam Randy Chitty                          | Senior Independent Non-Executive Director |
| Selma Enolil Binti Mustapha Khalil               | Independent Non-Executive Director        |
| <b>KEY MANAGEMENT</b>                            |                                           |
| Lim Kon Lian                                     | Managing Director                         |
| Mok Mei Lan                                      | Procurement Director                      |
| Lim Pak Hong                                     | Group General Manager                     |
| Lim Ming Chang                                   | General Manager – Operations              |
| Wee Chuen Lii                                    | Financial Controller                      |
| Lee Kah Eamg                                     | Chief Marketing Officer                   |
| Elaine Lim Sin Yee                               | Human Resource and Administration Manager |
| Lee Kam Weng                                     | Export Manager                            |

Further details on our Promoters, substantial shareholders, Directors and key management are disclosed in Section 7 of this Prospectus.

## 2. INFORMATION SUMMARY (Cont'd)

### 2.4 PRINCIPAL STATISTICS RELATING TO THE IPO

The following statistics relating to the IPO are derived from the full text of this Prospectus and should be read in conjunction with the text:-

|                                                                                                                                                                                                         | No. of Shares | Share Capital (RM) |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|--------------------|
| <b>Authorised share capital</b>                                                                                                                                                                         | 500,000,000   | 50,000,000         |
| <b>Issued and fully paid-up share capital as at the date of this Prospectus</b>                                                                                                                         | 315,800,000   | 31,580,000         |
| New shares to be issued pursuant to the Public Issue                                                                                                                                                    | 113,000,000   | 11,300,000         |
| <b>Enlarged share capital upon Listing</b>                                                                                                                                                              | 428,800,000   | 42,880,000         |
| <b>Issue Price</b>                                                                                                                                                                                      |               | 0.20               |
|                                                                                                                                                                                                         |               | <b>RM</b>          |
| - <b>Pro forma consolidated NA per Share</b> (based on the enlarged issued and paid-up share capital after the IPO and after deducting the estimated listing expenses of approximately RM2.500 million) |               | 0.13               |
| - <b>Market capitalisation upon Listing</b> (based on the Issue Price and enlarged issued and paid-up share capital after the IPO)                                                                      |               | 85,760,000         |

Further information on our IPO is disclosed under Section 3 of this Prospectus.

### 2.5 UTILISATION OF PROCEEDS FROM THE IPO

The total gross proceeds from the Public Issue will amount to RM22.600 million based on the Issue Price. We expect the proceeds to be utilised in the following manner:-

| Purpose                     | RM'000        | %             | Estimated time frame for utilisation (from the listing date) |
|-----------------------------|---------------|---------------|--------------------------------------------------------------|
| Capital expenditure         | 8,500         | 37.61         | Within 18 months                                             |
| Repayment of bank borrowing | 3,995         | 17.68         | Within 12 months                                             |
| Working capital             | 7,605         | 33.65         | Within 24 months                                             |
| Estimated listing expenses  | 2,500         | 11.06         | Within three (3) months                                      |
| <b>Total</b>                | <b>22,600</b> | <b>100.00</b> |                                                              |

There is no minimum subscription to be raised from the IPO.

Further details on the utilisation of proceeds are set out in Section 3.9 of this Prospectus.

The pro forma impact of the utilisation of proceeds on our Pro Forma Consolidated Statements of Financial Position as at 31 October 2015 is reflected in Section 2.7 and Section 11.2 of this Prospectus.

**2. INFORMATION SUMMARY (Cont'd)****2.6 HISTORICAL COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OF OUR GROUP**

The historical audited combined statements of profit or loss and other comprehensive income of our Group for the past three (3) FYE 30 April 2013 to 2015 and six (6)-month FPE 31 October 2015 have been extracted from the Accountants' Report set out in Section 12 of this Prospectus, which deals with the audited combined financial statements of our Group for the same financial years/period under review. Additionally, the unaudited combined statements of profit or loss and other comprehensive income of our Group for the six (6)-month FPE 31 October 2014 has been prepared for comparison purpose only.

The historical combined statements of profit or loss and other comprehensive income should be read with our Management's Discussion and Analysis of Financial Conditions, Results of Operations and Prospects set out in Section 11.4 of this Prospectus and with the Accountants' Report and related notes set out in Section 12 of this Prospectus. The historical financial information included in this Prospectus does not reflect our Group's results of operations, financial position and cash flows in the future, and our Group's past operating results are not indicative of our Group's future operating performance.

|                                   | <-----Audited----->      |          |          | Unaudited              | Audited |
|-----------------------------------|--------------------------|----------|----------|------------------------|---------|
|                                   | <-----FYE 30 April-----> |          |          | Six (6)-month          |         |
|                                   | <-----FYE 30 April-----> |          |          | <---FPE 31 October---> |         |
|                                   | 2013                     | 2014     | 2015     | 2014                   | 2015    |
|                                   | RM'000                   | RM'000   | RM'000   | RM'000                 | RM'000  |
| Revenue                           | 28,077                   | 38,893   | 39,039   | 12,318                 | 16,057  |
| Cost of sales                     | (17,753)                 | (22,559) | (23,402) | (6,894)                | (9,114) |
| Gross profit                      | 10,324                   | 16,334   | 15,637   | 5,424                  | 6,943   |
| Other income                      | 1,653                    | 440      | 246      | 131                    | 451     |
|                                   | 11,977                   | 16,774   | 15,883   | 5,555                  | 7,394   |
| Selling and distribution expenses | (1,681)                  | (2,290)  | (2,117)  | (891)                  | (1,095) |
| Administrative expenses           | (4,382)                  | (4,663)  | (5,128)  | (2,158)                | (3,130) |
| Other expenses                    | (367)                    | (1,383)  | (980)    | (348)                  | (264)   |
| Finance costs                     | (289)                    | (252)    | (360)    | (187)                  | (266)   |
| PBT                               | 5,258                    | 8,186    | 7,298    | 1,971                  | 2,639   |
| Income tax expense                | (818)                    | (2,179)  | (1,336)  | (533)                  | (856)   |
| PAT                               | 4,440                    | 6,007    | 5,962    | 1,438                  | 1,783   |
| Other comprehensive income        | -                        | -        | -        | -                      | -       |
| Total comprehensive income        | 4,440                    | 6,007    | 5,962    | 1,438                  | 1,783   |
| PAT attributable to:-             |                          |          |          |                        |         |
| - Owners of the Company           | 4,440                    | 6,007    | 5,962    | 1,438                  | 1,783   |
| - Non-controlling interest        | -                        | -        | -        | -                      | -       |
|                                   | 4,440                    | 6,007    | 5,962    | 1,438                  | 1,783   |

**2. INFORMATION SUMMARY (Cont'd)**

|                                                      | <-----Audited----->      |         |         | Unaudited              | Audited |
|------------------------------------------------------|--------------------------|---------|---------|------------------------|---------|
|                                                      | <-----FYE 30 April-----> |         |         | Six (6)-month          |         |
|                                                      |                          |         |         | <---FPE 31 October---> |         |
|                                                      | 2013                     | 2014    | 2015    | 2014                   | 2015    |
| Assumed no. of Shares in issue <sup>(1)</sup> ('000) | 315,800                  | 315,800 | 315,800 | 315,800                | 315,800 |
| Depreciation (RM'000)                                | 739                      | 787     | 1,097   | 549                    | 559     |
| Basic and diluted EPS <sup>(2)</sup> (sen)           | 1.41                     | 1.90    | 1.89    | 0.46                   | 0.56    |
| Gross profit margin <sup>(3)</sup> (%)               | 36.77                    | 42.00   | 40.05   | 44.03                  | 43.24   |
| PBT margin <sup>(4)</sup> (%)                        | 18.73                    | 21.05   | 18.69   | 16.00                  | 16.44   |
| PAT margin <sup>(5)</sup> (%)                        | 15.81                    | 15.44   | 15.27   | 11.67                  | 11.10   |
| Effective tax rate <sup>(6)</sup> (%)                | 15.56                    | 26.62   | 18.31   | 27.04                  | 32.44   |

**Notes:-**

- (1) The assumed number of Shares in issue after Acquisition of LKL Advance Metaltech but before Public Issue.
- (2) Basic EPS is calculated based on PAT divided by the assumed number of Shares in issue. No dilution of EPS.
- (3) Gross profit margin is calculated based on gross profit divided by revenue.
- (4) PBT margin is calculated based on PBT divided by revenue.
- (5) PAT margin is calculated based on PAT divided by revenue.
- (6) Effective tax rate is calculated based on income tax expense divided by PBT.

Please refer to Section 11 of this Prospectus for further discussion on our historical combined statements of profit or loss and other comprehensive income.

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**2. INFORMATION SUMMARY (Cont'd)****2.7 PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP**

The Pro Forma Consolidated Statements of Financial Position of our Group as at 31 October 2015 as set out below, for which our Directors are solely responsible, have been prepared for illustrative purposes only to show the effects of the Acquisition of LKL Advance Metattech, Public Issue and utilisation of proceeds on the Pro Forma Consolidated Statements of Financial Position of our Group as at 31 October 2015 on the assumptions that these transactions were implemented and completed on 31 October 2015. We advise you to read the Pro Forma Consolidated Statements of Financial Position together with the basis and assumptions as set out in the accompanying notes included in the Reporting Accountants' Report on the Pro Forma Consolidated Statements of Financial Position as set out in Section 11.2 of this Prospectus.

|                                             | <b>Audited<br/>As at<br/>31 October 2015<br/>RM'000</b> | <b>Pro Forma I<br/>Acquisition of LKL<br/>Advance Metattech<br/>RM'000</b> | <b>Pro Forma II<br/>After Pro Forma I and<br/>Public Issue<br/>RM'000</b> | <b>Pro Forma III<br/>After Pro Forma II and<br/>utilisation of proceeds<br/>RM'000</b> |
|---------------------------------------------|---------------------------------------------------------|----------------------------------------------------------------------------|---------------------------------------------------------------------------|----------------------------------------------------------------------------------------|
| <b>ASSETS</b>                               |                                                         |                                                                            |                                                                           |                                                                                        |
| <b>NON-CURRENT ASSET</b>                    |                                                         |                                                                            |                                                                           |                                                                                        |
| Property, plant and equipment               | -                                                       | 21,703                                                                     | 21,703                                                                    | 30,203                                                                                 |
| <b>TOTAL NON-CURRENT ASSET</b>              | -                                                       | 21,703                                                                     | 21,703                                                                    | 30,203                                                                                 |
| <b>CURRENT ASSETS</b>                       |                                                         |                                                                            |                                                                           |                                                                                        |
| Inventories                                 | -                                                       | 10,020                                                                     | 10,020                                                                    | 10,020                                                                                 |
| Trade receivables                           | -                                                       | 6,250                                                                      | 6,250                                                                     | 6,250                                                                                  |
| Other receivables, deposits and prepayments | 210                                                     | 1,799                                                                      | 1,799                                                                     | 1,589                                                                                  |
| Tax refundable                              | -                                                       | 389                                                                        | 389                                                                       | 389                                                                                    |
| Fixed deposit with a licensed bank          | -                                                       | 619                                                                        | 619                                                                       | 619                                                                                    |
| Cash and bank balances                      | -                                                       | 6,066                                                                      | 28,666                                                                    | 14,515                                                                                 |
| <b>TOTAL CURRENT ASSETS</b>                 | 210                                                     | 25,143                                                                     | 47,743                                                                    | 33,382                                                                                 |
| <b>TOTAL ASSETS</b>                         | 210                                                     | 46,846                                                                     | 69,446                                                                    | 63,585                                                                                 |

## 2. INFORMATION SUMMARY (Cont'd)

## 2.7 PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP (Cont'd)

|                                      | Audited<br>As at<br>31 October 2015<br>RM'000 | Pro Forma I<br>Acquisition of LKL<br>Advance Metaltech<br>RM'000 | After<br>Acquisition of LKL<br>Metaltech<br>RM'000 | Pro Forma II<br>After Pro Forma I and<br>Public Issue<br>RM'000 | Pro Forma III<br>After Pro Forma II and<br>utilisation of proceeds<br>RM'000 |
|--------------------------------------|-----------------------------------------------|------------------------------------------------------------------|----------------------------------------------------|-----------------------------------------------------------------|------------------------------------------------------------------------------|
| <b>EQUITY AND LIABILITIES</b>        |                                               |                                                                  |                                                    |                                                                 |                                                                              |
| <b>EQUITY</b>                        |                                               |                                                                  |                                                    |                                                                 |                                                                              |
| Share capital                        | #                                             | 31,580                                                           | 31,580                                             | 42,880                                                          | 42,880                                                                       |
| Share premium                        | -                                             | -                                                                | -                                                  | 11,300                                                          | 10,453                                                                       |
| Merger deficit                       | -                                             | (29,580)                                                         | (29,580)                                           | (29,580)                                                        | (29,580)                                                                     |
| (Accumulated loss)/Retained profits  | (645)                                         | 31,593                                                           | 31,593                                             | 31,593                                                          | 30,574                                                                       |
| <b>TOTAL EQUITY</b>                  | (645)                                         | 33,593                                                           | 33,593                                             | 56,193                                                          | 54,327                                                                       |
| <b>NON-CURRENT LIABILITIES</b>       |                                               |                                                                  |                                                    |                                                                 |                                                                              |
| Hire purchase payables               | -                                             | 408                                                              | 408                                                | 408                                                             | 408                                                                          |
| Term loans                           | -                                             | 7,668                                                            | 7,668                                              | 7,668                                                           | 3,673                                                                        |
| Deferred tax liability               | -                                             | 566                                                              | 566                                                | 566                                                             | 566                                                                          |
| <b>TOTAL NON-CURRENT LIABILITIES</b> | -                                             | 8,642                                                            | 8,642                                              | 8,642                                                           | 4,647                                                                        |

## 2. INFORMATION SUMMARY (Cont'd)

## 2.7 PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP (Cont'd)

|                                         | Audited<br>As at<br>31 October 2015<br>RM'000 | Pro Forma I<br>Acquisition of LKL<br>Advance Metaltech<br>RM'000 | Pro Forma II<br>After Pro Forma I and<br>Public Issue<br>RM'000 | Pro Forma III<br>After Pro Forma II and<br>utilisation of proceeds<br>RM'000 |
|-----------------------------------------|-----------------------------------------------|------------------------------------------------------------------|-----------------------------------------------------------------|------------------------------------------------------------------------------|
| <b>CURRENT LIABILITIES</b>              |                                               |                                                                  |                                                                 |                                                                              |
| Trade payables                          | -                                             | 2,049                                                            | 2,049                                                           | 2,049                                                                        |
| Other payables and accruals             | 90                                            | 1,132                                                            | 1,132                                                           | 1,132                                                                        |
| Amount owing to a director              | 3                                             | 3                                                                | 3                                                               | 3                                                                            |
| Amount owing to a related party         | 762                                           | -                                                                | -                                                               | -                                                                            |
| Bankers' acceptances                    | -                                             | 495                                                              | 495                                                             | 495                                                                          |
| Hire purchase payables                  | -                                             | 168                                                              | 168                                                             | 168                                                                          |
| Term loans                              | -                                             | 764                                                              | 764                                                             | 764                                                                          |
| <b>TOTAL CURRENT LIABILITIES</b>        | 855                                           | 4,611                                                            | 4,611                                                           | 4,611                                                                        |
| <b>TOTAL LIABILITIES</b>                | 855                                           | 13,253                                                           | 13,253                                                          | 9,258                                                                        |
| <b>TOTAL EQUITY AND LIABILITIES</b>     | 210                                           | 46,846                                                           | 69,446                                                          | 63,585                                                                       |
| No. of ordinary shares in issue ('000)  | <sup>^</sup>                                  | 315,800                                                          | 428,800                                                         | 428,800                                                                      |
| Net (liabilities)/assets (RM'000)       | (645)                                         | 33,593                                                           | 56,193                                                          | 54,327                                                                       |
| Net (liabilities)/assets per share (RM) | (6,450)                                       | 0.11                                                             | 0.13                                                            | 0.13                                                                         |

**Notes:-**

# RM10.  
^ 100 Shares.

Please refer to Section 11 of this Prospectus for further details in relation to our Pro Forma Consolidated Statements of Financial Position.

**2. INFORMATION SUMMARY (Cont'd)****2.8 SUMMARY OF HISTORICAL AUDITED COMBINED STATEMENTS OF CASH FLOWS**

The following table sets out a summary of our Group's historical audited combined statements of cash flows for the past three (3) FYE 30 April 2013 to 2015 and six (6)-month FPE 31 October 2015, and should be read in conjunction with the Accountants' Report in Section 12 of this Prospectus.

|                                                                            | <----- Audited----->     |                |                |                                            |
|----------------------------------------------------------------------------|--------------------------|----------------|----------------|--------------------------------------------|
|                                                                            | <-----FYE 30 April-----> |                |                | Six (6)-month<br>FPE 31<br>October<br>2015 |
|                                                                            | 2013<br>RM'000           | 2014<br>RM'000 | 2015<br>RM'000 | RM'000                                     |
| Net cash from operating activities                                         | 726                      | 9,223          | 6,873          | 2,257                                      |
| Net cash for investing activities                                          | (630)                    | (868)          | (6,364)        | (489)                                      |
| Net cash for financing activities                                          | (382)                    | (5,648)        | (3,448)        | (106)                                      |
| <b>Net (decrease)/increase in cash and cash equivalents</b>                | <b>(286)</b>             | <b>2,707</b>   | <b>(2,939)</b> | <b>1,662</b>                               |
| <b>Effect of foreign exchange translation</b>                              | <b>-</b>                 | <b>-</b>       | <b>-</b>       | <b>418</b>                                 |
| <b>Cash and cash equivalents at beginning of the financial year/period</b> | <b>4,504</b>             | <b>4,218</b>   | <b>6,925</b>   | <b>3,986</b>                               |
| <b>Cash and cash equivalents at end of the financial year/period</b>       | <b>4,218</b>             | <b>6,925</b>   | <b>3,986</b>   | <b>6,066</b>                               |

Please refer to Section 11 of this Prospectus for further discussion on our Group's historical audited combined statements of cash flows.

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## 2. INFORMATION SUMMARY (Cont'd)

### 2.9 RISK FACTORS

Before investing in our Shares, you should carefully consider, along with other matters in this Prospectus, certain risks and investment considerations (which may not be exhaustive and may occur either individually or in combination, at the same time or around the same time) that may affect our future financial performance. The following is a summary of the key risks and investment considerations that we are currently facing or that may develop in the future:-

#### 2.9.1 Risks relating to the business and operations of our Group

- (i) We are dependent on our Executive Directors for continued success and the loss of their continued services may affect our business;
- (ii) We rely on foreign workers in our manufacturing operations;
- (iii) We are subject to fines and penalties if we fail to comply with applicable laws, regulations and licensing requirements;
- (iv) We are subject to risks relating to the economic, political, legal or social environment in the markets in which we operate;
- (v) Our business is exposed to sudden and unexpected equipment failures and natural disasters which may lead to interruptions in our operations;
- (vi) We may not be able to effectively manage our growth or successfully implement our business plans and strategies;
- (vii) We are subject to the volatility in prices of our raw materials;
- (viii) Our insurance coverage may not be adequate to cover all losses or liabilities that may arise in connection with our operations;
- (ix) We may not be able to secure funding, especially on terms acceptable to us, to meet our future capital needs;
- (x) We are exposed to foreign exchange transaction risks;
- (xi) We may not continue to be profitable in the future or be able to achieve increasing or consistent levels of profitability;
- (xii) The lack of long-term contracts may result in the fluctuation in our Group's performance;
- (xiii) We are dependent on the healthcare services industry for our success and growth;
- (xiv) We face competition from other industry players; and
- (xv) We may be adversely affected by product defects, and this may lead to liability claims and may result in negative perception towards our products and/or our Group.

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**2. INFORMATION SUMMARY (Cont'd)**

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**2.9.2 Risks relating to investing in our Shares**

- (i) There has been no prior market for our Shares;
- (ii) Our Share price and trading volume may be volatile;
- (iii) Our Promoters will continue to hold a majority of our Shares after the IPO;
- (iv) There may be a potential delay to or failure of our Listing;
- (v) Forward-looking statements are subject to uncertainties and contingencies; and
- (vi) Payment of dividends.

Further information on our risk factors is disclosed under Section 4 of this Prospectus.

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### 3. PARTICULARS OF THE IPO

#### 3.1 INTRODUCTION

This Prospectus is dated 26 April 2016.

We have registered a copy of this Prospectus together with the Application Forms with the SC. We have also lodged a copy of this Prospectus, together with the Application Forms with the ROC, and neither the SC nor the ROC takes any responsibility for its contents.

We have obtained Bursa Securities' approval vide its letter dated 8 January 2016 for admission of our Company to the Official List of the ACE Market of Bursa Securities and for the listing of and quotation for our Company's entire issued and paid-up share capital, including the Issue Shares which is the subject of this Prospectus, on the ACE Market of Bursa Securities. Our Shares will be admitted to the Official List and official quotation will commence upon receipt of confirmation from the Issuing House that all CDS Accounts of the successful applicants have been duly credited and notices of allotment have been despatched to all successful applicants.

Acceptances of Application for the Issue Shares will be conditional upon the permission being granted by Bursa Securities to deal in and for listing of and quotation for our entire issued and paid-up share capital on the ACE Market of Bursa Securities. Accordingly, monies paid in respect of any Application accepted from the IPO will be returned in full without interest within 14 days if the aforesaid permission for quotation is not granted within six (6) weeks from the date of issue of this Prospectus, or such longer period as may be specified by the SC, provided that we are notified by or on behalf of Bursa Securities within the aforesaid timeframe. If such monies are not repaid within the said period, the provision of sub-section 243(2) of the CMSA shall apply accordingly.

Bursa Securities assumes no responsibility for the correctness of any statement made or of any opinion or report expressed in this Prospectus. Our admission to the Official List of the ACE Market of Bursa Securities shall not be taken as an indication of the merits of our Company, our Shares or our IPO.

Pursuant to Section 14(1) of the Central Depositories Act, Bursa Securities has prescribed our Shares as a Prescribed Security. Therefore, we will deposit the Issue Shares directly with Bursa Depository. Any dealings in these Shares will be carried out in accordance with the Central Depositories Act and the Rules. We will not issue any share certificates to successful applicants.

Pursuant to the Listing Requirements, at least 25% of the total number of shares for which the listing is sought must be in the hands of a minimum number of 200 public shareholders holding not less than 100 Shares each upon admission to the ACE Market of Bursa Securities. In the event that the above requirement is not met pursuant to the IPO, we may not be allowed to proceed with our Listing on the ACE Market of Bursa Securities. In such an event, we will return all the monies paid in respect of all Applications without interest.

If you are submitting your Application by way of an Application Form or Electronic Share Application or Internet Share Application, you **MUST** have a CDS account. If you presently do not have a CDS account, you should open a CDS account at an ADA prior to making an Application for our Issue Shares. Please refer to **Section 15** of this Prospectus for further details on the procedures for Application for the Issue Shares.

No person is authorised to give any information or to make any representation not contained herein in connection with the IPO and if given or made, such information or representation must not be relied upon as having been authorised by us. Neither the delivery of this Prospectus nor any IPO made in connection with this Prospectus shall under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of our Group since the date hereof.

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**3. PARTICULARS OF THE IPO (Cont'd)**

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The distribution of this Prospectus and the making of this IPO in certain other jurisdictions outside Malaysia may be restricted by law. The distribution of this Prospectus and the sale of any part of our Issue Shares are subject to the Malaysian laws and we, together with AIBB as our Principal Adviser, Sponsor, Sole Underwriter and Placement Agent, take no responsibility for the distribution of this Prospectus and the offer of any part of our Issue Shares outside Malaysia, which may be restricted by law in certain other jurisdictions. Persons who may come into possession of this Prospectus are required to inform themselves of and to observe such restrictions. This Prospectus does not constitute and may not be used for the purpose of an invitation and/or offer to subscribe for our Issue Shares in any jurisdictions in which such offer or invitation is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation.

**If you are in any doubt about any information contained in this Prospectus, you should consult your stockbroker, bank manager, solicitor, accountant or any other professional adviser immediately.**

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**3. PARTICULARS OF IPO (Cont'd)****3.2 INDICATIVE TIMETABLE**

The following events are intended to take place on the following tentative dates:-

| <b>Event(s)</b>                                                           | <b>Tentative Date(s)</b> |
|---------------------------------------------------------------------------|--------------------------|
| Issuance of this Prospectus/Opening of the application period for the IPO | 26 April 2016            |
| Closing of the application period for the IPO                             | 4 May 2016               |
| Balloting of the Applications for the Issue Shares                        | 6 May 2016               |
| Allotment of Issue Shares to successful applicants                        | 12 May 2016              |
| Listing date                                                              | 16 May 2016              |

This timetable is tentative and is subject to changes, which may be necessary to facilitate the implementation procedures. The application period for the IPO will close at the date stated above or such further period or periods as our Directors, together with the Sole Underwriter, in their absolute discretion may mutually decide.

In the event the closing date of the application period is extended, we will advertise the notice of the extension in a widely circulated daily English and Bahasa Malaysia newspaper in Malaysia prior to the original closing date of the application period. Following this, we will extend the dates for the balloting of the Applications, allotment of Issue Shares and Listing accordingly.

**3.3 PURPOSES OF THE IPO**

The purposes of the IPO are as follows:-

- (i) To obtain the listing of and quotation for the entire issued and paid-up share capital of our Company on the ACE Market of Bursa Securities, which is expected to enhance our business, profile and future prospects;
- (ii) To provide our Group with access to the capital markets and allow us to raise funds for future expansion and growth and to meet our general working capital requirements for present and future operations of our Group;
- (iii) To enhance the stature of our Group in the marketing of our products and services, and to retain, and attract new and skilled employees;
- (iv) To provide an opportunity for Malaysian investors to participate in our equity and continuing growth in the healthcare furniture and equipment industry; and
- (v) To assist our Group in expanding our customer base in Malaysia and abroad.

**3. PARTICULARS OF IPO (Cont'd)****3.4 SHARE CAPITAL AND RIGHTS ATTACHING TO THE ISSUE SHARES**

|                                                                                                                                                                                                                | <b>No. of Shares</b> | <b>Share Capital (RM)</b> |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|---------------------------|
| <b>Authorised share capital</b>                                                                                                                                                                                | 500,000,000          | 50,000,000                |
| <b>Issued and fully paid-up share capital as at the date of this Prospectus</b>                                                                                                                                | 315,800,000          | 31,580,000                |
| New Shares to be issued pursuant to the Public Issue                                                                                                                                                           | 113,000,000          | 11,300,000                |
| <b>Enlarged share capital upon Listing</b>                                                                                                                                                                     | 428,800,000          | 42,880,000                |
| <b>Issue Price</b>                                                                                                                                                                                             |                      | 0.20                      |
| - <b>Pro forma consolidated NA per Share</b> <i>(based on our enlarged issued and paid-up share capital after the IPO and after deducting the estimated listing expenses of approximately RM2.500 million)</i> |                      | <b>RM</b><br>0.13         |
| - <b>Market capitalisation upon Listing</b> <i>(based on the Issue Price and our enlarged issued and paid-up share capital after the IPO)</i>                                                                  |                      | 85,760,000                |

The Issue Price is payable in full upon Application.

We only have one (1) class of shares, being ordinary shares of RM0.10 each, all of which rank equally with each other. The Issue Shares will, upon allotment and issue, rank equally in all respects with our existing issued share capital which are fully paid-up including voting rights and rights to all dividends and distributions that may be declared, the entitlement date of which is subsequent to the allotment date of our Shares.

Subject to special rights attaching to any Share which may be issued by us in the future, our shareholders shall, in proportion to the amount paid-up on our Shares held by them, be entitled to share in the whole of the profits paid out by us as dividends and other distributions, and the whole of any surplus in the event of our liquidation, such surplus to be distributed amongst the members in proportion to the capital paid-up at the commencement of the liquidation, in accordance with our Articles of Association and provisions of the Act.

Each shareholder shall be entitled to vote at any of our general meetings in person, by proxy or by duly authorised representative for a corporation or by attorney, and, on a show of hands, every person present who is a shareholder, or a representative, proxy or attorney of a shareholder, shall have one (1) vote, and on a poll, every shareholder present in person, by proxy, by attorney or by duly authorised representative for a corporation shall have one (1) vote for each of our Shares held. A proxy may but need not be our member.

### 3. PARTICULARS OF IPO (Cont'd)

#### 3.5 DETAILS OF THE IPO

##### 3.5.1 Public Issue

The Public Issue of 113,000,000 new LKL International Shares, representing approximately 26.35% of our enlarged issued and paid-up share capital, at the Issue Price, payable in full on Application upon such terms and conditions as set out in this Prospectus and will be allocated and allotted in the following manner:-

**(i) Malaysian Public**

8,000,000 new LKL International Shares, representing approximately 1.86% of our enlarged issued and paid-up share capital, will be made available for application by the Malaysian Public via balloting, of which at least 50% is to be set aside strictly for Bumiputera investors.

The basis of allocation shall take into account the desirability of distributing the Issue Shares to a reasonable number of applicants in view of broadening the shareholding base of our Company to meet the public spread requirements, and to establish a liquid and adequate market in the Shares. Applicants will be selected in a manner to be determined by our Directors.

**(ii) Eligible Directors, employees and persons who have contributed to the success of our Group**

13,200,000 new LKL International Shares, representing approximately 3.08% of our enlarged issued and paid-up share capital, will be made available for application by our eligible Directors, employees and persons who have contributed to the success of our Group. Further details of our Pink Form Allocations are set out in Section 3.8 of this Prospectus.

**(iii) Private placement to selected investors**

42,200,000 new LKL International Shares, representing approximately 9.84% of our enlarged issued and paid-up share capital, will be made available by way of placement to selected investors.

**(iv) Bumiputera Investors Approved by the MITI**

49,600,000 new LKL International Shares, representing approximately 11.57% of our enlarged issued and paid-up share capital, will be made available by way of placement to Bumiputera investors approved by the MITI.

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**3. PARTICULARS OF IPO (Cont'd)**

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**3.5.2 Underwriting Arrangement and Reallocation**

All the 21,200,000 Issue Shares available for application by the Malaysian Public and our eligible Directors, employees and persons who have contributed to the success of our Group under Section 3.5.1(i) and Section 3.5.1(ii) of this Prospectus have been underwritten. Irrevocable written undertakings to subscribe for the 91,800,000 Issue Shares under Section 3.5.1(iii) and Section 3.5.1(iv) have been obtained from the selected investors and the respective MITI approved Bumiputera investors respectively and as such, will not be underwritten.

Any of the 49,600,000 Issue Shares not subscribed for by the MITI approved Bumiputera investors under Section 3.5.1(iv) of this Prospectus shall be made available for application by the Bumiputera public as part of the IPO balloting process. Thereafter, any Issue Shares that were reallocated to the Bumiputera public (as part of the IPO balloting process) and not taken up by the Bumiputera public, shall be made available for application by the Malaysian Public, our eligible Directors, employees and persons who have contributed to the success of our Group and/or private placement to selected investors.

Any of the 13,200,000 Issue Shares which are not taken up by our eligible Directors, employees and persons who have contributed to the success of our Group under Section 3.5.1(ii) of this Prospectus will be re-offered to our Group's other eligible Directors, employees or persons who have contributed to the success of our Group. Subsequently, any of the unsubscribed Issue Shares re-offered which are not taken up will be offered for application by the Malaysian Public. Likewise, any Issue Shares which are not subscribed under Section 3.5.1(i) of this Prospectus will be offered to our eligible Directors, employees and persons who have contributed to the success of our Group.

In addition, any of the Issue Shares not subscribed under Section 3.5.1(i) and Section 3.5.1(ii) of this Prospectus will be made available to selected investors via private placement. Thereafter, any remaining re-offered Issue Shares under Section 3.5.1(i) and Section 3.5.1(ii) of this Prospectus that are not subscribed for will then be subscribed by the Sole Underwriter based on the terms of the Underwriting Agreement.

Please refer to Section 3.10.2, Section 3.10.3 and Section 3.10.4 of this Prospectus for further details on the underwriting and placement arrangements respectively.

There is no over-allotment or "greenshoe" option that will result in an increase in the amount of Issue Shares.

### 3. PARTICULARS OF IPO (Cont'd)

#### 3.6 BASIS OF ARRIVING AT THE ISSUE PRICE

Our Directors and AIBB, as the Principal Adviser, Sponsor, Sole Underwriter and Placement Agent, had determined and agreed upon the Issue Price, after taking into consideration the following factors:-

**(i) Financial and operating history**

We have been actively involved in the healthcare furniture and equipment industry since the commencement of our operations in 1996. Based on the historical audited combined statements of profit or loss and other comprehensive income of our Group for the FYE 30 April 2015, we recorded a PAT of RM5.962 million representing a basic EPS of 1.89 sen (based on the existing issued and paid-up share capital of RM31,580,000 comprising 315,800,000 Shares) and 1.39 sen (based on the enlarged issued and paid-up share capital of RM42,880,000 comprising 428,800,000 Shares upon Listing) resulting in net PE Multiple of 10.58 times and 14.39 times respectively. Our detailed operating and financial history is outlined in Section 5 and Section 11 of this Prospectus respectively.

**(ii) Future plans and strategies**

Going forward, our Group will continue to seek local market opportunities and strengthen our presence in Malaysia, grow our sales in our existing export markets and strengthen our global footprint by progressively expanding to new geographical markets. We also aim to acquire new machinery to increase automation in our manufacturing processes and expand our manufacturing plant to facilitate our plans for greater automation as well as to increase our storage area. Please refer to Section 5.8.1 of this Prospectus for further details on our future plans and strategies.

**(iii) Competitive strengths and prospects of our Group and industry prospects**

The competitive strengths and the prospects of our Group and the industry prospects are outlined in Section 5.1.2, Section 5.8.2 and Section 6 of this Prospectus respectively.

**(iv) Pro forma consolidated NA**

The pro forma consolidated NA per Share as at 31 October 2015 of RM0.13 based on the enlarged issued and paid-up share capital of 428,800,000 Shares in our Company upon Listing and after utilisation of proceeds.

**(v) Prevailing market conditions**

The prevailing market conditions include, amongst others, current market trends and investors' sentiments.

You should also note that the market price of our Shares upon and subsequent to our Listing is subject to the vagaries of market forces and other uncertainties, which may affect the trading price of our Shares. You are reminded to consider the risk factors set out in Section 4 of this Prospectus before deciding to invest in our Shares.

**3. PARTICULARS OF IPO (Cont'd)****3.7 DILUTION**

Our pro forma NA per Share as at 31 October 2015 after Acquisition of LKL Advance Metaltech, before adjusting for the net proceeds from the Public Issue and based on the existing issued and paid-up share capital as at 31 October 2015 of RM31,580,000 comprising 315,800,000 Shares is approximately RM0.11.

Pursuant to the Public Issue in respect of 113,000,000 Issue Shares at the Issue Price, our pro forma NA per Share after adjusting for the net proceeds from the Public Issue (before utilisation of proceeds) and based on the enlarged issued and paid-up share capital upon listing of 428,800,000 Shares, would be RM0.13. This represents an increase in NA per Share of RM0.02 to our existing shareholders and a dilution in NA per Share of RM0.07 to our new investors. The following table illustrates such dilution on a per Share basis:-

|                                                                                                               | RM     |
|---------------------------------------------------------------------------------------------------------------|--------|
| Issue Price                                                                                                   | 0.20   |
| Pro forma NA per Share as at 31 October 2015 after Acquisition of LKL Advance Metaltech (before Public Issue) | 0.11   |
| NA per Share after the Public Issue (before utilisation of proceeds)                                          | 0.13   |
| Increase in NA per Share attributable to existing shareholders                                                | 0.02   |
| Dilution in NA per Share to new investors                                                                     | 0.07   |
| Dilution in NA per Share as a percentage of the Issue Price                                                   | 35.00% |

Save as disclosed below, there is no acquisition of any existing equity securities in our Company by our Directors, Promoters, substantial shareholders or key management, or persons connected with them from the date of our incorporation to the date of this Prospectus, or which they have the right to acquire:-

| Promoters, Directors, substantial shareholders and key management        | No. of Shares before IPO | No. of Shares from IPO* | Total consideration RM | Effective cash cost per share RM |
|--------------------------------------------------------------------------|--------------------------|-------------------------|------------------------|----------------------------------|
| <b>Promoters, Directors, substantial shareholders and key management</b> |                          |                         |                        |                                  |
| Lim Kon Lian                                                             | 110,003,745 <sup>#</sup> | -                       | 11,000,374.50          | 0.10                             |
| Mok Mei Lan                                                              | 110,003,725              | -                       | 11,000,372.50          | 0.10                             |
| <b>Promoters, substantial shareholders and key management</b>            |                          |                         |                        |                                  |
| Lim Pak Hong                                                             | 33,685,270               | 200,000                 | 3,408,527.00           | 0.10                             |
| Elaine Lim Sin Yee                                                       | 33,685,270               | 250,000                 | 3,418,527.00           | 0.10                             |
| <b>Promoter and key management</b>                                       |                          |                         |                        |                                  |
| Lim Ming Chang                                                           | -                        | 300,000                 | 60,000.00              | 0.20                             |
| <b>Promoter</b>                                                          |                          |                         |                        |                                  |
| Tan Lee Ching                                                            | -                        | 100,000                 | 20,000.00              | 0.20                             |

**3. PARTICULARS OF IPO (Cont'd)**

| Promoters, Directors, substantial shareholders and key management | No. of Shares before IPO | No. of Shares from IPO* | Total consideration RM | Effective cash cost per share RM |
|-------------------------------------------------------------------|--------------------------|-------------------------|------------------------|----------------------------------|
| <b>Substantial shareholder and Director</b>                       |                          |                         |                        |                                  |
| Tan Chuan Hock                                                    | 28,421,990               | 350,000                 | 2,912,199.00           | 0.10                             |
| <b>Directors</b>                                                  |                          |                         |                        |                                  |
| Tan Sri Datuk Adzmi Bin Abdul Wahab                               | -                        | 350,000                 | 70,000.00              | 0.20                             |
| Tevanaigam Randy Chitty                                           | -                        | 350,000                 | 70,000.00              | 0.20                             |
| Selma Enolil Binti Mustapha Khalil                                | -                        | 350,000                 | 70,000.00              | 0.20                             |
| <b>Other key management</b>                                       |                          |                         |                        |                                  |
| Wee Chuen Lii                                                     | -                        | 150,000                 | 30,000.00              | 0.20                             |
| Lee Kah Eamg                                                      | -                        | 300,000                 | 60,000.00              | 0.20                             |
| Lee Kam Weng                                                      | -                        | 100,000                 | 20,000.00              | 0.20                             |
| <b>Public Investors</b>                                           |                          | 113,000,000^            | 22,600,000.00          | 0.20                             |

**Notes:-**

\* Assuming that all Pink Form Allocations are fully subscribed.

# Include ten (10) Shares that were transferred from our Company's previous shareholder.

^ Prior to netting off the Pink Form Allocations.

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**3. PARTICULARS OF IPO (Cont'd)****3.8 ALLOCATION OF THE ISSUE SHARES TO OUR ELIGIBLE DIRECTORS, EMPLOYEES AND PERSONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF OUR GROUP**

The eligible Directors, employees and persons who have contributed to the success of our Group have been allocated a total of 13,200,000 new LKL International Shares.

The total number of persons eligible for the allocation is 147 comprising the following:-

| Eligibility                                                             | No. of persons | Aggregate number of Issue Shares allocated <sup>(3)</sup> |
|-------------------------------------------------------------------------|----------------|-----------------------------------------------------------|
| Directors of LKL International                                          | 4              | 1,400,000                                                 |
| Employees <sup>(1)</sup>                                                | 95             | 7,210,000                                                 |
| Persons who have contributed to the success of our Group <sup>(2)</sup> | 48             | 4,590,000                                                 |
| <b>Total</b>                                                            | <b>147</b>     | <b>13,200,000</b>                                         |

**Notes:-**

- (1) The criteria of allocation for the above mentioned Issue Shares to employees of our Group (as approved by our Board) are based on, inter-alia, the following factors:-
- The employee must be a full time employee and on the payroll of our Group; and
  - The number of Issue Shares allocated to the eligible employees is based on their seniority, position, their length of service, their past performance and respective contribution made to our Group as well as other factors deemed relevant by our Board.
- (2) The Issue Shares to be allocated to the persons who have contributed to the success of our Group shall be based on their contribution to our Group and as approved by our Board. The persons who have contributed to the success of our Group include business contacts, suppliers and customers.
- (3) Any Issue Shares which are not taken up by our eligible Directors, employees or persons who have contributed to the success of our Group will be re-offered to our Group's other eligible Directors, employees or persons who have contributed to the success of our Group before being allocated to the Malaysian Public balloting portion.

The number of Issue Shares to be allocated to our Directors are as follows:-

| Name                                | Designation                               | Number of Issue Shares allocated |
|-------------------------------------|-------------------------------------------|----------------------------------|
| Tan Sri Datuk Adzmi Bin Abdul Wahab | Independent Non-Executive Chairman        | 350,000                          |
| Tan Chuan Hock                      | Non-Independent Non-Executive Director    | 350,000                          |
| Tevanaigam Randy Chitty             | Senior Independent Non-Executive Director | 350,000                          |
| Selma Enolil Binti Mustapha Khalil  | Independent Non-Executive Director        | 350,000                          |
| <b>Total</b>                        |                                           | <b>1,400,000</b>                 |

### 3. PARTICULARS OF IPO (Cont'd)

#### 3.9 UTILISATION OF PROCEEDS FROM THE IPO

The total gross proceeds from the Public Issue will amount to RM22.600 million based on the Issue Price. We expect the proceeds to be utilised in the following manner:-

| Purposes                                    | RM'000        | %             | Estimated time frame for utilisation<br>(from the listing date) |
|---------------------------------------------|---------------|---------------|-----------------------------------------------------------------|
| Capital expenditure <sup>(i)</sup>          | 8,500         | 37.61         | Within 18 months                                                |
| Repayment of bank borrowing <sup>(ii)</sup> | 3,995         | 17.68         | Within 12 months                                                |
| Working capital <sup>(iii)</sup>            | 7,605         | 33.65         | Within 24 months                                                |
| Estimated listing expenses <sup>(iv)</sup>  | 2,500         | 11.06         | Within three (3) months                                         |
| <b>Total</b>                                | <b>22,600</b> | <b>100.00</b> |                                                                 |

Pending the eventual utilisation of the proceeds raised from the Public Issue, the funds will be placed in interest bearing short-term deposits or money market instruments with licensed financial institutions.

**Notes:-**

**(i) Capital expenditure**

We have earmarked RM8.500 million of our gross proceeds from the Public Issue for the purchase of three (3) machines. The details of the machines and breakdown of the estimated costs for each of the machine are as follows:-

| Details                                                                                         | Estimated cost<br>RM'000 |
|-------------------------------------------------------------------------------------------------|--------------------------|
| CNC laser shearing machinery for high-speed sheet shearing and high-precision profile machining | 2,500                    |
| CNC laser cutting machinery for high-speed tube cutting and high-precision profile machining    | 4,500                    |
| CNC punching machine for high-speed punching                                                    | 1,500                    |
| <b>Total</b>                                                                                    | <b>8,500</b>             |

These machines will allow for high-speed precision shearing, cutting, and punching, which will increase our operating efficiencies and process accuracies. Further, these machinery will also allow for high-precision profile machining or shaping, enabling us to refine our product finishing through cutting/shaping of complex geometries and patterns, and on thin-walled tubes and profiles without deformation. In addition, with faster and more precise shearing, cutting, shaping and punching processes, wastages will be minimised and will contribute to better cost control and savings for our Group.

As with any manufacturer relying on manual labour in their manufacturing processes, wastages tend to occur due to:-

- (i) defects found during in-process quality control checks arising from human errors; and
- (ii) handling and movement of work-in-progress materials to perform various tasks leading to numerous temporary storage areas and damaged materials from excessive handling and movement.

The abovementioned factors lead to steel material wastages from our cutting, shearing, shaping and punching process of less than RM0.015 million per annum. We expect to minimise these wastages with the acquisition of these CNC machinery due to improved efficiency and accuracy.

**3. PARTICULARS OF IPO (Cont'd)**

Further to the minimisation of wastages in steel material, there will also be lower dependency on human labour in our cutting, shearing, shaping and punching process and consequently an expansion in production capacity in other manufacturing departments (i.e. welding, assembly and quality control), with the acquisition of these new CNC machinery. This is because the number of workers required to perform cutting, shearing, shaping and punching process is expected to be reduced by approximately five (5) persons, from 15 workers presently to ten (10) workers. As such, we expect to enjoy a minimum cost savings of approximately RM0.060 million per annum from the reduced number of workers required to perform the abovementioned processes as these five (5) workers can be reallocated to other manufacturing departments. Assuming that five (5) of these workers are reallocated to the assembly team, we expect the maximum annual production capacity for medical/healthcare beds, peripherals and accessories post acquisition of the CNC machinery to increase by approximately 30%.

As at 31 October 2015, we own 15 units of semi-automated shearing, cutting and punching machinery, where manual handling is required. With the new CNC machinery, we may dispose off seven (7) units of the existing machinery for an expected total disposal consideration of between RM0.015 million to RM0.020 million.

The actual cost of the machinery can only be determined at a later stage, i.e. upon confirmation of order, due to the fluctuation in foreign currency exchange. In the event that the actual cost for the purchase of machinery is higher than budgeted, the deficit will be funded out of the portion allocated for working capital and vice versa.

**(ii) Repayment of bank borrowing**

We intend to utilise RM3.995 million of our gross proceeds from the Public Issue to repay bank borrowing which was used to purchase of Factory Lot No. 15, the details are as set out in the table below:-

| <b>Banking facility</b> | <b>Detail</b>                  | <b>Interest rate</b> | <b>Maturity date</b> | <b>Balance as at the LPD RM'000</b> | <b>Amount to be repaid from gross proceeds RM'000</b> |
|-------------------------|--------------------------------|----------------------|----------------------|-------------------------------------|-------------------------------------------------------|
| Term loan               | Purchase of Factory Lot No. 15 | BLR - 2.20%          | April 2035           | 3,995                               | 3,995                                                 |

The repayment of this term loan is expected to have a positive financial impact on our Group by resulting in total interest savings of approximately RM2.068 million based on the existing prevailing interest rate of 4.65%.

**(iii) Working capital**

RM7.605 million of the total gross proceeds from the Public Issue will be utilised for our Group's day-to-day operations to support our existing business operations, details of which are as follows:-

| <b>Purposes</b>                                          | <b>Approximate allocation</b> |               |
|----------------------------------------------------------|-------------------------------|---------------|
|                                                          | <b>RM'000</b>                 | <b>%</b>      |
| Payment of salaries <sup>(a)</sup>                       | 3,265                         | 42.93         |
| Procurement of raw materials and supplies <sup>(b)</sup> | 2,750                         | 36.16         |
| Operating expenses <sup>(c)</sup>                        | 1,590                         | 20.91         |
| <b>Total</b>                                             | <b>7,605</b>                  | <b>100.00</b> |

(a) Our Group's payroll expenses are expected to increase in tandem with the increase of our scale of operations.

**3. PARTICULARS OF IPO (Cont'd)**

- (b) *In line with our Group's expected expansion and business growth, our Group expects to utilise more raw materials and supplies for our manufacturing activities, which include, but not limited to, steel materials (comprising sheets, tubes and bars) as well as electrical components.*
- (c) *Defrayment of operating expenses mainly for production overheads and selling and distribution expenses, which is expected to increase with the increase in our scale of operations and business growth.*

*The utilisation of our gross proceeds from the Public Issue for working capital purposes is expected to improve our Group's liquidity and enable the smooth conduct of our operations.*

**(iv) Estimated listing expenses**

*Our listing expenses are estimated to be RM2.500 million, details of which are as follows:-*

|                                                             | <b>RM'000</b> |
|-------------------------------------------------------------|---------------|
| <i>Professional fees</i>                                    | 1,600         |
| <i>Fees to authorities</i>                                  | 70            |
| <i>Estimated underwriting, placement and brokerage fees</i> | 300           |
| <i>Printing and advertising</i>                             | 170           |
| <i>Contingencies</i>                                        | 360           |
| <b>Total</b>                                                | <b>2,500</b>  |

*If the actual listing expenses are higher than budgeted, the deficit will be funded out of the portion allocated for working capital. Conversely, if the actual listing expenses are lower than budgeted, the excess will be utilised for working capital purposes.*

There is no minimum subscription to be raised from the IPO.

The financial impact of the utilisation of proceeds on our Pro Forma Consolidated Statements of Financial Position as at 31 October 2015 is reflected in Section 11.2 of this Prospectus.

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### 3. PARTICULARS OF IPO (Cont'd)

#### 3.10 BROKERAGE, UNDERWRITING COMMISSION AND PLACEMENT FEE

##### 3.10.1 Brokerage

We will bear the brokerage fees to be incurred on the issue of the 8,000,000 Issue Shares pursuant to the IPO under Section 3.5.1(i) of this Prospectus at the rate of one percent (1.0%) of the Issue Price in respect of successful Applications which bear the stamp of AIBB, participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association and/or the Issuing House.

##### 3.10.2 Underwriting commission

Our Sole Underwriter has agreed to underwrite 21,200,000 Issue Shares as set out in Section 3.5.1(i) and Section 3.5.1(ii) of this Prospectus. We will pay our Sole Underwriter an underwriting commission at the rate of 2.00% of the total value of the Shares underwritten at the Issue Price.

##### 3.10.3 Placement fee

AIBB, as our Placement Agent, has agreed to place the Issue Share available under the placement to selected investors as set out in Section 3.5.1(iii) of this Prospectus, at the rate of 1.50% of the Issue Price for each Issue Share successfully placed out by the Placement Agent.

Our Company will also pay a management fee at the rate of 0.50% of the total value of the Issue Shares at the Issue Price to selected investors and MITI approved Bumiputera investors as set out in Section 3.5.1(iii) and Section 3.5.1(iv) of this Prospectus respectively.

##### 3.10.4 Salient terms of the Underwriting Agreement

Our Company had on 22 March 2016, entered into an Underwriting Agreement with the Sole Underwriter, whereby the Sole Underwriter agreed to underwrite 8,000,000 Issue Shares, which will be made available for subscription by the Malaysian Public and 13,200,000 Issue Shares, which will be made available for subscription by our eligible Directors, employees and persons who have contributed to the success of our Group ("**Underwritten Shares**"), upon the terms and subject to the conditions therein contained.

The salient terms of the Underwriting Agreement are as follows:-

- (i) *Pursuant to Clause 5.1 of the Underwriting Agreement, unless waived by the Sole Underwriter (in which case any condition precedent or any part thereof so waived shall be deemed to have been satisfied), the obligations of the Sole Underwriter under the Underwriting Agreement shall be conditional upon the fulfilment and/or satisfaction of the following:-*
  - (a) *the approvals of Bursa Securities (for, inter alia, the listing of and quotation for the Company's entire enlarged issued and paid-up share capital of RM42,880,000 comprising 428,800,000 ordinary shares of Ringgit Malaysia Ten Sen (RM0.10) only each on the ACE Market of Bursa Securities) obtained by its letter dated 8 January 2016 remaining valid and have not been revoked or amended and all the conditions imposed therein which have to be complied by the Company prior to Listing, have been complied by the Company;*

### 3. PARTICULARS OF IPO (Cont'd)

- (b) *the receipt by AIBB of all relevant documentation and placement monies in respect of the private placement of 42,200,000 Issue Shares to selected investors;*
- (c) *all other necessary approvals and consents required in relation to the Public Issue and the Issue Shares including but not limited to governmental approvals having been obtained and are in full force and effect;*
- (d) *the issue of the Issue Shares having been approved by the shareholders of the Company in an extraordinary general meeting;*
- (e) *the issue and subscription of the Issue Shares in accordance with the provisions of the Underwriting Agreement is not being prohibited by any statute, order, rule, regulation, directive or guideline (whether or not having the force of law) promulgated or issued by any legislative, executive or regulatory body or authority of Malaysia (including Bursa Securities);*
- (f) *the Prospectus having been lodged with the ROC and registered with the SC together with all the required documents in accordance with the CMSA, the Act and the relevant laws and regulations;*
- (g) *there having been, on or prior to the Closing Date or the Extended Closing Date, as the case may be, no material breach of any representation, warranty, covenant, undertaking or obligation of the Company in the Underwriting Agreement or which is contained in any certificate, statement, or notice provided under or in connection with the Underwriting Agreement or which proves to be incorrect in any material respect;*

**"Closing Date"** means the last date and time for the receipt of the applications and payment for the Issue Shares in accordance with the Prospectus or such later date as the Company and the Sole Underwriter may mutually agree upon;

**"Extended Closing Date"** means the extended closing date for the receipt of the applications and payment for the Issue Shares pursuant to the Public Issue which will be notified in a widely circulated Bahasa Malaysia and English daily newspaper in Malaysia.

- (h) *there having been, on or prior to the Closing Date or the Extended Closing Date, as the case may be, no material adverse change, or any development involving a prospective material adverse change, in the financial condition or business or operations of the Group or in the prospects or future financial condition or business or operations of the Group (which in the reasonable opinion of the Sole Underwriter, is or will be material in the context of the Public Issue and the sale of any Underwritten Shares) from that set forth in the Prospectus, nor the occurrence of any event nor the discovery of any fact rendering materially inaccurate, untrue or incorrect to such extent which is or will be material in any of the representations, warranties, covenants and undertakings and obligations of the Company herein contained;*
- (i) *the Sole Underwriter receiving a copy certified by a director or secretary of the Company to be a true resolution of the Board of Directors of the Company approving the Listing, the Prospectus and the Underwriting Agreement, the issue and offer of the Issue Shares and authorising a person or persons to sign the Underwriting Agreement on behalf of the Company; and*

**3. PARTICULARS OF IPO (Cont'd)**

(j) *the Sole Underwriter having been satisfied that arrangements have been made by the Company to ensure payment of the expenses referred to in Clause 15 (Costs and Expenses) of the Underwriting Agreement.*

(ii) *Pursuant to Clause 5.2 of the Underwriting Agreement, in the event any of the conditions set forth in Clause 5.1 of the Underwriting Agreement are not satisfied on or before the Closing Date, the Sole Underwriter shall, subject as mentioned below, be entitled to forthwith terminate the Underwriting Agreement by notice in writing given to the Company whereupon the following shall take place within three (3) Market Days of the receipt of such notice:-*

(a) *the Company shall make payment of the Underwriting Commission to the Sole Underwriter; and*

(b) *each party shall return all other monies (in the case of the Sole Underwriter, after deducting the Underwriting Commission due and owing to the Sole Underwriter hereunder) paid to the other under the Underwriting Agreement (except for monies paid by the Company for the payment of the expenses as provided hereunder);*

*and thereafter, the Underwriting Agreement shall be terminated and of no further force and effect and none of the parties shall have a claim against the other, save and except in respect of any antecedent breaches. The Sole Underwriter reserves the right to waive or modify any of the conditions aforesaid and such waiver or modification shall not prejudice the Sole Underwriter's rights under the Underwriting Agreement.*

(iii) *Pursuant to Clause 12.1 of the Underwriting Agreement, notwithstanding anything herein contained, the Sole Underwriter may by notice in writing to the Company given at any time before the Closing Date or the Extended Closing Date, as the case may be, terminate, cancel and withdraw its commitment to underwrite the Underwritten Shares if:-*

(a) *the approval of Bursa Securities for the Listing is revoked, withdrawn or procured but subject to the conditions not acceptable to the Sole Underwriter;*

(b) *there is any material breach by the Company of any of the representations, warranties or undertakings contained in Clauses 3 (Representations and Warranties by the Company) and 4 (Covenants and Undertakings by the Company), which is not capable of remedy or, if capable of remedy, is not remedied within such number of days as stipulated in the notice given to the Company; or*

(c) *there is a material failure on the part of the Company to perform any of its obligations herein contained; or*

(d) *there is withholding of information of a material nature from the Sole Underwriter which is required to be disclosed pursuant to the Underwriting Agreement which, in the reasonable opinion of the Sole Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Group, the success of the Public Issue, or the distribution or sale of the Issue Shares; or*

(e) *there shall have occurred, or happened any material and adverse change in the business or financial condition of the Group; or*

### 3. PARTICULARS OF IPO (Cont'd)

- (f) *the imposition of any moratorium, suspension or material restriction on trading in securities generally on ACE Market of Bursa Securities due to exceptional financial circumstances or otherwise which, in the reasonable opinion of the Sole Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Group, the success of the Public Issue, or the distribution or sale of the Issue Shares; or*
- (g) *a material adverse change in the stock market condition occurs, and for the purposes of this clause, a material adverse change in the stock market condition shall be deemed to have occurred if the FTSE Bursa Malaysia KLCI Index ("**Index**") is, at the close of normal trading on Bursa Securities, on any Market Day:-*
  - (i) *on or after the date of the Underwriting Agreement; and*
  - (ii) *prior to the close of the offering of the Public Issue,*

*lower than 85% of the level of Index at the last close of normal trading on the relevant exchange on the Market Day immediately prior to the date of the Underwriting Agreement and remains at or below that level for at least three (3) Market Days or any other adverse change in the market conditions which the parties mutually agree to be sufficiently material and adverse to render it to be a terminating event; or*
- (h) *there shall have occurred, or happened any of the following circumstances:-*
  - (i) *any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas) or foreign exchange controls or the occurrence of any combination of any of the foregoing; or*
  - (ii) *any change in law, regulation, directive, policy or ruling in any jurisdiction or any event or series of events beyond the reasonable control of the Sole Underwriter (including without limitation, acts of God, acts of terrorism, strikes, lock-outs, fire, explosion, flooding, civil commotion, sabotage, acts of war or accidents);*

*which, would have or can reasonably be expected to have, a material adverse effect on, and/or materially prejudice the business or the operations of the Group as a whole, the success of the Public Issue which has or is likely to have the effect of making any material part of the Underwriting Agreement incapable of performance in accordance with its terms.*

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**3. PARTICULARS OF IPO (Cont'd)**

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**3.11 FINANCIAL IMPACTS FROM THE IPO**

The financial impacts from the utilisation of proceeds from the Public Issue are envisaged to be as follows:-

**3.11.1 Increase in capital expenditure**

We have allocated RM8.500 million of the proceeds from the Public Issue for the purchase of three (3) new machines. This would help to increase our operating efficiencies and process accuracies. The allocation of proceeds from the Public Issue augurs well with our future plans and strategies which are disclosed in Section 5.8.1 of this Prospectus.

**3.11.2 Interest savings**

The repayment of our bank borrowings of RM3.995 million from the proceeds from the Public Issue would help us to have total interest savings of approximately RM2.068 million. In addition, this would also lower our Group's overall gearing ratio and reduce our financial obligation. Please refer to Section 3.9 of this Prospectus for further details.

**3.11.3 Enhancement of working capital**

The additional working capital of RM7.605 million arising from the Public Issue is expected to strengthen our liquidity and cash flow position and enable us to conduct our day-to-day operations without being overly dependent on external funding.

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#### 4. RISK FACTORS

**NOTWITHSTANDING THE PROSPECTS OF OUR GROUP AS OUTLINED IN THIS PROSPECTUS, YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS (WHICH MAY NOT BE EXHAUSTIVE AND MAY OCCUR EITHER INDIVIDUALLY OR IN COMBINATION, AT THE SAME TIME OR AROUND THE SAME TIME) THAT MAY HAVE A SIGNIFICANT IMPACT ON THE FUTURE PERFORMANCE OF OUR GROUP. YOU SHOULD CAREFULLY CONSIDER THE RISKS AND INVESTMENT CONSIDERATIONS SET OUT BELOW ALONG WITH OTHER INFORMATION CONTAINED HEREIN IN THIS PROSPECTUS BEFORE YOU MAKE YOUR INVESTMENT DECISION. IF YOU ARE IN ANY DOUBT AS TO THE INFORMATION CONTAINED IN THIS SECTION, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER.**

**THE RISKS AND INVESTMENT CONSIDERATIONS SET OUT BELOW ARE NOT AN EXHAUSTIVE LIST OF THE CHALLENGES THAT WE CURRENTLY FACE OR THAT MAY DEVELOP IN THE FUTURE. ADDITIONAL RISKS, WHETHER KNOWN OR UNKNOWN, MAY HAVE A MATERIAL ADVERSE EFFECT ON THE FINANCIAL PERFORMANCE OF OUR GROUP.**

##### 4.1 RISKS RELATING TO THE BUSINESS AND OPERATIONS OF OUR GROUP

###### 4.1.1 We are dependent on our Executive Directors for continued success and the loss of their continued services may affect our business

Our success will depend on the continuing contribution of our Co-Founders and Executive Directors, namely Lim Kon Lian and Mok Mei Lan, for the strategic direction, leadership, business planning and development, and management of our Group. Our Executive Directors have played a pivotal role in our day-to-day operations as well as charting, formulating and implementing strategies to drive the future growth of our Group.

The loss of any of our Executive Directors, and our inability to find a suitable replacement in a timely manner, may adversely affect our ability to maintain and/or improve our business performance. As such, our ability to retain and also attract competent and skilled personnel is crucial for our continued success, future business growth and expansion.

We have currently put in place a management succession plan which includes taking a proactive approach towards addressing talent management in order to ensure that the key management personnel of our organisation has the capability to undertake leadership positions. Our key management personnel are constantly exposed to various aspects of our business activities to ensure that they have full understanding on the necessary responsibilities and decision-making process. Our Group General Manager, Lim Pak Hong, has been earmarked as the successor to our Managing Director, Lim Kon Lian, and is actively involved in overseeing the management and operations of our Group. Please refer to Section 7.8 of this Prospectus for details on our Group's management succession planning.

###### 4.1.2 We rely on foreign workers in our manufacturing operations

We rely to a certain extent on foreign workers, particularly in our manufacturing operations. In the last three (3) FYE 30 April 2013 to 2015 and six (6)-month FPE 31 October 2015, our foreign workers have increased from 41 to 50 to 68 and decreased to 59 employees, representing 30.37%, 33.78%, 37.78% and 34.50% of our total workforce respectively. Our foreign workers are currently primarily from Nepal.

As the standard of living in Malaysia improves over time, we have found it increasingly difficult to hire local production workers for our manufacturing operations, and this difficulty may increase in the future. Currently, we obtain one-year visit pass (temporary employment) for our foreign workers, which are renewed on a yearly basis.

#### 4. RISK FACTORS (Cont'd)

If foreign worker visitor's pass or visa policies in Malaysia, or in the countries in which we employ our foreign workers from, were to change in any way resulting in difficulties for our Group to maintain a sufficient foreign labour workforce, our business, financial condition and results of operations could be materially and adversely affected. In addition, our Group's anticipated business growth is also subject to the expansion in our manufacturing operations, which would require a subsequent increase in labour to meet increased manufacturing activities.

In February 2016, the Government announced its decision to suspend the intake of foreign workers from all countries, in an effort to encourage the local workforce to meet existing demand. This may result in our Group facing difficulties in hiring new foreign workers, both to meet increased activities of our Group and as replacement workers. If this happens, our Group will endeavour to mitigate any adverse impact arising out of the inability to hire new foreign workers by hiring local workers. However, the hiring of local workers may come at a higher cost, at which our management will take necessary cost saving measures to minimise the impact on the financial performance of our Group. Further, as set out in Section 5.8.1(iv) of this Prospectus, our Group aims to acquire new machinery to increase automation in our manufacturing processes, and as a result, this may also reduce our reliance on manual labour in our operations.

##### 4.1.3 We are subject to fines and penalties if we fail to comply with applicable laws, regulations and licensing requirements

We require various approvals, licences, permits and certificates to operate our business and facilities, which are set out in Section 5.7.9 of this Prospectus. We may be required to renew these approvals, licences, permits and certificates or to obtain new approvals, licences, permits and certificates.

The medical bed, peripheral and accessory industry is subject to Government regulations pertaining to the quality of the products that are manufactured and sold. In Malaysia, the MDA regulates the industry by monitoring the quality and standards of all medical devices imported, exported or placed in the market. Under the Medical Device Act 2012 (Act 737), no medical device shall be imported, exported or placed in the market unless it is registered.

Notwithstanding this, the Medical Device (Exemption) Order 2015 permits persons who made an application to register a medical device on or prior to 30 June 2016 to continue to import, export or place in the market such medical device pending registration. As such, we are permitted to import, export or place in the market such medical devices for which we have made applications, pending its registration.

For any applications made after 30 June 2016, we will not be able to import, export or place in the market such medical devices without registration of such medical devices unless further exemptions similar to the Medical Device (Exemption) Order 2015 are made by the Minister of Health.

The MDA will issue a certificate of registration for a medical device upon being satisfied that:-

- (i) the medical device has been subjected to the conformity assessment procedures carried out by an independent conformity assessment body registered under the Medical Device Act 2012 (Act 737);
- (ii) the applicant has complied with all requests by MDA to provide additional information, particulars or document on the application or sample of the medical device; and
- (iii) the MDA having inspected the premises in which the medical device is being manufactured as it considers proper and necessary.

#### 4. RISK FACTORS (Cont'd)

If the above circumstances are not met, then we may not be awarded registration of our medical devices and we will not be able to import, export or place in the market such medical devices.

We are also subject to various health, safety and environmental laws and regulations in Malaysia. These include requirements related to the emission and discharge of hazardous materials into the ground, air or water from our facilities, in particular with regard to the discharge of materials from our manufacturing activities. As these laws and regulations become more stringent, the relevant regulatory authorities may require us to purchase and install new or additional pollution control equipment or to make operational changes to limit actual or potential impacts on the environment or the health of our employees.

While we have not experienced any significant difficulty in renewing and maintaining our approvals, licences, permits and certificates, we cannot assure that in the future the relevant authorities will issue or renew any required approvals, licences, permits or certificates in a timely manner or at all. Failure by us to renew, maintain or obtain the required approvals, licences, permits and certificates may interrupt our operations or delay or prevent the implementation of any capacity expansion or other such projects as undertaken by our Group. We may also be subject to the applicable penalties or fines under the relevant laws or regulations in the event we are deemed to be non-compliant with these licensing requirements. In addition, should there be any subsequent modifications of, additions or new restrictions to the current compliance standards, we may incur additional costs to comply with such new or modified standards. As a result, this may result in a material adverse impact on our business, financial condition and results of our operations.

##### 4.1.4 We are subject to risks relating to the economic, political, legal or social environment in the markets in which we operate

We operate principally in Malaysia and derive a portion of our revenue from businesses outside Malaysia, from over 30 countries across six (6) continents. For the last three (3) FYE 30 April 2013 to 2015 and six (6)-month FPE 31 October 2015, our overseas sales accounted for 22.57%, 21.97%, 19.49% and 25.37% of our total revenue of RM28.077 million, RM38.893 million, RM39.039 million and RM16.057 million respectively.

As we continue to expand our business globally, it is reasonable to expect that our financial condition and results of operations would be affected by the economic, political, legal or social conditions in the countries where we operate, transact business or have interests, making us increasingly susceptible to the operational risks caused by these conditions.

Conducting business in other markets also requires us to comply with foreign laws and regulations covering many aspects of our operations, including trade laws and licensing regulations, and these laws and regulations may change, or may be updated and amended, from time to time. Much of the above changes are beyond our control. Whilst we practise prudent financial management and efficient operating procedures, there can be no assurance that any adverse economic, political and legal developments will not materially affect the performance of our Group.

#### 4. RISK FACTORS (Cont'd)

##### 4.1.5 Our business is exposed to sudden and unexpected equipment failures and natural disasters which may lead to interruptions in our operations

Our Group's manufacturing activities are supported by steel working machinery and equipment such as welding, cutting, bending, punching, drilling and grinding machines. These machinery and equipment may, on occasion, be out of service as a result of unanticipated failures or damages sustained during operations. Further, our manufacturing plant is also subject to catastrophic loss due to natural disasters such as floods and fires. These unexpected events may cause interruptions in, or prolonged suspension of, any substantial part of our manufacturing activities; or any damage to, or destruction of, all or part of our manufacturing plant. In addition, as our manufacturing activities are dependent on continuous supply of electricity, any major disruptions to the supply of electricity may result in interruptions in our operations.

Any prolonged interruptions in our business operations will affect our production schedules and timely delivery of our products to our customers. This could have an adverse impact on our business, financial conditions and results of operations.

We mitigate the risk of machinery and equipment breakdown and failure by ensuring regular maintenance and routine servicing of the machinery and equipment is carried out. Our machinery and equipment suppliers also provide on-site support if required. As at the LPD, we have not encountered any major breakdown or failure in our machinery and equipment that had a material adverse effect on our Group's operation and financial performance.

##### 4.1.6 We may not be able to effectively manage our growth or successfully implement our business plans and strategies

We plan to enhance our market presence through further expansion of our local and overseas businesses. In order to successfully implement our expansion plan, it is imperative that our Group remains competitive, and to do so, we are committed to increasing our operating efficiencies through increased automation and expansion of our manufacturing facilities, and the enhancement of our sales and marketing activities to support our growing network and product base. Please refer to Section 5.8.1 of the Prospectus for further details of our future plans and strategies.

Our expansion plans involve a number of cost-related risks, including but not limited to, capital expenditures incurred in respect of expansion of our manufacturing plant, costs of amalgamating our land and properties, costs of purchasing and installing of new machinery, equipment and software systems, marketing and promotional expenses, as well as other working capital requirements.

Whilst our Executive Directors and key management personnel are experienced in this business and we have sufficient resources at our disposal to execute our business expansion plans, we are not able to guarantee that we will be successful in executing our business expansion plans, nor can we assure that we will be able to anticipate all the business and operational risks arising from our future business plans. Any failure to do so, including any failure or inefficiencies in managing our business growth, may lead to a material adverse effect on our business operations and financial performance.

#### 4. RISK FACTORS (Cont'd)

##### 4.1.7 We are subject to the volatility in prices of our raw materials

Our manufacturing process is dependent on obtaining adequate supply of raw materials on a timely basis and of the required quality. Our major raw material is steel materials (comprising sheets, tubes and bars) as well as electrical components.

The prices of steel sheets, tubes and bars are, amongst others, subject to market supply and demand conditions, prices of raw materials for the production of steel, prevailing energy costs and Governmental regulations. Some of our electrical components are sourced directly from overseas, which is susceptible to foreign currency exchange fluctuations. Any material changes in the conditions of any of the above factors may cause an increase in the price of steel and electrical components, and this may lead to a rise in our cost of production. If we are unable to pass on this rise in raw material cost to our customers, we will be faced with bearing the increased costs and this may have a material impact on our results of operations and business performance. Currently, our Group neither hedges our exposure to the fluctuations in commodity prices and foreign currency exchange nor enter into any long-term raw material supply or foreign exchange contracts.

Nevertheless, to-date, we have managed any fluctuations and volatility in steel material prices and foreign currency exchange through prudent management practices by:-

- keeping in close contact with our suppliers in respect of the movement of prices as well as keeping abreast of market conditions;
- purchasing in bulk and/or by cash, where possible, to optimise discounts from our suppliers and maintain acceptable stock levels; and
- maintaining foreign currency accounts for payment of our foreign purchases and/or receipt of export sales as mentioned in Section 4.1.10 of this Prospectus.

However, we are unable to guarantee that any future abrupt and unexpected increases in prices of raw materials will not materially affect our business and operating results.

##### 4.1.8 Our insurance coverage may not be adequate to cover all losses or liabilities that may arise in connection with our operations

We maintain insurance at levels that are customary in our industry to protect against various losses and liabilities. However, our insurance may not be adequate to cover all losses or liabilities that might be incurred in our operations. For example, while we are insured against losses resulting from fires, we do not maintain insurance against losses at our manufacturing plants as a result of burglary and/or natural disasters.

Moreover, we will be subject to the risk that in the future we may not be able to maintain or obtain insurance of the type and amount desired at reasonable rates. If we were to incur a significant liability for which we were not fully insured, it could have a material adverse effect on our business, financial condition and results of operations.

#### 4. RISK FACTORS (Cont'd)

##### 4.1.9 We may not be able to secure funding, especially on terms acceptable to us, to meet our future capital needs

Our ability to obtain external financing and to make timely repayments of our debt obligations are subject to various uncertainties, including our future results of operations, financial condition and cash flows, the performance of the Malaysian economy and the markets for our products, the cost of financing and the condition of financial markets, and the continuing willingness of banks to provide new loans. We cannot assure that any required additional financing, either on a short-term or long-term basis, will be made available to us on terms satisfactory to us or at all.

If adequate funding is not available when needed, or is available only on unfavourable terms, meeting our capital needs or otherwise taking advantage of business opportunities or responding to competitive pressures may become challenging, which could have a material and adverse effect on our business, financial condition and results of operations.

##### 4.1.10 We are exposed to foreign exchange transaction risks

Our export sales are predominantly in USD and SGD, whilst some of our purchases of raw materials are denominated in SGD, USD, GBP and EUR. As a result, we are exposed to fluctuations in foreign currency exchange rates and any adverse movements in the foreign exchange currency markets may have a negative impact on our business performance, financial position and operating results.

Currently, we maintain foreign currency accounts (i.e. USD and EUR) for payments of our foreign purchases and/or receipts of export sales. Our management does not actively hedge our Group's foreign currency exposure. We constantly monitor and review our Group's need to hedge. Should this exposure become substantial, we will consider hedging our position.

Please refer to Section 11.4.1(d)(i) of this Prospectus for further information on our foreign exchange transactions.

##### 4.1.11 We may not continue to be profitable in the future or be able to achieve increasing or consistent levels of profitability

We have, over the years, practised sound financial management via efficient credit control measures, prudent cash flow management and careful consideration of operating expenditure as well as any proposed capital expenditure and its effect on our Group. For the past three (3) FYE 30 April 2013 to 2015 and six (6)-month FPE 31 October 2015, we achieved gross profit margin of 36.77%, 42.00%, 40.05% and 43.24% respectively and PAT margin of 15.81%, 15.44%, 15.27% and 11.10% respectively.

Whilst we would exercise our best endeavour to maintain or increase our gross profit margin and/or our profitability, there is no assurance that our Group's performance will not be adversely impacted by changing market conditions and an evolving competitive environment. We may be unable to sustain our gross profit margin and/or profitability due to continuous changes in market conditions and competitive environment, where our selling prices may be adversely impacted in our efforts to maintain market share.

#### 4. RISK FACTORS (Cont'd)

In addition, according to the IMR Report, the competitive environment of the medical bed, peripheral and accessory industry has evolved in the past in terms of a decrease in dominance of foreign medical bed, peripheral and accessory industry players relative to local industry players, as indicated through a reduction in percentage of imports of the medical bed, peripheral and accessory market size in Malaysia between 2008 and 2014, from 86.7% in 2008 to 40.5% in 2014. While in the past, the changes in the competitive environment of the medical bed, peripheral and accessory industry were in our favour, we are not able to provide assurance that future changes in the competitive environment will not disrupt our Group's ability to continuously remain profitable or be able to consistently achieve our desired levels of profitability.

##### 4.1.12 The lack of long-term contracts may result in the fluctuation in our Group's performance

Our Group's sales are mainly based on purchase orders and occasionally other forms of confirmed orders. We have not entered into any long-term contracts with our customers. The lack of long-term contracts is mainly due to the nature of our business and prevailing customer practices. The absence of long-term contracts may result in the fluctuation of our Group's sales and overall business performance.

However, our Group has established long standing and strong relationships with our customers, including Agents, Distributors and project consultants, and have not, to-date, faced any material fluctuations in our sales as a result of the absence of long-term contracts. Our established relationships with our customers will also provide us with the platform for sustained business continuity and growth.

##### 4.1.13 We are dependent on the healthcare services industry for our success and growth

We serve the healthcare services industry, as our end-users are mainly hospitals and medical centres in the public and private sectors as well as other healthcare-related facilities. Growth in the healthcare services industry depends on various factors, particularly in the number of patient admissions (which are driven by factors such as a rise in incidences of chronic diseases, growing ageing population, and increased accessibility to healthcare services due to growth in income and/or uptake of medical insurance), as well as increases in public and private healthcare expenditure. Any decrease or reduction in public and private healthcare expenditure may have an impact on the spending on hospital supplies and equipment. In private hospitals, the purchase of our products could be reduced due to lowering or tightening of hospital budgets. In addition, any cutbacks on public healthcare expenditure could negatively impact the sales of our products.

Any of the above factors could decrease demand for our products, leading to reduced sales volume and impacting our Group's revenue and profitability.

Nevertheless, the healthcare services industry is resilient, as demonstrated by its uninterrupted growth. Globally, total healthcare expenditure on healthcare services grew from USD4.3 trillion (RM16.3 trillion) in 2004 to USD7.5 trillion (RM23.6 trillion) in 2013, registering a CAGR of 6.4% during the period. In Malaysia, during the same period, total healthcare expenditure increased from RM17.8 billion in 2004 to RM41.0 billion in 2013, at a CAGR of 9.7%. More notably, in both the global and local healthcare services industries, growth in healthcare expenditure has been uninterrupted during this period.

(Source: IMR Report)

#### 4. RISK FACTORS (Cont'd)

##### 4.1.14 We face competition from other industry players

We compete with other manufacturers of medical/healthcare beds, peripherals and accessories as well as agents, trading companies and distributors who carry either third party branded products or third party manufactured products, including imports. As such, we compete with both locally manufactured and imported products.

Hospitals and medical centres place utmost importance on patient safety, and as a result, they are careful and diligent when selecting manufacturers and/or suppliers. Products need to be of high quality, reliable and equipped with relevant safety features, besides providing comfort with user-friendly features, and manufacturers and/or suppliers must place emphasis on strong after-sales service.

Hence, to remain competitive, our Group must continuously ensure that our products maintain all of the above attributes, as failure to do so may negatively impact our Group's track record and industry reputation, leading to a loss of business to our competitors and damage to our overall business performance.

Our Group strives to manufacture products that are of high quality by ensuring that our manufacturing processes undergo stringent quality control procedures. Our Group also ensures that our products are reliable by using high quality raw materials from our trusted suppliers. Furthermore, we undertake R&D activities to ensure that we stay up-to-date with the latest market trends and demands, in order to provide products with the relevant safety and user-friendly features and to ensure that we are prepared to carry out product customisations as and when required by our customers. Our Group also has a dedicated after-sales team to provide after-sales support.

##### 4.1.15 We may be adversely affected by product defects, and this may lead to liability claims and may result in negative perception towards our products and/or our Group

Our products have warranty periods between one (1) to four (4) years from the date of purchase and/or date of successful testing and commissioning and during this warranty period, we are liable to repair and/or exchange our products should our customers experience any product defects. We are thus obligated to ensure that the final product, which comprises components and parts which we manufacture such as steel frames and fittings, as well as fittings and accessories sourced from suppliers and outsourced manufacturers, are functioning as per design plans and customer requirements, before it is delivered.

Failure to do so could result in losses from repair costs and/or product warranty claims, and may damage our industry reputation as a reliable and trusted manufacturer of medical/healthcare beds, peripherals and accessories. An adverse reputation or negative perception regarding the safety or quality of products that we manufacture, or our Group in general, could also result in substantially lower demand for our products. Further, any significant product defects which may impact the safety of patients or healthcare professionals could result in product liability claims and loss of customer confidence in our products, and this would materially impact future demand, which in turn could have an adverse effect on our financial position, results of operations and prospects.

Nevertheless, we are committed towards stringent quality control procedures for our manufacturing processes given our compliance to ISO 9001:2008 and EN ISO 13485:2012 since 2001 and 2005 respectively, as well as our CE registration since 2009. We also inspect, test and calibrate fittings and accessories, particularly electrical components and hydraulic parts, before they are assembled into the final product to ensure these parts are in proper working condition. Instances of product defects were less than 5% of the total number of medical/healthcare beds sold in each of the last three (3) FYE 30 April 2013 to 2015. For the six (6)-month FPE 31 October 2015, the instances of product defects were less than 10% of the total number of

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**4. RISK FACTORS (Cont'd)**

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medical/healthcare beds sold during the period. This was mainly due to a one-off incident where our customer had provided feedback on a medical bed with a particular defect. As a preventive measure, our Company had also rectified all the medical beds in the same batch that was delivered to the customer.

For the past three (3) FYE 30 April 2013 to 2015 and six (6)-month FPE 31 October 2015, product warranty claims made against our Company amounted to RM0.010 million, RM0.015 million, RM0.014 million and RM0.008 million respectively, which is accounted for in our selling and distribution expenses.

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## **4. RISK FACTORS (Cont'd)**

### **4.2 RISKS RELATING TO INVESTING IN OUR SHARES**

#### **4.2.1 There has been no prior market for our Shares**

Prior to the IPO, there has been no public market for our Shares. Hence, there is no assurance that upon listing, an active market for our Shares will develop, or, if developed, that such market can be sustained. The Issue Price was determined after taking into consideration various factors and we believe that a variety of factors could cause our Share price to fluctuate and such fluctuations may adversely affect the market price of our Shares.

There can be no assurance that the Issue Price will correspond to the price at which our Shares will trade on the ACE Market of Bursa Securities upon our Listing and the market price of our Shares will not decline below the Issue Price.

#### **4.2.2 Our Share price and trading volume may be volatile**

The performance of Bursa Securities is very much dependent on external factors such as the performance of the regional and world bourses and the inflow or outflow of foreign funds. Sentiment is also largely driven by internal factors such as economic and political conditions of the country as well as the growth potential of the various sectors of the economy. These factors invariably contribute to the volatility of trading volumes witnessed on Bursa Securities, thus adding risks to the market price of our listed Shares. Nevertheless, the profitability of our Group is not dependent on the performance of Bursa Securities as the business activities of our Group have no direct correlation with the performance of securities listed on Bursa Securities.

In addition, the market price of our Shares may be highly volatile and could fluctuate significantly and rapidly in response to, amongst others, the following factors, some of which are beyond our control:-

- (i) Variations in our results and operations;
- (ii) Success or failure in our management team in implementing business and growth strategies;
- (iii) Changes in securities analysts' recommendations, perceptions or estimates of our financial performance;
- (iv) Changes in conditions affecting the industry, the prevailing global and local economic conditions or stock market sentiments or other events or factors;
- (v) Additions or departures of key personnel;
- (vi) Fluctuations in stock market prices and volumes; or
- (vii) Involvement in litigation.

#### **4.2.3 Our Promoters will continue to hold a majority of our Shares after the IPO**

As disclosed in Section 7.1.1 of this Prospectus, our Promoters will collectively hold in aggregate approximately 67.21% of our enlarged issued and paid-up share capital upon Listing. As a result, they will be able to, in the foreseeable future, effectively control the business direction and management of our Group as well as having voting control over our Group and as such, will likely influence the outcome of certain matters requiring the vote of our shareholders, unless they are required to abstain from voting either by law and/or by the relevant guidelines or regulations.

#### 4. RISK FACTORS (Cont'd)

Nevertheless, our Group has appointed three (3) independent directors and set up an Audit Committee to ensure that any future transactions involving related parties are entered into on an arms-length basis and/or on normal commercial terms that are not more favourable to the related parties than those generally available to third parties and are not detrimental to our minority shareholders, and to facilitate good corporate governance whilst promoting greater corporate transparency.

##### 4.2.4 There may be a potential delay to or failure of our Listing

The occurrence of any one or more of the following events, which is not exhaustive, may cause a delay in or cancellation of our Listing:-

- (i) The MITI approved Bumiputera investors fail to acquire the Shares allocated to them under the Public Issue;
- (ii) Our Sole Underwriter exercising their rights pursuant to the Underwriting Agreement to discharge themselves from its obligations thereunder; and/or
- (iii) We are unable to meet the public shareholding spread requirement of the Listing Requirements, i.e. at least 25% of our issued and paid-up share capital for which listing is sought must be held by a minimum number of 200 public shareholders holding not less than 100 Shares each at the point of our Listing.

In such event, investors will not receive any of our Issue Shares and we will return in full, without interest, all monies paid in respect of any application for our Issue Shares in compliance with sub-section 243(2) of the CMSA.

Nonetheless, our Board will endeavour to ensure compliance with the various requirements for our successful Listing.

##### 4.2.5 Forward-looking statements are subject to uncertainties and contingencies

This Prospectus contains certain forward-looking statements that are based on historical data, which may not be reflective of the future performance of our Group and others are forward-looking in nature which is subject to uncertainties and contingencies. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results to differ materially from future results.

Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies, the environment in which our present and future business strategies have been developed and the environment in which we will operate in the future.

Although our Group believes that the expectations reflected in such forward-looking statements are reasonable at this point in time, we can give no assurance that such expectations will be justifiable. Whether or not such statements prove to be accurate would be dependent upon a variety of factors that may have an effect on the business and operations of our Group.

In light of these uncertainties, the inclusion of such forward-looking statements in this Prospectus should not be regarded as a representation or warranty by us or our Principal Adviser, that our plans and objectives will be achieved.

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**4. RISK FACTORS (Cont'd)**

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**4.2.6 Payment of dividends**

Our Company, being an investment holding company, derives income mainly from dividends received from our subsidiary company, namely LKL Advance Metaltech. Hence, our ability to pay future dividends is largely dependent on the performance of LKL Advance Metaltech.

In determining the size of any dividend recommendation, we will also take into consideration a number of factors, including but are not limited to, our financial performance, cash flow requirements, debt servicing and financing commitments, future expansion plans, loan covenants and compliance with regulatory requirements. Whilst we endeavour to make payments of dividends, no assurance can be given that we are able to pay any dividends in the future as a result of factors stated above. Please refer to Section 11.5 of this Prospectus for further information on our dividend policy.

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## 5. INFORMATION ON OUR GROUP

### 5.1 INFORMATION ON OUR GROUP

#### 5.1.1 Our Overview and History

##### Overview of our Group

Our Company was incorporated in Malaysia under the Act on 13 April 2015 as a private limited company under the name of LKL International Sdn Bhd and was subsequently converted to a public limited company on 16 July 2015.

We are principally involved in the design and manufacturing of medical/healthcare beds, peripherals and accessories, where we are one of the largest local manufacturers in Malaysia, in terms of revenue.

Our diverse range of products are used in/by a wide portfolio of customers such as hospitals and medical centres, as well as other healthcare-related facilities such as clinics and specialist institutions (i.e. fertility centres, diagnostics centres, eye specialists, orthopaedic centres, chiropractic centres, dialysis centres, confinement centres, nursing centres and etc). We also sell our products to education facilities/medical schools, wellness, beauty and aesthetics centres, pharmacies, and individuals.

We generate our sales from the abovementioned wide portfolio of customers either directly by our sales team or through Agents, Distributors and project consultants. Our sales which were secured via Agents, Distributors and project consultants, contributed approximately 65.36%, 63.43%, 56.98% and 46.63% of our total revenue for the past three (3) FYE 30 April 2013 to 2015 and six (6)-month FPE 31 October 2015 respectively. Further information on our mode of distribution and sales are set out in Section 5.7.8 of this Prospectus.

The end-users of our products are largely hospitals and medical centres, comprising 61.32%, 56.59%, 57.68% and 58.54% of our total revenue for the past three (3) FYE 30 April 2013 to 2015 and six (6)-month FPE 31 October 2015 respectively, with the remaining end-users coming from our wide portfolio of customers (as mentioned above). In Malaysia, some of these include public hospitals and medical centres such as Hospital Putrajaya, Hospital Serdang, Hospital Selayang, Pusat Perubatan Universiti Malaya, Hospital Sultanah Aminah and National Cancer Institute, Putrajaya; and private hospitals and medical centres such as Columbia Asia group of hospitals, Prince Court Medical Centre, Gleneagles Kuala Lumpur, KPJ Damansara Specialist Hospital, Pantai Hospital Kuala Lumpur, ParkCity Medical Centre, Tropicana Medical Centre and Sunway Medical Centre.

We have exported our medical/healthcare beds, peripherals and accessories to over 30 countries across six (6) continents, which contributed approximately 22.57%, 21.97%, 19.49% and 25.37% of our total revenue for the past three (3) FYE 30 April 2013 to 2015 and six (6)-month FPE 31 October 2015 respectively.

Our design and manufacturing process complies with international compliance standards. We are currently ISO 9001:2008 and EN ISO 13485:2012 certified, which demonstrate our compliance and commitment to respected industry quality management practices for the design and development, production, assembly and distribution of durable medical equipment such as hospital beds, trolleys, tables, mobility aids and other support equipment. We have also been granted a certificate of CE registration, a registration which certifies that our products comply with the European Commission health, safety and environment protection legislation, under the European Commission 93/42/EEC and 2007/47/EEC.

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**5. INFORMATION ON OUR GROUP (Cont'd)**

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**History: Evolution and Growth of our Business**

In 1981, our Co-Founder and Managing Director, Lim Kon Lian, established Victor Company, a sole proprietorship involved in the manufacturing of steel and wooden furniture, which included hospital furniture and accessories. Prior to 1981, Lim Kon Lian had spent over ten (10) years in metal and steel fabrication, initially as a trade apprentice and subsequently as a freelance sub-contractor. In 1988, our other Co-Founder and Procurement Director, Mok Mei Lan, co-founded Victory Supplies with Lim Kon Khoon, the brother of Lim Kon Lian. Victory Supplies, which was set up primarily as the trading arm of Victor Company, was involved in the trading and supply of hospital furniture, accessories, and steel and wooden furniture and fittings.

Lim Kon Lian and Mok Mei Lan jointly established our wholly-owned subsidiary, LKL Advance Metaltech on 13 October 1993, with the ultimate intention to utilise LKL Advance Metaltech, being a private limited company, to expand their business operations. LKL Advance Metaltech was a property holding company in the interim when it acquired its first property the following year with the purchase of a factory cum office building in Taman Universiti Indah, Seri Kembangan and rented the property to Victory Supplies. Victor Company ceased operations when the business was closed on 4 July 1994, and Victory Supplies assumed the manufacturing operations of Victor Company.

In 1996, we commenced our intended operations as a manufacturer and trader of hospital furniture, accessories, and steel and wooden furniture and fittings at our factory in Taman Universiti Indah helmed by Lim Kon Lian. Victory Supplies continued operating concurrently from the same premises.

Due to growing market demand, we began to gradually focus on the healthcare furniture and equipment business, where we sold our products to customers directly as well as through Agents, Distributors and project consultants. Within the first two (2) years of our operations, we delivered our products to hospitals and medical centres such as Assunta Hospital in Petaling Jaya, Taman Desa Medical Centre & Specialist Hospital and Hospital Tung Shin in Kuala Lumpur via our sales team.

In line with the expansion of our business, we expanded our factory when we purchased an adjacent unit to our factory cum office building in Taman Universiti Indah in 1997. Along with this expansion, we automated a large part of our welding processes through the installation of robotic welding machinery in the same year. With the on-going growth of LKL Advance Metaltech, Victory Supplies ceased operations, when it was closed on 22 March 1999, with Mok Mei Lan thereafter focusing solely on LKL Advance Metaltech's operations.

As our business grew, our portfolio of customers continued to expand, where from 2000 to 2001, we delivered our products to public hospitals and medical centres such as Hospital Putrajaya, Hospital Lahad Datu and Hospital Keningau via project consultants, which had subsequently paved the way for more deliveries to other local public hospitals and medical centres. Our sales team had also secured direct orders from private hospitals and medical centres such as Sentosa Medical Centre and Pantai Cheras Medical Centre (now known as Pantai Hospital Cheras). We also secured one of our earliest export sales via Distributor when we delivered our products to a customer in Singapore in 2000, thus forming the beginning of our export track record. We continued to secure orders from this distributor in subsequent years.

## 5. INFORMATION ON OUR GROUP (Cont'd)

From 2002 to 2008, we continued to expand our business reach to other public hospitals and medical centres, as we secured deliveries to Hospital Jasin, Hospital Sarikei, Hospital Serdang, Hospital Temerloh and Hospital Angkatan Tentera Setapak via project consultant as well as Pusat Perubatan Universiti Malaya via our sales team. During this period, our sales team also secured direct orders from private hospitals and medical centres such as Perak Chinese Maternity Hospital and Gleneagles Intan Medical Centre (now known as Gleneagles Kuala Lumpur). Our export track record also grew during this period with the addition of more than ten (10) new countries with sales to customers in Sri Lanka, Bangladesh, Hong Kong, Saudi Arabia, Kuwait, Pakistan, India, Vietnam, Philippines, UAE, Maldives, Indonesia, Brunei and Australia. We also exported our products to customers in Europe, having secured orders from Switzerland, Germany and Poland between 2004 and 2008.

In 2008, to accommodate further expansion in our business, we relocated to our present head office and manufacturing plant in Factory Lot No. 3. In 2012, due to continued growth in our business, we expanded our manufacturing facility and commenced operations in an adjacent property (Factory Lot No. 1).

Between 2009 and 2015, our business continued to grow and we secured orders via project consultants to Hospital Kuala Lipis, Hospital Queen Elizabeth II Kota Kinabalu, Hospital Rehabilitasi Cheras and National Cancer Institute, Putrajaya; and directly by our sales team to Darul Ehsan Medical Centre, Columbia Asia group of hospitals, Manipal Hospitals Klang (formerly known as Arunamari Specialist Medical Centre) and KPJ Pahang Specialist Hospital. Our overseas business also continued to expand during this time, as we exported to more than 15 new countries to our customers in the Netherlands, United Kingdom, Mozambique, Finland, Austria, Oman, Ghana, Mauritius, Qatar, Syria, Jordan, Botswana, Kenya, Laos, Myanmar, Thailand and Cambodia. We also managed to secure sales from customers in North America and Central/South America, with the delivery of our products to Mexico and Costa Rica respectively.

In 2015, we acquired another factory (Factory Lot No. 15) located behind our current premises to accommodate our future expansion. We intend to use this factory to set up the new CNC machinery once the machinery is acquired. Please refer to Section 5.8.1(iv) of this Prospectus for further details of our planned machinery acquisition. In the same year, we rented four (4) nearby shophot factories (Factory Lot No. 12, Factory Lot No. 12A, Factory Lot No. 16 and Factory Lot No. 22) to relocate our storage, warehouse and some of our assembly processes due to space constraints at our current factory, as well as to carry out epoxy powder coating (which was previously carried out at another rented premise). Please refer to Section 5.8.1(v) of this Prospectus for further details.

To-date, we pride ourselves on having delivered our products to numerous public and private hospitals and medical centres in Malaysia and over 30 countries across six (6) continents, in support of the growing healthcare services industry globally.

## 5. INFORMATION ON OUR GROUP (Cont'd)

### **Awards, Certifications and Recognitions**

In 2001, we received the ISO 9001:2000 certification from RWTÜV Anlagentechnik GmbH (updated to ISO 9001:2008 certification, and currently certified by TÜV SÜD Management Service GmbH), for the design and development, production, assembly and distribution of durable medical equipment such as hospital beds, trolleys, tables, mobility aids and other support equipment. Further, in 2005, we received the EN ISO 13485:2003 certification from TÜV Product Service GmbH (updated to EN ISO 13485:2012 certification, and currently certified by TÜV SÜD Product Service GmbH) for the design and development, production, assembly and distribution of durable medical equipment such as hospital beds, trolleys, tables, mobility aids and other support equipment. We were also granted a certificate of CE registration since 2009 by Obelis s.a., a registration which certifies that our products comply with the European Commission health, safety and environment protection legislation, under the European Commission 93/42/EEC and 2007/47/EEC. Our products under the purview of this registration are manual, hydraulic, standard electric, ICU/CCU electric and delivery beds, patient transport trolleys and stretchers, examination tables, medical tables and chairs, and overbed tables. These achievements are as a result of, amongst others, an accumulation of technical know-how and industry knowledge gained through many years of operating in the industry.

Arising from our industry reputation and track record built throughout the years, we were appointed by PEMANDU in 2011 to spearhead EPP13, a designated project to develop the medical hardware and furniture cluster under the healthcare sector. The EPP13 is a NKEA under the ETP driven by PEMANDU and targets to add RM380 million to GNI and create an additional 2,900 jobs in the healthcare sector by 2020.

Over the years, we have successfully grown and evolved into an established healthcare furniture and equipment manufacturer specialising in the design, manufacturing and sale of medical/healthcare beds and the design, manufacturing, sale and trading of medical peripherals and accessories. Through our achievements, we were awarded various accolades, including:-

- the “Enterprise 50” by SME Corporation Malaysia and Deloitte Malaysia in 2005;
- the “MMEBA” under the Platinum Brand Award category and under the Corporate Branding Export Market Gold Award category by MICCI and Lim Kok Wing University of Creative Technology in 2007;
- the “Golden Bull Award 2011 (Outstanding SME)” by Nanyang Siang Pau in 2011;
- the “SMEs BestBrands Awards” under the Corporate Branding Awards sector by the Asia Pacific Brand Foundation in 2011;
- the “1Malaysia Enterprise Award” under the “1Malaysia Lifecare category” by the Malaysia Food Processing and Packaging Entrepreneurs Association in 2012; and
- the “Golden Eagle Award 2015 (Malaysia 100 Excellent Enterprises)” by Nanyang Siang Pau in 2015.

According to the IMR Report, we garnered a market share of 40.5% in 2014 in Malaysia, based on our local revenue of RM31.4 million for the FYE 30 April 2015. As one of the largest local manufacturers in Malaysia, we are well-positioned to continuously strengthen our presence in Malaysia and pursue opportunities in both local and international markets. Therefore, we are seeking listing on the ACE Market of Bursa Securities to facilitate and accelerate our future growth. Our continuous commitment in maintaining the highest levels of product quality and customer service, as well as in expanding, improving and upgrading our products, coupled with our proven track record and technical know-how, will place us in a position to be able to ensure our long term growth and sustainability in the industry.

Please refer to Section 5.7 of this Prospectus for further details of our Group's business.

## 5. INFORMATION ON OUR GROUP (Cont'd)

### 5.1.2 Our competitive strengths

Our competitive strengths are as follows:-

(i) **We are well-positioned to capitalise on the growth in the local and international healthcare industry**

Our medical/healthcare beds, peripherals and accessories are mainly sold to hospitals and medical centres as well as other healthcare-related facilities, either directly by our sales team or via Agents, Distributors and project consultants (please refer to Section 5.7.8 of this Prospectus for further information). Thus, the potential for our future revenue growth is promising in line with the growth of the healthcare industry locally and internationally.

According to the IMR Report, the healthcare services industry in Malaysia grew, in terms of total healthcare expenditure, at a CAGR of 9.7% from RM17.8 billion in 2004 to RM41.0 billion in 2013. Growth is expected to be driven by higher incidences of chronic diseases, the demographic shift to an ageing population, the increased accessibility to healthcare services due to growth in income and/or uptake of medical insurance, as well as Government initiatives in promoting the healthcare services industry. Specifically in terms of medical/healthcare beds, Malaysia's ratio of medical beds per 1,000 population stood at 1.9 beds in 2014, below both the developing country average and world average of 2.2 beds and 3.0 beds respectively, demonstrating that there is room for further growth for medical/healthcare beds in Malaysia's healthcare industry.

As one of Malaysia's largest manufacturers of medical/healthcare beds, peripherals and accessories by revenue, we have strong local market presence and are well-positioned to continue to capture future growth opportunities in the healthcare industry in Malaysia. According to the IMR Report, we garnered a market share of 40.5% in 2014 in Malaysia, based on our local revenue of RM31.4 million for the FYE 30 April 2015 and the market size for medical beds, peripherals and accessories of RM77.6 million in 2014. As such, with our strong market position and proven track record, we are primed to continue to grow in tandem with the rise in healthcare expenditure and growth in healthcare services in Malaysia.

In addition, the Government plays an active role in driving the healthcare equipment sector, thus benefiting the medical bed, peripheral and accessory industry. The Ministry of Health Malaysia acknowledges the shortage of medical beds in the country, and have announced that the Government have been taking measures to improve access to healthcare in general, including the upgrading of existing hospitals and the building of new hospitals in high density areas to accommodate for the lack of healthcare services and insufficient number of beds. In the 11th Malaysia Plan which was launched in May 2015, the Government announced its aim to achieve universal access to quality healthcare, and in doing so it aims to increase the medical bed ratio to 2.3 beds per 1,000 population.

## 5. INFORMATION ON OUR GROUP (Cont'd)

Further, the global healthcare services industry has also demonstrated growth, where total healthcare expenditure increased at a CAGR of 6.4%, from USD4.3 trillion (RM16.3 trillion) in 2004 to USD7.5 trillion (RM23.6 trillion) in 2013. Particularly in the developing countries of Asia, Middle East, Africa and Central/South America, which have been, and will continue to be, our key export markets, per capita healthcare expenditure remain relatively low compared to per capita healthcare expenditure in the developed countries. Our growth potential in the medical bed, peripheral and accessory industry in Malaysia is not just limited to the demand from within the local market as there is also latent demand for medical beds in most developing countries, particularly in Asia, Middle East and Africa, and this is indicated by the lower developing country average for medical beds per 1,000 population of 2.2 beds relative to the world average of 3.0 beds.

*(Source: IMR Report)*

Premised on the above, our Group is poised to leverage on the continuing long term demand growth for healthcare services. The listing of our Group will provide the impetus to take our Group to the next phase of growth, as it will enhance our Group's corporate and business profile, as well as increase the stature of our Group in the marketing of our products and services, particularly in the international markets.

As a manufacturer and supplier to the healthcare industry, our growth will remain in tandem with growth in healthcare services. With the anticipated and sustained growth in healthcare services driving demand for healthcare furniture and equipment, we are well-positioned to benefit from these opportunities and continue on our long term growth strategies.

**(ii) We have delivered our products to established public and private hospitals and medical centres in the local as well as international markets**

We have delivered our products to both locally and internationally established hospitals and medical centres. In Malaysia, these include public hospitals and medical centres such as Hospital Putrajaya, Hospital Serdang, Hospital Selayang, Pusat Perubatan Universiti Malaya, Hospital Sultanah Aminah and National Cancer Institute, Putrajaya; and private hospitals and medical centres such as Columbia Asia group of hospitals, Prince Court Medical Centre, Gleneagles Kuala Lumpur, KPJ Damansara Specialist Hospital, Pantai Hospital Kuala Lumpur, ParkCity Medical Centre, Tropicana Medical Centre and Sunway Medical Centre. In the overseas markets, we have delivered our products across six (6) continents to over 30 countries, including hospitals in Botswana, Maldives, Mozambique, Singapore, Kenya, Bangladesh and Sri Lanka. Please refer to Section 5.7.2 of this Prospectus for details of the hospitals and medical centres where we have delivered our products.

Our success in securing and retaining these hospitals and medical centres is a testament to our product quality, customer service and proven industry track record. We have been serving some of our customers for over 15 years (Assunta Hospital, Hospital Tung Shin, Pantai Hospital Cheras and Hospital Putrajaya), where these long-term business relationships have resulted in repeat orders which provide us with strong assurance in terms of business sustainability. As a supplier to these hospitals and medical centres, we have had to comply with the required local and international healthcare standards, which is evidence of our standing as a proven industry player.

Due to our track record from successfully serving these hospitals and medical centres, we benefit through new sales derived from referrals from our existing customers and from our established reputation in the healthcare industry. Our continued focus on delivering high quality and cost competitive products will help ensure our on-going and future sustainability.

## 5. INFORMATION ON OUR GROUP (Cont'd)

### (iii) We have the required technical expertise to conform to international compliance standards in the global healthcare industry

Our design and manufacturing process complies with international compliance standards. We have the ISO 9001:2008 certification (first awarded as ISO 9001:2000 certification) and EN ISO 13485:2012 certification (first awarded as EN ISO 13485:2003 certification) from TÜV SÜD Management Service GmbH (first awarded by RWTÜV Anlagentechnik GmbH in 2001) and TÜV SÜD Product Service GmbH (first awarded by TÜV Product Service GmbH in 2005) respectively, which are certification bodies based in Germany, certifying that our manufacturing process comply with the quality management system requirements for the design and development, production, assembly and distribution of durable medical equipment such as hospital beds, trolleys, tables, mobility aids and other support equipment.

We have also been granted a certificate of CE registration by Obelis s.a., a registration which certifies that our products comply with the European Commission health, safety and environment protection legislation, under the European Commission 93/42/EEC and 2007/47/EEC. Our products under the purview of this registration are manual, hydraulic, standard electric, ICU/CCU electric and delivery beds, patient transport trolleys and stretchers, examination tables, medical tables and chairs, and overbed tables.

The abovementioned achievements are as a result of, amongst others, an accumulation of technical know-how and industry knowledge gained through many years of operating in the industry. The local and international healthcare industry places utmost importance on the quality of medical/healthcare beds, peripherals and accessories used in hospitals and medical centres, and as such, requires manufacturers and suppliers to conform to strict international product compliance standards.

To achieve and continuously maintain our high product quality standards, we place emphasis on our product design initiatives and our manufacturing processes, as well as the implementation of quality control procedures at each stage of our manufacturing process. Our commitment to technical excellence is backed by our in-house R&D team comprising five (5) personnel as at the LPD, and this team is responsible for researching new product designs and gathering intelligence on industry trends for the purpose of product development, as well as enhancing our manufacturing processes. Our R&D team's strong technical competencies have allowed us to successfully grow our market presence over the years.

To date, our R&D team has been successful in enhancing existing products with new features such as the Lateral Patient Transfer Trolley System and Longitudinal Patient Transfer Trolley System for our patient transport trolleys. Our R&D team will continue to carry out product development and product enhancements, which will allow us to meet evolving market trends and customer demands. Our R&D team is also able to support customised requests, as and when required by our customers.

Furthermore, our Group has the capability to manufacture customised products, based on requirements and specifications of our customers. With our in-house technical expertise, we are able to cater to changing demands from our customers and manufacture products that suit their specific needs. These include design factors such as customised dimensions, shapes, enhanced features and colours.

Our commitment to strict and uncompromising quality control standards, coupled with our emphasis on R&D and our compliance to international standards have been instrumental in establishing our reputation and positioning within the local and international healthcare industry.

## 5. INFORMATION ON OUR GROUP (Cont'd)

### (iv) We have exported our products to over 30 countries across six (6) continents

We have delivered medical/healthcare beds, peripherals and accessories to destinations across six (6) continents and in over 30 countries including Bangladesh, Brunei, Cambodia, Hong Kong, India, Jordan, Kuwait, Laos, Maldives, Myanmar, Oman, Pakistan, Philippines, Qatar, Saudi Arabia, Singapore, Sri Lanka, Syria, Thailand, UAE and Vietnam in Asia; Botswana, Ghana, Kenya, Mauritius and Mozambique in Africa; Austria, Finland, Germany, Switzerland and the United Kingdom in Europe; Australia in Oceania; Mexico in North America and Costa Rica in Central/South America. Please refer to Section 5.7.2 of this Prospectus for details of our export markets.

These international markets serve as a vast market for our Group to tap into. It also reflects our global footprint in the healthcare furniture and equipment industry, in support of the growing healthcare services industry globally. In the past three (3) FYE 30 April 2013 to 2015 and six (6)-month FPE 31 October 2015, our revenue from international markets accounted for 22.57%, 21.97%, 19.49% and 25.37% respectively of our total revenue. Our penetration into international markets is a testament to our industry reputation and track record, and has been facilitated by our conformance to international standards. Please refer to Section 5.7.5 of this Prospectus for further details on conformance to international standards.

### (v) We have a diversified range of products to cater for a wide range of customer demands

Our Group has the capabilities and experience to design and manufacture a diverse range of medical/healthcare beds, peripherals and accessories, and to profitably maintain this diversified product mix. This wide range of products allows us to serve the different needs of customers as well as provides us with the flexibility to alter our product mix in the event of changing market conditions.

Our medical/healthcare beds comprise electric beds, hydraulic beds and manual beds. Electric beds, particularly our ICU/CCU beds, are higher-priced medical beds typically used in more developed countries with higher healthcare expenditure budgets. Hydraulic beds are generally average-priced medical beds catering to a wide array of hospitals and medical centres. Manual beds are the most affordable medical beds as these beds have no built-in automation, and are thus suited for use in countries with lower healthcare expenditure budgets or where electricity supply is unstable. Our delivery beds also come in these same options of electric beds, hydraulic beds and manual beds, similarly to suit the varying demands of our customers.

We also manufacture a wide range of medical peripherals and accessories such as patient transport trolleys, medical carts, instrument trolleys, examination tables and overbed tables to support the ancillary needs of hospitals and medical centres and other healthcare-related facilities.

Our diversified capabilities and wide range of products allow us to target a large customer base, making us less dependent on any particular product and/or customer. It also enables our Group to adapt to difficult market conditions and gives us flexibility in reacting to changing customer needs and demands. Difficult market conditions may occur due to a decrease in demand for medical/healthcare beds, peripherals and accessories, which may be a result of a lower number of newly established hospitals and medical centres, and/or a cutback in public and private healthcare expenditure as well as competition from local and foreign players.

**5. INFORMATION ON OUR GROUP (Cont'd)****(vi) We are able to offer efficient and reliable after-sales services to our customers**

We are committed in providing efficient and reliable after-sales services to our customers in order to maintain strong relationships with our customers. As a result, we have been able to secure recurring orders from our key customers as well as derive sales through referrals from some of these customers. Since our establishment, we have built a strong customer base consisting of several longstanding customers, some with more than 15 years of working relationship. Some of our longest standing customers and end-users are as follows:-

| Name of hospital                  | Length of business relationship (years) |
|-----------------------------------|-----------------------------------------|
| Assunta Hospital                  | 20                                      |
| Hospital Tung Shin                | 19                                      |
| Pantai Hospital Cheras            | 16                                      |
| Hospital Putrajaya                | 15                                      |
| Gleneagles Kuala Lumpur           | 14                                      |
| Hospital Serdang                  | 12                                      |
| Pusat Perubatan Universiti Malaya | 12                                      |

Our emphasis on prompt delivery, and efficient and reliable customer service, has accorded us with our industry reputation as a trusted and reliable manufacturer and supplier of medical/healthcare beds, peripherals and accessories, amongst our customers. For the past three (3) FYE 30 April 2013 to 2015 and six (6)-month FPE 31 October 2015, revenue contribution from provision of after-sales services to our customers amounted to RM0.749 million, RM0.851 million, RM1.000 million and RM0.700 million respectively.

**(vii) We have an experienced management team**

We have been operating in the healthcare furniture and equipment business, supporting hospitals and medical centres, for more than 15 years and throughout these years, we have been led by an experienced and dedicated management team. Our Co-Founder and Managing Director, Lim Kon Lian, has played a pivotal role in steering our growth and success since our inception. Lim Kon Lian has over 40 years of experience in steel and metal fabrication, and over 30 years in the healthcare furniture and equipment business. His experience, drive and passion for our business have been instrumental in leading our Group to its current position within the industry.

Our Managing Director is supported by a strong key management team, and the commitment and teamwork between our Managing Director and our key management team have provided impetus for the continuous growth of our Group:-

- Our Co-Founder, Mok Mei Lan, who is also our Procurement Director, has more than 25 years of experience in the healthcare furniture and equipment industry;
- Our Group General Manager and Head of R&D, Lim Pak Hong, joined us in 2013 and oversees overall Group management while driving product development, enhancements and customisation, allowing us to meet evolving market trends and customer demands;
- Our General Manager - Operations, Lim Ming Chang, has been with our Group for more than ten (10) years, managing various aspects of our operations including quality management and information systems;
- Our Financial Controller, Wee Chuen Lii, joined us in 2015, and brings with him over 15 years of experience in finance and accounting;
- Our Chief Marketing Officer, Lee Kah Earn, has been with our Group since 1996, and has over 20 years of sales experience;

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**5. INFORMATION ON OUR GROUP (Cont'd)**

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- Our Human Resource and Administration Manager, Elaine Lim Sin Yee, has ten (10) years of experience in human resource and administration; and
- Our Export Manager, Lee Kam Weng joined us in 2012 and oversees all sales and marketing activities relating to our overseas Agents, Distributors and hospitals.

Throughout these years, we have built an established industry reputation through our management's experience, technical know-how and industry knowledge. Our ability to provide high quality products, coupled with our consistent levels of reliable service, has been instrumental in attracting new and recurring orders from established hospitals and medical centres, and has enabled us to maintain our business relationships with our existing customers. We believe that the strength and experience of our key management team will enable us to continue to further grow our business and expand our market presence.

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**5. INFORMATION ON OUR GROUP (Cont'd)****5.1.3 Share capital and changes in share capital**

Our present authorised share capital is RM50,000,000 comprising 500,000,000 Shares of which RM31,580,000 comprising 315,800,000 Shares have been issued and credited as fully paid-up.

Upon completion of our Listing, our issued and paid-up share capital will increase to RM42,880,000 comprising 428,800,000 Shares.

Details of the changes in our issued and paid-up share capital for the past three (3) years are as follows:-

| <b>Date of Allotment</b> | <b>No. of Shares allotted</b> | <b>Par value (RM)</b> | <b>Consideration</b>                                             | <b>Cumulative Issued and Paid-up Share Capital (RM)</b> |
|--------------------------|-------------------------------|-----------------------|------------------------------------------------------------------|---------------------------------------------------------|
| 13 April 2015            | 100                           | 0.10                  | Cash                                                             | 10                                                      |
| 10 March 2016            | 315,799,900                   | 0.10                  | Otherwise than cash for the Acquisition of LKL Advance Metaltech | 31,580,000                                              |

There were no discounts, special terms or installment payment terms given in consideration of the above increases in our issued and paid-up share capital.

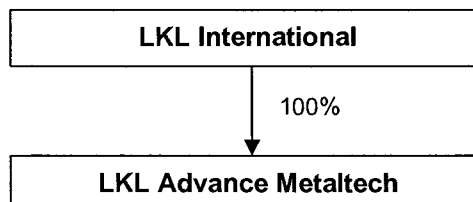
As at the LPD, we do not have any outstanding warrants, options, convertible securities and uncalled capital.

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**5. INFORMATION ON OUR GROUP (Cont'd)****5.1.4 Subsidiary**

To facilitate the listing of our Company, the Acquisition of LKL Advance Metaltech was completed on 10 March 2016.

Our existing corporate Group structure is as follows:-



Details of our subsidiary are set out below:-

| Subsidiary            | Date and Place of Incorporation | Date of Commencement of Business* | Issued and Paid-Up Share Capital | Effective Equity Interest (%) | Principal Activities                                              |
|-----------------------|---------------------------------|-----------------------------------|----------------------------------|-------------------------------|-------------------------------------------------------------------|
| LKL Advance Metaltech | 13 October 1993<br>Malaysia     | 1 April 1996                      | RM2,000,000                      | 100.00                        | Provision of medical/healthcare beds, peripherals and accessories |

**Note:-**

\* Date of commencement of business refers to the date of commencement of our business in provision of medical/healthcare beds, peripherals and accessories.

Further details on our subsidiary are set out in Section 5.2 of this Prospectus below. As at the LPD, we do not have any associate.

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**5. INFORMATION ON OUR GROUP (Cont'd)****5.2 INFORMATION ON OUR SUBSIDIARY****5.2.1 LKL Advance Metaltech****(a) Background, history and principal activities**

LKL Advance Metaltech (278577-X), which is the sole operating subsidiary of LKL International, was incorporated in Malaysia under the Act on 13 October 1993 as a private limited liability company under the name of LKL Advance Metaltech Sdn Bhd. On 1 April 1996, LKL Advance Metaltech commenced its business operations in the provision of medical/healthcare beds, peripherals and accessories.

**(b) Share capital**

As at the LPD, the authorised and issued and paid-up share capital of LKL Advance Metaltech are as follows:-

|                           | <b>No. of shares</b> | <b>Par value (RM)</b> | <b>Amount (RM)</b> |
|---------------------------|----------------------|-----------------------|--------------------|
| <b>Authorised</b>         | 5,000,000            | 1.00                  | 5,000,000          |
| <b>Issued and paid-up</b> | 2,000,000            | 1.00                  | 2,000,000          |

Details of the changes in the issued and paid-up share capital of LKL Advance Metaltech for the past three (3) years are as follows:-

| <b>Date of Allotment</b> | <b>No. of shares allotted</b> | <b>Par value (RM)</b> | <b>Consideration</b> | <b>Cumulative Issued and Paid-up Share Capital (RM)</b> |
|--------------------------|-------------------------------|-----------------------|----------------------|---------------------------------------------------------|
| 27 April 2015            | 500,000                       | 1.00                  | Cash                 | 1,500,000                                               |
| 10 July 2015             | 500,000                       | 1.00                  | Cash                 | 2,000,000                                               |

There were no discounts, special terms or installment payment terms given in consideration of the above increases in our issued and paid-up share capital.

As at the LPD, LKL Advance Metaltech does not have any outstanding warrants, options, convertible securities and uncalled capital.

**(c) Substantial shareholder**

As at the LPD, LKL Advance Metaltech is our wholly-owned subsidiary.

**(d) Subsidiary and associate**

As at the LPD, LKL Advance Metaltech does not have any subsidiary or associate.

## 5. INFORMATION ON OUR GROUP (Cont'd)

### 5.3 LISTING SCHEME

In conjunction with and as an integral part of our listing of and quotation for the entire enlarged issued and paid-up share capital of our Company on the ACE Market of Bursa Securities, the details of our Listing Scheme are as follows:-

#### (i) Acquisition of LKL Advance Metaltech

On 13 July 2015, LKL International entered into a conditional sale and purchase agreement with the vendors of LKL Advance Metaltech, being Lim Kon Lian, Mok Mei Lan, Elaine Lim Sin Yee, Lim Pak Hong and Tan Chuan Hock, to acquire the entire issued and paid-up share capital of LKL Advance Metaltech of RM2,000,000 comprising 2,000,000 ordinary shares of RM1.00 each for a purchase consideration of RM31,579,990 which will be wholly satisfied by the issuance of 315,799,900 new Shares at an issue price of RM0.10 per Share.

The purchase consideration of LKL Advance Metaltech of RM31,579,990 was arrived at on a willing-buyer willing-seller basis, after taking into consideration the NA position of LKL Advance Metaltech as at 30 April 2015 of RM31,380,225 and the increase in its issued and paid-up share capital of RM500,000 comprising 500,000 ordinary shares of RM1.00 each on 10 July 2015. The purchase consideration represents a price to book ratio and price to earnings ratio of approximately 0.99 times and 5.24 times respectively. The Acquisition of LKL Advance Metaltech was completed on 10 March 2016 and LKL Advance Metaltech became a wholly-owned subsidiary of our Company.

Upon completion of the Acquisition of LKL Advance Metaltech, the issued and paid-up share capital of our Company had increased to RM31,580,000, comprising 315,800,000 Shares.

#### (ii) Public Issue

Our Company undertakes a public issue of 113,000,000 new Shares, at the Issue Price, representing approximately 26.35% of our enlarged issued and paid-up share capital, payable in full on Application upon such terms and conditions as set out in this Prospectus and will be allocated and allotted in the following manner:-

- (a) 8,000,000 new LKL International Shares, representing approximately 1.86% of our enlarged issued and paid-up share capital, made available for application by the Malaysian Public via balloting, of which at least 50% is to be set aside strictly for Bumiputera investors;
- (b) 13,200,000 new LKL International Shares, representing approximately 3.08% of our enlarged issued and paid-up share capital, made available for application by our eligible Directors, employees and persons who have contributed to the success of our Group;
- (c) 42,200,000 new LKL International Shares, representing approximately 9.84% of our enlarged issued and paid-up share capital, made available by way of placement to selected investors; and
- (d) 49,600,000 new LKL International Shares, representing approximately 11.57% of our enlarged issued and paid-up share capital, made available by way of placement to Bumiputera investors approved by MITI.

All the Issue Shares shall rank equally in all respects with the existing issued and paid-up share capital of our Company, including the voting rights and rights to all dividends and distributions that may be declared, made or paid subsequent to the date of the allotment thereof.

Upon completion of the Public Issue, the issued and paid-up share capital of our Company will increase to RM42,880,000, comprising 428,800,000 Shares.

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**5. INFORMATION ON OUR GROUP (Cont'd)**

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**(iii) Listing**

The admission and the listing of and quotation for our entire enlarged issued and paid-up share capital of RM42,880,000, comprising 428,800,000 Shares on the ACE Market of Bursa Securities have been approved by Bursa Securities.

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## 5. INFORMATION ON OUR GROUP (Cont'd)

### 5.4 LOCATION OF OPERATIONS

As at the LPD, the details of the land and buildings owned for our operations are as follows:-

| Location                       | Description and Existing use                                                                                                            | Date of certificate of fitness | Approximate built-up/ Land area (sq ft)* | Leasehold/ Freehold | Net book value as at 31 October 2015 RM'000 | Date of acquisition |
|--------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|------------------------------------------|---------------------|---------------------------------------------|---------------------|
| Factory Lot No. 1 <sup>^</sup> | A double-storey detached factory used as an office, manufacturing plant and warehouse                                                   | 2 May 2014                     | 34,050/43,560                            | Freehold            | 6,266                                       | 11 April 2007       |
| Factory Lot No. 3 <sup>^</sup> | A double-storey detached factory with a three (3)-storey office and other ancillary buildings used as an office and manufacturing plant | 26 September 2008              | 57,690/43,560                            | Freehold            | 6,303                                       | 12 November 2004    |
| Factory Lot No. 15             | An intermediate semi-detached one and a half (1 ½)-storey factory used as a manufacturing plant and warehouse                           | 22 January 2010                | 9,720/11,282                             | Freehold            | 4,958                                       | 16 April 2015       |

#### Notes:-

\* Conversion of original measurement of properties in square meters to sq ft at  $1\text{m}^2 = 10.7639\text{ft}^2$ .

<sup>^</sup> In year 2014, LKL Advance Metaltech constructed a single storey metal sheet clad steel structure extension across Factory Lot No. 1 and Factory Lot No. 3 with a built-up area of approximately 19,409 sq ft ("**Extension**") for the storage of inventory work-in-progress and finished goods at Factory Lot No. 1 and storage of moulds at Factory Lot No. 3, which were not in accordance to the approved building plans. Therefore, a CCC for the Extension has yet to be obtained. To enable LKL Advance Metaltech to apply for a CCC, LKL Advance Metaltech is required to amalgamate Factory Lot No. 1 and Factory Lot No. 3 as the Extension is constructed across both these lands ("**Amalgamation**"). Please refer to Section 9.1 of this Prospectus for further details on the Amalgamation as well as operational, financial and legal implications arising from the Extension.

**5. INFORMATION ON OUR GROUP (Cont'd)**

As at the LPD, we are tenants of the following properties for our operations:-

| Location                                                                                                                    | Description and Existing use                                                                                 | Approximate built-up (sq ft) | Period of tenancy/ Date of expiry of tenancy | Registered owner/ landlord     | Annual rental RM'000 |
|-----------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|------------------------------|----------------------------------------------|--------------------------------|----------------------|
| Factory Lot No. 12                                                                                                          | An intermediate double-storey terrace industrial unit used as a manufacturing plant and storage              | 7,200                        | 26 May 2015 to 25 May 2018                   | Goh Hang Kim                   | 84                   |
| Factory Lot No. 12A                                                                                                         | An intermediate double-storey terrace industrial unit used as a manufacturing plant and storage              | 7,200                        | 26 May 2015 to 25 May 2018                   | Goh Hun Beng                   | 84                   |
| Factory Lot No. 16                                                                                                          | An intermediate double-storey terrace industrial unit used as a manufacturing plant and storage              | 7,200                        | 26 May 2015 to 25 May 2018                   | Goh Han Eng                    | 84                   |
| No. C-G-13, Jalan BS 14/1, Taman Bukit Serdang, Pusat Perdagangan Bukit Serdang, 43300 Seri Kembangan, Selangor Darul Ehsan | Basement and ground floor unit of an intermediate three (3)-storey office shophouse unit used as a warehouse | 1,600                        | 16 January 2015 to 15 January 2017           | Chiap Seng Trading (M) Sdn Bhd | 54                   |
| E-32-1 Lorong Bayan Indah 2, 11900 Bayan Lepas, Penang                                                                      | Ground floor of an intermediate three (3)-storey office shophouse unit used as an office and showroom        | 1,800                        | 1 January 2016 to 31 December 2017           | Lim Kon Lian and Lim Pak Hong  | 72                   |
| No. 17, (Ground Floor), Laluan Tasek Timur 3, Pusat Perdagangan Tasek Indra, 31400 Ipoh, Perak Darul Ridzuan                | Ground floor of an intermediate double-storey office shophouse unit used as an office and showroom           | 1,540                        | 1 June 2015 to 31 May 2017                   | Yen Chun Wai                   | 23                   |
| Factory Lot No. 22                                                                                                          | An intermediate double-storey terrace industrial unit used as a warehouse                                    | 7,200                        | 15 November 2015 to 14 November 2016         | G.B Alliance Sdn Bhd           | 90                   |

## 5. INFORMATION ON OUR GROUP (Cont'd)

### 5.5 KEY ACHIEVEMENTS/MILESTONES/AWARDS

The key achievements/awards of our Group are as follows:-

| Year | Key Achievements/Awards                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1993 | Incorporated LKL Advance Metaltech with the ultimate intention to utilise LKL Advance Metaltech, being a private limited company, to expand Co-Founders' business operations.                                                                                                                                                                                                                                                                                                                                                         |
| 1994 | LKL Advance Metaltech in the interim was a property holding company when it acquired a factory cum office building in Taman Universiti Indah, Seri Kembangan, and rented the property to Victory Supplies (a business partnership established in 1988 by our Co-Founder and Procurement Director involved in the manufacturing, trading and supply of hospital furniture, accessories, and steel and wooden furniture and fittings).                                                                                                  |
| 1996 | Commenced intended operations as a manufacturer and trader of hospital furniture, accessories, and steel and wooden furniture and fittings.                                                                                                                                                                                                                                                                                                                                                                                           |
| 1997 | <ul style="list-style-type: none"> <li>Expanded factory through the acquisition of an adjacent unit to the factory cum office building in Taman Universiti Indah, Seri Kembangan.</li> <li>Implemented automation of welding activities for the manufacturing of medical/healthcare beds through the installation of automated robotic welding machinery.</li> </ul>                                                                                                                                                                  |
| 2001 | Received ISO 9001:2000 certification from RWTÜV Anlagentechnik GmbH (updated to ISO 9001:2008 certification and currently certified by TÜV SÜD Management Service GmbH) for the design and development, production, assembly and distribution of durable medical equipment such as hospital beds, trolleys, tables, mobility aids and other support equipment.                                                                                                                                                                        |
| 2005 | <ul style="list-style-type: none"> <li>Received EN ISO 13485:2003 certification from TÜV Product Service GmbH (updated to EN ISO 13485:2012 certification and currently certified by TÜV SÜD Product Service GmbH) for the design and development, production, assembly and distribution of durable medical equipment such as hospital beds, trolleys, tables, mobility aids and other support equipment.</li> <li>Awarded "Enterprise 50" by SME Corporation Malaysia and Deloitte Malaysia.</li> </ul>                              |
| 2007 | <ul style="list-style-type: none"> <li>Awarded "MMEBA" under the "Platinum Brand Award category" by MICCI and Lim Kok Wing University of Creative Technology.</li> <li>Awarded "MMEBA" under the "Corporate Branding Export Market Gold Award category" by MICCI and Lim Kok Wing University of Creative Technology.</li> </ul>                                                                                                                                                                                                       |
| 2008 | Moved head office and manufacturing plant to Factory Lot No. 3.                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 2009 | Granted a certificate of CE registration from Obelis s.a., a registration which certifies that our products comply with the European Commission health, safety and environment protection legislation, under the European Commission 93/42/EEC and 2007/47/EEC.                                                                                                                                                                                                                                                                       |
| 2011 | <ul style="list-style-type: none"> <li>Appointed under EPP13 (medical hardware and furniture cluster) of ETP to expand manufacturing premises, workforce and manufacturing capacity.</li> <li>Awarded "Golden Bull Award 2011" under the Outstanding SME category by Nanyang Siang Pau.</li> <li>Awarded "SMEs BestBrands Award" under the Corporate Branding Awards category by the Asia Pacific Brand Foundation.</li> </ul>                                                                                                        |
| 2012 | <ul style="list-style-type: none"> <li>Commenced operations in expanded manufacturing facility at Factory Lot No. 1.</li> <li>Awarded "1Malaysia Enterprise Award" under the "1Malaysia Lifecare category" by the Malaysia Food Processing and Packaging Entrepreneurs Association.</li> </ul>                                                                                                                                                                                                                                        |
| 2015 | <ul style="list-style-type: none"> <li>Acquired another factory in Factory Lot No. 15, which is behind current premises, to accommodate future expansion.</li> <li>Rented four (4) nearby shoplot factories (Factory Lot No. 12, Factory Lot No. 12A, Factory Lot No. 16 and Factory Lot No. 22) to relocate some of our assembly and epoxy powder coating processes, and as storage and warehouse.</li> <li>Awarded "Golden Eagle Award 2015" under the Malaysia 100 Excellent Enterprises category by Nanyang Siang Pau.</li> </ul> |

## 5. INFORMATION ON OUR GROUP (Cont'd)

Our Group's business milestones in both local and international markets are as follows:-

| Timeline     | Business Milestones                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|--------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1996 to 1997 | Secured our first orders from Assunta Hospital in Petaling Jaya, Taman Desa Medical Centre & Specialist Hospital and Hospital Tung Shin in Kuala Lumpur.                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| 2000 to 2001 | <ul style="list-style-type: none"> <li>Secured our first orders from Hospital Putrajaya, Hospital Lahad Datu, Hospital Keningau, Sentosa Medical Centre and Pantai Cheras Medical Centre (now known as Pantai Hospital Cheras).</li> <li>Expanded into Singapore.</li> </ul>                                                                                                                                                                                                                                                                                                                                       |
| 2002 to 2008 | <ul style="list-style-type: none"> <li>Secured our first orders from Hospital Jasin, Hospital Sarikei, Hospital Serdang, Hospital Temerloh, Hospital Angkatan Tentera Setapak, Pusat Perubatan Universiti Malaya, Perak Chinese Maternity Hospital and Gleneagles Intan Medical Centre (now known as Gleneagles Kuala Lumpur).</li> <li>Expanded into Sri Lanka, Bangladesh, Hong Kong, Saudi Arabia, Kuwait, Pakistan, India, Vietnam, Philippines, UAE, Maldives, Indonesia, Brunei, Australia, Switzerland, Germany and Poland.</li> </ul>                                                                      |
| 2009 to 2015 | <ul style="list-style-type: none"> <li>Secured our first orders from Hospital Kuala Lipis, Hospital Queen Elizabeth II Kota Kinabalu, Hospital Rehabilitasi Cheras, National Cancer Institute (Putrajaya), Darul Ehsan Medical Centre, Columbia Asia group of hospitals, Manipal Hospitals Klang (formerly known as Arunamari Specialist Medical Centre) and KPJ Pahang Specialist Hospital.</li> <li>Expanded into Netherlands, United Kingdom, Mozambique, Finland, Austria, Oman, Ghana, Mauritius, Qatar, Syria, Jordan, Botswana, Kenya, Laos, Myanmar, Thailand, Cambodia, Mexico and Costa Rica.</li> </ul> |

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**5. INFORMATION ON OUR GROUP (Cont'd)****5.6 MATERIAL CAPITAL EXPENDITURE AND DIVESTITURES**

Save as disclosed below, our Group did not incur any other material capital expenditure or investments for the past three (3) FYE 30 April 2013 to 2015, six (6)-month FPE 31 October 2015 and up to the LPD:-

|                                          | Transaction value for the |                |                |                           |                               |
|------------------------------------------|---------------------------|----------------|----------------|---------------------------|-------------------------------|
|                                          | <-----FYE 30 April----->  |                |                | Six (6)-month FPE         | 31 October 2015 up to the LPD |
|                                          | 2013<br>RM'000            | 2014<br>RM'000 | 2015<br>RM'000 | 31 October 2015<br>RM'000 |                               |
| <b>Investments</b>                       |                           |                |                |                           | <b>RM'000</b>                 |
| Land and Building                        | 624                       | 86             | 4,969          | -                         | -                             |
| Motor Vehicles                           | 230                       | 351            | 736            | -                         | 747                           |
| Office Equipment, Furniture and Fittings | 123                       | 88             | 221            | 141                       | 95                            |
| Plant and Machinery                      | 174                       | 1,246          | 167            | 307                       | 71                            |
| Renovation                               | -                         | -              | 9              | 127                       | -                             |
| Capital Work-in-progress                 | 649                       | 920            | 1,002          | -                         | -                             |
| <b>Total</b>                             | <b>1,800</b>              | <b>2,691</b>   | <b>7,104</b>   | <b>575</b>                | <b>913</b>                    |

Our material capital expenditure during the FYE 30 April 2013 to 2015, six (6)-month FPE 31 October 2015 and up to the LPD comprised capital expenditure on land and building, motor vehicles, office equipment, furniture and fittings, plant and machinery, renovation and capital work-in-progress. Our material capital expenditure was primarily funded via a combination of bank borrowings and internally generated funds.

For the FYE 30 April 2013, Our Group's capital expenditure incurred for land, building and capital work-in-progress were mainly due to the acquisition of a single-storey house located in Seri Kembangan for workers' accommodation purposes and construction cost for expansion of our office and warehouse at Factory Lot No. 1. Our Group's capital expenditure incurred for land, building and capital work-in-progress for the FYE 30 April 2014 were mainly due to the construction cost for our existing warehouse at Factory Lot No. 1. For the FYE 30 April 2015, our Group's capital expenditure incurred for land, building and capital work-in-progress were mainly related to the acquisition of Factory Lot No. 15 to accommodate our future expansion and construction cost for our existing warehouse at Factory Lot No. 1. Our Group's capital expenditure incurred for renovation for the six (6)-month FPE 31 October 2015 was mainly for the improvement work carried out at Factory Lot No. 12, Factory Lot No. 12A and Factory Lot No. 16.

Capital expenditure incurred for plant and machinery for the FYE 30 April 2014 was mainly related to acquisition of machinery which includes bending, welding and cutting machinery for our business operations. For the six (6)-month FPE 31 October 2015, our Group's capital expenditure incurred for plant and machinery was primarily for the acquisition of epoxy powder coating machine and wastewater treatment plant for enhancement of our business operations at Factory Lot No. 12, Factory Lot No. 12A and Factory Lot No. 16.

Capital expenditure incurred for motor vehicles for the FYE 30 April 2013 to 2015 were mainly related to the acquisition of additional motor vehicles for senior management as well as for our business operations. For the period between 31 October 2015 up to the LPD, the capital expenditure incurred for motor vehicles was due to the acquisition of new motor vehicles for senior management.

**5. INFORMATION ON OUR GROUP (Cont'd)**

Our Group's material divestment for the past three (3) FYE 30 April 2013 to 2015, six (6)-month FPE 31 October 2015 and up to the LPD were as follows:-

| Divestments                                 | Transaction value for the |                |                |                           |                                  |
|---------------------------------------------|---------------------------|----------------|----------------|---------------------------|----------------------------------|
|                                             | <-----FYE 30 April----->  |                |                | Six (6)-month<br>FPE      | 31 October 2015<br>up to the LPD |
|                                             | 2013<br>RM'000            | 2014<br>RM'000 | 2015<br>RM'000 | 31 October 2015<br>RM'000 | RM'000                           |
| Land and Building                           | 959                       | -              | -              | -                         | -                                |
| Motor Vehicles                              | -                         | 196            | -              | 31                        | 363                              |
| Office Equipment, Furniture<br>and Fittings | 79                        | -              | 10             | -                         | 1                                |
| Plant and Machinery                         | -                         | 167            | 20             | 41                        | 15                               |
| <b>Total</b>                                | <b>1,038</b>              | <b>363</b>     | <b>30</b>      | <b>72</b>                 | <b>379</b>                       |

Our Group's capital divestment for land and building for the FYE 30 April 2013 was mainly related to disposal of two (2) factory cum office buildings in Taman Universiti Indah, Seri Kembangan which were acquired in 1994 and 1997.

For the period between 31 October 2015 up to the LPD, our Group has disposed three (3) units of motor vehicles.

As at the LPD, there are no ongoing projects that involve material capital expenditure, investments and divestitures.

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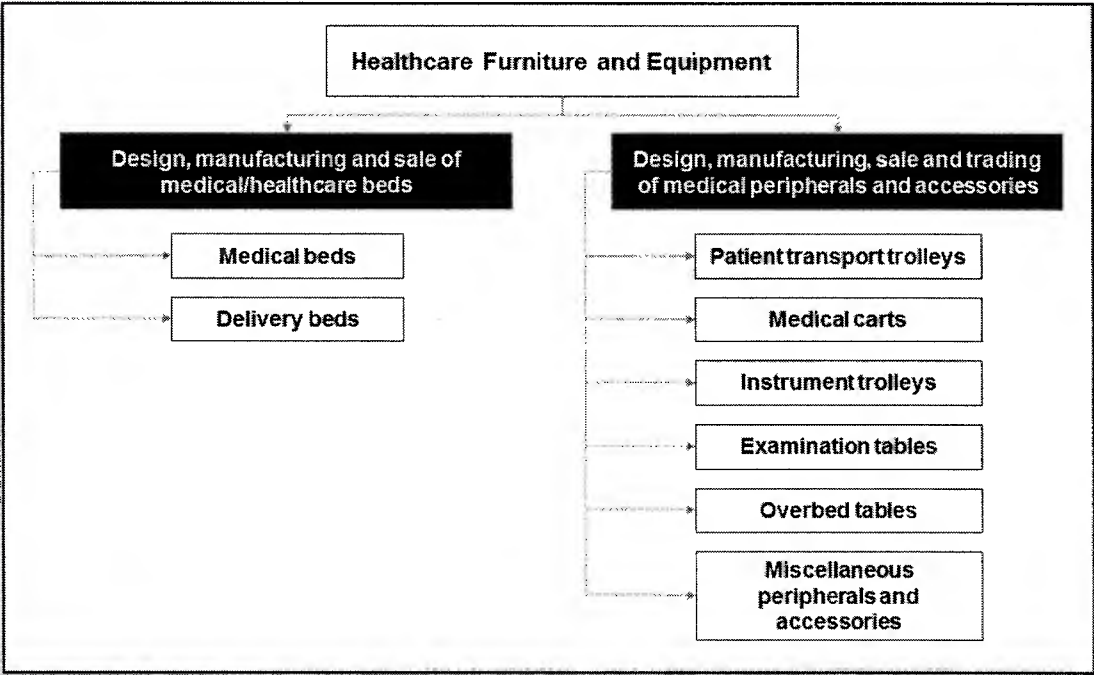
5. INFORMATION ON OUR GROUP (Cont'd)

5.7 BUSINESS OVERVIEW

5.7.1 Our principal activities and products/services

Our Group operates in the healthcare furniture and equipment business, where we are principally involved in the following core activities:-

- (i) Design, manufacturing and sale of medical/healthcare beds which include:-
- Medical beds; and
  - Delivery beds.
- (ii) Design, manufacturing, sale and trading of medical peripherals and accessories which include:-
- Patient transport trolleys;
  - Medical carts;
  - Instrument trolleys;
  - Examination tables;
  - Overbed tables; and
  - Miscellaneous peripherals and accessories.



Our products are designed by our in-house R&D team based on market requirements and patient ergonomics. Our in-house R&D team also designs product customisations, as and when required by our customers. Our R&D team uses 2D and 3D computer-aided design and drafting software applications such as SolidWorks and AutoCAD for the design of our products. Please refer to Section 5.7.6 of this Prospectus for further details of our R&D activities.

The manufacturing of our products involve the shearing, cutting, punching, drilling, bending and welding of steel parts into steel frames, followed by grinding, finishing and surface treatment of the steel materials. The manufactured steel materials are then assembled and fitted with other parts and components (such as electric and hydraulic control systems, mattresses, castors/wheels, side rails, head boards, foot boards, and other accessories and fittings) to form the finished product. Please refer to Section 5.7.4 of this Prospectus for further details of our manufacturing activities and process flow.

## 5. INFORMATION ON OUR GROUP (Cont'd)

We sell our products to hospitals and medical centres and other healthcare-related facilities in both the local and international markets, either directly by our sales team or through Agents, Distributors and project consultants. Please refer to Section 5.7.2 of this Prospectus for further details of our principal markets.

In addition, we are also involved in trading, primarily medical peripherals and accessories, as a value-added service to both local and international customers, upon their request.

Our principal business activities are segmented as follows:-

### (a) Design, manufacturing and sale of medical/healthcare beds

#### (1) Medical beds

Medical beds refer to beds specially designed for hospitalised patients or individuals in need of any form of healthcare service. Medical beds have different features from ordinary beds (such as adjustable height, back rest, knee rest and castors/wheels) for the purpose of providing comfort and well-being of patients, and for the convenience of healthcare professionals (i.e. doctors and nurses) during the provision of healthcare services.

Medical beds are essential supplies to hospitals and medical centres to house hospitalised patients. Medical beds are a measure of capacity for hospitals and medical centres as medical beds determine the number of patients any particular hospital or medical centre can support.

Our portfolio of medical beds are as follows:-

#### (i) Standard electric beds

Standard electric beds are medical beds typically used in general wards to house hospitalised patients. These beds are electrically powered to enable height, back rest and/or knee rest adjustments.

#### (ii) ICU/ CCU electric beds

ICU/CCU electric beds are medical beds used in ICU and CCU wards for high-risk patients who require constant monitoring by highly trained healthcare professionals (i.e. doctors and nurses). These beds are electrically powered to enable height, back rest and/or knee rest adjustments, and have other salient features such as translucent bases for X-ray procedures and built-in digital weighing scales for healthcare professionals to perform X-ray procedures and to weigh immobile patients.

#### (iii) Hydraulic beds

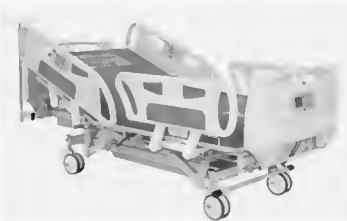
Hydraulic beds are typically used in general wards to house hospitalised patients. A hydraulic bed is fitted with a foot pedal-operated hydraulic jack to enable height adjustments, and a gas spring mechanism to enable back rest and/or knee rest adjustments.

#### (iv) Manual beds

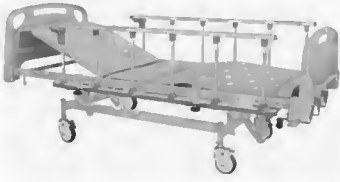
Manual beds are typically used in general wards to house hospitalised patients. These beds are fitted with a manual crank mechanism to enable height, back rest and/or knee rest adjustments.

## 5. INFORMATION ON OUR GROUP (Cont'd)

The list of our medical bed products are shown as follows:-

| Product                                                                                                         | Features                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|-----------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Standard Electric Beds</p>  | <ul style="list-style-type: none"> <li>• Electric control system</li> <li>• Four (4)-section bed base</li> <li>• Adjustable height, back rest and knee rest</li> <li>• Detachable head board and foot board</li> <li>• Collapsible side rails</li> <li>• Four (4) corner-rotating bumpers</li> <li>• Four (4) castors/wheels with either two (2) diagonally-fitted brakes or central locking system</li> </ul> <p><b>Additional features:-</b></p> <ul style="list-style-type: none"> <li>• Extra-low beds with minimum height of 240mm for patients with limited mobility</li> <li>• Backup battery attached to the bed</li> <li>• Manual crank mechanism override</li> <li>• Trendelenburg and reverse Trendelenburg positions</li> </ul>                                                                                                                                                   |
| <p>ICU/CCU Electric Beds</p>  | <ul style="list-style-type: none"> <li>• Electric control system</li> <li>• Four (4)-section bed base</li> <li>• Adjustable height, back rest and knee rest</li> <li>• Trendelenburg and reverse Trendelenburg positions</li> <li>• Detachable PE head board and foot board</li> <li>• Split fold down PE side rails</li> <li>• Four (4) wheels with central locking system</li> <li>• Backrest has a translucent base to allow for X-ray procedures</li> </ul> <p><b>Additional features:-</b></p> <ul style="list-style-type: none"> <li>• Digital weighing scale with LCD screen and control panel on the foot board</li> <li>• Zero scale function which allows for easy-monitoring of additional weight</li> <li>• Bed exit alarm system which alerts healthcare professionals if the patient leaves the bed for more than a specified time period</li> <li>• Under-bed light</li> </ul> |
| <p>Hydraulic Beds</p>        | <ul style="list-style-type: none"> <li>• Hydraulic control system</li> <li>• Adjustable height controlled by a foot pedal-operated hydraulic jack</li> <li>• Adjustable back rest and knee rest controlled by either gas spring mechanism or manual crank mechanism</li> <li>• Detachable head board and foot board</li> <li>• Four (4) castors/wheels with either two (2) diagonally-fitted brakes or central locking system</li> </ul> <p><b>Additional features:-</b></p> <ul style="list-style-type: none"> <li>• Trendelenburg and reverse Trendelenburg positions, controlled by a gas spring mechanism</li> </ul>                                                                                                                                                                                                                                                                      |

## 5. INFORMATION ON OUR GROUP (Cont'd)

| Product                                                                                              | Features                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Manual Beds</p>  | <ul style="list-style-type: none"> <li>• Manual crank control mechanism</li> <li>• Four (4) castors/wheels with two (2) diagonally-fitted brakes</li> </ul> <p><b>Additional features:-</b></p> <ul style="list-style-type: none"> <li>• Adjustable height, back rest and/or knee rest</li> <li>• Detachable head board and foot board</li> <li>• Collapsible or mid-length side rails</li> <li>• Built-in bumper</li> </ul> <p><b>Features only for psychiatric bed:-</b></p> <ul style="list-style-type: none"> <li>• Welded restraint straps bar in six (6) positions</li> <li>• Bed frame legs are mounted to the floor with floor plugs</li> </ul> |

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## 5. INFORMATION ON OUR GROUP (Cont'd)

### (2) Delivery beds

Delivery beds are specially designed beds to provide additional support for mothers during labour, delivery and/or after-delivery stages. As such, delivery beds typically have removable leg sections, for the convenience of mothers and healthcare professionals, especially during the delivery stage.

The list of our delivery beds are shown as follows:-

| Product                                                                                                               | Features                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|-----------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Electric delivery beds</p>        | <ul style="list-style-type: none"> <li>• Electric control system</li> <li>• Adjustable height and back rest</li> <li>• Trendelenburg and reverse Trendelenburg positions, controlled either by electric or gas spring mechanism</li> <li>• Built-in backup battery</li> <li>• Four (4) 150mm-diameter wheels with central locking system</li> <li>• Manual override CPR release lever at both sides of back rest</li> <li>• Removable leg sections</li> <li>• Detachable head board and foot board</li> <li>• Spilt fold down PE side rails</li> <li>• Two (2) stirrups &amp; straps to allow for a lithotomy position</li> </ul>                                                                              |
| <p>Hydraulic delivery beds</p>     | <ul style="list-style-type: none"> <li>• Adjustable height controlled by a foot pedal-operated hydraulic jack</li> <li>• Adjustable backrest controlled by either a manual mechanism or a gas spring mechanism</li> <li>• Trendelenburg and reverse Trendelenburg positions, controlled by a gas spring mechanism</li> <li>• Four (4) wheels with either two (2) diagonally-fitted brakes or central locking system</li> <li>• Detachable foot board, head board and foot rest</li> <li>• Removable leg sections</li> <li>• Two (2) stirrups &amp; straps to allow for a lithotomy position</li> </ul> <p><b>Additional features:-</b></p> <ul style="list-style-type: none"> <li>• Accessory stand</li> </ul> |
| <p>Fixed height delivery beds</p>  | <ul style="list-style-type: none"> <li>• Tilting controlled by either a manual crank mechanism or a gas spring mechanism</li> <li>• Two (2) stirrups &amp; straps to allow for a lithotomy position</li> <li>• Detachable head board</li> </ul> <p><b>Additional features:-</b></p> <ul style="list-style-type: none"> <li>• Four (4) 125mm-diameter wheels with two (2) diagonally fitted brakes</li> <li>• Ratchet back rest</li> <li>• Detachable side rails and foot rest</li> </ul>                                                                                                                                                                                                                       |

## 5. INFORMATION ON OUR GROUP (Cont'd)

### (b) Design, manufacturing, sale and trading of medical peripherals and accessories

Medical peripherals and accessories refer to peripherals and accessories which are mainly used in hospitals and medical centres as well as other healthcare-related facilities for a variety of purposes including transport and examination of patients as well as storage of belongings and medical supplies.

Among some of the major medical peripherals and accessories which we offer include:-

| Product                                                                                                            | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|--------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Patient transport trolley</p>  | <p>Patient transport trolleys are used by healthcare professionals to transport patients within and out of the hospital. These patient transport trolleys are similar in appearance and features to medical beds, such as collapsible side rails, bumpers and IV drip holder. However, patient transport trolleys are narrower to allow for easier mobility.</p> <p>Our patient transport trolleys have the following features:-</p> <ul style="list-style-type: none"> <li>• Five (5) castors/wheels</li> <li>• Adjustable height controlled by hydraulic system</li> <li>• Collapsible side rails</li> <li>• PVC bumper guard rails</li> <li>• Push handle</li> <li>• Vertical oxygen tank holder</li> <li>• IV drip holder</li> </ul> <p><b>Additional features:-</b></p> <ul style="list-style-type: none"> <li>• Patient transfer board (for selected models)</li> <li>• Lateral Patient Transfer Trolley System (for selected models)</li> <li>• Longitudinal Patient Transfer Trolley System (for selected models)</li> <li>• Adjustable height controlled by a foot pedal-operated hydraulic jack</li> <li>• Adjustable back rest and tilting controlled by gas spring</li> <li>• Trendelenburg and reverse Trendelenburg positions, controlled either by a foot pedal-operated hydraulic jack or gas spring mechanism</li> <li>• Full-length or half-length translucent base to allow for X-ray procedures</li> </ul> |
| <p>Examination table</p>        | <p>Examination tables are flat base medical beds where patients are placed during a medical examination. Examination tables may or may not have a back rest.</p> <p>Our examination tables have the following features:-</p> <ul style="list-style-type: none"> <li>• Knockdown version available</li> <li>• Built-in paper roll holder (for selected models)</li> <li>• Built-in step stool (for selected models)</li> <li>• Back rest with ratchet mechanism (for selected models)</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |

**5. INFORMATION ON OUR GROUP (Cont'd)**

| Product                                                                                                     | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|-------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Medical cart</p>        | <p>Medical carts are used by healthcare professionals to temporarily or permanently hold and/or store medical equipment, instruments and accessories.</p> <p>Our medical carts have the following features:-</p> <ul style="list-style-type: none"> <li>• Oxygen tank bracket</li> <li>• Defibrillator tray</li> <li>• IV drip holder</li> <li>• Cardiac board</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <p>Instrument trolley</p>  | <p>Instrument trolleys are designed for healthcare professionals to hold medical instruments while they are examining a patient or performing surgery on a patient.</p> <p>Our instrument trolleys have the following features:-</p> <ul style="list-style-type: none"> <li>• Multi-purpose trolley</li> <li>• Can be modified according to customers' requirements</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <p>Overbed table</p>     | <p>Overbed tables are movable platforms designed for hospitalised patients to place their meals and/or belongings, in order to enable easy access to these items. Overbed tables are especially important for hospitalised patients who are limited to their bed for long periods of time.</p> <p>Our overbed tables have the following features:-</p> <ul style="list-style-type: none"> <li>• Fixed height, or adjustable height controlled by either tension spring knob lock or by two (2) fingertips</li> <li>• Tabletop diameter size (mm):- <ul style="list-style-type: none"> <li>○ 810(L) x 360(W)</li> <li>○ 850(L) x 370(W)</li> <li>○ 900(L) x 400(W)</li> </ul> </li> </ul> <p><b>Additional features:-</b></p> <ul style="list-style-type: none"> <li>• C-shape leg base</li> </ul> |
| <p>Miscellaneous peripherals and accessories</p>                                                            | <p>Our miscellaneous peripherals and accessories primarily include the following:-</p> <ul style="list-style-type: none"> <li>• Step stool</li> <li>• Kick stand</li> <li>• IV pole stand</li> <li>• Examination light</li> <li>• X-ray viewer</li> <li>• Canvas beds</li> <li>• Reclining chairs</li> <li>• Ward screen</li> <li>• Oxygen cylinder cart</li> <li>• Others</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                             |

**5. INFORMATION ON OUR GROUP (Cont'd)****5.7.2 Our Principal Markets**

Our principal market is in Malaysia. We have also exported our products to over 30 countries across six (6) continents. The breakdown of our revenue by our principal markets for the past three (3) FYE 30 April 2013 to 2015 and six (6)-month FPE 31 October 2015 are as follows:-

| Principal Markets | <-----FYE 30 April-----> |               |               |               |               |               | Six (6)-month<br>FPE 31 October<br>2015 |               |
|-------------------|--------------------------|---------------|---------------|---------------|---------------|---------------|-----------------------------------------|---------------|
|                   | 2013                     |               | 2014          |               | 2015          |               | RM'000                                  | %             |
|                   | RM'000                   | %             | RM'000        | %             | RM'000        | %             |                                         |               |
| Local (Malaysia)  | 21,740                   | 77.43         | 30,347        | 78.03         | 31,431        | 80.51         | 11,983                                  | 74.63         |
| Overseas          | 6,337                    | 22.57         | 8,546         | 21.97         | 7,608         | 19.49         | 4,074                                   | 25.37         |
| <b>Total</b>      | <b>28,077</b>            | <b>100.00</b> | <b>38,893</b> | <b>100.00</b> | <b>39,039</b> | <b>100.00</b> | <b>16,057</b>                           | <b>100.00</b> |
| <b>Overseas</b>   |                          |               |               |               |               |               |                                         |               |
| Botswana          | 22                       | 0.35          | 16            | 0.19          | 1,106         | 14.54         | 140                                     | 3.44          |
| Maldives          | 67                       | 1.06          | -             | -             | 1,026         | 13.49         | 639                                     | 15.69         |
| Mozambique        | -                        | -             | 474           | 5.55          | 990           | 13.01         | 4                                       | 0.10          |
| Singapore         | 1,850                    | 29.19         | 1,422         | 16.64         | 771           | 10.13         | 362                                     | 8.89          |
| Kenya             | 61                       | 0.96          | 312           | 3.65          | 659           | 8.66          | -                                       | -             |
| Bangladesh        | 313                      | 4.94          | 427           | 5.00          | 533           | 7.01          | 2,006                                   | 49.24         |
| Sri Lanka         | 463                      | 7.30          | -             | -             | 488           | 6.41          | 4                                       | 0.10          |
| UAE               | 211                      | 3.33          | 337           | 3.94          | 344           | 4.52          | 295                                     | 7.24          |
| Philippines       | 178                      | 2.81          | 13            | 0.15          | 309           | 4.06          | 42                                      | 1.03          |
| Kuwait            | 281                      | 4.44          | 89            | 1.04          | 260           | 3.42          | 302                                     | 7.41          |
| Brunei            | 84                       | 1.33          | 154           | 1.80          | 202           | 2.66          | 10                                      | 0.25          |
| Syria             | -                        | -             | -             | -             | 144           | 1.89          | -                                       | -             |
| Costa Rica        | -                        | -             | -             | -             | 136           | 1.78          | -                                       | -             |
| Vietnam           | 2,108                    | 33.26         | 197           | 2.31          | 118           | 1.55          | -                                       | -             |
| Saudi Arabia      | 247                      | 3.90          | 4,063         | 47.54         | 100           | 1.32          | 7                                       | 0.17          |
| Mauritius         | -                        | -             | 26            | 0.30          | 76            | 1.01          | 1                                       | 0.02          |
| Cambodia          | 87                       | 1.37          | 51            | 0.60          | 74            | 0.97          | 115                                     | 2.82          |
| Ghana             | 11                       | 0.18          | 17            | 0.20          | 63            | 0.83          | 3                                       | 0.07          |
| Germany           | -                        | -             | 84            | 0.98          | 48            | 0.63          | 2                                       | 0.05          |
| Hong Kong         | 73                       | 1.15          | 112           | 1.31          | 37            | 0.49          | 34                                      | 0.83          |
| Switzerland       | 51                       | 0.81          | 32            | 0.37          | 36            | 0.47          | -                                       | -             |
| Myanmar           | 12                       | 0.19          | 58            | 0.68          | 33            | 0.43          | -                                       | -             |
| Thailand          | 42                       | 0.66          | 219           | 2.56          | 25            | 0.33          | 38                                      | 0.93          |
| Pakistan          | 3                        | 0.05          | 21            | 0.25          | 20            | 0.26          | -                                       | -             |
| India             | 9                        | 0.14          | 94            | 1.10          | 7             | 0.09          | -                                       | -             |
| Oman              | 9                        | 0.14          | -             | -             | 3             | 0.04          | 24                                      | 0.59          |
| United Kingdom    | 125                      | 1.97          | -             | -             | -             | -             | -                                       | -             |
| Jordan            | 30                       | 0.47          | 92            | 1.08          | -             | -             | -                                       | -             |
| Austria           | -                        | -             | 153           | 1.79          | -             | -             | -                                       | -             |
| Laos              | -                        | -             | 42            | 0.49          | -             | -             | -                                       | -             |
| Finland           | -                        | -             | 28            | 0.33          | -             | -             | -                                       | -             |
| South Africa      | -                        | -             | 12            | 0.14          | -             | -             | -                                       | -             |
| Qatar             | -                        | -             | 1             | 0.01          | -             | -             | -                                       | -             |
| Indonesia         | -                        | -             | -             | -             | -             | -             | 46                                      | 1.13          |
| <b>Total</b>      | <b>6,337</b>             | <b>100.00</b> | <b>8,546</b>  | <b>100.00</b> | <b>7,608</b>  | <b>100.00</b> | <b>4,074</b>                            | <b>100.00</b> |

**5. INFORMATION ON OUR GROUP (Cont'd)**

We sell our products in Malaysia directly to hospitals and medical centres as well as via Agents, Distributors and project consultants. For the FYE 30 April 2013 to 2015 and up to the LPD, we pride ourselves that we have delivered our products to, amongst others, many public and private hospitals and medical centres in Malaysia such as the following:-

| Local public hospitals and medical centres                                                                                                                                                                                                                                                                                                                        | Local private hospitals and medical centres                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Hospital Kuala Lipis<br/>Hospital Melaka<br/>Hospital Putrajaya<br/>Hospital Queen Elizabeth II<br/>Hospital Raja Permaisuri Bainun Ipoh<br/>Hospital Rehabilitasi Cheras<br/>Hospital Selayang<br/>Hospital Serdang<br/>Hospital Sultanah Aminah<br/>Hospital Sungai Buloh<br/>National Cancer Institute, Putrajaya<br/>Pusat Perubatan Universiti Malaya</p> | <p>Assunta Hospital<br/>Columbia Asia group of hospitals<br/>Darul Ehsan Medical Centre<br/>Gleneagles Kuala Lumpur<br/>Gleneagles Penang<br/>Hospital Tung Shin<br/>KPJ Damansara Specialist Hospital<br/>KPJ Pahang Specialist Hospital<br/>KPJ Tawakkal Specialist Hospital<br/>Kuantan Medical Centre<br/>Manipal Hospitals Klang<br/>Nilai Medical Centre<br/>Pantai Hospital Ampang<br/>Pantai Hospital Ayer Keroh<br/>Pantai Hospital Cheras<br/>Pantai Hospital Ipoh<br/>Pantai Hospital Kuala Lumpur<br/>Pantai Hospital Penang<br/>Pantai Hospital Sungai Petani<br/>Pasir Gudang Specialist Hospital<br/>ParkCity Medical Centre<br/>Perak Chinese Maternity Hospital<br/>Prince Court Medical Centre<br/>Sentosa Medical Centre<br/>Subang Jaya Medical Centre<br/>Sunway Medical Centre<br/>Taiping Medical Centre<br/>Taman Desa Medical Centre &amp; Specialist Hospital<br/>Tropicana Medical Centre</p> |

**5. INFORMATION ON OUR GROUP (Cont'd)**

Internationally, we also sell our products directly to hospitals and medical centres as well as via overseas Agents and Distributors, and we have delivered our products to over 30 countries since our inception, e.g. Botswana, Maldives, Mozambique, Singapore and Bangladesh. Some of the overseas hospitals and medical centres that we have sold to directly via our sales team for the FYE 30 April 2013 to 2015 and up to the LPD are as follows:-

| Overseas public and private hospitals and medical centres | Country               |
|-----------------------------------------------------------|-----------------------|
| Apollo Hospital - Bangalore                               | India                 |
| Apollo Hospital - Chennai                                 | India                 |
| Apollo Bramwell Hospital                                  | Republic of Mauritius |
| Hemas Capital Hospital                                    | Sri Lanka             |
| Apollo Hospitals Dhaka                                    | Bangladesh            |
| Labaid Specialized Hospital                               | Bangladesh            |
| Bangladesh Specialized Hospital                           | Bangladesh            |

**5.7.3 Key types, sources and availability of supplies**

Our raw materials consist of steel materials (i.e. sheets, tubes and bars) used for the manufacturing of steel frames of our products. These materials are sourced from local trading agents. Thus far, we have not experienced any material shortages in sourcing the above materials for our operations. Furthermore, these materials are commodities which are readily available from many local as well as overseas suppliers.

We also source supplies such as castors/wheels, accessories and fittings, electrical components and hydraulic pumps from local and overseas suppliers, which we assemble with our manufactured steel materials to form the finished products. We have also not experienced any material shortages in sourcing the above materials for our operations, as they are readily available from many local and overseas suppliers.

Further, ABS and PE head boards, foot boards and side rails used in our medical/healthcare beds are manufactured according to our specifications by our outsourced manufacturers based in Taiwan and China. For the ABS components, we own and provide the plastic injection moulds to our outsourced manufacturers.

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**5. INFORMATION ON OUR GROUP (Cont'd)**

The major material and supplies purchased by our Group are as follows:-

| Type of Materials and Supplies                                                                   | Originating Country                           | <-----FYE 30 April-----> |               |               |               |               |               | Six (6)-month FPE 31 October 2015 |               |
|--------------------------------------------------------------------------------------------------|-----------------------------------------------|--------------------------|---------------|---------------|---------------|---------------|---------------|-----------------------------------|---------------|
|                                                                                                  |                                               | 2013                     |               | 2014          |               | 2015          |               |                                   |               |
|                                                                                                  |                                               | RM'000                   | %             | RM'000        | %             | RM'000        | %             | RM'000                            | %             |
| Steel sheets, tubes and bars                                                                     | Malaysia                                      | 1,869                    | 17.16         | 1,949         | 12.92         | 2,293         | 14.11         | 841                               | 14.94         |
| Castors/wheels                                                                                   | Malaysia                                      | 696                      | 6.39          | 1,253         | 8.31          | 949           | 5.84          | 449                               | 7.97          |
|                                                                                                  | Overseas (i.e. Germany and China)             | 376                      | 3.45          | 315           | 2.09          | 616           | 3.79          | 302                               | 5.37          |
| Accessories and fittings (i.e. side rails, head boards and foot boards)                          | Malaysia                                      | 1,034                    | 9.49          | 1,423         | 9.43          | 1,427         | 8.78          | 430                               | 7.63          |
|                                                                                                  | Overseas (i.e. China, Taiwan and Germany)     | 948                      | 8.70          | 1,987         | 13.17         | 1,367         | 8.41          | 644                               | 11.43         |
| Electrical components                                                                            | Overseas (i.e. Denmark and China)             | 1,189                    | 10.92         | 2,064         | 13.69         | 1,666         | 10.25         | 826                               | 14.66         |
| Hydraulic pumps                                                                                  | Overseas (i.e. Germany)                       | 365                      | 3.35          | 898           | 5.95          | 405           | 2.49          | 103                               | 1.83          |
| Trading* and other miscellaneous materials and supplies (including parts and component fittings) | Malaysia                                      | 3,128                    | 28.72         | 3,731         | 24.73         | 6,171         | 37.96         | 1,590                             | 28.24         |
|                                                                                                  | Overseas (i.e. Taiwan, China, United Kingdom) | 1,288                    | 11.82         | 1,465         | 9.71          | 1,360         | 8.37          | 447                               | 7.93          |
| <b>Total Purchases</b>                                                                           |                                               | <b>10,893</b>            | <b>100.00</b> | <b>15,085</b> | <b>100.00</b> | <b>16,254</b> | <b>100.00</b> | <b>5,632</b>                      | <b>100.00</b> |

**Note:-**

- \* Purchased for our trading business and not as materials and supplies for manufacturing. Our involvement in the trading business is as a value-added service, to fulfil customers' requests and requirements. The trading products sourced and sold by us are products which we are unable to manufacture due to constraint of resources, such as machinery capability, or if able to manufacture, would entail substantial labour time and resources that may not render the manufacturing of such products practical.

Please refer to Section 4.1.7 of this Prospectus for information on the volatility in prices of our raw materials.

## 5. INFORMATION ON OUR GROUP (Cont'd)

### 5.7.4 Process flow

We manufacture the steel frames for our products, which involve the shearing, cutting, punching, drilling, bending and welding of steel materials. Steel materials that require milling and lathe works are outsourced to a third party as we do not own any milling and lathe machines.

This is then followed by grinding, finishing and surface treatment of the steel frames, before it is assembled to form the finished product.

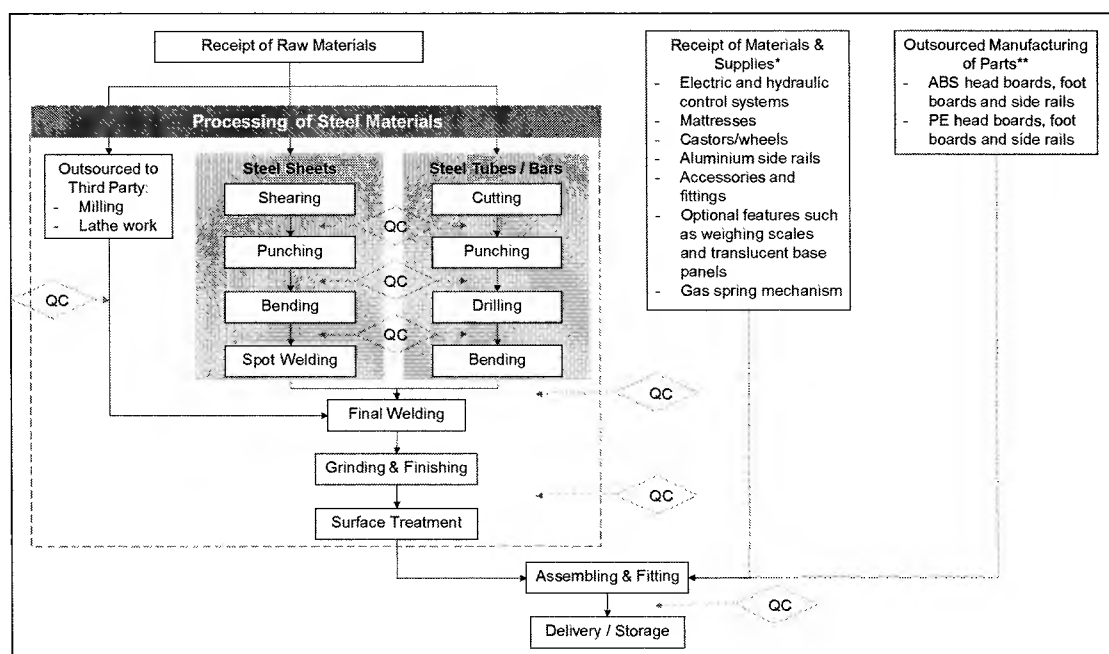
The assembly process involves the assembly of manufactured steel materials with other parts and components to form the finished product. For our medical/healthcare beds and patient transport trolleys, this comprises the following:-

- Electric and hydraulic control systems, mattresses, castors/wheels, aluminium side rails, accessories and fittings, gas spring mechanisms and optional features such as weighing scales and translucent base panels procured as finished materials and supplies from third party suppliers; and
- ABS/PE head boards, foot boards and side rails procured as finished materials from our outsourced manufacturers in Taiwan and China.

The assembly of our medical peripherals and accessories such as medical carts, instrument trolleys and overbed tables consist largely of the steel frames and body, castors/wheels, and miscellaneous fittings.

This is then followed by grinding, finishing and surface treatment of the assembled materials, to form the finished product.

A typical process flow depicting the major processes for our Group's manufacturing activities (including products manufactured according to customer's specification) is illustrated below:-



#### Notes:-

- \* Materials and supplies listed above may vary in accordance to the type of product manufactured.
- \*\* Outsourced manufacturing of parts is only required in the manufacturing of certain products such as medical beds and patient transport trolleys.

## 5. INFORMATION ON OUR GROUP (Cont'd)

### (i) Receipt of materials and supplies

Upon receipt of materials and supplies, our PC inspectors will carry out inspection on the materials and supplies. Our materials and supplies comprise raw materials such as steel; and finished materials and supplies that consist primarily of non-steel parts and components.

Steel materials include sheets, tubes and bars; while non-steel parts and components include ABS and PE head boards, foot boards and side rails, as well as electric and hydraulic control systems, mattresses, castors/wheels, aluminium side rails, accessories and fittings, gas spring mechanisms and/or optional features such as weighing scales and translucent base panels.

Our PC inspectors will ensure that the materials and supplies are free from defects.

After inspection, the steel materials will be processed.

### (ii) Processing of steel materials

Steel materials may either be processed in-house or outsourced to a third party, depending on the processes required. Processes such as milling and lathe works\* are outsourced to a third party as we do not own any milling and lathe machines. Both milling and lathe work are processes to remove unwanted steel material, where the steel undergoes cutting and shaping by using milling and/or lathe machinery.

For steel materials that are processed in-house, the materials will first be sorted into two (2) categories, namely steel sheets, and steel tubes and bars, so as to undergo different processes.

#### **Note:-**

\* Milling and lathe works are not significant as it contributed 2.11%, 2.34%, 2.70% and 2.22% to our total cost of sales for the past three (3) FYE 30 April 2013 to 2015 and six (6)-month FPE 31 October 2015 respectively.

#### **For steel sheets:-**

##### **(a) Shearing**

Steel sheets will be processed using our cutting machine, as per the design plans. QC inspection will be performed after shearing to ensure dimensions are accurate as per the design plans.



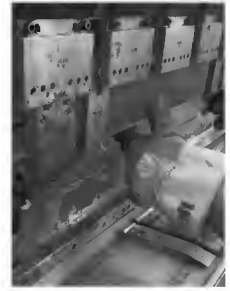
##### **(b) Punching**

Upon shearing of steel sheets, the steel sheets will undergo the punching process to form shapes within the sheets. Punching of shapes onto steel sheets are carried out with our punching machine. On completion of the punching process, our PC inspectors will carry out in-process dimensional checks on the punched steel sheets to ensure that they are punched according to the design plans.



**5. INFORMATION ON OUR GROUP (Cont'd)****(c) Bending**

Upon punching of steel sheets, the steel sheets will undergo bending. The bending process is either carried out manually or using bending machinery. On completion of the bending process, our PC inspectors will carry out dimensional checks on the formed steel sheets to ensure that they are according to the design plans.

**(d) Spot Welding**

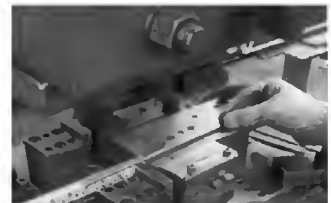
The steel sheets will undergo spot welding using a spot welding machine. Spot welding is typically used to join steel materials together.

**For steel tubes and bars:-****(a) Cutting**

Steel tubes and bars will be processed as per the design plans, either manually or using a cutting machine. QC inspection will be performed after cutting to ensure dimensions are accurate as per the design plans.

**(b) Punching**

Upon cutting of steel tubes and bars, the steel tubes and bars will undergo punching process to form shapes within tubes and bars. Punching of shapes onto steel tubes and bars are carried out with our punching machine. On completion of the punching process, our PC inspectors will carry out dimensional checks on the punched steel tubes and bars to ensure that they are punched according to the design plans.

**(c) Drilling**

Upon punching of steel tubes and bars, the steel tubes and bars will undergo the drilling process to form holes within the steel tubes and bars. Drilling of holes into steel tubes and bars are also carried out with our punching machine. On completion of the drilling process, our PC inspectors will carry out checks on the steel tubes and bars to ensure that they are drilled according to the design plans.



5. INFORMATION ON OUR GROUP (Cont'd)

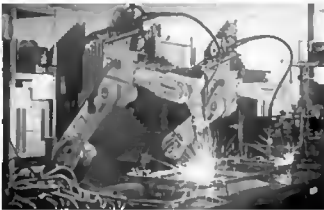
(d) Bending

Upon drilling of steel tubes and bars, the steel tubes and bars will undergo bending according to the design plans. The bending process is either carried out manually or using bending machinery. Our PC inspectors will carry out dimensional checks on the formed steel parts to ensure that they are according to the design plans.



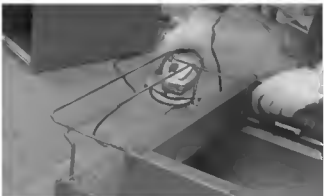
(iii) Final welding

Steel materials that have been processed will then undergo final welding to form the final product. Most of our final welding processes are undertaken using our robotic welding machinery. However, we also perform manual welding if the production quantity is low.



(iv) Grinding and finishing

Upon welding, the steel materials will go through the grinding and finishing process.



(v) Surface treatment

After grinding and finishing, the steel materials will be sent for surface treatment in accordance to requirements of the product and/or customer. Surface treatment prevents rust and abrasions, extends the life of the surface and improves the safety of the products. Among the type of surface treatments we provide are pre-treatment and epoxy powder coating.



(vi) Assembling and fitting

The manufactured steel materials are then assembled and fitted with other parts and components, as specified in the design plans. After this stage, our QA/QC team will perform a final test and inspection on the final finished product.

(vii) Delivery/storage

The final product will be packed before it is delivered to our customers as per their delivery instructions. The final product may either be delivered to the customer upon completion or temporarily stored in our warehouse pending delivery.

We typically take an average duration of two and a half (2.50) hours to manufacture one (1) medical/healthcare bed, without taking into account waiting time for receipt of materials and supplies. The average duration taken to manufacture medical peripherals and accessories vary due to the large number of products, where the time required to manufacture each product differs.

As part of our inventories planning, we commence certain manufacturing processes (such as cutting tubes/bars or shearing sheets) for some of the common parts and components e.g. castors/wheels fitting parts, drawer rails and steel hinges, prior to receipt of purchase orders from our customers. We also maintain certain popular selling products as buffer stock.

**5. INFORMATION ON OUR GROUP (Cont'd)****5.7.5 QA and control procedure**

We have a commitment towards manufacturing quality to ensure that our products meet local and international requirements. We presently comply with the following local and international standards:-

| Standard          | Certification Body              | Description of Standard                                                                                                                                                                                                                                                                                                                                 | Year First Awarded | Latest Year Renewed | Scope of Certification                                                                                                                                                                                                                                                                                                                               |
|-------------------|---------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|---------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ISO 9001:2008     | TÜV SÜD Management Service GmbH | This standard specifies the requirements for quality management system where an organisation:<br>(i) needs to demonstrate its ability to consistently manufacture products that meet customer and applicable regulatory requirements; and<br>(ii) aims to enhance customer satisfaction through effective application of its quality management system. | 2001               | 2014                | Design and development, production, assembly and distribution of durable medical equipment such as hospital beds, trolleys, tables, mobility aids and other support equipment.                                                                                                                                                                       |
| EN ISO 13485:2012 | TÜV SÜD Product Service GmbH    | This standard specifies the requirements for quality management system where an organisation needs to demonstrate its ability to provide medical devices and related products/services to meet customer requirements and regulatory requirements specific to these products.                                                                            | 2005               | 2014                | Design and development, production, assembly and distribution of durable medical equipment such as hospital beds, trolleys, tables, mobility aids and other support equipment.                                                                                                                                                                       |
| CE Mark           | Obelis s.a.                     | This mark is a registration for products such as medical devices and related products/services, which certifies that our products comply with the European Commission health, safety and environment protection legislation, under the European Commission 93/42/EEC and 2007/47/EEC.                                                                   | 2009               | N/A                 | The sale of medical devices in the EU territory, provided requirements of the European Council Directive are complied. Our products under the purview of this registration are manual, hydraulic, electric, ICU/CCU and delivery beds, patient transport trolleys and stretchers, examination tables, medical tables and chairs, and overbed tables. |

## 5. INFORMATION ON OUR GROUP (Cont'd)

Our General Manager – Operations, Lim Ming Chang, is also our Quality Management Representative. As at the LPD, our Group has a QA/QC team led by Lim Kon Khoon, and three (3) other personnel. The main responsibilities of the QA/QC team is primarily on finished goods inspection, where prior to final product packaging, an inspection on the specifications and quality will be conducted to ensure that our customer's specifications have been met.

In addition, upon receipt of raw materials, outsourced manufacturing parts, and other supplies and materials, QC checks are conducted by our PC inspectors on the specifications and quality to ensure that the materials are as per our purchase order. In-process QC checks supervised by our PC inspectors will also be conducted at various stages of our manufacturing process, such as:-

- Shearing/cutting process;
- Punching process;
- Bending process;
- Spot welding process;
- Robotic welding process; and
- Grinding and finishing process.

This is to ensure that the quality of our products is upheld and the specifications of our customers are met.

### 5.7.6 R&D

We are constantly exploring and keeping up with the growth in technology and its potential applications. As at the LPD, our R&D activities are carried out by our dedicated R&D team comprising five (5) personnel. We recognise the importance of R&D to ensure we remain competitive to sustain our continuous growth.

Our R&D strategies are:-

- To broaden and further explore our Group's fundamental technologies;
- To enhance the capabilities of our R&D team; and
- To reduce the time taken for our Group's return on investments.

As such, our Group abides by the following R&D policies:-

- To design products that will attain the highest level of customer satisfaction by meeting customers' requirements and expectations;
- To encourage all personnel to contribute ideas and recommendations;
- To design value-added products;
- To provide the best solution for customers in addition to solving technical issues; and
- To be consistently updated with the latest technology, and be constantly aware of latest market trends and demands.

**5. INFORMATION ON OUR GROUP (Cont'd)**

Our R&D designs are determined based on the following factors:-

- Requirements and specifications of our customers;
- Feedbacks from our management and sales team; and
- Latest market trends and demands.

Our past, on-going and future R&D projects are as follows:-

| Product / Solution                                        | Description                                                                                                                                                                                                                              | Year commenced/<br>expected commencement<br>of research | Year completed/<br>expected completion of<br>research |
|-----------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------|-------------------------------------------------------|
| <b>Past R &amp; D Achievements</b>                        |                                                                                                                                                                                                                                          |                                                         |                                                       |
| Lateral Patient Transfer Trolley System                   | Allows for transferring of patients to a parallel trolley or bed.                                                                                                                                                                        | June 2011                                               | February 2012                                         |
| Longitudinal Patient Transfer Trolley System              | Modified from lateral patient transfer trolley system for increased convenience of transferring a patient by way of downward sliding from one trolley to another trolley or bed to cater for narrow hospital corridors and tight spaces. | November 2014                                           | March 2015                                            |
| <b>On-going R&amp;D Projects</b>                          |                                                                                                                                                                                                                                          |                                                         |                                                       |
| Bed Mat Sensor                                            | A device which allows detection of a patient's exit from the hospital bed.                                                                                                                                                               | January 2015                                            | June 2016                                             |
| <b>Future R&amp;D Projects</b>                            |                                                                                                                                                                                                                                          |                                                         |                                                       |
| Patient Lift/Hoist                                        | A mechanism which facilitates the lifting of a patient from one (1) place to another by a lifting mechanism.                                                                                                                             | June 2016                                               | December 2016                                         |
| Digital Controlled Heater for the Baby Cot Digital Warmer | A device which allows automated control of temperature.                                                                                                                                                                                  | June 2016                                               | June 2017                                             |
| Built-in Nurse Call Feature                               | Add-on feature to medical/healthcare beds to call for nurses' assistance.                                                                                                                                                                | December 2016                                           | June 2017                                             |

**5. INFORMATION ON OUR GROUP (Cont'd)**

In the FYE 30 April 2013 to 2015 and six (6)-month FPE 31 October 2015, we incurred estimated R&D expenses of RM0.105 million, RM0.204 million, RM0.252 million and RM0.083 million respectively, which accounted for 0.37%, 0.52%, 0.65% and 0.52% of our total revenue in the corresponding years/period as follows:-

|               | <-----FYE 30 April-----> |                                    |        |                                    |        |                                    | Six (6)-month<br>FPE 31 October 2015 |                                    |
|---------------|--------------------------|------------------------------------|--------|------------------------------------|--------|------------------------------------|--------------------------------------|------------------------------------|
|               | 2013                     |                                    | 2014   |                                    | 2015   |                                    | RM'000                               | % of Total<br>Revenue <sup>@</sup> |
|               | RM'000                   | % of Total<br>Revenue <sup>@</sup> | RM'000 | % of Total<br>Revenue <sup>@</sup> | RM'000 | % of Total<br>Revenue <sup>@</sup> |                                      |                                    |
| R&D expenses* | 105                      | 0.37                               | 204    | 0.52                               | 252    | 0.65                               | 83                                   | 0.52                               |

**Notes:-**

- @ Total revenue for the FYE 30 April 2013 to 2015 and six (6)-month FPE 31 October 2015 were RM28.077 million, RM38.893 million, RM39.039 million and RM16.057 million respectively.
- \* Based on the salaries of our R&D personnel.

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**5. INFORMATION ON OUR GROUP (Cont'd)**

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**5.7.7 Technology used and to be used**

We manufacture medical/healthcare beds, peripherals and accessories, using the following technology/processes:-

**(a) Automated robotic welding technology**

Automated robotic welding is an automated process carried out by programmable robotic arms. The use of automated robotic welding machinery allow for increased accuracy and throughput, leading to greater efficiency in a high production industry and higher consistency in producing quality products, as well as reduces the need for labour, thereby increasing the safety of the workplace and reducing dependency on human resources.

**(b) CAD and CAM**

We use CAD software applications for 2D and 3D product design and drafting, as well as CAM software to control machine tools and related machinery in our manufacturing process.

**(c) CNC machinery**

As set out in Section 3.9 of this Prospectus, we intend to utilise part of our listing proceeds to acquire CNC laser shearing machine, CNC laser cutting machine and CNC punching machine.

CNC machinery refers to the automation of machinery and tools used in the manufacturing of steel and plastic materials. These machinery are controlled through programmed commands encoded in a software programme, based on drawings produced from CAD and CAM softwares.

The use of CNC machinery allows for high-speed precision shearing, cutting, and punching, which will increase operating efficiencies and process accuracies. Further, these machinery will also allow for high-precision profile machining or shaping, enabling us to refine our product finishing through cutting/shaping of complex geometries and patterns, and on thin-walled tubes and profiles without deformation.

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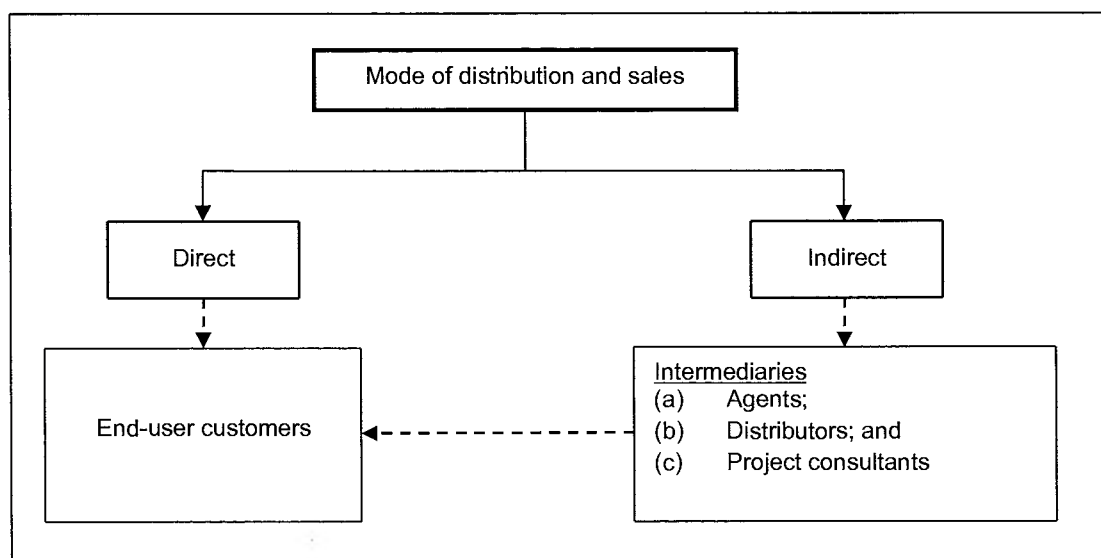
## 5. INFORMATION ON OUR GROUP (Cont'd)

### 5.7.8 Modes of marketing, distribution and sales

#### Our modes of distribution and sales

Our diverse range of products are used in/by a wide portfolio of customers such as hospitals and medical centres, as well as other healthcare-related facilities such as clinics and specialist institutions (i.e. fertility centres, diagnostics centres, eye specialists, orthopaedic centres, chiropractic centres, dialysis centres, confinement centres, nursing centres and etc). We also sell our products to education facilities/medical schools, wellness, beauty and aesthetics centres, pharmacies, and individuals.

We sell our products in both the local and international markets, either directly by our sales team or through Agents, Distributors and project consultants, as illustrated below:-



#### (i) Direct via our sales team

Our sales to hospitals and medical centres, which have been secured directly by our sales team, are generated through direct contact with potential customers and referrals from our past and existing customers. Our customers may also include customers which have contacted us to enquire about our products and walk-in customers. Our corporate website and participation in exhibitions and trade shows have also helped us to secure customers directly in the past (Please refer to below for further information on exhibitions and trade shows).

#### (ii) Indirect via Agents, Distributors and project consultants

Our sales are also secured through third parties that include Agents, Distributors and project consultants, as illustrated below:-

##### (a) Agents

Agents work with hospitals and medical centres to source medical/healthcare beds, peripherals and accessories for:-

- the construction of new overseas public and private hospitals or medical centres;
- capacity expansion of existing local public hospitals or medical centres;
- capacity expansion of existing overseas public and private hospitals or medical centres; or
- replacement of existing medical/healthcare beds, peripherals and accessories which are at the end of their useful lifespan.

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**5. INFORMATION ON OUR GROUP (Cont'd)**

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Other healthcare-related facilities or end users could also purchase our products via Agents as part of a one-stop arrangement offered by the agent. In most cases, the identity of the end-user customer is known to us and we may deliver directly to those end-user customers. Our sales through Agents are not on consignment basis. After-sales services are usually provided by Agents as minimal technical expertise is required.

**(b) Distributors**

Distributors purchase our products from us for onward sales to their customers. We deliver our products to our Distributors and as such, the identity of the end-user customers are not known to us. After-sales services will be provided by us in the event the Distributors and/or end-user customers approach us directly.

**(c) Project consultants**

Project consultants typically advise on the number of required medical/healthcare beds, peripherals and accessories for the construction of new local public hospitals or medical centres, or capacity expansion of existing local public hospitals or medical centres which involve construction works, including the layout of these hospitals or medical centres. As sales secured through project consultants are for specific projects, the identity of the end-user customer is generally known to us. After-sales services are usually provided by us.

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5. INFORMATION ON OUR GROUP (Cont'd)

Hospitals and medical centres may source medical/healthcare beds, peripherals and accessories for a variety of reasons, including the construction of a new hospital or medical centre, hospital or medical centre capacity expansion, replacement of existing medical/healthcare beds, peripherals and accessories which are at the end of its useful lifespan, as well as ad-hoc purchases of new medical/healthcare beds, peripherals and accessories.

Typical scenarios in which sales to hospitals and medical centres may be secured via these sales channels, are as follows:-

| Sales Channels                                                                                                          | Typical Scenarios                                                                                                                                                                                                                                                                                                                                                                                                    |
|-------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <div> <div>Our Group</div> <div>Direct approach</div> <div>Hospital/medical centre<br/>(end-user known)</div> </div>    | <ul style="list-style-type: none"> <li>Construction of a new local and overseas private hospital or medical centre</li> <li>Capacity expansion of existing local and overseas private hospital or medical centre</li> <li>Replacement of medical/healthcare beds, peripherals and accessories</li> <li>Ad-hoc purchases</li> </ul>                                                                                   |
| <div> <div>Our Group</div> <div>Agent</div> <div>Hospital/medical centre<br/>(end-user known)</div> </div>              | <ul style="list-style-type: none"> <li>Construction of a new overseas public and private hospital or medical centre</li> <li>Capacity expansion of existing local public hospital or medical centre</li> <li>Capacity expansion of existing overseas public and private hospital or medical centre</li> <li>Replacement of medical/healthcare beds, peripherals and accessories</li> <li>Ad-hoc purchases</li> </ul> |
| <div> <div>Our Group</div> <div>Project consultant</div> <div>Hospital/medical centre<br/>(end-user known)</div> </div> | <ul style="list-style-type: none"> <li>Construction of a new local public hospital or medical centre</li> <li>Capacity expansion (involving construction works relating to renovation/extensions only for local public hospital or medical centre)</li> </ul>                                                                                                                                                        |

## 5. INFORMATION ON OUR GROUP (Cont'd)

The breakdown of our number of customers and revenue by our mode of distribution and sales for the past three (3) FYE 30 April 2013 to 2015 and six (6)-month FPE 31 October 2015 are as follows:-

| Mode of Distribution                                    | FYE 30 April----->  |                      |                    |                     | Six (6)-month<br>-----FPE 31 October 2015-----> |                    |                     |                    |
|---------------------------------------------------------|---------------------|----------------------|--------------------|---------------------|-------------------------------------------------|--------------------|---------------------|--------------------|
|                                                         | 2013                | 2014                 | 2015               | 2015                | 2013                                            | 2014               | 2015                | 2015               |
|                                                         | Number of Customers | Total Revenue RM'000 | % of Total Revenue | Number of Customers | Total Revenue RM'000                            | % of Total Revenue | Number of Customers | % of Total Revenue |
| <b>Direct approach<sup>#</sup></b>                      | <b>248</b>          | <b>9,726</b>         | <b>34.64</b>       | <b>289</b>          | <b>14,225</b>                                   | <b>36.57</b>       | <b>332</b>          | <b>43.02</b>       |
| - Hospital and medical centres                          | 142                 | 8,854                | 31.53              | 158                 | 13,509                                          | 34.73              | 175                 | 40.36              |
| ➢ Local                                                 | 138                 | 8,330                | 29.67              | 151                 | 13,110                                          | 33.71              | 167                 | 37.76              |
| ➢ Overseas                                              | 4                   | 524                  | 1.86               | 7                   | 399                                             | 1.02               | 8                   | 2.60               |
| - Others <sup>^</sup>                                   | 106                 | 872                  | 3.11               | 131                 | 716                                             | 1.84               | 157                 | 2.66               |
| ➢ Local                                                 | 104                 | 791                  | 2.82               | 130                 | 708                                             | 1.82               | 155                 | 2.65               |
| ➢ Overseas                                              | 2                   | 81                   | 0.29               | 1                   | 8                                               | 0.02               | 2                   | 0.01               |
| <b>Agents, Distributors and consultants<sup>#</sup></b> | <b>571</b>          | <b>18,351</b>        | <b>65.36</b>       | <b>554</b>          | <b>24,668</b>                                   | <b>63.43</b>       | <b>564</b>          | <b>56.98</b>       |
| - Agents                                                | 36                  | 3,561                | 12.68              | 29                  | 1,320                                           | 3.39               | 41                  | 17.61              |
| ➢ Local                                                 | 33                  | 1,478                | 5.26               | 28                  | 1,305                                           | 3.35               | 35                  | 11.50              |
| ➢ Overseas                                              | 3                   | 2,083                | 7.42               | 1                   | 15                                              | 0.04               | 6                   | 6.11               |
| - Distributors                                          | 524                 | 9,518                | 33.90              | 508                 | 15,820                                          | 40.68              | 521                 | 38.61              |
| ➢ Local                                                 | 487                 | 7,179                | 25.57              | 459                 | 8,676                                           | 22.31              | 481                 | 27.66              |
| ➢ Overseas                                              | 37                  | 2,339                | 8.33               | 49                  | 7,144                                           | 18.37              | 40                  | 10.95              |
| - Project consultants (Local)                           | 11                  | 5,272                | 18.78              | 17                  | 7,528                                           | 19.36              | 2                   | 0.76               |
| <b>Total</b>                                            | <b>819</b>          | <b>28,077</b>        | <b>100.00</b>      | <b>843</b>          | <b>38,893</b>                                   | <b>100.00</b>      | <b>896</b>          | <b>100.00</b>      |
|                                                         |                     |                      |                    |                     |                                                 |                    | <b>744</b>          | <b>16,057</b>      |
|                                                         |                     |                      |                    |                     |                                                 |                    |                     | <b>100.00</b>      |

## 5. INFORMATION ON OUR GROUP (Cont'd)

**Notes:-**

- \* *Notwithstanding the contribution from Agents, Distributors and project consultants is more than contribution from direct approach in the past three (3) FYE 30 April 2013 to 2015, we are not dependent on any single agent, distributor or project consultant. Please refer to Section 5.7.14 of this Prospectus for further information on our major customers.*
- ^ *Others include other healthcare-related facilities such as clinics, specialist institutions (i.e. fertility centres, diagnostic centres, eye specialists, orthopaedic centres, chiropractic centres, dialysis centres, confinement centres, nursing centres, and etc), education facilities/medical schools, wellness, beauty and aesthetics centres, pharmacies and individuals (doctors and walk-in customers).*
- # *The above breakdown has been tabulated based on the customers' name set out in the invoices.*

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**5. INFORMATION ON OUR GROUP (Cont'd)****Our marketing strategies**

We understand the importance of building our brand recognition and market standing in order to boost our sales. As such, we constantly invest in various marketing strategies to raise our corporate profile.

The sales and marketing strategies initiated by our Group include the following:-

**(i) Trade exhibitions and events**

An important aspect of our sales and marketing activities is our Group's participation in local and international trade exhibitions, as these events are an effective medium to showcase our products and meet potential customers. The following are examples of the major trade exhibitions and events that we have participated in over the past three (3) FYE 30 April 2013 to 2015 and six (6)-month FPE 31 October 2015:-

| Year | Name of Trade Exhibition/Event                                         | Organiser                                 | Location                   |
|------|------------------------------------------------------------------------|-------------------------------------------|----------------------------|
| 2012 | HKTDC Hong Kong International Medical Devices and Supplies Fair 2012   | HKTDC                                     | Hong Kong                  |
|      | APHM International Healthcare Conference and Exhibition 2012           | APHM                                      | Kuala Lumpur, Malaysia     |
|      | MEDICA Fair Asia 2012                                                  | Messe Dusseldorf Asia Pte Ltd             | Singapore                  |
|      | Vietnam Medi-Pharm Expo 2012                                           | National Trade Fair & Advertising Company | Hanoi, Vietnam             |
|      | KPJ Healthcare Conference and Exhibition 2012                          | KPJ Healthcare Berhad                     | Selangor, Malaysia         |
|      | Showcase Malaysia 2012                                                 | MATRADE                                   | Yangon, Myanmar            |
|      | MEDICA 2012                                                            | Messe Dusseldorf GmbH                     | Dusseldorf, Germany        |
| 2013 | Arab Health 2013                                                       | MATRADE                                   | Dubai, UAE                 |
|      | International Conference of Nursing, Pharmacy and Health Sciences 2013 | KPJ Healthcare University College         | Kuala Lumpur, Malaysia     |
|      | Africa Health 2013                                                     | IIR South Africa BV                       | Johannesburg, South Africa |
|      | Kenya Medex 2013                                                       | Profex Exhibition Organizer FZ, LLC       | Nairobi, Kenya             |
|      | Medical Fair Thailand 2013                                             | Messe Dusseldorf Asia Pte Ltd             | Bangkok, Thailand          |
|      | APHM International Healthcare Conference and Exhibition 2013           | APHM                                      | Selangor, Malaysia         |
|      | 53 <sup>rd</sup> MMA Annual General Meeting and Scientific Meeting     | MMA                                       | Negeri Sembilan, Malaysia  |
|      | Showcase Malaysia 2013                                                 | Trade Development Authority of Pakistan   | Karachi, Pakistan          |

**5. INFORMATION ON OUR GROUP (Cont'd)**

| <b>Year</b>      | <b>Name of Trade Exhibition/Event</b>                                                                                    | <b>Organiser</b>                                                     | <b>Location</b>        |
|------------------|--------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|------------------------|
| 2013<br>(Cont'd) | International Modern Hospital Show 2013                                                                                  | Japan Hospital Association and Nippon Omni Management Association    | Tokyo, Japan           |
|                  | 3 <sup>rd</sup> International Clinical Conference on Emergency Medicine 2013                                             | Malaysian Society for Traumatology and Emergency Medicine            | Kuala Lumpur, Malaysia |
|                  | Cambodia and Malaysia Small and Medium Enterprises Products & Services Interactive Exhibition and Seminar 2013           | The Associated Chinese Chambers of Commerce and Industry of Malaysia | Phnom Penh, Cambodia   |
|                  | National Geriatric Conference                                                                                            | Malaysia Society of Geriatric Medicine                               | Kuala Lumpur, Malaysia |
|                  | KPJ Healthcare Conference and Exhibition 2013                                                                            | KPJ Healthcare Berhad                                                | Selangor, Malaysia     |
|                  | International Trade Malaysia 2013                                                                                        | Qube Integrated Malaysia Sdn Bhd                                     | Kuala Lumpur, Malaysia |
|                  | Symposium Warga Emas Kebangsaan 2013                                                                                     | National Elderly Symposium                                           | Kuala Lumpur, Malaysia |
| 2014             | Arab Health 2014                                                                                                         | Informa Life Sciences Exhibitions                                    | Dubai, UAE             |
|                  | Medical Fair India 2014                                                                                                  | Messe Dusseldorf GmbH                                                | Mumbai, India          |
|                  | APHM International Healthcare Conference and Exhibition 2014                                                             | APHM                                                                 | Selangor, Malaysia     |
|                  | Medical Fair Asia 2014                                                                                                   | Messe Dusseldorf Asia Pte Ltd                                        | Singapore              |
|                  | Medical Myanmar 2014                                                                                                     | Fireworks Trade Media Pte Ltd                                        | Yangon, Myanmar        |
|                  | Medical Philippines                                                                                                      | Fireworks Trade Media Pte Ltd                                        | Manila, Philippines    |
|                  | MEDICA 2014                                                                                                              | Messe Dusseldorf GmbH                                                | Dusseldorf, Germany    |
| 2015             | KPJ Healthcare Conference and Exhibition 2014                                                                            | KPJ Healthcare Berhad                                                | Putrajaya, Malaysia    |
|                  | Arab Health 2015                                                                                                         | Informa Life Sciences Exhibitions                                    | Dubai, UAE             |
|                  | 1 <sup>st</sup> Pantai Nursing Seminar                                                                                   | Hospital Pantai Ayer Keroh Sdn Bhd                                   | Melaka, Malaysia       |
|                  | 2nd Joint Effort between Indonesian Malaysian (Nurses Wound, Ostomy and Continence) Nursing Workshop and Conference 2015 | Kelab Jururawat Pusat Perubatan Universiti Malaya                    | Kuala Lumpur, Malaysia |

**5. INFORMATION ON OUR GROUP (Cont'd)**

| <b>Year</b>      | <b>Name of Trade Exhibition/Event</b>                                        | <b>Organiser</b>                                                     | <b>Location</b>                      |
|------------------|------------------------------------------------------------------------------|----------------------------------------------------------------------|--------------------------------------|
| 2015<br>(Cont'd) | 5 <sup>th</sup> Nursing Congress 2015                                        | Persatuan Pendidikan Jururawat Hospital Wanita dan Kanak-kanak Sabah | Sabah, Malaysia                      |
|                  | Medical Fair Thailand 2015                                                   | Messe Dusseldorf Asia Pte Ltd                                        | Bangkok, Thailand                    |
|                  | 7 <sup>th</sup> Meditex Bangladesh 2015 International Expo                   | Conference & Exhibition Management Services Ltd                      | Dhaka, Bangladesh                    |
|                  | Specialised Marketing Mission on Medical Devices and Pharmaceuticals         | MATRADE                                                              | Riyadh, Saudi Arabia and Doha, Qatar |
|                  | APHM International Healthcare Conference and Exhibition 2015                 | APHM                                                                 | Kuala Lumpur, Malaysia               |
|                  | FIME International Medical Expo                                              | FIME, Inc                                                            | Florida, United States               |
|                  | KPJ Medical Workshop and Exhibition 2015                                     | KPJ Healthcare Berhad                                                | Selangor, Malaysia                   |
|                  | 4 <sup>th</sup> International Clinical Conference on Emergency Medicine 2015 | Malaysian Society for Traumatology and Emergency Medicine            | Kuala Lumpur, Malaysia               |

Such participation also allows us to stay updated on the relevant market trends and technical information, as well as expand our business networking within the industry. Additionally, participation in these trade exhibitions and events greatly enhances our brand visibility and our Group's presence.

**(ii) Advertising**

We undertake advertising activities through trade directories such as the Medical Supplies Annual Directory to increase the awareness of our brand and products.

**(iii) Corporate website**

We have established our corporate website at <http://www.lklbeds.com> which provides immediate searchable information on our Company, including product and service offerings. The current widespread use of the internet as a source of information enables us to cross geographical borders and facilitates access from any part of the world, enhancing our potential market reach and exposure.

## 5. INFORMATION ON OUR GROUP (Cont'd)

### 5.7.9 Major approvals, licences and permits obtained

Details of major approvals, licences and permits applicable to our Group as at the LPD are as follows:-

| Company               | Description of licence/approval                                                                                                                                     | Authority | Licence/Reference no. | Date of issuance/commencement/ expiry                                                 | Major conditions imposed                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Status of compliance |
|-----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|-----------------------|---------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|
| LKL Advance Metaltech | Manufacturing Licence in accordance with the Industrial Co-ordination Act 1975 ("ICA") for the manufacturing of hospital and medical furniture at Factory Lot No. 3 | MITI      | A017197               | Issue date: 18 January 2013<br>Commencement date: 7 January 2009*<br>Expiry date: N/A | <p>(a) Permitted product for manufacturing:- Hospital and Medical Furniture.</p> <p>(b) Factory Lot No. 3 is subject to the approval from the relevant State Government and Department of Environment.</p> <p>(c) MITI and Malaysian Investment Development Authority ("MIDA") shall be informed of any sales of shares of LKL Advance Metaltech.</p> <p>(d) LKL Advance Metaltech must train Malaysian citizens so that transfer of technology and expertise can be channelled to all levels of designations/positions.</p> | Complied.            |

## 5. INFORMATION ON OUR GROUP (Cont'd)

| Company               | Description of licence/approval                                                                                               | Authority | Licence/Reference no. | Date of issuance/commencement/expiry                                          | Major conditions imposed                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Status of compliance |
|-----------------------|-------------------------------------------------------------------------------------------------------------------------------|-----------|-----------------------|-------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|
| LKL Advance Metaltech | Manufacturing Licence in accordance with the ICA for the manufacturing of hospital and medical furniture at Factory Lot No. 1 | MITI      | A020154               | Issue date: 9 June 2015<br>Commencement date: 9 June 2015<br>Expiry date: N/A | <p>(a) Permitted product for manufacturing:- Hospital and Medical Furniture.</p> <p>(b) Factory Lot No. 1 is subject to the approval from the relevant State Government and Department of Environment.</p> <p>(c) MITI and MIDA shall be informed of any sales of shares of LKL Advance Metaltech.</p> <p>(d) LKL Advance Metaltech must train Malaysian citizens so that transfer of technology and expertise can be channelled to all levels of designations/positions.</p> | Complied.            |

## 5. INFORMATION ON OUR GROUP (Cont'd)

| Company               | Description of licence/approval                                                                                                | Authority | Licence/Reference no. | Date of issuance/commencement/expiry                                           | Major conditions imposed                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Status of compliance |
|-----------------------|--------------------------------------------------------------------------------------------------------------------------------|-----------|-----------------------|--------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|
| LKL Advance Metaltech | Manufacturing Licence in accordance with the ICA for the manufacturing of hospital and medical furniture at Factory Lot No. 15 | MITI      | A020156               | Issue date: 27 July 2015<br>Commencement date: 9 June 2015<br>Expiry date: N/A | <p>(a) Permitted product for manufacturing:- Hospital and Medical Furniture.</p> <p>(b) Factory Lot No. 15 is subject to the approval from the relevant State Government and Department of Environment.</p> <p>(c) MITI and MIDA shall be informed of any sales of shares of LKL Advance Metaltech.</p> <p>(d) LKL Advance Metaltech must train Malaysian citizens so that transfer of technology and expertise can be channelled to all levels of designations/positions.</p> | Complied.            |

## 5. INFORMATION ON OUR GROUP (Cont'd)

| Company               | Description of licence/approval                                                                                                                                            | Authority | Licence/Reference no. | Date of issuance/commencement/expiry                                          | Major conditions imposed                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Status of compliance |
|-----------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|-----------------------|-------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|
| LKL Advance Metaltech | Manufacturing Licence in accordance with the ICA for the manufacturing of hospital and medical furniture at Factory Lot No. 12, Factory Lot No. 12A and Factory Lot No. 16 | MITI      | A020155               | Issue date: 9 June 2015<br>Commencement date: 9 June 2015<br>Expiry date: N/A | <p>(a) Permitted product for manufacturing:- Hospital and Medical Furniture.</p> <p>(b) Factory Lot No. 12, Factory Lot No. 12A and Factory Lot No. 16 is subject to the approval from the relevant State Government and Department of Environment.</p> <p>(c) MITI and MIDA shall be informed of any sales of shares of LKL Advance Metaltech.</p> <p>(d) LKL Advance Metaltech must train Malaysian citizens so that transfer of technology and expertise can be channelled to all levels of designations/positions.</p> | Complied.            |

## 5. INFORMATION ON OUR GROUP (Cont'd)

| Company               | Description of licence/approval                                                                           | Authority                   | Licence/Reference no. | Date of issuance/commencement/expiry                                          | Major conditions imposed                                                                                                                                                                                                                                                                                                                                                                                      | Status of compliance |
|-----------------------|-----------------------------------------------------------------------------------------------------------|-----------------------------|-----------------------|-------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|
| LKL Advance Metaltech | Certificate of Registration of LKL Advance Metaltech for the supply / service sector, field and sub-field | Ministry of Finance ("MOF") | 357-02006492          | Issue date: N/A<br>Commencement date: 29 May 2015<br>Expiry date: 28 May 2018 | <p>(a) Any changes to the information submitted to MOF must be updated online within 21 days from the date the changes occur.</p> <p>(b) MOF has a right to make visit or conduct audit inspection at any time without prior notification.</p> <p>(c) Newly registered companies are not allowed to make any changes to the Owner and Directors within 6 months from the date the company was registered.</p> | Noted on item (a).   |

## 5. INFORMATION ON OUR GROUP (Cont'd)

| Company               | Description of licence/approval                                                                              | Authority | Licence/Reference no. | Date of issuance/commencement/expiry                                          | Major conditions imposed                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Status of compliance |
|-----------------------|--------------------------------------------------------------------------------------------------------------|-----------|-----------------------|-------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|
| LKL Advance Metaltech | Establishment licence issued to LKL Advance Metaltech in accordance to the Medical Device Act 2012 ("MDAct") | MDA       | KP2673518215          | Issue date: N/A<br>Commencement date: 5 June 2015<br>Expiry date: 4 June 2018 | <u>General conditions</u><br>1. The approval is given based on the information received.<br>2. The Establishment is to provide all information within the time frame set when requested by the MDA.<br>3. The Establishment must comply with all directions issued by the MDA from time to time.<br>4. MDA has the right to make visit or audit inspection on the Establishment at any time without prior information.<br>5. MDA can suspend or cancel the Establishment License or take any legal action if the Establishment fails to comply with any terms of the Establishment License.<br>6. The Establishment License issued by the MDA cannot be transferred. | Complied.            |

## 5. INFORMATION ON OUR GROUP (Cont'd)

| Company               | Description of licence/approval                                                                                                                                                                                                                                                           | Authority | Licence/Reference no. | Date of issuance/commencement/expiry                                                   | Major conditions imposed                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Status of compliance |
|-----------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|-----------------------|----------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|
| LKL Advance Metaltech | Certificate of fitness of air receiver /vacuum tank (SL PMT 21870) in accordance with Factories and Machinery Act 1967 ("FAMA") and the Factories and Machinery (Notification, Certificate of Fitness and Inspections) Regulations 1970<br><br>Location of the machine: Factory Lot No. 3 | DOSH      | PMT – SL 148321       | Issue date: 9 March 2015<br><br>Commencement date: N/A<br><br>Expiry date: 25 May 2016 | <p>7. The Establishment License is to be displayed at a location easy to be sighted and is to be presented if asked by any officer with the authority.</p> <p>8. Establishment is to make an application for license renewal no later than one (1) year before the expiry of the license.</p> <p>9. Establishment cannot permit the Establishment License to be wrongfully used by any individual/ company in any manner.</p> <p>This certificate is valid until the date stated in the certificate, unless suspended, revoked or otherwise terminated earlier under the provisions of FAMA and provided that the provisions of FAMA and the regulations in respect of air receiver/vacuum tank (Pengandung Tekanan Tak Berapi) shall not be violated.</p> | Noted.               |

## 5. INFORMATION ON OUR GROUP (Cont'd)

| Company               | Description of licence/approval                                                                                                                                                                                                                                                                            | Authority                       | Licence/Reference no. | Date of issuance/commencement/expiry                                                                      | Major conditions imposed                                                                                                                                                                                                                                                                                              | Status of compliance |
|-----------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|-----------------------|-----------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|
| LKL Advance Metaltech | Certificate of fitness of oil separator (SL PMT 21871) in accordance with FAMA and the Factories and Machinery (Notification, Certificate of Fitness and Inspections) Regulations 1970<br><br>Location of the machine: Factory Lot No. 3                                                                   | DOSH                            | PMT – SL<br>148320    | Issue Date: 9 March 2015<br><br>Commencement date: N/A<br><br>Expiry date: 25 May 2016                    | This certificate is valid until the date stated in the certificate, unless suspended, revoked or otherwise terminated earlier under the provisions of FAMA and provided that the provisions of FAMA and the regulations in respect of air receiver/vacuum tank (Pengandung Tekanan Tak Berapi) shall not be violated. | Noted.               |
| LKL Advance Metaltech | ISO 9001:2008 Certificate to certify that LKL Advance Metaltech has established and applies a Quality Management System for Design and Development, Production, Assembly and Distribution of durable medical equipment such as Hospital Beds, Trolleys, Tables, Mobility Aids and Other Support Equipment. | TÜV SÜD Management Service GmbH | 12 100 24509<br>TMS   | Issue date: 22 January 2014<br><br>Commencement date: 1 February 2014<br><br>Expiry date: 31 January 2017 | Nil.                                                                                                                                                                                                                                                                                                                  | Nil.                 |

## 5. INFORMATION ON OUR GROUP (Cont'd)

| Company               | Description of licence/approval                                                                                                                                                                                                                                                                                                 | Authority                    | Licence/Reference no. | Date of issuance/commencement/expiry                                                                                                                                                | Major conditions imposed                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Status of compliance |
|-----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|-----------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|
| LKL Advance Metaltech | EN ISO 13485:2012 + AC:2012 Certificate to certify that LKL Advance Metaltech has established and is maintaining a Quality Management System for Design and Development, Production, Assembly and Distribution of Durable Medical Equipment such as Hospital Beds, Trolleys, Tables, Mobility Aids and other Support Equipment. | TÜV SÜD Product Service GmbH | Q1N 13 11 54632 005   | Issue date: 28 January 2014<br>Commencement date: 1 February 2014<br>Expiry date: 31 January 2017                                                                                   | Nil.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Nil.                 |
| LKL Advance Metaltech | Certificate of CE Registration                                                                                                                                                                                                                                                                                                  | Obelis S.A.                  | 1003091032            | Issue date: 17 March 2009<br>Commencement date: 5 March 2009<br>Expiry date: Allowed to continue to sell provided that there is continuing compliance with the requirements imposed | LKL Advance Metaltech is allowed to sell its products in the EU territory provided that LKL Advance Metaltech continues to comply with the European Council Directive 93/42/EEC and 2007/47/EC. The certificate will only be valid in the case of the Belgian Competent Authority will not reject the classification of the following products attached as Class I products:<br>1. Hospital Beds – Manual Hydraulic, Electric, ICU/CCU.<br>2. Hospital Obstetric/ Delivery Bed – Hydraulic and Electric.<br>3. Hospital Examination Table – Manual and Electric. | Met.                 |

## 5. INFORMATION ON OUR GROUP (Cont'd)

| Company               | Description of licence/approval                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Authority                               | Licence/Reference no. | Date of issuance/commencement/expiry                                                      | Major conditions imposed                                                                                                                                                                                                                                                                                                   | Status of compliance |
|-----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|-----------------------|-------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|
| LKL Advance Metaltech | <p>Business license for Factory Lot No. 3</p> <ul style="list-style-type: none"> <li>2 Iklan melintang/tak bersinar</li> <li>Pejabat urusan (&gt; 260 meter.per.segi – 3 lot atau lebih)</li> </ul> <p>The previous description of "Kilang Membuat Lain-Lain Peralatan Keperluan Rumah (&lt;501 meter.per.segi) was replaced with the following:-</p> <ul style="list-style-type: none"> <li>Kilang Membuat Lain-Lain Peralatan Keperluan Rumah (&lt;501 meter.per.segi.)(Kilang Perabot Hospital)</li> </ul> | Majlis Perbandaran Subang Jaya ("MPSJ") | 2120081200049         | <p>Issue date: N/A</p> <p>Commencement date: N/A</p> <p>Expiry date: 31 December 2016</p> | <p>4. Hospital Patient Transport Trolley and Stretcher.</p> <p>5. Hospital Medical Table and Chair.</p> <p>6. Hospital Overbed Table.</p> <p>(a) The license is to be displayed on the business premise and is to be renewed before its expiry.</p> <p>(b) Business License can be renewed 3 months before its expiry.</p> | Complied.            |

## 5. INFORMATION ON OUR GROUP (Cont'd)

| Company                     | Description of licence/approval                                                                                                                                                                                                                                                                | Authority | Licence/Reference no. | Date of issuance/commencement/expiry                                       | Major conditions imposed                                                                                                                                              | Status of compliance |
|-----------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|-----------------------|----------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|
| LKL<br>Advance<br>Metaltech | Business license for Factory Lot No. 1 <ul style="list-style-type: none"> <li>• Iklan melintang/tak bersinar</li> <li>• Gudang (memborong/menyimpan) (&gt;500 meter.per.segi)</li> <li>• Lain-Lain Aktiviti Industri Pembuatan (&gt;500 meter.per.segi) (Kilang Perabot Hospital)</li> </ul>   | MPSJ      | 2120150700108         | Issue date: N/A<br>Commencement date: N/A<br>Expiry date: 9 September 2016 | (a) The license is to be displayed on the business premise and is to be renewed before its expiry.<br>(b) Business License can be renewed 3 months before its expiry. | Complied.            |
| LKL<br>Advance<br>Metaltech | Business license for Factory Lot No. 15 <ul style="list-style-type: none"> <li>• Iklan melintang/tak bersinar</li> <li>• Lain-Lain Aktiviti Industri Pembuatan (&gt;501 meter.per.segi) (Kilang Perabot Hospital)</li> <li>• Gudang (memborong/menyimpan) (&lt;501 meter.per.segi.)</li> </ul> | MPSJ      | 2120150700109         | Issue date: N/A<br>Commencement date: N/A<br>Expiry date: 9 September 2016 | (a) The license is to be displayed on the business premise and is to be renewed before its expiry.<br>(b) Business License can be renewed 3 months before its expiry. | Complied.            |

## 5. INFORMATION ON OUR GROUP (Cont'd)

| Company               | Description of licence/approval                                                                                                                                                                                                                                                       | Authority                              | Licence/Reference no. | Date of issuance/commencement/ expiry                                                                | Major conditions imposed                                                                                                                                               | Status of compliance |
|-----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|-----------------------|------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|
| LKL Advance Metaltech | Business license for Factory Lot No. 12, Factory Lot No. 12A and Factory Lot No. 16 <ul style="list-style-type: none"> <li>• Iklan melintang/tak bersinar</li> <li>• Kilang Membuat Lain-Lain Peralatan Keperluan Rumah (&gt;500 meter.per.segi) (Kilang Perabot Hospital)</li> </ul> | MPSJ                                   | 2120150700117         | Issue date: N/A<br>Commencement date: N/A<br>Expiry Date: 31 December 2016                           | (a) This license is to be displayed on the business premise and is to be renewed before its expiry.<br>(b) Business License can be renewed 3 months before its expiry. | Complied.            |
| LKL Advance Metaltech | Business license for E-32-1 Lorong Bayan Indah 2, 11900 Bayan Lepas, Penang <ul style="list-style-type: none"> <li>• Sebarang pembuatan atau tred lain – jualan runcit (&lt;100)</li> <li>• Melintang tidak berlampu</li> </ul>                                                       | Majlis Bandaraya Pulau Pinang ("MBPP") | LC2015090429          | Issue date: 31 December 2015<br>Commencement date: 31 December 2015<br>Expiry date: 31 December 2016 | Permit number of the permanent signboard number issued by MBPP must be inserted into the approved signboards.                                                          | Complied.            |
| LKL Advance Metaltech | Business license for No.17, (Ground Floor), Laluan Tasek Timur 3, Pusat Perdagangan Tasek Indra, 31400 Ipoh, Perak Darul Ridzuan <ul style="list-style-type: none"> <li>• Lain-lain Perdagangan/Perusahaan</li> </ul>                                                                 | Majlis Bandaraya Ipoh                  | L0102671-01           | Issue date:- N/A<br>Commencement date: 20 August 2015<br>Expiry date: 19 August 2016                 | Nil                                                                                                                                                                    | N/A.                 |

## 5. INFORMATION ON OUR GROUP (Cont'd)

| Company               | Description of licence/approval                                                                                                                                                                                                                                                                                             | Authority | Licence/Reference no. | Date of issuance/commencement/expiry                                                   | Major conditions imposed                                                                                                                                                          | Status of compliance |
|-----------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|-----------------------|----------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|
| LKL Advance Metaltech | Business licence for No. C-G-13, Jalan BS 14/1, Taman Bukit Serdang, Pusat Perdagangan Bukit Serdang, 43300 Seri Kembangan, Selangor Darul Ehsan <ul style="list-style-type: none"> <li>• Iklan melintang/tak bersinar</li> <li>• Gudang (memorong/menyimpan) (&lt;501 meter.per.segi) (Gudang Perabot Hospital)</li> </ul> | MPSJ      | 2120151000206         | Issue date:- N/A<br>Commencement date: 20 August 2015<br>Expiry Date: 27 December 2016 | (a) This license is to be displayed at the business premise and is to be renewed before its expiry.<br>(b) This license can be renewed 3 months before the expiry of the license. | Complied.            |
| LKL Advance Metaltech | Business licence for Factory Lot No. 22 <ul style="list-style-type: none"> <li>• Iklan melintang/tak bersinar</li> <li>• Gudang (memorong/menyimpan) (&gt;500 meter.per.segi)</li> <li>• Lain-lain Aktiviti Industri Pembuatan meter.per.segi.) (&gt;500 (Kilang Perabot Hospital)</li> </ul>                               | MPSJ      | 2120151000225         | Issue date:- N/A<br>Commencement date: 20 August 2015<br>Expiry Date: 13 January 2017  | (a) This license is to be displayed at the business premise and is to be renewed before its expiry.<br>(b) This license can be renewed 3 months before the expiry of the license. | Complied.            |

## Note:-

- \* LKL Advance Metaltech was previously issued a manufacturing license for Factory Lot No. 3 for production of "metal furniture" on 26 May 2009 ("Previous ML"). The commencement date of this Previous ML was 7 January 2009. The current manufacturing license for Factory Lot No. 3 for production of "hospital and medical furniture" was issued on 18 January 2013, and maintains the commencement date from the Previous ML.

**5. INFORMATION ON OUR GROUP (Cont'd)****Registration and permits under the MDA Act**

Section 5(1) of the MDA Act which came into operation on 30 June 2013 requires, amongst others, that all medical devices shall be registered before they can be imported, exported or placed in the market. Section 80(1) of the MDA Act states that a person who has imported, exported or placed in the market any medical device prior to 30 June 2013 shall apply for the registration of the medical devices within twenty four months from 30 June 2013, i.e., by 30 June 2015. Such person who has applied for registration of their medical devices may continue to import, export or place in the market the medical devices pending registration.

Subsequently, pursuant to the Medical Device (Exemption) Order 2015 made on 26 June 2015, the Minister of Health Malaysia has further allowed any person who has submitted an application for registration of a medical device between 1 July 2015 until 30 June 2016 to continue to import, export or place in the market the medical device pending registration.

As at the LPD, in addition to the above major business licenses, permits and approvals applicable to our Group, LKL Advance Metaltech has also made applications under section 5(1) of the MDA Act, for which applications were received by MDA on 30 June 2015, 24 August 2015 and 1 September 2015, for the registration of our current medical devices under 78 product family groups, grouped by LKL Advance Metaltech based on the rules of grouping as prescribed under the MDA Act. Our applications for registration are presently pending registration by the MDA. The applications for these 78 product family groups were made based on the potential for future sale of these products at the point of application, with the revenue contribution from these 78 product family groups comprising an average of 80.93% for the past three (3) FYE 30 April 2013 to 2015 and 83.25% for the six (6)-month FPE 31 October 2015. Our management believes that these 78 product family groups are expected to represent our Group's future sales of medical devices. Nonetheless, moving forward, for products that may be sold in the future but are not part of the 78 product family groups, LKL Advance Metaltech will apply for the registration of these products as and when they are sold, where applicable. If our medical devices are not awarded registration, we will not be able to import, export or place in the market such medical devices.

Further, section 45(1) of the MDA Act states, amongst others, that an establishment may apply to the MDA for a permit to export a registered medical device. However, as our applications for the registration of our products as medical devices are still pending determination by the MDA, there is no registered medical device which an export permit can be applied for at this stage.

5. INFORMATION ON OUR GROUP (Cont'd)

5.7.10 Patents, trademarks and registrations

Save for the trademark of our logo, we do not hold any other patents, trademarks or registrations.

| No. | Trademark                                                                           | Applicant             | Registration number/<br>Application number | Class | Place of application                          | Status of trademark                                                               |
|-----|-------------------------------------------------------------------------------------|-----------------------|--------------------------------------------|-------|-----------------------------------------------|-----------------------------------------------------------------------------------|
| 1.  |  | LKL Advance Metaltech | 99010626                                   | 10*   | Intellectual Property Corporation of Malaysia | The trademark is registered for a period of ten (10) years until 23 October 2019. |

Note:-

\* Class 10 of the Nice Classification for trademarks includes "hospital bedsteads, trolleys, steel and wooden furniture for medical purpose and medical engineering products, all included in class 10".

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**5. INFORMATION ON OUR GROUP (Cont'd)**

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**5.7.11 Contracts/arrangements on which our Group is highly dependent**

As at the LPD, our Group has not entered into any contracts/arrangements for which our Group is highly dependent upon.

**5.7.12 Interruptions to business and operations**

Our Group has not experienced any interruption in business which had a significant effect on operations during the twelve (12) months period prior to the date of this Prospectus.

**5.7.13 Seasonality**

We do not experience any material seasonality or cyclicalities in our business as the demand for our products is neither subject to seasonal fluctuations nor cyclical variations.

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## 5. INFORMATION ON OUR GROUP (Cont'd)

### 5.7.14 Major customers

Major customers who contributed more than 10% of our Group's revenue for the past three (3) FYE 30 April 2013 to 2015 and six (6)-month FPE 31 October 2015 are as follows:-

| Major Customers             | FYE 30 April-----> |                        |        |                        |        |                        | Six (6)-month<br>FPE 31 October 2015 |                        | Length of business<br>relationship<br>(years) |
|-----------------------------|--------------------|------------------------|--------|------------------------|--------|------------------------|--------------------------------------|------------------------|-----------------------------------------------|
|                             | 2013               |                        | 2014   |                        | 2015   |                        |                                      |                        |                                               |
|                             | RM'000             | % of Total<br>Revenue@ | RM'000 | % of Total<br>Revenue@ | RM'000 | % of Total<br>Revenue@ | RM'000                               | % of Total<br>Revenue@ |                                               |
| Techbay Sdn Bhd ("Techbay") | -                  | -                      | 5,854  | 15.05                  | -      | -                      | -                                    | -                      | 3                                             |
| Nomas Trading Est ("Nomas") | 307                | 1.09                   | 4,293  | 11.04                  | 105    | 0.27                   | 7                                    | 0.04                   | 12                                            |

#### Note:-

@ Total revenue for the FYE 30 April 2013 to 2015 and six (6)-month FPE 31 October 2015 were RM28.077 million, RM38.893 million, RM39.039 million and RM16.057 million respectively.

Techbay is a company through which we delivered a few large orders of medical/healthcare beds, peripherals and accessories for a new public hospital in East Malaysia in the FYE 30 April 2014, where Techbay was the contractor for the hospital. In the same FYE, we also secured a few large orders of medical/healthcare beds, peripherals and accessories from Nomas, a distributor based in Saudi Arabia, which involved in the trading and distribution of medical and laboratory equipment.

In the course of our business, we generally secure large orders from new hospitals and medical centres and/or existing hospitals and medical centres undergoing expansion and refurbishment. As a result, the percentage of our sales from that customer in that particular year may be relatively high. Accordingly, our Group's major customers, if any, differ from year to year.

Premised on the above, we do not have any dependencies on any customers in our business.

## 5. INFORMATION ON OUR GROUP (Cont'd)

### 5.7.15 Major suppliers

Our major suppliers that contributed more than 10% of our purchases for the past three (3) FYE 30 April 2013 to 2015 and six (6)-month FPE 31 October 2015 are as follows:-

| Major Suppliers                                                                                          | <-----FYE 30 April-----> |                          |        |                          |        |                          | Six (6)-month<br>FPE 31 October 2015 |                          | Length of business<br>relationship<br>(years) |
|----------------------------------------------------------------------------------------------------------|--------------------------|--------------------------|--------|--------------------------|--------|--------------------------|--------------------------------------|--------------------------|-----------------------------------------------|
|                                                                                                          | 2013                     |                          | 2014   |                          | 2015   |                          | RM'000                               | % of Total<br>Purchases@ |                                               |
|                                                                                                          | RM'000                   | % of Total<br>Purchases@ | RM'000 | % of Total<br>Purchases@ | RM'000 | % of Total<br>Purchases@ |                                      |                          |                                               |
| Linak A/S<br>(electrical components)                                                                     | 1,189                    | 10.92                    | 2,064  | 13.68                    | 1,568  | 9.65                     | 819                                  | 14.54                    | 20                                            |
| Fook May Hardware Sdn Bhd<br>(steel materials)                                                           | 1,173                    | 10.77                    | 1,122  | 7.44                     | 1,215  | 7.48                     | 436                                  | 7.74                     | 20                                            |
| Catharine International Co Ltd<br>(various supplies including<br>ABS components and trading<br>products) | 1,133                    | 10.40                    | 1,172  | 7.77                     | 909    | 5.59                     | 166                                  | 2.95                     | 20                                            |
| United Multi Medic Sdn Bhd<br>("UMM")*                                                                   | -                        | -                        | 196    | 1.30                     | 2,346  | 14.43                    | -                                    | -                        | 2                                             |

#### Notes:-

@ Total purchases for the FYE 30 April 2013 to 2015 and six (6)-month FPE 31 October 2015 were RM10.893 million, RM15.085 million, RM16.254 million and RM5.632 million respectively.

\* UMM was previously a related party used as an intermediary for the purchase of parts and components as well as medical peripherals and accessories, either as raw materials or for the Group's trading business. It ceased operations as trader of hospital and medical furniture and consequently as our intermediary for the purchase of supplies in March 2015. All transactions previously conducted through UMM are now being undertaken directly by our Group.

As mentioned in Section 5.7.3 of this Prospectus, raw materials and supplies required in our manufacturing process are readily available from many local and overseas suppliers. Therefore, our Group does not have dependencies on any of our suppliers. Nevertheless, we have purchased certain raw materials from a single supplier in the past three (3) FYE 30 April 2013 to 2015 and six (6)-month FPE 31 October 2015 (save for UMM) due to our long working relationship, efficient and reliable pre and after-sales service provided by them to our Group.

## 5. INFORMATION ON OUR GROUP (Cont'd)

### 5.8 FUTURE PLANS, STRATEGIES AND PROSPECTS

#### 5.8.1 Future plans and strategies

##### (i) We will continue to seek local market opportunities and strengthen our presence in Malaysia

We intend to leverage on our proven track record and established reputation in Malaysia to tap into the growth in the local healthcare services industry. According to the IMR Report, healthcare expenditure in Malaysia has demonstrated uninterrupted growth, rising from RM17.8 billion in 2004 to RM41.0 billion in 2013, at a CAGR of 9.7% over this period. The prospects for growth in the medical bed, peripheral and accessory industry in Malaysia are positive as the industry is expected to continue being driven by growth in demand for healthcare services locally, which is driven by changes in lifestyle leading to higher incidences of chronic diseases, the demographic shift to an ageing population, the increased accessibility to healthcare services due to growth in income and/or uptake of medical insurance, as well as Government initiatives in driving the healthcare services industry.

The Government plays an active role in driving the healthcare equipment sector, thus benefiting the medical bed, peripheral and accessory industry. The Ministry of Health Malaysia acknowledges the shortage of medical beds in the country, and have announced that the Government have been taking measures to improve access to healthcare in general, including the upgrading of existing hospitals and the building of new hospitals in high density areas to accommodate for the lack of healthcare services and insufficient number of beds. In the 11th Malaysia Plan which was launched in May 2015, the Government announced its aim to achieve universal access to quality healthcare, and in doing so it aims to increase the medical bed ratio to 2.3 beds per 1,000 population.

The medical bed, peripheral and accessory industry in Malaysia had a market size of approximately RM40.2 million in 2008, and this grew to approximately RM77.6 million in 2014, at a CAGR of 11.6%. Moving forward, the medical bed, peripheral and accessory market size is estimated to grow from RM86.3 million in 2015 to RM118.9 million in 2018, at a CAGR of 11.3%. Further, there is latent demand for medical/healthcare beds in Malaysia, where in 2014, the number of medical/healthcare beds in Malaysia stood at 1.9 beds per 1,000 population, below the average for developing countries at 2.2 beds per 1,000 population and the world average of 3.0 beds per 1,000 population.

Over the period between 2011 and 2013, the number of medical beds in public and private hospitals and medical centres in Malaysia saw an annual increase of 730, 1,050, and 1,172 beds in 2011, 2012 and 2013, respectively. This led to an increase of 3.97% of total number of medical beds from a total number of medical beds of 55,923 in 2011 to 58,145 beds in 2013. In 2014, the number of medical beds in public and private hospitals and medical centres declined by 574 beds to 57,571 beds. The decline in the total number of medical beds in 2014 of 574 beds is in line with the decrease in number of hospitals in Malaysia in the same year. The decline in number of hospitals in 2014 is attributed to the different method of tabulating the number of private hospitals in 2013 and 2014, as highlighted in Section 6: Chapter 3 – The Healthcare Services Industry (The Healthcare Services Industry in Malaysia) of this Prospectus. Notwithstanding this, there may also have been closures of smaller private hospitals in 2014 as a result of rising costs of operations. Thus, the decline in hospitals appears to be due to factors other than demand for healthcare services, as demand for healthcare services has demonstrated an increase as evidence by the rise in hospital admissions in Malaysia from 3,323,000 in 2013 to 3,696,800 in 2014, a growth of 11.2%.

**5. INFORMATION ON OUR GROUP (Cont'd)**

Nevertheless, it is important to note that this annual growth in medical beds over the three (3)-year period is a net annual increase, which does not take into account the annual growth of replacement medical beds, thus signifying that the overall growth in demand for medical beds is realistically higher. Our Group's annual medical bed sales in Malaysia has been consistently higher than the annual increase of registered medical beds in Malaysia over the three (3)-year period including the decrease recorded in 2014, indicating that the statistics on the annual increase/decrease of registered medical beds in Malaysia does not include the annual increase of replacement medical beds, as shown below:-

|                                                                                                                        | 2011  | 2012  | 2013  | 2014  |
|------------------------------------------------------------------------------------------------------------------------|-------|-------|-------|-------|
| Net annual increase/(decrease) of medical beds in public and private hospitals and medical centres in Malaysia (units) | 730   | 1,050 | 1,172 | (574) |
| Our Group's annual medical bed sales in Malaysia <sup>(a)</sup> (units)                                                | 3,200 | 2,201 | 4,021 | 4,431 |

**Note:-**

(a) Our Group's annual medical bed sales volume includes electric, hydraulic, manual and delivery beds sold during the respective calendar year.

(Source: IMR Report)

We will continue to seek opportunities in public and private hospitals and medical centres in Malaysia. With our position as one of the largest local manufacturers in terms of revenue in the healthcare furniture and equipment industry in Malaysia, we are well-positioned to continue growing our market presence and increase our overall share of the local market. To achieve this, we will remain focused in our commitment to the highest levels of product quality and customer service, as well as continuously expand, improve and upgrade our products. We will also continue to work closely with the public and private hospitals and medical centres, and with Agents, Distributors and project consultants.

Our continued growth and success in Malaysia will further strengthen our Group's financial position and will provide the platform for our Group to expand into other markets in the future, as it offers our Group strong and credible customer references to new potential customers.

**(ii) We intend to grow our sales in our existing export markets**

We have delivered our products to destinations across six (6) continents and in over 30 countries worldwide. Our exports have accounted for an average of 21.22% of our revenue in the past three (3) FYE 30 April 2013 to 2015 and 25.37% for six (6)-month FPE 31 October 2015. Please refer to Section 5.7.2 of this Prospectus for details of our export markets.

Given our historical track record, we expect to be able to tap into further opportunities in the existing export markets in which we operate. Our international track record provides us with a foundation and platform for further expansion and growth in these markets, as we are able to leverage on our proven products as well as the established relationships with overseas Agents.

## 5. INFORMATION ON OUR GROUP (Cont'd)

We will also continue to participate in international trade shows and exhibitions, as these have been proven in the past to be effective in reaching out to, and engaging with, potential new customers. As such, in future, we remain committed to participating in the major annual international trade shows and exhibitions as shown in Section 5.7.8 of this Prospectus.

Through these approaches, we anticipate greater accelerated growth as we are able to increase our visibility and presence in the international markets. This is expected to contribute to further long term growth of our Group's business, as well as to enhance the results of our operations and financial performance.

**(iii) We plan to strengthen our global footprint by progressively expanding to new geographical markets**

We currently export our products to over 30 countries worldwide. To continue expanding our business, we intend to strengthen our global footprint by penetrating new markets, including in both developed countries and emerging economies.

According to the IMR Report, the global healthcare services industry grew, in terms of total healthcare expenditure, at a CAGR of 6.4% from 2004 to 2013, growing from USD4.3 trillion (RM16.3 trillion) in 2004 to USD7.5 trillion (RM23.6 trillion) in 2013. The growing healthcare industry globally presents growth opportunities for our Group.

Our products have been proven in the markets in which we presently operate and with our ISO 9001:2008, EN ISO 13485:2012 certifications and "CE" registration, we have been certified to internationally accepted standards. This gives us a strong foundation and platform for expansion into new markets and territories.

We have to-date, received enquiries from Agents and customers from new markets such as Ethiopia, Suriname, Uganda, Rwanda and Iran, largely through Agents and our website as well as international trade shows and exhibitions. As at the LPD, we are maintaining on-going communications with some of these customers, and are exploring potential future sales opportunities. Further, we have participated in our first trade exhibition in the USA in August 2015, with the aim of progressive expansion into the markets in the Americas.

By expanding our presence to new markets with significant growth opportunities, we aim to increase our revenue sources to enhance our overall Group's earnings and profitability.

**(iv) We aim to acquire new machinery to increase automation in our manufacturing processes**

We currently automate some of our welding processes with the use of automated robotic welding machinery. At present, we have seven (7) units of robotic welding machinery in our production facility. We also have a semi-automated metal shearing, cutting and punching machine.

Moving forward, we intend to increase our automation through the acquisition of CNC laser shearing machine, CNC laser cutting machine and CNC punching machine. These machinery will allow for high-speed precision shearing, cutting, and punching, which will increase our operating efficiencies and process accuracies. Further, these machinery will also allow for high-precision profile machining or shaping, enabling us to refine our product finishing through cutting/shaping of complex geometries and patterns, and on thin-walled tubes and profiles without deformation. The total cost of acquiring these CNC machinery will be approximately RM8.500 million, which we intend to fund via our proceeds from the Public Issue.

## 5. INFORMATION ON OUR GROUP (Cont'd)

We also intend to install a conveyor line to facilitate the epoxy powder coating process of our manufacturing operations at an approximate cost of RM1.500 million, which we intend to fund via our internally generated funds and/or bank borrowings. Currently, our epoxy powder coating process is conducted manually in our rented properties, Factory Lot No. 12A and Factory Lot No. 16. Previously, the epoxy powder coating process was carried out at another rented premise (in Taman Universiti Indah) and was recently relocated to Factory Lot No. 12A and Factory Lot No. 16 as these factories are nearer to our head office.

We expect the CNC machinery to be installed within nine (9) months of our confirmation of order. For the epoxy powder coating conveyor line, we expect installation within six (6) months of completion of our planned land amalgamation and expansion works. Please refer to Section 5.8.1(v) and Section 9.1 of this Prospectus for further details of the land amalgamation exercise and expansion works.

The acquisition of the new CNC machinery and the epoxy powder coating conveyor line is expected to increase our production efficiency to facilitate our growth plans and strategies. In addition, with faster and more precise shearing, cutting, shaping and punching processes, wastages will be minimised and will contribute to better cost control and savings for our Group.

**(v) We intend to expand our manufacturing plant to facilitate our plans for greater automation and to increase our storage area**

As at the LPD, we have commenced the process of amalgamating the two (2) pieces of properties in which our current head office, manufacturing plants and warehouse are located. The amalgamation of the properties will result in additional space in between Factory Lot No. 1 and Factory Lot No. 3. Please refer to Section 9.1 of this Prospectus for further details of the land amalgamation exercise.

We intend to utilise the resulting additional space to expand our manufacturing plants. With this expansion, we plan to install a conveyor line, which will be funded via our internally generated funds and/or bank borrowings, to partially automate our epoxy powder coating process as well as to increase our storage area for finished products. The epoxy powder coating process is currently performed manually in Factory Lot No. 12A and Factory Lot No. 16. Subsequent to the automation of our epoxy powder coating process via the installation of the conveyor line in the additional space in between Factory Lot No. 1 and Factory Lot No. 3, the epoxy powder coating process located in Factory Lot No. 12A and Factory Lot No. 16 will then be used to manually powder coat bulky and fewer unit items.

The increase in automation and storage capacity will enable us to expand more aggressively, as we will be able to accept more job orders. The expansion of our automated processes and storage capacity will ensure that we will be able to manage capacity limitations for the foreseeable future taking into consideration the trend of increasing orders experienced by the management in the past three (3) FYE 30 April 2013 to 2015.

The total cost of the land amalgamation and building expansion is expected to cost approximately RM2.500 million, which we intend to fund via our internally generated funds and/or bank borrowings. We target to complete the land amalgamation exercise by mid 2017, following which we plan to commence expansion works immediately, with a target timeframe to complete by mid 2018, within one (1) year of commencement of expansion works. The conveyor line for the epoxy powder coating process is expected to be installed within six (6) months thereafter, i.e. end 2018.

The expansion of our manufacturing facility will facilitate our other growth strategies, namely to strengthen our local and global footprint, as well as to further expand our products to new geographical markets.

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## 5. INFORMATION ON OUR GROUP (Cont'd)

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### 5.8.2 Prospects

Our Board is of the view that our Group will enjoy positive and promising growth and favourable prospects in the long-term premised on the following:-

- (i) Our competitive strengths as follows:-
  - (a) We are well-positioned to capitalise on the growth in the local and international healthcare industry;
  - (b) We have delivered our products to established public and private hospitals and medical centres in the local as well as international markets;
  - (c) We have the required technical expertise to conform to international compliance standards in the global healthcare industry;
  - (d) We have exported our products to over 30 countries across six (6) continents;
  - (e) We have a diversified range of products to cater for a wide range of customer demands;
  - (f) We are able to offer efficient and reliable after-sales services to our customers; and
  - (g) We have an experienced management team.

Further details of our competitive strengths are set out in Section 5.1.2 of this Prospectus.
- (ii) Our Group's future plans and strategies as set out in Section 5.8.1 of this Prospectus.
- (iii) The promising prospects of the healthcare furniture and equipment industry as set out in Section 6 of this Prospectus.

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## 6. INDUSTRY OVERVIEW AND OUTLOOK

SMITH ZANDER INTERNATIONAL SDN BHD (1058128-V)  
Suite 23-3, Level 23, Office Suite, Menara 1MK,  
1 Jalan Kiara, Mont' Kiara,  
50480 Kuala Lumpur, Malaysia.  
T +603 6211 2121

SMITH ZANDER

07 APR 2016

The Board of Directors

LKL International Berhad  
Third Floor, No. 79 (Room A)  
Jalan SS21/60  
Damansara Utama  
47400 Petaling Jaya  
Selangor Darul Ehsan

Dear Sirs/Madam,

**Executive Summary of the Independent Market Research Report on the Healthcare Industry, Healthcare Services Industry and Medical Bed, Peripheral and Accessory Industry**

This Executive Summary of the Independent Market Research Report on the Healthcare Industry, Healthcare Services Industry and Medical Bed, Peripheral and Accessory Industry has been prepared by SMITH ZANDER INTERNATIONAL SDN BHD ("SMITH ZANDER") for inclusion in the Prospectus in conjunction with the listing of LKL International Berhad on the ACE Market of Bursa Malaysia Securities Berhad.

For and on behalf of SMITH ZANDER:



DENNIS TAN  
MANAGING PARTNER

# 1 INTRODUCTION

## Objective of the Study

This Executive Summary of the independent market research ("IMR") report has been prepared in conjunction with the listing of LKL International Berhad on the ACE Market of Bursa Malaysia Securities Berhad. The objective of this report is to provide an independent view of the industry(ies) and market(s) which LKL International Berhad operates in and to offer a clear understanding of the industry and market dynamics.

## Rationale and Scope of Work

LKL International Berhad is principally involved in the design, manufacturing and sale of medical/healthcare beds, peripherals and accessories, and trading of medical/healthcare peripherals and accessories. The end-users of its products are largely hospitals and medical centres, as well as other healthcare related facilities such as clinics and specialist institutions (i.e. fertility centres, diagnostics centres, eye specialists, orthopaedic centres, chiropractic centres, dialysis centres, confinement centres and nursing centres).

The scope of work for this report will thus address the following three (3) areas:

- (i) The healthcare industry, which is the broader sector in which LKL International Berhad operates;
- (ii) The healthcare services industry, which is the end-user industry served by LKL International Berhad and is a sub-sector of the healthcare industry; and
- (iii) The medical bed, peripheral and accessory industry, which is the specific industry in which LKL International Berhad operates and is also sub-sector of the healthcare industry.

Healthcare-related statistics presented in this report have been segmented by region to highlight the growth potential of LKL International Berhad's key export markets (i.e. developing Asia and developing Middle East and Africa); with statistics on selected developed countries shown as comparison.

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2 INTRODUCTION TO THE HEALTHCARE INDUSTRY

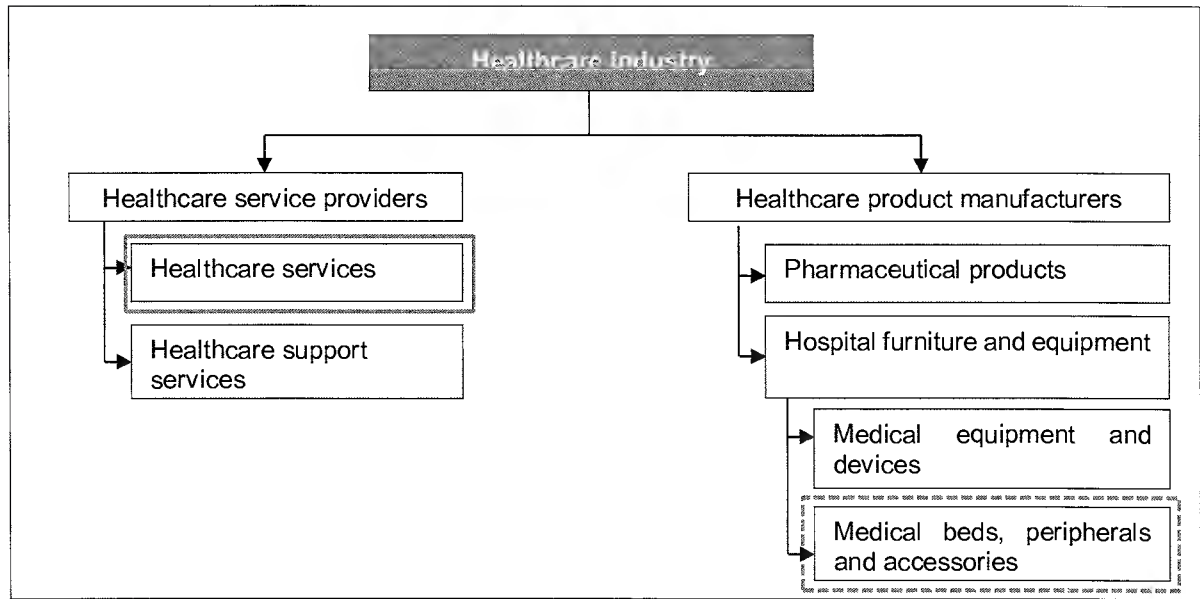
The healthcare industry comprises healthcare service providers and healthcare product manufacturers. Healthcare service providers are involved in the provision of healthcare services and healthcare support services. Healthcare services refer to consultation, diagnostic, patient care and medication services for the prevention or treatment of diseases, ailments, injuries or other physical and psychological health conditions, while healthcare support services refer to the provision of support and management functions that are the back-end operations of healthcare service providers. (Please refer to **Chapter 3 – The Healthcare Services Industry** of this IMR report for further details on the healthcare services industry.)

Meanwhile, healthcare product manufacturers can be segmented into manufacturers of pharmaceutical products, and hospital furniture and equipment. Pharmaceutical products refer to prescription drugs, over-the-counter products, health supplements and botanical drugs. On the other hand, hospital furniture and equipment refer to medical equipment and devices, and medical beds, peripherals and accessories. Medical equipment and devices include electronic equipment, instruments, apparatus and material substances used for diagnosis, monitoring, treatment and prevention of diseases, ailments, injuries or other physical and psychological health conditions. On the other hand, medical beds, peripherals and accessories comprise medical beds (such as electric beds, hydraulic beds, manual beds and delivery beds) and medical peripherals and accessories (such as patient transport trolleys, examination tables, medical carts, overbed tables and instrument trolleys). (Please refer to **Chapter 4 – The Medical Bed, Peripheral and Accessory Industry** of this IMR report for further details on medical beds, peripherals and accessories.)

Hospital furniture and equipment, which include medical equipment and devices as well as medical beds, peripherals and accessories, are essential supplies to support the provision of healthcare services.

The segment that is of interest in this report is the segment which LKL International Berhad operates in, i.e. the medical bed, peripheral and accessory industry segment, as well as the key end-user industry to the medical bed, peripheral and accessory industry, i.e. the healthcare services industry.

Segmentation of the healthcare industry, 2015



**Notes:**  
 [Double border box] Denotes the industry which LKL International Berhad is principally involved in.  
 [Single border box] Denotes the key end-user industry to the medical bed, peripheral and accessory industry.

Source: SMITH ZANDER

### 3 THE HEALTHCARE SERVICES INDUSTRY

#### Definition and Segmentation

The healthcare services industry refers to the provision of consultation, diagnostic, patient care and medication services for the prevention or treatment of diseases, ailments, injuries or other physical and psychological health conditions.

The healthcare services industry consists of:

- Primary care health centres, clinics and pharmacies:** provide basic healthcare services to the general public, which includes administering first-aid for injuries and dental services. Services are delivered by primary care physicians, nurses or family doctors on an outpatient basis.
- Secondary care specialist clinics, hospitals and medical centres:** provide consultation by medical specialists to patients, usually upon referral from health centres, clinics or pharmacies. Services may be delivered on an inpatient or outpatient basis, and these facilities allow for diagnostic, inpatient treatment and general surgeries.
- Tertiary care specialist hospitals and medical centres:** provide specialist consultative care, inpatient care, and advanced treatment or complex surgery such as cardiac surgery, neurosurgery, reconstructive surgery and cancer treatment, and thus these facilities allow for complex medical interventions.

Generally, the healthcare services industry comprises both public and private healthcare sectors:

- Public healthcare sector:** is the foundation for a country’s healthcare service structure. It refers to healthcare services provided by the government, typically through appointed ministries or administrative bodies. The services provided are funded through public sector budgets, national insurance schemes and/or universal healthcare programmes.
- Private healthcare sector:** comprise both businesses and not-for-profit organisations. Private healthcare funding typically comprise out-of-pocket expenditure or private insurance plans, and in some countries, funds from national or social insurance.

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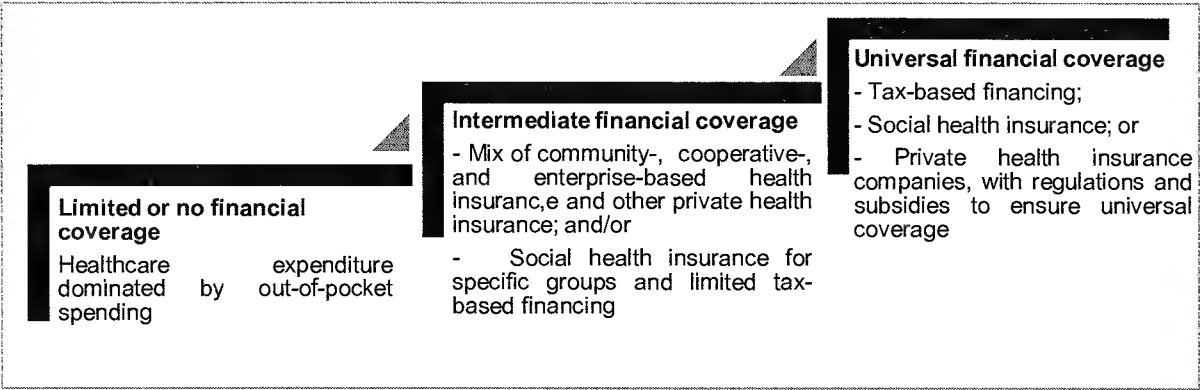
## 6. INDUSTRY OVERVIEW AND OUTLOOK (Cont'd)

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The healthcare services environment in each country varies in terms of public-private healthcare sector mix, level of healthcare financing and national healthcare policies, due to differences in political and social contexts and values within each country.

The levels of healthcare financing available, and the types of national healthcare policies related to these healthcare financing levels, are as illustrated below:

### Level of healthcare financing (Global), 2015



Source: SMITH ZANDER

Generally, under-developed and developing countries such as countries in Asia including Malaysia, Vietnam, the Philippines, India and Pakistan, and countries in Middle East and Africa including Kenya, Ghana, Zimbabwe and Bahrain, fall within the first two (2) levels of healthcare financing; i.e. limited or no financial coverage, or intermediate financial coverage. Developing countries have a higher number of public clinics and hospitals than under-developed countries, and these facilities are usually concentrated in urban or central areas. Developed countries also have a growing number of private clinics and hospitals which are usually targeted at high income level population. In Malaysia specifically, where intermediate financial coverage is offered, specific groups such as public sector employees and their dependents are exempted from all charges, or are charged minimal charges, for healthcare services in public healthcare service facilities. Public healthcare service facilities are nonetheless offered to the whole population, and are highly subsidised through tax collections and other government income, which are mainly channelled to the Ministry of Health (“MOH”) Malaysia through annual budgetary allocations or five (5)-year frameworks.

Meanwhile, developed countries tend to offer universal financial coverage to their citizens, though the national healthcare policies may differ in terms of financing avenues, i.e. tax-based financing, or social health insurance, or through private health insurance companies with regulations and subsidies set out (in order to ensure universal coverage and non-discrimination based on medical history or existing conditions), or a mixture of these policies. In countries which practice tax-based financing, such as the United Kingdom and Canada, all, if not most, healthcare services are financed primarily through general taxation. Meanwhile, countries which practice social health insurance include France and Germany, and these countries have social insurance systems which are financed through employer-employee payroll taxes and central taxes. An example of a country which practices universal financial coverage through private health insurance companies is Switzerland. These countries have different compositions of public and private healthcare service facilities, though most of these countries have a higher composition of public healthcare service providers as compared to private healthcare service providers.

However, it should be noted that not all developed countries offer universal financial coverage to their citizens. The United States of America (“United States”) is an example of this exception, where the country does not have a national healthcare system, but rather a variety of public and private institutions that regulate and deliver healthcare services. While there are national financial coverage for specific groups of the population, a majority of its population are covered via insurances provided by employers.

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

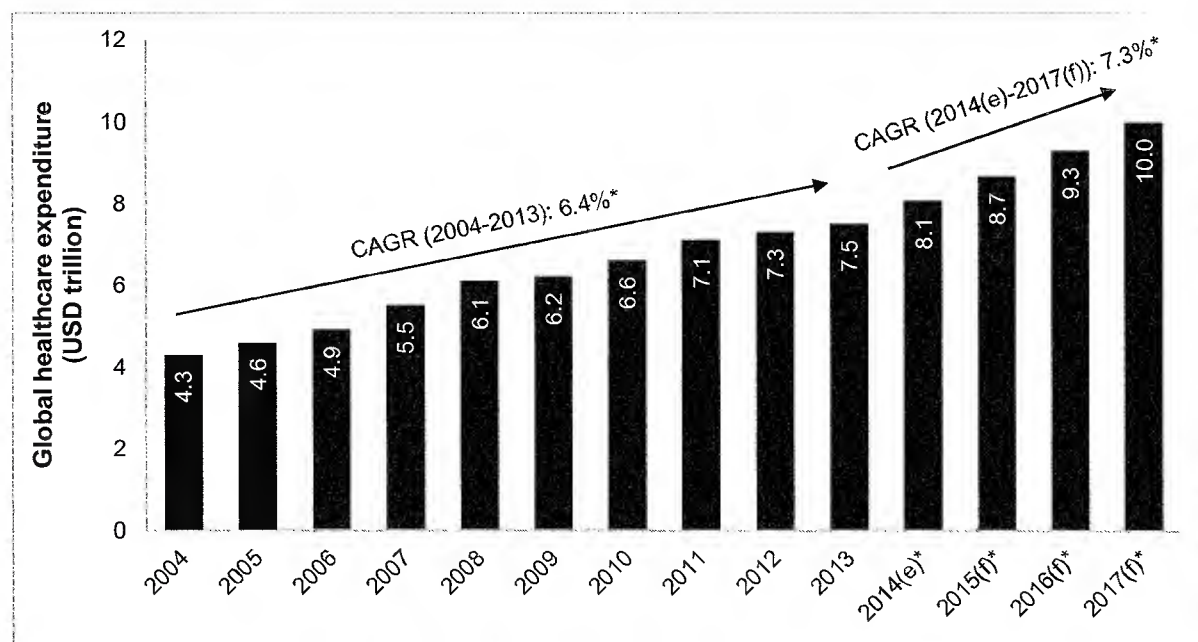
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## The Global Healthcare Services Industry

In the context of this report, healthcare expenditure refers to total expenditure on public and private healthcare products and services. Healthcare expenditure has been growing across global regions, illustrating that there is growing accessibility to healthcare services, coupled with a growing need for healthcare services due to increasing standards of living and rising population, the growing ageing population, as well as rising prevalence of chronic diseases.

Overall, the global healthcare services industry grew, in terms of total healthcare expenditure, from USD4.3 trillion (RM16.3 trillion<sup>1</sup>) in 2004 to USD7.5 trillion (RM23.6 trillion<sup>2</sup>) in 2013, registering a healthy Compound Annual Growth Rate ("CAGR") of 6.4% during the period. SMITH ZANDER forecasts global healthcare expenditure to increase from an estimated USD8.1 trillion (RM26.5 trillion<sup>3</sup>) in 2014 to USD10.0 trillion (RM39.1 trillion<sup>4</sup>) in 2017, at a CAGR of 7.3% during the period.

Healthcare expenditure (Global), 2004-2017(f)



Note:

\* CAGRs and forecasts have been computed by SMITH ZANDER.

Source: World Bank,  
\*SMITH ZANDER analysis

<sup>1</sup> Exchange rate from USD to RM in 2004 was converted based on average annual exchange rates in 2004 extracted from published information from Bank Negara Malaysia at USD1=RM3.800

<sup>2</sup> Exchange rate from USD to RM in 2013 was converted based on average annual exchange rates in 2013 extracted from published information from Bank Negara Malaysia at USD1=RM3.1511

<sup>3</sup> Exchange rate from USD to RM in 2014 was converted based on average annual exchange rates in 2014 extracted from published information from Bank Negara Malaysia at USD1=RM3.2736

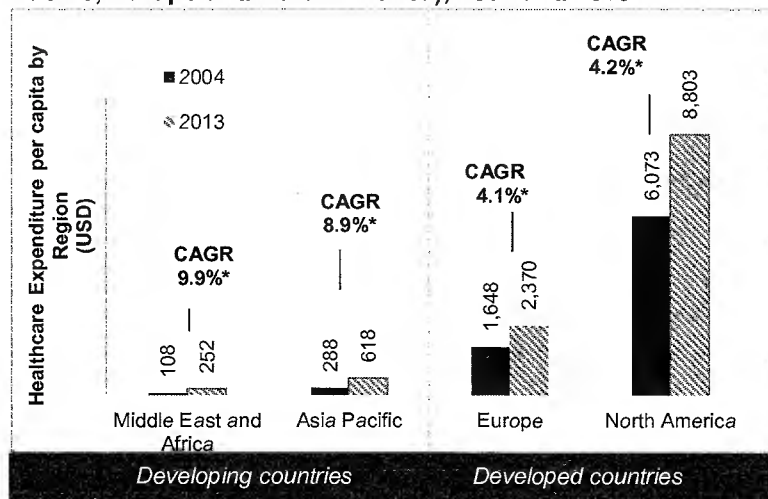
<sup>4</sup> Exchange rate from USD to RM in 2017 was converted based on average annual exchange rates in 2015 extracted from published information from Bank Negara Malaysia at USD1=RM3.9073

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

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Regionally, over the last decade, healthcare expenditure per capita in North America increased from USD6,073 (RM23,077<sup>5</sup>) in 2004 to USD8,803 (RM27,739<sup>6</sup>) in 2013, growing at a CAGR of 4.2% over the

### Healthcare expenditure per capita (Middle East and Africa, Asia Pacific, Europe and North America), 2004 and 2013



Note:

CAGRs pertain to the period between 2004 and 2013

\* CAGRs have been computed by SMITH ZANDER.

Source: World Bank,  
\*SMITH ZANDER analysis

same time period, while healthcare expenditure per capita in Europe grew from USD1,648 (RM6,262<sup>5</sup>) in 2004 to USD2,370 (RM7,468<sup>6</sup>) in 2013 at a CAGR of 4.1%. Meanwhile, Asia Pacific illustrated a CAGR of 8.9% in terms of total healthcare expenditure per capita, growing from USD288 (RM1,094<sup>5</sup>) in 2004 to USD618 (RM1,947<sup>6</sup>) in 2013. Total healthcare expenditure per capita in the Middle East and Africa also grew, as it increased from USD108 (RM410<sup>5</sup>) in 2004 to USD252 (RM794<sup>6</sup>) in 2013, at a CAGR of about 9.9%.

Much of the growth in global healthcare services is attributed to growth from emerging economies in Asia Pacific, Middle East and Africa, as rising standards of living, population and urbanisation

rates are prevalent in these economies. The emerging economies have been either largely underserved and are experiencing large capacity building, or actively upgrading their healthcare systems. In these economies, healthcare expenditure is driven by factors such as prevalence of chronic diseases, growing ageing population, increasing accessibility to healthcare services due to growth in income and/or an uptake of medical insurance, as well as national government initiatives to support and promote the growth of the industry.

The accessibility of healthcare services is evidenced by the number of medical beds per 1,000 population, as well as the number of healthcare professionals per 10,000 population:

### Number of Medical Beds per 1,000 Population

The *world average* for medical beds is 3.0 beds per 1,000 population. In general, the *developed country average* is higher than the *developing country average* for the number of medical beds per 1,000 population. In 2013, the *developed country average* for medical beds per 1,000 population was 5.6 beds while the *developing country average* for medical beds per 1,000 population was 2.2 beds.

Most of the developed and mature countries such as Japan, Republic of Korea ("Korea") and Germany have over 3.0 beds per 1,000 population, with 13.7, 10.3 and 8.2 beds per 1,000 population respectively. In comparison, developing countries like Brunei, Vietnam, Malaysia, the Philippines, Bangladesh, Kuwait, Saudi Arabia, Botswana, Kenya, United Arab Emirates ("UAE") and Mozambique have 2.8, 2.0, 1.9, 1.0, 0.6, 2.2, 2.1, 1.8, 1.4, 1.1 and 0.7 beds per 1,000 population respectively, which is a lower ratio than the *world average* for medical beds.

<sup>5</sup> Exchange rate from USD to RM in 2004 was converted based on average annual exchange rates in 2004 extracted from published information from Bank Negara Malaysia at USD1=RM3.800

<sup>6</sup> Exchange rate from USD to RM in 2013 was converted based on average annual exchange rates in 2013 extracted from published information from Bank Negara Malaysia at USD1=RM3.1511

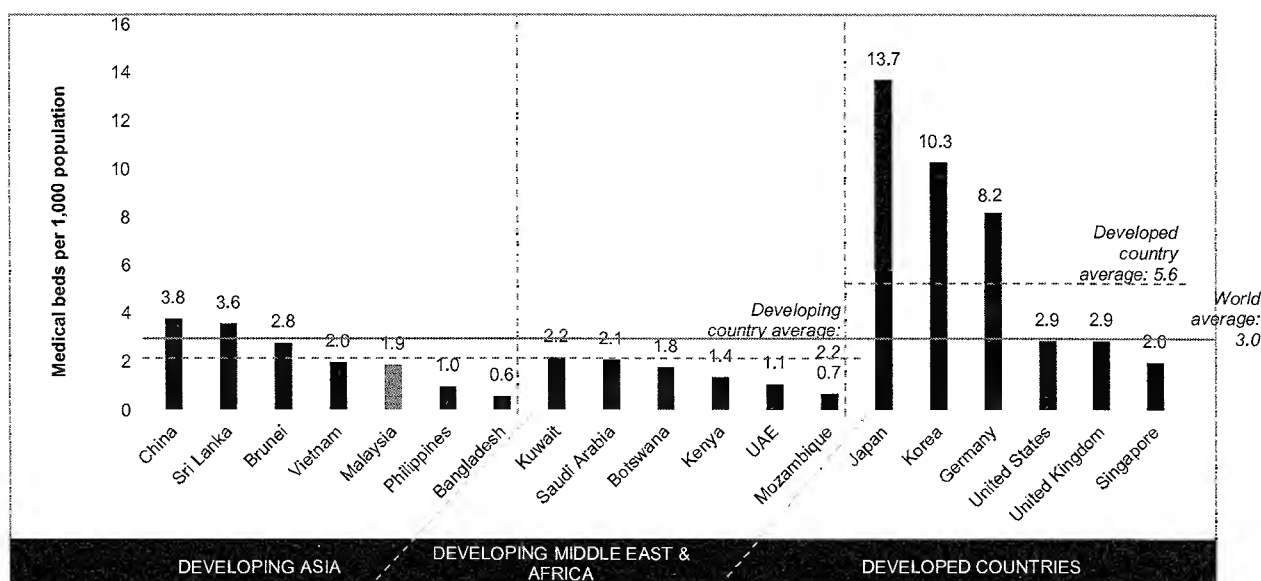
## 6. INDUSTRY OVERVIEW AND OUTLOOK (Cont'd)

SMITH ZANDER

Developed countries generally have more established and mature healthcare systems, with higher medical beds per capita reflecting greater accessibility to healthcare services as well as higher overall expenditure on healthcare development. A lower ratio of beds per 1,000 population, typically prevalent in developing countries, is indicative of latent demand for additional medical beds, thus reflecting the growth potential for healthcare infrastructure in these countries. Latent demand for medical beds refers to the potential growth in demand, as indicated by the relatively lower number of medical beds per 1,000 population as compared to *world average* or global benchmark standards.

The following chart shows the number of medical beds per 1,000 population data of selected developing countries in Asia, Middle East and Africa, as compared with the *world average*, *developing country average* and *developed country average* in 2013, or latest available year.

**Medical beds per 1,000 population (Selected countries, Global), 2013 (or latest available year) \***



**Notes:**

1. Developed country average is based on World Bank's average for high income countries which includes countries such as Australia, Germany, Japan, Iceland, Italy, Norway, Korea, Spain, Singapore, United Kingdom and the United States.
2. Developing country average is based on World Bank's average for middle income countries which mainly includes countries that are located in Asia, Middle East and Africa, such as Bangladesh, Botswana, People's Republic of China ("China"), Kenya, Malaysia, Maldives, Mauritius, the Philippines and Vietnam.

\* SMITH ZANDER has collated and selected the data points in the chart above from reports published by World Bank and MOH Malaysia, as well as segregated these data points according to the respective regions, in order to present the data points in an illustrative and informative manner.

Source: World Bank, MOH Malaysia,  
\*SMITH ZANDER analysis

### Number of Healthcare Professionals per 10,000 Population

Healthcare professionals are specialists and general physicians, supported by medical assistants, nurses, midwives and allied health workers. Similar to medical bed ratio statistics, developed countries have more established and mature healthcare systems, translating to a higher number of healthcare professionals per 10,000 population. This is also evidence of greater accessibility to healthcare services as well as higher overall expenditure on the development and provision of healthcare services.

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

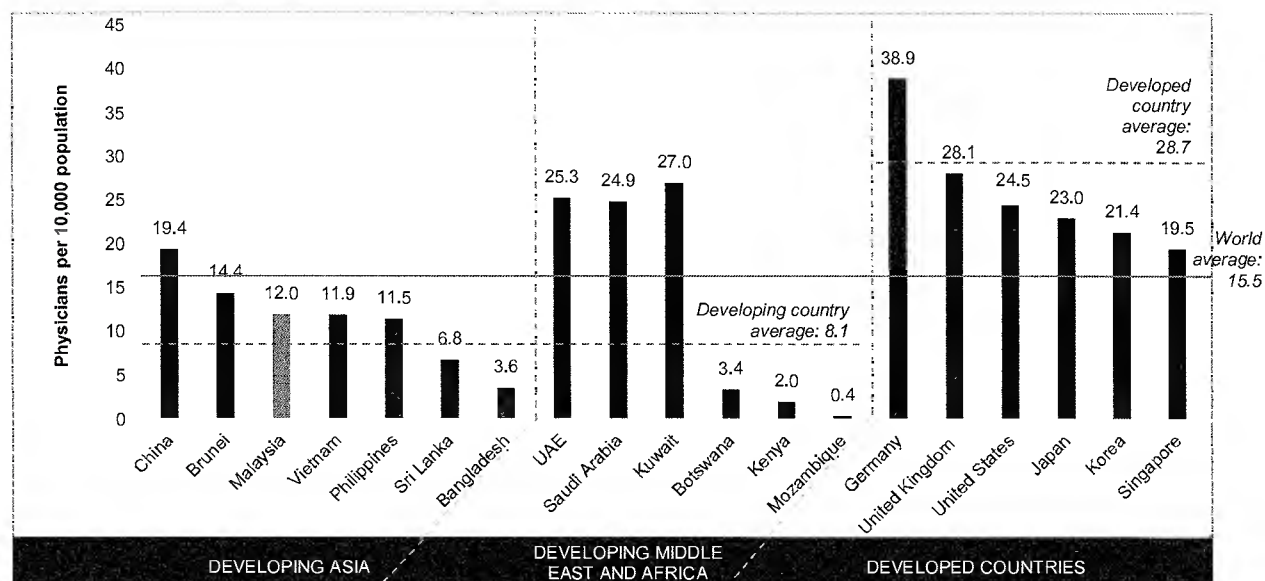
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Developing countries tend to have a lower number of physicians per 10,000 population, and nurses and midwives per 10,000 population when compared with developed countries. The developing country average for the number of physicians per 10,000 population and number of nurses and midwives per 10,000 population was 8.1 and 21.4 respectively in 2013, which is relatively lower than the developed country average for the number of physicians per 10,000 population and number of nurses and midwives per 10,000 population at 28.7 and 88.2 respectively in the same year. Overall, the world average for the number of physicians per 10,000 population and number of nurses and midwives per 10,000 population was 15.5 and 32.8 respectively in 2013.

Developed countries such as Germany, United Kingdom, the United States, Japan, Korea and Singapore have a higher number of physicians per 10,000 population of 38.9, 28.1, 24.5, 23.0, 21.4 and 19.5 respectively, as compared to the world average of 15.5 physicians per 10,000 population. Meanwhile, the number of physicians per 10,000 population in developing countries such as Brunei, Malaysia, Vietnam, the Philippines, Sri Lanka, Bangladesh, Botswana, Kenya and Mozambique are generally lower than the world average of 15.5, with 14.4, 12.0, 11.9, 11.5, 6.8, 3.6, 3.4, 2.0 and 0.4 respectively.

The following chart shows the number of physicians per 10,000 population of selected countries in Asia, Middle East and Africa and selected developed countries, as compared with the world average, developing country average, developed country average in 2013, or latest available year.

**Physicians per 10,000 population (Selected countries, Global), 2013 (or latest available year)**



**Notes:**

1. Developed country average is based on World Bank's average for high income countries which includes countries such as Australia, Germany, Japan, Iceland, Italy, Norway, Korea, Spain, Singapore, United Kingdom and the United States.
2. Developing country average is based on World Bank's average for middle income countries which mainly includes countries that are located in Asia, Middle East and Africa such as Bangladesh, Botswana, China, Kenya, Malaysia, Maldives, Mauritius, the Philippines and Vietnam.

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Source: World Health Organisation, World Bank,  
\*SMITH ZANDER analysis

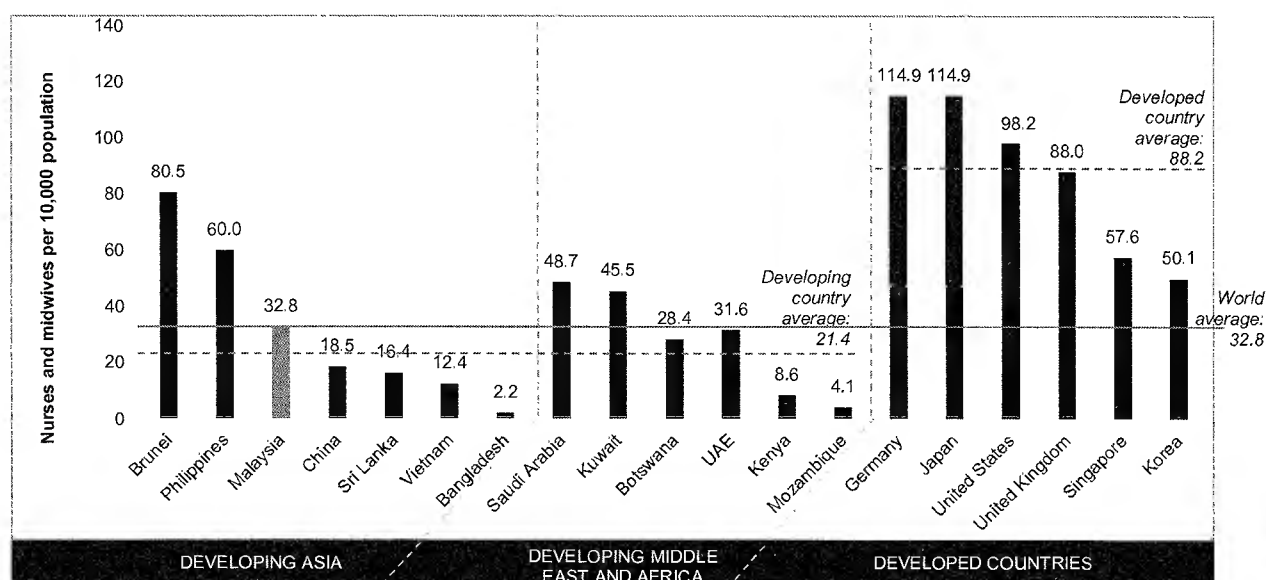
## 6. INDUSTRY OVERVIEW AND OUTLOOK (Cont'd)

SMITH ZANDER

Similarly, developed countries such as Germany, Japan, the United States, United Kingdom, Singapore and Korea have a higher number of nurses and midwives per 10,000 population of 114.9, 114.9, 98.2, 88.0, 57.6 and 50.1 respectively, as compared to the world average of 32.8 nurses and midwives per 10,000 population. The number of nurses and midwives per 10,000 population in developing countries such as China, Sri Lanka, Vietnam, Bangladesh, Botswana, UAE, Kenya and Mozambique are generally lower than the world average of 32.8, with 18.5, 16.4, 12.4, 2.2, 28.4, 31.6, 8.6 and 4.1 respectively. Malaysia's number of nurses and midwives per 10,000 population of 32.8 meets the world average ratio.

The following chart shows the number of registered nurses and midwives per 10,000 population of selected countries in Asia, Middle East and Africa and selected developed countries, as compared with the world average, developing country average and developed country average in 2013, or latest available year.

**Registered nurses and midwives per 10,000 population (Selected countries, Global), 2013 (or latest available year) \***



## Notes:

1. Developed country average is based on World Bank's average for high income countries which includes countries such as Australia, Germany, Japan, Iceland, Italy, Norway, Republic of Korea, Spain, Singapore, United Kingdom and the United States.
2. Developing country average is based on World Bank's average for middle income countries which mainly includes countries that are located in Asia, Middle East and Africa such as Bangladesh, Botswana, China, Kenya, Malaysia, Maldives, Mauritius, the Philippines and Vietnam.

\* SMITH ZANDER has collated and selected the data points in the chart above from reports published by World Bank and MOH Malaysia, as well as segregated these data points according to the respective regions, in order to present the data points in an illustrative and informative manner.

Source: World Health Organisation, World Bank,  
\*SMITH ZANDER analysis

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

SMITH ZANDER

**The Healthcare Services Industry in Malaysia**

Malaysia is a newly industrialised country with a growing economy and increasing wealth. The country is supported by a large productive population (aged 15-64 years) and a high employed population, which contributes to the increasing wealth of the population and a growing middle income group. Its Gross Domestic Product ("GDP") per capita is higher than in most Southeast Asian countries with the exception of Singapore and Brunei.

**Socioeconomic indicators (Malaysia), 2008 and 2015**

| Indicators                                                          | 2008  | 2015 |
|---------------------------------------------------------------------|-------|------|
| <b>Population (million)</b>                                         | 27.6  | 31.0 |
| 0-14 years (%)                                                      | 28.7  | 25.0 |
| 15-64 years (%)                                                     | 66.6  | 69.1 |
| 65 years and above (%)                                              | 4.8   | 5.9  |
| <b>Crude Birth Rate <sup>1</sup><br/>(per 1,000 people)</b>         | 17.9  | 16.3 |
| <b>Infant Mortality Rate <sup>1</sup><br/>(per 1,000 births)</b>    | 6.4   | 6.5  |
| <b>Crude Mortality Rate <sup>1</sup><br/>(per 1,000 population)</b> | 4.6   | 4.7  |
| <b>Life Expectancy – Female<br/>(Years)</b>                         | 76.4  | 77.4 |
| <b>Life Expectancy – Male<br/>(Years)</b>                           | 71.6  | 72.5 |
| <b>Total Employed (million) <sup>2</sup></b>                        | 10.7  | 13.5 |
| <b>Household Income<br/>Distribution <sup>2</sup>:</b>              |       |      |
| RM2,999 and below                                                   | 24.3% |      |
| RM3,000- RM7,999                                                    | 54.1% |      |
| RM8,000 and above                                                   | 21.6% |      |

Notes:

<sup>1</sup> The only publicly available data is as at 2013.

<sup>2</sup> The only publicly available data is as at 2014.

Source: Department of Statistics Malaysia

services, thus benefitting the healthcare industry. Furthermore, as the country develops further, its disposable income will further increase, and this would inevitably increase the purchasing power of Malaysians, including the demand for healthcare services.

According to the MOH Malaysia, total healthcare expenditure in Malaysia, comprising public and private healthcare expenditure, steadily increased from RM17.8 billion in 2004 to RM41.0 billion in 2013, at a CAGR of 9.7%. SMITH ZANDER projects that the total healthcare expenditure in Malaysia will reach RM59.0 billion by 2017, and will grow at a CAGR of 9.5%.

The public healthcare system is highly subsidised and public healthcare expenditure consists of Government spending on healthcare operational costs, capacity building and the procurement of pharmaceuticals and medical supplies. The funds originate from tax collections and other government income, and are mainly channelled to the MOH Malaysia through annual budgetary allocations.

Malaysia has a smaller population as compared to other Southeast Asian countries but is nonetheless growing. However, according to the Department of Statistics Malaysia, individuals age 65 years and above comprise around 5.9% of the total population, which is an increase from 4.8% in 2008. Meanwhile, the percentage of individuals that are younger than 14 years old in the country has decreased from 28.7% in 2008 to 25.0% in 2015. Life expectancies for males and females have also increased from 71.6 and 76.4 years respectively in 2008 to 72.5 and 77.4 years respectively in 2015. The increasing percentage of the older population and the longer life expectancy of the population indicates that Malaysia has a growing ageing population.

With an increasing ageing population and decreasing younger population segment, there is a greater risk of illnesses and diseases such as cardiovascular diseases, cancers and other age-related diseases. The increased cases of illnesses and diseases within the country is expected to lead to a greater demand for healthcare

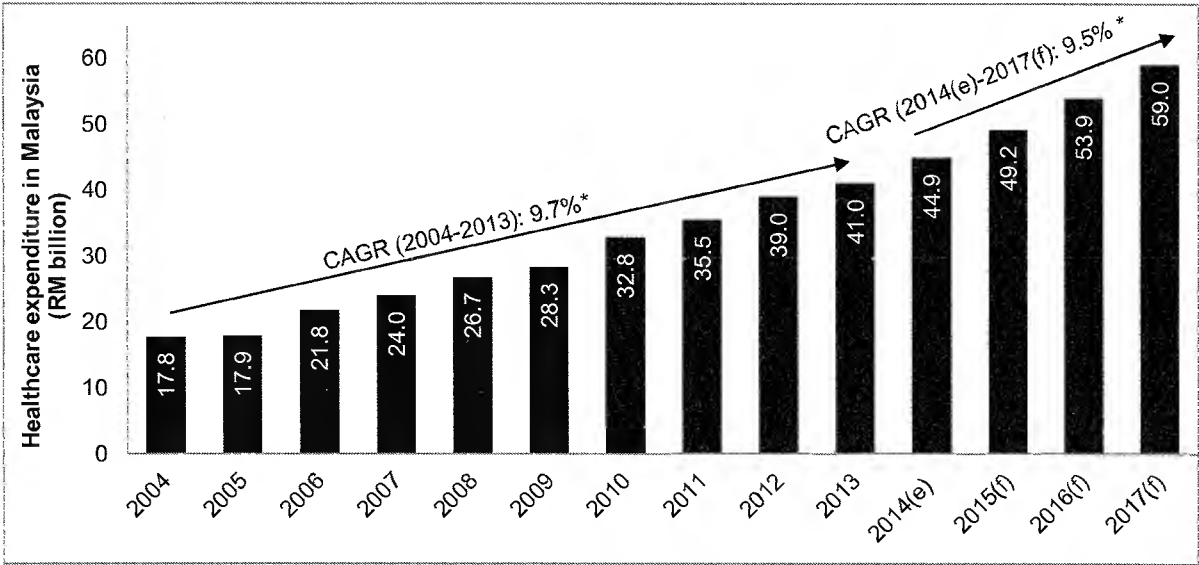
6. INDUSTRY OVERVIEW AND OUTLOOK (Cont'd)

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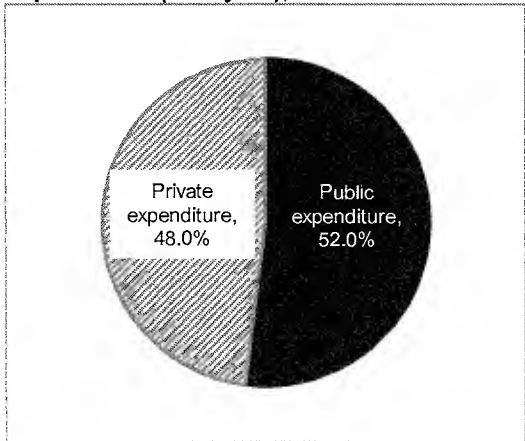
Private healthcare expenditure comprises out-of-pocket expenditure incurred by individuals or corporates for healthcare bills, including expenditure covered by private or corporate health insurance plans, purchase of pharmaceuticals and disbursements made by private insurers for medical expenses. Private healthcare expenditure indicates spending incurred in both public and private healthcare facilities, as well as spending on over-the-counter medication/pharmaceuticals.

In 2013, public healthcare expenditure was estimated to comprise 52.0% of total healthcare expenditure, while private healthcare expenditure comprised the remaining 48.0% of total healthcare expenditure in that year.

Healthcare expenditure (Malaysia), 2004-2017(f)



Breakdown of public and private healthcare expenditure (Malaysia), 2013



- Notes:
1. Latest available information for total healthcare expenditure is in 2013.
  2. Latest available information for the breakdown of public and private healthcare expenditure is in 2013.
- \* CAGRs and forecasts were computed by SMITH ZANDER.

Source: MOH Malaysia, World Bank,  
\*SMITH ZANDER analysis

**6. INDUSTRY OVERVIEW AND OUTLOOK (Cont'd)****SMITH ZANDER**

Public hospitals are Government-owned hospitals operating under public funding by the MOH Malaysia. Many of the major private hospitals are part of networks of hospitals operated by several major private healthcare groups such as IHH Healthcare Berhad, KPJ Healthcare Berhad, Sime Darby Healthcare Sdn Bhd and Columbia Asia Sdn Bhd.

In 2014, there were 334 hospitals in Malaysia, comprising 184 private hospitals and 150 public hospitals. Public hospitals saw an increase from 143 hospitals in 2008 to 150 hospitals in 2014, while private hospitals declined from 209 hospitals in 2008 to 184 hospitals in 2014. The decline in number of hospitals in 2014 is attributed to the difference in tabulation of number of private hospitals by the MOH, where in 2013 all private hospitals that were licensed or in operations were included; but in 2014 only private hospitals licensed (or had their licenses renewed) as at 31 December 2014 were included. Hence, the method of tabulating the number of private hospitals differed in 2013 and 2014.

Notwithstanding the reason above, there may also have been closures of smaller private hospitals in 2014 as a result of rising costs of operations.

**Number of public and private hospitals (Malaysia), 2008-2014**

|                   | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|-------------------|------|------|------|------|------|------|------|
| Public Hospitals  | 143  | 144  | 145  | 146  | 147  | 149  | 150  |
| Private Hospitals | 209  | 209  | 217  | 220  | 209  | 214  | 184  |
| Total Hospitals*  | 352  | 353  | 362  | 366  | 341  | 363  | 334  |

Note:

\* Total number of hospitals were computed by SMITH ZANDER.

Source: MOH Malaysia,  
\*SMITH ZANDER analysis

Thus, this decline in hospitals in 2014 appears to be due to factors other than demand for healthcare services, as demand for healthcare services has demonstrated an increase, as evidenced by the rise in hospital admissions in Malaysia from 3,323,000 in 2013 to 3,696,800 in 2014, a growth of 11.2%.

Between 2010 and 2014, the number of hospital admissions grew by a CAGR of 4.2%, from approximately 3.1 million patients in 2010 to 3.7 million patients in 2014. Meanwhile, outpatient attendees grew from 49.9 million persons in 2010 to 61.8 million persons in 2014, at a CAGR of 5.5%.

**Hospital admissions and outpatient attendees in public and private hospitals and medical centres (Malaysia), 2010-2014**

|                             | 2010     | 2011     | 2012     | 2013     | 2014     | CAGR<br>2010-<br>2014* |
|-----------------------------|----------|----------|----------|----------|----------|------------------------|
| Hospital admissions ('000)  | 3,132.2  | 3,185.9  | 3,423.3  | 3,323.0  | 3,696.8  | 4.2%                   |
| Outpatient attendees ('000) | 49,939.5 | 52,517.5 | 55,448.4 | 58,870.1 | 61,834.1 | 5.5%                   |

Note:

\* CAGRs were computed by SMITH ZANDER.

Source: MOH Malaysia,  
\*SMITH ZANDER analysis

**6. INDUSTRY OVERVIEW AND OUTLOOK (Cont'd)****SMITH ZANDER**

Moving forward, the number of hospitals in Malaysia is expected to increase, as witnessed by new and upcoming developments such as the KPJ Bandar Dato' Onn Specialist Hospital, Iskandariah Hospital and a public hospital in Pasir Gudang which are to be developed in Iskandar, Johor; public hospital in Pendang, Kedah; KPJ Perlis Specialist Hospital and Padang Besar Hospital which are to be developed in Perlis; Seri Iskandar Hospital and a private medical education facility in Meru, Perak; public hospitals in Dungun and Kemaman, Terengganu; KPJ Pahang Specialist Hospital and a public hospital in Maran in Pahang; UCSI University Hospital in Bandar Springhill in Negeri Sembilan; as well as University of Malaya Health Metropolis ("UMHM") and a public hospital in Cyberjaya in Selangor.

**Selected upcoming hospitals (Malaysia), 2015 onwards**

| Location        | Name of hospital                                                                 | Public/ Private |
|-----------------|----------------------------------------------------------------------------------|-----------------|
| Johor           | KPJ Bandar Dato' Onn Specialist Hospital<br>(a project of KPJ Healthcare Berhad) | Private         |
|                 | Iskandariah Hospital<br>(a project of TMC Life Sciences Berhad)                  | Private         |
|                 | Public hospital in Pasir Gudang                                                  | Public          |
| Kedah           | Public hospital in Pendang                                                       | Public          |
| Perlis          | Padang Besar Hospital                                                            | Public          |
|                 | KPJ Perlis Specialist Hospital<br>(a project of KPJ Healthcare Berhad)           | Private         |
| Perak           | Seri Iskandar Hospital                                                           | Public          |
|                 | Medical education facility<br>(a project of QI Group)                            | Private         |
| Terengganu      | Public hospital in Dungun                                                        | Public          |
|                 | Public hospital in Kemaman                                                       | Public          |
| Pahang          | KPJ Pahang Specialist Hospital (a project of KPJ Healthcare Berhad)              | Private         |
|                 | Public hospital in Maran                                                         | Public          |
| Negeri Sembilan | UCSI University Hospital                                                         | Private         |
| Selangor        | UMHM                                                                             | Public          |
|                 | Public hospital in Cyberjaya                                                     | Public          |

Source: SMITH ZANDER

**Key Demand Drivers****Increasing incidences of chronic diseases leading to greater demand for healthcare services**

There is increasing incidences of chronic diseases mainly attributable to more stressful lifestyles, consumption of processed foods which generally have higher saturated fat content and lower nutritional values, and a more sedentary lifestyle with lack of regular exercise. As a result, there has been an increase in chronic diseases such as ischaemic heart diseases, hypertensive diseases, asthma, and cancer.

In Malaysia, the number of discharge rates for patients with chronic diseases, or non-communicable diseases, such as heart diseases, stroke and cancer increased from approximately 69,599 patients in 2003 to 142,184 patients in 2014. Mortality rates of patients suffering from malignant neoplasm (cancer) in Government hospitals, also grew from 6.07 per 100,000 population in 2003 to 18.15 per 100,000 population in 2014.

Furthermore, the increase in the intake of high calorie, processed foods and fast foods, and a sedentary lifestyle has led the nation, adult and children alike, to be overweight. The fourth National Health and Morbidity Survey conducted in 2011 ("NHMS 2011") estimated the prevalence of obesity at 27.2% (4.4 million) for adults above 18 years old and 3.9% (0.3 million) for children below 18 years old. This survey raises much concern because the number of overweight adults had grown by almost seven (7) fold in the past 15 years, from 4.0% in 1996 to 14.0% in 2006 and to 27.2% in 2011. Furthermore, the NHMS 2011

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

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also reported a further 33.3% of adults were on the verge of becoming overweight. The increase in obesity is alarming as it is an indicator of future increases in incidences of chronic diseases, such as hypertension, diabetes and cancer. This can be seen from the increase in prevalence of diabetes, as reported by the National Diabetes Registry, from 6.3% for adults over the age of 30 in 1986, to 15.2% amongst adults above 18 years old in 2011.<sup>7</sup>

The consequences of obesity and chronic diseases ranges from an adverse impact on the quality of life to an increased risk of premature death, consequently resulting in higher healthcare expenditure and a greater demand for healthcare services.

### **An ageing society in Malaysia is expected to drive the demand for healthcare**

The demographic in Malaysia is shifting, as depicted by the decreasing younger population and increasing older population over the years. Malaysia's percentage of population below 14 years of age in the country has decreased from 28.7% of the total population in 2008 to 25.0% of the total population in 2015, while the percentage of population above 65 years old of age has increased from 4.8% of the total population in 2008 to 5.9% of the total population in 2015. It is estimated that the number of older population will increase to 3.4 million in the year 2020 (representing 9.9% of the total population).

An ageing population is defined as a shift in the distribution of a country's population towards an older age group, which is mainly caused by the ageing of baby boomers<sup>8</sup>, who are moving into retirement age. This is further exacerbated by low birth rates, low mortality rates and improved life expectancy. A low birth rate is mainly the result of increasing urbanisation which is associated with increased living costs and a busy lifestyle, both of which are less conducive to family building.

A low mortality rate and improved life expectancy are primarily the result of better living conditions from increased wealth, access to better nutrition, healthcare and sanitation, as well as overall economic and political stability in countries. An ageing population is expected to lead to an increase in the demand for healthcare services due to:

- higher occurrence of chronic diseases such as cardiovascular diseases as well as cancer and age-related diseases such as arthritis and diabetes;
- higher requirement for diagnosis and hospital-based inpatient and outpatient treatment; and
- longer duration of care.

The increasing demand for healthcare services will ultimately drive the growth of the healthcare services industry.

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<sup>7</sup> Latest available data is as at 2011

<sup>8</sup> The baby boomers refer to those born during the 1940s -1960s

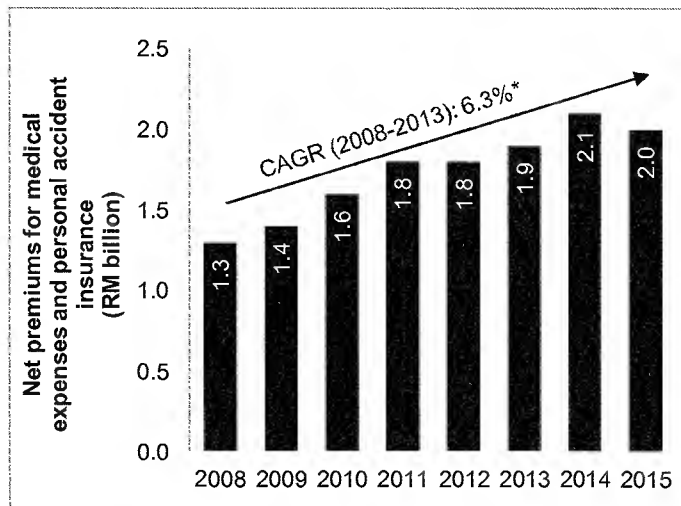
## 6. INDUSTRY OVERVIEW AND OUTLOOK (Cont'd)

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**Increased accessibility to healthcare services due to growth in income and/or uptake of medical insurance continues to drive the healthcare services industry**

Over the years, medical insurance have increasingly become more attainable to individuals in Malaysia. This is illustrated through the rise in medical and personal accident insurance premiums, from RM1.3 billion in 2008 to RM2.0 billion in 2015, at a CAGR of 6.3%, indicating that the increasing affluence and rising income of the population has led to greater uptake in medical insurance plans. This increase in the uptake of medical insurance has resulted in a greater affordability in attaining healthcare services, particularly from the private healthcare sector. Thus, as affordability increases, this will drive the healthcare services industry.

Malaysia is an upper-middle income developing economy with aspirations to achieve developed status by the year 2020. GDP per capita grew at a CAGR of 6.3% from approximately RM19,651 in 2004 to RM36,165 in 2014, while purchasing power parity ("PPP") per capita income increased at a CAGR of 5.2% during the same period, from approximately USD15,106 (RM57,403<sup>9</sup>) in 2004 to USD25,145 (RM82,315<sup>10</sup>) in 2014. This increase in GDP and PPP per capita is evidence of a rise in a more affluent population that has greater spending power, creating demand for basic necessities and non-essential products, including healthcare services.

**Net premiums for medical expenses and personal accident insurance (Malaysia), 2008-2015**

Note:

\* CAGRs were computed by SMITH ZANDER.

Source: Bank Negara Malaysia,  
\*SMITH ZANDER analysis

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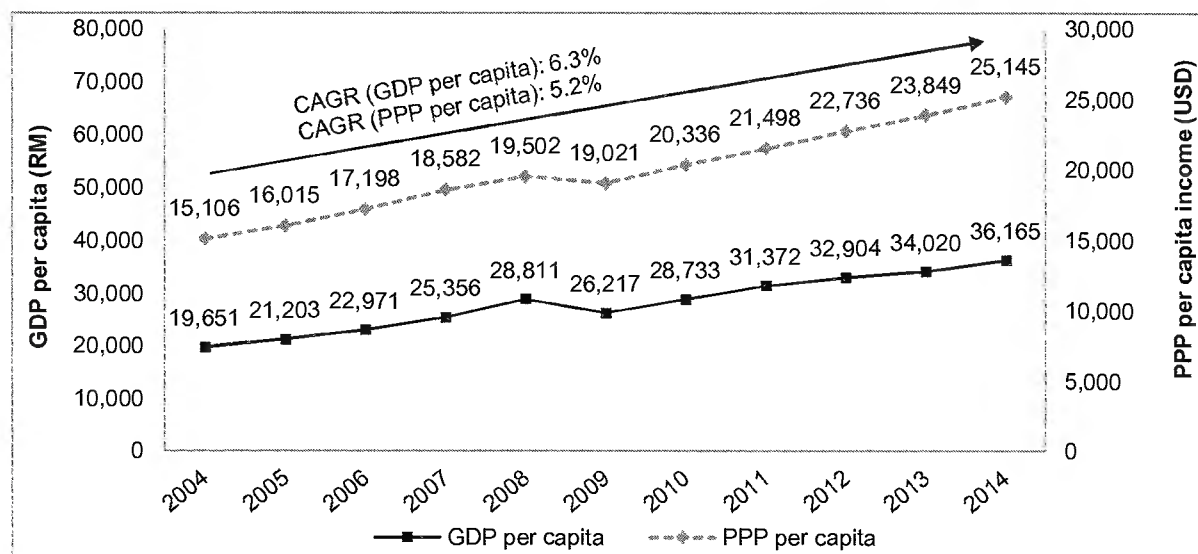
<sup>9</sup> Exchange rate from USD to RM in 2004 was converted based on average annual exchange rates in 2004 extracted from published information from Bank Negara Malaysia at USD1=RM3.800

<sup>10</sup> Exchange rate from USD to RM in 2014 was converted based on average annual exchange rates in 2014 extracted from published information from Bank Negara Malaysia at USD1=RM3.2736

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

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## Growth in disposable income (Malaysia), 2004-2014



Source: International Monetary Fund

## Government initiatives to promote the healthcare services industry

The Government of Malaysia has launched various national plans and programmes to support the growth of the healthcare services industry. The national initiatives implemented by the Government support various segments of the healthcare industry, from the provision of medicines to the construction of healthcare facilities. Among these plans and programmes include:

## a) National Strategic Plan for Non-Communicable Diseases (or Chronic Diseases)

The MOH Malaysia released a "National Strategic Plan for Non-Communicable Diseases" ("NSP-NCD") to address the increasing prevalence of these diseases more efficiently and effectively. The strategies of the NSP-NCD include, amongst others, preventing chronic diseases, equipping healthcare professionals with appropriate knowledge, and equipping healthcare facilities with minimum clinical equipment and tools required to diagnose and treat these diseases. This plan will increase the population's awareness of non-communicable diseases or chronic diseases, boosting the overall healthcare services industry.

## b) Economic Transformation Programme ("ETP")

The healthcare sector of the ETP, driven by the Performance Management Delivery Unit ("PEMANDU"), aims to further grow the overall healthcare sector, with a broad coverage on areas such as medical devices, aged-care services and clinical research. Collectively, the 17 Entry Point Projects ("EPPs") under the ETP are projected to create 26,966 jobs and generate an income of RM6.59 billion by 2020.

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

SMITH ZANDER

Specific to the healthcare sector, EPPs that further boost the demand for healthcare are as listed below:

| EPP                                     | Impact                                                                                                                                                                                                                                                                                                                                                                                                         | 2020 Gross National Income ("GNI") (millions) |
|-----------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|
| EPP 4: Reinvigorating healthcare travel | Increase in patient volume through marketing and cross-border alliances, offering better patient care and experience, upgrading of infrastructure and increasing the number of healthcare specialists. The establishment of medical healthcare travel has allowed for increased foreign patients, as depicted by the increase in revenue of RM683.92 million generated from medical healthcare travel in 2013. | 4,294.4                                       |
| EPP 6: Developing a health metropolis   | UMHM will comprise a 320-bed hospital, a 338-healthcare hotel, a medical research centre and other supporting healthcare facilities. UMHM will be the launching pad of a larger series of healthcare ecosystem in various locations in Malaysia. UMHM is expected to be operational by 2017.                                                                                                                   | 986.2                                         |
| EPP 15: Mobile healthcare services      | Love On Wheels Healthcare Services Sdn Bhd leads this EPP through its "Kasih Atas Sumbangan Ikhlas dan Hemat" project. This project enables senior citizens in Malaysia to have accessibility to nursing and rehabilitation services through mobile healthcare services.                                                                                                                                       | 211.9                                         |
| EPP 16: Institutional aged care         | Econ Healthcare Group will build the first retirement village complete with nursing home facilities in Cheras. The retirement village will comprise a 200-bed nursing home and other nursing home facilities, to cater for the elderly who require medical assistance.                                                                                                                                         | 83.0                                          |
| EPP 17: Retirement villages             | Eden-On-The-Park Sdn Bhd is building the first Integrated Senior Active Lifestyle and Care Residence Resort in Kuching, Sarawak. It will be the prototype of future retirement villages in Malaysia when it is completed in 2016.                                                                                                                                                                              | 1,194.0                                       |

Source: PEMANDU

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

SMITH ZANDER

In addition to the ETP national plans and programmes, the Government of Malaysia also announced several measures to drive the growth in the healthcare services industry under the 2015 Budget and the 2016 Budget. The measures are:

| Measure                                                              | Impact                                                                                                                                                                                                                                                                                                                                           |
|----------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Developing healthcare facilities                                     | The construction of two (2) hospitals, 20 health clinics and four (4) dental clinics to increase the number of Government healthcare facilities.                                                                                                                                                                                                 |
| Establishing 1Malaysia clinics                                       | There are plans to establish 30 additional 1Malaysia clinics in Budget 2015. Under Budget 2016, RM52 billion has been allocated to cover the operations of existing 1Malaysia clinics and to establish an additional 33 1Malaysia clinics. This will increase the total number of Government healthcare facilities and healthcare support staff. |
| Replacing haemodialysis machines in Government hospitals and clinics | Healthcare services in Government hospitals and clinics will be improved, leading to patients having greater access to better care.                                                                                                                                                                                                              |
| Providing medication for patients undergoing haemodialysis treatment | Patients will have increased access to medication for haemodialysis.                                                                                                                                                                                                                                                                             |
| Providing tax relief for chronic diseases                            | Patients of chronic diseases will be entitled to a tax relief of up to RM6,000 for expenses. This tax relief is opened to the tax payer, spouse and children.                                                                                                                                                                                    |
| Providing complimentary dengue test kits                             | The 55,000 dengue test kits distributed free of charge to private clinics is expected to contain the dengue fever epidemic as it would expedite the detection of dengue fever.                                                                                                                                                                   |
| Construction and redevelopment of healthcare facilities              | <ul style="list-style-type: none"> <li>The construction of five (5) new hospitals in Pasir Gudang, Kemaman, Pendang, Maran and Cyberjaya.</li> <li>The redevelopment of Kajang Hospital.</li> </ul> <p>The construction and upgrading works of various rural clinics, health clinics and dental clinics located nationwide.</p>                  |
| Supply of medical goods                                              | The Government has allocated RM4.6 billion for the supply of medicines, consumables, vaccines and reagents to all Government hospitals and clinics.                                                                                                                                                                                              |
| Medical charges on non-citizens                                      | Beginning 1 January 2016, the Government will impose full medical charges on non-citizens.                                                                                                                                                                                                                                                       |

Source: Ministry of Finance Malaysia

Furthermore, Khazanah National Berhad, the strategic investment fund of the Government of Malaysia, also announced in September 2015 that IHH Healthcare Berhad had committed to a capital expenditure of RM670 million for the expansion of existing hospitals and construction of new hospitals in Medini Iskandar, Johor; Kuala Lumpur, Wilayah Persekutuan; Klang, Selangor; Malacca; and Kota Kinabalu, Sabah. Khazanah National Berhad also announced its intention to invest approximately RM100 million in an in-patient rehabilitation hospital business over the next two (2) years. The in-patient rehabilitation hospital business will be a collaboration between Khazanah National Berhad and a foreign technical operator and equity partner.

## 4 MEDICAL BED, PERIPHERAL AND ACCESSORY INDUSTRY IN MALAYSIA

### Definitions and Segmentation

Medical beds, peripherals and accessories are essential supplies to hospitals and medical centres as patients require the usage of medical beds, peripherals and/or accessories during the time they are hospitalised and/or are attended to.

The medical bed, peripheral and accessory industry can be broadly segmented into the following:

#### (i) Medical beds

Medical beds refer to beds specially designed for hospitalised patients or individuals in need of any form of healthcare services. Medical beds have different features from ordinary beds (such as adjustable height, backrest, kneerest and footrest, and mobility) for the purpose of providing comfort and for the well-being of the patient, as well as for the convenience of healthcare professionals (i.e. doctors and nurses) during the provision of healthcare services.

Medical beds are a measure of capacity for hospitals and medical centres as medical beds determine the number of patients any particular hospital or medical centres can support.

There are various types of medical beds, generally categorised into manual beds, hydraulic beds, electric beds and delivery beds. Manual beds are beds where adjustment for height, backrest, kneerest and footrest are operated manually. Meanwhile, height, backrest, kneerest and footrest adjustments are controlled using a hydraulic mechanism for hydraulic beds, and an electrical system for electric beds. Manual beds are commonly used in developing countries due to the substantial difference in pricing between manual beds, and hydraulic and electric beds. Furthermore, developing countries with less established energy infrastructure are also more inclined towards the use of manual beds due to frequent power outages and/or fluctuations in electrical current. Hydraulic and electric beds are more prevalent in developed countries as well as in private hospitals and medical centres in developing countries.

Delivery beds, on the other hand, are specially-designed beds to provide support for mothers during labour, delivery and/or after-delivery stages.

#### (ii) Medical peripherals and accessories

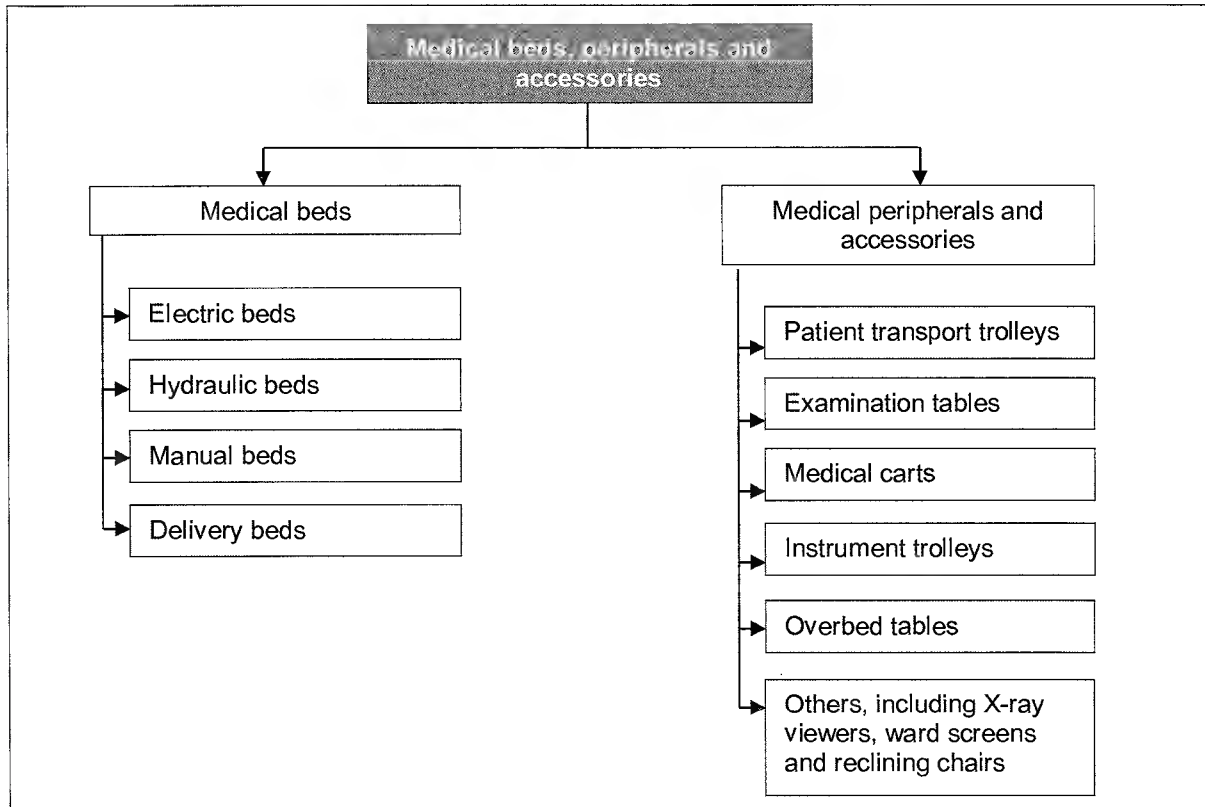
Medical peripherals and accessories include products such as patient transport trolleys, examination tables, medical carts and instrument trolleys. These products are not typically used as a measure of capacity to determine the number of patients a facility can support. Instead, they are nonetheless important items used in the course of the daily operations of a hospital or medical centre.

Patient transport trolleys are used to transport patients within and out of the hospital, and are typically narrower than medical beds to allow for easier mobility. Examination tables are flat based medical beds which patients are placed upon during a medical examination. On the other hand, medical carts are typically used by healthcare professionals to temporarily or permanently hold and/or store medical equipment, instruments and accessories, while instrument trolleys are designed for healthcare professionals to hold medical instruments during the time they are examining or performing an operation on a patient.

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

SMITH ZANDER

### Segmentation of the medical bed, peripheral and accessory industry, 2015



*Note:*

*This list is not exhaustive.*

*Source: SMITH ZANDER*

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

SMITH ZANDER

**Key Demand Drivers****Growth in demand for healthcare services is expected to drive the medical bed, peripheral and accessory industry**

The demand for healthcare services has been increasing over the years due to the changes in lifestyle, leading to higher incidences of chronic diseases, the demographic shift to an ageing population, the increased accessibility or uptake of medical insurance, as well as Government initiatives in driving the healthcare services industry. The increasing demand for healthcare services has consequently led to a growth in healthcare facilities, thereby increasing demand for additional medical beds, peripherals and accessories, in order to furnish and equip new healthcare facilities.

(Please refer to **Chapter 3 - The Healthcare Services Industry** of this IMR report for further details on the increase in demand for healthcare services.)

**Government initiatives to promote the medical bed, peripheral and accessory industry**

The Government plays an active role in driving the healthcare equipment sector, thus benefiting the medical bed, peripheral and accessory industry. The MOH Malaysia acknowledges the shortage of medical beds in the country, and has announced that the Government has been taking measures to improve access to healthcare in general, including the upgrading of existing hospitals and the building of new hospitals in high density areas to accommodate for the lack of healthcare services and insufficient number of beds. In the 11<sup>th</sup> Malaysia Plan which was launched in May 2015, the Government announced its aim to achieve universal access to quality healthcare, and in doing so it aims to increase the medical bed ratio to 2.3 beds per 1,000 population.

The ETP (2011-2020) was launched in 2010 with the goal of promoting Malaysia into an inclusive and sustainable high-income country by the year 2020. The ETP is a comprehensive initiative comprising 131 high impact projects under 12 economic focus areas that have the potential to stimulate economic growth. The healthcare sector is a key driver of domestic consumption and plays a significant role in promoting economic growth. Among some of the initiatives highlighted under the ETP, which will boost the growth of the medical bed, peripheral and accessory industry, are as listed below:

**(i) EPP 11: Orchestration of a Medical Equipment Supply Chain**

UWC Holdings Sdn Bhd have been identified and selected to lead this initiative through the construction of an 80,000 square feet medical equipment manufacturing facility in Penang. The facility will manufacture medical beds, peripherals, accessories and equipment such as medical beds, trolleys, stretchers, immobilisers and pre-filled humidifiers. This project is estimated to bring in RM1.0 billion in GNI by 2020.

**(ii) EPP 13: Building a Medical Hardware and Furniture Cluster**

LKL Advance Metaltech Sdn Bhd, a subsidiary of LKL International Berhad, was identified to spearhead this project of developing the medical bed, peripheral and accessory sector. This project is estimated to bring in a total of RM380 million in GNI by 2020.

Furthermore, IHH Healthcare Berhad's commitment to expand its existing hospitals and build several new hospitals in Johor, Kuala Lumpur, Selangor, Malacca, and Sabah, as well as Khazanah National Berhad's intention to invest in an in-patient rehabilitation hospital business will contribute to higher demand for medical beds, peripherals and accessories.

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

SMITH ZANDER

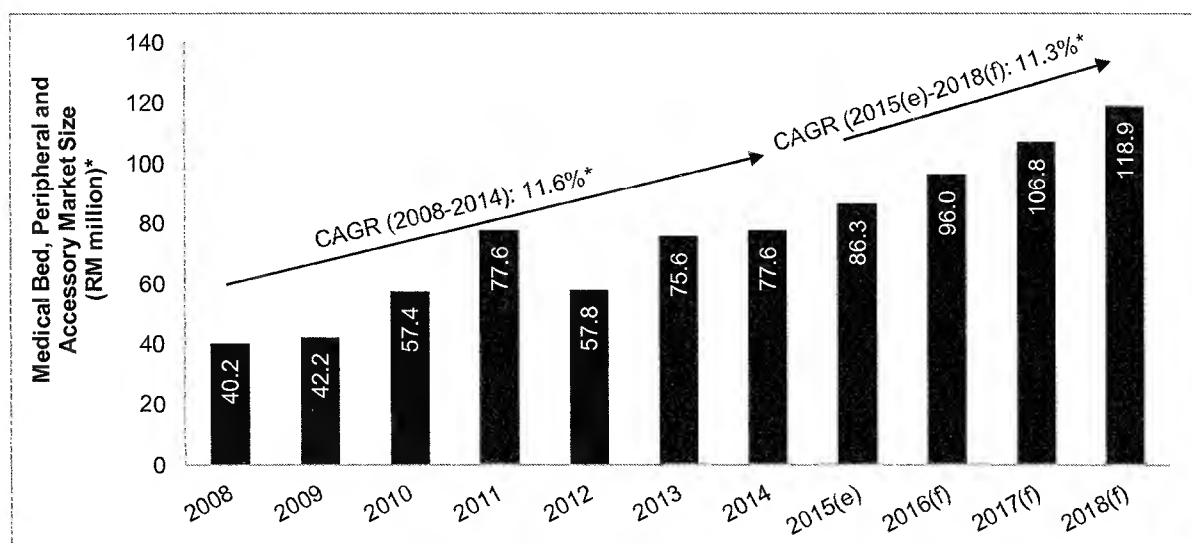
## Market Size and Growth Prospects

The medical bed, peripheral and accessory market size in Malaysia is defined as the sum of local industry manufacturers' revenues, and imports of medical beds, peripherals and accessories, net of exports by local industry players. Thus, it denotes consumption of medical beds, peripherals and accessories in the country. The local industry players include both manufacturers, and agents and distributors. Manufacturers are companies which are involved in the manufacturing of their in-house house brand of medical beds, peripherals and accessories and/or contract manufacturing of these products, while agents and distributors are companies which market and distribute local as well as imported medical bed, peripheral and accessory brands. (Please refer to **Chapter 4 – Medical Bed, Peripheral and Accessory Industry (Competitive Overview)** of this IMR report for further details on these industry players.)

The market size for medical beds, peripherals and accessories has demonstrated positive growth, increasing from approximately RM40.2 million in 2008 to approximately RM77.6 million in 2014, at a CAGR of 11.6%. The market size in 2014 is the latest available data as the financial year end ("FYE") 2014 is the latest year where financial information of the identified local manufacturers are available.

Moving forward, SMITH ZANDER forecasts the medical bed, peripheral and accessory market size to grow from an estimated RM86.3 million in 2015 to RM118.9 million in 2018, at a CAGR of 11.3%. This is expected to be driven by the growing healthcare services industry and Government-driven initiatives to promote the medical bed, peripheral and accessory industry. (Please refer to **Chapter 4 – Medical Bed, Peripheral and Accessory Industry (Key Demand Drivers)** of this IMR report for further details on key demand drivers).

## Medical bed, peripheral and accessory market size (Malaysia), 2008-2018(f) \*



Note:

\* CAGRs and forecasts were computed by SMITH ZANDER. The market size for medical beds, peripherals and accessories was also computed by SMITH ZANDER based on revenues of local manufacturers' and imports of medical beds, peripherals and accessories, net of exports by local industry players.

Source: Suruhanjaya Syarikat Malaysia ("SSM"), United Nations Comtrade Database,  
\*SMITH ZANDER analysis

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

SMITH ZANDER

In 2014, there were 57,571 medical beds available in hospitals and medical centres in Malaysia, of which 43,822 medical beds were in public hospitals and medical centres, while 13,749 medical beds were in private hospitals and medical centres.

Over the last six (6) years, medical beds grew by a CAGR of 1.3%, growing from 53,414 medical beds in 2008 to 57,571 medical beds in 2014. Much of this growth was driven by medical beds in private hospitals and medical centres, as depicted by the relatively higher CAGR during this period of 2.1% as compared to the CAGR of medical beds in public hospitals and medical centres of 1.0%. The growth in the number of medical beds in private hospitals and medical centres were mostly attributed to the growth from hospitals, nursing homes and hospices. Nevertheless, it should be noted that the number of medical beds in public hospitals and medical centres are substantially higher than the number of medical beds in private hospitals and medical centres in Malaysia, with public hospitals and medical centres holding about three (3) quarters of the total number of medical beds in Malaysia.

## Number of medical beds in public and private hospitals and medical centres (Malaysia), 2008-2014

|                                                  | 2008          | 2009          | 2010          | 2011          | 2012          | 2013          | 2014          | CAGR<br>2008-<br>2014 <sup>*</sup> |
|--------------------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|------------------------------------|
| <b>Total</b>                                     | <b>53,414</b> | <b>54,316</b> | <b>55,193</b> | <b>55,923</b> | <b>56,973</b> | <b>58,145</b> | <b>57,571</b> | <b>1.3%</b>                        |
| <b>Public hospitals and<br/>medical centres</b>  | <b>41,249</b> | <b>41,580</b> | <b>41,483</b> | <b>41,716</b> | <b>42,707</b> | <b>43,437</b> | <b>43,822</b> | <b>1.0%</b>                        |
| MOH hospitals                                    | 33,004        | 33,083        | 33,211        | 33,812        | 34,078        | 34,576        | 35,318        | 1.1%                               |
| MOH special medical<br>institutions              | 5,000         | 4,974         | 4,582         | 4,582         | 4,900         | 5,152         | 4,942         | -0.2%                              |
| Non-MOH hospitals                                | 3,245         | 3,523         | 3,690         | 3,322         | 3,729         | 3,709         | 3,562         | 1.6%                               |
| <b>Private hospitals and<br/>medical centres</b> | <b>12,165</b> | <b>12,736</b> | <b>13,710</b> | <b>14,207</b> | <b>14,266</b> | <b>14,708</b> | <b>13,749</b> | <b>2.1%</b>                        |
| Hospitals                                        | 11,689        | 12,216        | 13,186        | 13,568        | 13,667        | 14,033        | 13,038        | 1.8%                               |
| Nursing homes                                    | 274           | 273           | 263           | 362           | 364           | 444           | 513           | 11.0%                              |
| Maternity Homes                                  | 174           | 102           | 97            | 105           | 96            | 87            | 57            | -17.0%                             |
| Hospices                                         | 28            | 28            | 30            | 38            | 38            | 38            | 38            | 5.2%                               |
| Ambulatory care centres                          | NA            | 108           | 125           | 125           | 101           | 96            | 103           | 0.9% <sup>^*</sup>                 |
| Community mental<br>health care centres          | NA            | 9             | 9             | 9             | -             | 10            | 0             | -100% <sup>^*</sup>                |

## Notes:

1. NA denotes data is not available.
2. <sup>^\*</sup>CAGRs pertain to period between 2009 and 2014.  
\* CAGRs were computed by SMITH ZANDER.

Source: MOH Malaysia,  
\*SMITH ZANDER analysis

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

SMITH ZANDER

In terms of the annual increase in the number of medical beds, public hospitals and medical centres saw a rise of 233 beds between 2010 and 2011, followed by increases of 991 beds in 2012, 730 beds in 2013 and 385 beds in 2014. Private hospitals and medical centres recorded increases of 571 beds between 2008 and 2009, and 974 beds, 497 beds, 59 beds and 442 beds in 2010, 2011, 2012 and 2013 respectively. In 2014, private hospitals and medical centres recorded a decrease of 959 beds, in line with the decline in the number of private hospitals and medical centres.

The decline in the total number of medical beds in 2014 of 574 beds is in line with the decrease in number of hospitals in Malaysia in the same year. The decline in number of hospitals in 2014 is attributed to the different method of tabulating the number of private hospitals in 2013 and 2014, as highlighted in **Chapter 3- The Healthcare Services Industry (The Healthcare Services Industry in Malaysia)**. Notwithstanding this, there may also have been closures of smaller private hospitals in 2014 as a result of rising costs of operations. Thus, the decline in hospitals appears to be due to factors other than demand for healthcare services, as demand for healthcare services has demonstrated an increase, as evidenced by the rise in hospital admissions in Malaysia from 3,323,000 in 2013 to 3,696,800 in 2014, a growth of 11.2%.

**Annual increase/decrease in medical beds in public and private hospitals and medical centres (Malaysia), 2009-2014\***

|                                              | 2009       | 2010       | 2011       | 2012         | 2013         | 2014        |
|----------------------------------------------|------------|------------|------------|--------------|--------------|-------------|
| <b>Total</b>                                 | <b>902</b> | <b>877</b> | <b>730</b> | <b>1,050</b> | <b>1,172</b> | <b>-574</b> |
| <b>Public hospitals and medical centres</b>  | <b>331</b> | <b>-97</b> | <b>233</b> | <b>991</b>   | <b>730</b>   | <b>385</b>  |
| MOH hospitals                                | 79         | 128        | 601        | 266          | 498          | 742         |
| MOH special medical institutions             | -26        | -392       | 0          | 318          | 252          | -210        |
| Non-MOH hospitals                            | 278        | 167        | -368       | 407          | -20          | -147        |
| <b>Private hospitals and medical centres</b> | <b>571</b> | <b>974</b> | <b>497</b> | <b>59</b>    | <b>442</b>   | <b>-959</b> |
| Hospitals                                    | 527        | 970        | 382        | 99           | 366          | -995        |
| Maternity Homes                              | -72        | -5         | 8          | -9           | -9           | -30         |
| Nursing homes                                | -1         | -10        | 99         | 2            | 80           | 69          |
| Hospices                                     | 0          | 2          | 8          | 0            | 0            | 0           |
| Ambulatory care centres                      | NA         | 17         | 0          | -24          | -5           | 7           |
| Community mental health care centres         | NA         | 0          | 0          | -9           | 10           | -10         |

Notes:

1. The annual increase/decrease in beds do not include replacement beds. (Please refer to **Chapter 4 – Medical Bed, Peripheral and Accessory Industry in Malaysia (Market Size and Growth Prospects)** (page 26) of this IMR report for a detailed explanation).
2. NA denotes data is not available.

\* The annual increase/ decrease in medical beds were computed by SMITH ZANDER, based on the total number of medical beds in Malaysia each year.

Source: MOH Malaysia,  
\*SMITH ZANDER analysis

As stated earlier in this IMR report, Malaysia's medical bed ratio of 1.9 beds per 1,000 population in 2014 remains below both the *developing country average* and *world average* of 2.2 and 3.0 beds respectively. (Please refer to chart illustrating the medical beds per 1,000 in selected countries worldwide in **Chapter 3 – Healthcare Services Industry (The Global Healthcare Services Industry)** of this IMR report). The latent demand for medical beds in Malaysia is reflected by these statistics. As healthcare expenditure and infrastructure continue to rise in Malaysia, the number of medical beds per 1,000 population in Malaysia

6. INDUSTRY OVERVIEW AND OUTLOOK (Cont'd)

SMITH ZANDER

will edge closer to the *world average*, signifying potential for growth in the number of medical beds in the country. Malaysia had 57,571 medical beds available in public and private hospitals and medical centres in 2014.

In order to estimate the potential for growth in the number of medical beds, SMITH ZANDER has assumed the following:

**Assumption 1:** The population in Malaysia is forecast to grow by 9.2% from 30.1 million persons in 2014 to reach 32.9 million persons by 2020.

| Year | Population ('000) | Year-on-year Growth (%)* |
|------|-------------------|--------------------------|
| 2014 | 30,098            | -                        |
| 2020 | 32,856            | 9.2                      |

Source: World Bank,  
\*SMITH ZANDER analysis

**Assumption 2:** Malaysia is expected to achieve a medical bed ratio of 2.3 beds per 1,000 population, in line with the target stated in the 11<sup>th</sup> Malaysia Plan. (Please refer to **Chapter 4 – Medical Bed, Peripheral and Accessory Industry (Key Demand Drivers)** of this IMR report for further details).

**Assumption 3:** The number of medical beds available when Malaysia meets the target stated in the 11<sup>th</sup> Malaysia Plan and *world average* for medical beds per 1,000 population of 2.3 and 3.0 beds, respectively, have been calculated based on a population of 32.9 million persons.

According to the 11<sup>th</sup> Malaysia Plan, the Government of Malaysia announced its aim to achieve universal access to quality healthcare, and in doing so aims to increase the medical bed ratio to 2.3 beds per 1,000 population. If Malaysia meets this target, Malaysia has the potential to grow its net increase of new medical beds by another 17,998 medical beds to 75,569 medical beds in the future.

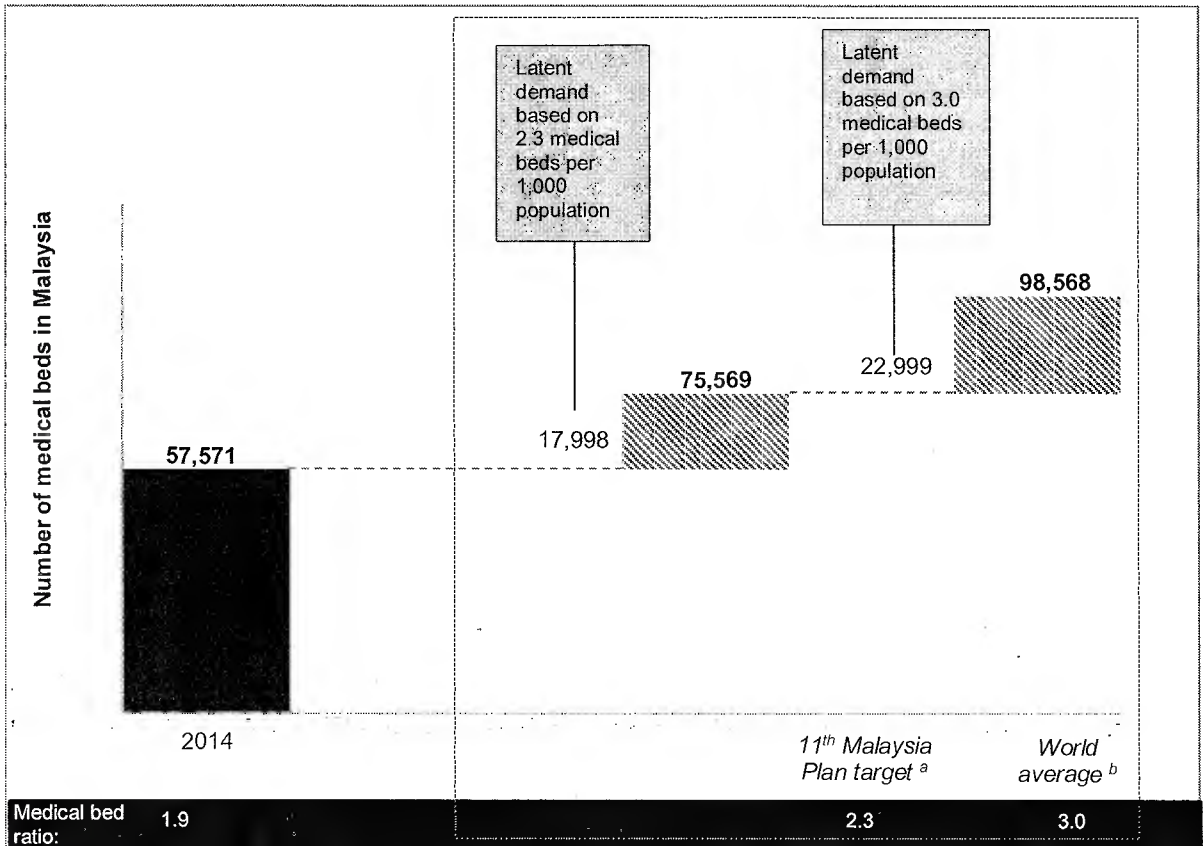
Over the longer term, should Malaysia continue to grow and if the country meets the *world average* of 3.0 beds per 1,000 population, the estimated net increase of new medical beds in the country is expected to grow by a further 22,999 medical beds to 98,568 medical beds.

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6. INDUSTRY OVERVIEW AND OUTLOOK (Cont'd)

SMITH ZANDER

Growth potential for medical beds (Malaysia), 2014\*



Notes:

<sup>a</sup> The number of medical beds available in Malaysia, should Malaysia have a medical bed ratio of 2.3 beds per 1,000 population as per the 11<sup>th</sup> Malaysia Plan target.

<sup>b</sup> The number of medical beds available in Malaysia, should Malaysia reach a medical bed ratio equal to the current world average of 3.0 beds per 1,000 population.

Source: World Bank,  
\*SMITH ZANDER analysis

It is also important to note that the abovementioned growth in medical beds are net increases, which do not take into account the annual growth of replacement medical beds in public and private hospitals and medical centres in Malaysia. On average, the useful lifespan for medical beds is approximately 10 years, and hospitals and medical centres typically replace a medical bed at the end of its useful lifespan. The presence of replacement medical beds thus signifies that the overall growth in demand for medical beds is realistically higher.

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

SMITH ZANDER

As an illustration, LKL International Berhad's annual medical bed sales in Malaysia has been consistently higher than the annual increase/decrease of registered medical beds in Malaysia between 2011 and 2014, indicating that the statistics on the annual increase/decrease of registered medical beds in Malaysia does not include the annual number of replacement of medical beds. Even though the total number of medical beds declined in 2014, LKL International Berhad's annual medical bed sales in Malaysia continued to illustrate growth, as shown below:

|                                                                                                                       | 2011  | 2012  | 2013  | 2014  |
|-----------------------------------------------------------------------------------------------------------------------|-------|-------|-------|-------|
| Net annual increase/decrease of medical beds in public and private hospitals and medical centres in Malaysia (units)* | 730   | 1,050 | 1,172 | -574  |
| LKL International Berhad's annual medical bed sales volume in Malaysia (units)                                        | 3,200 | 2,201 | 4,021 | 4,431 |

Notes:

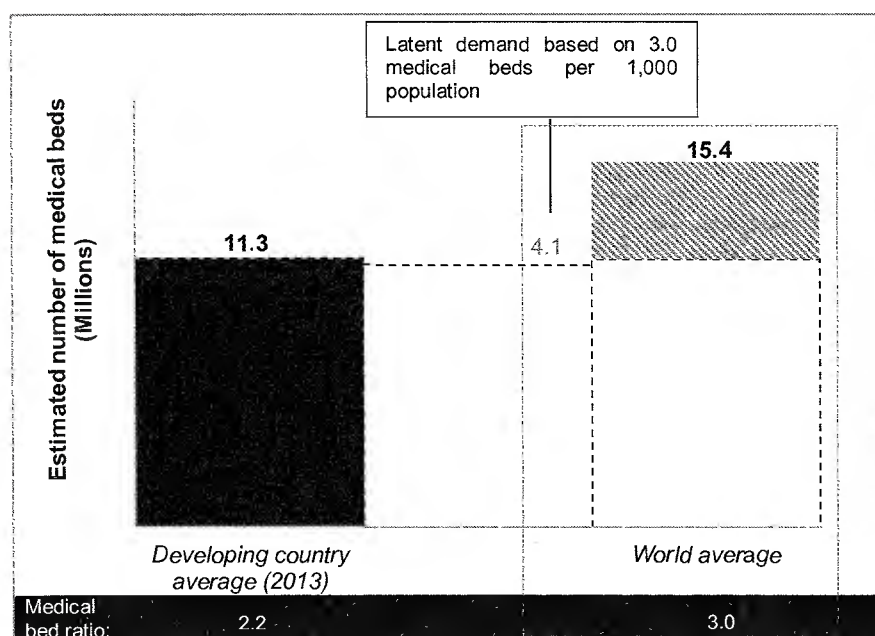
1. LKL International Berhad's annual medical bed sales volume refers to the number of electric, hydraulic, manual and delivery beds sold during the respective calendar year.

\* The annual increase/decrease in medical beds were computed by SMITH ZANDER, based on the total number of medical beds in Malaysia each year.

Source: LKL International Berhad, MOH Malaysia,  
\*SMITH ZANDER analysis

The growth potential for medical bed, peripheral and accessory industry players in Malaysia is not limited to the demand from within the domestic market, as industry players may also tap into the latent demand present in international markets. As illustrated earlier, there is a latent demand for medical beds in most developing countries, particularly in Asia, Middle East and Africa, and this is indicated by the lower *developing country average* for medical beds per 1,000 population of 2.2 beds relative to the *world average* of 3.0 beds. With 2.2 medical beds per 1,000 population, developing countries are estimated to collectively have 11.3 million medical beds in 2013. Assuming that the developing countries are able to meet the *world average* of 3.0 medical beds per 1,000 population in the future, the total number of medical beds in developing countries could reach 15.4 million medical beds, indicating a latent demand of 4.1 million medical beds. This potential increase of 4.1 million medical beds signifies the vast opportunities present in developing countries in Asia, Middle East and Africa.

#### Growth potential for medical beds (Developing countries: Asia, Middle East and Africa) \*



Note:

\* The number of medical beds available in developing countries was computed by SMITH ZANDER based on medical bed ratio and population data in developing countries.

Source: World Bank,  
\*SMITH ZANDER analysis

6. INDUSTRY OVERVIEW AND OUTLOOK (Cont'd)

SMITH ZANDER

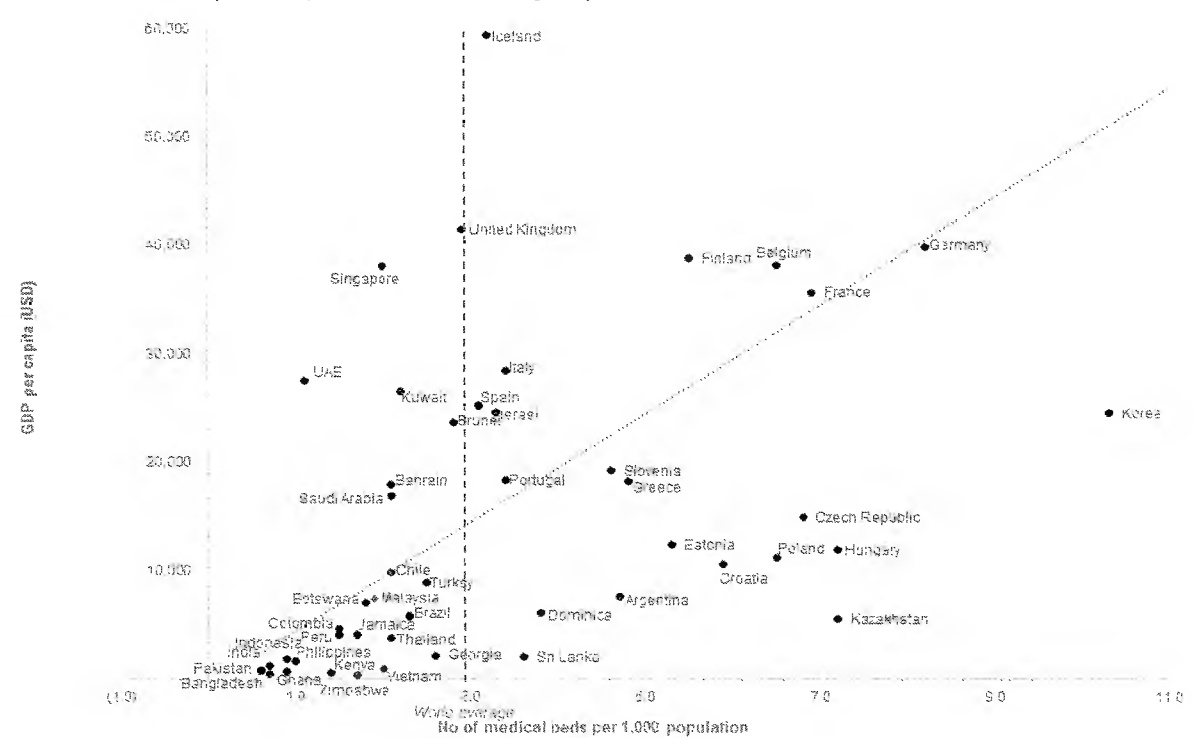
To further illustrate the growth potential for medical beds in Malaysia and other developing countries in Asia, Middle East and Africa, SMITH ZANDER has drawn a correlation between GDP per capita and medical bed ratios of selected countries worldwide.

Based on global trends, the medical beds per 1,000 population is correlated with the economic development of a country. The growth of medical beds and its correlation to economic development can be seen across developed countries that exhibit relatively high GDP per capita, as well as in developing countries with lower GDP per capita. This correlation suggests higher medical bed ratios as countries develop and the per capita income of a country rises.

In general, developed countries such as Finland, Germany, Belgium, France and Spain, among others, with GDP per capita in excess of USD25,000, recorded medical bed ratios of 3.0 beds per 1,000 population and above, which is higher than the *world average*. Likewise, developing countries including countries in Asia such as Bangladesh, Malaysia, Vietnam and India, and countries in Middle East and Africa such as Botswana, Bahrain, Kenya, Ghana and Saudi Arabia with GDP per capita of USD25,000 and below, registered medical bed ratios that was lower than the *world average* of 3.0 beds per 1,000 population.

Thus, this signifies that as Malaysia and other developing countries continue to show economic growth, and drawing from the above correlation, the demand for medical beds, peripherals and accessories would be expected to grow in tandem.

Relationship between number of medical beds per 1,000 population and GDP per capita (Selected countries, Global), 2013 (or latest available year) \*



Note:  
 \* SMITH ZANDER has selected and collated the data points (i.e. GDP per capita and number of medical/ healthcare beds per 1,000 population) from World Bank, and plotted the correlation of the data points in the chart above, including computing the dotted correlation line.

Source: World Bank,  
 \*SMITH ZANDER analysis

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

SMITH ZANDER

### Product Substitution

Medical beds, peripherals and accessories are essential supplies to hospitals and medical centres as patients require the usage of these products during the time they are hospitalised. As such, there is no effective product substitutes to medical beds, peripherals and accessories.

### Supply Conditions and Dependencies

#### Availability of labour and equipment for the manufacturing of medical beds, peripherals and accessories

Medical bed, peripheral and accessory manufacturing requires human labour and in most cases the use of equipment. Equipment utilised in the manufacturing of medical beds, peripherals and accessories include, amongst others, welding machinery, laser-cutting machinery, as well as punching, drilling and bending machinery and equipment. As many industry players typically manufacture more than one (1) type of product in accordance to the needs of their customers, human labour is still required to transfer the materials from one equipment to another, and to assemble the different components and parts to form the final product. Both equipment and labour required in the manufacturing of medical beds, peripherals and accessories are readily available, with equipment available for purchase from local or foreign suppliers and manufacturers, and domestic and foreign workers hired as labour for the manufacturing process.

#### Availability of raw materials and supplies

The raw materials and supplies used in the manufacturing of medical beds, peripherals and accessories are primarily steel materials such as steel sheets, tubes and bars. Components and parts such as plastic materials, digital or electronic products (e.g: digital weighing scales, X-ray equipment, and monitoring or inspection sensors), as well as castors and wheels are also essential to the manufacturing of medical beds, peripherals and accessories.

Most of these raw materials and supplies are generally readily available, and medical bed, peripheral and accessory manufacturers source these raw materials and supplies from local suppliers and as well as foreign distributors or manufacturers. However, medical bed, peripheral and accessory manufacturers must ensure the quality of these raw materials and supplies as the products manufactured must meet the expectations and safety requirements set out by their customers.

### Reliance and Vulnerability to Imports

Total imports of medical beds, peripherals and accessories<sup>11</sup> in Malaysia was estimated to be about USD10.5 million (RM35.0 million<sup>12</sup>) in 2008 and USD9.6 million (RM31.4 million<sup>13</sup>) in 2014. While imports constituted more than 87.1% of the medical bed, peripheral and accessory market size in Malaysia in 2008, the percentage of imports has since reduced by almost half of the market, i.e. 40.5%. This demonstrates a decreasing reliance on imports of these products, and illustrates that the domestic market is increasingly becoming more receptive towards domestic players and brands. The higher levels of product quality and after-sales service of locally manufactured products are increasingly shifting the balance towards domestic industry players as customers and end-users (i.e. local public and private hospitals and medical centres) increasingly purchase medical beds, peripherals and accessories from local players.

<sup>11</sup> Includes medical, surgical, dental or veterinary furniture (e.g.: operating tables, examination tables, medical beds with mechanical fittings, dentists' chairs)

<sup>12</sup> Exchange rate from USD to RM in 2008 was converted based on average annual exchange rates in 2008 extracted from published information from Bank Negara Malaysia at USD1=RM3.800

<sup>13</sup> Exchange rate from USD to RM in 2014 was converted based on average annual exchange rates in 2014 extracted from published information from Bank Negara Malaysia at USD1=RM3.2736

**6. INDUSTRY OVERVIEW AND OUTLOOK (Cont'd)****SMITH ZANDER****Medical bed, peripheral and accessory market size and imports of medical beds, peripherals and accessories (Malaysia), 2008-2014**

|                                             | 2008  | 2009  | 2010  | 2011  | 2012  | 2013  | 2014  |
|---------------------------------------------|-------|-------|-------|-------|-------|-------|-------|
| <b>Imports (USD million)</b>                | 10.5  | 8.8   | 11.9  | 15.8  | 11.3  | 10.9  | 9.6   |
| <b>Imports (RM million)*</b>                | 35.0  | 31.0  | 38.2  | 48.3  | 34.8  | 34.3  | 31.4  |
| <b>Market size* (RM million)</b>            | 40.2  | 42.2  | 57.4  | 77.6  | 57.8  | 75.6  | 77.6  |
| <b>Percentage imports over market size*</b> | 87.1% | 73.5% | 66.6% | 62.2% | 60.2% | 45.2% | 40.5% |

Notes:

\* Market size and percentage imports over market size were computed by SMITH ZANDER.

Conversions from USD to RM were computed by SMITH ZANDER based on the following exchange rates which were extracted from Bank Negara Malaysia:

2008: USD 1 = 3.3319

2009: USD1 = 3.5236

2010: USD1 = 3.2105

2011: USD1 = 3.0572

2012: USD1 = 3.0785

2013: USD1 = 3.1511

2014: USD1 = 3.2736

Source: United Nations Comtrade Database, SSM,

\*SMITH ZANDER analysis

**Relevant Laws and Regulations****Medical Device Act 2012**

This Act stipulates that a medical-related product must be registered with the Medical Device Authority ("MDA"), through a web-based system called the Medical Device Centralised Online Application System ("MEDCAST"), before it can be imported, exported or placed in the market. For locally-manufactured medical-related products, the manufacturer has the responsibility to ensure that the medical product is registered, while the responsibility for the registration of imported medical products falls on the authorised importer or manufacturer's representative. Failure to register a medical product will lead to a fine not exceeding RM200,000 or an imprisonment term of not more than three (3) years, or both.

This Act also stipulates that an establishment (i.e. which refers to either the manufacturer or the authorised manufacturer representative) must hold a valid establishment license in order to import, export or place a medical-related product in the market. Failure to register an establishment will lead to a fine not exceeding RM200,000 or an imprisonment term of not more than three (3) years, or both.

**Medical Device Regulations 2012**

For the purpose of the registration of medical devices, the classification and grouping of medical devices are specified in the First Schedule and Second Schedule of this Regulation, respectively. All medical devices must conform to the requirements as set out in the Third Schedule of this Regulation, and medical devices are subject to conformity assessment.

As stipulated in the Fifth Schedule of this Regulation, the registration of medical devices involves application fees ranging from RM100 to RM750 and registration fees ranging from RM1,000 to RM5,000, in accordance to its classification or grouping. The application for an establishment license is subject to an application fee of RM250 and a licensing fee of either RM2,000 or RM4,000 (depending on the type of establishment, as stipulated in the Fifth Schedule of this Regulation). The renewal of an establishment license and the application for export permits are also subject to fees as stipulated in the Fifth Schedule of this Regulation.

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

SMITH ZANDER

The Sixth Schedule of this Regulation stipulates the mandatory labelling requirements for medical devices, such as the contents, format and language of the label, and the location of the label on a medical device.

### Employment Act 1955

The Employment Act 1955 stipulates the rights and welfare benefits that employees are entitled to, and rules and regulations which all employers are required to comply. This Act also states that an employer is required to obtain a license to hire legal foreign workers under the contract of services, and ensure their welfare and rights are fulfilled in terms of their wages, hours of work, rest days, as well as sick and annual leaves. The Ministry of Human Resource is responsible for monitoring and ensuring that companies are in compliance with the Act and protects the welfare of employees.

### Industrial Co-ordination Act 1975

The Industrial Co-ordination Act 1975 is an Act introduced with the objective of maintaining the coordination, orderly development and growth in Malaysia's manufacturing sector. The Act requires manufacturing companies in Malaysia with shareholders' funds of RM2.50 million and above or with 75 or more full-time employees to apply for a manufacturing license for approval by Ministry of International Trade and Industry ("MITI").

Applications for manufacturing license are to be submitted to the Malaysian Industrial Development Authority ("MIDA"), and this license will subsequently be approved and issued by MITI. The licenses are non-transferable unless with prior approval obtained from MITI.

### Competitive Overview

The competitive landscape of the medical bed, peripheral and accessory industry in Malaysia comprises local medical bed, peripheral and accessory manufacturers; foreign manufacturers with local presence in Malaysia; and agents and distributors.

#### (i) Manufacturers

Manufacturers include companies involved in the design, manufacturing and assembly of medical beds, peripherals and accessories, and these activities are performed at their in-house manufacturing facilities. These manufacturers may either have their in-house brand(s) of medical beds, peripherals and accessories, or may be performing contract manufacturing for other medical bed, peripheral and accessory brands.

A list of identified manufacturers in Malaysia is shown as follows:

| Company Name*                        | Products and Services*                                                                               | Latest FYE      | Revenue (RM '000) | PAT (RM '000) |
|--------------------------------------|------------------------------------------------------------------------------------------------------|-----------------|-------------------|---------------|
| LKL International Berhad             | Medical beds, peripherals and accessories                                                            | 30 April 2015** | 39,039            | 5,962         |
| Malaysian Hospital Equipment Sdn Bhd | Medical beds, peripherals, accessories and medical disposables (such as drapes, masks, and syringes) | 30 Sep 2009     | 754               | 100           |
| Meditron Furniture Sdn Bhd           | Medical beds, peripherals, and accessories                                                           | 31 Dec 2014     | 7,776             | 886           |
| Piyatech Sdn Bhd                     | Medical beds                                                                                         | 30 Sep 2014     | 3,947             | (72)          |
| UMMI Medical Life Sciences Sdn Bhd   | Medical beds, peripherals and accessories                                                            | 31 Dec 2014     | 1,428             | 153           |

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

SMITH ZANDER

| Company Name*                                                       | Products and Services*                                        | Latest FYE       | Revenue (RM '000) | PAT (RM '000) |
|---------------------------------------------------------------------|---------------------------------------------------------------|------------------|-------------------|---------------|
| UWC Healthcare Mfg (M) Sdn Bhd (subsidiary of UWC Holdings Sdn Bhd) | Medical beds, peripherals, accessories and equipment          | 31 Dec 2014      | 330               | (364)         |
| Victor Steel Equipment Sdn Bhd                                      | Medical beds, peripherals and accessories                     | 31 Dec 2014      | 5,249             | 38            |
| WTK Technologies Sdn Bhd and WTK Manufacturing Sdn Bhd              | Medical devices, equipment, beds, peripherals and accessories | 31 December 2014 | 17,157            | 1,489         |

Notes:

1. Represents industry players involved in the design, manufacturing and assembly of medical beds, peripherals and accessories that were identified by SMITH ZANDER, and may not be exhaustive.
2. The above list is in alphabetical order.
3. Does not include companies whose core activities are as agents, traders and distributors of third party products.
4. Information on products and services are based on SMITH ZANDER's secondary or desktop research on information made publicly available as at 11 March 2016.
5. Latest available financials filed with SSM as at 11 March 2016.

\* SMITH ZANDER has carried out research and analysis to identify the above companies, and their products and services

\*\* The revenues for LKL International Berhad are for the FYE 30 April 2015 as it was deemed the most comparable time period due to the fact that the latest FYE available for most other industry players were either as at 30 September 2014 or 31 December 2014.

Source: SSM, various company websites, LKL International Berhad, SMITH ZANDER analysis

## (ii) Foreign manufacturers with local presence

Foreign medical bed, peripheral and accessory manufacturers are largely based in the United States, Sweden, Australia, Japan, China and India.

Many of these foreign medical bed, peripheral and accessory manufacturers do not have manufacturing facilities in Malaysia, and are represented through local agents and/or distributors in the domestic market. For example, Paramount Bed Co Ltd, a medical bed, peripheral and accessory manufacturer, distributes their products in Malaysia through Malaysian Healthcare Sdn Bhd.

Stryker Corporation is a manufacturer of medical beds, peripherals, accessories, devices and equipment based in the United States, with a local sales office in Petaling Jaya, Malaysia, through Stryker Corporation (M) Sdn Bhd. Stryker Corporation (M) Sdn Bhd does not have a manufacturing facility in Malaysia.

| Company Name*                   | Products and Services*                                        | Latest FYE       | Revenue (RM '000) | PAT (RM '000) |
|---------------------------------|---------------------------------------------------------------|------------------|-------------------|---------------|
| Stryker Corporation (M) Sdn Bhd | Medical beds, peripherals, accessories, devices and equipment | 31 December 2012 | 348               | (1,015)       |

Note:

\* SMITH ZANDER has carried out research and analysis to identify the above companies, and their products and services

Source: SSM, Stryker Corporation's website

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

SMITH ZANDER

(iii) **Agents and distributors**

Local medical bed, peripheral and accessory manufacturers, to some extent, also compete with local agents and distributors of medical beds, peripherals and accessories. Agents and distributors refer to companies involved in the distribution of third party brands of medical beds, peripherals and accessories to local public and private hospitals and medical centres, and some of these brands may be imported from foreign countries.

Examples of identified medical bed, peripheral and accessory agents and distributors include:

| Company Name*                                                   | Products and Services*                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|-----------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Antah Sri Radin Sdn Bhd<br>(part of the Antah Healthcare Group) | <ul style="list-style-type: none"> <li>• Medical beds, peripherals and accessories</li> <li>• Medical disposables (such as drapes, masks, and syringes)</li> <li>• Medical devices and equipment</li> <li>• Servicing and maintenance</li> </ul>                                                                                                                                                                                                                |
| Esco Marketing Services (M) Sdn Bhd                             | <ul style="list-style-type: none"> <li>• Medical beds, peripherals and accessories</li> <li>• Medical disposables (such as drapes, masks, and syringes)</li> <li>• Medical devices and equipment</li> <li>• Repair and servicing</li> </ul>                                                                                                                                                                                                                     |
| Hospimetrix Sdn Bhd                                             | <ul style="list-style-type: none"> <li>• Medical beds, peripherals and accessories</li> <li>• Medical disposables (such as drapes, masks, and syringes)</li> <li>• Medical devices and equipment</li> <li>• Servicing, maintenance and equipment calibration</li> <li>• Installation, testing and commissioning</li> <li>• Leasing, loan and rental services</li> </ul>                                                                                         |
| IDS Medical Systems Sdn Bhd                                     | <ul style="list-style-type: none"> <li>• Medical beds, peripherals and accessories</li> <li>• Medical disposables (such as drapes, masks, and syringes)</li> <li>• Medical devices and equipment</li> <li>• Servicing, maintenance and equipment calibration</li> <li>• Installation, testing and commissioning</li> <li>• Leasing, loan and rental services</li> <li>• Project management and installation</li> </ul>                                          |
| Lifeline Innovators Sdn Bhd                                     | <ul style="list-style-type: none"> <li>• Medical beds, peripherals and accessories</li> <li>• Medical devices and equipment</li> <li>• Exercise equipment</li> </ul>                                                                                                                                                                                                                                                                                            |
| Malaysian Healthcare Sdn Bhd                                    | <ul style="list-style-type: none"> <li>• Medical beds, peripherals and accessories</li> <li>• Medical disposables (such as drapes, masks, and syringes)</li> <li>• Medical devices and equipment</li> <li>• Servicing and calibration</li> <li>• Installation</li> <li>• Home delivery services</li> <li>• Home therapy services (such as acute or chronic back or neck pain management, stroke and neuro rehabilitation, paediatric rehabilitation)</li> </ul> |
| Mikromedik Sdn Bhd                                              | <ul style="list-style-type: none"> <li>• Medical beds, peripherals and accessories</li> <li>• Medical disposables (such as drapes, masks, and syringes)</li> <li>• Medical devices and equipment</li> <li>• Hospital apparel, blanket and underbed covers</li> <li>• Medical stainless steel ware (such as feeding cups, catheter trays, bedpans and dental trays)</li> </ul>                                                                                   |

6. INDUSTRY OVERVIEW AND OUTLOOK (Cont'd)

SMITH ZANDER

| Company Name*                         | Products and Services*                                                                                                                                                                                                                                                                                                                             |
|---------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Pinang Medical Supplies (PMS) Sdn Bhd | <ul style="list-style-type: none"> <li>• Medical beds, peripherals and accessories</li> <li>• Medical disposables (such as drapes, masks, and syringes)</li> <li>• Medical devices and equipment</li> <li>• Medical stainless steel ware (such as feeding cups, catheter trays, bedpans and dental trays)</li> <li>• Exercise equipment</li> </ul> |

Notes:

1. Represents examples of agents and distributors of medical beds, peripherals and accessories that were identified by SMITH ZANDER, and is not exhaustive. These agents and distributors were selected on the basis that sufficient information on their business and financials were attainable in order for SMITH ZANDER to qualify them as a medical bed, peripheral and accessory agent or distributor.
2. The above list is in alphabetical order.
3. Does not include companies whose core activities are in the manufacturing of medical beds, peripherals and accessories.
4. Information on products and services are based on SMITH ZANDER's secondary or desktop research on information made publicly available as at 11 March 2016.

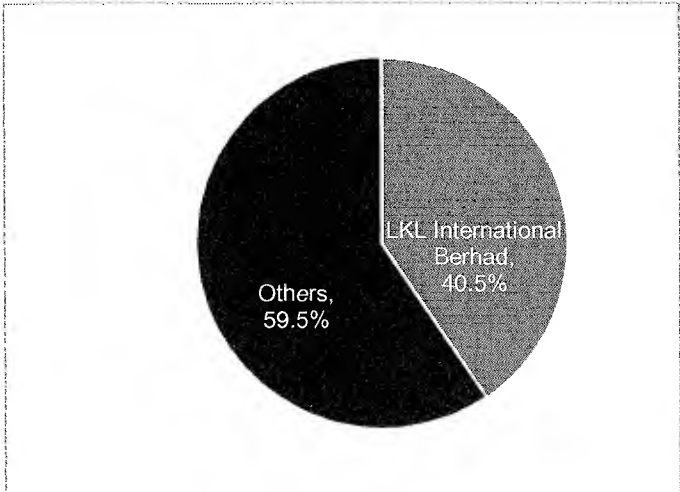
\* SMITH ZANDER has carried out research and analysis to identify the above companies, and their products and services

Source: Various company websites,  
\*SMITH ZANDER analysis

Market Share

In 2014, the medical bed, peripheral and accessory market size in Malaysia, which is defined as the sum of local industry manufacturers' revenues, and imports of medical beds, peripherals and accessories, net of exports by local industry players, was approximately RM77.6 million. LKL International Berhad, via its subsidiary LKL Advance Metaltech Sdn Bhd, garnered a market share of 40.5% in 2014, based on its revenue contribution from Malaysia of RM31.4 million for the FYE 30 April 2015.

Market share (Malaysia), 2014\*



Notes:

- \* Market share in 2014 was computed by SMITH ZANDER, based on LKL International Berhad's revenues and the medical bed, peripheral and accessory market size in Malaysia.
- 1. Latest available data is as at 2014 as 2014 is the latest year where financial information of most of the identified industry players are available.
- 2. LKL International Berhad's revenues were taken as at FYE 2015 as LKL International Berhad's FYE is as at 30 April while the latest FYE available for most other industry players were either as at 30 September 2014 or 31 December 2014.
- 3. Based on LKL International Berhad's revenue contribution from Malaysia.

Source: SSM, LKL International Berhad,  
\*SMITH ZANDER analysis

## 5 PROSPECTS AND OUTLOOK FOR LKL INTERNATIONAL BERHAD

The prospects for growth in the medical bed, peripheral and accessory industry in Malaysia are positive as the industry is expected to continue being driven by the growth in demand for healthcare services globally as well as domestically. Global healthcare expenditure has demonstrated strong positive growth over the last decade, from USD4.3 trillion (RM16.3 trillion<sup>14</sup>) in 2004 to USD7.5 trillion (RM23.6 trillion<sup>15</sup>) in 2013, representing a CAGR of 6.4% during the period. Meanwhile, total healthcare expenditure in Malaysia also grew from RM17.8 billion in 2004 to RM41.0 billion in 2013, at a CAGR of 9.7%. In 2013, public healthcare expenditure comprised 52.0% of total healthcare expenditure, while private healthcare expenditure comprised the remaining 48.0% of total healthcare expenditure in that year. Healthcare expenditure is expected to continue to be driven by the prevalence of chronic diseases, growing ageing population, increasing accessibility to healthcare services due to growth in income and/or an uptake of medical insurance, as well as national government initiatives to support and promote the growth of the healthcare services industry. In addition, Government initiatives to promote the medical bed, peripheral and accessory industry is also expected to boost the growth of the industry in Malaysia.

In 2008, the medical bed, peripheral and accessory industry in Malaysia had a market size of approximately RM40.2 million, and this grew to approximately RM77.6 million in 2014, at a CAGR of 11.6%. Moving forward, the industry is estimated to grow, in terms of market size, from RM86.3 million in 2014 to RM118.9 million in 2018, at a CAGR of 11.3%.

There is a latent demand for medical beds in Malaysia when comparing against global benchmark standards. Malaysia's number of medical beds per 1,000 population was 1.9 in 2014, which was lower than the *developing country average* of 2.2 medical beds per 1,000 population and the *world average* of 3.0 beds per 1,000 population. This denotes that there is a need for more medical beds in Malaysia, indicating the potential for growth in the industry.

According to the 11<sup>th</sup> Malaysia Plan, the Government of Malaysia announced its aim to achieve universal access to quality healthcare, and in doing so aims to increase the medical bed ratio to 2.3 beds per 1,000 population. If Malaysia meets this target, Malaysia has the potential to grow its net increase of new medical beds by another 17,998 medical beds to 75,569 medical beds in the future. Over the longer term, should Malaysia continue to grow and if the country meets the *world average* of 3.0 beds per 1,000 population, the estimated net increase of new medical beds in the country is expected to grow by a further 22,999 beds to 98,568 medical beds.

The growth potential for medical bed, peripheral and accessory industry players in Malaysia is not just limited to the demand from within the domestic market, as industry players may tap into the latent demand present in international markets as well. There is a latent demand for medical beds in most developing countries, particularly in Asia, Middle East and Africa, and this is indicated by the lower *developing country average* of 2.2 medical beds per 1,000 population relative to the *world average* of 3.0 beds per 1,000 population. With 2.2 medical beds per 1,000 population, developing countries are estimated to collectively have 11.3 million medical beds in 2013. If the average number of medical beds per 1,000 population in developing countries is able to meet the *world average* of 3.0 medical beds per 1,000 population in the future, the total number of medical beds in developing countries could reach 15.4 million beds, indicating a latent demand of 4.1 million medical beds. This potential increase of 4.1 million medical beds signifies the vast opportunities present in developing countries in Asia, Middle East and Africa.

<sup>14</sup> Exchange rate from USD to RM in 2004 was converted based on average annual exchange rates in 2004 extracted from published information from Bank Negara Malaysia at USD1=RM3.800

<sup>15</sup> Exchange rate from USD to RM in 2013 was converted based on average annual exchange rates in 2013 extracted from published information from Bank Negara Malaysia at USD1=RM3.1511

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

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**SMITH ZANDER**

LKL International Berhad, as one of the key industry players in the medical bed, peripheral and accessory industry in Malaysia, shows potential to gain from the growing domestic and international demand. In 2014, LKL International Berhad's market share in Malaysia was 40.5% based on its revenue contribution from Malaysia of RM31.4 million for the FYE 30 April 2015. With their track record and technical capabilities, as well as their strong position in the domestic market, LKL International Berhad is poised to increase its presence in the local medical bed, peripheral and accessory industry, as well as capture opportunities in the export markets, particularly in the developing countries in Asia, Middle East and Africa.

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

### 7.1 PROMOTERS AND/OR SUBSTANTIAL SHAREHOLDERS

#### 7.1.1 Promoters' shareholdings

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

| Promoters          | Nationality | Before the IPO     |                      |       | After the IPO <sup>^</sup> |                      |       |
|--------------------|-------------|--------------------|----------------------|-------|----------------------------|----------------------|-------|
|                    |             | <-----Direct-----> | <-----Indirect-----> | %@    | <-----Direct----->         | <-----Indirect-----> | %#    |
|                    |             | No. of Shares      | No. of Shares        | %@    | No. of Shares              | No. of Shares        | %#    |
| Lim Kon Lian       | Malaysian   | 110,003,745        | 177,374,265*         | 34.83 | 110,003,745                | 177,824,265*         | 41.47 |
| Mok Mei Lan        | Malaysian   | 110,003,725        | 177,374,285*         | 34.83 | 110,003,725                | 177,824,285*         | 41.47 |
| Lim Pak Hong       | Malaysian   | 33,685,270         | -                    | 10.67 | 33,885,270                 | -                    | -     |
| Lim Ming Chang     | Malaysian   | -                  | -                    | -     | 300,000                    | -                    | -     |
| Elaine Lim Sin Yee | Malaysian   | 33,685,270         | -                    | 10.67 | 33,935,270                 | -                    | -     |
| Tan Lee Ching      | Malaysian   | -                  | -                    | -     | 100,000                    | -                    | -     |

#### Notes:-

- @ Based on our issued and paid-up share capital of 315,800,000 Shares after Acquisition of LKL Advance Metaltech but before Public Issue.  
 # Based on our enlarged issued and paid-up share capital of 428,800,000 Shares after the IPO.  
 ^ Assuming that all Pink Form Allocations are fully subscribed.  
 \* Deemed interested by virtue of his/her spouse and children's direct shareholdings in our Company pursuant to Section 134 of the Act.

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

## 7.1.2 Substantial shareholders' shareholdings

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

| Substantial<br>shareholders | Nationality | Before the IPO |               |                | After the IPO <sup>^</sup> |               |                |
|-----------------------------|-------------|----------------|---------------|----------------|----------------------------|---------------|----------------|
|                             |             | Direct         | Indirect      | % <sup>@</sup> | Direct                     | Indirect      | % <sup>#</sup> |
|                             |             | No. of Shares  | No. of Shares | % <sup>@</sup> | No. of Shares              | No. of Shares | % <sup>#</sup> |
| Lim Kon Lian                | Malaysian   | 110,003,745    | 177,374,265*  | 34.83          | 110,003,745                | 177,824,265*  | 41.47          |
| Mok Mei Lan                 | Malaysian   | 110,003,725    | 177,374,285*  | 34.83          | 110,003,725                | 177,824,285*  | 41.47          |
| Lim Pak Hong                | Malaysian   | 33,685,270     | -             | 10.67          | 33,885,270 <sup>@</sup>    | -             | -              |
| Elaine Lim Sin Yee          | Malaysian   | 33,685,270     | -             | 10.67          | 33,935,270 <sup>##</sup>   | -             | -              |
| Tan Chuan Hock              | Malaysian   | 28,421,990     | -             | 9.00           | 28,771,990 <sup>^^</sup>   | -             | -              |

## Notes:-

<sup>@</sup> Based on our issued and paid-up share capital of 315,800,000 Shares after Acquisition of LKL Advance Metaltech but before Public Issue.

<sup>#</sup> Based on our enlarged issued and paid-up share capital of 428,800,000 Shares after the IPO.

<sup>^</sup> Assuming that all Pink Form Allocations are fully subscribed.

<sup>\*</sup> Deemed interested by virtue of his/her spouse and children's direct shareholdings in our Company pursuant to Section 134 of the Act.

<sup>@@</sup> Include 200,000 Shares arising from Pink Form Allocations.

<sup>##</sup> Include 250,000 Shares arising from Pink Form Allocations.

<sup>^^</sup> Include 350,000 Shares arising from Pink Form Allocations.

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

### 7.1.3 Profile of Promoters and/or substantial shareholders

#### (i) Promoters and substantial shareholders

##### **Lim Kon Lian**

*Promoter, substantial shareholder and Managing Director*

Please refer to Section 7.2.2 of this Prospectus for his profile.

##### **Mok Mei Lan**

*Promoter, substantial shareholder, Executive Director and Procurement Director*

Please refer to Section 7.2.2 of this Prospectus for her profile.

##### **Lim Pak Hong**

*Promoter, substantial shareholder and Group General Manager*

Please refer to Section 7.4.2 of this Prospectus for his profile.

##### **Elaine Lim Sin Yee**

*Promoter, substantial shareholder and Human Resource and Administration Manager*

Please refer to Section 7.4.2 of this Prospectus for her profile.

#### (ii) Promoters

##### **Lim Ming Chang**

*Promoter and General Manager - Operations*

Please refer to Section 7.4.2 of this Prospectus for his profile.

##### **Tan Lee Ching**

*Promoter*

Tan Lee Ching ("TLC"), Malaysian, aged 27, is our Sales Operations Manager. She received a Bachelor of Arts in Business Administration from University of Hertfordshire after having completed her education with INTI International College in 2010. Upon graduation, she joined our Group in 2011 as a Sales Coordinator and was promoted to her current role as Sales Operations Manager in 2015.

As our Sales Operations Manager, TLC manages our Group's sales operations support team, and is responsible for ensuring the seamless integration of our sales and manufacturing activities, where she oversees our operations process cycle from the confirmation of customer orders to material planning and through to production planning and scheduling. She is tasked with ensuring the optimal management of sales commitment from our customers and available resources in our manufacturing team.

#### (iii) Substantial shareholder

##### **Tan Chuan Hock**

*Substantial shareholder and Non-Independent Non-Executive Director*

Please refer to Section 7.2.2 of this Prospectus for his profile.

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

### 7.1.4 Changes in our Promoters' and/or substantial shareholders' shareholdings

The changes in our Promoters' and/or substantial shareholders' shareholdings in our Company since incorporation to the LPD are as follows:-

|                                           | As at 13 April 2015 (Date of incorporation) |                      |                    |                      | As at the LPD      |                      |                    |                      |
|-------------------------------------------|---------------------------------------------|----------------------|--------------------|----------------------|--------------------|----------------------|--------------------|----------------------|
|                                           | <-----Direct----->                          | <-----Indirect-----> | <-----Direct-----> | <-----Indirect-----> | <-----Direct-----> | <-----Indirect-----> | <-----Direct-----> | <-----Indirect-----> |
| Promoters and/or substantial shareholders | No. of Shares                               | %                    | No. of Shares      | %                    | No. of Shares      | %                    | No. of Shares      | %                    |
| Sat Wai Chu                               | 10                                          | 10.00                | -                  | -                    | -                  | -                    | -                  | -                    |
| Lim Kon Lian                              | 50                                          | 50.00                | 40*                | 40.00                | 110,003,745^       | 34.83                | 177,374,265*       | 56.17                |
| Mok Mei Lan                               | 40                                          | 40.00                | 50*                | 50.00                | 110,003,725        | 34.83                | 177,374,285*       | 56.17                |
| Lim Pak Hong                              | -                                           | -                    | -                  | -                    | 33,685,270         | 10.67                | -                  | -                    |
| Elaine Lim Sin Yee                        | -                                           | -                    | -                  | -                    | 33,685,270         | 10.67                | -                  | -                    |
| Lim Ming Chang                            | -                                           | -                    | -                  | -                    | -                  | -                    | -                  | -                    |
| Tan Lee Ching                             | -                                           | -                    | -                  | -                    | -                  | -                    | -                  | -                    |
| Tan Chuan Hock                            | -                                           | -                    | -                  | -                    | 28,421,990         | 9.00                 | -                  | -                    |

#### Notes:-

@ Based on our issued and paid-up share capital of 315,800,000 Shares after Acquisition of LKL Advance Metaltech but before Public Issue.

\* Deemed interested by virtue of his/her spouse's direct shareholdings in our Company pursuant to Section 134 of the Act.

^ Includes ten (10) Shares that were transferred from our Company's previous shareholder, Sat Wai Chu.

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

### 7.1.5 Promoters and/or substantial shareholders' remuneration and benefits

Save for the issuance of LKL International Shares by our Company as consideration pursuant to the Acquisition of LKL Advance Metaltech and dividends to be paid (if any) to Lim Pak Hong, Elaine Lim Sin Yee, Lim Ming Chang and Tan Lee Ching, and the aggregate remuneration and benefits paid and proposed to be paid to our Promoters and/or substantial shareholders as set out in the table below for services rendered to our Group in all capacities for the FYE 30 April 2015 and 2016, no other amounts or benefits has been paid or intended to be paid to the Promoters and/or substantial shareholders within two (2) years preceding the date of this Prospectus:-

|                                                      | Remuneration Band             |                                               |
|------------------------------------------------------|-------------------------------|-----------------------------------------------|
|                                                      | FYE 30 April 2015<br>(RM'000) | Proposed for FYE 30 April<br>2016<br>(RM'000) |
| <b><u>Promoters and substantial shareholders</u></b> |                               |                                               |
| Lim Pak Hong                                         | 100 – 150                     | 100 – 150                                     |
| Elaine Lim Sin Yee                                   | 50 – 100                      | 100 – 150                                     |
| <b><u>Promoters</u></b>                              |                               |                                               |
| Lim Ming Chang                                       | 100 – 150                     | 150 – 200                                     |
| Tan Lee Ching                                        | 50 – 100                      | 100 – 150                                     |

The remuneration and benefits of our other Promoters and/or substantial shareholders i.e. Lim Kon Lian, Mok Mei Lan and Tan Chuan Hock are disclosed in the Directors' remunerations and benefits as set out in Section 7.2.6 of this Prospectus.

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

### 7.2 DIRECTORS

7.2.1 Our Board comprises the following members:-

| Name                                    | Age | Nationality | Date of Appointment | Designation                               |
|-----------------------------------------|-----|-------------|---------------------|-------------------------------------------|
| Tan Sri Datuk Adzmi Bin Abdul Wahab (M) | 73  | Malaysian   | 23 July 2015        | Independent Non-Executive Chairman        |
| Lim Kon Lian (M)                        | 62  | Malaysian   | 13 April 2015       | Managing Director                         |
| Mok Mei Lan (F)                         | 61  | Malaysian   | 13 April 2015       | Executive Director                        |
| Tan Chuan Hock (M)                      | 55  | Malaysian   | 23 July 2015        | Non-Independent Non-Executive Director    |
| Tevanaigam Randy Chitty (M)             | 48  | Malaysian   | 23 July 2015        | Senior Independent Non-Executive Director |
| Selma Enolil Binti Mustapha Khalil (F)  | 45  | Malaysian   | 23 July 2015        | Independent Non-Executive Director        |

**Notes:-**

(M) Male.  
(F) Female.

### 7.2.2 Profiles

The profiles of the Directors of our Group are as follows:-

**Tan Sri Datuk Adzmi Bin Abdul Wahab**  
*Independent Non-Executive Chairman*

Tan Sri Datuk Adzmi Bin Abdul Wahab ("**Tan Sri Datuk Adzmi**"), Malaysian, aged 73, is our Independent Non-Executive Chairman and was appointed to the Board on 23 July 2015 and is a Member of the Audit Committee.

Tan Sri Datuk Adzmi holds a Master in Business Administration from University of Southern California. He is the Chairman of four (4) other public listed companies, namely Magna Prima Berhad (appointed on 2 May 2006), Dataprep Holdings Berhad (appointed on 21 December 2006), Lebtech Berhad (appointed on 28 February 2014) and Grand-Flo Berhad (appointed on 1 July 2010), and director for several private companies involved in various industries, such as information technology, construction, property development, manufacturing, trading and tertiary education.

Tan Sri Datuk Adzmi served the Malaysian Administrative and Diplomatic Service in the following capacities from 1967 to 1982: Central Procurement and Contract Management in Ministry of Finance; Investment Promotion in Pahang Tenggara Development Authority; Public Enterprise Management in Implementation Coordination Unit (Prime Minister's Department); and Regional Planning in Klang Valley Planning Secretariat (Prime Minister's Department). From 1982 to 1985, he was a Manager of the Corporate Planning Division of HICOM Holdings Berhad and was responsible for the development of heavy industry projects. From 1985 to 1992, he served in Proton Holdings Berhad and he served his last position there as Director/Corporate General Manager of the Administration and Finance division in 1992.

In 1992, Tan Sri Datuk Adzmi was appointed as Managing Director of Edaran Otomobil Nasional Berhad ("**EON Berhad**"), where he served until his retirement in 2005, and he is the longest serving Managing Director of EON Berhad. In 2003, he was conferred Malaysia Chief Executive Officer ("**CEO**") of the Year by American Express and Business Times and Most PR Savvy CEO by Institute of Public Relations Malaysia.

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

### **Lim Kon Lian**

*Promoter, substantial shareholder and Managing Director*

Lim Kon Lian ("**Mr. Lim**"), Malaysian, aged 62, is our Co-Founder and Managing Director. He was appointed to our Board on 13 April 2015 and is a Member of the Remuneration Committee. He is responsible for overseeing the strategic business planning, development and operations of our Group.

Mr. Lim attended SJK (C) Salak South from 1961 to 1966. In order to support his family financially, he took on part-time jobs mostly as a general worker for several years. In 1969, he was hired as an apprentice in a metal fabrication business in Kuala Lumpur. During this apprenticeship, he learned the trade of metalworking, and honed his skills in metal and steel fabrication. In 1974, he moved to Singapore, and continued to work in metal fabrication as a freelance sub-contractor.

Mr. Lim returned to Malaysia in 1977 and was involved in general trading before he founded Victor Company in 1981, a sole proprietorship involved in the manufacturing of steel and wooden furniture, which included hospital furniture and accessories, leveraging on the metalworking skills he had acquired over the years. He subsequently co-founded Victor Steel Equipment Supplies in 1983, a business partnership set up for the trading and supply of steel and wooden furniture, including hospital furniture and accessories. It was during these years when he fine-tuned his expertise in the manufacturing of healthcare furniture and equipment, as well as acquiring knowledge and understanding of the medical and healthcare industry. In 1987, he withdrew from Victor Steel Equipment Supplies and continued his focus on the operations of Victor Company. In 1993, he co-founded our wholly-owned subsidiary, LKL Advance Metaltech together with our Procurement Director, Mok Mei Lan.

### **Mok Mei Lan**

*Promoter, substantial shareholder, Executive Director and Procurement Director*

Mok Mei Lan ("**Ms. Mok**"), Malaysian, aged 61, is our Co-Founder and Procurement Director. She was appointed to our Board on 13 April 2015 and is presently responsible for overseeing the procurement functions of our Group.

Ms. Mok attended Methodist Girls School in Melaka from 1962 to 1972. She began her career in 1973 as an Administrative Clerk, where she managed the administrative functions of an assemblyman in her role as an elected representative of the constituency she served. In 1976, she joined Klinik Thurai in Sungai Besi, Kuala Lumpur as an Assistant Nurse, a role which required her to, amongst others, manage the operations of the clinic and assist the physician in patient examination.

After a break in her career from 1981 to 1988, Ms. Mok co-founded Victory Supplies in 1988, a business partnership involved in the trading and supply of hospital furniture, accessories, and steel and wooden furniture and fittings, with Lim Kon Khoo, the brother of Lim Kon Lian. In 1993, she co-founded our wholly-owned subsidiary, LKL Advance Metaltech together with our Managing Director, Lim Kon Lian.

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

### **Tan Chuan Hock**

*Substantial shareholder and Non-Independent Non-Executive Director*

Tan Chuan Hock ("**Mr. Tan**"), Malaysian, aged 55, is our Non-Independent Non-Executive Director. He was appointed to our Board on 23 July 2015 and is a Member of the Audit Committee, Remuneration Committee and Nomination Committee.

Mr. Tan is the executive proprietor and founder of Tan Chuan Hock & Co (now known as William C.H. Tan & Associates), a Chartered Accountant firm based in Selangor in 1989. He is a member of the Malaysian Institute of Accountants ("**MIA**") and Chartered Tax Institute of Malaysia, and a Fellow member of the Association of Chartered Certified Accountants. He started his career in 1983 when he joined Chan & Folk as an Audit Assistant and later in 1985, he joined Kiat & Associates as an Audit Senior. In 1986, he joined Paul Chuah & Co as an Audit Senior and he then advanced to the position of Audit Manager in 1988.

Mr. Tan has over 30 years of experience in financial reporting, auditing, taxation and planning, company secretarial as well as corporate management and advisory services. Presently, he holds directorships in three (3) public listed companies, namely Grand-Flo Berhad (appointed on 2 October 2004), EITA Resources Berhad (appointed on 15 January 2010) and Careplus Group Berhad (appointed on 3 July 2010), as well as several private limited companies. He also sits on the board of Simat Technologies Public Company Limited, a public company listed on the Stock Exchange of Thailand.

### **Tevanaigam Randy Chitty**

*Senior Independent Non-Executive Director*

Tevanaigam Randy Chitty ("**Randy**"), Malaysian aged 48, is our Senior Independent Non-Executive Director. He was appointed to our Board on 23 July 2015 and is the Chairman of both the Audit Committee and Nomination Committee as well as a Member of the Remuneration Committee.

Randy is a member of the Malaysian Institute of Certified Public Accountants. He completed the Malaysian Certified Public Accountants examination in November 1992 and was admitted as a member of Malaysian Institute of Certified Public Accountants in November 1994. He holds a Capital Markets Services Representative's Licence as governed by the SC since 2008. Randy started his career as an Articled Clerk with Ernst & Young in 1989 and his last position there was as Audit Senior. In 1993, he joined the Corporate Finance division of Arab Malaysian Merchant Bank Berhad as an Officer and was promoted to Manager in 1996. In 1997, he joined TA Securities Berhad as a Senior Manager in the Corporate Finance division. Randy continued his career as Group General Manager for Pancaran Ikrab Berhad in 1999. In 2002, he joined the Finance department of Bukit Kiara Properties Sdn Bhd as General Manager. Following that, in 2003 he joined as the Group General Manager of the Finance department at AWC Facility Solutions Berhad (now known as AWC Berhad). In 2008, Randy joined the International Corporate Finance Unit of Kenanga Investment Bank Berhad as a Director/Senior Vice President.

Presently, he is the Director/Principal Consultant of LeadingAdvantage Consulting Sdn Bhd, a position he has held since 2009. Since 2010, he has been an Associate at Sierac Corporate Advisers Sdn Bhd. He has also been the Chief Financial Officer of AWC Berhad since March 2015.

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

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**Selma Enolil Binti Mustapha Khalil**

*Independent Non-Executive Director*

Selma Enolil Binti Mustapha Khalil ("**Selma**"), Malaysian, aged 45, is our Independent Non-Executive Director. She was appointed to our Board on 23 July 2015 and is the Chairman of the Remuneration Committee as well as a Member of both the Audit Committee and Nomination Committee.

Selma graduated from University of Wales, Aberystwyth with a Bachelor of Laws in 1994. She obtained her Certificate in Legal Practice in 1995 and was called to the Malaysian Bar as an Advocate and Solicitor in 1996. She started her career as an Advocate and Solicitor with Messrs Abu Talib Shahrom & Zahari in 1996. In 1998, she joined TNB Remaco Sdn Bhd as a legal executive. She resumed practicing law as an Advocate and Solicitor with Messrs Raslan Loong in 2000.

In 2003, she co-founded Messrs Enolil Loo, Advocates and Solicitors, in which she is currently a Partner.

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

### 7.2.3 Directors' shareholdings

The direct and indirect shareholdings of our Directors before and after the IPO are as follows:-

| Directors                           | Nationality | Before the IPO |               |                | After the IPO <sup>^</sup> |               |       |
|-------------------------------------|-------------|----------------|---------------|----------------|----------------------------|---------------|-------|
|                                     |             | Direct         | Indirect      | % <sup>@</sup> | Direct                     | Indirect      | %     |
|                                     |             | No. of Shares  | No. of Shares | % <sup>@</sup> | No. of Shares              | No. of Shares | %     |
| Tan Sri Datuk Adzmi Bin Abdul Wahab | Malaysian   | -              | -             | -              | 350,000                    | -             | 0.08  |
| Lim Kon Lian                        | Malaysian   | 110,003,745    | 177,374,265*  | 34.83          | 110,003,745                | 177,824,265*  | 25.65 |
| Mok Mei Lan                         | Malaysian   | 110,003,725    | 177,374,285*  | 34.83          | 110,003,725                | 177,824,285*  | 25.65 |
| Tan Chuan Hock                      | Malaysian   | 28,421,990     | -             | 9.00           | 28,771,990                 | -             | 6.71  |
| Tevanaigam Randy Chitty             | Malaysian   | -              | -             | -              | 350,000                    | -             | 0.08  |
| Selma Enolil Binti Mustapha Khalil  | Malaysian   | -              | -             | -              | 350,000                    | -             | 0.08  |

#### Notes:-

<sup>@</sup> Based on our issued and paid-up share capital of 315,800,000 Shares after Acquisition of LKL Advance Metaltech but before Public Issue.

<sup>#</sup> Based on our enlarged issued and paid-up share capital of 428,800,000 Shares after the IPO.

<sup>^</sup> Assuming that all Pink Form Allocations are fully subscribed.

\* Deemed interested by virtue of his/her spouse and children's direct shareholdings in our Company pursuant to Section 134 of the Act.

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

### 7.2.4 Principal business activities and directorships in other corporations for the past five (5) years

Save as disclosed below, none of our Directors have any principal business activities and directorship in any other corporations for the past five (5) years preceding the LPD:-

| Directors                           | Company                                                                               | Position Held                          | Date Appointed as Director                      | Date Resigned as Director | Direct and Indirect Equity Interest (%) | Principal Activities                                                                         |
|-------------------------------------|---------------------------------------------------------------------------------------|----------------------------------------|-------------------------------------------------|---------------------------|-----------------------------------------|----------------------------------------------------------------------------------------------|
| Tan Sri Datuk Adzmi Bin Abdul Wahab | ABN Capital Bhd.                                                                      | Independent Non-Executive Director     | 27.12.2005                                      | N/A                       | N/A                                     | Oil and gas industry<br>(Status: creditors' winding up)                                      |
|                                     | Alaeis Domaine Sdn. Bhd.                                                              | Non-Executive Director and Shareholder | 16.07.2014                                      | N/A                       | Direct: 50.00<br>Indirect: -            | Investment Advisory Services                                                                 |
|                                     | Cergas Metro Resources Sdn. Bhd.                                                      | Non-Executive Director                 | 06.10.2005                                      | 18.08.2010                | N/A                                     | General trading                                                                              |
|                                     | Dataprep Holdings Bhd.                                                                | Independent Non-Executive Director     | 29.08.2006 (Director) and 21.12.2006 (Chairman) | N/A                       | N/A                                     | Investment holding company and provision of management services to subsidiaries              |
|                                     | MK Precision Castings (M) Sdn Bhd (formerly known as Diayo Die-Casting (M) Sdn. Bhd.) | Non-Executive Director                 | 06.01.2010                                      | 04.06.2012                | N/A                                     | Manufacturing die-casting products and trading in moulds                                     |
|                                     | Dropzone (M) Sdn. Bhd.                                                                | Shareholder                            | -                                               | -                         | Direct: 10.00<br>Indirect: -            | General trading, investment holdings, property investment<br>(Status: creditors' winding up) |
|                                     | Eastern Infrastructure Development Sdn. Bhd.                                          | Non-Executive Director and Shareholder | 22.04.2008                                      | 12.01.2011                | Direct: 49.99<br>Indirect: -            | Dormant                                                                                      |
|                                     | Expert Markers Sdn. Bhd.                                                              | Non-Executive Director                 | 12.12.2005                                      | N/A                       | N/A                                     | -                                                                                            |

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

| Directors                                       | Company                                 | Position Held                          | Date Appointed as Director                               | Date Resigned as Director | Direct and Indirect Equity Interest (%) | Principal Activities                                                                                                            |
|-------------------------------------------------|-----------------------------------------|----------------------------------------|----------------------------------------------------------|---------------------------|-----------------------------------------|---------------------------------------------------------------------------------------------------------------------------------|
| Tan Sri Datuk Adzmi Bin Abdul Wahab<br>(Cont'd) | Grand-Flo Berhad                        | Independent Non-Executive Director     | 01.07.2010<br>(Director and Chairman)                    | N/A                       | N/A                                     | Providing information technology solution and investment holding                                                                |
|                                                 | Great Ocean Petroleum Holding Sdn. Bhd. | Non-Executive Director                 | 16.12.2013                                               | N/A                       | Direct: 50.00<br>Indirect: -            | Dormant                                                                                                                         |
|                                                 | High Focus Group Sdn. Bhd.              | Non-Executive Director                 | 16.12.2013                                               | N/A                       | N/A                                     | Activities of holding companies, construction of other engineering projects, real estate activities with own or leased property |
|                                                 | JM Mobile Service Sdn. Bhd.             | Executive Director                     | 01.06.2005                                               | N/A                       | N/A                                     | Motor vehicle repair workshop, service station and supply accessories<br>(Status: Striking off)                                 |
|                                                 | L.S. Associates (Sea) Sdn. Bhd.         | Non-Executive Director and Shareholder | 27.10.2010                                               | 03.06.2011                | Direct: 3.00<br>Indirect: -             | Multilevel marketing (MLM), general trading, land development and construction                                                  |
|                                                 | Lebtech Berhad                          | Independent Non-Executive Director     | 13.12.2007<br>(Director) and<br>28.02.2014<br>(Chairman) | N/A                       | N/A                                     | Investment holding company                                                                                                      |
|                                                 | Magna Prima Berhad                      | Independent Non-Executive Director     | 02.05.2006<br>(Director and Chairman)                    | N/A                       | NA                                      | Investment holding                                                                                                              |
|                                                 | Mirmas Holding Sdn. Bhd.                | Non-Executive Director and Shareholder | 02.04.2008                                               | 05.06.2015                | N/A                                     | Dormant                                                                                                                         |

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

| Directors                                       | Company                                      | Position Held                          | Date Appointed as Director | Date Resigned as Director | Direct and Indirect Equity Interest (%) | Principal Activities                                                                                                                                                                                                                                                                         |
|-------------------------------------------------|----------------------------------------------|----------------------------------------|----------------------------|---------------------------|-----------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Tan Sri Datuk Adzmi Bin Abdul Wahab<br>(Cont'd) | Smart Wash Sdn. Bhd.                         | Executive Director                     | 01.06.2005                 | N/A                       | N/A                                     | To provide launderer services, launderette franchise                                                                                                                                                                                                                                         |
|                                                 | Trans Asia Energy Sdn. Bhd.                  | Non-Executive Director and Shareholder | 28.01.2015                 | N/A                       | Direct: 33.33<br>Indirect: -            | Oil and gas extraction service activities provided on a fee or contract basis, support activities for other mining and quarrying, other architectural and engineering activities and related technical consultancy                                                                           |
|                                                 | TSA Corporate Advisory Sdn. Bhd.             | Non-Executive Director and Shareholder | 03.10.2013                 | N/A                       | Direct: 50.00<br>Indirect: -            | Dormant                                                                                                                                                                                                                                                                                      |
|                                                 | United Petroleum Energy Consortium Sdn. Bhd. | Non-Executive Director and Shareholder | 01.04.2005                 | N/A                       | Direct: 50.00<br>Indirect: -            | Striking off                                                                                                                                                                                                                                                                                 |
|                                                 | VDSL Network Sdn. Bhd.                       | Non-Executive Director                 | 19.05.2005                 | N/A                       | N/A                                     | Broadband and telecommunication services                                                                                                                                                                                                                                                     |
|                                                 | VDSL TT Frontiers Sdn. Bhd.                  | Non-Executive Director                 | 19.05.2005                 | N/A                       | N/A                                     | Carrying on business in relation to communication, information technology, information technology equipment and investments on information technology and information technology equipment, in the form of providing consultation, advise, management services and other IT-related services |
|                                                 |                                              |                                        |                            |                           |                                         |                                                                                                                                                                                                                                                                                              |
|                                                 |                                              |                                        |                            |                           |                                         |                                                                                                                                                                                                                                                                                              |

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

| Directors                                       | Company                          | Position Held                                          | Date Appointed as Director | Date Resigned as Director | Direct and Indirect Equity Interest (%) | Principal Activities                                                                                                                                 |
|-------------------------------------------------|----------------------------------|--------------------------------------------------------|----------------------------|---------------------------|-----------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------|
| Tan Sri Datuk Adzmi Bin Abdul Wahab<br>(Cont'd) | Yasmin Pisma Ventures Sdn. Bhd.  | Executive Director                                     | 25.11.2013                 | N/A                       | N/A                                     | Textile trading, export of electrical and electronics goods, export of refined palm oils, export and import of fertilizers and agrochemical products |
|                                                 | Yasmin Ventures Sdn. Bhd.        | Executive Director                                     | 20.03.2006                 | N/A                       | N/A                                     | Investment holding company and general trading                                                                                                       |
|                                                 | ZI Communication Sdn. Bhd.       | Non-Executive Director                                 | 22.04.2008                 | 12.01.2011                | N/A                                     | Event management                                                                                                                                     |
|                                                 | Eastern Explorer (M) Sdn Bhd     | Non-Executive Director                                 | 18.08.2015                 | N/A                       | Direct: 3.00<br>Indirect: -             | Support activities for other mining and quarrying, support activities for mining, other support services                                             |
| Lim Kon Lian                                    | LKL Advance Technology Sdn. Bhd. | Executive Director and Shareholder                     | 30.05.2005                 | N/A                       | Direct: 45.00<br>Indirect: 15.00        | Dormant                                                                                                                                              |
|                                                 | LKL Greentech Sdn. Bhd.          | Executive Director and Shareholder                     | 20.06.2012                 | N/A                       | Direct: 31.00<br>Indirect: 20.00        | Trading and assembly of medical equipment<br>(Ceased operation since September 2013)                                                                 |
| Mok Mei Lan                                     | LKL Advance Technology Sdn. Bhd. | Executive Director and Shareholder                     | 30.05.2005                 | N/A                       | Direct: 15.00<br>Indirect: 45.00        | Dormant                                                                                                                                              |
| Tan Chuan Hock                                  | Grand-Flo Berhad                 | Non-Independent Non-Executive Director and Shareholder | 02.10.2004                 | N/A                       | Direct: 2.63<br>Indirect: 2.51          | Providing information technology solution and investment holding                                                                                     |

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

| Directors                  | Company                                 | Position Held                                      | Date Appointed as Director | Date Resigned as Director | Direct and Indirect Equity Interest (%) | Principal Activities                                                                                                                      |
|----------------------------|-----------------------------------------|----------------------------------------------------|----------------------------|---------------------------|-----------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|
| Tan Chuan Hock<br>(Cont'd) | EITA Resources Berhad                   | Independent Non-Executive Director and Shareholder | 15.01.2010                 | N/A                       | Direct: 0.15<br>Indirect: -             | Investment holding company, provision of management services and procurement of contracts including assisting in procurement of contracts |
|                            | Careplus Group Berhad                   | Independent Non-Executive Director and Shareholder | 03.07.2010                 | N/A                       | Direct: 0.79<br>Indirect: 0.12          | Investment holding                                                                                                                        |
|                            | PCCS Group Berhad                       | Independent Non-Executive Director                 | 04.11.1998                 | 01.04.2015                | N/A                                     | Investment holding and provision of management services                                                                                   |
|                            | William C.H. Tan & Associates           | Sole Proprietor                                    | N/A                        | N/A                       | Direct: 100.00<br>Indirect: -           | Auditing                                                                                                                                  |
|                            | William C.H. Tan & Associates Sdn. Bhd. | Executive Director and Shareholder                 | 01.10.1997                 | N/A                       | Direct: 99.995<br>Indirect: 0.005       | Dormant                                                                                                                                   |
|                            | William C.H. Tan Consultancy Sdn. Bhd.  | Executive Director and Shareholder                 | 16.09.1993                 | N/A                       | Direct: 70.00<br>Indirect: 20.00        | Tax advisory and consultancy services                                                                                                     |
|                            | AI Capital Sdn Bhd                      | Executive Director and Shareholder                 | 25.08.2004                 | N/A                       | Direct: 90.00<br>Indirect: 10.00        | Investment holding                                                                                                                        |
|                            | William C.H. Tan Properties Sdn. Bhd.   | Executive Director and Shareholder                 | 27.03.1996                 | N/A                       | Direct: 50.00<br>Indirect: 50.00        | Property investment                                                                                                                       |
|                            | Venus Victory Sdn. Bhd.                 | Executive Director and Shareholder                 | 20.05.2008                 | N/A                       | Direct: 50.00<br>Indirect: 50.00        | Investment holding                                                                                                                        |
|                            |                                         |                                                    |                            |                           |                                         |                                                                                                                                           |

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

| Directors                  | Company                                                                 | Position Held                          | Date Appointed as Director | Date Resigned as Director | Direct and Indirect Equity Interest (%) | Principal Activities                                                                                                                                                                                  |
|----------------------------|-------------------------------------------------------------------------|----------------------------------------|----------------------------|---------------------------|-----------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Tan Chuan Hock<br>(Cont'd) | Simat Technologies Public Company Limited                               | Non-Independent Non-Executive Director | 31.01.2005                 | N/A                       | N/A                                     | Providing total information technologies services including sale of hardware, software development and nationwide maintenance services and to provide high-speed internet through fiber optic network |
|                            | Advance Corporate Advisory Limited                                      | Executive Director                     | 03.10.2011                 | 30.11.2011                | N/A                                     | Consultancy                                                                                                                                                                                           |
|                            | Techbond (Thailand) Limited                                             | Independent Non-Executive Director     | 17.06.2009                 | 05.08.2011                | N/A                                     | Trading<br>(Status: liquidated)                                                                                                                                                                       |
| Tevanaigam<br>Randy Chitty | Leading Advantage Consulting Sdn. Bhd.                                  | Executive Director and Shareholder     | 14.08.2007                 | N/A                       | Direct: 10.00<br>Indirect: 90.00        | Providing consultation and training services                                                                                                                                                          |
|                            | Ikatan Gelombang Sdn. Bhd.                                              | Executive Director                     | 01.12.2014                 | 15.12.2015                | N/A                                     | Dormant                                                                                                                                                                                               |
|                            | M & C Engineering and Trading Sdn. Bhd.<br>(subsidiary of AWC Berhad)   | Executive Director                     | 08.04.2015                 | N/A                       | N/A                                     | Installing and trading in air-conditioners and control valves and as engineering contractors                                                                                                          |
|                            | M & C Engineering and Trading (S) Pte Ltd<br>(subsidiary of AWC Berhad) | Executive Director                     | 17.06.2015                 | N/A                       | N/A                                     | Air-conditioning and building automation                                                                                                                                                              |
|                            | Tribeca Capital Sdn. Bhd.                                               | Executive Director                     | 28.04.2014                 | 06.02.2015                | N/A                                     | Provision of consultancy and advisory services and investment holding                                                                                                                                 |
|                            | Sukatan Ekonomi Sdn Bhd                                                 | Non-Executive Director                 | 15.05.2015                 | 09.06.2015                | N/A                                     | Wholesale of a variety of goods without any particular specialisation                                                                                                                                 |
|                            | DD Techniche Sdn Bhd<br>(subsidiary of AWC Berhad)                      | Executive Director                     | 08.10.2015                 | N/A                       | N/A                                     | Contracting for mechanical engineering works and trading of specialised water tanks and rainwater harvesting products                                                                                 |

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

| Directors                            | Company                                             | Position Held                          | Date Appointed as Director | Date Resigned as Director | Direct and Indirect Equity Interest (%) | Principal Activities                                                                                                                                                                                |
|--------------------------------------|-----------------------------------------------------|----------------------------------------|----------------------------|---------------------------|-----------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Tevanaigam Randy Chitty<br>(Cont'd)  | Qudotech Sdn Bhd<br>(subsidiary of AWC Berhad)      | Executive Director                     | 08.10.2015                 | N/A                       | N/A                                     | Mechanical and electrical engineering works                                                                                                                                                         |
|                                      | Qudotech (JB) Sdn Bhd<br>(subsidiary of AWC Berhad) | Executive Director                     | 08.10.2015                 | N/A                       | N/A                                     | Mechanical and electrical engineering works                                                                                                                                                         |
| Selma Enoll<br>Binti Mustapha Khalil | Ericson Foundation                                  | Director                               | 27.01.2011                 | N/A                       | N/A                                     | To assist, aid and give relief to the poor and needy subscribe and grant donations to any cause, person, corporation, institution or organization foster, develop and improve education of all kind |
|                                      | Addrahouse Sdn. Bhd.                                | Non-Executive Director and Shareholder | 22.11.2010                 | N/A                       | Direct: 30.83<br>Indirect: 2.50         | Manufacture of clothings, manufacture of other clothing accessories, retail sale of articles of clothing, articles of fur and clothing accessories                                                  |

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

### 7.2.5 Involvement of our Executive Directors in other businesses/corporations

Saved as disclosed in Section 7.2.4 of this Prospectus, our Executive Directors are not involved in other businesses/corporations. The involvements of our Executive Directors in other businesses/corporations are not expected to affect the operations of our Group as they are principally involved in the day-to-day operations of our Group. Their involvement in the aforesaid companies are minimal as the companies are dormant or have ceased operations, hence this would not be expected to affect their performance in our Group.

### 7.2.6 Directors' remuneration and benefits

The aggregate remuneration and benefits paid and proposed to be paid to our Directors for services rendered to our Group in all capacities for the FYE 30 April 2015 and 2016 are as follows:-

|                                     | Remuneration Band             |                                            |
|-------------------------------------|-------------------------------|--------------------------------------------|
|                                     | FYE 30 April 2015<br>(RM'000) | Proposed for FYE 30 April 2016<br>(RM'000) |
| Tan Sri Datuk Adzmi Bin Abdul Wahab | N/A                           | Nil – 50                                   |
| Lim Kon Lian                        | 550 – 600                     | 650 – 700                                  |
| Mok Mei Lan                         | 350 – 400                     | 350 – 400                                  |
| Tan Chuan Hock                      | N/A                           | Nil – 50                                   |
| Tevanaigam Randy Chitty             | N/A                           | Nil – 50                                   |
| Selma Enolil Binti Mustapha Khalil  | N/A                           | Nil – 50                                   |

Save as disclosed above, the issuance of LKL International Shares by our Company as consideration pursuant to the Acquisition of LKL Advance Metaltech to Lim Kon Lian, Mok Mei Lan and Tan Chuan Hock and dividends paid and to be paid (if any) to our shareholders, no other amounts or benefits has been paid or intended to be paid to the aforementioned Promoters, substantial shareholders and/or Directors within two (2) years preceding the date of this Prospectus. The remuneration which includes our Directors' salaries, bonuses, fees and allowances as well as other benefits of our Directors, must be considered and recommended by the Remuneration Committee and subsequently, be approved by our Board. Our Directors' fees must be further approved by our shareholders at a general meeting.

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

### 7.3 BOARD PRACTICES

#### 7.3.1 Directorship

As at the LPD, the details of the date of expiration of the current term of office for each of the Directors and the period for which the Directors have served in that office are as follows:-

| Name                                | Designation                               | Date of expiration of the current term of office              | Period served       |
|-------------------------------------|-------------------------------------------|---------------------------------------------------------------|---------------------|
| Tan Sri Datuk Adzmi Bin Abdul Wahab | Independent Non-Executive Chairman        | At the Second Annual General Meeting to be held in year 2016* | Since 23 July 2015  |
| Lim Kon Lian                        | Managing Director                         | At the Second Annual General Meeting to be held in year 2016  | Since 13 April 2015 |
| Mok Mei Lan                         | Executive Director                        | At the Second Annual General Meeting to be held in year 2016  | Since 13 April 2015 |
| Tan Chuan Hock                      | Non-Independent Non-Executive Director    | At the Third Annual General Meeting to be held in year 2017   | Since 23 July 2015  |
| Tevanaigam Randy Chitty             | Senior Independent Non-Executive Director | At the Third Annual General Meeting to be held in year 2017   | Since 23 July 2015  |
| Selma Enolil Binti Mustapha Khalil  | Independent Non-Executive Director        | At the Fourth Annual General Meeting to be held in year 2018  | Since 23 July 2015  |

**Note:-**

\* Tan Sri Datuk Adzmi Bin Abdul Wahab, who is over the age of seventy (70) years, shall vacate office pursuant to Section 129(2) of the Act at the conclusion of the second annual general meeting and shall seek re-appointment pursuant to Section 129(6) of the Act to hold office until the conclusion of the following annual general meeting of the Company. In addition, the provisions of the Company's Articles of Association relating to retirement of Directors by rotation shall not apply to a Director who is re-appointed pursuant to this Act.

In accordance with the Company's Articles of Association, all the Directors shall retire from office and at the first annual general meeting and at each subsequent annual general meeting, at least 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 by rotation from office and be eligible for re-election. Accordingly, all our Directors shall retire from office at least once in every three (3) years but shall be eligible for re-election. An election of Directors shall take place every year.

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

### 7.3.2 Audit Committee

Our Audit Committee was established on 23 July 2015 and its members are appointed by our Board. Our Audit Committee comprises the following members:-

| Name                                | Designation | Directorship                              |
|-------------------------------------|-------------|-------------------------------------------|
| Tevanaigam Randy Chitty             | Chairman    | Senior Independent Non-Executive Director |
| Tan Sri Datuk Adzmi Bin Abdul Wahab | Member      | Independent Non-Executive Chairman        |
| Selma Enolil Binti Mustapha Khalil  | Member      | Independent Non-Executive Director        |
| Tan Chuan Hock                      | Member      | Non-Independent Non-Executive Director    |

The main functions of the Audit Committee include inter-alia, the review of audit plans and audit reports with our external auditors, review of the auditors' evaluation of internal accounting controls and management information systems, review of the scope, functions, competency and resources of the internal audit function of which the internal auditors should report directly to the Audit Committee, review of the quarterly and yearly financial statements, appointment and re-appointment of the external auditors and review of related party transactions.

### 7.3.3 Remuneration Committee

Our Remuneration Committee was established on 23 July 2015 and its members are appointed by our Board. Our Remuneration Committee comprises the following members:-

| Name                               | Designation | Directorship                              |
|------------------------------------|-------------|-------------------------------------------|
| Selma Enolil Binti Mustapha Khalil | Chairman    | Independent Non-Executive Director        |
| Lim Kon Lian                       | Member      | Managing Director                         |
| Tevanaigam Randy Chitty            | Member      | Senior Independent Non-Executive Director |
| Tan Chuan Hock                     | Member      | Non-Independent Non-Executive Director    |

The main functions of the Remuneration Committee include inter-alia, the recommendation to our Board regarding the remuneration packages of the Executive Directors, assisting our Board in assessing the responsibility and commitment undertaken by our Board members and assisting our Board in ensuring the remuneration of the Executive Directors are reflective of the responsibility and commitment of the Directors concerned.

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

### 7.3.4 Nomination Committee

Our Nomination Committee was established on 23 July 2015 and its members are appointed by our Board. Our Nomination Committee comprises the following members:-

| Name                               | Designation | Directorship                              |
|------------------------------------|-------------|-------------------------------------------|
| Tevanaigam Randy Chitty            | Chairman    | Senior Independent Non-Executive Director |
| Selma Enolil Binti Mustapha Khalil | Member      | Independent Non-Executive Director        |
| Tan Chuan Hock                     | Member      | Non-Independent Non-Executive Director    |

The main functions of the Nomination Committee include inter-alia, the review of all nominations for the appointment or re-appointment of members of our Board and to determine the selection criteria thereof, review of the structure, size and composition of our Board, and to ensure that all our Directors undergo appropriate introduction and training programmes.

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

### 7.4 KEY MANAGEMENT

#### 7.4.1 Key management shareholdings

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

| Key management     | Designation                               | Nationality | Before the IPO     |                |                      |                | After the IPO <sup>^</sup> |                |                      |                |
|--------------------|-------------------------------------------|-------------|--------------------|----------------|----------------------|----------------|----------------------------|----------------|----------------------|----------------|
|                    |                                           |             | <-----Direct-----> |                | <-----Indirect-----> |                | <-----Direct----->         |                | <-----Indirect-----> |                |
|                    |                                           |             | No. of Shares      | % <sup>@</sup> | No. of Shares        | % <sup>@</sup> | No. of Shares              | % <sup>#</sup> | No. of Shares        | % <sup>#</sup> |
| Lim Kon Lian       | Managing Director                         | Malaysian   | 110,003,745        | 34.83          | 177,374,265*         | 56.17          | 110,003,745                | 25.65          | 177,824,265*         | 41.47          |
| Mok Mei Lan        | Procurement Director                      | Malaysian   | 110,003,725        | 34.83          | 177,374,285*         | 56.17          | 110,003,725                | 25.65          | 177,824,285*         | 41.47          |
| Lim Pak Hong       | Group General Manager                     | Malaysian   | 33,685,270         | 10.67          | -                    | -              | 33,885,270                 | 7.90           | -                    | -              |
| Lim Ming Chang     | General Manager - Operations              | Malaysian   | -                  | -              | -                    | -              | 300,000                    | 0.07           | -                    | -              |
| Wee Chuen Lii      | Financial Controller                      | Malaysian   | -                  | -              | -                    | -              | 150,000                    | 0.03           | -                    | -              |
| Lee Kah Eamg       | Chief Marketing Officer                   | Malaysian   | -                  | -              | -                    | -              | 300,000                    | 0.07           | -                    | -              |
| Elaine Lim Sin Yee | Human Resource and Administration Manager | Malaysian   | 33,685,270         | 10.67          | -                    | -              | 33,935,270                 | 7.92           | -                    | -              |
| Lee Kam Weng       | Export Manager                            | Malaysian   | -                  | -              | -                    | -              | 100,000                    | 0.02           | -                    | -              |

#### Notes:-

<sup>@</sup> Based on our issued and paid-up share capital of 315,800,000 Shares after Acquisition of LKL Advance Metaltech but before Public Issue.

<sup>#</sup> Based on our enlarged issued and paid-up share capital of 428,800,000 Shares after the IPO.

<sup>^</sup> Assuming that all Pink Form Allocations are fully subscribed.

\* Deemed interested by virtue of his/her spouse and children's direct shareholdings in our Company pursuant to Section 134 of the Act.

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

### 7.4.2 Profiles

The profiles of the key management of our Group are as follows:-

**Lim Kon Lian**

*Promoter, substantial shareholder and Managing Director*

Please refer to Section 7.2.2 of this Prospectus for his profile.

**Mok Mei Lan**

*Promoter, substantial shareholder, Executive Director and Procurement Director*

Please refer to Section 7.2.2 of this Prospectus for her profile.

**Lim Pak Hong**

*Promoter, substantial shareholder and Group General Manager*

Lim Pak Hong ("LPH"), Malaysian, aged 30, is our Group General Manager. He assists our Managing Director in managing the overall operations of our Group, with a special focus on R&D. He obtained a diploma in Mechatronics Engineering from INTI University College in 2009. Upon obtaining his diploma, he joined our Group as an intern for four (4) months, where he worked as a machine operator, and assisted in administrative matters of our Group. Following his internship with our Group, he resumed his tertiary education at Asia Pacific University of Technology & Innovation ("APU") in Kuala Lumpur. As part of the degree programme, he completed a 5-month industrial training attachment, where he served as an engineering intern at EngMech Venture Engineering Sdn Bhd, a steel fabrication company, and was primarily involved in assisting in the preparation of sales quotations and contracts. In 2013, he graduated with a Bachelor of Engineering in Mechatronic Engineering from Staffordshire University.

Upon graduation, LPH joined our Group as a R&D Engineer and was responsible for product design and development, including product customisations as specified by our customers. Among his notable achievements was the design of a Longitudinal Patient Transfer Trolley System, developed for the transferring of patients longitudinally (or lengthwise) as opposed to the conventional lateral (or sideways) transfer, which was useful in narrow hospital corridors and tight spaces. He was promoted to Group General Manager in 2015 and will be an integral part of our Group's future growth and success. Please refer to Section 7.8 of this Prospectus for further details on our Group's management succession planning.

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

### **Lim Ming Chang**

*Promoter and General Manager – Operations*

Lim Ming Chang ("**LMC**"), Malaysian, aged 34, is our General Manager – Operations. He attended Asia Pacific Institute of Information Technology in Kuala Lumpur and obtained a Diploma in Computing and Information Technology in 2002, followed by a Higher Diploma in Software Engineering in 2004. In 2005, he obtained a Bachelor of Science in Computing from Staffordshire University, United Kingdom and began his career at Star Division Sdn Bhd as a Web Design Technician. In the same year, he joined our Group as an IT and Sales Executive. In 2008, he was promoted to Management Information System ("**MIS**") Manager and was appointed as the Deputy Quality Management Representative of our Group. In 2011, he was promoted to Quality Management Representative.

In 2015, LMC was promoted to his current role as General Manager – Operations. In this role, he oversees our Group's manufacturing and logistics operations, IT and telecommunications functions, corporate website maintenance, as well as building and facilities management. LMC remains our Quality Management Representative and manages quality control and quality assurance of our operations, as well as operational safety, health and environment.

### **Wee Chuen Lii**

*Financial Controller*

Wee Chuen Lii ("**WCL**"), a Malaysian, aged 43, is our Financial Controller. He is responsible for overseeing the finance functions of our Group. He obtained a Diploma in Commerce (Financial Accounting) from Tunku Abdul Rahman College in 1996. Thereafter, he obtained the Association of Chartered Certified Accountants certificate in 2000 and became a Fellow member of the Association of Chartered Certified Accountants in 2005. He is a member of the Malaysian Institute of Accountants ("**MIA**").

WCL started his career as an Accounts Executive with Tasja Sdn Bhd (a wholly-owned subsidiary of Astral Asia Bhd) in 1997. He joined EA Consulting Asia Pacific Sdn Bhd as an Accountant in 2000 and continued his career as an Accountant with Axon Solutions Sdn Bhd in 2006. In 2009, he joined DSC Systems (M) Sdn Bhd (a wholly-owned subsidiary of DSC Solutions Bhd) as their Group Finance Manager. Subsequently, he joined Huawei Technologies (M) Sdn Bhd as their Business Financial Controller in 2012.

In February 2015, he joined our Group as Financial Controller. He brings with him over 15 years of experience in finance and accounting, including experience in public listed firms in Malaysia.

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

### **Lee Kah Earng**

*Chief Marketing Officer*

Lee Kah Earng ("**LKE**"), Malaysian, aged 46, is our Chief Marketing Officer. He is responsible for managing overall sales and marketing and business development activities of our Group. He obtained his Sijil Pelajaran Malaysia in 1988. He began his career with Hong Leong Finance Berhad as a Collection Clerk in 1990. In 1993, he joined as a Sales Executive in Great Wall Marketing Sdn Bhd. In 1994, he joined as a Sales Executive in Victory Supplies. In 1996, he joined our Group as a Sales Executive and has been an instrumental part of our Group's success and growth to-date. He was promoted to Sales Manager in 2003 and subsequently to Senior Sales Manager in 2012. He assumed his present position as our Chief Marketing Officer in 2014.

Over the years, he has been instrumental in the delivery of our products to public hospitals, including Hospital Putrajaya, Hospital Serdang, Hospital Sungai Buloh, Hospital Kota Bharu, Hospital Sungai Petani and Hospital Temerloh. He has also been responsible for leading our Group's sales initiatives in the private healthcare sector, where amongst others, he has secured sales with Sunway Medical Centre, Prince Court Medical Centre, Tropicana Medical Centre, Columbia Asia group of hospitals in Malaysia, and various Pantai hospitals and Gleneagles hospitals in Malaysia.

With over 25 years of experience and 20 years with our Group, he brings with him extensive domain expertise and industry proficiency, as well as intrinsic knowledge of our Group.

### **Elaine Lim Sin Yee**

*Promoter, substantial shareholder and Human Resource and Administration Manager*

Elaine Lim Sin Yee ("**Elaine**"), Malaysian, aged 35, is our Human Resource ("**HR**") and Administration ("**Admin**") Manager. She is responsible for overseeing the HR and Admin functions of our Group. She graduated from Royal Melbourne Institute of Technology University in Melbourne, Australia with a Bachelor of Business (Accountancy) in 2005. Upon graduation, she joined our Group as a Personal Assistant to the Managing Director and in 2006 she was promoted to her present position as the HR and Admin Manager.

As HR and Admin Manager, Elaine ensures the smooth running and operations of our Group. She manages our Group's employment and payroll functions, and oversees security, transportation, dispatch, office management, and the maintenance and upkeep of motor vehicles. She is also responsible for the renewal of all relevant licenses and certifications.

### **Lee Kam Weng**

*Export Manager*

Lee Kam Weng ("**LKW**"), Malaysian, aged 28, is our Export Manager. He graduated from INTI International University with a Bachelor of International Business in 2012 and was awarded a Bachelor of Arts from University of Hertfordshire in the same year. He began his career as a Corporate Sales Executive at UNI Strategic Sdn Bhd, a company involved in corporate training and public events, where he was responsible for international sales and marketing, primarily originating and managing sales from the Africa region.

LKW joined our Group in 2012 as Sales and Marketing Executive and was promoted to the Export Manager in 2014. He oversees all sales and marketing activities relating to our overseas Agents, Distributors and hospitals. He is extensively involved in client relationship building and international sales development, as he maintains regular communications with all our overseas stakeholders. Further, he is our Group's key liaison personnel at international trade shows and exhibitions. LKW's international sales experience will be vital to our Group's plans to expand our export business.

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

### 7.4.3 Involvement of our key management in other businesses/corporations

Save as disclosed below and Section 7.2.4 of this Prospectus for our Executive Directors, Lim Kon Lian and Mok Mei Lan, none of our other key management personnel have any principal business activities and directorship in any other corporations for the past five (5) years preceding the LPD:-

| Key Management     | Company                      | Position Held            | Date Resigned | Principal Activities                                                                                                                                                                                             |
|--------------------|------------------------------|--------------------------|---------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Lim Pak Hong       | LKL Greentech Sdn. Bhd.      | Director and Shareholder | N/A           | Trading and assembly of medical equipment<br>(Ceased operation since September 2013)                                                                                                                             |
|                    | United Multi Medic Sdn. Bhd. | Director and Shareholder | N/A           | Trading of hospital and medical furniture<br>(Ceased operation as trader of hospital and medical furniture since March 2015)<br><br>As at the LPD, United Multi Medic Sdn. Bhd. is a property investment company |
| Lim Ming Chang     | United Multi Medic Sdn. Bhd. | Director and Shareholder | N/A           | Trading of hospital and medical furniture<br>(Ceased operation as trader of hospital and medical furniture since March 2015)<br><br>As at the LPD, United Multi Medic Sdn. Bhd. is a property investment company |
|                    | Elan Med Sdn. Bhd.           | Shareholder              | -             | Dormant<br>(Status: Striking off)                                                                                                                                                                                |
| Wee Chuen Lii      | Sonic Construction Sdn. Bhd. | Director                 | 19.01.2015    | Renovation and general contractor                                                                                                                                                                                |
| Elaine Lim Sin Yee | LKL Greentech Sdn. Bhd.      | Director                 | N/A           | Trading and assembly of medical equipment<br>(Ceased operation since September 2013)                                                                                                                             |

The involvement of our key management in the abovementioned businesses or corporations is minimal as, with respect to United Multi Medic Sdn. Bhd., the company is a property investment company that does not have any day-to-day operations, and, for the other companies, they have ceased operations or dormant, and therefore does not affect his/her contribution to our Group.

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

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**7.5 DECLARATIONS FROM OUR PROMOTERS, DIRECTORS AND KEY MANAGEMENT**

None of our Promoters, Directors and key management is or was involved in any of the following events, whether within or outside Malaysia:-

- (i) A petition under any bankruptcy or insolvency law was 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 management;
- (ii) Disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of the corporation;
- (iii) Charged and/or convicted in criminal proceeding, or is a named subject of pending criminal proceedings;
- (iv) Any judgment entered against such person involving a breach of any law or regulatory requirement that relates to the securities or futures industry; or
- (v) The subject of any order, judgment or ruling of any court, government or regulatory authority or body, permanently or temporarily enjoining him from engaging in any type of business practice or activity.

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

### 7.6 FAMILY RELATIONSHIPS AND ASSOCIATIONS

Save as disclosed below, there are no other family relationships (as defined under Section 122A of the Act) and associations between or amongst our Directors, Promoters, substantial shareholder and key management:-

- (i) Lim Kon Lian is the spouse of Mok Mei Lan, father to Elaine Lim Sin Yee and Lim Pak Hong and father-in-law to Lim Ming Chang and Tan Lee Ching;
- (ii) Mok Mei Lan is the spouse of Lim Kon Lian, mother to Elaine Lim Sin Yee and Lim Pak Hong, mother-in-law to Lim Ming Chang and Tan Lee Ching and aunt to Lee Kah Eang;
- (iii) Elaine Lim Sin Yee is the spouse to Lim Ming Chang, daughter to Lim Kon Lian and Mok Mei Lan, sister to Lim Pak Hong, sister-in-law to Tan Lee Ching and cousin to Lee Kah Eang;
- (iv) Lim Pak Hong is the spouse to Tan Lee Ching, son to Lim Kon Lian and Mok Mei Lan, brother to Elaine Lim Sin Yee, brother-in-law to Lim Ming Chang and cousin to Lee Kah Eang;
- (v) Lim Ming Chang is the spouse of Elaine Lim Sin Yee, son-in-law to Lim Kon Lian and Mok Mei Lan and brother-in-law to Lim Pak Hong;
- (vi) Tan Lee Ching is the spouse of Lim Pak Hong, daughter-in-law to Lim Kon Lian and Mok Mei Lan and sister-in-law to Elaine Lim Sin Yee; and
- (vii) Lee Kah Eang is the nephew of Mok Mei Lan and cousin to Elaine Lim Sin Yee and Lim Pak Hong.

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

### 7.7 SERVICE AGREEMENTS

As at the LPD, none of our Directors and/or key management has any existing or proposed service agreements with our Group.

### 7.8 MANAGEMENT SUCCESSION PLAN

We have implemented a management succession plan, where we have put in place a process to groom new management staff to gradually assume the responsibilities of senior management. Our Group's strategy for management continuity is driven by our top management who is responsible for identifying key competencies and requirements of candidates. If the need arises, we will recruit qualified personnel with knowledge and expertise of our business to enhance our operations.

Our Group General Manager, Lim Pak Hong, has been earmarked as the successor to our Managing Director, Lim Kon Lian, and is actively involved in overseeing the management and operations of our Group. He is being groomed to progressively assume greater responsibilities within the Group, including participation in strategic business planning and decision making, under the guidance of Lim Kon Lian. He is thus being equipped with the necessary knowledge and skills to ensure the long term continuity of the management and operations of our Group.

Further, our key management team, comprising Lim Ming Chang, Wee Chuen Lii, Lee Kah Earnng, Elaine Lim Sin Yee and Lee Kam Weng, has been carefully planned out, with clearly defined leadership roles and responsibilities within operations, finance, sales and marketing, human resource and administration, and export sales respectively. Our key management team has been set up to provide structured and resilient support to our Executive Directors, namely Lim Kon Lian and Mok Mei Lan, and our Group General Manager, namely Lim Pak Hong, to facilitate the future growth and success of our Group.

### 7.9 MANAGEMENT AND EMPLOYEES

The number of full time employees in our Group as at the end of the past three (3) FYE 30 April 2013 to 2015, six (6)-month FPE 31 October 2015 and as at the LPD are as follows:-

| Department                           | Total Number of Employees |            |            |                                         |                  | Average Year(s) of Service as at the LPD |           |           |           |
|--------------------------------------|---------------------------|------------|------------|-----------------------------------------|------------------|------------------------------------------|-----------|-----------|-----------|
|                                      | FYE 30 April              |            |            | Six (6)-month<br>FPE 31<br>October 2015 | As at<br>the LPD | <1                                       | 1 - 5     | > 5       | > 10      |
|                                      | 2013                      | 2014       | 2015       |                                         |                  | Year                                     | Years     | Years     | Years     |
| Directors*                           | 3                         | 3          | 3          | 7                                       | 7                | 4                                        | -         | -         | 3         |
| Manufacturing                        | 85                        | 98         | 127        | 112                                     | 101              | 21                                       | 51        | 12        | 17        |
| Accounts                             | 5                         | 5          | 6          | 6                                       | 6                | -                                        | 2         | 2         | 2         |
| Sales and Marketing                  | 23                        | 23         | 24         | 24                                      | 22               | 2                                        | 10        | 7         | 3         |
| Human Resource<br>and Administration | 11                        | 10         | 10         | 11                                      | 12               | 3                                        | 1         | 5         | 3         |
| IT                                   | 2                         | 2          | 2          | 3                                       | 3                | 1                                        | -         | 1         | 1         |
| R&D                                  | 4                         | 5          | 6          | 5                                       | 5                | -                                        | 2         | 1         | 2         |
| QA/QC                                | 2                         | 2          | 2          | 3                                       | 3                | 1                                        | 1         | 1         | -         |
| <b>Total</b>                         | <b>135</b>                | <b>148</b> | <b>180</b> | <b>171</b>                              | <b>159</b>       | <b>32</b>                                | <b>67</b> | <b>29</b> | <b>31</b> |

**Note:-**

\* Includes one (1) Director of our subsidiary.

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

Our manufacturing department consist of 41, 50, 68, 59 and 51 foreign workers who are working on yearly contractual basis in the FYE 30 April 2013 to 2015, six (6)-month FPE 31 October 2015 and as at the LPD respectively. Our foreign workers are currently primarily from Nepal. All the foreign workers employed by us have valid one-year visit pass (temporary employment), which are renewed on a yearly basis and are not in breach of any immigration laws.

None of our employees are members of any union nor have there been any major industrial disputes in the past.

We recognise the importance of human resources as a central element to our success. All new employees are required to undergo in-house orientation conducted by the respective division heads to familiarise themselves with our culture and policies. New technical personnel are also provided training to equip them with the necessary working knowledge and skills in order for them to carry out their job responsibilities efficiently. We hold regular training sessions to ensure that all of our personnel are familiar with the latest technology and market trends as follows:-

| Year | Programmes                                                                                                         | Organiser                                                                 | Location               |
|------|--------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------|------------------------|
| 2012 | Saudi Arabian Standard Organization certification & requirements                                                   | MATRADE                                                                   | Kuala Lumpur, Malaysia |
|      | "ISO 9001:2008 understanding and internal audit and ISO 13485 understanding and internal audit" training programme | L & P Total Solutions Sdn Bhd                                             | Selangor, Malaysia     |
| 2013 | Annual enhancement program                                                                                         | MSB Solutions Sdn Bhd                                                     | Selangor, Malaysia     |
|      | Microsoft Dynamics AX Phase II – training for production modules                                                   | MSB Solutions Sdn Bhd                                                     | Selangor, Malaysia     |
|      | IT support and troubleshooting workshop                                                                            | Bridge Knowle Events (M) Sdn Bhd                                          | Kuala Lumpur, Malaysia |
|      | Microsoft Dynamics AX Phase II – inventory and production modules training                                         | MSB Solutions Sdn Bhd                                                     | Selangor, Malaysia     |
| 2014 | Microsoft Dynamics AX Phase II – sales order module training                                                       | MSB Solutions Sdn Bhd                                                     | Selangor, Malaysia     |
|      | UBS training programme for payroll                                                                                 | Sage Software Sdn Bhd                                                     | Selangor, Malaysia     |
|      | Motivating leadership training course                                                                              | The Chinese Chamber of Commerce and Industry of Kuala Lumpur and Selangor | Kuala Lumpur, Malaysia |
|      | "Understanding Goods and services tax ("GST") Malaysia" training course                                            | Icon Learning & Development Sdn Bhd                                       | Kuala Lumpur, Malaysia |
|      | SolidWorks Essentials training                                                                                     | IME Cadcam Training Centre Sdn Bhd                                        | Selangor, Malaysia     |

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

| Year             | Programmes                                                            | Organiser                            | Location               |
|------------------|-----------------------------------------------------------------------|--------------------------------------|------------------------|
| 2014<br>(Cont'd) | Robot training                                                        | Engineering Aids Sdn Bhd             | Selangor, Malaysia     |
|                  | National GST conference                                               | IBN Global Networks Sdn Bhd          | Kuala Lumpur, Malaysia |
|                  | SolidWorks Simulation Basic training                                  | IME Cadcam Training Centre Sdn Bhd   | Selangor, Malaysia     |
|                  | GST awareness programme                                               | L & P Total Solutions Sdn Bhd        | Selangor, Malaysia     |
|                  | Warehouse management training                                         | Novo Quality Services (M) Sdn Bhd    | Selangor, Malaysia     |
|                  | Safety and health awareness at workplace training                     | SMART Training & Consultancy Sdn Bhd | Selangor, Malaysia     |
|                  | Employment Act 1955 programme                                         | L & P Total Solutions Sdn Bhd        | Selangor, Malaysia     |
|                  | High performance work team course                                     | Setara Suria Sdn Bhd                 | Selangor, Malaysia     |
| 2015             | SolidWorks Essentials training                                        | IME Cadcam Training Centre Sdn Bhd   | Selangor, Malaysia     |
|                  | Small Medium Enterprises C-Level executive management programme       | Terra Firma Asia Sdn Bhd             | Nagoya, Japan          |
|                  | GST training                                                          | Do Great Sdn Bhd                     | Selangor, Malaysia     |
|                  | Safe operation of forklift training                                   | Smart Training & Consultancy Sdn Bhd | Selangor, Malaysia     |
|                  | Chemical safety management and spillage control procedure             | Smart Training & Consultancy Sdn Bhd | Selangor, Malaysia     |
|                  | Biomedical competency training and certification on electrical safety | NIQ Engineering Sdn Bhd              | Selangor, Malaysia     |

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## 8. APPROVALS AND CONDITIONS

### 8.1 APPROVALS FROM RELEVANT AUTHORITIES

Our Listing Scheme is an exempt transaction under Section 212(8) of the CMSA and is therefore not subject to the approval of the SC.

The listing of our Company on the ACE Market of Bursa Securities was approved by the relevant authorities as follows:-

- (i) Bursa Securities vide its letter dated 8 January 2016, for our admission to the Official List and listing of and quotation for our entire enlarged issued and paid-up share capital of LKL International of RM42,880,000, comprising 428,800,000 Shares on the ACE Market of Bursa Securities;
- (ii) The SC vide its letter dated 12 January 2016, under the equity requirement for public companies; and
- (iii) The MITI vide its letter dated 29 January 2016, has taken note of and has no objection to our Listing.

### 8.2 CONDITIONS ON APPROVALS

The conditions imposed by Bursa Securities in respect of the Listing are as follows:-

| Details of conditions imposed                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Status of compliance             |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|
| (i) Tan Chuan Hock's shareholding in LKL International to be placed under moratorium for a period of six (6) months from the date of admission of LKL International to the ACE Market;                                                                                                                                                                                                                                                                                                                              | Complied.                        |
| (ii) Any director of the Company that has not attended the Mandatory Accreditation Programme must do so prior to listing of the Company;                                                                                                                                                                                                                                                                                                                                                                            | Complied.                        |
| (iii) Submit the following information in respect of the moratorium on the shareholdings of the promoters to the Bursa Depository:-<br><br>(a) Name of shareholders;<br>(b) Number of shares; and<br>(c) Date of expiry of the moratorium for each block of shares.                                                                                                                                                                                                                                                 | To be complied prior to Listing. |
| (iv) Obtain approvals from other relevant authorities for implementation of the listing proposal;                                                                                                                                                                                                                                                                                                                                                                                                                   | Complied.                        |
| (v) Make the relevant announcements pursuant to paragraphs 8.1 and 8.2 of Guidance Notes 15 of Listing Requirements;                                                                                                                                                                                                                                                                                                                                                                                                | To be complied prior to Listing. |
| (vi) Furnish Bursa Securities with a copy of the schedule of distribution showing compliance with the share spread requirements based on the entire issued and paid-up share capital of LKL International on the first day of listing;                                                                                                                                                                                                                                                                              | To be complied upon Listing.     |
| (vii) In relation to the public offering to be undertaken by LKL International, please announce at least 2 market days prior to the listing date, the result of the offering including the following:-<br><br>(a) Level of subscription of public balloting and placement;<br>(b) Basis of allotment/allocation;<br>(c) A table showing the distribution for placement tranche; and<br>(d) Disclosure of placees who become substantial shareholders of LKL International arising from the public offering, if any. | To be complied prior to Listing. |

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

| Details of conditions imposed                                                                                                                                                                                                               | Status of compliance         |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|
| (viii) LKL International/AIBB to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the admission to the Official List on the ACE Market is completed. | To be complied upon Listing. |

**8.3 MORATORIUM ON SALE OF SHARES**

In compliance with the Listing Requirements, a moratorium will be imposed on the sale, transfer or assignment of Shares held by our Promoters as follows:-

- (i) The moratorium applies to our Promoters' entire shareholdings for a period of six (6) months from the date of our admission to the ACE Market of Bursa Securities ("**First 6-Month Moratorium**");
- (ii) Upon the expiry of the First 6-Month Moratorium, we must ensure that our Promoters' aggregate shareholdings amounting to at least 45% of our issued and paid-up ordinary share capital remain under moratorium for a further six (6) months ("**Second 6-Month Moratorium**"); and
- (iii) Upon the expiry of the Second 6-Month Moratorium, our Promoters may sell, transfer or assign up to a maximum of one third per annum (on a straight line basis) of our Shares held under moratorium.

Details of our Shares held by our Promoters<sup>#</sup> and/or substantial shareholders which will be subject to moratorium are as follows:-

| Shareholders                    | Direct shareholdings after the IPO |                                                |
|---------------------------------|------------------------------------|------------------------------------------------|
|                                 | No. of Shares*                     | % of enlarged issued and paid-up share capital |
| Lim Kon Lian                    | 110,003,745                        | 25.65                                          |
| Mok Mei Lan                     | 110,003,725                        | 25.65                                          |
| Lim Pak Hong <sup>^</sup>       | 33,885,270                         | 7.90                                           |
| Lim Ming Chang <sup>^</sup>     | 300,000                            | 0.07                                           |
| Elaine Lim Sin Yee <sup>^</sup> | 33,935,270                         | 7.92                                           |
| Tan Lee Ching <sup>^</sup>      | 100,000                            | 0.02                                           |
| Tan Chuan Hock <sup>@</sup>     | 28,771,990                         | 6.71                                           |
| <b>Total</b>                    | <b>317,000,000</b>                 | <b>73.92</b>                                   |

**Notes:-**

\* Assuming all Pink Form Allocations is fully taken-up.

<sup>^</sup> Moratorium applicable only for First 6-Month Moratorium.

<sup>@</sup> Pursuant to the condition imposed by Bursa Securities as disclosed in Section 8.2 of this Prospectus, whereby moratorium applies for a period of six (6) months from the date of admission of LKL International to the ACE Market of Bursa Securities.

<sup>#</sup> Our Promoters will collectively hold in aggregate approximately 67.21% of our enlarged issued and paid-up share capital upon Listing.

## 9. OTHER INFORMATION

### 9.1 INFORMATION ON MATERIAL LAND AND BUILDINGS

#### 9.1.1 Properties owned

A summary of the material land and buildings owned by our Group for our operations as at the LPD is as follows:-

| Registered and Beneficial Owner | Property Address/Title Details                                                                                                                                                                                                   | Description and Existing Use                                                                                                            | Category of Land Use/Tenure of Property | Restrictions in Interest/ Material Encumbrance(s)                                                                                                                                     | Date of Issuance of Certificate of Fitness or CCC | Gross Built-Up Area/Land Area (sq ft)* | Net book value as at 31 October 2015 RM'000 | Date of acquisition |
|---------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------|----------------------------------------|---------------------------------------------|---------------------|
| LKL Advance Metaltech           | No. 1, Jalan BS7/18, Kawasan Perindustrian Bukit Serdang, Seksyen 7, 43300 Seri Kembangan, Selangor Darul Ehsan/<br>HSD 202530 PT1385, Mukim Petaling, Daerah Petaling, Selangor Darul Ehsan ("Factory Lot No. 1") <sup>^</sup>  | A double-storey detached factory used as an office, plant manufacturing and warehouse                                                   | Industry/ Freehold                      | Nil/ Charged to United Overseas Bank (Malaysia) Berhad                                                                                                                                | 2 May 2014                                        | 34,050/43,560                          | 6,266                                       | 11 April 2007       |
| LKL Advance Metaltech           | No. 3, Jalan BS7/18, Kawasan Perindustrian Bukit Serdang, Seksyen 7, 43300 Seri Kembangan, Selangor Darul Ehsan/<br>HSD 202531, PT1386, Mukim Petaling, Daerah Petaling, Selangor Darul Ehsan ("Factory Lot No. 3") <sup>^</sup> | A double-storey detached factory with a three (3)-storey office and other ancillary buildings used as an office and manufacturing plant | Industry/ Freehold                      | Nil/ Charged to United Overseas Bank (Malaysia) Bhd and leased a section of the land to Tenaga Nasional Berhad for a period of 30 years from 14 November 2006 ending 13 November 2036 | 26 September 2008                                 | 57,690/43,560                          | 6,303                                       | 12 November 2004    |

## 9. OTHER INFORMATION (Cont'd)

| Registered and Beneficial Owner | Property Address/Title Details                                                                                                                                                                                     | Description and Existing Use                                                                                   | Category of Land Use/Tenure of Property | Restrictions in Interest/ Material Encumbrance(s) | Date of Issuance of Certificate of Fitness or CCC | Gross Built-Up Area/Land Area (sq ft)* | Net book value as at 31 October 2015 RM'000 | Date of acquisition |
|---------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------|-----------------------------------------|---------------------------------------------------|---------------------------------------------------|----------------------------------------|---------------------------------------------|---------------------|
| LKL Advance Metaltech           | No. 15, Jalan BS7/20, Taman Perindustrian Bukit Serdang, Sek 7, 43300 Seri Kembangan, Selangor Darul Ehsan/<br>HSD 252834 PT1981 Mukim Pekan Serdang, Daerah Petaling, Selangor Darul Ehsan ("Factory Lot No. 15") | An intermediate semi-detached one and a half (1 ½)- storey factory used as a manufacturing plant and warehouse | Industry/ Freehold                      | Nil/ Charged to Public Bank Berhad                | 22 January 2010                                   | 9,720/11,282                           | 4,958                                       | 16 April 2015       |

## Notes:-

\* Conversion of original measurement of properties in square meters to square feet at  $1m^2 = 10.7639ft^2$ .

^ In year 2014, LKL Advance Metaltech constructed a single storey metal sheet cladded steel structure extension across Factory Lot No. 1 and Factory Lot No. 3 with a total built-up area of approximately 19,409 sq ft ("**Extension**") for the storage of inventory work-in-progress and finished goods at Factory Lot No. 1 and the storage of moulds at Factory Lot No. 3, which were not in accordance to the approved building plans. Therefore, a CCC for the Extension has yet to be obtained. To enable LKL Advance Metaltech to apply for a CCC, LKL Advance Metaltech is required to amalgamate Factory Lot No. 1 and Factory Lot No. 3 as the Extension is constructed across both these lands ("**Amalgamation**"). LKL Advance Metaltech has appointed a land surveyor on 31 July 2015 to submit the necessary application to the Land Department of Selangor for the Amalgamation.

Prior to making an application for Amalgamation, LKL Advance Metaltech has to refinance its facilities taken for Factory Lot No. 1 and Factory Lot No. 3 under one (1) financier to ensure that both Factory Lot No. 1 and Factory Lot No. 3 are charged to the same financier in order to facilitate the Amalgamation ("**Refinancing**"). As at the LPD, the Refinancing process is completed.

**9. OTHER INFORMATION (Cont'd)**

Within nine (9) to twelve (12) months from completion of the Refinancing, the land surveyor will submit the application for the Amalgamation. Approval of the application for the Amalgamation is expected to be issued within three (3) to six (6) months from the date of submission of the application for the Amalgamation.

Thereafter, upon completion of the Amalgamation, LKL Advance Metaltech will appoint consultants to submit the necessary applications to Majlis Perbandaran Subang Jaya ("MPSJ") in order to obtain a CCC for the Extension under a rehabilitation programme initiated by MPSJ. The application for a CCC for the Extension to MPSJ would be made within one (1) month from the date that MPSJ commences acceptance of such applications. MPSJ has indicated that presently, it is only accepting rehabilitation programme applications for CCC where the land area in question is less than two (2) acres. MPSJ has informed the architects to await the next phase of the rehabilitation programme for land area that is more than two (2) acres. The time frame for implementation of this next phase of rehabilitation programme is still unknown. As the combined land area of Factory Lot No. 1 and Factory Lot No. 3 is more than two (2) acres, LKL Advance Metaltech can only make an application for CCC upon the commencement of this next phase of rehabilitation programme by MPSJ. It is estimated that a CCC would be obtained within three (3) to six (6) months of the necessary applications being made.

In the event the next phase of rehabilitation programme by MPSJ is not implemented within 18 months from the date of listing, LKL Advance Metaltech will rent (and/or subsequently purchase) other premises (which comply with relevant land rules and building regulations) to carry out the activities currently carried out within the Extension and remove the Extension within two (2) months thereafter. The rental of the new premises and removal of the Extension is expected to cost approximately RM0.025 million per month and RM0.250 million respectively.

The legal implications in the event that the relevant authorities take action in respect of the Extension are, amongst others as follows:-

- (i) For commencing construction of the Extension without having submitted a copy of the detailed structural plans of the Extension together with a legible copy of its structural calculations and any other particulars, documents or reports as may be required by the local authority, LKL Advance Metaltech may be liable on conviction to a fine not exceeding RM50,000 or to imprisonment for a term not exceeding three (3) years or both and shall also be liable to a further fine of RM1,000 for every day during which the offence is continued after conviction;
- (ii) For occupying or permitting to be occupied the Extension or any part thereof without a CCC, LKL Advance Metaltech may also be liable on conviction to a fine not exceeding RM250,000 or to imprisonment for a term not exceeding ten (10) years or both;
- (iii) The local authority may make an application to the Magistrate's Court for a mandatory order requiring LKL Advance Metaltech to alter in any way or demolish the Extension; and
- (iv) In any case where proceedings have not been instituted against LKL Advance Metaltech, LKL Advance Metaltech shall, on the submission of plans and specifications to the relevant local authority, pay to the local authority a sum which shall not be less than five (5) times but not exceeding 20 times the prescribed fees for submission of plans and specification as the State Authority may prescribe.

Subsequent to the amalgamation of Factory Lot No. 1 and Factory Lot No. 3, we intend to utilise the resulting additional space in between the Factory Lot No. 1 and Factory Lot No. 3 to expand our manufacturing plants. With this expansion, we plan to install a conveyor line, to partially automate our epoxy powder coating process as well as to increase our storage area for finished products. Please refer to Section 5.8.1 of this Prospectus for further details on our future plans and strategies.

Save as disclosed above, there is no breach of any property or land use conditions and/or non-compliance with any regulatory requirement, land rules, building regulations and environmental issue which may materially affect our Group's operation and utilisation of assets in respect of the property owned by our Group for our operations as set out above.

## 9. OTHER INFORMATION (Cont'd)

### 9.1.2 Properties rented

A summary of the material land and buildings rented by our Group for our operations as at the LPD is as follows:-

| Landlord                      | Tenant                | Property Address                                                                                                            | Description and Existing Use                                                                          | Gross Built-Up Area (sq ft) | Tenure                               | Rental per annum RM'000 |
|-------------------------------|-----------------------|-----------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|-----------------------------|--------------------------------------|-------------------------|
| Goh Hang Kim                  | LKL Advance Metaltech | No. 12, Perindustrian BS 9, Jalan BS 9/10, Taman Bukit Serdang, 43300 Seri Kembangan, Selangor Darul Ehsan                  | An intermediate double-storey terrace industrial unit used as a manufacturing plant and storage       | 7,200                       | 26 May 2015 to 25 May 2018           | 84                      |
| Goh Hun Beng                  | LKL Advance Metaltech | No. 12A, Perindustrian BS 9, Jalan BS 9/10, Taman Bukit Serdang, 43300 Seri Kembangan, Selangor Darul Ehsan                 | An intermediate double-storey terrace industrial unit used as a manufacturing plant and storage       | 7,200                       | 26 May 2015 to 25 May 2018           | 84                      |
| Goh Han Eng                   | LKL Advance Metaltech | No. 16, Perindustrian BS 9, Jalan BS 9/10, Taman Bukit Serdang, 43300 Seri Kembangan, Selangor Darul Ehsan                  | An intermediate double-storey terrace industrial unit used as a manufacturing plant and storage       | 7,200                       | 26 May 2015 to 25 May 2018           | 84                      |
| G.B Alliance Sdn Bhd          | LKL Advance Metaltech | No. 22, Perindustrian BS 9, Jalan BS 9/10, Taman Bukit Serdang, 43300 Seri Kembangan, Selangor Darul Ehsan                  | An intermediate double-storey terrace industrial unit used as warehouse                               | 7,200                       | 15 November 2015 to 14 November 2016 | 90                      |
| Chiap Trading Sdn Bhd         | LKL Advance Metaltech | No. C-G-13, Jalan BS 14/1, Taman Bukit Serdang, Pusat Perdagangan Bukit Serdang, 43300 Seri Kembangan, Selangor Darul Ehsan | Basement and ground floor of an intermediate three (3)-storey office shoplot unit used as a warehouse | 1,600                       | 16 January 2015 to 15 January 2017   | 54                      |
| Lim Kon Lian and Lim Pak Hong | LKL Advance Metaltech | E-32-1, Lorong Bayan Indah 2, 11900 Bayan Lepas, Penang                                                                     | Ground floor of an intermediate three (3)-storey office shoplot unit used as an office and showroom   | 1,800                       | 1 January 2016 to 31 December 2017   | 72                      |

9. OTHER INFORMATION (Cont'd)

| Landlord     | Tenant                | Property Address                                                                                             | Description and Existing Use                                                                     | Gross Built-Up Area (sq ft) | Tenure                     | Rental per annum RM'000 |
|--------------|-----------------------|--------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|-----------------------------|----------------------------|-------------------------|
| Yen Chun Wai | LKL Advance Metaltech | No. 17, (Ground Floor), Laluan Tasek Timur 3, Pusat Perdagangan Tasek Indra, 31400 Ipoh, Perak Darul Ridzuan | Ground floor of an intermediate double-storey office shoplot unit used as an office and showroom | 1,540                       | 1 June 2015 to 31 May 2017 | 23                      |

As at the LPD, there is no breach of any property or land use conditions and/or non-compliance with any regulatory requirement, land rules, building regulations and environmental issue which may materially affect our Group's operation and utilisation of assets in respect of the property rented by our Group for our operations as set out above.

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**9. OTHER INFORMATION (Cont'd)****9.2 KEY MACHINERY AND EQUIPMENT**

A summary of the key machinery and equipment owned and used by our Group are set out below:-

| <b>Key Machinery and Equipment</b>      | <b>Description</b>                                                                   | <b>No. of units</b> | <b>Net book value as at 31 October 2015 RM'000</b> | <b>Estimated average lifespan (years)</b> | <b>Average age (years)</b> |
|-----------------------------------------|--------------------------------------------------------------------------------------|---------------------|----------------------------------------------------|-------------------------------------------|----------------------------|
| Bending and press machine and equipment | For the bending of steel materials                                                   | 7                   | 684                                                | 15-20                                     | 7                          |
| Mould and die                           | For shaping steel and ABS materials                                                  | 119                 | 249                                                | 20                                        | 8                          |
| Robotic welding machine                 | For automated welding of steel materials                                             | 7                   | 204                                                | 15                                        | 12                         |
| Punching machine and equipment          | For punching shapes onto steel materials                                             | 8                   | 178                                                | 25                                        | 8                          |
| Shearing/cutting machine and equipment  | For shearing/cutting steel materials                                                 | 7                   | 87                                                 | 20                                        | 9                          |
| Welding machine and equipment           | For manual welding of steel materials                                                | 14                  | 43                                                 | 10-15                                     | 6                          |
| Quality control and testing equipment   | For testing finished products                                                        | 3                   | 31                                                 | 10-15                                     | 5                          |
| Drilling machine and equipment          | For forming holes within steel materials                                             | 6                   | 6                                                  | 10                                        | 6                          |
| Grinding machine and equipment          | For removing fragments on steel surfaces in order to produce a smooth surface finish | 3                   | 4                                                  | 10-12                                     | 6                          |
| <b>Total</b>                            |                                                                                      | <b>174</b>          | <b>1,486</b>                                       |                                           |                            |

As set out in Section 5.8.1(iv) and Section 5.8.1(v) of this Prospectus, we intend to acquire new machinery to automate our manufacturing processes and expand our manufacturing plant to cater for the automation and increase our storage area.

We plan to purchase CNC laser shearing machinery, CNC laser cutting machinery and CNC punching machinery at an approximate total cost of RM8.500 million, which we intend to fund via our proceeds from the Public Issue. These machines will allow for high-speed precision shearing, cutting and punching, which will increase our operating efficiencies and process accuracies. We expect these machinery to be installed within nine (9) months of our confirmation of order.

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**9. OTHER INFORMATION (Cont'd)**

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We also intend to install a conveyor line to facilitate the epoxy powder coating process of our manufacturing operations at an approximate cost of RM1.500 million. This is expected to be installed subsequent to the amalgamation of our two (2) pieces of properties and resultant expansion of our manufacturing plant, which is expected to cost RM2.500 million. We have initiated the amalgamation exercise in July 2015 and target to complete it by mid 2017. Following the amalgamation, we plan to commence expansion works immediately with a target timeframe to complete by mid 2018, within one (1) year of commencement of expansion works. The conveyor line is expected to be installed within six (6) months thereafter, i.e. end 2018.

Our Group's capital expenditure plans in relation to the installation of conveyor line, amalgamation of our two (2) properties and expansion of our manufacturing plant will be funded via internally generated funds and/or bank borrowings.

As at the LPD, we have not paid for any of the above expenditures.

Please refer to Section 9.3 of this Prospectus for details on our operating capacities and output.

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**9. OTHER INFORMATION (Cont'd)****9.3 OPERATING CAPACITIES AND OUTPUT**

Our production facilities are shared across most of our product offerings. We do not have a single production line for each of our product category. For e.g. our bending, punching, cutting, welding, drilling and grinding machine is used in the production of our medical/healthcare beds, patient transport trolleys, medical carts, instrument trolleys, examinations tables, overbed tables etc. Hence, our production capacity and utilisation rate is dependent on the production planned based on our customers' purchase orders.

As at the LPD, our maximum annual production capacity and utilisation rates (computed based on assumptions set out below) of our Group are set out below:-

**FYE 30 April 2013**

| <b>Product Type</b>                        | <b>Actual Production Output<br/>(units sold per year)</b> | <b>Maximum Production Capacity<br/>(units per year)</b> | <b>Average Utilisation Rate<br/>(%)</b> |
|--------------------------------------------|-----------------------------------------------------------|---------------------------------------------------------|-----------------------------------------|
| <b>Medical/Healthcare Beds</b>             |                                                           |                                                         |                                         |
| Electric beds                              | 982                                                       | 1,791                                                   | 54.8                                    |
| Hydraulic beds                             | 654                                                       | 1,190                                                   | 55.0                                    |
| Manual beds                                | 1,383                                                     | 2,459                                                   | 56.2                                    |
| Delivery beds                              | 107                                                       | 222                                                     | 48.2                                    |
| <b>Medical Peripherals and Accessories</b> |                                                           |                                                         |                                         |
| Patient transport trolleys                 | 520                                                       | 628                                                     | 82.8                                    |
| Medical carts                              | 1,370                                                     | 2,498                                                   | 54.8                                    |
| Instrument trolleys                        | 4,127                                                     | 4,997                                                   | 82.6                                    |
| Examination tables                         | 1,684                                                     | 2,377                                                   | 70.8                                    |
| Overbed tables                             | 2,517                                                     | 4,143                                                   | 60.8                                    |

**FYE 30 April 2014**

| <b>Product Type</b>                        | <b>Actual Production Output<br/>(units sold per year)</b> | <b>Maximum Production Capacity<br/>(units per year)</b> | <b>Average Utilisation Rate<br/>(%)</b> |
|--------------------------------------------|-----------------------------------------------------------|---------------------------------------------------------|-----------------------------------------|
| <b>Medical/Healthcare Beds</b>             |                                                           |                                                         |                                         |
| Electric beds                              | 1,725                                                     | 2,069                                                   | 83.4                                    |
| Hydraulic beds                             | 1,194                                                     | 1,217                                                   | 98.1                                    |
| Manual beds                                | 2,231                                                     | 2,555                                                   | 87.3                                    |
| Delivery beds                              | 206                                                       | 223                                                     | 92.4                                    |
| <b>Medical Peripherals and Accessories</b> |                                                           |                                                         |                                         |
| Patient transport trolleys                 | 364                                                       | 441                                                     | 82.5                                    |
| Medical carts                              | 1,735                                                     | 2,506                                                   | 69.2                                    |
| Instrument trolleys                        | 4,216                                                     | 4,997                                                   | 84.4                                    |
| Examination tables                         | 1,746                                                     | 2,380                                                   | 73.4                                    |
| Overbed tables                             | 3,970                                                     | 4,164                                                   | 95.3                                    |

**9. OTHER INFORMATION (Cont'd)****FYE 30 April 2015**

| <b>Product Type</b>                        | <b>Actual Production Output<br/>(units sold per year)</b> | <b>Maximum Production Capacity<br/>(units per year)</b> | <b>Average Utilisation Rate<br/>(%)</b> |
|--------------------------------------------|-----------------------------------------------------------|---------------------------------------------------------|-----------------------------------------|
| <b>Medical/Healthcare Beds</b>             |                                                           |                                                         |                                         |
| Electric beds                              | 1,453                                                     | 2,063                                                   | 70.4                                    |
| Hydraulic beds                             | 378                                                       | 666                                                     | 56.8                                    |
| Manual beds                                | 2,309                                                     | 2,643                                                   | 87.4                                    |
| Delivery beds                              | 185                                                       | 208                                                     | 88.9                                    |
| <b>Medical Peripherals and Accessories</b> |                                                           |                                                         |                                         |
| Patient transport trolleys                 | 694                                                       | 801                                                     | 86.6                                    |
| Medical carts                              | 2,023                                                     | 2,748                                                   | 73.6                                    |
| Instrument trolleys                        | 5,399                                                     | 6,246                                                   | 86.4                                    |
| Examination tables                         | 2,259                                                     | 2,483                                                   | 91.0                                    |
| Overbed tables                             | 3,031                                                     | 3,290                                                   | 92.1                                    |

**FPE 31 October 2015**

| <b>Product Type</b>                        | <b>Actual Production Output<br/>(units sold per period)</b> | <b>Maximum Production Capacity<br/>(units per period)</b> | <b>Average Utilisation Rate<br/>(%)</b> |
|--------------------------------------------|-------------------------------------------------------------|-----------------------------------------------------------|-----------------------------------------|
| <b>Medical/Healthcare Beds</b>             |                                                             |                                                           |                                         |
| Electric beds                              | 782                                                         | 1,040                                                     | 75.2                                    |
| Hydraulic beds                             | 130                                                         | 336                                                       | 38.7                                    |
| Manual beds                                | 783                                                         | 1,329                                                     | 58.9                                    |
| Delivery beds                              | 45                                                          | 105                                                       | 42.9                                    |
| <b>Medical Peripherals and Accessories</b> |                                                             |                                                           |                                         |
| Patient transport trolleys                 | 176                                                         | 404                                                       | 43.6                                    |
| Medical carts                              | 972                                                         | 1,260                                                     | 77.1                                    |
| Instrument trolleys                        | 2,426                                                       | 2,772                                                     | 87.5                                    |
| Examination tables                         | 720                                                         | 1,249                                                     | 57.6                                    |
| Overbed tables                             | 1,655                                                       | 1,733                                                     | 95.5                                    |

**Assumptions:-**

1. Maximum production capacity is calculated based on maximum number of units that can be assembled in one (1) hour, number of daily working hours allocated for the particular product, and the number of working days during the year/period;
2. Maximum production capacity calculation is based on the assumption that there are six (6) persons in the assembly team for medical/healthcare beds, patient transport trolleys, examination tables and overbed tables, and nine (9) persons per assembly team for medical carts and instrument trolleys, on the basis of the average sizes of the respective assembly teams;
3. Number of working hours allocated for each product are management estimates based on the following factors:-

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**9. OTHER INFORMATION (Cont'd)**

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- (i) Number of units sold for the year;*
- (ii) Availability of raw materials;*
- (iii) Availability of machinery and equipment; and*
- (iv) Availability of floor space;*
- 4. *Number of working days for the respective year/period includes Saturdays and Sundays but excludes public holidays; and*
- 5. *Maximum production capacity for miscellaneous peripherals and accessories cannot be determined as there is a diverse range of products manufactured in lower quantities under this category (as at the LPD, there is a total of 1,802 product codes for miscellaneous peripherals and accessories).*

The utilisation rates shown above represent average utilisation rates of our core activities i.e. medical/healthcare beds, peripherals and accessories. Average utilisation rates for each product differs each year as the actual product output varies in accordance to customer demands in the particular year.

With the acquisition of the new CNC machinery, the number of workers required to perform cutting, shearing, shaping and punching process is expected to be reduced by approximately five (5) persons, from 15 workers presently to ten (10) workers, with the assumption that five (5) of these workers will be reallocated to the assembly team. As such, the maximum annual production capacity for medical/healthcare beds, peripherals and accessories post acquisition of the CNC machinery is expected to increase by approximately 30%.

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**10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST**

Pursuant to the Listing Requirements, subject to certain exemptions, a "related party transaction" is a transaction entered into by a listed issuer or its subsidiary, which involves the interest, direct or indirect, of a related party. A "related party" is defined as a director, major shareholder or person connected with such director or major shareholder (including a director or major shareholder within the preceding six (6) months before the transaction was entered into). "Major shareholder" means a shareholder with a shareholding of ten percent (10%) or more (or five percent (5%) or more where such person is the largest shareholder in the company) of all the voting shares in the company.

After the Listing, we will be required to seek our shareholders' approval each time we enter into material related party transactions in accordance with the Listing Requirements. However, if the related party transactions can be deemed as recurrent related party transactions, we may seek a general mandate from our shareholders to enter into these transactions without having to seek separate shareholders' approval each time we wish to enter into such related party transactions during the validity period of the mandate. The interested person shall abstain from voting on resolution(s) pertaining to the respective transaction. Under the Listing Requirements, related party transactions may be aggregated to determine its materiality if the transactions occurred within a 12 month period, are entered into with the same party or with parties related to one another or if the transactions involved the acquisition or disposal of securities of interests in one corporation/asset or of various parcels of land contiguous to each other.

**10.1 NON-RECURRENT RELATED PARTY TRANSACTIONS**

(a) Pursuant to our Group's Acquisition of LKL Advance Metaltech, we have undertaken the following related party transaction:-

| Transacting parties                                                                                  | Nature of transaction                | Total value of consideration RM'000 | Interested related parties                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|------------------------------------------------------------------------------------------------------|--------------------------------------|-------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| LKL International and Lim Kon Lian, Mok Mei Lan, Elaine Lim Sin Yee, Lim Pak Hong and Tan Chuan Hock | Acquisition of LKL Advance Metaltech | 31,580                              | <p>Lim Kon Lian:-</p> <ul style="list-style-type: none"> <li>Promoter, Director, substantial shareholder and key management of LKL International; and</li> <li>Director and indirect substantial shareholder of LKL Advance Metaltech.</li> </ul> <p>Mok Mei Lan:-</p> <ul style="list-style-type: none"> <li>Promoter, Director, substantial shareholder and key management of LKL International; and</li> <li>Director and indirect substantial shareholder of LKL Advance Metaltech.</li> </ul> <p>Elaine Lim Sin Yee:-</p> <ul style="list-style-type: none"> <li>Promoter, substantial shareholder and key management of LKL International; and</li> <li>Director and indirect substantial shareholder of LKL Advance Metaltech.</li> </ul> <p>Lim Pak Hong:-</p> <ul style="list-style-type: none"> <li>Promoter, substantial shareholder and key management of LKL International; and</li> <li>Indirect substantial shareholder of LKL Advance Metaltech.</li> </ul> <p>Tan Chuan Hock:-</p> <ul style="list-style-type: none"> <li>Director and substantial shareholder of LKL International; and</li> <li>Indirect substantial shareholder of LKL Advance Metaltech.</li> </ul> |

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

- (b) Save as disclosed below, our Directors have confirmed that there are no other material related party transactions which are non-recurrent in nature that we had entered into with related parties in respect of the past three (3) FYE 30 April 2013 to 2015 and six (6)-month FPE 31 October 2015:-

| Transacting Parties                                             | Nature of Transaction                                | Value for the FYE 30 April |             |             | Value for the six (6)-month FPE 31 October 2015 RM'000 | Interested related parties                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|-----------------------------------------------------------------|------------------------------------------------------|----------------------------|-------------|-------------|--------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                 |                                                      | 2013 RM'000                | 2014 RM'000 | 2015 RM'000 |                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| LKL Advance Metaltech and William C.H. Tan & Associates         | Auditors' remuneration paid by LKL Advance Metaltech | 30                         | 35          | -           | -                                                      | Tan Chuan Hock:- <ul style="list-style-type: none"> <li>Executive proprietor of William C.H. Tan &amp; Associates and the auditor for LKL Advance Metaltech for the FYE 30 April 2013 and FYE 30 April 2014;</li> <li>Director (appointed on 23 July 2015) and substantial shareholder of LKL International; and</li> <li>Indirect substantial shareholder of LKL Advance Metaltech.</li> </ul> William C.H. Tan & Associates has ceased to be the Auditor of LKL Advance Metaltech with effect from 21 April 2015.                 |
| LKL Advance Metaltech and William C.H. Tan Consultancy Sdn. Bhd | Tax advisory fees paid by LKL Advance Metaltech      | 8                          | 13          | 73          | -                                                      | Tan Chuan Hock:- <ul style="list-style-type: none"> <li>Director and shareholder of William C.H. Tan Consultancy Sdn. Bhd. and the tax consultant for LKL Advance Metaltech for the FYE 30 April 2013 to 2015;</li> <li>Director (appointed on 23 July 2015) and substantial shareholder of LKL International; and</li> <li>Indirect substantial shareholder of LKL Advance Metaltech.</li> </ul> William C.H. Tan Consultancy Sdn. Bhd. has ceased to be the tax consultant of LKL Advance Metaltech with effect from 26 May 2015. |

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

| Transacting Parties                                        | Nature of Transaction                                                          | Value for the FYE 30 April |             |             | Value for the six (6)-month FPE 31 October 2015 RM'000 | Interested related parties                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|------------------------------------------------------------|--------------------------------------------------------------------------------|----------------------------|-------------|-------------|--------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                            |                                                                                | 2013 RM'000                | 2014 RM'000 | 2015 RM'000 |                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| LKL Advance Metaltech and LKL Greentech Sdn. Bhd. ("LKLG") | Purchase of medical furniture and equipment from LKLG by LKL Advance Metaltech | 155                        | 30          | -           | -                                                      | <p>Lim Kon Lian:-</p> <ul style="list-style-type: none"> <li>• Promoter, Director, substantial shareholder and key management of LKL International;</li> <li>• Director and indirect substantial shareholder of LKL Advance Metaltech; and</li> <li>• Director and shareholder of LKLG.</li> </ul> <p>Lim Pak Hong:-</p> <ul style="list-style-type: none"> <li>• Promoter, substantial shareholder and key management of LKL International;</li> <li>• Indirect substantial shareholder of LKL Advance Metaltech; and</li> <li>• Director and shareholder of LKLG.</li> </ul> <p>Elaine Lim Sin Yee:-</p> <ul style="list-style-type: none"> <li>• Promoter, substantial shareholder and key management of LKL International;</li> <li>• Director and indirect substantial shareholder of LKL Advance Metaltech; and</li> <li>• Director of LKLG.</li> </ul> <p>LKLG ceased operations in September 2013.</p> |

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

| Transacting Parties                                            | Nature of Transaction                                                         | Value for the FYE 30 April |             |             | Value for the six (6)-month FPE 31 October 2015 RM'000 | Interested related parties                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|----------------------------------------------------------------|-------------------------------------------------------------------------------|----------------------------|-------------|-------------|--------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                |                                                                               | 2013 RM'000                | 2014 RM'000 | 2015 RM'000 |                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| LKL Advance Metaltech and United Multi Medic Sdn. Bhd. ("UMM") | Purchase of medical furniture and equipment from UMM by LKL Advance Metaltech | -                          | 196         | 2,346       | -                                                      | <p>Lim Pak Hong:-</p> <ul style="list-style-type: none"> <li>Promoter, substantial shareholder and key management of LKL International;</li> <li>Indirect substantial shareholder of LKL Advance Metaltech; and</li> <li>Director and shareholder of UMM.</li> </ul> <p>Lim Ming Chang:-</p> <ul style="list-style-type: none"> <li>Promoter and key management of LKL International; and</li> <li>Director and shareholder of UMM.</li> </ul> <p>UMM ceased operations as trader of hospital and medical furniture and consequently as our intermediary for purchase of supplies in March 2015.</p> |

All the above transactions were conducted based on negotiated terms and the Directors of our Company are of the opinion that the above transactions were transacted in the best interests of growing our Group's business.

All the above transactions set out in Section 10.1(b) above have ceased prior to the LPD.

**10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (Cont'd)****10.2 RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE AND/OR TRADING NATURE**

Details of the recurrent related party transactions which, when aggregated are material to our Group in accordance with the Listing Requirements, entered into in respect of the past three (3) FYE 30 April 2013 to 2015; six (6)-month FPE 31 October 2015 and proposed for the FYE 30 April 2016:-

| Transacting Parties                   | Nature of Transaction                               | Value for the FYE 30 April |             |             | Six (6)-month FPE 31 October 2015 RM'000 | Proposed Value for the FYE 30 April 2016 RM'000 | Interested related parties                                                                                                                                                                                                                                                                                                                                                      |
|---------------------------------------|-----------------------------------------------------|----------------------------|-------------|-------------|------------------------------------------|-------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                       |                                                     | 2013 RM'000                | 2014 RM'000 | 2015 RM'000 |                                          |                                                 |                                                                                                                                                                                                                                                                                                                                                                                 |
| LKL Advance Metaltech and Mok Mei Lan | Rental paid by LKL Advance Metaltech to Mok Mei Lan | -                          | 18          | 18          | 5                                        | 5                                               | <p>Mok Mei Lan:-</p> <ul style="list-style-type: none"> <li>Promoter, Director, substantial shareholder and key management of LKL International; and</li> <li>Director and indirect substantial shareholder of LKL Advance Metaltech.</li> </ul> <p>The tenancy agreement between LKL Advance Metaltech and Mok Mei Lan was terminated on and effective from 1 August 2015.</p> |

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

| Transacting Parties                                 | Nature of Transaction                                      | Value for the FYE 30 April |             |             | Six (6)-month FPE 31 October 2015 RM'000 | Proposed Value for the FYE 30 April 2016 RM'000 | Interested related parties                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|-----------------------------------------------------|------------------------------------------------------------|----------------------------|-------------|-------------|------------------------------------------|-------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                     |                                                            | 2013 RM'000                | 2014 RM'000 | 2015 RM'000 |                                          |                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| LKL Advance Metaltech, Lim Kon Lian and Mok Mei Lan | Rental paid by LKL Advance Metaltech to Elaine Lim Sin Yee | -                          | 14          | 14          | 4                                        | 4                                               | <p>Lim Kon Lian:-</p> <ul style="list-style-type: none"> <li>Promoter, Director, substantial shareholder and key management of LKL International; and</li> <li>Director and indirect substantial shareholder of LKL Advance Metaltech.</li> </ul> <p>Mok Mei Lan:-</p> <ul style="list-style-type: none"> <li>Promoter, Director, substantial shareholder and key management of LKL International; and</li> <li>Director and indirect substantial shareholder of LKL Advance Metaltech.</li> </ul> <p>Elaine Lim Sin Yee:-</p> <ul style="list-style-type: none"> <li>Promoter, substantial shareholder and key management of LKL International; and</li> <li>Director and indirect substantial shareholder of LKL Advance Metaltech.</li> </ul> <p>The tenancy agreement between LKL Advance Metaltech, Lim Kon Lian and Mok Mei Lan for which rental was payable to Elaine Lim Sin Yee was terminated on and effective from 1 August 2015.</p> |

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

| Transacting Parties                                  | Nature of Transaction                                                 | Value for the FYE 30 April |             |             | Six (6)-month FPE 31 October 2015 RM'000 | Proposed Value for the FYE 30 April 2016 RM'000 | Interested related parties                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|------------------------------------------------------|-----------------------------------------------------------------------|----------------------------|-------------|-------------|------------------------------------------|-------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                      |                                                                       | 2013 RM'000                | 2014 RM'000 | 2015 RM'000 |                                          |                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| LKL Advance Metaltech, Lim Kon Lian and Lim Pak Hong | Rental paid by LKL Advance Metaltech to Lim Kon Lian and Lim Pak Hong | -                          | -           | -           | 4                                        | 35                                              | Lim Kon Lian:- <ul style="list-style-type: none"> <li>• Promoter, Director, substantial shareholder and key management of LKL International; and</li> <li>• Director and indirect substantial shareholder of LKL Advance Metaltech.</li> </ul> Lim Pak Hong:- <ul style="list-style-type: none"> <li>• Promoter, substantial shareholder and key management of LKL International; and</li> <li>• Indirect substantial shareholder of LKL Advance Metaltech.</li> </ul> |

The Directors of our Company are of the opinion that all the above transactions have been conducted in the ordinary course of business and carried out on an arm's length basis. The Audit Committee will review the terms of the Group's related party transactions moving forward.

We will make disclosures in our annual report of the aggregate value of the recurrent related party transactions entered into by us based on the nature of the transactions made, names of the related parties involved and their relationship with our Group during the financial year and in the annual reports for the subsequent financial years.

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**10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (Cont'd)****10.3 TRANSACTIONS THAT ARE UNUSUAL IN NATURE OR CONDITION**

Save as disclosed in Section 10.1 and Section 10.2 of this Prospectus above, our Directors have confirmed that there are no transactions that were unusual in its nature or condition, involving goods, services, tangible or intangible assets, to which we were a party in respect of the past three (3) FYE 30 April 2013 to 2015 and six (6)-month FPE 31 October 2015.

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

Save as disclosed below, our Directors have confirmed that there are no outstanding loans (including guarantees of any kind) made by us to or for the benefit of the related parties for the past three (3) FYE 30 April 2013 to 2015, six (6)-month FPE 31 October 2015 and up to the LPD:-

| Loans made to or for the benefit of | Interested related parties                                                                                                                                                                                                  | Nature of transaction | As at 30 April |             |             | Six (6)-month FPE 31 October 2015 RM'000 | As at the LPD RM'000 |
|-------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|----------------|-------------|-------------|------------------------------------------|----------------------|
|                                     |                                                                                                                                                                                                                             |                       | 2013 RM'000    | 2014 RM'000 | 2015 RM'000 |                                          |                      |
| Lim Kon Lian                        | <ul style="list-style-type: none"> <li>Promoter, Director, substantial shareholder and key management of LKL International; and</li> <li>Director and indirect substantial shareholder of LKL Advance Metaltech.</li> </ul> | Advances              | 1,292          | 1,301       | 58          | -                                        | -                    |
| Lim Pak Hong                        | <ul style="list-style-type: none"> <li>Promoter, substantial shareholder and key management of LKL International; and</li> <li>Indirect substantial shareholder of LKL Advance Metaltech.</li> </ul>                        | Advances              | -              | 220         | -           | -                                        | -                    |
| Lim Ming Chang                      | <ul style="list-style-type: none"> <li>Promoter and key management of LKL International.</li> </ul>                                                                                                                         | Advances              | -              | 100         | -           | -                                        | -                    |
| Elaine Lim Sin Yee                  | <ul style="list-style-type: none"> <li>Promoter, substantial shareholder and key management of LKL International; and</li> <li>Director and indirect substantial shareholder of LKL Advance Metaltech.</li> </ul>           | Advances              | 45             | 20          | -           | -                                        | -                    |

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

| Loans made to or for the benefit of        | Interested related parties                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Nature of transaction | <-----As at 30 April-----> |             |             | Six (6)-month FPE 31 October 2015 RM'000 | As at the LPD RM'000 |
|--------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|----------------------------|-------------|-------------|------------------------------------------|----------------------|
|                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                       | 2013 RM'000                | 2014 RM'000 | 2015 RM'000 |                                          |                      |
| LKL Advance Technology Sdn. Bhd. ("LKLAT") | <p>Lim Kon Lian:-</p> <ul style="list-style-type: none"> <li>Promoter, Director, substantial shareholder and key management of LKL International;</li> <li>Director and indirect substantial shareholder of LKL Advance Metaltech; and</li> <li>Director and shareholder of LKLAT.</li> </ul> <p>Mok Mei Lan:-</p> <ul style="list-style-type: none"> <li>Promoter, Director, substantial shareholder and key management of LKL International;</li> <li>Director and indirect substantial shareholder of LKL Advance Metaltech; and</li> <li>Director and shareholder of LKLAT.</li> </ul> <p>LKLAT is currently dormant.</p> | Advances              | 4                          | 16          | 5           | -                                        | -                    |

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

| Loans made to or for the benefit of | Interested related parties                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Nature of transaction | <-----As at 30 April-----> |             |             | Six (6)-month FPE 31 October 2015 RM'000 | As at the LPD RM'000 |
|-------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|----------------------------|-------------|-------------|------------------------------------------|----------------------|
|                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                       | 2013 RM'000                | 2014 RM'000 | 2015 RM'000 |                                          |                      |
| LKLG                                | <p>Lim Kon Lian:-</p> <ul style="list-style-type: none"> <li>• Promoter, Director, substantial shareholder and key management of LKL International;</li> <li>• Director and indirect substantial shareholder of LKL Advance Metaltech; and</li> <li>• Director and shareholder of LKLG.</li> </ul> <p>Lim Pak Hong:-</p> <ul style="list-style-type: none"> <li>• Promoter, substantial shareholder and key management of LKL International;</li> <li>• Indirect substantial shareholder of LKL Advance Metaltech; and</li> <li>• Director and shareholder of LKLG.</li> </ul> <p>Elaine Lim Sin Yee:-</p> <ul style="list-style-type: none"> <li>• Promoter, substantial shareholder and key management of LKL International;</li> <li>• Director and indirect substantial shareholder of LKL Advance Metaltech; and</li> <li>• Director of LKLG.</li> </ul> <p>LKLG ceased operations in September 2013.</p> | Advances              | 14                         | -           | -           | -                                        | -                    |

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

| Loans made to or for the benefit of | Interested related parties                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Nature of transaction | <-----As at 30 April-----> |             |             | Six (6)-month FPE 31 October 2015 RM'000 | As at the LPD RM'000 |
|-------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|----------------------------|-------------|-------------|------------------------------------------|----------------------|
|                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                       | 2013 RM'000                | 2014 RM'000 | 2015 RM'000 |                                          |                      |
| UMM                                 | <p>Lim Pak Hong:-</p> <ul style="list-style-type: none"> <li>• Promoter, substantial shareholder and key management of LKL International;</li> <li>• Indirect substantial shareholder of LKL Advance Metaltech; and</li> <li>• Director and shareholder of UMM.</li> </ul> <p>Lim Ming Chang:-</p> <ul style="list-style-type: none"> <li>• Promoter and key management of LKL International; and</li> <li>• Director and shareholder of UMM.</li> </ul> <p>UMM ceased operations as trader of hospital and medical furniture and consequently as our intermediary for purchase of supplies in March 2015.</p> | Advances              | -                          | 3           | -           | -                                        | -                    |
| Ekuiti Nilam Sdn Bhd ("Ekuiti")     | <p>Hasnor Amira Bt. Mohamed Hasnan:-</p> <ul style="list-style-type: none"> <li>• Director and shareholder of Ekuiti; and</li> <li>• Hasnor Amira Bt. Mohamed Hasnan is the daughter of LKL Advance Metaltech's director, namely Mohamed Hasnan Che Hussin.</li> </ul> <p>Ekuiti was dissolved on 4 June 2014.</p>                                                                                                                                                                                                                                                                                             | Advances              | 20                         | 8           | -           | -                                        | -                    |

These advances were not made on arm's-length basis as the abovementioned loans made by us to or for the benefit of the related parties were interest-free, unsecured and repayable on demand. As at the LPD, these advances were fully paid. Going forward, our Group will not be providing any such advances (including loans and guarantees of any kind) to or for the benefit of the related parties.

**10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (Cont'd)****10.5 INTERESTS IN A SIMILAR BUSINESS/CONFLICT OF INTEREST**

Save as disclosed below, none of our Directors and/or substantial shareholders has any other interest, whether direct or indirect, in any businesses or corporations which are carrying on a similar trade as our Group or which are the customers or suppliers of our Group:-

| Directors and/or substantial shareholders | Company | Position Held            | Principal Activities                                                                                                                                                                  |
|-------------------------------------------|---------|--------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Lim Kon Lian                              | LKLAT   | Director and Shareholder | Dormant                                                                                                                                                                               |
|                                           | LKLG    | Director and Shareholder | Trading and assembly of medical equipment<br>(Ceased operations in September 2013)                                                                                                    |
| Mok Mei Lan                               | LKLAT   | Director and Shareholder | Dormant                                                                                                                                                                               |
| Lim Pak Hong                              | LKLG    | Director and Shareholder | Trading and assembly of medical equipment<br>(Ceased operations in September 2013)                                                                                                    |
|                                           | UMM     | Director and Shareholder | Trading of hospital and medical furniture<br>(Ceased operations as trader of hospital and medical furniture in March 2015)<br><br>As at the LPD, UMM is a property investment company |
| Elaine Lim Sin Yee                        | LKLG    | Director                 | Trading and assembly of medical equipment<br>(Ceased operations in September 2013)                                                                                                    |

The involvement of our Directors and/or substantial shareholders in the abovementioned businesses or corporations is minimal as, with respect to UMM, the company is a property investment company that does not have any day-to-day operations, and, for the other companies, they have ceased operations and/or dormant, and therefore does not affect his/her contribution to our Group.

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

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**10.6 DECLARATION BY ADVISERS ON CONFLICT OF INTEREST****10.6.1 Principal Adviser, Sponsor, Sole Underwriter and Placement Agent**

AIBB has confirmed that there is no conflict of interest in its capacity as the Principal Adviser, Sponsor, Sole Underwriter and Placement Agent to our Group in relation to the Listing. The Underwriting Agreement, which certain details are set out in Section 3.10.2 and Section 3.10.4 of this Prospectus, was entered into on arms-length basis and on market terms.

**10.6.2 Solicitors for the Listing**

Messrs. Cheang & Ariff has confirmed that there is no conflict of interest in its capacity as the Solicitors to our Group in relation to the Listing.

**10.6.3 External Auditors and Reporting Accountants**

Crowe Horwath has confirmed that there is no conflict of interest in its capacity as the External Auditors and Reporting Accountants to our Group in relation to the Listing.

**10.6.4 Independent Market Researcher**

Smith Zander has confirmed that there is no conflict of interest in its capacity as the Independent Market Researcher to our Group in relation to the Listing.

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## 11. FINANCIAL INFORMATION

### 11.1 HISTORICAL COMBINED FINANCIAL INFORMATION

The historical audited combined financial information of our Group for the past three (3) FYE 30 April 2013 to 2015 and six (6)-month FPE 31 October 2015 have been extracted from the Accountants' Report set out in Section 12 of this Prospectus, which deals with the audited combined financial statements of our Group for the same financial years/period under review. Additionally, the unaudited combined statements of profit or loss and other comprehensive income of our Group for the six (6)-month FPE 31 October 2014 has been prepared for comparison purpose only.

The historical combined financial information should be read with our Management's Discussion and Analysis of Financial Conditions, Results of Operations and Prospects set out in Section 11.4 of this Prospectus and with the Accountants' Report set out in Section 12 of this Prospectus. The historical combined financial information included in this Prospectus does not reflect our Group's results of operations, financial position and cash flows in the future, and our Group's past operating results are not indicative of our Group's future operating performance.

**(a) Historical statements of profit or loss and other comprehensive income of our Group**

|                                   | <b>&lt;-----Audited-----&gt;</b>      |               |               | <b>Unaudited</b>     | <b>Audited</b> |
|-----------------------------------|---------------------------------------|---------------|---------------|----------------------|----------------|
|                                   | <b>&lt;-----FYE 30 April-----&gt;</b> |               |               | <b>Six (6)-month</b> |                |
|                                   | <b>2013</b>                           | <b>2014</b>   | <b>2015</b>   | <b>2014</b>          | <b>2015</b>    |
|                                   | <b>RM'000</b>                         | <b>RM'000</b> | <b>RM'000</b> | <b>RM'000</b>        | <b>RM'000</b>  |
| Revenue                           | 28,077                                | 38,893        | 39,039        | 12,318               | 16,057         |
| Cost of sales                     | (17,753)                              | (22,559)      | (23,402)      | (6,894)              | (9,114)        |
| Gross profit                      | 10,324                                | 16,334        | 15,637        | 5,424                | 6,943          |
| Other income                      | 1,653                                 | 440           | 246           | 131                  | 451            |
|                                   | 11,977                                | 16,774        | 15,883        | 5,555                | 7,394          |
| Selling and distribution expenses | (1,681)                               | (2,290)       | (2,117)       | (891)                | (1,095)        |
| Administrative expenses           | (4,382)                               | (4,663)       | (5,128)       | (2,158)              | (3,130)        |
| Other expenses                    | (367)                                 | (1,383)       | (980)         | (348)                | (264)          |
| Finance costs                     | (289)                                 | (252)         | (360)         | (187)                | (266)          |
| PBT                               | 5,258                                 | 8,186         | 7,298         | 1,971                | 2,639          |
| Income tax expense                | (818)                                 | (2,179)       | (1,336)       | (533)                | (856)          |
| PAT                               | 4,440                                 | 6,007         | 5,962         | 1,438                | 1,783          |
| Other comprehensive income        | -                                     | -             | -             | -                    | -              |
| Total comprehensive income        | 4,440                                 | 6,007         | 5,962         | 1,438                | 1,783          |
| PAT attributable to:-             |                                       |               |               |                      |                |
| - Owners of the Company           | 4,440                                 | 6,007         | 5,962         | 1,438                | 1,783          |
| - Non-controlling interest        | -                                     | -             | -             | -                    | -              |
|                                   | 4,440                                 | 6,007         | 5,962         | 1,438                | 1,783          |

**11. FINANCIAL INFORMATION (Cont'd)**

|                                                      | <-----Audited----->      |         |         | Unaudited              | Audited |
|------------------------------------------------------|--------------------------|---------|---------|------------------------|---------|
|                                                      | <-----FYE 30 April-----> |         |         | Six (6)-month          |         |
|                                                      | 2013                     | 2014    | 2015    | <---FPE 31 October---> |         |
|                                                      | 2013                     | 2014    | 2015    | 2014                   | 2015    |
| Assumed no. of Shares in issue <sup>(1)</sup> ('000) | 315,800                  | 315,800 | 315,800 | 315,800                | 315,800 |
| Depreciation (RM'000)                                | 739                      | 787     | 1,097   | 549                    | 559     |
| Basic and diluted EPS <sup>(2)</sup> (sen)           | 1.41                     | 1.90    | 1.89    | 0.46                   | 0.56    |
| Gross profit margin <sup>(3)</sup> (%)               | 36.77                    | 42.00   | 40.05   | 44.03                  | 43.24   |
| PBT margin <sup>(4)</sup> (%)                        | 18.73                    | 21.05   | 18.69   | 16.00                  | 16.44   |
| PAT margin <sup>(5)</sup> (%)                        | 15.81                    | 15.44   | 15.27   | 11.67                  | 11.10   |
| Effective tax rate <sup>(6)</sup> (%)                | 15.56                    | 26.62   | 18.31   | 27.04                  | 32.44   |

**Notes:-**

- 1) The assumed number of Shares in issue after Acquisition of LKL Advance Metaltech but before Public Issue.
- 2) Basic EPS is calculated based on PAT divided by the assumed number of Shares in issue. No dilution of EPS.
- 3) Gross profit margin is calculated based on gross profit divided by revenue.
- 4) PBT margin is calculated based on PBT divided by revenue.
- 5) PAT margin is calculated based on PAT divided by revenue.
- 6) Effective tax rate is calculated based on income tax expense divided by PBT.

**(b) Historical combined statements of financial position of our Group**

|                                             | <-----Audited----->      |        |        | Unaudited              | Audited |
|---------------------------------------------|--------------------------|--------|--------|------------------------|---------|
|                                             | <-----FYE 30 April-----> |        |        | Six (6)-month          |         |
|                                             | 2013                     | 2014   | 2015   | <---FPE 31 October---> |         |
|                                             | RM'000                   | RM'000 | RM'000 | 2014                   | 2015    |
|                                             | RM'000                   | RM'000 | RM'000 | RM'000                 | RM'000  |
| <b>ASSETS</b>                               |                          |        |        |                        |         |
| <b>NON-CURRENT ASSET</b>                    |                          |        |        |                        |         |
| Property, plant and equipment               | 13,904                   | 15,709 | 21,712 | 16,818                 | 21,703  |
| <b>TOTAL NON-CURRENT ASSET</b>              | 13,904                   | 15,709 | 21,712 | 16,818                 | 21,703  |
| <b>CURRENT ASSETS</b>                       |                          |        |        |                        |         |
| Inventories                                 | 9,402                    | 9,392  | 10,095 | 13,065                 | 10,020  |
| Trade receivables                           | 10,851                   | 9,472  | 7,029  | 5,157                  | 6,250   |
| Other receivables, deposits and prepayments | 1,711                    | 1,324  | 1,548  | 1,599                  | 1,799   |
| Amount owing by related parties             | 467                      | 278    | -      | 664                    | -       |
| Amount owing by directors                   | 1,492                    | -      | 58     | 18                     | -       |
| Tax refundable                              | 478                      | -      | 345    | -                      | 389     |
| Fixed deposit with a licensed bank          | 600                      | 619    | 619    | 619                    | 619     |
| Cash and bank balances                      | 4,218                    | 6,925  | 3,986  | 7,485                  | 6,066   |
| <b>TOTAL CURRENT ASSETS</b>                 | 29,219                   | 28,010 | 23,680 | 28,607                 | 25,143  |
| <b>TOTAL ASSETS</b>                         | 43,123                   | 43,719 | 45,392 | 45,425                 | 46,846  |

**11. FINANCIAL INFORMATION (Cont'd)**

|                                        | <-----Audited ----->     |               |               | Unaudited                  | Audited       |
|----------------------------------------|--------------------------|---------------|---------------|----------------------------|---------------|
|                                        | <-----FYE 30 April-----> |               |               | Six (6)-month              |               |
|                                        | 2013                     | 2014          | 2015          | <-----FPE 31 October-----> |               |
|                                        | RM'000                   | RM'000        | RM'000        | 2014                       | 2015          |
|                                        |                          |               |               | RM'000                     | RM'000        |
| <b>EQUITY AND LIABILITIES</b>          |                          |               |               |                            |               |
| <b>EQUITY</b>                          |                          |               |               |                            |               |
| Share capital                          | 1,000                    | 1,000         | 1,500         | 1,000                      | 2,000         |
| Retained profits                       | 30,087                   | 31,348        | 29,810        | 31,786                     | 31,593        |
| <b>TOTAL EQUITY</b>                    | <b>31,087</b>            | <b>32,348</b> | <b>31,310</b> | <b>32,786</b>              | <b>33,593</b> |
| <b>NON-CURRENT LIABILITIES</b>         |                          |               |               |                            |               |
| Hire purchase payables                 | 172                      | 317           | 491           | 598                        | 408           |
| Term loans                             | 5,061                    | 4,438         | 8,030         | 4,197                      | 7,668         |
| Deferred tax liabilities               | 439                      | 361           | 566           | 361                        | 566           |
| <b>TOTAL NON-CURRENT LIABILITIES</b>   | <b>5,672</b>             | <b>5,116</b>  | <b>9,087</b>  | <b>5,156</b>               | <b>8,642</b>  |
| <b>CURRENT LIABILITIES</b>             |                          |               |               |                            |               |
| Trade payables                         | 3,302                    | 2,083         | 2,225         | 3,815                      | 2,049         |
| Other payables and accruals            | 1,522                    | 2,366         | 1,179         | 2,641                      | 1,132         |
| Amount owing to related parties        | 155                      | 51            | -             | -                          | -             |
| Amount owing to a director             | -                        | -             | 3             | -                          | 3             |
| Bankers' acceptances                   | 208                      | 315           | 638           | 64                         | 495           |
| Hire purchase payables                 | 85                       | 133           | 216           | 211                        | 168           |
| Term loans                             | 1,092                    | 841           | 734           | 653                        | 764           |
| Provision for taxation                 | -                        | 466           | -             | 99                         | -             |
| <b>TOTAL CURRENT LIABILITIES</b>       | <b>6,364</b>             | <b>6,255</b>  | <b>4,995</b>  | <b>7,483</b>               | <b>4,611</b>  |
| <b>TOTAL LIABILITIES</b>               | <b>12,036</b>            | <b>11,371</b> | <b>14,082</b> | <b>12,639</b>              | <b>13,253</b> |
| <b>TOTAL EQUITY AND LIABILITIES</b>    | <b>43,123</b>            | <b>43,719</b> | <b>45,392</b> | <b>45,425</b>              | <b>46,846</b> |
| No. of ordinary shares in issue ('000) | 1,000                    | 1,000         | 1,500         | 1,000                      | 2,000         |
| Net assets (RM'000)                    | 31,087                   | 32,348        | 31,310        | 32,786                     | 33,593        |
| Net assets per share (RM)              | 31.09                    | 32.35         | 20.87         | 32.79                      | 16.80         |

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**11. FINANCIAL INFORMATION (Cont'd)****Commentaries:-****Assets**

LKL International's non-current assets for the past three (3) FYE 30 April 2013 to 2015 and six (6)-month FPE 31 October 2015 consist of property, plant and equipment, which includes, freehold land, leasehold land and building, freehold buildings, motor vehicles, office equipment, furniture and fittings, plant and machinery, renovation, signboard and capital work-in-progress.

|                              | ←-----Net Book Value (RM'000)-----→ |                             |                    |                |                                          |                     |            |           |                          |        |
|------------------------------|-------------------------------------|-----------------------------|--------------------|----------------|------------------------------------------|---------------------|------------|-----------|--------------------------|--------|
|                              | Freehold land                       | Leasehold land and building | Freehold buildings | Motor vehicles | Office equipment, furniture and fittings | Plant and machinery | Renovation | Signboard | Capital work-in-progress | Total  |
| FYE 30 April                 |                                     |                             |                    |                |                                          |                     |            |           |                          |        |
| 2013                         | 3,002                               | 399                         | 5,376              | 559            | 417                                      | 1,149               | 74         | 10        | 2,918                    | 13,904 |
| 2014                         | 3,002                               | 470                         | 5,260              | 695            | 409                                      | 1,962               | 65         | 8         | 3,838                    | 15,709 |
| 2015                         | 6,906                               | 456                         | 10,956             | 1,065          | 511                                      | 1,747               | 65         | 6         | -                        | 21,712 |
| Six (6)-month FPE 31 October |                                     |                             |                    |                |                                          |                     |            |           |                          |        |
| 2015                         | 6,906                               | 449                         | 10,838             | 858            | 561                                      | 1,886               | 183        | 22        | -                        | 21,703 |

Freehold land, leasehold land and building and freehold buildings are the properties we own for our operations (i.e. Factory Lot No. 1, Factory Lot No. 3 and Factory Lot No. 15) and residential properties for worker's accommodation purposes which are mostly located in Seri Kembangan. The increase of freehold land and freehold buildings in the FYE 30 April 2015 was mainly due to the acquisition of Factory Lot No. 15.

The increase in motor vehicles for the past three (3) FYE 30 April 2013 to 2015 were mainly related to the acquisition of additional motor vehicles for senior management as well as for our business operations. As at FYE 30 April 2015, we own a total of 25 units of motor vehicles, which includes, six (6) units of lorries, one (1) unit of van, 17 units of cars and one (1) unit of motorcycle. Out of the 25 units motor vehicles, five (5) units of cars and one (1) unit of lorry was acquired during FYE 30 April 2015. The decrease in motor vehicles for the six (6)-month FPE 31 October 2015 was mainly due to disposal of one (1) unit of car.

**11. FINANCIAL INFORMATION (Cont'd)**

The increase in our plant and machinery in the FYE 30 April 2014 and six (6)-month FPE 31 October 2015 was mainly related to acquisition of machinery, which includes, bending, welding and cutting machinery, epoxy powder coating machine and wastewater treatment plant for our business operations. Renovation and capital work-in-progress incurred in the FYE 30 April 2013 to 2015 and six (6)-month FPE 31 October 2015 were mainly due to the renovation and construction cost for our office and warehouse at Factory Lot No. 1 and our manufacturing plant and storage at Factory Lot No. 12, Factory Lot No. 12A and Factory Lot No. 16. Please refer to Section 5.6 of this Prospectus for further details on material capital expenditure and divestitures.

LKL International's current assets for the past three (3) FYE 30 April 2013 to 2015 and six (6)-month FPE 31 October 2015 comprise of inventories, trade receivables, other receivables, deposits and prepayments, amount owing by related parties, amount owing by directors, tax refundable, fixed deposit with a licensed bank and cash and bank balances.

Other receivables, deposits and prepayments mainly consist of advances to suppliers and prepaid insurance. The decrease of RM0.387 million in other receivables, deposits and prepayments in the FYE 30 April 2014 was primarily due to less advance payment to suppliers. The increase of RM0.251 million in other receivables, deposits and prepayments in the six (6)-month FPE 31 October 2015 was mainly due to advance payment to suppliers.

The amount owing by related parties was mainly the amount due from LKL Advance Technology Sdn. Bhd. ("LKLAT"), a company related to our Co-Founders who has taken the recovery efforts to realise the assets in order to repay the amount outstanding. Arising from the recovery efforts, the amount owing by LKLAT had decreased from RM0.334 million to RM0.232 million in the FYE 30 April 2014.

Tax refundable for the FYE 30 April 2013 and FYE 30 April 2015 were contributed by higher tax incentives arising from utilisation of reinvestment allowances. As for the six (6)-month FPE 31 October 2015, the tax refundable was due to the monthly tax payments made to the Inland Revenue Board of Malaysia. Please refer to Section 11.4.1(c)(vii) of this Prospectus for further details on taxation.

The increase in cash and bank balances in the FYE 30 April 2014 as compared to the FYE 30 April 2013 were primarily due to better collection from sales and repayment from directors whereas the decrease in cash and bank balances in the FYE 30 April 2015 as compared to the FYE 30 April 2014 was mainly related to the dividend payouts amounting to RM7.500 million. The increase in cash and bank balances in the six (6)-month FPE 31 October 2015 were primarily due to proceeds from issuance of new shares amounting to RM0.500 million.

Please refer to Section 11.4.8 of this Prospectus for further details on trade receivables and inventories.

**Equity**

During the FYE 30 April 2015, LKL International's issued and paid-up share capital increased from RM1.000 million to RM1.500 million by the allotment of 500,000 new ordinary shares of RM1.00 each in LKL Advance Metaltech issued via cash consideration and was for the purpose of working capital.

During the six (6)-month FPE 31 October 2015, there was a further increase in issued and paid-up share capital by RM0.500 million arising from the allotment of 500,000 new ordinary shares of RM1.00 each in LKL Advance Metaltech issued via cash consideration and was for the purpose of working capital.

Please refer to Section 5.1.3 and Section 5.2 of this Prospectus for further details on the increase in the issued and paid-up share capital in LKL International and LKL Advance Metaltech.

**11. FINANCIAL INFORMATION (Cont'd)**

In the FYE 30 April 2014 and FYE 30 April 2015, LKL International had declared dividends amounting to RM4.746 million and RM7.500 million respectively, hence the movement in retained profits was not in tandem with its profit after taxation.

**Liabilities**

LKL International's non-current liabilities for the past three (3) FYE 30 April 2013 to 2015 and six (6)-month FPE 31 October 2015 comprise of hire purchase payables, term loans and deferred tax liabilities. The increase in term loans of RM3.592 million in the FYE 30 April 2015 was mainly due to an additional term loan secured for the acquisition of our Factory Lot No. 15.

The current liabilities of LKL International for the past three (3) FYE 30 April 2013 to 2015 and six (6)-month FPE 31 October 2015 comprise of trade payables, other payables and accruals, amount owing to related parties, amount owing to a director, bankers' acceptances, hire purchase payables, term loans and provision for taxation.

Other payables and accruals mainly consist of sub-contractor fees, advances from customers and provision for statutory contributions. The increase in other payables and accruals in the FYE 30 April 2014 was mainly due to advances received from customers and the decrease in the FYE 30 April 2015 was mainly due to payment of sub-contractor fees.

The year-on-year increase in total hire purchase payables in the past three (3) FYE 30 April 2013 to 2015 was consistent with the increase in the net book value of our motor vehicles as we had acquired additional motor vehicles for our business operations as well as for our senior management. As at six (6)-month FPE 31 October 2015, the decrease in hire purchase payables was mainly due to hire purchase instalments made during the financial period under review.

The amount owing to related parties was mainly due to trade purchases from a company related to our Co-Founders, namely LKL Greentech Sdn. Bhd. All the amount owing to related parties had been fully paid in the FYE 30 April 2015.

The provision for taxation in the FYE 30 April 2014 was due to higher taxable profit as compared to the tax estimation made at the beginning of the financial year. Please refer to Section 11.4.1(c)(vii) of this Prospectus for further details on taxation.

The substantial increase in bankers' acceptances in the FYE 30 April 2015 was mainly due to utilisation of banking facilities available from financial institutions for the purchase of raw materials mainly from overseas. Please refer to Section 11.4.3 of this Prospectus for further details on borrowings.

Please refer to Section 11.4.8 of this Prospectus for further details on trade payables.

## 11. FINANCIAL INFORMATION (Cont'd)

### 11.2 REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

*(Prepared for inclusion in this Prospectus)*



Date: **07 APR 2016**

The Board of Directors  
**LKL International Berhad**  
Wisma LKL  
No. 3, Jalan BS 7/18,  
Kawasan Perindustrian Bukit Serdang,  
Seksyen 7, 43300 Seri Kembangan,  
Selangor Darul Ehsan.

Dear Sirs/Madam

#### **LKL INTERNATIONAL BERHAD ("LKL INTERNATIONAL" OR "THE COMPANY") REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

**Initial public offering and the listing of and quotation for 428,800,000 ordinary shares of RM0.10 each in LKL International ("LKL International Shares") on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities")**

We have completed our assurance engagement to report on the compilation of pro forma consolidated statements of financial position of LKL International and its subsidiary, namely LKL Advance Metaltech Sdn. Bhd. ("LKL Advance Metaltech") (collectively defined as "LKL International Group" or "the Group") and the related notes (as set out in the pro forma consolidated statements of financial position which we have stamped for the purpose of identification) prepared by the Board of Directors for inclusion in the Prospectus of LKL International in connection with the listing of and quotation for the entire issued and paid-up share capital of LKL International on the ACE Market of Bursa Securities ("the Proposal").

The applicable criteria on the basis of which the Board of Directors has compiled the pro forma consolidated statements of financial position are set out in Note 2 of the pro forma consolidated statements of financial position, and are specified in the Prospectus Guidelines - Equity issued by the Securities Commission Malaysia ("Prospectus Guidelines").

**Crowe Horwath** AF 1018  
Chartered Accountants  
Member Crowe Horwath International

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Level 16 Tower C, Megan Avenue II  
12 Jalan Yap Kwan Seng  
50450 Kuala Lumpur, Malaysia  
Main +6 03 2788 9999  
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[info@crowehorwath.com.my](mailto:info@crowehorwath.com.my)

**11. FINANCIAL INFORMATION (Cont'd)**

The pro forma consolidated statements of financial position have been compiled by the Board of Directors to illustrate the effects of the Proposal had it been implemented and completed on 31 October 2015 on the Group's financial position as at that date, which is set out in Note 3 of the pro forma consolidated statements of financial position.

As part of this process, information about the Group's financial position has been extracted by the Board of Directors from the Company's and LKL Advance Metaltech's financial statements for the financial period ended 31 October 2015, on which audit reports have been published.

***Directors' Responsibility for the Pro Forma Consolidated Statements of Financial Position***

The Board of Directors of LKL International is solely responsible for compiling the pro forma consolidated statements of financial position on the basis as set out in Note 2 of the pro forma consolidated statements of financial position and in accordance with the requirements of the Prospectus Guidelines.

***Our Responsibilities***

Our responsibility is to express an opinion, as required by the Prospectus Guidelines, about whether the pro forma consolidated statements of financial position has been compiled, in all material respects, by the Board of Directors on the basis as set out in Note 2 of the pro forma consolidated statements of financial position and in accordance with the requirements of the Prospectus Guidelines.

We conducted our engagement in accordance with International Standard on Assurance Engagements ("ISAE") 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus, issued by the International Auditing and Assurance Standards Board. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Board of Directors has compiled, in all material respects, the pro forma consolidated statements of financial position on the basis as set out in Note 2 of the pro forma consolidated statements of financial position and in accordance with the requirements of the Prospectus Guidelines.

**11. FINANCIAL INFORMATION (Cont'd)*****Our Responsibilities (Cont'd)***

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

The purpose of pro forma consolidated statements of financial position included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 October 2015 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma consolidated statements of financial position has been compiled, in all material respects, on the basis as set out in Note 2 of the pro forma consolidated statements of financial position and in accordance with the requirements of the Prospectus Guidelines involve performing procedures to assess whether the applicable criteria on the basis used by the Board of Directors in the compilation of the pro forma consolidated statements of financial position provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the pro forma consolidated statements of financial position reflect the proper application of those adjustments to the unadjusted financial information.

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

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

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

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11. FINANCIAL INFORMATION (Cont'd)

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*Opinion*

In our opinion, the pro forma consolidated statements of financial position have been compiled, in all material respects, on the basis as set out in Note 2 of the pro forma consolidated statements of financial position and in accordance with the requirements of the Prospectus Guidelines.

**Other Matters**

We understand that this letter will be used solely for the purpose of inclusion in the Prospectus of LKL International in connection with the Proposal. As such, this letter should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

Yours faithfully

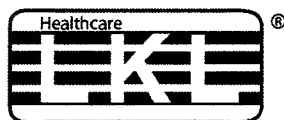
A handwritten signature in black ink, appearing to read "Cheong Tze Yuan".

**Crowe Horwath**  
Firm No : AF 1018  
Chartered Accountants

A handwritten signature in black ink, appearing to read "Cheong Tze Yuan".

**Cheong Tze Yuan**  
Approval No : 3034/04/16 (J)  
Chartered Accountant

Kuala Lumpur

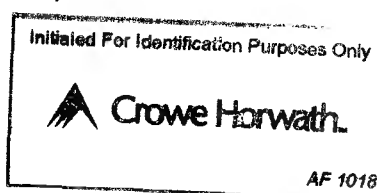
**11. FINANCIAL INFORMATION (Cont'd)****LKL INTERNATIONAL BERHAD (1140005-V)**

Wisma LKL, No 3, Jalan 8S 7/18, Kawasan Perindustrian Bukit Serdang, Seksyen 7, 43300 Seri Kembangan, Selangor Darul Ehsan, Malaysia. Tel: 603-89482990 (Hunting Lines) Fax: 603-89487904, 89438487  
Email: info@lklbeds.com Website: www.lklbeds.com

**LKL INTERNATIONAL BERHAD AND ITS SUBSIDIARY****PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION****1. ABBREVIATION**

Unless the context otherwise requires, the following words and abbreviations shall apply throughout this report:-

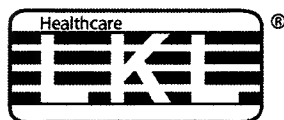
|                                        |                                                                                                                                                                                                                                                                                                                                                     |
|----------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Acquisition of LKL Advance Metaltech   | : Acquisition by LKL International of the entire issued and paid-up share capital of LKL Advance Metaltech, amounting to RM2,000,000 comprising 2,000,000 ordinary shares of RM1.00 each in LKL Advance Metaltech for a total purchase consideration of RM31,579,990 to be satisfied by the issuance of 315,799,900 LKL International Shares at par |
| Bursa Securities                       | : Bursa Malaysia Securities Berhad                                                                                                                                                                                                                                                                                                                  |
| LKL Advance Metaltech                  | : LKL Advance Metaltech Sdn. Bhd.                                                                                                                                                                                                                                                                                                                   |
| LKL Advance Metaltech Shares           | : Ordinary share(s) of RM1.00 in LKL Advance Metaltech                                                                                                                                                                                                                                                                                              |
| LKL International                      | : LKL International Berhad                                                                                                                                                                                                                                                                                                                          |
| LKL International Share(s) or Share(s) | : Ordinary share(s) of RM0.10 in LKL International                                                                                                                                                                                                                                                                                                  |
| LKL International Group or Group       | : LKL International and LKL Advance Metaltech collectively                                                                                                                                                                                                                                                                                          |
| FYE 30 April 2015                      | : Financial year from 1 May 2014 to 30 April 2015                                                                                                                                                                                                                                                                                                   |
| FPE 31 October 2015                    | : Financial period from 1 May 2015 to 31 October 2015                                                                                                                                                                                                                                                                                               |
| IPO                                    | : Initial public offering of the Issue Shares in conjunction with the listing of and quotation for the entire enlarged issued and paid-up share capital on the ACE Market of Bursa Securities                                                                                                                                                       |
| Issue Price                            | : The issue price of RM0.20 for each Issue Share                                                                                                                                                                                                                                                                                                    |
| Issue Share(s)                         | : 113,000,000 new LKL International Shares, representing approximately 26.35% of the enlarged issued and paid-up share capital, which are to be issued pursuant to the Public Issue and subject to the terms and conditions of the Prospectus                                                                                                       |



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(Manufacturer: Medical Beds - Delivery Beds - Other Medical Accessories - Customised Healthcare Furniture & Equipment)

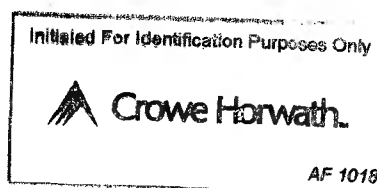
**11. FINANCIAL INFORMATION (Cont'd)****LKL INTERNATIONAL BERHAD (1140005-V)**

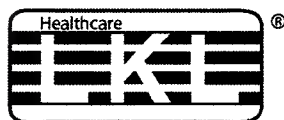
Wisma LKL, No 3, Jalan 8S 7/18, Kawasan Perindustrian Bukit Serdang, Seksyen 7, 43300 Seri Kembangan, Selangor Darul Ehsan, Malaysia. Tel: 603-89482990 (Hunting Lines) Fax: 603-89487904, 89438487  
Email: info@lklbeds.com Website: www.lklbeds.com

**LKL INTERNATIONAL BERHAD AND ITS SUBSIDIARY****PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION****1. ABBREVIATION (CONT'D)**

Unless the context otherwise requires, the following words and abbreviations shall apply throughout this report (Cont'd):-

|              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|--------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MITI         | : Ministry of International Trade and Industry                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| NA           | : Net assets                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| N/A          | : Not applicable                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| NL           | : Net liabilities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Prospectus   | : The Prospectus dated 26 April 2016 in relation to the IPO                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Public Issue | : Public issue of 113,000,000 new LKL International Shares at the Issue Price comprising:- <ul style="list-style-type: none"> <li>(a) 8,000,000 new LKL International Shares made available for application by the Malaysian Public;</li> <li>(b) 13,200,000 new LKL International Shares made available for application by the eligible Directors, employees and persons who have contributed to the success of the Group;</li> <li>(c) 42,200,000 new LKL International Shares made available by way of placement to selected investors; and</li> <li>(d) 49,600,000 new LKL International Shares made available by way of placement to Bumiputera investors approved by the MITI</li> </ul> |
| RM and sen   | : Ringgit Malaysia and sen respectively the lawful currency of Malaysia                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Vendors      | : Collectively, Lim Kon Lian, Mok Mei Lan, Lim Pak Hong, Elaine Lim Sin Yee and Tan Chuan Hock in relation to the Acquisition of LKL Advance Metaltech                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |

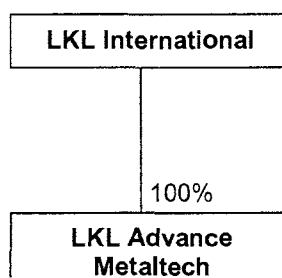


**11. FINANCIAL INFORMATION (Cont'd)****LKL INTERNATIONAL BERHAD (1140005-V)**

Wisma LKL, No 3, Jalan 8S 7/18, Kawasan Perindustrian Bukit Serdang, Seksyen 7, 43300 Seri Kembangan, Selangor Darul Ehsan, Malaysia. Tel: 603-89482990 (Hunting Lines) Fax: 603-89487904, 89438487  
Email: info@lklbeds.com Website: www.lklbeds.com

**LKL INTERNATIONAL BERHAD AND ITS SUBSIDIARY****PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION****2. PRO FORMA GROUP AND BASIS OF PREPARATION****2.1 Pro forma Group**

The pro forma structure of LKL International Group is as follows:-

**2.2 Basis of Preparation**

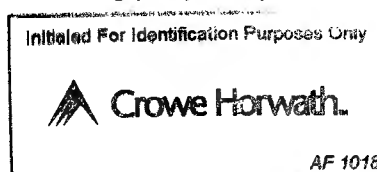
The pro forma consolidated statements of financial position has been prepared on the basis stated in the notes described below using the audited financial statements of LKL International and LKL Advance Metaltech as at 31 October 2015 prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRSs"), and in a manner consistent with the accounting policies of LKL International and LKL Advance Metaltech except for the new adoption of new accounting policies for the FPE 31 October 2015 as follows:-

**(a) Merger Accounting for Common Control Business Combinations**

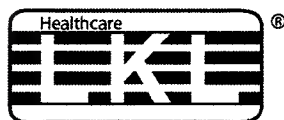
A business combination involving entities under common control is a business combination in which all the combining entities or subsidiaries are ultimately controlled by the same party and parties both before and after the business combination, and that control is not transitory.

Subsidiaries acquired which have met the criteria for pooling of interest are accounted for using merger accounting principles. Under the merger method of accounting, the results of the subsidiaries are presented as if the merger had been effected throughout the current financial period.

The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. No amount is recognised in respect of goodwill and excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets and liabilities and contingent liabilities over cost at the time of the common control business combination to the extent of the continuation of the controlling party and parties' interests.



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**11. FINANCIAL INFORMATION (Cont'd)****LKL INTERNATIONAL BERHAD (1140005-V)**

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**LKL INTERNATIONAL BERHAD AND ITS SUBSIDIARY****PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION****2. PRO FORMA GROUP AND BASIS OF PREPARATION (CONT'D)****2.2 Basis of Preparation (Cont'd)****(a) Merger Accounting for Common Control Business Combinations (Cont'd)**

When the merger method is used, the cost of investment in the Company's accounts is recorded at the nominal value of shares issued. The difference between the carrying value of the investment and the nominal value of the shares of the subsidiaries is treated as a merger deficit or merger reserve as applicable. The results of the subsidiaries being merged are included for the full financial period.

**(b) Non-Controlling Interests**

Non-controlling interests are presented within equity in the consolidated statements of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

At the end of each reporting period, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

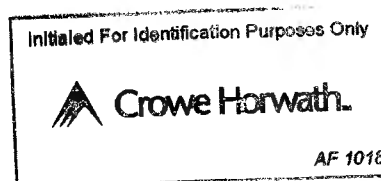
**(c) Changes In Ownership Interests In Subsidiaries Without Change of Control**

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in the equity of the Group.

**(d) Loss of Control**

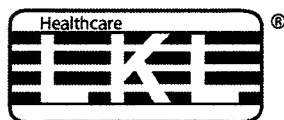
Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
- (ii) the previous carrying amount of the assets and liabilities of the former subsidiary and any non-controlling interests.



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**11. FINANCIAL INFORMATION (Cont'd)****LKL INTERNATIONAL BERHAD (1140005-V)**

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**LKL INTERNATIONAL BERHAD AND ITS SUBSIDIARY****PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION****2. PRO FORMA GROUP AND BASIS OF PREPARATION (CONT'D)****2.2 Basis of Preparation (Cont'd)****(d) Loss of Control (Cont'd)**

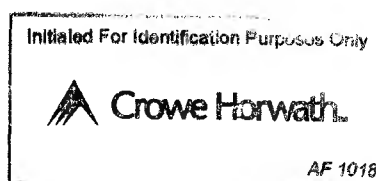
Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

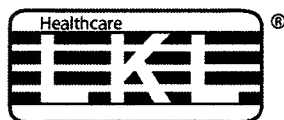
Accordingly, the pro forma consolidated statements of financial position of LKL International is compiled based on the audited financial statements of LKL International and LKL Advance Metaltech with non-coterminous accounting periods or different lengths of financial periods after incorporating adjustments that are appropriate for the preparation of the pro forma consolidated statements of financial position.

All amounts are presented in RM.

The financial statements of LKL International and LKL Advance Metaltech for the FPE 31 October 2015 were not subject to any audit qualification or emphasis of matter.

The pro forma consolidated statements of financial position is compiled using the audited financial statements prepared in accordance with MFRSs as well as in a manner consistent with both the format of the audited financial statements and accounting policies of LKL International and LKL Advance Metaltech for the FPE 31 October 2015.



**11. FINANCIAL INFORMATION (Cont'd)****LKL INTERNATIONAL BERHAD (1140005-V)**

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**LKL INTERNATIONAL BERHAD AND ITS SUBSIDIARY****PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)****2. PRO FORMA GROUP AND BASIS OF PREPARATION (CONT'D)****2.2 Basis of Preparation (Cont'd)**

The results of LKL International and LKL Advance Metaltech were consolidated using the merger method as these companies were under common control by the same parties both before and after the Acquisition of LKL Advance Metaltech, and control is not transitory. When the merger method is used, the difference between the cost of investment recorded by LKL International and the nominal value of the shares acquired in LKL Advance Metaltech is accounted for as merger deficit in the pro forma consolidated statements of financial position, as follows:-

|                                                                 | <b>RM'000</b> |
|-----------------------------------------------------------------|---------------|
| Cost of investment                                              | 31,580        |
| Less: Nominal value of shares acquired in LKL Advance Metaltech | (2,000)       |
| Merger deficit                                                  | <u>29,580</u> |

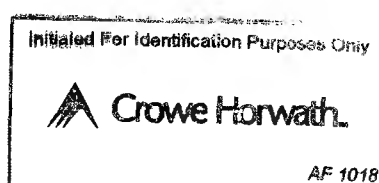
**2.3 The Acquisition and Listing Scheme**

LKL International Group seeks a listing on the ACE Market of Bursa Securities. The details of the acquisition and listing scheme are as follows:-

**(i) Acquisition of LKL Advance Metaltech**

On 13 July 2015, LKL International entered into a conditional Share Sale Agreement with the Vendors of LKL Advance Metaltech to acquire the entire issued and paid-up share capital of LKL Advance Metaltech of RM2,000,000 comprising 2,000,000 ordinary shares of RM1.00 each for a purchase consideration of RM31,579,990 which was wholly satisfied by the issuance of 315,799,900 new Shares at an issue price of RM0.10 per Share.

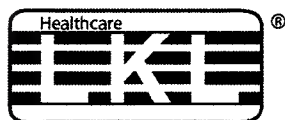
The purchase consideration of LKL Advance Metaltech of RM31,579,990 was arrived at on a willing-buyer willing-seller basis, after taking into consideration the NA position of LKL Advance Metaltech as at 30 April 2015 of RM31,380,225 and the increase in its issued and paid-up share capital of RM500,000 comprising 500,000 ordinary shares of RM1.00 each on 10 July 2015. The purchase consideration represents a price to book ratio and price to earnings ratio of approximately 0.99 time and 5.24 times respectively. The Acquisition of LKL Advance Metaltech was completed on 10 March 2016 and LKL Advance Metaltech became a wholly-owned subsidiary of our Company.



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## 11. FINANCIAL INFORMATION (Cont'd)



### **LKL INTERNATIONAL BERHAD (1140005-V)**

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## **LKL INTERNATIONAL BERHAD AND ITS SUBSIDIARY**

### **PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)**

#### **2. PRO FORMA GROUP AND BASIS OF PREPARATION (CONT'D)**

#### **2.3 The Acquisition and Listing Scheme (Cont'd)**

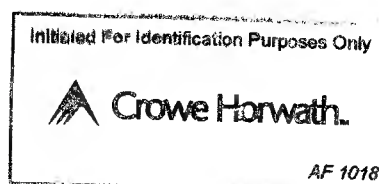
##### **(ii) Public Issue**

Public issue of 113,000,000 new Shares at an issue price of RM0.20 per Share, payable in full upon application, in the following manner:-

- (a) 8,000,000 new Shares made available for application by the Malaysian public;
- (b) 13,200,000 new Shares made available for application by the eligible Directors, employees and persons who have contributed to the success of the Group;
- (c) 42,200,000 new Shares made available by way of placement to selected investors, and
- (d) 49,600,000 new Shares made available by way of placement to Bumiputera investors approved by the MITI.

##### **(iii) Listing on Bursa Securities**

The admission of LKL International to the official list of Bursa Securities, and the entire enlarged issued and paid-up share capital of RM42,880,000 comprising 428,800,000 LKL International Shares shall be listed and quoted on the ACE Market of Bursa Securities upon completion of the Public Issue.



## 11. FINANCIAL INFORMATION (Cont'd)

**LKL INTERNATIONAL BERHAD (1140005-V)**

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Selangor Darul Ehsan, Malaysia. Tel: 603-89482990 (Hunting Lines) Fax: 603-89487904, 89438487  
Email: [info@lklbeds.com](mailto:info@lklbeds.com) Website: [www.lklbeds.com](http://www.lklbeds.com)

**LKL INTERNATIONAL BERHAD AND ITS SUBSIDIARY****PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)****3. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF LKL INTERNATIONAL GROUP AS AT 31 OCTOBER 2015**

|                                             | Audited as at<br>31 October<br>2015 | Acquisition of LKL Advance Metaltech                              |                            | Pro Forma I<br>After<br>Acquisition of<br>LKL Advance<br>Metaltech | Public Issue | Pro Forma II<br>After<br>Pro Forma I and<br>Public Issue | Utilisation of<br>Proceeds | Pro Forma III<br>After Pro<br>Forma II and<br>utilisation of<br>proceeds |
|---------------------------------------------|-------------------------------------|-------------------------------------------------------------------|----------------------------|--------------------------------------------------------------------|--------------|----------------------------------------------------------|----------------------------|--------------------------------------------------------------------------|
|                                             |                                     | Statement of<br>Financial Position<br>of LKL Advance<br>Metaltech | Acquisition<br>Adjustments |                                                                    |              |                                                          |                            |                                                                          |
|                                             | RM'000                              | RM'000                                                            | RM'000                     | RM'000                                                             | RM'000       | RM'000                                                   | RM'000                     | RM'000                                                                   |
| <b>ASSETS</b>                               |                                     |                                                                   |                            |                                                                    |              |                                                          |                            |                                                                          |
| <b>NON-CURRENT ASSET</b>                    |                                     |                                                                   |                            |                                                                    |              |                                                          |                            |                                                                          |
| Property, plant and equipment               | -                                   | 21,703                                                            |                            | 21,703                                                             |              | 21,703                                                   | 8,500                      | 30,203                                                                   |
| <b>TOTAL NON-CURRENT ASSET</b>              | -                                   |                                                                   |                            | 21,703                                                             |              | 21,703                                                   |                            | 30,203                                                                   |
| <b>CURRENT ASSETS</b>                       |                                     |                                                                   |                            |                                                                    |              |                                                          |                            |                                                                          |
| Inventories                                 | -                                   | 10,020                                                            |                            | 10,020                                                             |              | 10,020                                                   |                            | 10,020                                                                   |
| Trade receivables                           | -                                   | 6,250                                                             |                            | 6,250                                                              |              | 6,250                                                    |                            | 6,250                                                                    |
| Other receivables, deposits and prepayments | 210                                 | 1,589                                                             |                            | 1,799                                                              |              | 1,799                                                    | (210)                      | 1,589                                                                    |
| Amount owing by a related party             | -                                   | 762                                                               | (762)                      | -                                                                  |              | -                                                        |                            | -                                                                        |
| Tax refundable                              | -                                   | 389                                                               |                            | 389                                                                |              | 389                                                      |                            | 389                                                                      |
| Fixed deposit with a licensed bank          | -                                   | 619                                                               |                            | 619                                                                |              | 619                                                      |                            | 619                                                                      |
| Cash and bank balances                      | -                                   | 6,066                                                             |                            | 6,066                                                              | 22,600       | 28,666                                                   | (14,151)                   | 14,515                                                                   |
| <b>TOTAL CURRENT ASSETS</b>                 | 210                                 |                                                                   |                            | 25,143                                                             |              | 47,743                                                   |                            | 33,382                                                                   |
| <b>TOTAL ASSETS</b>                         | 210                                 |                                                                   |                            | 46,846                                                             |              | 69,446                                                   |                            | 63,585                                                                   |

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## 11. FINANCIAL INFORMATION (Cont'd)

**LKL INTERNATIONAL BERHAD (1140005-V)**

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**LKL INTERNATIONAL BERHAD AND ITS SUBSIDIARY****PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)****3. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF LKL INTERNATIONAL GROUP AS AT 31 OCTOBER 2015 (CONT'D)**

|                                      | Audited as at<br>31 October<br>2015<br>RM'000 | Acquisition of LKL Advance Metatech                                        |                                      | Pro Forma I<br>After<br>Acquisition of<br>Metatech<br>RM'000 | Public Issue<br>RM'000 | Pro Forma II<br>After<br>Pro Forma I<br>and<br>Public Issue<br>RM'000 | Utilisation of<br>Proceeds<br>RM'000 | Pro Forma III<br>After Pro<br>Forma II and<br>utilisation<br>of proceeds<br>RM'000 |
|--------------------------------------|-----------------------------------------------|----------------------------------------------------------------------------|--------------------------------------|--------------------------------------------------------------|------------------------|-----------------------------------------------------------------------|--------------------------------------|------------------------------------------------------------------------------------|
|                                      |                                               | Statement of<br>Financial Position<br>of LKL Advance<br>Metatech<br>RM'000 | Acquisition<br>Adjustments<br>RM'000 |                                                              |                        |                                                                       |                                      |                                                                                    |
| <b>EQUITY AND LIABILITIES</b>        |                                               |                                                                            |                                      |                                                              |                        |                                                                       |                                      |                                                                                    |
| <b>EQUITY</b>                        | #                                             |                                                                            |                                      |                                                              |                        |                                                                       |                                      |                                                                                    |
| Share capital                        | -                                             | 2,000                                                                      | 29,580                               | 31,580                                                       | 11,300                 | 42,880                                                                |                                      | 42,880                                                                             |
| Share premium                        | -                                             | -                                                                          | -                                    | -                                                            | 11,300                 | 11,300                                                                | (847)                                | 10,453                                                                             |
| Merger deficit                       | -                                             | -                                                                          | (29,580)                             | (29,580)                                                     |                        | (29,580)                                                              |                                      | (29,580)                                                                           |
| (Accumulated loss)/Retained profits  | (645)                                         | 32,238                                                                     |                                      | 31,593                                                       |                        | 31,593                                                                | (1,019)                              | 30,574                                                                             |
| <b>TOTAL EQUITY</b>                  | (645)                                         |                                                                            |                                      | 33,593                                                       |                        | 56,193                                                                |                                      | 54,327                                                                             |
| <b>NON-CURRENT LIABILITIES</b>       |                                               |                                                                            |                                      |                                                              |                        |                                                                       |                                      |                                                                                    |
| Hire purchase payables               | -                                             | 408                                                                        |                                      | 408                                                          |                        | 408                                                                   |                                      | 408                                                                                |
| Term loans                           | -                                             | 7,668                                                                      |                                      | 7,668                                                        |                        | 7,668                                                                 | (3,995)                              | 3,673                                                                              |
| Deferred tax liability               | -                                             | 566                                                                        |                                      | 566                                                          |                        | 566                                                                   |                                      | 566                                                                                |
| <b>TOTAL NON-CURRENT LIABILITIES</b> | -                                             |                                                                            |                                      | 8,642                                                        |                        | 8,642                                                                 |                                      | 4,647                                                                              |
| <b>CURRENT LIABILITIES</b>           |                                               |                                                                            |                                      |                                                              |                        |                                                                       |                                      |                                                                                    |
| Trade payables                       | -                                             | 2,049                                                                      |                                      | 2,049                                                        |                        | 2,049                                                                 |                                      | 2,049                                                                              |
| Other payables and accruals          | 90                                            | 1,042                                                                      |                                      | 1,132                                                        |                        | 1,132                                                                 |                                      | 1,132                                                                              |
| Amount owing to a director           | 3                                             | -                                                                          |                                      | 3                                                            |                        | 3                                                                     |                                      | 3                                                                                  |
| Amount owing to a related party      | 762                                           | -                                                                          | (762)                                | -                                                            |                        | -                                                                     |                                      | -                                                                                  |
| Bankers' acceptances                 | -                                             | 495                                                                        |                                      | 495                                                          |                        | 495                                                                   |                                      | 495                                                                                |
| Hire purchase payables               | -                                             | 168                                                                        |                                      | 168                                                          |                        | 168                                                                   |                                      | 168                                                                                |
| Term loans                           | -                                             | 764                                                                        |                                      | 764                                                          |                        | 764                                                                   |                                      | 764                                                                                |
| <b>TOTAL CURRENT LIABILITIES</b>     | 855                                           |                                                                            |                                      | 4,611                                                        |                        | 4,611                                                                 |                                      | 4,611                                                                              |
| <b>TOTAL LIABILITIES</b>             | 855                                           |                                                                            |                                      | 13,253                                                       |                        | 13,253                                                                |                                      | 9,258                                                                              |
| <b>TOTAL EQUITY AND LIABILITIES</b>  | 210                                           |                                                                            |                                      | 46,846                                                       |                        | 69,446                                                                |                                      | 63,585                                                                             |

No. of ordinary shares in issue  
(NL)/NA (RM'000)  
(6,450)

315,800  
33,593  
0.11

428,800  
56,193  
0.13

428,800  
54,327  
0.13

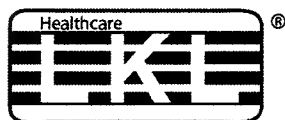
**Notes:**

# - Represent RM10  
^ - Represent 100 Shares

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**Crowe Horwath**

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**11. FINANCIAL INFORMATION (Cont'd)****LKL INTERNATIONAL BERHAD (1140005-V)**

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**LKL INTERNATIONAL BERHAD AND ITS SUBSIDIARY****PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)****3.1 Pro Forma I**

Pro Forma I incorporates the effects of the Acquisition of LKL Advance Metaltech as set out in Section 2.3(i) above.

**3.2 Pro Forma II**

Pro Forma II incorporates the effects of Pro Forma I and effect of the Public Issue as set out in Section 2.3(ii) above.

**3.3 Pro Forma III**

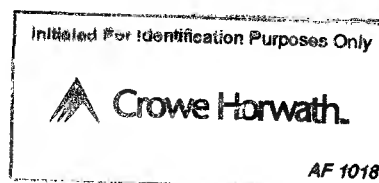
Pro Forma III incorporates the effects of Pro Forma I, II and the utilisation of the proceeds from the Public Issue.

The proceeds from the Public Issue will be utilised as follows:-

|                              | RM'000        | %             | Estimated time frame<br>for utilisation<br>(from the listing date) |
|------------------------------|---------------|---------------|--------------------------------------------------------------------|
| Capital expenditure          | 8,500         | 37.61         | Within 18 months                                                   |
| Repayment of bank borrowing  | 3,995         | 17.68         | Within 12 months                                                   |
| Working capital              | 7,605         | 33.65         | Within 24 months                                                   |
| Estimated listing expenses * | 2,500         | 11.06         | Within 3 months                                                    |
|                              | <u>22,600</u> | <u>100.00</u> |                                                                    |

Note:

- \* - The estimated listing expenses arising from the issuance of new LKL International Shares pursuant to the IPO amounting to approximately RM847,000 (including RM210,000 incurred as at 31 October 2015) is to be written off against the share premium under Section 60 of the Companies Act 1965, Malaysia and the remaining estimated listing expenses of approximately RM1,653,000 (including RM634,000 which was recognised in FYE 30 April 2015 and FPE 31 October 2015) will be expensed off to profit or loss and this represents a one-off expenditure in conjunction with the IPO.



11. FINANCIAL INFORMATION (Cont'd)



**LKL INTERNATIONAL BERHAD (1140005-V)**

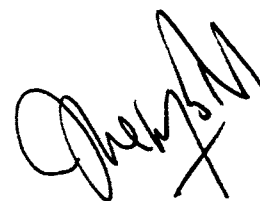
Wisma LKL, No 3, Jalan 8S 7/18, Kawasan Perindustrian Bukit Serdang, Seksyen 7, 43300 Seri Kembangan, Selangor Darul Ehsan, Malaysia. Tel: 603-89482990 (Hunting Lines) Fax: 603-89487904, 89438487  
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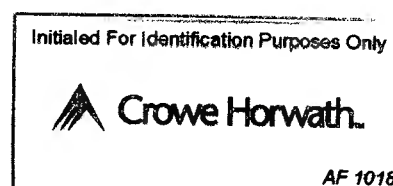
**APPROVAL BY THE BOARD OF DIRECTORS**

Approved and adopted by the Board of Directors in accordance with a resolution dated **07 APR 2016**

On behalf of the Board of Directors,

  
Lim Kor Lian

  
Mok Mei Lan



**11. FINANCIAL INFORMATION (Cont'd)****11.3 CAPITALISATION AND INDEBTEDNESS**

The following table sets out our Group's capitalisation and indebtedness:-

- (i) as at 29 February 2016 after taking into account the Acquisition of LKL Advance Metaltech but before Public Issue and utilisation of proceeds; and
- (ii) as adjusted for the proceeds arising from our Public Issue and utilisation of proceeds from Public Issue.

|                                              | (Unaudited)<br>As at<br>29 February 2016<br>RM'000 | After Public Issue<br>and utilisation of<br>proceeds<br>RM'000 |
|----------------------------------------------|----------------------------------------------------|----------------------------------------------------------------|
| <b>Indebtedness:-</b>                        |                                                    |                                                                |
| <b><u>Current</u></b>                        |                                                    |                                                                |
| <i>Secured and guaranteed</i>                |                                                    |                                                                |
| Bankers' acceptance                          | -                                                  | -                                                              |
| Hire purchase payables                       | 260                                                | 260                                                            |
| Term loans                                   | 759                                                | 759                                                            |
|                                              | 1,019                                              | 1,019                                                          |
| <b><u>Non-current</u></b>                    |                                                    |                                                                |
| <i>Secured and guaranteed</i>                |                                                    |                                                                |
| Hire purchase payables                       | 891                                                | 891                                                            |
| Term loans                                   | 7,631                                              | 3,636                                                          |
|                                              | 8,522                                              | 4,527                                                          |
| <b>Total Indebtedness</b>                    | 9,541                                              | 5,546                                                          |
| Shareholders' equity                         | 36,383                                             | 57,378                                                         |
| <b>Total capitalisation and indebtedness</b> | 45,924                                             | 62,924                                                         |
| Gearing ratio (times)*                       | 0.26                                               | 0.10                                                           |

**Note:-**

\* Computed based on total indebtedness over our shareholders' equity.

**11. FINANCIAL INFORMATION (Cont'd)****11.4 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS, RESULTS OF OPERATIONS AND PROSPECTS**

Investors should read the following management's discussion and analysis of our Group's financial conditions and results of operations in conjunction with the Accountants' Report as set out in Section 12 of this Prospectus.

The management's discussion and analysis contains data derived from our audited combined financial statements as well as forward-looking statements that involves risks and uncertainties. The results may differ significantly from those projected in the forward-looking statements. Factors that may cause future results to differ significantly from those included in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Prospectus, particularly the risk factors as set out in Section 4 of this Prospectus.

**11.4.1 Analysis of our Group's operating results**

Our Group operates in the healthcare furniture and equipment business, where we are principally involved in:-

- (i) Design, manufacturing and sale of medical/healthcare beds, which include:-
  - Medical beds; and
  - Delivery beds.
- (ii) Design, manufacturing, sale and trading of medical peripherals and accessories, which include:-
  - Patient transport trolleys;
  - Medical carts;
  - Instrument trolleys;
  - Examination tables;
  - Overbed tables; and
  - Miscellaneous peripherals and accessories\*.

**Note:-**

- \* Our miscellaneous peripherals and accessories category comprises a diverse range of products (including but not limited to step stool, kick stand, IV pole stand, examination light, x-ray viewer, canvas beds, reclining chair, ward screen, oxygen cylinder cart, etc) representing a total of 1,802 product codes as at the LPD. The product mix in this category for the respective FYEs is based on customers' orders and can impact our revenue and profitability as profit margins amongst the products vary. For the FYE 30 April 2015 and six (6)-month FPE 31 October 2015, we sold more than 105,000 units and 54,000 units respectively under this category.

Please refer to Section 5 of this Prospectus for our Group's detailed business overview.

**11. FINANCIAL INFORMATION (Cont'd)****(a) Segmental analysis**

The table below sets forth the breakdown of our Group's revenue and gross profit for the respective financial years under review:-

**Revenue analysis****(i) Analysis of contribution to revenue by business activities**

| Business Activities                                    | <-----FYE 30 April-----> |               |               |               |               |               | Six (6)-month<br><-----FPE 31 October-----> |               |               |               |
|--------------------------------------------------------|--------------------------|---------------|---------------|---------------|---------------|---------------|---------------------------------------------|---------------|---------------|---------------|
|                                                        | 2013                     |               | 2014          |               | 2015          |               | 2014                                        |               | 2015          |               |
|                                                        | RM'000                   | %             | RM'000        | %             | RM'000        | %             | RM'000                                      | %             | RM'000        | %             |
| <b><u>Manufacturing of medical/healthcare beds</u></b> |                          |               |               |               |               |               |                                             |               |               |               |
| - Medical beds                                         | 10,405                   | 37.06         | 19,879        | 51.11         | 13,503        | 34.59         | 3,673                                       | 29.82         | 5,786         | 36.03         |
| - Delivery beds                                        | 901                      | 3.21          | 1,754         | 4.51          | 1,794         | 4.60          | 506                                         | 4.11          | 408           | 2.54          |
| <b>Sub-total</b>                                       | <b>11,306</b>            | <b>40.27</b>  | <b>21,633</b> | <b>55.62</b>  | <b>15,297</b> | <b>39.19</b>  | <b>4,179</b>                                | <b>33.93</b>  | <b>6,194</b>  | <b>38.57</b>  |
| <b><u>Medical peripherals and accessories</u></b>      |                          |               |               |               |               |               |                                             |               |               |               |
| - Patient transport trolleys                           | 2,615                    | 9.31          | 2,288         | 5.88          | 4,548         | 11.65         | 1,527                                       | 12.40         | 999           | 6.22          |
| ➤ Manufacturing                                        | 2,410                    | 8.58          | 1,958         | 5.03          | 3,740         | 9.58          | 1,166                                       | 9.47          | 808           | 5.03          |
| ➤ Trading                                              | 205                      | 0.73          | 330           | 0.85          | 808           | 2.07          | 361                                         | 2.93          | 191           | 1.19          |
| - Medical carts                                        | 2,195                    | 7.82          | 2,446         | 6.29          | 3,534         | 9.05          | 1,232                                       | 10.00         | 1,414         | 8.81          |
| ➤ Manufacturing                                        | 1,942                    | 6.92          | 1,921         | 4.94          | 2,589         | 6.63          | 842                                         | 6.83          | 884           | 5.51          |
| ➤ Trading                                              | 253                      | 0.90          | 525           | 1.35          | 945           | 2.42          | 390                                         | 3.17          | 530           | 3.30          |
| - Instrument trolleys                                  | 2,310                    | 8.23          | 2,194         | 5.64          | 2,975         | 7.62          | 1,153                                       | 9.36          | 1,269         | 7.90          |
| ➤ Manufacturing                                        | 2,299                    | 8.19          | 2,139         | 5.50          | 2,954         | 7.57          | 1,153                                       | 9.36          | 1,213         | 7.55          |
| ➤ Trading                                              | 11                       | 0.04          | 55            | 0.14          | 21            | 0.05          | -                                           | -             | 56            | 0.35          |
| - Examination tables (Manufacturing)                   | 1,210                    | 4.31          | 1,372         | 3.53          | 1,902         | 4.87          | 528                                         | 4.29          | 477           | 2.97          |
| - Overbed tables (Manufacturing)                       | 866                      | 3.08          | 1,255         | 3.23          | 1,053         | 2.70          | 370                                         | 3.00          | 621           | 3.87          |
| - Miscellaneous peripherals and accessories            | 7,575                    | 26.98         | 7,705         | 19.81         | 9,730         | 24.92         | 3,329                                       | 27.02         | 5,083         | 31.66         |
| ➤ Manufacturing                                        | 4,899                    | 17.45         | 4,696         | 12.07         | 5,799         | 14.85         | 2,261                                       | 18.35         | 3,012         | 18.76         |
| ➤ Trading                                              | 2,676                    | 9.53          | 3,009         | 7.74          | 3,931         | 10.07         | 1,068                                       | 8.67          | 2,071         | 12.90         |
| <b>Sub-total</b>                                       | <b>16,771</b>            | <b>59.73</b>  | <b>17,260</b> | <b>44.38</b>  | <b>23,742</b> | <b>60.81</b>  | <b>8,139</b>                                | <b>66.07</b>  | <b>9,863</b>  | <b>61.43</b>  |
| <b>Total</b>                                           | <b>28,077</b>            | <b>100.00</b> | <b>38,893</b> | <b>100.00</b> | <b>39,039</b> | <b>100.00</b> | <b>12,318</b>                               | <b>100.00</b> | <b>16,057</b> | <b>100.00</b> |

**11. FINANCIAL INFORMATION (Cont'd)****(ii) Analysis of revenue by geographical location**

|                  | FYE 30 April  |               |               |               |               |               | Six (6)-month<br>FPE 31 October |               |               |               |
|------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------------------------|---------------|---------------|---------------|
|                  | 2013          |               | 2014          |               | 2015          |               | 2014                            |               | 2015          |               |
|                  | RM'000        | %             | RM'000        | %             | RM'000        | %             | RM'000                          | %             | RM'000        | %             |
| Local (Malaysia) | 21,740        | 77.43         | 30,347        | 78.03         | 31,431        | 80.51         | 9,863                           | 80.07         | 11,983        | 74.63         |
| Overseas         | 6,337         | 22.57         | 8,546         | 21.97         | 7,608         | 19.49         | 2,455                           | 19.93         | 4,074         | 25.37         |
| <b>Total</b>     | <b>28,077</b> | <b>100.00</b> | <b>38,893</b> | <b>100.00</b> | <b>39,039</b> | <b>100.00</b> | <b>12,318</b>                   | <b>100.00</b> | <b>16,057</b> | <b>100.00</b> |

**Overseas**

|                |              |               |              |               |              |               |              |               |              |               |
|----------------|--------------|---------------|--------------|---------------|--------------|---------------|--------------|---------------|--------------|---------------|
| Botswana       | 22           | 0.35          | 16           | 0.19          | 1,106        | 14.54         | 71           | 2.89          | 140          | 3.44          |
| Maldives       | 67           | 1.06          | -            | -             | 1,026        | 13.49         | -            | -             | 639          | 15.69         |
| Mozambique     | -            | -             | 474          | 5.55          | 990          | 13.01         | 253          | 10.31         | 4            | 0.10          |
| Singapore      | 1,850        | 29.19         | 1,422        | 16.64         | 771          | 10.13         | 387          | 15.76         | 362          | 8.89          |
| Kenya          | 61           | 0.96          | 312          | 3.65          | 659          | 8.66          | 30           | 1.22          | -            | -             |
| Bangladesh     | 313          | 4.94          | 427          | 5.00          | 533          | 7.01          | 15           | 0.61          | 2,006        | 49.24         |
| Sri Lanka      | 463          | 7.30          | -            | -             | 488          | 6.41          | 524          | 21.34         | 4            | 0.10          |
| UAE            | 211          | 3.33          | 337          | 3.94          | 344          | 4.52          | 99           | 4.03          | 295          | 7.24          |
| Philippines    | 178          | 2.81          | 13           | 0.15          | 309          | 4.06          | 272          | 11.08         | 42           | 1.03          |
| Kuwait         | 281          | 4.44          | 89           | 1.04          | 260          | 3.42          | 143          | 5.82          | 302          | 7.41          |
| Brunei         | 84           | 1.33          | 154          | 1.80          | 202          | 2.66          | 151          | 6.15          | 10           | 0.25          |
| Syria          | -            | -             | -            | -             | 144          | 1.89          | 155          | 6.31          | -            | -             |
| Costa Rica     | -            | -             | -            | -             | 136          | 1.78          | -            | -             | -            | -             |
| Vietnam        | 2,108        | 33.26         | 197          | 2.31          | 118          | 1.55          | -            | -             | -            | -             |
| Saudi Arabia   | 247          | 3.90          | 4,063        | 47.54         | 100          | 1.32          | 100          | 4.07          | 7            | 0.17          |
| Mauritius      | -            | -             | 26           | 0.30          | 76           | 1.01          | 48           | 1.96          | 1            | 0.02          |
| Cambodia       | 87           | 1.37          | 51           | 0.60          | 74           | 0.97          | 62           | 2.53          | 115          | 2.82          |
| Ghana          | 11           | 0.18          | 17           | 0.20          | 63           | 0.83          | -            | -             | 3            | 0.07          |
| Germany        | -            | -             | 84           | 0.98          | 48           | 0.63          | 48           | 1.96          | 2            | 0.05          |
| Hong Kong      | 73           | 1.15          | 112          | 1.31          | 37           | 0.49          | 18           | 0.73          | 34           | 0.83          |
| Switzerland    | 51           | 0.81          | 32           | 0.37          | 36           | 0.47          | 36           | 1.47          | -            | -             |
| Myanmar        | 12           | 0.19          | 58           | 0.68          | 33           | 0.43          | 9            | 0.37          | -            | -             |
| Thailand       | 42           | 0.66          | 219          | 2.56          | 25           | 0.33          | -            | -             | 38           | 0.93          |
| Pakistan       | 3            | 0.05          | 21           | 0.25          | 20           | 0.26          | 20           | 0.81          | -            | -             |
| India          | 9            | 0.14          | 94           | 1.10          | 7            | 0.09          | 7            | 0.29          | -            | -             |
| Oman           | 9            | 0.14          | -            | -             | 3            | 0.04          | 7            | 0.29          | 24           | 0.59          |
| United Kingdom | 125          | 1.97          | -            | -             | -            | -             | -            | -             | -            | -             |
| Jordan         | 30           | 0.47          | 92           | 1.08          | -            | -             | -            | -             | -            | -             |
| Austria        | -            | -             | 153          | 1.79          | -            | -             | -            | -             | -            | -             |
| Laos           | -            | -             | 42           | 0.49          | -            | -             | -            | -             | -            | -             |
| Finland        | -            | -             | 28           | 0.33          | -            | -             | -            | -             | -            | -             |
| South Africa   | -            | -             | 12           | 0.14          | -            | -             | -            | -             | -            | -             |
| Qatar          | -            | -             | 1            | 0.01          | -            | -             | -            | -             | -            | -             |
| Indonesia      | -            | -             | -            | -             | -            | -             | -            | -             | 46           | 1.13          |
| <b>Total</b>   | <b>6,337</b> | <b>100.00</b> | <b>8,546</b> | <b>100.00</b> | <b>7,608</b> | <b>100.00</b> | <b>2,455</b> | <b>100.00</b> | <b>4,074</b> | <b>100.00</b> |

**11. FINANCIAL INFORMATION (Cont'd)****Gross profit analysis****(i) Analysis of contribution to gross profit by business activities:-**

| Business Activities                                    | <-----FYE 30 April-----> |               |               |               |               |               | Six (6)-month<br><-----FPE 31 October-----> |               |              |               |
|--------------------------------------------------------|--------------------------|---------------|---------------|---------------|---------------|---------------|---------------------------------------------|---------------|--------------|---------------|
|                                                        | 2013                     |               | 2014          |               | 2015          |               | 2014                                        |               | 2015         |               |
|                                                        | RM'000                   | %             | RM'000        | %             | RM'000        |               | RM'000                                      | %             | RM'000       | %             |
| <b><u>Manufacturing of medical/healthcare beds</u></b> |                          |               |               |               |               |               |                                             |               |              |               |
| - Medical beds                                         | 4,372                    | 42.35         | 9,589         | 58.71         | 6,325         | 40.45         | 1,999                                       | 36.85         | 2,661        | 38.33         |
| - Delivery beds                                        | 379                      | 3.67          | 847           | 5.18          | 812           | 5.19          | 241                                         | 4.44          | 180          | 2.59          |
| <b>Sub-total</b>                                       | <b>4,751</b>             | <b>46.02</b>  | <b>10,436</b> | <b>63.89</b>  | <b>7,137</b>  | <b>45.64</b>  | <b>2,240</b>                                | <b>41.29</b>  | <b>2,841</b> | <b>40.92</b>  |
| <b><u>Medical peripherals and accessories</u></b>      |                          |               |               |               |               |               |                                             |               |              |               |
| - Patient transport trolleys                           | 1,064                    | 10.31         | 1,094         | 6.70          | 1,922         | 12.30         | 629                                         | 11.60         | 395          | 5.69          |
| ➤ Manufacturing                                        | 998                      | 9.67          | 932           | 5.71          | 1,696         | 10.85         | 553                                         | 10.20         | 356          | 5.13          |
| ➤ Trading                                              | 66                       | 0.64          | 162           | 0.99          | 226           | 1.45          | 76                                          | 1.40          | 39           | 0.56          |
| - Medical carts                                        | 1,017                    | 9.85          | 1,305         | 7.99          | 1,698         | 10.86         | 584                                         | 10.77         | 624          | 8.99          |
| ➤ Manufacturing                                        | 908                      | 8.80          | 1,016         | 6.22          | 1,300         | 8.31          | 438                                         | 8.08          | 434          | 6.25          |
| ➤ Trading                                              | 109                      | 1.05          | 289           | 1.77          | 398           | 2.55          | 146                                         | 2.69          | 190          | 2.74          |
| - Instrument trolleys                                  | 922                      | 8.93          | 1,015         | 6.21          | 1,306         | 8.35          | 533                                         | 9.83          | 644          | 9.27          |
| ➤ Manufacturing                                        | 916                      | 8.87          | 993           | 6.08          | 1,293         | 8.27          | 533                                         | 9.83          | 621          | 8.94          |
| ➤ Trading                                              | 6                        | 0.06          | 22            | 0.13          | 13            | 0.08          | -                                           | -             | 23           | 0.33          |
| - Examination tables (Manufacturing)                   | 513                      | 4.96          | 663           | 4.06          | 878           | 5.61          | 288                                         | 5.31          | 246          | 3.54          |
| - Overbed tables (Manufacturing)                       | 423                      | 4.10          | 682           | 4.18          | 551           | 3.52          | 199                                         | 3.67          | 316          | 4.55          |
| - Miscellaneous peripherals and accessories            | 1,634                    | 15.83         | 1,139         | 6.97          | 2,145         | 13.72         | 951                                         | 17.53         | 1,877        | 27.04         |
| ➤ Manufacturing                                        | 1,015                    | 9.83          | 681           | 4.17          | 864           | 5.53          | 759                                         | 13.99         | 699          | 10.07         |
| ➤ Trading                                              | 619                      | 6.00          | 458           | 2.80          | 1,281         | 8.19          | 192                                         | 3.54          | 1,178        | 16.97         |
| <b>Sub-total</b>                                       | <b>5,573</b>             | <b>53.98</b>  | <b>5,898</b>  | <b>36.11</b>  | <b>8,500</b>  | <b>54.36</b>  | <b>3,184</b>                                | <b>58.71</b>  | <b>4,102</b> | <b>59.08</b>  |
| <b>Total</b>                                           | <b>10,324</b>            | <b>100.00</b> | <b>16,334</b> | <b>100.00</b> | <b>15,637</b> | <b>100.00</b> | <b>5,424</b>                                | <b>100.00</b> | <b>6,943</b> | <b>100.00</b> |

**11. FINANCIAL INFORMATION (Cont'd)****(ii) Analysis of gross profit margin by business activities:-**

| Business Activities                                    | <-----FYE 30 April-----> |              |              | Six (6)-month<br><-----FPE 31 October-----> |              |
|--------------------------------------------------------|--------------------------|--------------|--------------|---------------------------------------------|--------------|
|                                                        | 2013<br>%                | 2014<br>%    | 2015<br>%    | 2014<br>%                                   | 2015<br>%    |
| <b><u>Manufacturing of medical/healthcare beds</u></b> |                          |              |              |                                             |              |
| - Medical beds                                         | 42.02                    | 48.24        | 46.84        | 54.42                                       | 45.99        |
| - Delivery beds                                        | 42.06                    | 48.29        | 45.26        | 47.63                                       | 44.12        |
| <b>Sub-total</b>                                       | <b>42.02</b>             | <b>48.24</b> | <b>46.66</b> | <b>53.60</b>                                | <b>45.87</b> |
| <b><u>Medical peripherals and accessories</u></b>      |                          |              |              |                                             |              |
| - Patient transport trolleys                           | 40.69                    | 47.81        | 42.26        | 41.19                                       | 39.54        |
| ➤ Manufacturing                                        | 41.41                    | 47.60        | 45.35        | 47.43                                       | 44.06        |
| ➤ Trading                                              | 32.20                    | 49.09        | 27.97        | 21.05                                       | 20.42        |
| - Medical carts                                        | 46.33                    | 53.35        | 48.05        | 47.40                                       | 44.13        |
| ➤ Manufacturing                                        | 46.76                    | 52.89        | 50.21        | 52.02                                       | 49.10        |
| ➤ Trading                                              | 43.08                    | 55.05        | 42.12        | 37.44                                       | 35.85        |
| - Instrument trolleys                                  | 39.91                    | 46.26        | 43.90        | 46.23                                       | 50.75        |
| ➤ Manufacturing                                        | 39.84                    | 46.42        | 43.77        | 46.23                                       | 51.20        |
| ➤ Trading                                              | 54.55                    | 40.00        | 61.90        | -                                           | 41.07        |
| - Examination tables (Manufacturing)                   | 42.40                    | 48.32        | 46.16        | 54.55                                       | 51.57        |
| - Overbed tables (Manufacturing)                       | 48.85                    | 54.34        | 52.33        | 53.78                                       | 50.89        |
| - Miscellaneous peripherals and accessories            | 21.57                    | 14.78        | 22.05        | 28.57                                       | 36.93        |
| ➤ Manufacturing                                        | 20.72                    | 14.50        | 14.90        | 33.57                                       | 23.21        |
| ➤ Trading                                              | 23.13                    | 15.22        | 32.59        | 17.98                                       | 56.88        |
| <b>Sub-total</b>                                       | <b>33.23</b>             | <b>34.17</b> | <b>35.80</b> | <b>39.12</b>                                | <b>41.59</b> |
| <b>Total</b>                                           | <b>36.77</b>             | <b>42.00</b> | <b>40.05</b> | <b>44.03</b>                                | <b>43.24</b> |

**11. FINANCIAL INFORMATION (Cont'd)****(b) Financial Commentaries*****FYE 30 April 2013***

For the FYE 30 April 2013, our Group recorded revenue of RM28.077 million. The manufacturing of medical/healthcare beds activity contributed RM11.306 million or 40.27% of our total revenue with the highest contribution coming from medical beds category amounting to RM10.405 million or 92.03% of our total manufacturing of medical/healthcare beds activity revenue. The remaining portion of our revenue of RM16.771 million or 59.73% was contributed by our medical peripherals and accessories activity comprising the following:-

- miscellaneous peripherals and accessories category (RM7.575 million; 26.98%);
- patient transport trolleys category (RM2.615 million; 9.31%);
- instrument trolleys category (RM2.310 million; 8.23%);
- medical carts category (RM2.195 million; 7.82%);
- examination tables category (RM1.210 million; 4.31%); and
- overbed tables category (RM0.866 million; 3.08%).

Our Group's revenue was primarily contributed by local sales amounting to RM21.740 million or 77.43% of our total revenue. The remaining RM6.337 million or 22.57% of our total revenue was derived from the export market, with Vietnam and Singapore markets contributing RM2.108 million or 33.26% and RM1.850 million or 29.19% of total export market revenue respectively.

Our Group recorded a gross profit of RM10.324 million representing a gross profit margin of 36.77%. The gross profit for manufacturing of medical/healthcare beds activity were RM4.751 million, representing gross profit margin of 42.02%, while the gross profit for medical peripherals and accessories activity were RM5.573 million representing a gross profit margin of 33.23%.

We achieved PBT and PAT of RM5.258 million and RM4.440 million respectively, with PBT and PAT margin of 18.73% and 15.81% respectively.

***FYE 30 April 2014***

For the financial year under review, our Group's revenue increased by RM10.816 million or 38.52% to RM38.893 million as compared to revenue of RM28.077 million achieved in the FYE 30 April 2013.

The increase in revenue was mainly attributed to the revenue from manufacturing of medical/healthcare beds activity of RM21.633 million or 55.62% of our total revenue in the FYE 30 April 2014, representing an increase of RM10.327 million or 91.34% as compared to the FYE 30 April 2013. Out of this, medical beds category contributed RM19.879 million representing 91.89% of our total manufacturing of medical/healthcare beds activity revenue. The increase was mainly due to the following:-

- (i) secured a few large orders from a new local customer, who was the contractor for Hospital Queen Elizabeth, a new public hospital in East Malaysia; and
- (ii) secured a few large orders from Nomias Trading Est, a foreign customer based in Saudi Arabia.

Revenue from delivery beds also grew from RM0.901 million in the FYE 30 April 2013 to RM1.754 million in the FYE 30 April 2014, representing an increase of RM0.853 million or 94.67% contributed primarily from foreign customers based in Kenya and Thailand.

**11. FINANCIAL INFORMATION (Cont'd)**

In the FYE 30 April 2014, revenue contribution from medical peripherals and accessories activity of RM17.260 million increased slightly as compared to the FYE 30 April 2013 of RM16.771 million due to increase in revenue from overbed tables category by RM0.389 million or 44.92% mainly secured from the contractor for a new public hospital in East Malaysia.

The local market continued to be our main contributor of revenue with RM30.347 million or 78.03% of our Group's total revenue.

In the export market, revenue increased by RM2.209 million or 34.86% to RM8.546 million in the FYE 30 April 2014. The increase in the export market revenue was mainly attributed to a few large orders from Saudi Arabia which contributed RM4.063 million or 47.54% of the total export market revenue.

In the FYE 30 April 2014, our Group's gross profit increased by RM6.010 million or 58.21% to RM16.334 million while gross profit margin increased by 5.23% to 42.00% as compared to RM10.324 million and 36.77% respectively in the FYE 30 April 2013. The increase in gross profit was primarily due to higher revenue contribution from our medical beds category which contributed RM9.589 million or 58.71% of our total gross profit.

Gross profit margin for our manufacturing of medical/healthcare beds activity increased from 42.02% in the FYE 30 April 2013 to 48.24% in the FYE 30 April 2014 primarily due to the following:-

- (i) higher selling prices to a few major customers; and
- (ii) economies of scale which was evidenced by the increase in revenue by 91.34% and quantity of beds sold had almost doubled as compared to the FYE 30 April 2013.

The substantial increase in the gross profit margin for both manufacturing and trading of patient transport trolleys category from 41.41% and 32.20% in the FYE 30 April 2013 to 47.60% and 49.09% in the FYE 30 April 2014 respectively were primarily due to higher selling prices recorded for the FYE 30 April 2014 as compared to the FYE 30 April 2013.

For the FYE 30 April 2014, our gross profit margin for manufacturing of medical carts category had increased from 46.76% in the FYE 30 April 2013 to 52.89% primarily due to lower production cost arising from lower prices of steel sheets. On the other hand, gross profit margin from trading of medical carts category was 55.05% in the FYE 30 April 2014 as compared to 43.08% in the FYE 30 April 2013. The increase in gross profit margin for trading of medical carts category was mainly due to one type of aluminum-alloy and ABS made carts which had higher selling prices in the FYE 30 April 2014 as compared to the FYE 30 April 2013.

Our gross profit margin for manufacturing of instrument trolleys category had increased by 6.58% from 39.84% in the FYE 30 April 2013 to 46.42% in the FYE 30 April 2014 primarily due to lower production cost. However, our gross profit margin from trading of instrument trolleys category decreased substantially from 54.55% in the FYE 30 April 2013 to 40.00% in the FYE 30 April 2014. This was mainly due to bulk purchase discounts given to a foreign customer based in Singapore who made a few large orders.

The gross profit margin for our examination tables category had increased from 42.40% in the FYE 30 April 2013 to 48.32% in the FYE 30 April 2014, as we sold more high value examination tables models, which has a relatively higher profit margin.

Our gross profit margin for overbed tables category increased from 48.85% in the FYE 30 April 2013 to 54.34% in the FYE 30 April 2014 primarily due to higher selling prices secured from a new local customer, who was the contractor for a new public hospital in East Malaysia.

**11. FINANCIAL INFORMATION (Cont'd)**

The gross profit margin for miscellaneous peripherals and accessories category decreased from 21.57% in the FYE 30 April 2013 to 14.78% in the FYE 30 April 2014 due to the product mix derived from this category.

Based on the foregoing factors, our Group's PBT increased by RM2.928 million or 55.69% to RM8.186 million while PBT margin increased by 2.32% to 21.05% in the FYE 30 April 2014 as compared to RM5.258 million and 18.73% respectively in the FYE 30 April 2013. The increase in PBT was due to the increase in revenue and overall gross profit margin.

Our Group's PAT increased by RM1.567 million or 35.29% to RM6.007 million in the FYE 30 April 2014 in line with the increase in PBT while PAT margin decreased marginally from 15.81% in the FYE 30 April 2013 to 15.44% in the FYE 30 April 2014 due to higher income tax expense caused by an increase in non-deductible expenses for tax (such as depreciation and promotion expenses) and under provision for taxation in the prior year.

***FYE 30 April 2015***

For the financial year under review, our Group registered revenue of RM39.039 million, representing an increase of RM0.146 million or 0.38% as compared to the previous financial year.

Our Group's revenue from manufacturing of medical/healthcare beds activity declined by RM6.336 million or 29.29% to RM15.297 million in the FYE 30 April 2015. Nevertheless, revenue from most of our other categories increased due to our continuous marketing efforts in securing new customers and orders for other products. Most notably, the substantial increase in revenue from patient transport trolleys category by RM2.260 million or 98.78% was mainly attributed to large orders received from a few foreign customers, who are based in Botswana, amounting to RM0.956 million for patient transport trolleys only.

Similar to previous years, a significant portion of our revenue amounting to RM31.431 million or 80.51% was generated from the local market. Revenue generated from the export market amounting to RM7.608 million or 19.49% in the FYE 30 April 2015 was mainly derived from Botswana and Maldives, representing RM1.106 million or 14.54% and RM1.026 million or 13.49% of our total export market revenue respectively. An agent in Botswana had made a few large orders arising from its successful tender of a government project in Botswana, while the increase in revenue from Maldives was due to a new agent appointed during the current financial year. As compared to the previous financial year, there was a decrease in revenue contribution from Saudi Arabia as we did not receive any large orders from our customers.

Our Group's gross profit decreased by RM0.697 million or 4.27% to RM15.637 million in the FYE 30 April 2015, which was in line with the decrease in overall gross profit margin from 42.00% in the FYE 30 April 2014 to 40.05% in the FYE 30 April 2015. The decline in gross profit margin was mainly attributed to the increase in our cost of sales due to the following:-

- (i) increase in headcount of 29 employees in our manufacturing department from 98 employees in the FYE 30 April 2014 to 127 employees in the FYE 30 April 2015;
- (ii) increase in direct labour costs due to the implementation of new minimum wage policy. This policy has resulted an increase in the salary for each direct labour worker from RM520 per month to RM900 per month in the financial year under review; and
- (iii) higher depreciation costs of PPE arising from the additional plant and machinery purchased in the FYE 30 April 2014 as disclosed in Section 5.6 of this Prospectus.

**11. FINANCIAL INFORMATION (Cont'd)**

The above directly impacts our manufacturing business activities and resulted in a general decline in the gross profit margin in the financial year under review.

The decline in gross profit margin for trading of patient transport trolleys category and medical carts category from 49.09% and 55.05% in the FYE 30 April 2014 to 27.97% and 42.12% in the FYE 30 April 2015 respectively was mainly due to a general increase in our trading cost arising from higher purchase price and depreciation of RM.

Our gross profit margin for trading of instrument trolleys category had increased by 21.90% from 40.00% in the FYE 30 April 2014 to 61.90% in the FYE 30 April 2015 mainly due to higher selling prices recorded as compared to the FYE 30 April 2014.

The increase in our gross profit margin for miscellaneous peripherals and accessories category from 14.78% in the FYE 30 April 2014 to 22.05% in the FYE 30 April 2015 was due to the product mix derived from this category.

In the FYE 30 April 2015, our Group recorded PBT of RM7.298 million (2014: RM8.186 million) and PAT of RM5.962 million (2014: RM6.007 million). The reduction in PBT was primarily due to the lower gross profit recorded during the financial year under review. Despite the reduction in PBT by 10.85%, PAT only decreased by 0.75% due to the lower income tax expense arising from higher tax incentives, i.e. utilisation of reinvestment allowances, reduction in non-deductible expenses and over provision for taxation in the prior year.

**Six (6)-month FPE 31 October 2014**

For the six (6)-month FPE 31 October 2014, our Group recorded revenue of RM12.318 million. The manufacturing of medical/healthcare beds activity contributed RM4.179 million or 33.93% of our total revenue with the highest contribution coming from medical beds category amounting to RM3.673 million or 87.89% of our total manufacturing of medical/healthcare beds activity revenue. The remaining portion of our revenue of RM8.139 million or 66.07% was contributed by our medical peripherals and accessories activity comprising the following:-

- miscellaneous peripherals and accessories category (RM3.329 million; 27.02%);
- patient transport trolleys category (RM1.527 million; 12.40%);
- medical carts category (RM1.232 million; 10.00%);
- instrument trolleys category (RM1.153 million; 9.36%);
- examination tables category (RM0.528 million; 4.29%); and
- overbed tables category (RM0.370 million; 3.00%).

Our Group's revenue was primarily contributed by local sales amounting to RM9.863 million or 80.07% of our total revenue. The remaining RM2.455 million or 19.93% of our total revenue was derived from the export market, with Sri Lanka and Singapore markets contributing RM0.524 million or 21.34% and RM0.387 million or 15.76% of total export market revenue respectively.

Our Group recorded a gross profit of RM5.424 million representing a gross profit margin of 44.03%. The gross profit for manufacturing of medical/healthcare beds activity were RM2.240 million, representing gross profit margin of 53.60%, while the gross profit for medical peripherals and accessories activity were RM3.184 million representing a gross profit margin of 39.12%.

We achieved PBT and PAT of RM1.971 million and RM1.438 million respectively, with PBT and PAT margin of 16.00% and 11.67% respectively.

**11. FINANCIAL INFORMATION (Cont'd)*****Six (6)-month FPE 31 October 2015***

For the financial period under review, our Group registered revenue of RM16.057 million, representing an increase of RM3.739 million or 30.35% as compared to the revenue of RM12.318 million registered in the six (6)-month FPE 31 October 2014.

The increase in revenue was mainly attributed to the revenue from manufacturing of medical/healthcare beds activity of RM6.194 million or 38.57% of our total revenue in the six (6)-month FPE 31 October 2015, representing an increase of RM2.015 million or 48.22% as compared to the six (6)-month FPE 31 October 2014. Of the total revenue, medical beds category contributed RM5.786 million representing 93.41% of our total manufacturing of medical/healthcare beds activity revenue. The increase was mainly due to large orders from a local customer and a new foreign customer based in Bangladesh.

For the six (6)-month FPE 31 October 2015, revenue contribution from medical peripherals and accessories activity of RM9.863 million had increased as compared to the six (6)-month FPE 31 October 2014 of RM8.139 million due to increase in revenue from overbed tables category by RM0.251 million or 67.84% mainly secured from a new foreign customer based in Bangladesh, as well as contribution from miscellaneous peripherals and accessories category.

Similar to the previous financial period, a significant portion of our revenue amounting to RM11.983 million or 74.63% was generated from the local market.

In the export market, revenue increased by RM1.619 million or 65.95% to RM4.074 million in the six (6)-month FPE 31 October 2015. The increase in the export market revenue was mainly attributed to a few large orders from Bangladesh which contributed RM2.006 million or 49.24% of the total export market revenue.

For the six (6)-month FPE 31 October 2015, our Group's gross profit increased by RM1.519 million or 28.01% to RM6.943 million while gross profit margin decreased marginally by 0.79% to 43.24% as compared to RM5.424 million and 44.03% respectively in the six (6)-month FPE 31 October 2014. The increase in gross profit was primarily due to higher revenue contribution from our medical beds category which contributed RM2.841 million or 40.92% of our total gross profit.

The decline in gross profit margin was mainly attributed to the increase in our cost of sales due to the following:-

- (i) increase in direct labour costs due to the implementation of new minimum wage policy. This policy has resulted in an increase in the salary for each direct labour worker from RM520 per month to RM900 per month in the financial period under review; and
- (ii) higher rental costs arising from the newly rented premises at Factory Lot No. 12, Factory Lot No. 12A and Factory Lot No. 16.

The above directly impacted our manufacturing business activities and resulted in a general decline in the gross profit margin for the financial period under review.

Despite the general decline in gross profit margin for other manufactured products, our gross profit margin for manufacturing of instrument trolleys category had increased by 4.97% from 46.23% in the six (6)-month FPE 31 October 2014 to 51.20% in the six (6)-month FPE 31 October 2015 primarily due to lower production cost.

The increase in our gross profit margin for miscellaneous peripherals and accessories category from 28.57% in the six (6)-month FPE 31 October 2014 to 36.93% in the six (6)-month FPE 31 October 2015 was due to the product mix derived from this category.

**11. FINANCIAL INFORMATION (Cont'd)**

For the six (6)-month FPE 31 October 2015, our Group's PBT increased by RM0.668 million or 33.89% to RM2.639 million while PBT margin increased by 0.44% to 16.44% as compared to RM1.971 million and 16.00% in the six (6)-month FPE 31 October 2014 respectively. The increase in PBT was due to the increase in revenue during the financial period under review.

Our Group's PAT increased by RM0.345 million or 23.99% to RM1.783 million in the six (6)-month FPE 31 October 2015 in line with the increase in PBT. The PAT margin decreased marginally from 11.67% in the six (6)-month FPE 31 October 2014 to 11.10% in the six (6)-month FPE 31 October 2015 due to higher income tax expense caused by an increase in non-deductible expenses for tax (such as depreciation, promotion expenses and listing expenses) and under provision for taxation in the prior year.

**(c) Other key factors affecting the profitability of our Group**

The other key factors affecting the profitability of our Group include those factors discussed below and other sections in this Prospectus, in particular the risk factors under Section 4 of this Prospectus:-

**(i) Cost of Sales**

A breakdown of the components of our cost of sales for the past three (3) FYE 30 April 2013 to 2015 and six (6)-month FPE 31 October 2014 to 2015 are as follows:-

| Type of Cost           | <-----FYE 30 April-----> |               |               |               |               |               | Six (6)-month<br><-----FPE 31 October-----> |               |              |               |
|------------------------|--------------------------|---------------|---------------|---------------|---------------|---------------|---------------------------------------------|---------------|--------------|---------------|
|                        | 2013                     |               | 2014          |               | 2015          |               | 2014                                        |               | 2015         |               |
|                        | RM'000                   | %             | RM'000        | %             | RM'000        | %             | RM'000                                      | %             | RM'000       | %             |
| <b>Manufacturing</b>   |                          |               |               |               |               |               |                                             |               |              |               |
| - Material costs       | 10,760                   | 60.61         | 13,158        | 58.33         | 12,724        | 54.37         | 2,649                                       | 38.43         | 4,651        | 51.03         |
| - Direct costs         | 3,401                    | 19.16         | 5,018         | 22.24         | 5,199         | 22.22         | 2,067                                       | 29.98         | 2,181        | 23.93         |
| - Production overheads | 1,247                    | 7.02          | 1,395         | 6.18          | 1,692         | 7.23          | 773                                         | 11.21         | 864          | 9.48          |
| <b>Trading</b>         | 2,345                    | 13.21         | 2,988         | 13.25         | 3,787         | 16.18         | 1,405                                       | 20.38         | 1,418        | 15.56         |
| <b>Total</b>           | <b>17,753</b>            | <b>100.00</b> | <b>22,559</b> | <b>100.00</b> | <b>23,402</b> | <b>100.00</b> | <b>6,894</b>                                | <b>100.00</b> | <b>9,114</b> | <b>100.00</b> |

**11. FINANCIAL INFORMATION (Cont'd)****Analysis of cost of sales by business activities:-**

| Business Activities                             | <-----FYE 30 April-----> |               |               |               |               |               | Six (6)-month<br><-----FPE 31 October-----> |               |              |               |
|-------------------------------------------------|--------------------------|---------------|---------------|---------------|---------------|---------------|---------------------------------------------|---------------|--------------|---------------|
|                                                 | 2013                     |               | 2014          |               | 2015          |               | 2014                                        |               | 2015         |               |
|                                                 | RM'000                   | %             | RM'000        | %             | RM'000        | %             | RM'000                                      | %             | RM'000       | %             |
| <b>Manufacturing of medical/healthcare beds</b> |                          |               |               |               |               |               |                                             |               |              |               |
| - Medical beds                                  | 6,033                    | 33.98         | 10,290        | 45.61         | 7,178         | 30.67         | 1,674                                       | 24.28         | 3,125        | 34.29         |
| - Delivery beds                                 | 522                      | 2.94          | 907           | 4.02          | 982           | 4.20          | 265                                         | 3.85          | 228          | 2.50          |
| <b>Sub-total</b>                                | <b>6,555</b>             | <b>36.92</b>  | <b>11,197</b> | <b>49.63</b>  | <b>8,160</b>  | <b>34.87</b>  | <b>1,939</b>                                | <b>28.13</b>  | <b>3,353</b> | <b>36.79</b>  |
| <b>Medical peripherals and accessories</b>      |                          |               |               |               |               |               |                                             |               |              |               |
| - Patient transport trolleys                    | 1,551                    | 8.73          | 1,194         | 5.29          | 2,626         | 11.22         | 898                                         | 13.02         | 604          | 6.63          |
| ➤ Manufacturing                                 | 1,412                    | 7.95          | 1,026         | 4.55          | 2,044         | 8.73          | 613                                         | 8.89          | 452          | 4.96          |
| ➤ Trading                                       | 139                      | 0.78          | 168           | 0.74          | 582           | 2.49          | 285                                         | 4.13          | 152          | 1.67          |
| - Medical carts                                 | 1,178                    | 6.63          | 1,141         | 5.06          | 1,836         | 7.85          | 648                                         | 9.40          | 790          | 8.67          |
| ➤ Manufacturing                                 | 1,034                    | 5.82          | 905           | 4.01          | 1,289         | 5.51          | 404                                         | 5.86          | 450          | 4.94          |
| ➤ Trading                                       | 144                      | 0.81          | 236           | 1.05          | 547           | 2.34          | 244                                         | 3.54          | 340          | 3.73          |
| - Instrument trolleys                           | 1,388                    | 7.82          | 1,179         | 5.23          | 1,669         | 7.13          | 620                                         | 8.99          | 625          | 6.86          |
| ➤ Manufacturing                                 | 1,383                    | 7.79          | 1,146         | 5.08          | 1,661         | 7.10          | 620                                         | 8.99          | 592          | 6.50          |
| ➤ Trading                                       | 5                        | 0.03          | 33            | 0.15          | 8             | 0.03          | -                                           | -             | 33           | 0.36          |
| - Examination tables (Manufacturing)            | 697                      | 3.93          | 709           | 3.14          | 1,024         | 4.38          | 240                                         | 3.48          | 231          | 2.53          |
| - Overbed tables (Manufacturing)                | 443                      | 2.50          | 573           | 2.54          | 502           | 2.14          | 171                                         | 2.48          | 305          | 3.35          |
| - Miscellaneous peripherals and accessories     | 5,941                    | 33.47         | 6,566         | 29.11         | 7,585         | 32.41         | 2,378                                       | 34.50         | 3,206        | 35.17         |
| ➤ Manufacturing                                 | 3,884                    | 21.88         | 4,015         | 17.80         | 4,935         | 21.09         | 1,502                                       | 21.79         | 2,313        | 25.37         |
| ➤ Trading                                       | 2,057                    | 11.59         | 2,551         | 11.31         | 2,650         | 11.32         | 876                                         | 12.71         | 893          | 9.80          |
| <b>Sub-total</b>                                | <b>11,198</b>            | <b>63.08</b>  | <b>11,362</b> | <b>50.37</b>  | <b>15,242</b> | <b>65.13</b>  | <b>4,955</b>                                | <b>71.87</b>  | <b>5,761</b> | <b>63.21</b>  |
| <b>Total</b>                                    | <b>17,753</b>            | <b>100.00</b> | <b>22,559</b> | <b>100.00</b> | <b>23,402</b> | <b>100.00</b> | <b>6,894</b>                                | <b>100.00</b> | <b>9,114</b> | <b>100.00</b> |

**11. FINANCIAL INFORMATION (Cont'd)****Direct material costs**

Our direct material costs represent the largest component of our cost of sales which consist of steel materials (i.e. sheets, tubes and bars), accessories and fittings (i.e. side rails, head boards and foot boards), electrical components (i.e. actuators and control box), castors/wheels and hydraulic pumps.

Some of our accessories and fittings, electrical components, castors/wheels and hydraulic pumps are sourced directly from overseas suppliers or outsourced manufacturers according to the specifications required, which is exposed to foreign exchange fluctuations whilst some of the accessories and fittings and castors/wheels are purchased locally from local suppliers as disclosed in Section 5.7.3 of this Prospectus.

Our Group's direct material costs contributed 60.61%, 58.33% and 54.37% of our total cost of sales for the FYE 30 April 2013 to 2015 respectively and 38.43% and 51.03% for the six (6)-month FPE 31 October 2014 to 2015 respectively. The trend movement in the direct material costs was in line with the movement of our total revenue for the FYE 30 April 2013 to 2014 and six (6)-month FPE 31 October 2015, where an increase in our revenue would result in an increase in our direct material costs.

For the FYE 30 April 2015, we registered a slight increase in our revenue whilst recording a decrease in direct material costs primarily due to reduction in prices of steel materials (i.e. sheets, tubes and bars) purchased.

For the six (6)-month FPE 31 October 2014, the direct material costs were relatively lower as compared to the six (6)-month FPE 31 October 2015 mainly due to lower revenue recorded, hence lesser materials consumed.

**Direct costs**

Our Group's direct costs include direct labour costs, sub-contractor fees and outsourcing costs such as plating, punching, welding and drilling costs. The direct costs constituted approximately 19.16%, 22.24% and 22.22% of our total cost of sales for the FYE 30 April 2013 to 2015 respectively and 29.98% and 23.93% for the six (6)-month FPE 31 October 2014 to 2015 respectively. In the FYE 30 April 2014, our direct costs increased mainly due to the increase in sub-contractor fees by RM0.700 million or 355.33% arising from a substantial increase in our orders represented by the increase of RM10.816 million in our Group's revenue.

For the FYE 30 April 2015, there was an increase in headcount in our manufacturing department by 29 employees and an increase in direct labour costs that resulted from the implementation of new minimum wage policy from RM520 per month to RM900 per month for each direct labour worker. This was partially offset by the decrease in sub-contractor fees of RM0.566 million.

**11. FINANCIAL INFORMATION (Cont'd)****Production overheads**

Our production overheads mainly include depreciation of manufacturing related assets (PPE comprising plant and machinery, motor vehicles and buildings), utility expenses, repair and maintenance of machinery and equipment. The total production overheads constituted 7.02%, 6.18% and 7.23% of our total cost of sales for the FYE 30 April 2013 to 2015 respectively and 11.21% and 9.48% for the six (6)-month FPE 31 October 2014 to 2015 respectively. The trend movement in the production overheads was in line with the movement of our total revenue for the FYE 30 April 2013 to 2015 and six (6)-month FPE 31 October 2014 to 2015, where an increase in our revenue would result in an increase in our production overheads. The increase in production overheads for the FYE 30 April 2015 was also due to higher depreciation costs of PPE arising from the additional plant and machinery purchased in the FYE 30 April 2014 as disclosed in Section 5.6 of this Prospectus.

For the six (6)-month FPE 31 October 2015, the increase in production overheads was mainly due to additional rental costs amounting to RM0.121 million arising from the newly rented premises at Factory Lot No. 12, Factory Lot No. 12A and Factory Lot No. 16.

**Trading costs**

For the past three (3) FYE 30 April 2013 to 2015, trading cost comprise 13.21%, 13.25% and 16.18% of our total cost of sales respectively and six (6)-month FPE 31 October 2014 to 2015 comprise 20.38% and 15.56% of our total cost of sales respectively. Our Group's trading activity are generally undertaken as a value-added service, to fulfil customers' requests and requirements.

**(ii) Other Income**

Our Group recorded other income of RM1.653 million, RM0.440 million, RM0.246 million for the FYE 30 April 2013 to 2015 respectively and RM0.131 million and RM0.451 million for the six (6)-month FPE 31 October 2014 to 2015 respectively.

***FYE 30 April 2013***

For the FYE 30 April 2013, other income of RM1.653 million accounted for 5.89% of our total revenue. Our Group recorded RM1.622 million or 98.12% of total other income arising from a one-off gain on disposal of PPE comprising two (2) factory cum office buildings in Taman Universiti Indah, Seri Kembangan due to relocation to Factory Lot No. 3, i.e. our current head office and manufacturing plant, which we have occupied since 2008.

***FYE 30 April 2014***

For the FYE 30 April 2014, other income of RM0.440 million accounted for 1.13% of our total revenue, representing a RM1.213 million or 73.38% decrease as compared to the FYE 30 April 2013. This was mainly due to a lower gain on disposal of PPE, i.e. plant and machinery and motor vehicles, which was partially offset by an increase in gain on foreign currency exchange translation amounting to RM0.247 million or 56.14% of total other income.

**11. FINANCIAL INFORMATION (Cont'd)*****FYE 30 April 2015***

For the FYE 30 April 2015, other income of RM0.246 million accounted for 0.63% of our total revenue, representing a decrease of RM0.194 million or 44.09% as compared to the FYE 30 April 2014. The main contributor to the decrease in other income was due to a lower gain on foreign exchange by RM0.196 million or 79.35% and a lower gain on disposal of PPE i.e. plant and machinery. The decrease in gain on foreign currency exchange and disposal of PPE was partially offset by a write back of impairment loss on trade receivables and a related party amounting to RM0.088 million or 35.77% of the total other income.

***Six (6)-month FPE 31 October 2014***

For the six (6)-month FPE 31 October 2014, other income of RM0.131 million accounted for 1.06% of our total revenue was mainly contributed by a write back of impairment loss on trade receivables amounting to RM0.045 million or 34.35% of the total other income.

***Six (6)-month FPE 31 October 2015***

For the six (6)-month FPE 31 October 2015, other income of RM0.451 million accounted for 2.81% of our total revenue, representing a RM0.320 million or 244.27% increase as compared to the six (6)-month FPE 31 October 2014. The increase was mainly contributed by gain in foreign currency exchange amounting to RM0.388 million or 86.03% of the total other income.

**(iii) Selling and Distribution Expenses**

Selling and distribution expenses for the FYE 30 April 2013 to 2015 was approximately RM1.681 million, RM2.290 million and RM2.117 million respectively and for the six (6)-month FPE 31 October 2014 to 2015 was approximately RM0.891 million and RM1.095 million respectively. Our selling and distribution expenses mainly consist of exhibition expenses, travelling expenses, loading, installation and distribution expenses, entertainment expenses, advertisement expenses and sponsorship expenses.

***FYE 30 April 2013***

For the FYE 30 April 2013, selling and distribution expenses of RM1.681 million accounted for 5.99% of our total revenue. The majority of the contribution was attributable to travelling expenses and exhibition expenses amounting to RM0.380 million or 22.61% and RM0.287 million or 17.07% of our total selling and distribution expenses respectively.

***FYE 30 April 2014***

For the FYE 30 April 2014, selling and distribution expenses accounted for 5.89% of our total revenue, representing an increase of RM0.609 million or 36.23% to RM2.290 million in the FYE 30 April 2014 primarily from travelling expenses, exhibition expenses and carriage outwards amounting to RM0.548 million or 23.93%, RM0.476 million or 20.79% and RM0.238 million or 10.39% of our total selling and distribution expenses respectively. The increase in our Group's selling and distribution expenses were in line with the growth in our revenue in the FYE 30 April 2014.

**11. FINANCIAL INFORMATION (Cont'd)*****FYE 30 April 2015***

For the FYE 30 April 2015, selling and distribution expenses accounted for 5.42% of our total revenue. Our Group recorded a slight decrease in this expenses from RM2.290 million in the FYE 30 April 2014 to RM2.117 million in the financial year under review. This was mainly due to the decline in travelling expenses by RM0.331 million or 60.40% to RM0.217 million in the FYE 30 April 2015. The decrease in travelling expenses was mainly attributed to the decrease in overseas travelling expenses.

***Six (6)-month FPE 31 October 2014***

For the six (6)-month FPE 31 October 2014, selling and distribution expenses of RM0.891 million accounted for 7.23% of our total revenue. The majority of the contribution was attributable to travelling expenses and exhibition expenses amounting to RM0.123 million or 13.80% and RM0.274 million or 30.75% of our total selling and distribution expenses respectively.

***Six (6)-month FPE 31 October 2015***

For the six (6)-month FPE 31 October 2015, selling and distribution expenses of RM1.095 million accounted for 6.82% of our total revenue, representing an increase of RM0.204 million or 22.90% as compared to the six (6)-month FPE 31 October 2014. This was mainly due to the increase in exhibition expenses by RM0.094 million or 34.31% to RM0.368 million in the six (6)-month FPE 31 October 2015.

**(iv) Administrative Expenses**

Our administrative expenses mainly consist of payroll related cost which comprise of salaries and allowances, statutory contributions, other staff related expenses and directors' remuneration.

Administrative expenses for the FYE 30 April 2013 to 2015 was approximately RM4.382 million, RM4.663 million and RM5.128 million respectively and for the six (6)-month FPE 31 October 2014 to 2015 was approximately RM2.158 million and RM3.130 million respectively. This represented 15.61%, 11.99% and 13.14% of our total revenue for the FYE 30 April 2013 to 2015 respectively and 17.52% and 19.49% of our total revenue for the six (6)-month FPE 31 October 2014 to 2015 respectively.

For the FYE 30 April 2014, the increase in our administrative expenses was primarily due to increase in salaries and allowances of employees by RM0.175 million or 11.42% as a result of salary increment.

For the FYE 30 April 2015, increase in administrative expenses was mainly due to increase in directors' remuneration and professional fees (i.e. consultation fees for the implementation of Goods and Service Tax and legal fees for the acquisition of Factory Lot No. 15) by RM0.106 million or 11.55% and RM0.099 million or 126.92% respectively.

For the six (6)-month FPE 31 October 2014, administrative expenses was mainly due to salaries and allowances for employees amounting to RM0.791 million or 36.65% of our total administrative expenses and directors' remuneration amounting to RM0.391 million or 18.12% of our total administrative expenses.

**11. FINANCIAL INFORMATION (Cont'd)**

For the six (6)-month FPE 31 October 2015, the increase in administrative expenses by RM0.972 million or 45.04% was primarily due to increase in salaries and allowances for employees and directors' remuneration by RM0.313 million or 39.57% and RM0.093 million or 23.79% respectively as compared to the six (6)-month FPE 31 October 2014.

**(v) Other Expenses**

Our Group's other expenses consist of depreciation of non-manufacturing related assets (such as motor vehicles and furniture and fittings), impairment loss on trade receivables, loss on foreign currency exchange, bad debts and deposits written off. For the FYE 30 April 2013 to 2015, our Group's other expenses were RM0.367 million, RM1.383 million and RM0.980 million respectively and for the six (6)-month FPE 31 October 2014 to 2015 were RM0.348 million and RM0.264 million respectively.

**FYE 30 April 2013**

For the FYE 30 April 2013, other expenses of RM0.367 million accounted for 1.31% of our total revenue. This was mainly attributed to depreciation of motor vehicles amounting to RM0.182 million or 49.59% of our total other expenses.

**FYE 30 April 2014**

For the FYE 30 April 2014, other expenses accounted for 3.56% of our total revenue representing an increase of RM1.016 million or 276.84% to RM1.383 million. The increase was mainly due to impairment loss on trade receivables which were long overdue amounting to RM0.725 million and unrealised loss on foreign currency exchange amounting to RM0.109 million.

**FYE 30 April 2015**

For the FYE 30 April 2015, other expenses recorded of RM0.980 million accounted for 2.51% of our total revenue, representing a decrease of RM0.403 million or 29.14% as compared to the FYE 30 April 2014. The reduction in other expenses was mainly attributed to the lower impairment loss on trade receivables and realised loss on foreign currency exchange amounting to RM0.371 million and RM0.015 million respectively in the FYE 30 April 2015 as compared to the RM0.957 million and RM0.109 million respectively in the FYE 30 April 2014.

The decrease in other expenses was partially offset by a higher depreciation charge mainly due to new additions of motor vehicles and tender deposits written off amounting to RM0.103 million or 10.51% and RM0.100 million or 10.20% of our total other expenses respectively in the financial year under review.

***Six (6)-month FPE 31 October 2014***

For the six (6)-month FPE 31 October 2014, other expenses of RM0.348 million accounted for 2.83% of our total revenue. This was mainly attributed to depreciation of motor vehicles and realised loss on foreign currency exchange amounting to RM0.297 million or 85.34% and RM0.035 million or 10.06% of our total other expenses respectively.

**11. FINANCIAL INFORMATION (Cont'd)*****Six (6)-month FPE 31 October 2015***

For the six (6)-month FPE 31 October 2015, other expenses recorded of RM0.264 million accounted for 1.64% of our total revenue, representing a decrease of RM0.084 million or 24.14% as compared to the six (6)-month FPE 31 October 2014, which was mainly attributed to the lower depreciation charge by RM0.041 million.

**(vi) Finance Costs**

Finance costs are mainly interest charged for bank facilities and accounted for 1.03%, 0.65% and 0.92% of our total revenue for the FYE 30 April 2013 to 2015 respectively and 1.52% and 1.66% of our total revenue for the six (6)-month FPE 31 October 2014 to 2015 respectively.

***FYE 30 April 2013***

In the FYE 30 April 2013, our Group's finance costs amounted to RM0.289 million with term loan interest of RM0.258 million contributing the majority of the finance costs. The remaining portion of the finance cost was attributed to hire purchase interest and trade finance charges, representing RM0.017 million or 5.88% and RM0.014 million or 4.84% of the total finance costs respectively.

***FYE 30 April 2014***

Our Group's finance cost recorded a decrease of RM0.037 million or 12.80% from RM0.289 million in the FYE 30 April 2013 to RM0.252 million in the FYE 30 April 2014, primarily due to a decline in the term loan interest by RM0.052 million or 20.16% to RM0.206 million as some of the term loans were toward the end of its tenure hence a lower interest being charged.

***FYE 30 April 2015***

Our Group's finance cost increased from RM0.252 million in the FYE 30 April 2014 to RM0.360 million in the FYE 30 April 2015, representing a RM0.108 million or 42.86% increase from the previous financial year. This was mainly due to the additional term loan secured for the acquisition of our Factory Lot No. 15, and increase in hire purchase facilities resulting from the purchase of new motor vehicles for the senior management as well as for our business operations.

***Six (6)-month FPE 31 October 2014***

For the six (6)-month FPE 31 October 2014, our Group's finance costs amounted to RM0.187 million with term loan interest of RM0.144 million contributing the majority of the finance costs. The remaining portion of the finance cost was attributed to hire purchase interest and trade finance charges, representing RM0.016 million or 8.56% and RM0.027 million or 14.44% of the total finance costs respectively.

***Six (6)-month FPE 31 October 2015***

For the six (6)-month FPE 31 October 2015, our Group's finance cost increased from RM0.187 million to RM0.266 million representing a RM0.079 million or 42.25% increase as compared to the six (6)-month FPE 31 October 2014. This was mainly due to the finance cost related to the term loan for our Factory Lot No. 15 amounting to RM0.107 million.

**11. FINANCIAL INFORMATION (Cont'd)****(vii) Tax Expense**

|                        | <-----Audited-----><br><-----FYE 30 April-----> |                |                | Unaudited<br>Six (6)-month FPE 31 October | Audited<br>FPE 31 October |
|------------------------|-------------------------------------------------|----------------|----------------|-------------------------------------------|---------------------------|
|                        | 2013<br>RM'000                                  | 2014<br>RM'000 | 2015<br>RM'000 | 2014<br>RM'000                            | 2015<br>RM'000            |
| Taxation               | 818                                             | 2,179          | 1,336          | 533                                       | 856                       |
| Effective tax rate (%) | 15.56                                           | 26.62          | 18.31          | 27.04                                     | 32.44                     |

***FYE 30 April 2013***

Our Group incurred a tax expense amounting to RM0.818 million representing an effective tax rate of 15.56% in the financial year under review.

The lower effective tax rate was due to the following:-

- (a) Over provision of deferred tax liability in the prior year;
- (b) Utilisation of reinvestment allowances; and
- (c) Income exempted from taxation arising from gain from disposal of PPE, i.e. disposal of two (2) factory cum office buildings in Taman Universiti Indah, Seri Kembangan.

***FYE 30 April 2014***

Our Group's tax expense increased by RM1.361 million or 166.38% from RM0.818 million in the FYE 30 April 2013 to RM2.179 million in the FYE 30 April 2014.

The higher effective tax rate of 26.62% in the FYE 30 April 2014 was mainly due to the increase in non-deductible expenses for tax (such as depreciation and promotion expenses), and under provision for taxation amounting to RM0.140 million in the prior year.

***FYE 30 April 2015***

Our Group's tax expense decreased by RM0.843 million or 38.69% from RM2.179 million in the FYE 30 April 2014 to RM1.336 million in the FYE 30 April 2015.

Our lower effective tax rate of 18.31% was contributed by higher tax incentives arising from utilisation of reinvestment allowances, reduction in non-deductible expenses for tax and over provision for taxation amounting to RM0.076 million in the prior year.

***Six (6)-month FPE 31 October 2014***

Our Group incurred a tax expense amounting to RM0.533 million representing an effective tax rate of 27.04% in the financial period under review.

The higher effective tax rate was mainly due to the non-deductible expenses for tax such as depreciation and promotion expenses.

**11. FINANCIAL INFORMATION (Cont'd)****Six (6)-month FPE 31 October 2015**

Our Group's tax expense increased by RM0.323 million or 60.60% from RM0.533 million in the six (6)-month FPE 31 October 2014 to RM0.856 million in the six (6)-month FPE 31 October 2015.

The higher effective tax rate of 32.44% was contributed mainly by the non-deductible expenses for tax (such as depreciation, promotion expenses and listing expenses) and under provision for taxation amounting to RM0.178 million in the prior year.

**(d) Significant factors materially affecting our operations and financial results**

In addition to the factors and trends set out in Section 11.4.7 of this Prospectus, some of the following factors that may have an impact to our operations and financial results are as follows:-

**(i) Impact of Foreign Exchange**

Our export sales are predominantly in USD and SGD, whilst some of our purchases of raw materials are denominated in SGD, USD, GBP and EUR. As a result, we are exposed to fluctuations in foreign currency exchange rates and any adverse movements in the foreign exchange currency markets may have a negative impact on our business performance, financial position and operating results. Our Group's purchases and sales has not been materially affected by the fluctuation of the foreign currency exchange rates in the past three (3) FYE 30 April 2013 to 2015 and six (6)-month FPE 31 October 2015.

The exposure of our purchases and sales in RM value equivalent for the past three (3) FYE 30 April 2013 to 2015 and six (6)-month FPE 31 October 2015 are as follows:-

**Exposure of purchases in RM value equivalent**

| Transaction currency | <-----FYE 30 April-----> |                       |        |                       |        |                       | Six (6)-month FPE 31 October 2015 |                       |
|----------------------|--------------------------|-----------------------|--------|-----------------------|--------|-----------------------|-----------------------------------|-----------------------|
|                      | 2013                     |                       | 2014   |                       | 2015   |                       | RM'000                            | % of Total Purchases* |
|                      | RM'000                   | % of Total Purchases* | RM'000 | % of Total Purchases* | RM'000 | % of Total Purchases* |                                   |                       |
| USD                  | 2,336                    | 21.44                 | 3,223  | 21.37                 | 2,884  | 17.74                 | 1,571                             | 27.89                 |
| SGD                  | 9                        | 0.08                  | 62     | 0.41                  | 46     | 0.28                  | 23                                | 0.41                  |
| EUR                  | 2,044                    | 18.76                 | 3,397  | 22.52                 | 2,584  | 15.90                 | 1,245                             | 22.11                 |
| GBP                  | 111                      | 1.02                  | 161    | 1.07                  | 89     | 0.55                  | -                                 | -                     |
| AUD                  | 27                       | 0.25                  | 3      | 0.02                  | 33     | 0.20                  | 18                                | 0.32                  |

**Note:-**

\* Total purchases for the FYE 30 April 2013 to 2015 and six (6)-month FPE 31 October 2015 were RM10.893 million, RM15.085 million, RM16.254 million and RM5.632 million respectively.

**11. FINANCIAL INFORMATION (Cont'd)****Exposure of revenue in RM value equivalent**

| Transaction currency | <-----FYE 30 April-----> |                                 |        |                                 |        |                                 | Six (6)-month FPE 31 October 2015 |                                 |
|----------------------|--------------------------|---------------------------------|--------|---------------------------------|--------|---------------------------------|-----------------------------------|---------------------------------|
|                      | 2013                     |                                 | 2014   |                                 | 2015   |                                 | RM'000                            | % of Total Revenue <sup>@</sup> |
|                      | RM'000                   | % of Total Revenue <sup>@</sup> | RM'000 | % of Total Revenue <sup>@</sup> | RM'000 | % of Total Revenue <sup>@</sup> |                                   |                                 |
| USD                  | 4,487                    | 15.98                           | 7,124  | 18.32                           | 6,837  | 17.51                           | 3,712                             | 23.12                           |
| SGD                  | 1,850                    | 6.59                            | 1,422  | 3.66                            | 771    | 1.97                            | 362                               | 2.25                            |

**Note:-**

<sup>@</sup> Total revenue for the FYE 30 April 2013 to 2015 and six (6)-month FPE 31 October 2015 were RM28.077 million, RM38.893 million, RM39.039 million and RM16.057 million respectively.

Currently, we maintain foreign currencies accounts (i.e. USD and EUR) for payments of our foreign purchases and/or receipts of export sales. Our management does not actively hedge our Group's foreign currency exposure and as at the LPD, we do not utilise any financial instruments for hedging purposes. We constantly monitor and review our Group's need to hedge. Should this exposure become substantial, we will consider hedging our position.

Our net gain or loss on foreign currency exchange rates for the past three (3) FYE 30 April 2013 to 2015 and six (6)-month FPE 31 October 2015 are as follows:-

|                 | <-----FYE 30 April-----> |        |        | Six (6)-month FPE 31 October 2015 |
|-----------------|--------------------------|--------|--------|-----------------------------------|
|                 | 2013                     | 2014   | 2015   | RM'000                            |
|                 | RM'000                   | RM'000 | RM'000 |                                   |
| Net (loss)/gain | (39)                     | 138    | 36     | 388                               |

For the FYE 30 April 2013 to 2015, the net gain or loss on foreign exchange transactions are mainly due to the fluctuation in foreign currencies relative to RM in respect of our purchases denominated in USD and EUR and sales denominated in USD and SGD. For the six (6)-month FPE 31 October 2015, the net gain on foreign exchange was primarily due to the cash and bank balances denominated in USD arising from the strengthening of USD against RM.

**(ii) Impact of Commodity Prices**

Steel materials purchased by us, comprise of sheets, tubes and bars, which constitutes a significant portion of our cost of sales. For the FYE 30 April 2013 to 2015 and six (6)-month FPE 31 October 2015, steel materials contributed 17.16%, 12.92%, 14.11% and 14.94% to our total purchases respectively.

The prices of steel sheets, tubes and bars are, amongst others, subject to market supply and demand conditions, prices of raw materials for the production of steel, prevailing energy costs and Government regulations. Any material changes in the conditions of any of the above factors may cause an increase in the price of steel, and this may lead to a rise in our cost of production. If we are unable to pass on this rise in raw material cost to our customers, we will be faced with bearing the increasing costs and this may have a material impact on our results of operations and business performance.

**11. FINANCIAL INFORMATION (Cont'd)**

Please refer to Section 4.1.7 for further details and mitigating factors on the risk of volatility in prices of our raw materials.

**(iii) Impact of Interest Rates**

As at 31 October 2015, our Group's total borrowings which stood at RM9.503 million comprise of hire purchase payables, term loans and bankers' acceptances at the average effective interest rate of 5.16%, 5.28% and 5.70% per annum respectively.

Our Group's objective in managing our interest rate expenses is to ensure an acceptable level of exposure to interest rate fluctuations.

As at the LPD, our borrowings have fixed and determinable payments. Save for the hire purchase payables which are charged on a fixed rate, the interest rates for our term loans and bankers' acceptances are based on the prevailing bank's base lending rate plus a margin agreed upon by our bankers when the respective loans and financings were granted.

There is no material impact from the fluctuations of interest rate on our historical profits for the past three (3) FYE 30 April 2013 to 2015 and six (6)-month FPE 31 October 2015.

**(iv) Impact of Inflation**

There was no material impact of inflation on our Group's financial results for the past three (3) FYE 30 April 2013 to 2015 and six (6)-month FPE 31 October 2015.

**(v) Exceptional and Extraordinary Items**

There were no exceptional and extraordinary items for the past three (3) FYE 30 April 2013 to 2015 and six (6)-month FPE 31 October 2015.

**(vi) Impact of Government/Economic/Fiscal/Monetary Policies**

Risks relating to government, economic, fiscal or monetary policies or factors which may materially affect our operations are set out in Section 4 of this Prospectus. Save as disclosed in Section 4, Section 6 and Section 11 of this Prospectus, there is no government, economic, fiscal or monetary policies or factors that have materially impacted our historical profits for the past three (3) FYE 30 April 2013 to 2015 and six (6)-month FPE 31 October 2015.

Premised on the above, our management believes that the healthcare industry is generally resilient to short-term adverse economic conditions. As indicated in the IMR Report, healthcare expenditure in Malaysia illustrated healthy growth during the global financial crisis in 2008. Further, the Government's initiatives to support the healthcare industry through the ETP, Budget 2015 and Budget 2016 indicates that a cutback in Government expenditure in the healthcare sector is unlikely. For further details on Government initiatives in the healthcare industry in Malaysia, please refer to Section 6: Chapter 3 – The Healthcare Services Industry (Key Demand Drivers) of this Prospectus.

**(e) Significant Changes**

Save as disclosed in this Prospectus, there is no significant changes that have occurred which may have a material effect on the financial position and results of our Group subsequent to the six (6)-month FPE 31 October 2015 up to the LPD.

**11. FINANCIAL INFORMATION (Cont'd)****11.4.2 Liquidity and capital resources**

Our operations are funded by a combination of internal and external source of funds. Our Group's internal sources of funds comprise of share capital, cash generated from our operating activities and cash and bank balances, while our external funds are mainly from bank borrowings.

The interest rate of the bank borrowings is based on prevailing market rates. Currently, the principal use of the bank borrowings is for our Group's business growth and operations, for the acquisition of PPE and working capital purposes.

The decision to utilise either internally generated funds or bank borrowings for our business operations depends on, amongst others, our cash and bank balances, expected cash inflows, future working capital requirements, future capital expenditure requirements and the interest rate of bank borrowings.

The table below sets out the summary of our Group's historical audited combined statements of cash flows for the past three (3) FYE 30 April 2013 to 2015 and six (6)-month FPE 31 October 2015:-

|                                                                            | <-----Audited----->       |                |                |                        |
|----------------------------------------------------------------------------|---------------------------|----------------|----------------|------------------------|
|                                                                            | <----- FYE 30 April-----> |                |                | FPE 31                 |
|                                                                            | 2013<br>RM'000            | 2014<br>RM'000 | 2015<br>RM'000 | October 2015<br>RM'000 |
| Net cash from operating activities                                         | 726                       | 9,223          | 6,873          | 2,257                  |
| Net cash for investing activities                                          | (630)                     | (868)          | (6,364)        | (489)                  |
| Net cash for financing activities                                          | (382)                     | (5,648)        | (3,448)        | (106)                  |
| <b>Net (decrease)/increase in cash and cash equivalents</b>                | (286)                     | 2,707          | (2,939)        | 1,662                  |
| <b>Effect of foreign exchange translation</b>                              | -                         | -              | -              | 418                    |
| <b>Cash and cash equivalents at beginning of the financial year/period</b> | 4,504                     | 4,218          | 6,925          | 3,986                  |
| <b>Cash and cash equivalents at end of the financial year/period</b>       | 4,218                     | 6,925          | 3,986          | 6,066                  |
|                                                                            |                           |                |                |                        |

There are no legal, financial or economic restrictions on the ability of our subsidiary to transfer funds to our Company in the form of cash dividends, loans or advances to meet the obligations of our Company.

**Net cash from operating activities**

For the FYE 30 April 2013, the amount generated from operations before working capital changes were approximately RM4.710 million. After accounting for key items as set out below, our Group's net cash from operating activities was approximately RM0.726 million:-

- (i) increase in trade and other receivables of approximately RM3.011 million mainly due to delayed payment from one of our overseas customer amounting to RM2.083 million;
- (ii) decrease in inventories of approximately RM1.527 million mainly due to lower stock level for finished goods;
- (iii) decrease in trade and other payables of approximately RM0.715 million due to prompt repayment; and
- (iv) income tax paid amounting to RM1.722 million.

**11. FINANCIAL INFORMATION (Cont'd)**

For the FYE 30 April 2014, the amount generated from operations before working capital changes were approximately RM10.201 million. After accounting for key items as set out below, our Group's net cash from operating activities was approximately RM9.223 million:-

- (i) decrease in trade and other receivables of approximately RM0.932 million mainly due to better credit review and monitoring of credit exposure;
- (ii) decrease in trade and other payables of approximately RM0.394 million due to prompt repayment;
- (iii) decrease in amount owing by related parties of approximately RM0.114 million; and
- (iv) income tax paid amounting to RM1.313 million.

For the FYE 30 April 2015, the amount generated from operations before working capital changes were approximately RM8.989 million. After accounting for key items as set out below, our Group's net cash from operating activities was approximately RM6.873 million:-

- (i) decrease in trade and other receivables of approximately RM1.829 million due to prompt payment arising from better credit review and monitoring of credit exposure;
- (ii) decrease in trade and other payables of approximately RM0.940 million mainly due to payment of sub-contractor fees accrued amounting to RM0.765 million;
- (iii) increase in inventories by RM0.703 million mainly due to increase in work in progress; and
- (iv) income tax paid amounting to RM1.942 million.

For the six (6)-month FPE 31 October 2015, the amount generated from operations before working capital changes were approximately RM3.088 million. After accounting for the key items as set out below, our Group's net cash from operating activities was approximately RM2.257 million:-

- (i) decrease in trade and other receivables of approximately RM0.482 million due to lower sales recorded during the period;
- (ii) decrease in trade and other payables of approximately RM0.223 million mainly due to prompt repayment;
- (iii) decrease in inventories by RM0.075 million mainly due to decrease in raw materials; and
- (iv) income tax paid amounting to RM0.900 million.

**Net cash for investing activities**

For the FYE 30 April 2013, our Group recorded net cash for investing activities of approximately RM0.630 million which was primarily attributed to the net proceeds from disposal of PPE amounting to RM2.471 million, i.e. disposal of two (2) factory cum office buildings in Taman Universiti Indah, Seri Kembangan which was offset by the purchase of PPE amounting to RM1.800 million and advances to directors amounting to RM1.273 million.

For the FYE 30 April 2014, our Group recorded net cash for investing activities of approximately RM0.868 million which was primarily attributed to the purchase of PPE amounting to RM2.363 million which was offset by repayment from directors amounting to RM1.492 million.

**11. FINANCIAL INFORMATION (Cont'd)**

For the FYE 30 April 2015, our Group recorded net cash for investing activities of approximately RM6.364 million which was primarily attributed to the acquisition of Factory Lot No. 15 (comprising freehold land and buildings) amounting to RM4.969 million, additional capital work-in-progress arising from the construction cost for our existing warehouse at Factory Lot No. 1 amounting to RM1.002 million, purchase of new motor vehicles amounting to RM0.736 million and repayment from a related party amounting to RM0.278 million.

For the six (6)-month FPE 31 October 2015, our Group recorded net cash for investing activities of approximately RM0.489 million which was primarily attributed to the purchase of PPE amounting to RM0.575 million which was offset by repayment from directors amounting to RM0.058 million.

**Net cash for financing activities**

For the FYE 30 April 2013, our Group recorded net cash for financing activities of approximately RM0.382 million mainly attributable to the repayment of term loans amounting to RM1.017 million and drawdown of term loans amounting to RM0.794 million.

For the FYE 30 April 2014, our Group recorded net cash for financing activities of approximately RM5.648 million. The net cash for financing activities was mainly due to dividends paid in respect of the dividends declared for the FYE 30 April 2014 amounting to RM4.746 million and repayment of term loan amounting to RM1.096 million.

For the FYE 30 April 2015, our Group recorded net cash for financing activities of approximately RM3.448 million. The net cash for financing activities was mainly due to dividends paid in respect of the dividends declared for the FYE 30 April 2015 amounting to RM7.500 million and a drawdown of term loan amounting to RM4.336 million.

For the six (6)-month FPE 31 October 2015, our Group recorded net cash for financing activities of approximately RM0.106 million mainly attributable to the repayment of term loans amounting to RM0.332 million and proceeds from issuance of shares amounting to RM0.500 million.

**Effect of foreign exchange translation**

For the six (6)-month FPE 31 October 2015, our Group recorded an unrealised gain on foreign exchange of approximately RM0.418 million due to the cash and bank balances denominated in USD arising from the strengthening of USD against RM from RM3.56 to USD1.00 in the FYE 30 April 2015 as compared to RM4.30 to USD 1.00 in the six (6)-month FPE 31 October 2015.

Our Board is of the opinion that after taking into consideration the existing level of cash and cash equivalents and the gross proceeds from the Public Issue, our Group would have adequate working capital for a period of 12 months from the date of this Prospectus.

**11. FINANCIAL INFORMATION (Cont'd)****11.4.3 Borrowings and financial instruments**

As at 31 October 2015, our total outstanding borrowings amounted to RM9.503 million, comprising hire purchase payables, term loans and bankers' acceptances, all of which are interest-bearing and secured can be analysed further as follows:-

|                          | Payable within<br>12 months | Payable after<br>12 months | Total        |
|--------------------------|-----------------------------|----------------------------|--------------|
|                          | RM'000                      | RM'000                     | RM'000       |
| Bank Borrowings          |                             |                            |              |
| - Hire purchase payables | 168                         | 408                        | 576          |
| - Term loans             | 764                         | 7,668                      | 8,432        |
| - Bankers' acceptances   | 495                         | -                          | 495          |
| <b>Total</b>             | <b>1,427</b>                | <b>8,076</b>               | <b>9,503</b> |

Gearing ratio as at 31 October 2015 (times)<sup>^</sup> 0.28

**Note:-**

<sup>^</sup> Computed based on total borrowings over our pro forma shareholders' equity (after the Acquisition of LKL Advance Metaltech but before the Public Issue and utilisation of proceeds) as at 31 October 2015 of RM33.593 million.

Our Directors shall evaluate and closely monitor the financial position of our Group prior to entering into any financing facilities in order to meet repayment obligations. As at 31 October 2015, a total of RM1.427 million of our borrowings are payable within 12 months whilst the remaining RM8.076 million are payable after 12 months.

As at the LPD, we do not have any foreign currency borrowings. Our Group has not defaulted on payments of either interest and/or principal sum in respect of any bank borrowings throughout the past three (3) FYE April 2013 to FYE April 2015, six (6)-month FPE 31 October 2015 and up to the LPD. We do not encounter seasonality in our borrowings trend and there are no restriction on our committed borrowing facilities, i.e. term loans and hire purchase.

As at the LPD, we have banking facilities available to our Group amounting to RM18.341 million, out of which RM9.541 million has been utilised.

**11. FINANCIAL INFORMATION (Cont'd)**

The types of financial instruments utilised by our Group and the outstanding amount as at the LPD are set out below:-

| <b>Types</b>                                                | <b>Tenure</b>  | <b>Average effective interest rate (%)</b> | <b>Balance as at the LPD (RM'000)</b> |
|-------------------------------------------------------------|----------------|--------------------------------------------|---------------------------------------|
| Hire purchase payables                                      | 5 - 9 years    | 5.16                                       | 1,151                                 |
| <u>Current</u>                                              |                |                                            |                                       |
| - not later than one (1) year                               |                |                                            | 260                                   |
| <u>Non-current</u>                                          |                |                                            |                                       |
| - later than one (1) year and not later than five (5) years |                |                                            | 880                                   |
| - later than five (5) years                                 |                |                                            | 11                                    |
| Term loans                                                  | 5 - 20 years   | 5.28                                       | 8,390                                 |
| <u>Current</u>                                              |                |                                            |                                       |
| - repayable within one (1) year                             |                |                                            | 759                                   |
| <u>Non-current</u>                                          |                |                                            |                                       |
| - repayable between one (1) and two (2) years               |                |                                            | 823                                   |
| - repayable between two (2) and five (5) years              |                |                                            | 3,531                                 |
| - repayable after five (5) years                            |                |                                            | 3,277                                 |
| Bankers' acceptance                                         | Up to 150 days | 5.70                                       | -                                     |
| <b>Total</b>                                                |                |                                            | <b>9,541</b>                          |

**11.4.4 Breach of terms and conditions or covenants associated with credit arrangement or bank loan**

As at the LPD, neither us nor our subsidiary are in breach of any terms and conditions and covenants associated with credit arrangements or bank loans, which can materially affect our financial results, financial position or business operations, or the investments by holders of securities in our Company.

**11.4.5 Material Commitment**

As at the LPD, our Group has not incurred any material commitment for capital expenditure that may have a material and adverse impact on our financial position.

**11.4.6 Contingent Liabilities**

As at the LPD, there is no indirect and/or material contingent liabilities incurred by our Group, which may have a substantial impact on the financial position of our Group.

**11. FINANCIAL INFORMATION (Cont'd)****11.4.7 Trend Information****(a) Business and financial prospects**

Our Board has observed that based on the revenue and operations of our Group for the past financial years/period under review, the following trends may continue to affect our business:-

(i) Going forward, we believe that we are in the position to sustain and grow our revenue in view of, inter-alia, the following:-

- Favourable prospects for medical beds, peripheral and accessory industry in Malaysia as set out in Section 6 of this Prospectus. According to the IMR Report, Smith Zander forecasts the medical beds, peripheral and accessory market size to grow from RM86.3 million in 2015 to RM118.9 million in 2018, at a CAGR of 11.3%.

The industry outlook is therefore positive, with growth in demand for healthcare services locally, which is driven by changes in lifestyle leading to higher incidences of chronic diseases, the demographic shift to an ageing population, the increased accessibility to healthcare services due to growth in income and/or uptake of medical insurance, as well as Government initiatives in driving the healthcare services industry. With the positive industry outlook for the industry, our Group is expected to benefit and continue to grow in the future; and

- Our continuous sales and marketing efforts to secure sales in line with our Group's future plans and prospects (as set out in Section 5.8 of this Prospectus) to expand our healthcare furniture and equipment business to existing and new geographical markets.

In the FYE 30 April 2015, we acquired Factory Lot No. 15 to accommodate our future expansion. We intend to use this factory to set up the new CNC machinery once the machinery is acquired. These machinery will allow for high-speed precision shearing, cutting and punching, which will increase our operating efficiencies and process accuracies. Please refer to Section 5.8 of this Prospectus for further details on our Group's future plans and strategies.

(ii) We have been operating in the healthcare furniture and equipment business for more than 15 years and have since delivered our products to established public and private hospitals and medical centres in the local market as well as international markets. With the required technical expertise to conform to international compliance standards in the global healthcare industry, we have exported our products to over 30 countries across six (6) continents.

From our track record, our Board believes that we would be able to maintain our competitiveness through our established presence across the markets and our ability to offer efficient and reliable after-sales service to our customers. We believe we are well-positioned to capitalise on the growth in the local and international healthcare industry; and

**11. FINANCIAL INFORMATION (Cont'd)**

- (iii) Generally, our cost of materials for, amongst others, steel materials and electrical components, which comprise a major portion of our material costs, are based on competitive market prices and subject to fluctuations in commodity prices and foreign currency exchange which may not be within our control. However, we believe that we are able to manage the cost with the availability of many alternative local and overseas suppliers, where we are able to source at competitive prices.

Our main components of expenses include salaries and allowances, statutory contributions and other staff related expenses, depreciation and traveling expenses. Such cost of materials and expenses are generally expected to move in line with the growth of our business, as we increase our revenue and expenditure on recruitment of staff, increase sales and marketing activities and penetrate new markets.

**(b) Order book**

Due to the nature of our business, we do not maintain an order book. We generate our revenues as and when we deliver our products based on purchase orders received.

As at the LPD, the financial performance, position and operations of our Group are not affected by any one of the following:-

- (i) Known trends, demands, commitments, events or uncertainties that have had, or that our Group reasonably expects to have, a material favourable or unfavourable impact on the financial performance, position and operations of our Group other than those disclosed in this Section and Section 4 and Section 5 of this Prospectus;
- (ii) Material commitments for capital expenditure, save as disclosed in Section 11.4.5 of this Prospectus;
- (iii) Unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of our Group save as disclosed in this Section, Section 4 of this Prospectus; and
- (iv) Known events, circumstances, trends, uncertainties and commitments that are reasonably likely to make the historical financial statements not indicative of the future financial performance and position other than those disclosed in this Section and Section 4 of this Prospectus.

Information on our Group's business and financial prospects, risk factors, significant trends in sales, costs and selling prices is set out in this Section 11, Section 4 and Section 5 of this Prospectus. Given the outlook of the industry as set out in Section 6 of this Prospectus, our Group's competitive strengths as set out in Section 5.1.2 of this Prospectus and our Group's dedication to implement the future plans and strategies as set out in Section 5.8.1 of this Prospectus, our Board is optimistic about the future prospects of our Group.

**11. FINANCIAL INFORMATION (Cont'd)****11.4.8 Other key financial ratios**

The key financial ratios of our Group are as follows:-

|                                                         | <-----FYE 30 April-----> |                |                | Six (6)-month<br>FPE 31<br>October 2015<br>RM'000 |
|---------------------------------------------------------|--------------------------|----------------|----------------|---------------------------------------------------|
|                                                         | 2013<br>RM'000           | 2014<br>RM'000 | 2015<br>RM'000 |                                                   |
| <b>Trade receivables</b>                                |                          |                |                |                                                   |
| Revenue                                                 | 28,077                   | 38,893         | 39,039         | 16,057                                            |
| Trade receivables                                       | 10,851                   | 9,472          | 7,029          | 6,250                                             |
| Trade receivables turnover period (days) <sup>(a)</sup> | 141                      | 89             | 66             | 71                                                |
| <b>Trade payables</b>                                   |                          |                |                |                                                   |
| Cost of sales                                           | 17,753                   | 22,559         | 23,402         | 9,114                                             |
| Trade payables                                          | 3,302                    | 2,083          | 2,225          | 2,049                                             |
| Trade payables turnover period (days) <sup>(b)</sup>    | 68                       | 34             | 35             | 41                                                |
| <b>Inventories</b>                                      |                          |                |                |                                                   |
| Cost of sales                                           | 17,753                   | 22,559         | 23,402         | 9,114                                             |
| <i>Inventories at cost:-</i>                            |                          |                |                |                                                   |
| Raw materials                                           | 2,953                    | 3,519          | 4,139          | 3,328                                             |
| Work-in-progress                                        | 3,580                    | 2,732          | 4,015          | 3,914                                             |
| Finished goods                                          | 2,869                    | 3,141          | 1,941          | 2,778                                             |
|                                                         | 9,402                    | 9,392          | 10,095         | 10,020                                            |
| Inventories turnover period (days) <sup>(c)</sup>       | 193                      | 152            | 157            | 201                                               |
| <b>Current ratio (times)<sup>^</sup></b>                | <b>4.59</b>              | <b>4.48</b>    | <b>4.74</b>    | <b>5.45</b>                                       |
| <b>Gearing ratio (times)<sup>^*</sup></b>               | <b>0.21</b>              | <b>0.19</b>    | <b>0.32</b>    | <b>0.28</b>                                       |

**Notes:-**

(a) For the FYE 30 April 2013 to 2015, calculated based on trade receivables of the respective financial years over the revenue of the respective financial years, multiplied by 365 days.

For the six (6)-month FPE 31 October 2015, calculated based on trade receivables over the revenue multiplied by 365 days divided by two (2).

(b) For the FYE 30 April 2013 to 2015, calculated based on trade payables of the respective financial years over the cost of sales of the respective financial years, multiplied by 365 days.

For the six (6)-month FPE 31 October 2015, calculated based on trade payables over the cost of sales multiplied by 365 days divided by two (2).

(c) For the FYE 30 April 2013 to 2015, calculated based on inventories of the respective financial years over the cost of sales of the respective financial years, multiplied by 365 days.

For the six (6)-month FPE 31 October 2015, calculated based on inventories over the cost of sales, multiplied by 365 days divided by two (2).

**11. FINANCIAL INFORMATION (Cont'd)**

^ Computed based on historical audited combined financial statements.

\* Calculated based on combined total borrowings over combined shareholders' equity extracted from the historical audited combined financial statements as at the respective financial year/period ends. Borrowings comprise hire purchase payables, term loans and bankers' acceptances.

**Trade receivables**

As at 31 October 2015, the trade receivables of our Group amounted to RM6.250 million, the ageing of which are analysed as follows:-

|                                                                                    | Within<br>credit<br>period | <-----Exceed credit period by-----> |                 |                 |              |  | Total  |
|------------------------------------------------------------------------------------|----------------------------|-------------------------------------|-----------------|-----------------|--------------|--|--------|
|                                                                                    | 30 – 120<br>days           | 1 – 30<br>days                      | 31 – 60<br>days | 61 – 90<br>days | > 90<br>days |  |        |
| Trade receivables (RM'000)                                                         | 4,551                      | 248                                 | 272             | 162             | 1,791        |  | 7,024  |
| Less: Impairment losses<br>(RM'000)                                                | -                          | -                                   | -               | -               | (774)        |  | (774)  |
| Net trade receivables<br>(RM'000)                                                  | 4,551                      | 248                                 | 272             | 162             | 1,017        |  | 6,250  |
| % of net trade receivables to<br>total net trade receivables                       | 72.82                      | 3.97                                | 4.35            | 2.59            | 16.27        |  | 100.00 |
| Subsequent collection as at<br>the LPD (RM'000)                                    | 4,338                      | 243                                 | 272             | 152             | 696          |  | 5,701  |
| Trade receivables net of<br>subsequent collections<br>(RM'000)                     | 213                        | 5                                   | -               | 10              | 321          |  | 549    |
| % of trade receivables net of<br>subsequent collection to net<br>trade receivables | 4.68                       | 2.02                                | -               | 6.17            | 31.56        |  | 8.78   |

Trade receivables are non-interest bearing and the normal credit term granted to regular customers range from 30 to 120 days. They are recorded at their original invoice amounts which represent their fair value on initial recognition. Other credit terms are addressed and approved on a case by case basis, while new customers are subject to our credit verification procedures. For our foreign customers, we usually ensure that we obtain letter of credit and/or full payment prior to delivery of our products.

It is our Group's current policy to perform semi-annual review and make provision for all trade receivables that are in dispute, under legal action or where recoveries are considered to be doubtful in respect of trade receivables which have been outstanding for more than twelve (12) months. Our Board has confirmed that as at 31 October 2015, save for the allowances for impairment losses amounting to RM0.774 million, there was no other provision required for doubtful debts. The profile of customers in respect of the RM0.774 million allowances for impairment losses mainly comprise of four (4) project consultants (RM0.726 million) and five (5) distributors (RM0.048 million) and we no longer have business dealings with them since then. Despite constant efforts taken by us to recover the amount outstanding including follow-up calls, direct negotiations and issuance of letter of demand by our lawyers to certain customers, the amount outstanding remains unpaid by our customers. As the recovery of the debts has become uncertain, our Board has provided the allowances for impairment losses on prudent basis.

**11. FINANCIAL INFORMATION (Cont'd)**

Our trade receivables turnover period decreased by 52 days to 89 days for the FYE 30 April 2014 from 141 days for the FYE 30 April 2013 and decreased further by 23 days to 66 days for the FYE 30 April 2015 due to better credit review and monitoring of credit exposure. For the six (6)-month FPE 31 October 2015, our trade receivables turnover period increased slightly by 5 days to 71 days due to higher sales recorded in September and October 2015 amounting to approximately RM7.415 million.

As of the LPD, we have collected RM5.701 million or 91.22% of the total trade receivables outstanding as at 31 October 2015. For those amounts which have exceeded the normal credit period, we have collected RM1.363 million or 80.22% of the said amounts as at the LPD and we are currently negotiating with the relevant customers to recover the remaining balance. Our Directors are of the opinion that the remaining balance of RM0.336 million or 19.78% of the amount exceeding the credit period are recoverable after taking into consideration our relationship with most of these customers and the various credit control measures implemented by us to minimise the incidence of customers default.

**Trade payables**

As at 31 October 2015, the trade payables of our Group amounted to RM2.049 million, the ageing of which are analysed as follows:-

|                           | Within<br>credit<br>period | <-----Exceed credit period by-----> |                 |                 |              | Total  | Subsequent<br>payment as<br>at the LPD |
|---------------------------|----------------------------|-------------------------------------|-----------------|-----------------|--------------|--------|----------------------------------------|
|                           | 30 – 120<br>days           | 1 – 30<br>days                      | 31 – 60<br>days | 61 – 90<br>days | > 90<br>days |        |                                        |
| Trade payables (RM'000)   | 938                        | 884                                 | 160             | 57              | 10           | 2,049  | 2,042                                  |
| % of total trade payables | 45.78                      | 43.14                               | 7.81            | 2.78            | 0.49         | 100.00 | 99.66                                  |

Our trade payables turnover period decreased from 68 days to 34 days for the FYE 30 April 2013 and 2014 respectively. Thereafter, trade payables turnover period increased to 35 days and to 41 days for the FYE 30 April 2015 and six (6)-month FPE 31 October 2015 respectively. The decrease in payables turnover for the FYE 30 April 2014 was attributable to prompt repayment to the suppliers in the financial year under review. As at the LPD, RM1.104 million or 99.37% of the trade payables balance exceeding 120 days have been paid.

**Inventories**

Our inventories mainly comprise of steel materials (i.e. sheets, tubes and bars), electrical components, hydraulic pumps, castors/wheels, side rails, head boards and foot boards.

Our Group's inventory turnover decreased from 193 days in the FYE 30 April 2013 to 152 days in the FYE 30 April 2014. The decrease in inventory turnover was attributed to the increase in sales. Our Group's inventory turnover increased slightly from 152 days in the FYE 30 April 2014 to 157 days for the FYE 30 April 2015.

Our Group's inventory turnover increased from 157 days to 201 days for the six (6)-month FPE 31 October 2015 due to an increase in finished goods.

**11. FINANCIAL INFORMATION (Cont'd)****Current ratio**

For the FYE 30 April 2013 to 2015 and six (6)-month FPE 31 October 2015, our Group's current ratio decreased from 4.59 times to 4.48 times and increased to 4.74 times and 5.45 times respectively.

Our current ratio decreased from 4.59 times in the FYE 30 April 2013 to 4.48 times in the FYE 30 April 2014 due to the proportionately higher decrease in trade receivables as compared to the decrease in trade and other payables and accruals and term loans.

For the FYE 30 April 2015, the increase in our Group's current ratio from 4.48 times in the FYE 30 April 2014 to 4.74 times was attributed to the proportionately higher decrease in other payables and accruals as compared to the decrease in trade receivables and cash and bank balances.

For the six (6)-month FPE 31 October 2015, the increase in our Group's current ratio from 4.74 times in the FYE 30 April 2015 to 5.45 times was attributed to the proportionately higher increase in cash and bank balances as compared to the decrease in trade and other payables and accruals and term loans.

**Gearing ratio**

For the FYE 30 April 2014, our gearing ratio decreased from 0.21 times in the FYE 30 April 2013 to 0.19 times due to the repayment of term loan and improvement in our shareholders' funds.

Our gearing ratio increased from 0.19 times to 0.32 times in the FYE 30 April 2015 due to the additional term loan for the acquisition of the Factory Lot No. 15.

For the six (6)-month FPE 31 October 2015, our gearing ratio decreased from 0.32 times in the FYE 30 April 2015 to 0.28 times due to the repayment of term loan and improvement in our shareholders' funds.

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**11. FINANCIAL INFORMATION (Cont'd)**

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**11.5 DIVIDEND POLICY**

It is our Directors' policy to allow our shareholders to participate in the profits of our Group as well as leaving adequate reserves for the future growth of our Group.

Notwithstanding the above, our Group presently does not have a fixed dividend policy. Our Group's ability to distribute dividends or make other distributions to our shareholders is subject to various factors, such as profits recorded and excess of funds not required to be retained for working capital of our business. Our Directors will take into consideration, amongst others, the following factors when recommending dividends for approval by our shareholders or when declaring any dividends:-

- (i) The availability of adequate reserves and cash flows;
- (ii) Our operating cash flow requirements and financing commitments;
- (iii) Our anticipated future operating conditions, as well as future expansion, capital expenditure and investment plans; and
- (iv) Any material impact of tax laws and other regulatory requirements.

However, investors should note that the intention to recommend dividends should not be treated as a legal obligation on our Company to do so. The level of dividends should also not be treated as an indication of our Company's future dividend policy. There can be no assurance that dividends will be paid out in the future or on timing of any dividends that are to be paid in the future. In determining dividends in respect of subsequent financial years, consideration will be given to maximising shareholders' value.

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**12. ACCOUNTANTS' REPORT**Date : **07 APR 2016**

The Board of Directors  
**LKL International Berhad**  
 Wisma LKL  
 No. 3, Jalan BS 7/18,  
 Kawasan Perindustrian Bukit Serdang,  
 Seksyen 7, 43300 Seri Kembangan,  
 Selangor Darul Ehsan.

Dear Sirs/Madam

**ACCOUNTANTS' REPORT**  
**LKL INTERNATIONAL BERHAD**

**Report on the Combined Financial Statements**

We have audited the accompanying historical combined financial statements of LKL International Berhad ("LKL International"), which comprise the combined statements of financial position as at 30 April 2013, 2014, 2015 and 31 October 2015, and the combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows for the financial years ended ("FYE") 30 April 2013, 2014, 2015 and financial period ended ("FPE") 31 October 2015, and a summary of significant accounting policies and other explanatory information, as set out on pages 3 to 69.

*Directors' Responsibility for the Combined Financial Statements*

The directors of LKL International are responsible for the preparation of combined financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and Prospectus Guidelines - Equity issued by the Securities Commission Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of combined financial statements that are free from material misstatement, whether due to fraud or error.

*Reporting Accountants' Responsibility*

Our responsibility is to express an opinion on these combined financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of combined financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the combined financial statements.

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

**Crowe Horwath** AF 1018  
 Chartered Accountants  
 Member Crowe Horwath International

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**12. ACCOUNTANTS' REPORT (Cont'd)**
**ACCOUNTANTS' REPORT  
LKL INTERNATIONAL BERHAD (CONT'D)**

(Incorporated in Malaysia)  
Company No: 1140005 - V

*Opinion*

In our opinion, the combined financial statements of LKL International give a true and fair view of the financial position of LKL International as at 30 April 2013, 2014, 2015 and 31 October 2015 and of its financial performance and cash flows for the financial years/period then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and Prospectus Guidelines - Equity issued by the Securities Commission Malaysia.

**Other Matters**

The significant events subsequent to the end of financial period ended 31 October 2015 have been disclosed in Note 29 to this report.

**Restriction on Distribution and Use**

We understand that this report will be used solely for the purpose of inclusion in the prospectus of LKL International in connection with the listing of and quotation for the entire issued and paid-up share capital of LKL International on the ACE Market of Bursa Malaysia Securities Berhad. As such, this report should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

**Crowe Horwath**  
Firm No: AF 1018  
Chartered Accountants

**Cheong Tze Yuan**  
Approval No: 3034/04/16 (J)  
Chartered Accountant

Kuala Lumpur

**12. ACCOUNTANTS' REPORT (Cont'd)****LKL INTERNATIONAL BERHAD****COMBINED STATEMENTS OF FINANCIAL POSITION**

|                                             |      | <-----Audited----->      |                |                | Unaudited                | Audited        |
|---------------------------------------------|------|--------------------------|----------------|----------------|--------------------------|----------------|
|                                             |      | <-----FYE 30 April-----> |                |                | Six (6)-month            |                |
|                                             |      |                          |                |                | <----FPE 31 October----> |                |
|                                             | Note | 2013<br>RM'000           | 2014<br>RM'000 | 2015<br>RM'000 | 2014<br>RM'000           | 2015<br>RM'000 |
| <b>ASSETS</b>                               |      |                          |                |                |                          |                |
| <b>NON-CURRENT ASSET</b>                    |      |                          |                |                |                          |                |
| Property, plant and equipment               | 4    | 13,904                   | 15,709         | 21,712         | 16,818                   | 21,703         |
| <b>CURRENT ASSETS</b>                       |      |                          |                |                |                          |                |
| Inventories                                 | 5    | 9,402                    | 9,392          | 10,095         | 13,065                   | 10,020         |
| Trade receivables                           | 6    | 10,851                   | 9,472          | 7,029          | 5,157                    | 6,250          |
| Other receivables, deposits and prepayments | 7    | 1,711                    | 1,324          | 1,548          | 1,599                    | 1,799          |
| Amount owing by related parties             | 8    | 467                      | 278            | -              | 664                      | -              |
| Amount owing by directors                   | 9    | 1,492                    | -              | 58             | 18                       | -              |
| Tax recoverable                             |      | 478                      | -              | 345            | -                        | 389            |
| Fixed deposit with a licensed bank          | 10   | 600                      | 619            | 619            | 619                      | 619            |
| Cash and bank balances                      |      | 4,218                    | 6,925          | 3,986          | 7,485                    | 6,066          |
|                                             |      | 29,219                   | 28,010         | 23,680         | 28,607                   | 25,143         |
| <b>TOTAL ASSETS</b>                         |      | 43,123                   | 43,719         | 45,392         | 45,425                   | 46,846         |

**12. ACCOUNTANTS' REPORT (Cont'd)****LKL INTERNATIONAL BERHAD****COMBINED STATEMENTS OF FINANCIAL POSITION (CONT'D)**

|                                     |             | <b>&lt;----- Audited -----&gt;</b>    |               |               | <b>Unaudited</b>                      | <b>Audited</b> |
|-------------------------------------|-------------|---------------------------------------|---------------|---------------|---------------------------------------|----------------|
|                                     |             | <b>&lt;-----FYE 30 April-----&gt;</b> |               |               | <b>Six (6)-month</b>                  |                |
|                                     |             |                                       |               |               | <b>&lt;----FPE 31 October----&gt;</b> |                |
|                                     | <b>Note</b> | <b>2013</b>                           | <b>2014</b>   | <b>2015</b>   | <b>2014</b>                           | <b>2015</b>    |
|                                     |             | <b>RM'000</b>                         | <b>RM'000</b> | <b>RM'000</b> | <b>RM'000</b>                         | <b>RM'000</b>  |
| <b>EQUITY AND LIABILITIES</b>       |             |                                       |               |               |                                       |                |
| <b>EQUITY</b>                       |             |                                       |               |               |                                       |                |
| Share capital                       | 11          | 1,000                                 | 1,000         | 1,500         | 1,000                                 | 2,000          |
| Retained profits                    | 12          | 30,087                                | 31,348        | 29,810        | 31,786                                | 31,593         |
| <b>TOTAL EQUITY</b>                 |             | <b>31,087</b>                         | <b>32,348</b> | <b>31,310</b> | <b>32,786</b>                         | <b>33,593</b>  |
| <b>NON-CURRENT LIABILITIES</b>      |             |                                       |               |               |                                       |                |
| Hire purchase payables              | 13          | 172                                   | 317           | 491           | 598                                   | 408            |
| Term loans                          | 14          | 5,061                                 | 4,438         | 8,030         | 4,197                                 | 7,668          |
| Deferred tax liabilities            | 15          | 439                                   | 361           | 566           | 361                                   | 566            |
|                                     |             | <b>5,672</b>                          | <b>5,116</b>  | <b>9,087</b>  | <b>5,156</b>                          | <b>8,642</b>   |
| <b>CURRENT LIABILITIES</b>          |             |                                       |               |               |                                       |                |
| Trade payables                      | 16          | 3,302                                 | 2,083         | 2,225         | 3,815                                 | 2,049          |
| Other payables and accruals         |             | 1,522                                 | 2,366         | 1,179         | 2,641                                 | 1,132          |
| Amount owing to related parties     | 8           | 155                                   | 51            | -             | -                                     | -              |
| Amount owing to a director          | 9           | -                                     | -             | 3             | -                                     | 3              |
| Bankers' acceptances                | 17          | 208                                   | 315           | 638           | 64                                    | 495            |
| Hire purchase payables              | 13          | 85                                    | 133           | 216           | 211                                   | 168            |
| Term loans                          | 14          | 1,092                                 | 841           | 734           | 653                                   | 764            |
| Provision for taxation              |             | -                                     | 466           | -             | 99                                    | -              |
|                                     |             | <b>6,364</b>                          | <b>6,255</b>  | <b>4,995</b>  | <b>7,483</b>                          | <b>4,611</b>   |
| <b>TOTAL LIABILITIES</b>            |             | <b>12,036</b>                         | <b>11,371</b> | <b>14,082</b> | <b>12,639</b>                         | <b>13,253</b>  |
| <b>TOTAL EQUITY AND LIABILITIES</b> |             | <b>43,123</b>                         | <b>43,719</b> | <b>45,392</b> | <b>45,425</b>                         | <b>46,846</b>  |

**12. ACCOUNTANTS' REPORT (Cont'd)****LKL INTERNATIONAL BERHAD****COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

|                                                           |      | ←----- Audited-----→      |                |                | Unaudited                | Audited        |
|-----------------------------------------------------------|------|---------------------------|----------------|----------------|--------------------------|----------------|
|                                                           |      | ←----- FYE 30 April-----→ |                |                | Six (6)-month            |                |
|                                                           |      |                           |                |                | ←----FPE 31 October----→ |                |
|                                                           | Note | 2013<br>RM'000            | 2014<br>RM'000 | 2015<br>RM'000 | 2014<br>RM'000           | 2015<br>RM'000 |
| Revenue                                                   | 18   | 28,077                    | 38,893         | 39,039         | 12,318                   | 16,057         |
| Cost of sales                                             |      | (17,753)                  | (22,559)       | (23,402)       | (6,894)                  | (9,114)        |
| Gross profit ("GP")                                       |      | 10,324                    | 16,334         | 15,637         | 5,424                    | 6,943          |
| Other income                                              |      | 1,653                     | 440            | 246            | 131                      | 451            |
|                                                           |      | 11,977                    | 16,774         | 15,883         | 5,555                    | 7,394          |
| Selling and distribution expenses                         |      | (1,681)                   | (2,290)        | (2,117)        | (891)                    | (1,095)        |
| Administrative expenses                                   |      | (4,382)                   | (4,663)        | (5,128)        | (2,158)                  | (3,130)        |
| Other expenses                                            |      | (367)                     | (1,383)        | (980)          | (348)                    | (264)          |
| Finance costs                                             |      | (289)                     | (252)          | (360)          | (187)                    | (266)          |
| Profit before taxation ("PBT")                            | 19   | 5,258                     | 8,186          | 7,298          | 1,971                    | 2,639          |
| Income tax expense                                        | 20   | (818)                     | (2,179)        | (1,336)        | (533)                    | (856)          |
| Profit after taxation ("PAT")                             |      | 4,440                     | 6,007          | 5,962          | 1,438                    | 1,783          |
| Other comprehensive income                                |      | -                         | -              | -              | -                        | -              |
| Total comprehensive income for the financial years/period |      | 4,440                     | 6,007          | 5,962          | 1,438                    | 1,783          |
| PAT/Total comprehensive income attributable to:-          |      |                           |                |                |                          |                |
| - Owners of LKL International                             |      | 4,440                     | 6,007          | 5,962          | 1,438                    | 1,783          |
| Earnings per share (sen)                                  |      |                           |                |                |                          |                |
| - Basic                                                   | 21   | 1.41                      | 1.90           | 1.89           | 0.46                     | 0.56           |
|                                                           |      | Not                       | Not            | Not            | Not                      | Not            |
| - Diluted                                                 | 21   | Applicable                | Applicable     | Applicable     | Applicable               | Applicable     |

**12. ACCOUNTANTS' REPORT (Cont'd)****LKL INTERNATIONAL BERHAD****COMBINED STATEMENTS OF CHANGES IN EQUITY**

|                                                                 | <b>Note</b> | <b>Non-distributable<br/>Share<br/>Capital<br/>RM'000</b> | <b>Distributable<br/>Retained<br/>Profits<br/>RM'000</b> | <b>Total<br/>Equity<br/>RM'000</b> |
|-----------------------------------------------------------------|-------------|-----------------------------------------------------------|----------------------------------------------------------|------------------------------------|
| <b>Audited</b>                                                  |             |                                                           |                                                          |                                    |
| Balance at 1 May 2012                                           |             | 1,000                                                     | 25,647                                                   | 26,647                             |
| PAT/Total comprehensive income<br>for the financial year        |             | -                                                         | 4,440                                                    | 4,440                              |
| Balance at 30 April 2013/1 May 2013                             |             | 1,000                                                     | 30,087                                                   | 31,087                             |
| PAT/Total comprehensive income<br>for the financial year        |             | -                                                         | 6,007                                                    | 6,007                              |
| Distribution to owners of the Company:<br>- Dividends           | 22          | -                                                         | (4,746)                                                  | (4,746)                            |
| Balance at 30 April 2014/1 May 2014                             |             | 1,000                                                     | 31,348                                                   | 32,348                             |
| PAT/Total comprehensive income<br>for the financial year        |             | -                                                         | 5,962                                                    | 5,962                              |
| Contributions by and distribution to owners<br>of the Company:  |             |                                                           |                                                          |                                    |
| - Issuance of shares                                            |             | 500                                                       | -                                                        | 500                                |
| - Dividends                                                     | 22          | -                                                         | (7,500)                                                  | (7,500)                            |
| Total transactions with owners                                  |             | 500                                                       | (7,500)                                                  | (7,000)                            |
| Balance at 30 April 2015/1 May 2015                             |             | 1,500                                                     | 29,810                                                   | 31,310                             |
| PAT/Total comprehensive income<br>for the financial period      |             | -                                                         | 1,783                                                    | 1,783                              |
| Contributions by owners of the Company:<br>- Issuance of shares |             | 500                                                       | -                                                        | 500                                |
| Balance as at 31 October 2015                                   |             | 2,000                                                     | 31,593                                                   | 33,593                             |
| <b>Unaudited</b>                                                |             |                                                           |                                                          |                                    |
| Balance at 1 May 2014                                           |             | 1,000                                                     | 31,348                                                   | 32,348                             |
| PAT/Total comprehensive income<br>for the financial period      |             | -                                                         | 1,438                                                    | 1,438                              |
| Distribution to owners of the Company:<br>- Dividend            | 22          | -                                                         | (1,000)                                                  | (1,000)                            |
| Balance at 31 October 2014                                      |             | 1,000                                                     | 31,786                                                   | 32,786                             |

**12. ACCOUNTANTS' REPORT (Cont'd)****LKL INTERNATIONAL BERHAD****COMBINED STATEMENTS OF CASH FLOWS**

|                                                                                 | ← Audited →<br>← FYE 30 April → |                |                | Unaudited<br>Six (6)-month<br>← FPE 31 October → | Audited<br>Six (6)-month<br>← FPE 31 October → |
|---------------------------------------------------------------------------------|---------------------------------|----------------|----------------|--------------------------------------------------|------------------------------------------------|
|                                                                                 | 2013<br>RM'000                  | 2014<br>RM'000 | 2015<br>RM'000 | 2014<br>RM'000                                   | 2015<br>RM'000                                 |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                     |                                 |                |                |                                                  |                                                |
| PBT                                                                             | 5,258                           | 8,186          | 7,298          | 1,971                                            | 2,639                                          |
| Adjustments for:-                                                               |                                 |                |                |                                                  |                                                |
| Allowance for impairment losses on trade receivables                            | -                               | 725            | 371            | -                                                | 8                                              |
| Allowance for impairment losses on amount owing by a related party              | -                               | 232            | -              | -                                                | -                                              |
| Bad debts written off                                                           | -                               | -              | 15             | 15                                               | -                                              |
| Depreciation of property, plant and equipment                                   | 739                             | 787            | 1,097          | 549                                              | 559                                            |
| Deposits written off                                                            | -                               | -              | 100            | -                                                | -                                              |
| Interest expense                                                                | 289                             | 252            | 360            | 187                                              | 266                                            |
| Allowance/(Reversal of allowance) for annual leave                              | 23                              | 19             | (105)          | (105)                                            | -                                              |
| Gain on disposal of property, plant and equipment                               | (1,622)                         | (80)           | *              | *                                                | (3)                                            |
| Interest income                                                                 | (8)                             | (29)           | (8)            | (3)                                              | (1)                                            |
| Property, plant and equipment written off                                       | 1                               | -              | -              | -                                                | -                                              |
| Unrealised loss/(gain) on foreign exchange                                      | 30                              | 109            | (51)           | -                                                | (360)                                          |
| Writeback of allowance for impairment losses on trade receivables               | -                               | -              | (45)           | (45)                                             | (20)                                           |
| Writeback of allowance for impairment losses on amount owing by a related party | -                               | -              | (43)           | -                                                | -                                              |
| Operating profit before working capital changes                                 | 4,710                           | 10,201         | 8,989          | 2,569                                            | 3,088                                          |
| Decrease/(Increase) in inventories                                              | 1,527                           | 10             | (703)          | (3,673)                                          | 75                                             |
| (Increase)/Decrease in trade and other receivables                              | (3,011)                         | 932            | 1,829          | 4,070                                            | 482                                            |
| (Decrease)/Increase in trade and other payables                                 | (715)                           | (394)          | (940)          | 2,112                                            | (223)                                          |
| Decrease/(Increase) in amount owing by related parties                          | 181                             | 114            | 43             | (51)                                             | -                                              |
| Increase/(Decrease) in amount owing to related parties                          | 37                              | (104)          | (51)           | -                                                | -                                              |
| <b>CASH FROM OPERATIONS</b>                                                     | <b>2,729</b>                    | <b>10,759</b>  | <b>9,167</b>   | <b>5,027</b>                                     | <b>3,422</b>                                   |
| Interest paid                                                                   | (289)                           | (252)          | (360)          | (187)                                            | (266)                                          |
| Income tax paid                                                                 | (1,722)                         | (1,313)        | (1,942)        | (900)                                            | (900)                                          |
| Interest received                                                               | 8                               | 29             | 8              | 3                                                | 1                                              |
| <b>NET CASH FROM OPERATING ACTIVITIES</b>                                       | <b>726</b>                      | <b>9,223</b>   | <b>6,873</b>   | <b>3,943</b>                                     | <b>2,257</b>                                   |

Note:-

\* - Represent RM241

**12. ACCOUNTANTS' REPORT (Cont'd)****LKL INTERNATIONAL BERHAD****COMBINED STATEMENTS OF CASH FLOWS (CONT'D)**

|                                                                            |    | ← Audited →      |                |                | Unaudited          | Audited        |
|----------------------------------------------------------------------------|----|------------------|----------------|----------------|--------------------|----------------|
|                                                                            |    | ← FYE 30 April → |                |                | Six (6)-month      |                |
|                                                                            |    |                  |                |                | ← FPE 31 October → |                |
| Note                                                                       |    | 2013<br>RM'000   | 2014<br>RM'000 | 2015<br>RM'000 | 2014<br>RM'000     | 2015<br>RM'000 |
| <b>CASH FLOWS FOR INVESTING ACTIVITIES</b>                                 |    |                  |                |                |                    |                |
|                                                                            | 4  | (1,800)          | (2,363)        | (6,588)        | (1,145)            | (575)          |
|                                                                            |    | 2,471            | 179            | 4              | 3                  | 28             |
|                                                                            |    | 34               | (19)           | -              | -                  | -              |
|                                                                            |    | (62)             | (157)          | 278            | (386)              | -              |
|                                                                            |    | (1,273)          | 1,492          | (58)           | (18)               | 58             |
|                                                                            |    | (630)            | (868)          | (6,364)        | (1,546)            | (489)          |
| <b>CASH FLOWS FOR FINANCING ACTIVITIES</b>                                 |    |                  |                |                |                    |                |
|                                                                            |    | -                | -              | 3              | -                  | -              |
|                                                                            |    | (38)             | 107            | 323            | (251)              | (143)          |
|                                                                            |    | 794              | 222            | 4,336          | 54                 | -              |
|                                                                            |    | (1,017)          | (1,096)        | (851)          | (483)              | (332)          |
|                                                                            |    | -                | -              | 500            | -                  | 500            |
|                                                                            |    | (121)            | (135)          | (259)          | (157)              | (131)          |
|                                                                            | 22 | -                | (4,746)        | (7,500)        | (1,000)            | -              |
|                                                                            |    | (382)            | (5,648)        | (3,448)        | (1,837)            | (106)          |
| <b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>                |    |                  |                |                |                    |                |
|                                                                            |    | (286)            | 2,707          | (2,939)        | 560                | 1,662          |
| <b>EFFECT OF FOREIGN EXCHANGE TRANSLATION</b>                              |    |                  |                |                |                    |                |
|                                                                            |    | -                | -              | -              | -                  | 418            |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR/PERIOD</b> |    |                  |                |                |                    |                |
|                                                                            |    | 4,504            | 4,218          | 6,925          | 6,925              | 3,986          |
| <b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR/PERIOD</b>       |    |                  |                |                |                    |                |
|                                                                            | 23 | 4,218            | 6,925          | 3,986          | 7,485              | 6,066          |

**12. ACCOUNTANTS' REPORT (Cont'd)****LKL INTERNATIONAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****1. GENERAL INFORMATION**

- (a) LKL International was incorporated in Malaysia on 13 April 2015 under the Companies Act 1965, as a private limited company and principally engaged in the business of investment holding.

LKL International was incorporated with an authorised share capital of RM400,000 comprising 4,000,000 ordinary shares of RM0.10 each, of which 100 ordinary shares of RM0.10 each at par value were subscribed for on the date of incorporation.

On 16 July 2015, the Company was converted from a private limited company to a public company limited by shares and assumed its present name, LKL International Berhad.

- (b) LKL Advance Metaltech was incorporated in Malaysia on 13 October 1993 under the Companies Act 1965, as a private limited company and principally engaged in the provision of medical/healthcare beds, peripherals and accessories.

Notes:-

*LKL International* - *LKL International Berhad*

*LKL Advance Metaltech* - *LKL Advance Metaltech Sdn. Bhd.*

(Collectively defined as "the Group" or "LKL International Group")

**2. BASIS OF PREPARATION**

The combined financial statements for financial year ended 30 April 2015 and for financial period ended 31 October 2015 are prepared based on the audited financial statements of LKL International and LKL Advance Metaltech. As for the financial information for financial year ended 30 April 2013 and 2014 are prepared based on the audited financial statements of LKL Advance Metaltech. The audited financial statements are not subjected to any audit qualifications, modification and disclaimers.

Entities under common control are entities which are ultimately controlled by the same parties and that control is not transitory. Control exists when the same parties have, as a result of contractual agreements, ultimate collective power to govern the financial and operating policies of each of the combining entities so as to obtain benefits from their activities, and that ultimate collective power is not transitory. The financial statements of common controlled entities are included in the combined financial statements from the day that control commences until the date that control ceases.

The combined financial statements of LKL International Group for the relevant period were prepared in a manner similar to the "pooling-of-interest" method, as if the entities within LKL International Group were operating as a single economic enterprise from the beginning of the earliest comparative period covered by the relevant period or the dates of incorporation of entities within the Group, if later. Such manner of presentation reflects the economic substance of the combining companies, which were under common control throughout the relevant period.

**12. ACCOUNTANTS' REPORT (Cont'd)****LKL INTERNATIONAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****2. BASIS OF PREPARATION (CONT'D)**

The identifiable assets and liabilities of all commonly controlled entities are accounted for at their historical costs. The accounting policies of common controlled entities have been changed where necessary to align them with the policies adopted by LKL International Group.

All material intra-group transactions and balances have been eliminated on combination.

The combined financial statements of LKL International Group are prepared under the historical cost convention and modified to include other basis of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and Prospectus Guidelines - Equity issued by the Securities Commission Malaysia.

- 2.1 During the FPE 31 October 2015, LKL International Group has adopted the following new accounting standards and interpretation (including the consequential amendments, if any):-

**MFRSs and/or IC Interpretations (Including The Consequential Amendments)**

Amendments to MFRS 119: Defined Benefit Plans – Employee Contributions

Annual Improvements to MFRSs 2010 – 2012 Cycle

Annual Improvements to MFRSs 2011 – 2013 Cycle

The adoption of the above accounting standards and interpretation (including the consequential amendments, if any) did not have any material impact on LKL International Group's combined financial statements.

**12. ACCOUNTANTS' REPORT (Cont'd)****LKL INTERNATIONAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****2. BASIS OF PREPARATION (CONT'D)**

- 2.2 LKL International Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the FPE 31 October 2015:-

| <b>MFRSs and/or IC Interpretations (Including The Consequential Amendments)</b>                                                  | <b>Effective Date</b>         |
|----------------------------------------------------------------------------------------------------------------------------------|-------------------------------|
| MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)                                                                | 1 January 2018                |
| MFRS 15 Revenue from Contracts with Customers & Amendments to MFRS 15: Effective Date of MFRS 15                                 | 1 January 2018                |
| Amendments to MFRS 10 and MFRS 128 (2011): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | Deferred until further notice |
| Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations                                              | 1 January 2016                |
| Amendments to MFRS 10, MFRS 12 and MFRS 128 (2011): Investment Entities – Applying the Consolidation Exception                   | 1 January 2016                |
| Amendments to MFRS 101: Presentation of Financial Statements – Disclosure Initiative                                             | 1 January 2016                |
| Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation                        | 1 January 2016                |
| Amendments to MFRS 116 and MFRS 141: Agriculture – Bearer Plants                                                                 | 1 January 2016                |
| Amendments to MFRS 127 (2011): Equity Method in Separate Financial Statements                                                    | 1 January 2016                |
| Annual Improvements to MFRSs 2012 – 2014 Cycle                                                                                   | 1 January 2016                |

The adoption of the above accounting standards and interpretation (including the consequential amendments, if any) is expected to have no material impact on the financial statements of LKL International Group upon their initial application.

**12. ACCOUNTANTS' REPORT (Cont'd)****LKL INTERNATIONAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****3. SIGNIFICANT ACCOUNTING POLICIES****3.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:-

**(a) Depreciation of Property, Plant and Equipment**

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

The Group anticipate that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

**(b) Income Taxes**

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognise tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

**(c) Impairment of Non-Financial Assets**

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

**12. ACCOUNTANTS' REPORT (Cont'd)****LKL INTERNATIONAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)****(d) Impairment of Trade and Other Receivables**

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loan and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgment to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

**(e) Write-down of Inventories**

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

**(f) Fair Value Estimates for Certain Financial Assets and Liabilities**

The Group carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgment. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair values of these assets and liabilities would affect profit and equity.

**(g) Classification of Leasehold Land**

The classification of leasehold land as a finance lease or an operating lease requires the use of judgement in determining the extent to which risks and rewards incidental to its ownership lie. Despite the fact that there will be no transfer of ownership by the end of the lease term and that the lease term does not constitute the major part of the indefinite economic life of the land, management considered that the present value of the minimum lease payments approximated to the fair value of the land at the inception of the lease. Accordingly, management judged that the Group has acquired substantially all the risks and rewards incidental to the ownership of the land through a finance lease.

**12. ACCOUNTANTS' REPORT (Cont'd)****LKL INTERNATIONAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.2 FUNCTIONAL AND FOREIGN CURRENCIES****(a) Functional and Presentation Currency**

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Group's functional and presentation currency.

**(b) Transactions and Balances**

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

**3.3 FINANCIAL INSTRUMENTS**

Financial instruments are recognised in the statement of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intend to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statement of financial position are disclosed in the individual policy statement associated with each item.

**12. ACCOUNTANTS' REPORT (Cont'd)****LKL INTERNATIONAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.3 FINANCIAL INSTRUMENTS (CONT'D)****(a) Financial Assets**

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables financial assets, or available-for-sale financial assets, as appropriate.

**(i) Financial Assets at Fair Value Through Profit or Loss**

As at the end of the reporting period, there were no financial assets classified under this category.

**(ii) Held-to-maturity Investments**

As at the end of the reporting period, there were no financial assets classified under this category.

**(iii) Loans and Receivables Financial Assets**

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Loans and receivables financial assets are classified as current assets, except for those having settlement dates later than 12 months after the reporting date which are classified as non-current assets.

**(iv) Available-for-sale Financial Assets**

As at the end of the reporting period, there were no financial assets classified under this category.

**12. ACCOUNTANTS' REPORT (Cont'd)****LKL INTERNATIONAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.3 FINANCIAL INSTRUMENTS (CONT'D)****(b) Financial Liabilities**

All financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

**(c) Equity Instruments**

Instruments classified as equity are measured at cost and are not remeasured subsequently. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

**(d) Derecognition**

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

**12. ACCOUNTANTS' REPORT (Cont'd)****LKL INTERNATIONAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.4 PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment, other than freehold land, are stated at cost less accumulated depreciation and impairment losses, if any.

Freehold land is stated at cost less impairment losses and is not depreciated.

Depreciation is charged to profit or loss (unless it is included in the carrying amount of another asset) on the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

|                                          |                                   |
|------------------------------------------|-----------------------------------|
| Leasehold land                           | Over the lease period of 36 years |
| Leasehold building                       | 2%                                |
| Freehold buildings                       | 2%                                |
| Motor vehicles                           | 20%                               |
| Office equipment, furniture and fittings | 10% - 25%                         |
| Plant and machinery                      | 10% - 20%                         |
| Renovation                               | 10%                               |
| Signboard                                | 10%                               |

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment.

Capital work-in-progress represents assets under construction, and which are not ready for commercial use at the end of the reporting period. Capital work-in-progress is stated at cost, and is transferred to the relevant category of assets and depreciated accordingly when the assets are completed and ready for commercial use.

Cost of capital work-in-progress includes direct cost, related expenditure and interest cost on borrowings taken to finance the acquisition of the assets to the date that the assets are completed and put into use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

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

**12. ACCOUNTANTS' REPORT (Cont'd)****LKL INTERNATIONAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.5 IMPAIRMENT****(a) Impairment of Financial Assets**

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment.

An impairment loss in respect of loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

**(b) Impairment of Non-Financial Assets**

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is recognised in profit or loss.

When there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

**3.6 ASSETS UNDER HIRE PURCHASE**

Assets acquired under hire purchase are capitalised in the financial statements at the lower of the fair value of the leased assets and the present value of the minimum lease payments and, are depreciated in accordance with the policy set out in Section 3.4 above. Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. Finance charges are recognised in profit or loss over the period of the respective hire purchase agreements.

**12. ACCOUNTANTS' REPORT (Cont'd)****LKL INTERNATIONAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.7 INVENTORIES**

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in-first-out basis and comprises the purchase price, production or conversion costs and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

**3.8 BORROWING COSTS**

Borrowing costs, directly attributable to the acquisition and construction of a qualifying asset, are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

All other borrowing costs are recognised in profit or loss as expenses in the period in which they are incurred.

**3.9 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdrafts and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less.

**3.10 INCOME TAXES**

Income tax for the year comprises current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the reporting period and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

**12. ACCOUNTANTS' REPORT (Cont'd)****LKL INTERNATIONAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.10 INCOME TAXES (CONT'D)**

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity.

**3.11 EMPLOYEE BENEFITS****(a) Short-term Benefits**

Wages, salaries, paid annual leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

**(b) Defined Contribution Plans**

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

**3.12 PROVISIONS**

Provisions are recognised when the Group has a present obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The unwinding of the discount is recognised as interest expense in profit or loss.

**12. ACCOUNTANTS' REPORT (Cont'd)****LKL INTERNATIONAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.13 RELATED PARTIES**

A party is related to an entity (referred to as the "reporting entity") if:-

- (a) A person or a close member of that person's family is related to a reporting entity if that person:-
  - (i) has control or joint control over the reporting entity;
  - (ii) has significant influence over the reporting entity; or
  - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- (b) An entity is related to a reporting entity if any of the following conditions applies:-
  - (i) the entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) both entities are joint ventures of the same third party.
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
  - (vi) the entity is controlled or jointly controlled by a person identified in (a) above.
  - (vii) a person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

**12. ACCOUNTANTS' REPORT (Cont'd)****LKL INTERNATIONAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.14 REVENUE AND OTHER INCOME****(a) Sales of Goods**

Revenue is measured at fair value of the consideration received or receivable and is recognised upon delivery of goods and customers' acceptance and where applicable, net of returns and trade discounts.

**(b) Rental Income**

Rental income is recognised on an accrual basis.

**(c) Interest Income**

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

**(d) Government Grants**

Grants that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis over the period necessary to match them with the related costs which they are intended to compensate for.

**3.15 FAIR VALUE MEASUREMENTS**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market's participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

## 12. ACCOUNTANTS' REPORT (Cont'd)

## LKL INTERNATIONAL BERHAD

## NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

## 4. PROPERTY, PLANT AND EQUIPMENT

|                                            | Freehold land RM'000 | Leasehold land and building RM'000 | Freehold buildings RM'000 | Motor vehicles RM'000 | Office equipment, furniture and fittings RM'000 | Plant and machinery RM'000 | Renovation RM'000 | Signboard RM'000 | Capital work-in-progress RM'000 | Total RM'000 |
|--------------------------------------------|----------------------|------------------------------------|---------------------------|-----------------------|-------------------------------------------------|----------------------------|-------------------|------------------|---------------------------------|--------------|
| Net book value at 1 May 2012               | 3,002                | -                                  | 6,125                     | 545                   | 389                                             | 1,269                      | 83                | 11               | 2,269                           | 13,693       |
| Additions                                  | -                    | 399                                | 225                       | 230                   | 123                                             | 174                        | -                 | -                | 649                             | 1,800        |
| Disposals                                  | -                    | -                                  | (849)                     | -                     | -                                               | -                          | -                 | -                | -                               | (849)        |
| Written off                                | -                    | -                                  | -                         | -                     | (1)                                             | -                          | -                 | -                | -                               | (1)          |
| Depreciation charge                        | -                    | -                                  | (125)                     | (216)                 | (94)                                            | (294)                      | (9)               | (1)              | -                               | (739)        |
| Net book value at 30 April 2013/1 May 2013 | 3,002                | 399                                | 5,376                     | 559                   | 417                                             | 1,149                      | 74                | 10               | 2,918                           | 13,904       |
| Additions                                  | -                    | 86                                 | -                         | 351                   | 88                                              | 1,246                      | -                 | -                | 920                             | 2,691        |
| Disposals                                  | -                    | -                                  | -                         | (10)                  | -                                               | (89)                       | -                 | -                | -                               | (99)         |
| Depreciation charge                        | -                    | (15)                               | (116)                     | (205)                 | (96)                                            | (344)                      | (9)               | (2)              | -                               | (787)        |
| Net book value at 30 April 2014/1 May 2014 | 3,002                | 470                                | 5,260                     | 695                   | 409                                             | 1,962                      | 65                | 8                | 3,838                           | 15,709       |
| Additions                                  | 3,904                | -                                  | 1,065                     | 736                   | 221                                             | 167                        | 9                 | -                | 1,002                           | 7,104        |
| Reclassification                           | -                    | -                                  | 4,840                     | -                     | -                                               | -                          | -                 | -                | (4,840)                         | -            |
| Disposal                                   | -                    | -                                  | -                         | -                     | (4)                                             | -                          | -                 | -                | -                               | (4)          |
| Depreciation charge                        | -                    | (14)                               | (209)                     | (366)                 | (115)                                           | (382)                      | (9)               | (2)              | -                               | (1,097)      |
| Net book value at 30 April 2015            | 6,906                | 456                                | 10,956                    | 1,065                 | 511                                             | 1,747                      | 65                | 6                | -                               | 21,712       |
| Additions                                  | -                    | -                                  | -                         | -                     | 124                                             | 307                        | 127               | 17               | -                               | 575          |
| Disposal                                   | -                    | -                                  | -                         | (25)                  | -                                               | -                          | -                 | -                | -                               | (25)         |
| Depreciation charge                        | -                    | (7)                                | (118)                     | (182)                 | (74)                                            | (168)                      | (9)               | (1)              | -                               | (559)        |
| Net book value at 31 October 2015          | 6,906                | 449                                | 10,838                    | 858                   | 561                                             | 1,886                      | 183               | 22               | -                               | 21,703       |

## 12. ACCOUNTANTS' REPORT (Cont'd)

## LKL INTERNATIONAL BERHAD

## NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

## 4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

|                                                            | Freehold<br>land<br>RM'000 | Leasehold<br>land and<br>building<br>RM'000 | Freehold<br>buildings<br>RM'000 | Motor<br>vehicles<br>RM'000 | Office equipment,<br>furniture and<br>fittings<br>RM'000 | Plant and<br>machinery<br>RM'000 | Renovation<br>RM'000 | Signboard<br>RM'000 | Capital<br>work-in-<br>progress<br>RM'000 | Total<br>RM'000 |
|------------------------------------------------------------|----------------------------|---------------------------------------------|---------------------------------|-----------------------------|----------------------------------------------------------|----------------------------------|----------------------|---------------------|-------------------------------------------|-----------------|
| Unaudited<br>Net book value<br>at 30 April 2014/1 May 2014 | 3,002                      | 470                                         | 5,260                           | 695                         | 409                                                      | 1,962                            | 65                   | 8                   | 3,838                                     | 15,709          |
| Additions                                                  | 96                         | -                                           | -                               | 686                         | 83                                                       | 100                              | -                    | -                   | 696                                       | 1,661           |
| Reclassification                                           | -                          | -                                           | 4,480                           | -                           | -                                                        | -                                | -                    | -                   | (4,480)                                   | -               |
| Disposals                                                  | -                          | -                                           | -                               | -                           | (3)                                                      | -                                | -                    | -                   | -                                         | (3)             |
| Depreciation charge                                        | -                          | (7)                                         | (101)                           | (171)                       | (72)                                                     | (193)                            | (4)                  | (1)                 | -                                         | (549)           |
| Net book value at 31 October 2014                          | 3,098                      | 463                                         | 9,639                           | 1,210                       | 417                                                      | 1,869                            | 61                   | 7                   | 54                                        | 16,818          |

## 12. ACCOUNTANTS' REPORT (Cont'd)

## LKL INTERNATIONAL BERHAD

## NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

## 4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

|                          | Freehold land | Leasehold land and building | Freehold buildings | Motor vehicles | Office equipment, furniture and fittings | Plant and machinery | Renovation | Signboard | Capital work-in-progress | Total   |
|--------------------------|---------------|-----------------------------|--------------------|----------------|------------------------------------------|---------------------|------------|-----------|--------------------------|---------|
|                          | RM'000        | RM'000                      | RM'000             | RM'000         | RM'000                                   | RM'000              | RM'000     | RM'000    | RM'000                   | RM'000  |
| <b>At 30.4.2013</b>      |               |                             |                    |                |                                          |                     |            |           |                          |         |
| At cost                  | 3,002         | 399                         | 5,946              | 1,783          | 1,148                                    | 4,073               | 88         | 15        | 2,918                    | 19,372  |
| Accumulated depreciation | -             | -                           | (570)              | (1,224)        | (731)                                    | (2,924)             | (14)       | (5)       | -                        | (5,468) |
| Net book value           | 3,002         | 399                         | 5,376              | 559            | 417                                      | 1,149               | 74         | 10        | 2,918                    | 13,904  |
| <b>At 30.4.2014</b>      |               |                             |                    |                |                                          |                     |            |           |                          |         |
| At cost                  | 3,002         | 485                         | 5,946              | 1,939          | 1,236                                    | 5,154               | 88         | 15        | 3,838                    | 21,703  |
| Accumulated depreciation | -             | (15)                        | (686)              | (1,244)        | (827)                                    | (3,192)             | (23)       | (7)       | -                        | (5,994) |
| Net book value           | 3,002         | 470                         | 5,260              | 695            | 409                                      | 1,962               | 65         | 8         | 3,838                    | 15,709  |
| <b>At 30.4.2015</b>      |               |                             |                    |                |                                          |                     |            |           |                          |         |
| At cost                  | 6,906         | 485                         | 11,850             | 2,675          | 1,449                                    | 5,301               | 98         | 15        | -                        | 28,779  |
| Accumulated depreciation | -             | (29)                        | (894)              | (1,610)        | (938)                                    | (3,554)             | (33)       | (9)       | -                        | (7,067) |
| Net book value           | 6,906         | 456                         | 10,956             | 1,065          | 511                                      | 1,747               | 65         | 6         | -                        | 21,712  |
| <b>At 31.10.2015</b>     |               |                             |                    |                |                                          |                     |            |           |                          |         |
| At cost                  | 6,906         | 485                         | 11,851             | 2,644          | 1,573                                    | 5,567               | 225        | 32        | -                        | 29,283  |
| Accumulated depreciation | -             | (36)                        | (1,013)            | (1,786)        | (1,012)                                  | (3,681)             | (42)       | (10)      | -                        | (7,580) |
| Net book value           | 6,906         | 449                         | 10,838             | 858            | 561                                      | 1,886               | 183        | 22        | -                        | 21,703  |

12. ACCOUNTANTS' REPORT (Cont'd)

LKL INTERNATIONAL BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

|                          | Freehold land<br>RM'000 | Leasehold land and building<br>RM'000 | Freehold buildings<br>RM'000 | Motor vehicles<br>RM'000 | Office equipment, furniture and fittings<br>RM'000 | Plant and machinery<br>RM'000 | Renovation<br>RM'000 | Signboard<br>RM'000 | Capital work-in-progress<br>RM'000 | Total<br>RM'000 |
|--------------------------|-------------------------|---------------------------------------|------------------------------|--------------------------|----------------------------------------------------|-------------------------------|----------------------|---------------------|------------------------------------|-----------------|
| Unaudited                |                         |                                       |                              |                          |                                                    |                               |                      |                     |                                    |                 |
| At 31.10.2014            |                         |                                       |                              |                          |                                                    |                               |                      |                     |                                    |                 |
| At cost                  | 3,098                   | 485                                   | 10,427                       | 2,625                    | 1,308                                              | 5,234                         | 88                   | 15                  | 54                                 | 23,334          |
| Accumulated depreciation | -                       | (22)                                  | (788)                        | (1,415)                  | (891)                                              | (3,365)                       | (27)                 | (8)                 | -                                  | (6,516)         |
| Net book value           | 3,098                   | 463                                   | 9,639                        | 1,210                    | 417                                                | 1,869                         | 61                   | 7                   | 54                                 | 16,818          |

**12. ACCOUNTANTS' REPORT (Cont'd)****LKL INTERNATIONAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

The Group made the following cash payment to purchase property, plant and equipment in the relevant financial years/periods, as follows:-

|                                                              | <b>&lt;-----Audited-----&gt;</b>      |               |               | <b>Unaudited</b>     | <b>Audited</b> |
|--------------------------------------------------------------|---------------------------------------|---------------|---------------|----------------------|----------------|
|                                                              | <b>&lt;-----FYE 30 April-----&gt;</b> |               |               | <b>Six (6)-month</b> |                |
|                                                              | <b>2013</b>                           | <b>2014</b>   | <b>2015</b>   | <b>2014</b>          | <b>2015</b>    |
|                                                              | <b>RM'000</b>                         | <b>RM'000</b> | <b>RM'000</b> | <b>RM'000</b>        | <b>RM'000</b>  |
| Cost of property, plant and equipment purchased              | 1,800                                 | 2,691         | 7,104         | 1,661                | 575            |
| Amount financed through hire purchase                        | -                                     | (328)         | (516)         | (516)                | -              |
| Cash disbursed for purchase of property, plant and equipment | 1,800                                 | 2,363         | 6,588         | 1,145                | 575            |

Included in the property, plant and equipment of the Group are the following assets acquired under hire purchase terms:-

|                                   | <b>&lt;-----Audited-----&gt;</b>      |               |               | <b>Unaudited</b>     | <b>Audited</b> |
|-----------------------------------|---------------------------------------|---------------|---------------|----------------------|----------------|
|                                   | <b>&lt;-----FYE 30 April-----&gt;</b> |               |               | <b>Six (6)-month</b> |                |
|                                   | <b>2013</b>                           | <b>2014</b>   | <b>2015</b>   | <b>2014</b>          | <b>2015</b>    |
|                                   | <b>RM'000</b>                         | <b>RM'000</b> | <b>RM'000</b> | <b>RM'000</b>        | <b>RM'000</b>  |
| Motor vehicles, at net book value | 265                                   | 478           | 759           | 840                  | 606            |

Included in the net book value of property, plant and equipment at the end of the reporting period were the following assets pledged to financial institutions as security for banking facilities granted to the Group:-

|                    | <b>&lt;-----Audited-----&gt;</b>      |               |               | <b>Unaudited</b>     | <b>Audited</b> |
|--------------------|---------------------------------------|---------------|---------------|----------------------|----------------|
|                    | <b>&lt;-----FYE 30 April-----&gt;</b> |               |               | <b>Six (6)-month</b> |                |
|                    | <b>2013</b>                           | <b>2014</b>   | <b>2015</b>   | <b>2014</b>          | <b>2015</b>    |
|                    | <b>RM'000</b>                         | <b>RM'000</b> | <b>RM'000</b> | <b>RM'000</b>        | <b>RM'000</b>  |
| Freehold land      | 3,002                                 | 3,002         | 6,906         | 3,098                | 6,906          |
| Freehold buildings | 5,376                                 | 5,260         | 10,956        | 9,639                | 10,838         |
|                    | 8,378                                 | 8,262         | 17,862        | 12,737               | 17,744         |

**12. ACCOUNTANTS' REPORT (Cont'd)****LKL INTERNATIONAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

Included in the net book value of property, plant and equipment at the end of the reporting years were the following assets held in trust by the following parties:-

|                      | <b>&lt;-----Audited-----&gt;</b>      |               |               | <b>Unaudited</b>     | <b>Audited</b> |
|----------------------|---------------------------------------|---------------|---------------|----------------------|----------------|
|                      | <b>&lt;-----FYE 30 April-----&gt;</b> |               |               | <b>Six (6)-month</b> |                |
|                      | <b>2013</b>                           | <b>2014</b>   | <b>2015</b>   | <b>2014</b>          | <b>2015</b>    |
|                      | <b>RM'000</b>                         | <b>RM'000</b> | <b>RM'000</b> | <b>RM'000</b>        | <b>RM'000</b>  |
| Motor vehicles:      |                                       |               |               |                      |                |
| - directors          | 199                                   | 153           | 283           | 328                  | 238            |
| - employees          | -                                     | -             | 86            | 96                   | 52             |
|                      | <u>199</u>                            | <u>153</u>    | <u>369</u>    | <u>424</u>           | <u>290</u>     |
| Plant and machinery: |                                       |               |               |                      |                |
| - third party        | 355                                   | 363           | 210           | 311                  | 219            |
|                      | <u>554</u>                            | <u>516</u>    | <u>579</u>    | <u>735</u>           | <u>509</u>     |

**5. INVENTORIES**

|                  | <b>&lt;-----Audited-----&gt;</b>      |               |               | <b>Unaudited</b>     | <b>Audited</b> |
|------------------|---------------------------------------|---------------|---------------|----------------------|----------------|
|                  | <b>&lt;-----FYE 30 April-----&gt;</b> |               |               | <b>Six (6)-month</b> |                |
|                  | <b>2013</b>                           | <b>2014</b>   | <b>2015</b>   | <b>2014</b>          | <b>2015</b>    |
|                  | <b>RM'000</b>                         | <b>RM'000</b> | <b>RM'000</b> | <b>RM'000</b>        | <b>RM'000</b>  |
| At cost:-        |                                       |               |               |                      |                |
| Raw materials    | 2,953                                 | 3,519         | 4,139         | 3,342                | 3,328          |
| Work-in-progress | 3,580                                 | 2,732         | 4,015         | 4,826                | 3,914          |
| Finished goods   | 2,869                                 | 3,141         | 1,941         | 4,897                | 2,778          |
|                  | <u>9,402</u>                          | <u>9,392</u>  | <u>10,095</u> | <u>13,065</u>        | <u>10,020</u>  |

None of the inventories is carried at net realisable value.

The amount of inventories recognised as an expense in cost of sales was as follows:-

|  | <b>&lt;-----Audited-----&gt;</b>      |               |               | <b>Unaudited</b>     | <b>Audited</b> |
|--|---------------------------------------|---------------|---------------|----------------------|----------------|
|  | <b>&lt;-----FYE 30 April-----&gt;</b> |               |               | <b>Six (6)-month</b> |                |
|  | <b>2013</b>                           | <b>2014</b>   | <b>2015</b>   | <b>2014</b>          | <b>2015</b>    |
|  | <b>RM'000</b>                         | <b>RM'000</b> | <b>RM'000</b> | <b>RM'000</b>        | <b>RM'000</b>  |
|  | <u>17,753</u>                         | <u>22,559</u> | <u>23,402</u> | <u>6,894</u>         | <u>9,114</u>   |

**12. ACCOUNTANTS' REPORT (Cont'd)****LKL INTERNATIONAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****6. TRADE RECEIVABLES**

|                                             | <-----Audited----->      |        |         | Unaudited     | Audited |
|---------------------------------------------|--------------------------|--------|---------|---------------|---------|
|                                             | <-----FYE 30 April-----> |        |         | Six (6)-month |         |
|                                             | 2013                     | 2014   | 2015    | 2014          | 2015    |
|                                             | RM'000                   | RM'000 | RM'000  | RM'000        | RM'000  |
| Trade receivables                           | 10,851                   | 10,197 | 8,080   | 5,837         | 7,024   |
| Allowance for impairment losses:-           |                          |        |         |               |         |
| Opening balance                             | -                        | -      | (725)   | (725)         | (1,051) |
| Addition during the financial years/period  | -                        | (725)  | (371)   | -             | (8)     |
| Writeback during the financial year/periods | -                        | -      | 45      | 45            | 20      |
| Written off during the financial period     | -                        | -      | -       | -             | 265     |
| Closing balance                             | -                        | (725)  | (1,051) | (680)         | (774)   |
|                                             | 10,851                   | 9,472  | 7,029   | 5,157         | 6,250   |

The Group's normal trade credit terms range from 30 to 120 days. Other credit terms are assessed and approved on a case-by-case basis.

**7. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS**

|                   | <-----Audited----->      |        |        | Unaudited     | Audited |
|-------------------|--------------------------|--------|--------|---------------|---------|
|                   | <-----FYE 30 April-----> |        |        | Six (6)-month |         |
|                   | 2013                     | 2014   | 2015   | 2014          | 2015    |
|                   | RM'000                   | RM'000 | RM'000 | RM'000        | RM'000  |
| Other receivables | 69                       | 57     | 131    | 114           | 28      |
| Deposits          | 464                      | 435    | 127    | 485           | 128     |
| Prepayments       | 1,178                    | 832    | 1,290  | 1,000         | 1,643   |
|                   | 1,711                    | 1,324  | 1,548  | 1,599         | 1,799   |

**12. ACCOUNTANTS' REPORT (Cont'd)****LKL INTERNATIONAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****7. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENT (CONT'D)**

The major components of prepayments were as follows:-

|                          | <b>&lt;----- Audited -----&gt;</b>    |               |               | <b>Unaudited</b>                  | <b>Audited</b> |
|--------------------------|---------------------------------------|---------------|---------------|-----------------------------------|----------------|
|                          |                                       |               |               | <b>Six (6)-month</b>              |                |
|                          | <b>&lt;-----FYE 30 April-----&gt;</b> |               |               | <b>&lt;--FPE 31 October--&gt;</b> |                |
|                          | <b>2013</b>                           | <b>2014</b>   | <b>2015</b>   | <b>2014</b>                       | <b>2015</b>    |
|                          | <b>RM'000</b>                         | <b>RM'000</b> | <b>RM'000</b> | <b>RM'000</b>                     | <b>RM'000</b>  |
| Advances to suppliers    | 570                                   | 221           | 736           | 495                               | 990            |
| Prepaid insurance        | 552                                   | 466           | 373           | 457                               | 327            |
| Prepaid listing expenses | -                                     | -             | 22            | -                                 | 210            |
|                          | <b>1,122</b>                          | <b>687</b>    | <b>1,131</b>  | <b>952</b>                        | <b>1,527</b>   |

The prepayment of the Company represents the expenses incurred for the issuance of new shares in conjunction with the Company's proposed listing on the ACE Market of Bursa Malaysia Securities Berhad. It will be written off against the share premium account of the Company under Section 60 of the Companies Act 1965 in Malaysia.

**8. AMOUNTS OWING BY/(TO) RELATED PARTIES**

|                                         | <b>&lt;----- Audited -----&gt;</b>    |               |               | <b>Unaudited</b>                  | <b>Audited</b> |
|-----------------------------------------|---------------------------------------|---------------|---------------|-----------------------------------|----------------|
|                                         |                                       |               |               | <b>Six (6)-month</b>              |                |
|                                         | <b>&lt;-----FYE 30 April-----&gt;</b> |               |               | <b>&lt;--FPE 31 October--&gt;</b> |                |
|                                         | <b>2013</b>                           | <b>2014</b>   | <b>2015</b>   | <b>2014</b>                       | <b>2015</b>    |
|                                         | <b>RM'000</b>                         | <b>RM'000</b> | <b>RM'000</b> | <b>RM'000</b>                     | <b>RM'000</b>  |
| <i>Amount owing by related parties:</i> |                                       |               |               |                                   |                |
| Trade balance                           | 346                                   | 232           | -             | 232                               | -              |
| Non-trade balance                       | 121                                   | 278           | -             | 664                               | -              |
|                                         | <b>467</b>                            | <b>510</b>    | <b>-</b>      | <b>896</b>                        | <b>-</b>       |
| <i>Allowance for impairment losses:</i> |                                       |               |               |                                   |                |
| - Opening balance                       | -                                     | -             | (232)         | (232)                             | -              |
| - Addition during the financial year    | -                                     | (232)         | -             | -                                 | -              |
| - Writeback during the financial year   | -                                     | -             | 43            | -                                 | -              |
| - Write-off during the financial year   | -                                     | -             | 189           | -                                 | -              |
| - Closing balance                       | -                                     | (232)         | -             | (232)                             | -              |
|                                         | <b>467</b>                            | <b>278</b>    | <b>-</b>      | <b>664</b>                        | <b>-</b>       |
| <i>Amount owing to a related party:</i> |                                       |               |               |                                   |                |
| Trade balance                           | 155                                   | 51            | -             | -                                 | -              |

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**12. ACCOUNTANTS' REPORT (Cont'd)**


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**LKL INTERNATIONAL BERHAD**
**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**
**8. AMOUNTS OWING BY/(TO) RELATED PARTIES (CONT'D)**

- (a) The trade balance was subjected to the normal trade credit terms ranging from 30 to 120 days.
- (b) The non-trade balances represent unsecured, interest-free advances and payments made on behalf. The amounts owing were settled in cash.
- (c) Amount owing by a related party that is individually impaired relate to a related party that has been suffering significant financial losses.

**9. AMOUNTS OWING BY/(TO) DIRECTORS**

The amounts owing are non-trade in nature, unsecured, interest-free and repayable on demand. The amounts owing are to be settled in cash.

**10. FIXED DEPOSIT WITH A LICENSED BANK**

The effective interest rate of the fixed deposit at the end of the relevant financial years is as follows:-

|                         | <-----Audited----->      |           |           | Unaudited     | Audited   |
|-------------------------|--------------------------|-----------|-----------|---------------|-----------|
|                         | <-----FYE 30 April-----> |           |           | Six (6)-month |           |
|                         | 2013                     | 2014      | 2015      | 2014          | 2015      |
|                         | per annum                | per annum | per annum | per annum     | per annum |
| Effective interest rate | 3.1%                     | 3.1%      | 3.3%      | 3.3%          | 3.3%      |

The deposit has a maturity period of 365 days. The deposit with a licensed bank has been pledged to a licensed bank as security for banking facilities granted to LKL Advance Metaltech.

## 12. ACCOUNTANTS' REPORT (Cont'd)

## LKL INTERNATIONAL BERHAD

## NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

## 11. SHARE CAPITAL

|                                                                       |                        |       |       |       |                                                  |                         |       |       |       |                                                  |
|-----------------------------------------------------------------------|------------------------|-------|-------|-------|--------------------------------------------------|-------------------------|-------|-------|-------|--------------------------------------------------|
| Authorised<br>Ordinary shares of RM0.10 each<br>LKL International     | <— Audited —>          | 2013  | 2014  | 2015  | Unaudited<br>Six (6)-month<br><—FPE 31 October—> | Audited<br>FYE 30 April | 2013  | 2014  | 2015  | Unaudited<br>Six (6)-month<br><—FPE 31 October—> |
|                                                                       | <—FYE 30 April—>       |       |       |       |                                                  |                         |       |       |       |                                                  |
|                                                                       | Numbers of Shares '000 |       |       |       |                                                  |                         |       |       |       |                                                  |
|                                                                       |                        |       |       |       |                                                  |                         |       |       |       | RM'000                                           |
|                                                                       |                        | -     | -     | 4,000 | -                                                | -                       | -     | -     | 400   | 400                                              |
| Ordinary shares of RM1.00 each<br>LKL Advance Metaltch<br>At 30 April | <— Audited —>          | 2013  | 2014  | 2015  | Unaudited<br>Six (6)-month<br><—FPE 31 October—> | Audited<br>FYE 30 April | 2013  | 2014  | 2015  | Unaudited<br>Six (6)-month<br><—FPE 31 October—> |
|                                                                       | <—FYE 30 April—>       |       |       |       |                                                  |                         |       |       |       |                                                  |
|                                                                       | Numbers of Shares '000 |       |       |       |                                                  |                         |       |       |       |                                                  |
|                                                                       |                        |       |       |       |                                                  |                         |       |       |       | RM'000                                           |
|                                                                       |                        | 5,000 | 5,000 | 5,000 | -                                                | 5,000                   | 5,000 | 5,000 | 5,000 | 5,000                                            |
|                                                                       |                        | 5,000 | 5,000 | 9,000 | -                                                | 9,000                   | 5,000 | 5,000 | 5,400 | 5,400                                            |

## NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

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**12. ACCOUNTANTS' REPORT (Cont'd)**


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**LKL INTERNATIONAL BERHAD**
**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**
**11. SHARE CAPITAL (CONT'D)**

LKL International was incorporated with an authorised share capital of RM400,000 comprising 4,000,000 ordinary shares of RM0.10 each, of which 100 ordinary shares of RM0.10 each were issued at par and subscribed for on the date of incorporation.

In FYE 30 April 2015, LKL Advance Metaltech increased its issued and paid-up share capital from RM1,000,000 to RM1,500,000 by the allotment of 500,000 new ordinary shares of RM1 each at par for the purpose of working capital. The new ordinary shares were issued for cash consideration. The new ordinary shares issued rank pari passu in all respects with the existing shares of LKL Advance Metaltech.

In FPE 31 October 2015, LKL Advance Metaltech increased its issued and paid-up share capital from RM1,500,000 to RM2,000,000 by the allotment of 500,000 new ordinary shares of RM1 each at par for the purpose of working capital. The new ordinary shares were issued for cash consideration. The new ordinary shares issued rank pari passu in all respects with the existing shares of LKL Advance Metaltech.

**12. RETAINED PROFITS**

Under the single tier tax system, tax on the Group's profits is the final tax and accordingly, any dividends to the shareholders are not subject to tax.

**12. ACCOUNTANTS' REPORT (Cont'd)****LKL INTERNATIONAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****13. HIRE PURCHASE PAYABLES**

|                                                     | <----- Audited----->     |        |        | Unaudited     | Audited |
|-----------------------------------------------------|--------------------------|--------|--------|---------------|---------|
|                                                     | <-----FYE 30 April-----> |        |        | Six (6)-month |         |
|                                                     | 2013                     | 2014   | 2015   | 2014          | 2015    |
|                                                     | RM'000                   | RM'000 | RM'000 | RM'000        | RM'000  |
| Minimum hire purchase payments:                     |                          |        |        |               |         |
| - not later than one year                           | 96                       | 152    | 248    | 249           | 194     |
| - later than one year and not later than five years | 181                      | 326    | 510    | 617           | 427     |
| - later than five years                             | -                        | 20     | 30     | 45            | 16      |
|                                                     | 277                      | 498    | 788    | 911           | 637     |
| Less : Future finance charges                       | (20)                     | (48)   | (81)   | (102)         | (61)    |
| Present value of hire purchase payables             | 257                      | 450    | 707    | 809           | 576     |
| <u>Current</u>                                      |                          |        |        |               |         |
| - not later than one year                           | 85                       | 133    | 216    | 211           | 168     |
| <u>Non-Current</u>                                  |                          |        |        |               |         |
| - later than one year and not later than five years | 172                      | 299    | 462    | 554           | 393     |
| - later than five years                             | -                        | 18     | 29     | 44            | 15      |
|                                                     | 172                      | 317    | 491    | 598           | 408     |
|                                                     | 257                      | 450    | 707    | 809           | 576     |

**14. TERM LOANS**

|                                        | <----- Audited----->     |        |        | Unaudited     | Audited |
|----------------------------------------|--------------------------|--------|--------|---------------|---------|
|                                        | <-----FYE 30 April-----> |        |        | Six (6)-month |         |
|                                        | 2013                     | 2014   | 2015   | 2014          | 2015    |
|                                        | RM'000                   | RM'000 | RM'000 | RM'000        | RM'000  |
| <u>Current</u>                         |                          |        |        |               |         |
| - repayable within one year            | 1,092                    | 841    | 734    | 653           | 764     |
| <u>Non-Current</u>                     |                          |        |        |               |         |
| - repayable between one and two years  | 801                      | 632    | 801    | 636           | 794     |
| - repayable between two and five years | 1,753                    | 1,966  | 1,973  | 1,738         | 1,810   |
| - repayable after five years           | 2,507                    | 1,840  | 5,256  | 1,823         | 5,064   |
| Total non-current portion              | 5,061                    | 4,438  | 8,030  | 4,197         | 7,668   |
|                                        | 6,153                    | 5,279  | 8,764  | 4,850         | 8,432   |

**12. ACCOUNTANTS' REPORT (Cont'd)****LKL INTERNATIONAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****14. TERM LOANS (CONT'D)**

The repayment terms of the term loans are as follows:-

| Term<br>Loan | Number of<br>Monthly<br>Instalments | Monthly<br>Instalment<br>Amount<br>RM'000 | Commencement<br>Date of<br>Repayment | Amount Outstanding |                |                |                                 |                |
|--------------|-------------------------------------|-------------------------------------------|--------------------------------------|--------------------|----------------|----------------|---------------------------------|----------------|
|              |                                     |                                           |                                      | FYE 30 April       |                |                | Six (6)-month<br>FPE 31 October |                |
|              |                                     |                                           |                                      | 2013<br>RM'000     | 2014<br>RM'000 | 2015<br>RM'000 | 2014<br>RM'000                  | 2015<br>RM'000 |
| 1            | 180                                 | 10                                        | May 2007                             | 839                | 760            | 678            | 720                             | 636            |
| 2            | 180                                 | 20                                        | May 2007                             | 1,947              | 2,059          | 2,199          | 2,052                           | 2,143          |
| 3            | 120                                 | 5                                         | July 2007                            | 218                | 171            | 121            | 146                             | 96             |
| 4            | 60                                  | 29                                        | August 2009                          | 440                | 107            | -              | -                               | -              |
| 5            | 120                                 | 4                                         | December 2012                        | 379                | 349            | 317            | 333                             | 300            |
| 6            | 120                                 | 13                                        | March 2005                           | 282                | 134            | -              | 54                              | -              |
| 7            | 120                                 | 34                                        | February 2009                        | 2,004              | 1,699          | 1,380          | 1,545                           | 1,208          |
| 8            | 240                                 | 26                                        | June 2015                            | -                  | -              | 4,069          | -                               | 4,049          |
| 9            | 48                                  | 13                                        | August 2009                          | 44                 | -              | -              | -                               | -              |
|              |                                     |                                           |                                      | <u>6,153</u>       | <u>5,279</u>   | <u>8,764</u>   | <u>4,850</u>                    | <u>8,432</u>   |

The term loans 1, 2, 3, 4, 5 and 9 are secured by:-

- (i) a facility agreement executed between LKL Advance Metaltech and the bank;
- (ii) a first legal charge over certain properties as disclosed in Note 4 to the combined financial statements; and
- (iii) a joint and several guarantee of certain directors of LKL Advance Metaltech.

The term loans 6 and 7 are secured by:-

- (i) a first legal charge over certain properties as disclosed in Note 4 to the combined financial statements;
- (ii) an assignment of insurance policy underwritten by the insurer, in the name of certain directors of LKL Advance Metaltech;
- (iii) a joint and several guarantee of certain directors of LKL Advance Metaltech; and
- (iv) a fixed deposit pledge of RM618,600.

The term loan 8 is secured by:-

- (i) a first legal charge over certain properties as disclosed in Note 4 to the combined financial statements; and
- (ii) a joint and several guarantee of certain directors of LKL Advance Metaltech.

**12. ACCOUNTANTS' REPORT (Cont'd)****LKL INTERNATIONAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****15. DEFERRED TAX LIABILITIES**

|                                        | <-----Audited----->      |        |        | Unaudited     | Audited |
|----------------------------------------|--------------------------|--------|--------|---------------|---------|
|                                        | <-----FYE 30 April-----> |        |        | Six (6)-month |         |
|                                        | 2013                     | 2014   | 2015   | 2014          | 2015    |
|                                        | RM'000                   | RM'000 | RM'000 | RM'000        | RM'000  |
| Opening balance                        | 415                      | 439    | 361    | 361           | 566     |
| Recognised in profit or loss (Note 20) | 24                       | (78)   | 205    | -             | -       |
| Closing balance                        | 439                      | 361    | 566    | 361           | 566     |

The deferred tax liabilities are attributable to the following:-

Deferred tax liabilities:-

Accelerated capital allowances

Unrealised gain on foreign exchange

|     |     |     |     |     |
|-----|-----|-----|-----|-----|
| 487 | 388 | 605 | 361 | 666 |
| -   | -   | 35  | -   | 86  |
| 487 | 388 | 640 | 361 | 752 |

Deferred tax assets:-

Allowance for impairment losses on trade receivables

Unrealised loss on foreign exchange

|      |      |      |     |       |
|------|------|------|-----|-------|
| -    | -    | (74) | -   | (186) |
| (48) | (27) | -    | -   | -     |
| (48) | (27) | (74) | -   | (186) |
| 439  | 361  | 566  | 361 | 566   |

**16. TRADE PAYABLES**

The normal trade credit terms granted to the Group range from 30 to 120 days.

**17. BANKERS' ACCEPTANCES**

The bankers' acceptances are secured by:-

- (i) a first legal charge over certain buildings as disclosed in Note 4 to the combined financial statements;
- (ii) an assignment of insurance policy underwritten by the insurer, in the name of certain directors of LKL Advance Metaltech;
- (iii) a joint and several guarantee of certain directors of the LKL Advance Metaltech; and
- (iv) a fixed deposit pledge of RM618,600.

**12. ACCOUNTANTS' REPORT (Cont'd)****LKL INTERNATIONAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****18. REVENUE**

Revenue of the Group represents the invoiced value of goods sold and services rendered net of trade discounts and returns.

**19. PROFIT BEFORE TAXATION**

|                                                                  | ← Audited →      |        |        | Unaudited          | Audited |
|------------------------------------------------------------------|------------------|--------|--------|--------------------|---------|
|                                                                  | ← FYE 30 April → |        |        | Six (6)-month      |         |
|                                                                  |                  |        |        | ← FPE 31 October → |         |
|                                                                  | 2013             | 2014   | 2015   | 2014               | 2015    |
|                                                                  | RM'000           | RM'000 | RM'000 | RM'000             | RM'000  |
| Pofit before taxation is arrived at after charging/(crediting):- |                  |        |        |                    |         |
| Allowance for impairment losses on:                              |                  |        |        |                    |         |
| - trade receivables                                              | -                | 725    | 371    | -                  | 8       |
| - a related party                                                | -                | 232    | -      | -                  | -       |
| Allowance/(Reversal) for annual leave                            | 23               | 19     | (105)  | (105)              | -       |
| Audit fee for the financial years/period                         | 30               | 35     | 32     | 3                  | 32      |
| Bad debts written off                                            | -                | -      | 15     | 15                 | -       |
| Deposits written off                                             | -                | -      | 100    | -                  | -       |
| Depreciation of property, plant and equipment                    | 739              | 787    | 1,097  | 549                | 559     |
| Directors' fees                                                  | 36               | 36     | 36     | 18                 | 18      |
| Directors' non-fee emoluments:                                   |                  |        |        |                    |         |
| - salaries and other benefits                                    | 748              | 790    | 860    | 391                | 484     |
| - defined contribution plan                                      | 90               | 128    | 163    | 79                 | 92      |
| Incorporation fees                                               | -                | -      | 3      | -                  | -       |
| Interest expenses:                                               |                  |        |        |                    |         |
| - bankers' acceptances                                           | 14               | 29     | 41     | 28                 | 16      |
| - bank overdraft                                                 | -                | 1      | -      | -                  | -       |
| - hire purchases                                                 | 17               | 16     | 37     | 16                 | 17      |
| - term loans                                                     | 258              | 206    | 282    | 143                | 233     |
| Listing expenses                                                 | -                | -      | 65     | -                  | 569     |
| Loss/(Gain) on foreign exchange:                                 |                  |        |        |                    |         |
| - realised                                                       | 9                | (247)  | 15     | 35                 | (28)    |
| - unrealised                                                     | 30               | 109    | (51)   | -                  | (360)   |
| Property, plant and equipment written off                        | 1                | -      | -      | -                  | -       |
| Rental expenses:                                                 |                  |        |        |                    |         |
| - factory                                                        | 174              | 166    | 158    | 72                 | 193     |
| - forklift                                                       | -                | 2      | -      | -                  | -       |
| - hostel                                                         | 30               | 37     | 48     | 29                 | 19      |
| - office                                                         | 39               | 42     | 42     | 21                 | 31      |
| Staff costs:                                                     |                  |        |        |                    |         |
| - salaries and other staff related expenses                      | 4,556            | 5,457  | 6,040  | 2,597              | 2,896   |
| - defined contribution plan                                      | 363              | 400    | 449    | 150                | 251     |
| Gain on disposal of property, plant and equipment                | (1,622)          | (80)   | *      | *                  | (3)     |
| Interest income                                                  | (8)              | (29)   | (8)    | (3)                | (1)     |
| Rental income                                                    | -                | (2)    | (28)   | (14)               | (1)     |
| Writeback of impairment losses on:                               |                  |        |        |                    |         |
| - trade receivables                                              | -                | -      | (45)   | (45)               | (20)    |
| - a related party                                                | -                | -      | (43)   | -                  | -       |
| Government grant received                                        | (5)              | (75)   | -      | -                  | -       |
| Human Resources Development Fund (HRDF) grant received           | (7)              | (4)    | (43)   | (43)               | (28)    |

Note:-

\* - Represent RM241

**12. ACCOUNTANTS' REPORT (Cont'd)****LKL INTERNATIONAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****20. INCOME TAX EXPENSE**

|                                                                | <----- Audited----->     |        |        | Unaudited     | Audited |
|----------------------------------------------------------------|--------------------------|--------|--------|---------------|---------|
|                                                                | <-----FYE 30 April-----> |        |        | Six (6)-month |         |
|                                                                | <---FPE 31 October--->   |        |        |               |         |
|                                                                | 2013                     | 2014   | 2015   | 2014          | 2015    |
|                                                                | RM'000                   | RM'000 | RM'000 | RM'000        | RM'000  |
| Current tax expense:                                           |                          |        |        |               |         |
| - for the financial year                                       | 800                      | 2,116  | 1,305  | 533           | 678     |
| - (over)/underprovision in the previous financial years/period | (6)                      | 141    | (174)  | -             | 178     |
|                                                                | 794                      | 2,257  | 1,131  | 533           | 856     |
| Deferred tax expense (Note 15):                                |                          |        |        |               |         |
| - for the financial year                                       | 132                      | (77)   | 107    | -             | 159     |
| - (over)/underprovision in the previous financial years/period | (108)                    | (1)    | 98     | -             | (159)   |
|                                                                | 24                       | (78)   | 205    | -             | -       |
|                                                                | 818                      | 2,179  | 1,336  | 533           | 856     |

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

|                                                               | <----- Audited----->     |        |        | Unaudited     | Audited |
|---------------------------------------------------------------|--------------------------|--------|--------|---------------|---------|
|                                                               | <-----FYE 30 April-----> |        |        | Six (6)-month |         |
|                                                               | <---FPE 31 October--->   |        |        |               |         |
|                                                               | 2013                     | 2014   | 2015   | 2014          | 2015    |
|                                                               | RM'000                   | RM'000 | RM'000 | RM'000        | RM'000  |
| Profit before taxation                                        | 5,258                    | 8,186  | 7,298  | 1,971         | 2,639   |
| Tax at the statutory tax rate of:-                            |                          |        |        |               |         |
| - 24%                                                         | -                        | -      | -      | -             | 633     |
| - 25%                                                         | 1,314                    | 2,047  | 1,825  | 493           | -       |
| Tax effects of:-                                              |                          |        |        |               |         |
| Differential in tax rates                                     | (25)                     | (25)   | (25)   | (25)          | (25)    |
| Non-taxable income                                            | (306)                    | -      | -      | -             | -       |
| Non-deductible expenses                                       | 131                      | 192    | 70     | 65            | 229     |
| Utilisation of tax incentives                                 | (182)                    | (175)  | (458)  | -             | -       |
| (Over)/Underprovision in the previous financial years/period: |                          |        |        |               |         |
| - current tax                                                 | (6)                      | 141    | (174)  | -             | 178     |
| - deferred tax                                                | (108)                    | (1)    | 98     | -             | (159)   |
|                                                               | 818                      | 2,179  | 1,336  | 533           | 856     |

The corporate tax rate on the first RM500,000 of the chargeable income is 20%. The tax rate applicable to the balance of the chargeable income is 25%.

The corporate tax rate on the first RM500,000 of chargeable income was reduced to 19% and the balance of the chargeable income was reduced to 24% effective year of assessment 2016.

**12. ACCOUNTANTS' REPORT (Cont'd)****LKL INTERNATIONAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****21. EARNINGS PER SHARE**

|                                                                                       | <b>&lt;----- Audited-----&gt;</b>     |                |                | <b>Unaudited</b>                  | <b>Audited</b> |
|---------------------------------------------------------------------------------------|---------------------------------------|----------------|----------------|-----------------------------------|----------------|
|                                                                                       | <b>&lt;-----FYE 30 April-----&gt;</b> |                |                | <b>Six (6)-month</b>              |                |
|                                                                                       | <b>2013</b>                           | <b>2014</b>    | <b>2015</b>    | <b>&lt;--FPE 31 October--&gt;</b> |                |
|                                                                                       |                                       |                |                | <b>2014</b>                       | <b>2015</b>    |
| Profit attributable to owners of the Company (RM'000)                                 | 4,440                                 | 6,007          | 5,962          | 1,438                             | 1,783          |
| Assumed number of shares in issue ('000) <sup>(1)</sup>                               | 315,800                               | 315,800        | 315,800        | 315,800                           | 315,800        |
| Basic earnings per ordinary share attributable to equity holders of the Company (sen) | 1.41                                  | 1.90           | 1.89           | 0.46                              | 0.56           |
| Diluted profit per ordinary share attributable to equity holders of the Company       | Not Applicable                        | Not Applicable | Not Applicable | Not Applicable                    | Not Applicable |

Note:-

(1) - The assumed number of Shares in issue after Acquisition of LKL Advance Metaltech but before Public Issue.

**22. DIVIDENDS**

|                                                                                                                                        | <b>&lt;----- Audited-----&gt;</b>     |               |               | <b>Unaudited</b>                  | <b>Audited</b> |
|----------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|---------------|---------------|-----------------------------------|----------------|
|                                                                                                                                        | <b>&lt;-----FYE 30 April-----&gt;</b> |               |               | <b>Six (6)-month</b>              |                |
|                                                                                                                                        | <b>2013</b>                           | <b>2014</b>   | <b>2015</b>   | <b>&lt;--FPE 31 October--&gt;</b> |                |
|                                                                                                                                        | <b>RM'000</b>                         | <b>RM'000</b> | <b>RM'000</b> | <b>RM'000</b>                     | <b>RM'000</b>  |
| First single tier dividend of approximately RM1.00 (2014 - RM2.75) per ordinary share in respect of the current financial year/period  | -                                     | 2,746         | 1,000         | 1,000                             | -              |
| Second single tier dividend of approximately RM4.00 (2014 - RM2.00) per ordinary share in respect of the current financial year/period | -                                     | 2,000         | 4,000         | -                                 | -              |
| Third single tier dividend of RM2.50 per ordinary share in respect of the current financial year/period                                | -                                     | -             | 2,500         | -                                 | -              |
|                                                                                                                                        | -                                     | 4,746         | 7,500         | 1,000                             | -              |

**12. ACCOUNTANTS' REPORT (Cont'd)****LKL INTERNATIONAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****22. DIVIDENDS (CONT'D)**

LKL International did not pay or declare any dividends during the relevant financial years/periods. The abovementioned dividends are declared and paid by LKL Advance Metaltech during the relevant financial years/periods.

**23. CASH AND CASH EQUIVALENTS**

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:-

|                                          | <b>&lt;-----Audited-----&gt;</b>      |               |               | <b>Unaudited</b>                  | <b>Audited</b> |
|------------------------------------------|---------------------------------------|---------------|---------------|-----------------------------------|----------------|
|                                          |                                       |               |               | <b>Six (6)-month</b>              |                |
|                                          | <b>&lt;-----FYE 30 April-----&gt;</b> |               |               | <b>&lt;--FPE 31 October--&gt;</b> |                |
|                                          | <b>2013</b>                           | <b>2014</b>   | <b>2015</b>   | <b>2014</b>                       | <b>2015</b>    |
|                                          | <b>RM'000</b>                         | <b>RM'000</b> | <b>RM'000</b> | <b>RM'000</b>                     | <b>RM'000</b>  |
| Cash and bank balances                   | 4,218                                 | 6,925         | 3,986         | 7,485                             | 6,066          |
| Fixed deposit with a licensed bank       | 600                                   | 619           | 619           | 619                               | 619            |
| Cash and cash equivalents                | 4,818                                 | 7,544         | 4,605         | 8,104                             | 6,685          |
| Less: Deposit pledged to a licensed bank | (600)                                 | (619)         | (619)         | (619)                             | (619)          |
|                                          | 4,218                                 | 6,925         | 3,986         | 7,485                             | 6,066          |

**12. ACCOUNTANTS' REPORT (Cont'd)****LKL INTERNATIONAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****24. RELATED PARTY DISCLOSURES****(a) Identities of related parties**

The Group has related party relationships with:-

- (i) the directors who are the key management personnel;
- (ii) entities controlled by the key management personnel/directors/substantial shareholders; and
- (iii) persons connected to the directors.

**(b) In addition to the information detailed elsewhere in the combined financial statements, the Group carried out the following transactions with the related parties during the relevant financial years/periods:-**

|                                                                                             | <b>&lt;-----Audited-----&gt;</b>      |               |               | <b>Unaudited</b>     | <b>Audited</b> |
|---------------------------------------------------------------------------------------------|---------------------------------------|---------------|---------------|----------------------|----------------|
|                                                                                             | <b>&lt;-----FYE 30 April-----&gt;</b> |               |               | <b>Six (6)-month</b> |                |
|                                                                                             | <b>2013</b>                           | <b>2014</b>   | <b>2015</b>   | <b>2014</b>          | <b>2015</b>    |
|                                                                                             | <b>RM'000</b>                         | <b>RM'000</b> | <b>RM'000</b> | <b>RM'000</b>        | <b>RM'000</b>  |
| Certain directors of LKL Advance Metaltech:                                                 |                                       |               |               |                      |                |
| - advances to directors                                                                     | 1,337                                 | 1,321         | 58            | -                    | -              |
| - rental paid to directors                                                                  | -                                     | 32            | 32            | 16                   | 12             |
| Entities controlled by key management personnel, directors and/or substantial shareholders: |                                       |               |               |                      |                |
| - advances to related parties                                                               | 38                                    | 27            | 5             | 18                   | -              |
| - purchases from related parties                                                            | 155                                   | 226           | 2,346         | 1,451                | -              |
| Key management personnel compensation:                                                      |                                       |               |               |                      |                |
| - salaries and other staff related expenses                                                 | 1,077                                 | 1,179         | 1,452         | 594                  | 762            |
| - defined contribution plan                                                                 | 116                                   | 161           | 212           | 98                   | 124            |
| Close members of the family of certain directors:                                           |                                       |               |               |                      |                |
| - salaries and other emoluments paid to close members of the family of directors            | 182                                   | 249           | 295           | 117                  | 138            |
| - advances to close members of the family of directors                                      | -                                     | 320           | -             | -                    | -              |

**12. ACCOUNTANTS' REPORT (Cont'd)****LKL INTERNATIONAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****25. OPERATING SEGMENTS**

The Group has three reportable segments as the Group is principally engaged in different principle activities, as described below. For each of the strategic business units, Managing Director (the chief operating decision maker) reviews internal management reports at least on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:-

- (i) Manufacturing activities – involved in manufacturing of medical/healthcare beds, medical peripherals and accessories;
- (ii) Trading activities – involved in trading of medical peripherals and accessories; and
- (iii) Other activities – investment holding.

The management assesses the performance of the operating segments based on the operating profit or loss which is measured differently from those disclosed in the consolidated financial statements.

Income taxes are managed on a group basis and are not allocated to operating segments.

Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the operating segments are presented under unallocated items. Unallocated items comprise mainly tax refundable, tax payable and deferred tax liabilities.

**12. ACCOUNTANTS' REPORT (Cont'd)****LKL INTERNATIONAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****25. OPERATING SEGMENTS (CONT'D)**

|                                                                                                     | Medical/<br>healthcare<br>beds<br>RM'000 | Medical peripherals and accessories<br>Manufacturing<br>RM'000 | Trading<br>RM'000 | Other<br>RM'000 | Group<br>RM'000 |
|-----------------------------------------------------------------------------------------------------|------------------------------------------|----------------------------------------------------------------|-------------------|-----------------|-----------------|
| <b>Audited</b>                                                                                      |                                          |                                                                |                   |                 |                 |
| <b>FPE 31 October 2015</b>                                                                          |                                          |                                                                |                   |                 |                 |
| External Revenue/Combined revenue                                                                   | 6,194                                    | 7,015                                                          | 2,848             | -               | 16,057          |
| <b>Results</b>                                                                                      |                                          |                                                                |                   |                 |                 |
| Segment results                                                                                     | 1,485                                    | 1,397                                                          | 747               | -               | 3,629           |
| Allowance for impairment losses on trade receivables                                                | (4)                                      | (4)                                                            | -                 | -               | (8)             |
| Depreciation of property, plant and equipment                                                       | (288)                                    | (271)                                                          | -                 | -               | (559)           |
| Interest expense                                                                                    | (137)                                    | (129)                                                          | -                 | -               | (266)           |
| Listing expenses                                                                                    | -                                        | -                                                              | -                 | (569)           | (569)           |
| Realised gain on foreign exchange                                                                   | 14                                       | 14                                                             | -                 | -               | 28              |
| Unrealised loss on foreign exchange                                                                 | 186                                      | 174                                                            | -                 | -               | 360             |
| Gain on disposal of property, plant and equipment                                                   | 2                                        | 1                                                              | -                 | -               | 3               |
| Interest income                                                                                     | 1                                        | -                                                              | -                 | -               | 1               |
| Writeback of impairment losses on trade receivables                                                 | 10                                       | 10                                                             | -                 | -               | 20              |
|                                                                                                     |                                          |                                                                |                   |                 | 2,639           |
| Income tax expense                                                                                  |                                          |                                                                |                   |                 | (856)           |
| Combined Profit after taxation                                                                      |                                          |                                                                |                   |                 | 1,783           |
| <b>Assets</b>                                                                                       |                                          |                                                                |                   |                 |                 |
| Segment assets                                                                                      | 23,406                                   | 22,014                                                         | 827               | 210             | 46,457          |
| Non-allocated assets                                                                                | -                                        | -                                                              | -                 | -               | 389             |
| <b>Total assets</b>                                                                                 |                                          |                                                                |                   |                 | 46,846          |
| <b>Liabilities</b>                                                                                  |                                          |                                                                |                   |                 |                 |
| Segment liabilities                                                                                 | 6,490                                    | 6,104                                                          | -                 | 93              | 12,687          |
| Non-allocated liabilities                                                                           | -                                        | -                                                              | -                 | -               | 566             |
| <b>Total liabilities</b>                                                                            |                                          |                                                                |                   |                 | 13,253          |
| <b>Other Segment Item</b>                                                                           |                                          |                                                                |                   |                 |                 |
| Additions to non-current asset other than financial instrument:-<br>- property, plant and equipment | 296                                      | 279                                                            | -                 | -               | 575             |

**12. ACCOUNTANTS' REPORT (Cont'd)****LKL INTERNATIONAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****25. OPERATING SEGMENTS (CONT'D)**

|                                                                                                     | Medical/<br>healthcare<br>beds<br>RM'000 | Medical peripherals and accessories<br>Manufacturing<br>RM'000 | Trading<br>RM'000 | Other<br>RM'000 | Group<br>RM'000 |
|-----------------------------------------------------------------------------------------------------|------------------------------------------|----------------------------------------------------------------|-------------------|-----------------|-----------------|
| <b>Unaudited</b>                                                                                    |                                          |                                                                |                   |                 |                 |
| <b>FPE 31 October 2014</b>                                                                          |                                          |                                                                |                   |                 |                 |
| External Revenue/Combined revenue                                                                   | 4,179                                    | 6,320                                                          | 1,819             | -               | 12,318          |
| <b>Results</b>                                                                                      |                                          |                                                                |                   |                 |                 |
| Segment results                                                                                     | 1,075                                    | 1,330                                                          | 199               | -               | 2,604           |
| Allowance for annual leave                                                                          | 47                                       | 58                                                             | -                 | -               | 105             |
| Bad debts written off                                                                               | (7)                                      | (8)                                                            | -                 | -               | (15)            |
| Depreciation of property, plant and equipment                                                       | (245)                                    | (304)                                                          | -                 | -               | (549)           |
| Interest expense                                                                                    | (84)                                     | (103)                                                          | -                 | -               | (187)           |
| Realised gain on foreign exchange                                                                   | (16)                                     | (19)                                                           | -                 | -               | (35)            |
| Gain on disposal of property, plant and equipment                                                   | -                                        | -                                                              | -                 | -               | *               |
| Interest income                                                                                     | 1                                        | 2                                                              | -                 | -               | 3               |
| Writeback of impairment losses on trade receivables                                                 | 20                                       | 25                                                             | -                 | -               | 45              |
|                                                                                                     |                                          |                                                                |                   |                 | 1,971           |
| Income tax expense                                                                                  |                                          |                                                                |                   |                 | (533)           |
| Combined Profit after taxation                                                                      |                                          |                                                                |                   |                 | 1,438           |
| <b>Assets</b>                                                                                       |                                          |                                                                |                   |                 |                 |
| Segment assets                                                                                      | 20,039                                   | 24,781                                                         | 605               | -               | 45,425          |
| Non-allocated assets                                                                                | -                                        | -                                                              | -                 | -               | -               |
| <b>Total assets</b>                                                                                 |                                          |                                                                |                   |                 | 45,425          |
| <b>Liabilities</b>                                                                                  |                                          |                                                                |                   |                 |                 |
| Segment liabilities                                                                                 | 5,490                                    | 6,788                                                          | -                 | -               | 12,278          |
| Non-allocated liabilities                                                                           | -                                        | -                                                              | -                 | -               | 361             |
| <b>Total liabilities</b>                                                                            |                                          |                                                                |                   |                 | 12,639          |
| <b>Other Segment Item</b>                                                                           |                                          |                                                                |                   |                 |                 |
| Additions to non-current asset other than financial instrument:-<br>- property, plant and equipment | 743                                      | 918                                                            | -                 | -               | 1,661           |

Note:-

\* - Represents RM241

**12. ACCOUNTANTS' REPORT (Cont'd)****LKL INTERNATIONAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****25. OPERATING SEGMENTS (CONT'D)**

|                                                                    | Medical/<br>healthcare<br>beds<br>RM'000 | Medical peripherals and accessories<br>Manufacturing<br>RM'000 | Trading<br>RM'000 | Other<br>RM'000 | Group<br>RM'000 |
|--------------------------------------------------------------------|------------------------------------------|----------------------------------------------------------------|-------------------|-----------------|-----------------|
| <b>Audited</b>                                                     |                                          |                                                                |                   |                 |                 |
| <b>FYE 30 April 2015</b>                                           |                                          |                                                                |                   |                 |                 |
| External Revenue/Combined revenue                                  | 15,297                                   | 18,037                                                         | 5,705             | -               | 39,039          |
| <b>Results</b>                                                     |                                          |                                                                |                   |                 |                 |
| Segment results                                                    | 4,132                                    | 3,811                                                          | 1,111             | -               | 9,054           |
| Allowance for impairment losses on trade receivables               | (193)                                    | (178)                                                          | -                 | -               | (371)           |
| Allowance for annual leave                                         | 55                                       | 50                                                             | -                 | -               | 105             |
| Bad debts written off                                              | (8)                                      | (7)                                                            | -                 | -               | (15)            |
| Deposit written off                                                | (52)                                     | (48)                                                           | -                 | -               | (100)           |
| Depreciation of property, plant and equipment                      | (571)                                    | (526)                                                          | -                 | -               | (1,097)         |
| Interest expense                                                   | (187)                                    | (173)                                                          | -                 | -               | (360)           |
| Listing expenses                                                   | -                                        | -                                                              | -                 | (65)            | (65)            |
| Unrealised loss on foreign exchange                                | -                                        | -                                                              | -                 | -               | -               |
| Realised gain on foreign exchange                                  | 27                                       | 24                                                             | -                 | -               | 51              |
| Gain on disposal of property, plant and equipment                  | -                                        | -                                                              | -                 | -               | *               |
| Interest income                                                    | 4                                        | 4                                                              | -                 | -               | 8               |
| Writeback of impairment losses on trade receivables                | 23                                       | 22                                                             | -                 | -               | 45              |
| Writeback of impairment losses on a related party                  | 22                                       | 21                                                             | -                 | -               | 43              |
|                                                                    |                                          |                                                                |                   |                 | 7,298           |
| Income tax expense                                                 |                                          |                                                                |                   |                 | (1,336)         |
| Combined Profit after taxation                                     |                                          |                                                                |                   |                 | 5,962           |
| <b>Assets</b>                                                      |                                          |                                                                |                   |                 |                 |
| Segment assets/Combined total assets                               | 22,919                                   | 21,136                                                         | 971               | 21              | 45,047          |
| Non-allocated assets/Combined total non-allocated assets           | -                                        | -                                                              | -                 | -               | 345             |
| <b>Total assets</b>                                                |                                          |                                                                |                   |                 | 45,392          |
| <b>Liabilities</b>                                                 |                                          |                                                                |                   |                 |                 |
| Segment liabilities/Combined total liabilities                     | 7,029                                    | 6,482                                                          | -                 | 5               | 13,516          |
| Non-allocated liabilities/Combined total non-allocated liabilities | -                                        | -                                                              | -                 | -               | 566             |
| <b>Total liabilities</b>                                           |                                          |                                                                |                   |                 | 14,082          |
| <b>Other Segment Item</b>                                          |                                          |                                                                |                   |                 |                 |
| Additions to non-current asset other than financial instrument:-   |                                          |                                                                |                   |                 |                 |
| - property, plant and equipment                                    | 3,696                                    | 3,408                                                          | -                 | -               | 7,104           |

Note:-

\* - Represents RM241

**12. ACCOUNTANTS' REPORT (Cont'd)****LKL INTERNATIONAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****25. OPERATING SEGMENTS (CONT'D)**

|                                                                    | Medical/<br>healthcare<br>beds<br>RM'000 | Medical peripherals and accessories<br>Manufacturing<br>RM'000 | Trading<br>RM'000 | Other<br>RM'000 | Group<br>RM'000 |
|--------------------------------------------------------------------|------------------------------------------|----------------------------------------------------------------|-------------------|-----------------|-----------------|
| <b>Audited</b>                                                     |                                          |                                                                |                   |                 |                 |
| <b>FYE 30 April 2014</b>                                           |                                          |                                                                |                   |                 |                 |
| External Revenue                                                   | 21,633                                   | 13,341                                                         | 3,919             | -               | 38,893          |
| <b>Results</b>                                                     |                                          |                                                                |                   |                 |                 |
| Segment results                                                    | 6,360                                    | 3,027                                                          | 567               | -               | 9,954           |
| Allowance for impairment losses on trade receivables               | (491)                                    | (234)                                                          | -                 | -               | (725)           |
| Allowance for impairment losses on amount owing by a related party | (157)                                    | (75)                                                           | -                 | -               | (232)           |
| Allowance for annual leave                                         | (13)                                     | (6)                                                            | -                 | -               | (19)            |
| Depreciation of property, plant and equipment                      | (533)                                    | (254)                                                          | -                 | -               | (787)           |
| Interest expense                                                   | (171)                                    | (81)                                                           | -                 | -               | (252)           |
| Unrealised loss on foreign exchange                                | (74)                                     | (35)                                                           | -                 | -               | (109)           |
| Realised gain on foreign exchange                                  | 167                                      | 80                                                             | -                 | -               | 247             |
| Gain on disposal of property, plant and equipment                  | 54                                       | 26                                                             | -                 | -               | 80              |
| Interest income                                                    | 20                                       | 9                                                              | -                 | -               | 29              |
|                                                                    |                                          |                                                                |                   |                 | 8,186           |
| Income tax expense                                                 |                                          |                                                                |                   |                 | (2,179)         |
| Profit after taxation                                              |                                          |                                                                |                   |                 | 6,007           |
| <b>Assets</b>                                                      |                                          |                                                                |                   |                 |                 |
| Segment assets                                                     | 29,366                                   | 13,976                                                         | 377               | -               | 43,719          |
| Non-allocated assets                                               | -                                        | -                                                              | -                 | -               | -               |
| <b>Total assets</b>                                                |                                          |                                                                |                   |                 | 43,719          |
| <b>Liabilities</b>                                                 |                                          |                                                                |                   |                 |                 |
| Segment liabilities                                                | 7,144                                    | 3,400                                                          | -                 | -               | 10,544          |
| Non-allocated liabilities                                          | -                                        | -                                                              | -                 | -               | 827             |
| <b>Total liabilities</b>                                           |                                          |                                                                |                   |                 | 11,371          |
| <b>Other Segment Item</b>                                          |                                          |                                                                |                   |                 |                 |
| Additions to non-current asset other than financial instrument:-   |                                          |                                                                |                   |                 |                 |
| - property, plant and equipment                                    | 1,823                                    | 868                                                            | -                 | -               | 2,691           |

**12. ACCOUNTANTS' REPORT (Cont'd)****LKL INTERNATIONAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****25. OPERATING SEGMENTS (CONT'D)**

|                                                                  | Medical/<br>healthcare<br>beds<br>RM'000 | Medical peripherals and accessories<br>Manufacturing<br>RM'000 | Trading<br>RM'000 | Other<br>RM'000 | Group<br>RM'000 |
|------------------------------------------------------------------|------------------------------------------|----------------------------------------------------------------|-------------------|-----------------|-----------------|
| <b>Audited</b>                                                   |                                          |                                                                |                   |                 |                 |
| <b>FYE 30 April 2013</b>                                         |                                          |                                                                |                   |                 |                 |
| External Revenue                                                 | 11,306                                   | 13,626                                                         | 3,145             | -               | 28,077          |
| <b>Results</b>                                                   |                                          |                                                                |                   |                 |                 |
| Segment results                                                  | 2,171                                    | 2,182                                                          | 366               | -               | 4,719           |
| Allowance for annual leave                                       | (11)                                     | (12)                                                           | -                 | -               | (23)            |
| Depreciation of property, plant and equipment                    | (369)                                    | (370)                                                          | -                 | -               | (739)           |
| Interest expense                                                 | (144)                                    | (145)                                                          | -                 | -               | (289)           |
| Realised loss on foreign exchange                                | (4)                                      | (5)                                                            | -                 | -               | (9)             |
| Unrealised loss on foreign exchange                              | (15)                                     | (15)                                                           | -                 | -               | (30)            |
| Property, plant and equipment written off                        | -                                        | (1)                                                            | -                 | -               | (1)             |
| Gain on disposal of property, plant and equipment                | 809                                      | 813                                                            | -                 | -               | 1,622           |
| Interest income                                                  | 4                                        | 4                                                              | -                 | -               | 8               |
|                                                                  |                                          |                                                                |                   |                 | 5,258           |
| Income tax expense                                               |                                          |                                                                |                   |                 | (818)           |
| Profit after taxation                                            |                                          |                                                                |                   |                 | 4,440           |
| <b>Assets</b>                                                    |                                          |                                                                |                   |                 |                 |
| Segment assets                                                   | 21,149                                   | 21,247                                                         | 249               | -               | 42,645          |
| Non-allocated assets                                             | -                                        | -                                                              | -                 | -               | 478             |
| <b>Total assets</b>                                              |                                          |                                                                |                   |                 | 43,123          |
| <b>Liabilities</b>                                               |                                          |                                                                |                   |                 |                 |
| Segment liabilities                                              | 5,785                                    | 5,812                                                          | -                 | -               | 11,597          |
| Non-allocated liabilities                                        | -                                        | -                                                              | -                 | -               | 439             |
| <b>Total liabilities</b>                                         |                                          |                                                                |                   |                 | 12,036          |
| <b>Other Segment Item</b>                                        |                                          |                                                                |                   |                 |                 |
| Additions to non-current asset other than financial instrument:- |                                          |                                                                |                   |                 |                 |
| - property, plant and equipment                                  | 898                                      | 902                                                            | -                 | -               | 1,800           |

**12. ACCOUNTANTS' REPORT (Cont'd)****LKL INTERNATIONAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****25. OPERATING SEGMENTS (CONT'D)****GEOGRAPHICAL INFORMATION**

|                            | Revenue                  |               |               |                        |               |
|----------------------------|--------------------------|---------------|---------------|------------------------|---------------|
|                            | <----- Audited ----->    |               |               | Unaudited              | Audited       |
|                            | <-----FYE 30 April-----> |               |               | Six (6)-month          |               |
|                            |                          |               |               | <---FPE 31 October---> |               |
|                            | 2013                     | 2014          | 2015          | 2014                   | 2015          |
|                            | RM'000                   | RM'000        | RM'000        | RM'000                 | RM'000        |
| Malaysia                   | 21,740                   | 30,347        | 31,431        | 9,863                  | 11,983        |
| Africa                     | 94                       | 857           | 2,894         | 402                    | 148           |
| Asia - other than Malaysia | 5,289                    | 2,810         | 3,643         | 1,465                  | 3,296         |
| Europe                     | 176                      | 297           | 84            | 84                     | 2             |
| Middle East                | 778                      | 4,582         | 851           | 504                    | 628           |
| Central America            | -                        | -             | 136           | -                      | -             |
|                            | <u>28,077</u>            | <u>38,893</u> | <u>39,039</u> | <u>12,318</u>          | <u>16,057</u> |

|                            | Non-current Assets       |               |               |                      |               |
|----------------------------|--------------------------|---------------|---------------|----------------------|---------------|
|                            | ←----- Audited -----→    |               |               | Unaudited            | Audited       |
|                            |                          |               |               | Six (6)-month        |               |
|                            | ←-----FYE 30 April-----→ |               |               | ←--FPE 31 October--→ |               |
|                            | 2013                     | 2014          | 2015          | 2014                 | 2015          |
|                            | RM'000                   | RM'000        | RM'000        | RM'000               | RM'000        |
| Malaysia                   | 13,549                   | 15,346        | 21,502        | 16,507               | 21,484        |
| Asia - other than Malaysia | 355                      | 363           | 210           | 311                  | 219           |
|                            | <u>13,904</u>            | <u>15,709</u> | <u>21,712</u> | <u>16,818</u>        | <u>21,703</u> |

**12. ACCOUNTANTS' REPORT (Cont'd)****LKL INTERNATIONAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****25. OPERATING SEGMENTS (CONT'D)****MAJOR CUSTOMERS**

The following are the major customers with revenue equal to or more than 10% of Group revenue:-

|            | Revenue                  |        |        |                      |         | Segment                                                            |
|------------|--------------------------|--------|--------|----------------------|---------|--------------------------------------------------------------------|
|            | ←-----Audited-----→      |        |        | Unaudited            | Audited |                                                                    |
|            |                          |        |        | Six (6)-month        |         |                                                                    |
|            | ←-----FYE 30 April-----→ |        |        | ←--FPE 31 October--→ |         |                                                                    |
|            | 2013                     | 2014   | 2015   | 2014                 | 2015    |                                                                    |
|            | RM'000                   | RM'000 | RM'000 | RM'000               | RM'000  |                                                                    |
| Customer A | -                        | 5,854  | -      | -                    | -       | Medical/healthcare beds,<br>Medical peripherals and<br>accessories |
| Customer B | -                        | 4,293  | -      | -                    | -       | Medical/healthcare beds,<br>Medical peripherals and<br>accessories |
|            | -                        | 10,147 | -      | -                    | -       |                                                                    |

**12. ACCOUNTANTS' REPORT (Cont'd)****LKL INTERNATIONAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****26. CAPITAL COMMITMENT**

|                                           | ←----- Audited ----->      |        |        | Unaudited     | Audited |
|-------------------------------------------|----------------------------|--------|--------|---------------|---------|
|                                           | ←----- FYE 30 April -----> |        |        | Six (6)-month |         |
|                                           | 2013                       | 2014   | 2015   | 2014          | 2015    |
|                                           | RM'000                     | RM'000 | RM'000 | RM'000        | RM'000  |
| Authorised But Not Contracted For         |                            |        |        |               |         |
| Purchase of property, plant and equipment | 378                        | 743    | 66     | -             | -       |

**27. FINANCIAL INSTRUMENTS**

The Group's activities are exposed to a variety of market risks (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

**27.1 FINANCIAL RISK MANAGEMENT POLICIES**

The Group's policies in respect of major areas of treasury activity are as follows:

**(a) Market Risk****(i) Foreign Currency Risk**

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. The currencies giving rise to these risks are primarily United States Dollar ("USD"), Euro ("EUR"), and Singapore Dollar ("SGD"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

**12. ACCOUNTANTS' REPORT (Cont'd)****LKL INTERNATIONAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****27. FINANCIAL INSTRUMENTS (CONT'D)****27.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(a) Market Risk (Cont'd)****(i) Foreign Currency Risk (Cont'd)***Foreign currency exposure*

|                              | <b>USD<br/>RM'000</b> | <b>EUR<br/>RM'000</b> | <b>SGD<br/>RM'000</b> |
|------------------------------|-----------------------|-----------------------|-----------------------|
| <b>Audited</b>               |                       |                       |                       |
| <b>FPE 31 October 2015</b>   |                       |                       |                       |
| <u>Financial Assets</u>      |                       |                       |                       |
| Trade receivables            | 420                   | -                     | 54                    |
| Cash and bank balances       | 2,957                 | 4                     | -                     |
|                              | <u>3,377</u>          | <u>4</u>              | <u>54</u>             |
| <u>Financial Liability</u>   |                       |                       |                       |
| Trade payables               | 1                     | 21                    | 7                     |
|                              | <u>3,376</u>          | <u>(17)</u>           | <u>47</u>             |
| <b>Unaudited</b>             |                       |                       |                       |
| <b>FPE 31 October 2014</b>   |                       |                       |                       |
| <u>Financial Assets</u>      |                       |                       |                       |
| Trade receivables            | 2,100                 | -                     | 356                   |
| Cash and bank balances       | 3,134                 | 105                   | -                     |
|                              | <u>5,234</u>          | <u>105</u>            | <u>356</u>            |
| <u>Financial Liabilities</u> |                       |                       |                       |
| Trade payables               | 1,052                 | 1,326                 | 5                     |
| Bankers' acceptances         | -                     | 64                    | -                     |
|                              | <u>1,052</u>          | <u>1,390</u>          | <u>5</u>              |
| <b>Currency Exposure</b>     | <u>4,182</u>          | <u>(1,285)</u>        | <u>351</u>            |

**12. ACCOUNTANTS' REPORT (Cont'd)****LKL INTERNATIONAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****27. FINANCIAL INSTRUMENTS (CONT'D)****27.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(a) Market Risk (Cont'd)****(i) Foreign Currency Risk (Cont'd)***Foreign currency exposure (Cont'd)*

|                              | <b>USD</b>    | <b>EUR</b>    | <b>SGD</b>    |
|------------------------------|---------------|---------------|---------------|
| <b>Audited</b>               | <b>RM'000</b> | <b>RM'000</b> | <b>RM'000</b> |
| <b>FYE 30 April 2015</b>     |               |               |               |
| <u>Financial Assets</u>      |               |               |               |
| Trade receivables            | 396           | -             | 12            |
| Cash and bank balances       | 2,792         | 13            | -             |
|                              | <u>3,188</u>  | <u>13</u>     | <u>12</u>     |
| <u>Financial Liabilities</u> |               |               |               |
| Trade payables               | 4             | 130           | -             |
| Bankers' acceptances         | 67            | -             | -             |
|                              | <u>71</u>     | <u>130</u>    | <u>-</u>      |
| Currency Exposure            | <u>3,117</u>  | <u>(117)</u>  | <u>12</u>     |
|                              |               |               |               |
|                              | <b>USD</b>    | <b>EUR</b>    | <b>SGD</b>    |
| <b>Audited</b>               | <b>RM'000</b> | <b>RM'000</b> | <b>RM'000</b> |
| <b>FYE 30 April 2014</b>     |               |               |               |
| <u>Financial Assets</u>      |               |               |               |
| Trade receivables            | 1,901         | -             | -             |
| Cash and bank balances       | 3,844         | 155           | -             |
|                              | <u>5,745</u>  | <u>155</u>    | <u>-</u>      |
| <u>Financial Liability</u>   |               |               |               |
| Trade payables               | 172           | 26            | *             |
|                              | <u>172</u>    | <u>26</u>     | <u>*</u>      |
| Currency Exposure            | <u>5,573</u>  | <u>129</u>    | <u>*</u>      |

Note:-

\* - Amount less than RM1,000.

**12. ACCOUNTANTS' REPORT (Cont'd)****LKL INTERNATIONAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****27. FINANCIAL INSTRUMENTS (CONT'D)****27.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(a) Market Risk (Cont'd)****(i) Foreign Currency Risk (Cont'd)**

|                                                | <b>USD<br/>RM'000</b> | <b>EUR<br/>RM'000</b> | <b>SGD<br/>RM'000</b> |
|------------------------------------------------|-----------------------|-----------------------|-----------------------|
| <b>Audited<br/>FYE 30 April 2013</b>           |                       |                       |                       |
| <u>Financial Assets</u>                        |                       |                       |                       |
| Trade receivables                              | 2,394                 | -                     | 16                    |
| Other receivables, deposits<br>and prepayments | 96                    | 442                   | 2                     |
| Cash and bank balances                         | 292                   | 5                     | -                     |
|                                                | <b>2,782</b>          | <b>447</b>            | <b>18</b>             |
| <u>Financial Liability</u>                     |                       |                       |                       |
| Trade payables                                 | 209                   | 495                   | -                     |
| Currency Exposure                              | <b>2,573</b>          | <b>(48)</b>           | <b>18</b>             |

*Foreign currency risk sensitivity analysis*

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies at the end of the reporting period, with all other variables held constant:-

|                                         | <b>&lt;----- Audited -----&gt;</b>      |                        | <b>Unaudited</b>                          |                        | <b>Audited</b>         |
|-----------------------------------------|-----------------------------------------|------------------------|-------------------------------------------|------------------------|------------------------|
|                                         |                                         |                        | <b>Six (6)-month</b>                      |                        |                        |
|                                         | <b>&lt;----- FYE 30 April -----&gt;</b> |                        | <b>&lt;----- FPE 31 October -----&gt;</b> |                        |                        |
|                                         | <b>2013<br/>RM'000</b>                  | <b>2014<br/>RM'000</b> | <b>2015<br/>RM'000</b>                    | <b>2014<br/>RM'000</b> | <b>2015<br/>RM'000</b> |
| <b>Effects On Profit After Taxation</b> |                                         |                        |                                           |                        |                        |
| USD/RM - strengthened by 10%            | 257                                     | 557                    | 312                                       | 418                    | 338                    |
| - weakened by 10%                       | (257)                                   | (557)                  | (312)                                     | (418)                  | (338)                  |
| EUR/RM - strengthened by 10%            | (5)                                     | 13                     | (12)                                      | (129)                  | (2)                    |
| - weakened by 10%                       | 5                                       | (13)                   | 12                                        | 129                    | 2                      |
| SGD/RM - strengthened by 10%            | 2                                       | *                      | 1                                         | 35                     | 5                      |
| - weakened by 10%                       | (2)                                     | *                      | (1)                                       | (35)                   | (5)                    |

Note:-

\* - Amount less than RM1,000.

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**12. ACCOUNTANTS' REPORT (Cont'd)**


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**LKL INTERNATIONAL BERHAD**
**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**
**27. FINANCIAL INSTRUMENTS (CONT'D)**
**27.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)**
**(a) Market Risk (Cont'd)**
**(ii) Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from interest-bearing borrowings. The Group's policy is to obtain the most favourable interest rate available.

Information relating to the Group's exposure to the interest rate risk of the financial liabilities is disclosed in Note 27.1(c) to the combined financial statements.

*Interest rate risk sensitivity analysis*

The analysis is not presented as the sensitivity impact is immaterial.

**(iii) Equity Price Risk**

The Group does not have any quoted investments and hence is not exposed to equity price risk.

**12. ACCOUNTANTS' REPORT (Cont'd)****LKL INTERNATIONAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****27. FINANCIAL INSTRUMENTS (CONT'D)****27.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(b) Credit Risk**

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets, the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for the Group of similar assets in respect of losses that have been incurred but not yet identified. Impairment is estimated by management based on prior experience and the current economic environment.

**(i) Credit risk concentration profile**

The Group's major concentration of credit risk relates to the trade receivables as at the end of the reporting period is as follows:-

|                     | Audited       |        |        | Unaudited      | Audited |
|---------------------|---------------|--------|--------|----------------|---------|
|                     | Six (6)-month |        |        | Six (6)-month  |         |
|                     | FYE 30 April  |        |        | FPE 31 October |         |
|                     | 2013          | 2014   | 2015   | 2014           | 2015    |
|                     | RM'000        | RM'000 | RM'000 | RM'000         | RM'000  |
| Number of customers | 1             | 1      | 1      | -              | -       |
| Percentage          | 18%           | 18%    | 12%    | -              | -       |

**12. ACCOUNTANTS' REPORT (Cont'd)****LKL INTERNATIONAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****27. FINANCIAL INSTRUMENTS (CONT'D)****27.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(b) Credit Risk****(ii) Exposure to credit risk**

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets at the end of the reporting period.

The exposure of credit risk for trade receivables (including amount owing by a related party) by geographical region is as follows:-

|                            | <b>&lt;----- Audited -----&gt;</b>    |               |               | <b>Unaudited</b>     | <b>Audited</b> |
|----------------------------|---------------------------------------|---------------|---------------|----------------------|----------------|
|                            | <b>&lt;-----FYE 30 April-----&gt;</b> |               |               | <b>Six (6)-month</b> |                |
|                            | <b>2013</b>                           | <b>2014</b>   | <b>2015</b>   | <b>2014</b>          | <b>2015</b>    |
|                            | <b>RM'000</b>                         | <b>RM'000</b> | <b>RM'000</b> | <b>RM'000</b>        | <b>RM'000</b>  |
| Africa                     | *                                     | *             | -             | -                    | -              |
| Asia - other than Malaysia | 2,256                                 | 430           | 257           | 584                  | 193            |
| Europe                     | -                                     | 11            | -             | -                    | -              |
| Malaysia                   | 8,666                                 | 7,127         | 6,630         | 4,472                | 5,726          |
| Middle East                | 275                                   | 1,904         | 142           | 101                  | 331            |
|                            | <b>11,197</b>                         | <b>9,472</b>  | <b>7,029</b>  | <b>5,157</b>         | <b>6,250</b>   |

*Note:-*

\* - Amount less than RM1,000.

**12. ACCOUNTANTS' REPORT (Cont'd)****LKL INTERNATIONAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****27. FINANCIAL INSTRUMENTS (CONT'D)****27.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(b) Credit Risk (Cont'd)****(iii) Ageing analysis**

The ageing analysis of the Group's trade receivables (including amount owing by a related party) at the end of the reporting period is as follows:-

|                            | <b>Gross<br/>Amount<br/>RM'000</b> | <b>Individual<br/>Impairment<br/>RM'000</b> | <b>Carrying<br/>Value<br/>RM'000</b> |
|----------------------------|------------------------------------|---------------------------------------------|--------------------------------------|
| <b>Audited</b>             |                                    |                                             |                                      |
| <b>FPE 31 October 2015</b> |                                    |                                             |                                      |
| Not past due               | 4,551                              | -                                           | 4,551                                |
| Past due:                  |                                    |                                             |                                      |
| - less than 3 months       | 682                                | -                                           | 682                                  |
| - 3 to 6 months            | 355                                | -                                           | 355                                  |
| - over 6 months            | 1,436                              | (774)                                       | 662                                  |
|                            | <b>7,024</b>                       | <b>(774)</b>                                | <b>6,250</b>                         |
| <b>Unaudited</b>           |                                    |                                             |                                      |
| <b>FPE 31 October 2014</b> |                                    |                                             |                                      |
| Not past due               | 2,106                              | -                                           | 2,106                                |
| Past due:                  |                                    |                                             |                                      |
| - less than 3 months       | 922                                | -                                           | 922                                  |
| - 3 to 6 months            | 137                                | -                                           | 137                                  |
| - over 6 months            | 2,904                              | (912)                                       | 1,992                                |
|                            | <b>6,069</b>                       | <b>(912)</b>                                | <b>5,157</b>                         |

**12. ACCOUNTANTS' REPORT (Cont'd)****LKL INTERNATIONAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****27. FINANCIAL INSTRUMENTS (CONT'D)****27.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(b) Credit Risk (Cont'd)****(iii) Ageing analysis**

|                                      | <b>Gross<br/>Amount<br/>RM'000</b> | <b>Individual<br/>Impairment<br/>RM'000</b> | <b>Carrying<br/>Value<br/>RM'000</b> |
|--------------------------------------|------------------------------------|---------------------------------------------|--------------------------------------|
| <b>Audited<br/>FYE 30 April 2015</b> |                                    |                                             |                                      |
| Not past due                         | 4,421                              | -                                           | 4,421                                |
| Past due:                            |                                    |                                             |                                      |
| - less than 3 months                 | 2,301                              | -                                           | 2,301                                |
| - 3 to 6 months                      | 149                                | -                                           | 149                                  |
| - over 6 months                      | 1,209                              | (1,051)                                     | 158                                  |
|                                      | <b>8,080</b>                       | <b>(1,051)</b>                              | <b>7,029</b>                         |
| <b>Audited<br/>FYE 30 April 2014</b> |                                    |                                             |                                      |
| Not past due                         | 1,049                              | -                                           | 1,049                                |
| Past due:                            |                                    |                                             |                                      |
| - less than 3 months                 | 2,514                              | -                                           | 2,514                                |
| - 3 to 6 months                      | 4,638                              | -                                           | 4,638                                |
| - over 6 months                      | 2,228                              | (957)                                       | 1,271                                |
|                                      | <b>10,429</b>                      | <b>(957)</b>                                | <b>9,472</b>                         |

**12. ACCOUNTANTS' REPORT (Cont'd)****LKL INTERNATIONAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****27. FINANCIAL INSTRUMENTS (CONT'D)****27.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(b) Credit Risk (Cont'd)****(iii) Ageing analysis (Cont'd)**

| <b>Audited<br/>FYE 30 April 2013</b> | <b>Gross<br/>Amount<br/>RM'000</b> | <b>Individual<br/>Impairment<br/>RM'000</b> | <b>Carrying<br/>Value<br/>RM'000</b> |
|--------------------------------------|------------------------------------|---------------------------------------------|--------------------------------------|
| Not past due                         | 2,561                              | -                                           | 2,561                                |
| Past due:                            |                                    |                                             |                                      |
| - less than 3 months                 | 3,442                              | -                                           | 3,442                                |
| - 3 to 6 months                      | 4,229                              | -                                           | 4,229                                |
| - over 6 months                      | 965                                | -                                           | 965                                  |
|                                      | <b>11,197</b>                      | <b>-</b>                                    | <b>11,197</b>                        |

At the end of the reporting period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

*Trade receivables that are past due but not impaired*

The Group believe that no impairment allowance is necessary in respect of these receivables. They are substantially companies with good collection track record and no recent history of default.

*Trade receivables that are neither past due nor impaired*

The portion of receivables that are neither past due nor impaired are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 120 days, which are deemed to have higher credit risk, are monitored individually.

**12. ACCOUNTANTS' REPORT (Cont'd)****LKL INTERNATIONAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****27. FINANCIAL INSTRUMENTS (CONT'D)****27.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(c) Liquidity Risk**

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

| <b>Audited</b>              | <b>Weighted</b>       | <b>Carrying</b> | <b>Contractual</b>  | <b>Within</b> | <b>1 – 5</b>  | <b>Over 5</b> |
|-----------------------------|-----------------------|-----------------|---------------------|---------------|---------------|---------------|
| <b>FPE 31 October 2015</b>  | <b>Average</b>        | <b>Amount</b>   | <b>Undiscounted</b> | <b>1 Year</b> | <b>Years</b>  | <b>Years</b>  |
|                             | <b>Effective Rate</b> | <b>RM'000</b>   | <b>Cash Flows</b>   | <b>RM'000</b> | <b>RM'000</b> | <b>RM'000</b> |
|                             | <b>%</b>              |                 | <b>RM'000</b>       |               |               |               |
| Hire purchase payables      | 5.16                  | 576             | 637                 | 194           | 427           | 16            |
| Term loans                  | 5.28                  | 8,432           | 11,540              | 1,190         | 3,879         | 6,471         |
| Trade payables              | -                     | 2,049           | 2,049               | 2,049         | -             | -             |
| Other payables and accruals | -                     | 1,132           | 1,132               | 1,132         | -             | -             |
| Amount owing to a director  | -                     | 3               | 3                   | 3             | -             | -             |
| Bankers' acceptances        | 5.70                  | 495             | 495                 | 495           | -             | -             |
|                             |                       | 12,687          | 15,856              | 5,063         | 4,306         | 6,487         |

| <b>Unaudited</b>            | <b>Weighted</b>       | <b>Carrying</b> | <b>Contractual</b>  | <b>Within</b> | <b>1 – 5</b>  | <b>Over 5</b> |
|-----------------------------|-----------------------|-----------------|---------------------|---------------|---------------|---------------|
| <b>FPE 31 October 2014</b>  | <b>Average</b>        | <b>Amount</b>   | <b>Undiscounted</b> | <b>1 Year</b> | <b>Years</b>  | <b>Years</b>  |
|                             | <b>Effective Rate</b> | <b>RM'000</b>   | <b>Cash Flows</b>   | <b>RM'000</b> | <b>RM'000</b> | <b>RM'000</b> |
|                             | <b>%</b>              |                 | <b>RM'000</b>       |               |               |               |
| Hire purchase payables      | 5.18                  | 809             | 911                 | 249           | 617           | 45            |
| Term loans                  | 5.86                  | 4,850           | 6,048               | 877           | 3,111         | 2,060         |
| Trade payables              | -                     | 3,815           | 3,815               | 3,815         | -             | -             |
| Other payables and accruals | -                     | 2,641           | 2,641               | 2,641         | -             | -             |
| Bankers' acceptances        | 5.83                  | 64              | 64                  | 64            | -             | -             |
|                             |                       | 12,179          | 13,479              | 7,646         | 3,728         | 2,105         |

**12. ACCOUNTANTS' REPORT (Cont'd)****LKL INTERNATIONAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****27. FINANCIAL INSTRUMENTS (CONT'D)****27.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(c) Liquidity Risk**

| Audited<br>FYE 30 April 2015 | Weighted       | Carrying | Contractual  |        | 1 – 5  | Over 5 |
|------------------------------|----------------|----------|--------------|--------|--------|--------|
|                              | Average        |          | Undiscounted | Within |        |        |
|                              | Effective Rate | Amount   | Cash Flows   | 1 Year | Years  | Years  |
|                              | %              | RM'000   | RM'000       | RM'000 | RM'000 | RM'000 |
| Hire purchase payables       | 5.05           | 707      | 788          | 248    | 510    | 30     |
| Term loans                   | 5.30           | 8,764    | 11,501       | 1,190  | 4,092  | 6,219  |
| Trade payables               | -              | 2,225    | 2,225        | 2,225  | -      | -      |
| Other payables and accruals  | -              | 1,179    | 1,179        | 1,179  | -      | -      |
| Amount owing to a director   | -              | 3        | 3            | 3      | -      | -      |
| Bankers' acceptances         | 3.63           | 638      | 638          | 638    | -      | -      |
|                              |                | 13,516   | 16,334       | 5,483  | 4,602  | 6,249  |

| Audited<br>FYE 30 April 2014    | Weighted       | Carrying | Contractual  |        | 1 – 5  | Over 5 |
|---------------------------------|----------------|----------|--------------|--------|--------|--------|
|                                 | Average        |          | Undiscounted | Within |        |        |
|                                 | Effective Rate | Amount   | Cash Flows   | 1 Year | Years  | Years  |
|                                 | %              | RM'000   | RM'000       | RM'000 | RM'000 | RM'000 |
| Hire purchase payables          | 5.20           | 450      | 498          | 152    | 326    | 20     |
| Term loans                      | 5.85           | 5,279    | 5,835        | 1,117  | 3,299  | 1,419  |
| Trade payables                  | -              | 2,083    | 2,083        | 2,083  | -      | -      |
| Amount owing to a related party | -              | 51       | 51           | 51     | -      | -      |
| Other payables and accruals     | -              | 2,366    | 2,366        | 2,366  | -      | -      |
| Bankers' acceptances            | 5.27           | 315      | 315          | 315    | -      | -      |
|                                 |                | 10,544   | 11,148       | 6,084  | 3,625  | 1,439  |

| Audited<br>FYE 30 April 2013    | Weighted       | Carrying | Contractual  |        | 1 – 5  | Over 5 |
|---------------------------------|----------------|----------|--------------|--------|--------|--------|
|                                 | Average        |          | Undiscounted | Within |        |        |
|                                 | Effective Rate | Amount   | Cash Flows   | 1 Year | Years  | Years  |
|                                 | %              | RM'000   | RM'000       | RM'000 | RM'000 | RM'000 |
| Hire purchase payables          | 2.86           | 257      | 277          | 96     | 181    | -      |
| Term loans                      | 5.69           | 6,153    | 7,103        | 1,432  | 3,679  | 1,992  |
| Trade payables                  | -              | 3,302    | 3,302        | 3,302  | -      | -      |
| Amount owing to a related party | -              | 155      | 155          | 155    | -      | -      |
| Other payables and accruals     | -              | 1,522    | 1,522        | 1,522  | -      | -      |
| Bankers' acceptances            | 5.21           | 208      | 208          | 208    | -      | -      |
|                                 |                | 11,597   | 12,567       | 6,715  | 3,860  | 1,992  |

**12. ACCOUNTANTS' REPORT (Cont'd)****LKL INTERNATIONAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****27. FINANCIAL INSTRUMENTS (CONT'D)****27.2 CAPITAL RISK MANAGEMENT**

The Group manages its capital by maintaining an optimal capital structure so as to support its businesses and maximise shareholders value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio. The debt-to-equity ratio is calculated as net debt divided by total equity. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents.

There were no changes in the Group's approach to capital management during the financial year.

The debt-to-equity ratio of the Group at the end of the reporting period was as follows:

|                                    | ←----- Audited-----→     |         |         | Unaudited            | Audited |
|------------------------------------|--------------------------|---------|---------|----------------------|---------|
|                                    | ←-----FYE 30 April-----→ |         |         | Six (6)-month        |         |
|                                    |                          |         |         | ←--FPE 31 October--→ |         |
|                                    | 2013                     | 2014    | 2015    | 2014                 | 2015    |
|                                    | RM'000                   | RM'000  | RM'000  | RM'000               | RM'000  |
| Trade payables                     | 3,302                    | 2,083   | 2,225   | 3,815                | 2,049   |
| Amount owing to related parties    | 155                      | 51      | -       | -                    | -       |
| Other payables and accruals        | 1,522                    | 2,366   | 1,179   | 2,641                | 1,132   |
| Amount owing to a director         | -                        | -       | 3       | -                    | 3       |
| Bankers' acceptances               | 208                      | 315     | 638     | 64                   | 495     |
| Hire purchase payables             | 257                      | 450     | 707     | 809                  | 576     |
| Term loans                         | 6,153                    | 5,279   | 8,764   | 4,850                | 8,432   |
|                                    | 11,597                   | 10,544  | 13,516  | 12,179               | 12,687  |
| Less:                              |                          |         |         |                      |         |
| Fixed deposit with a licensed bank | (600)                    | (619)   | (619)   | (619)                | (619)   |
| Cash and bank balances             | (4,218)                  | (6,925) | (3,986) | (7,485)              | (6,066) |
| Net debt                           | 6,779                    | 3,000   | 8,911   | 4,075                | 6,002   |
| Total equity                       | 31,087                   | 32,348  | 31,310  | 32,786               | 33,593  |
| Debt-to-equity ratio               | 0.22                     | 0.09    | 0.28    | 0.12                 | 0.18    |

**12. ACCOUNTANTS' REPORT (Cont'd)****LKL INTERNATIONAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****27. FINANCIAL INSTRUMENTS (CONT'D)****27.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS**

|                                               | <b>&lt;----- Audited-----&gt;</b>     |               |               | <b>Unaudited</b>     | <b>Audited</b> |
|-----------------------------------------------|---------------------------------------|---------------|---------------|----------------------|----------------|
|                                               | <b>&lt;-----FYE 30 April-----&gt;</b> |               |               | <b>Six (6)-month</b> |                |
|                                               | <b>2013</b>                           | <b>2014</b>   | <b>2015</b>   | <b>2014</b>          | <b>2015</b>    |
|                                               | <b>RM'000</b>                         | <b>RM'000</b> | <b>RM'000</b> | <b>RM'000</b>        | <b>RM'000</b>  |
| <b>Financial Asset</b>                        |                                       |               |               |                      |                |
| <u>Loans and receivables financial assets</u> |                                       |               |               |                      |                |
| Trade receivables                             | 10,851                                | 9,472         | 7,029         | 5,157                | 6,250          |
| Other receivables and deposits                | 533                                   | 492           | 258           | 599                  | 156            |
| Amount owing by related parties               | 467                                   | 278           | -             | 664                  | -              |
| Amount owing by directors                     | 1,492                                 | -             | 58            | 18                   | -              |
| Fixed deposit with a licensed bank            | 600                                   | 619           | 619           | 619                  | 619            |
| Cash and bank balances                        | 4,218                                 | 6,925         | 3,986         | 7,485                | 6,066          |
|                                               | <u>18,161</u>                         | <u>17,786</u> | <u>11,950</u> | <u>14,542</u>        | <u>13,091</u>  |
| <b>Financial Liability</b>                    |                                       |               |               |                      |                |
| <u>Other financial liabilities</u>            |                                       |               |               |                      |                |
| Trade payables                                | 3,302                                 | 2,083         | 2,225         | 3,815                | 2,049          |
| Other payables and accruals                   | 1,522                                 | 2,366         | 1,179         | 2,641                | 1,132          |
| Amount owing to a director                    | -                                     | -             | 3             | -                    | 3              |
| Amount owing to related parties               | 155                                   | 51            | -             | -                    | -              |
| Bankers' acceptances                          | 208                                   | 315           | 638           | 64                   | 495            |
| Hire purchase payables                        | 257                                   | 450           | 707           | 809                  | 576            |
| Term loans                                    | 6,153                                 | 5,279         | 8,764         | 4,850                | 8,432          |
|                                               | <u>11,597</u>                         | <u>10,544</u> | <u>13,516</u> | <u>12,179</u>        | <u>12,687</u>  |

**12. ACCOUNTANTS' REPORT (Cont'd)****LKL INTERNATIONAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****27. FINANCIAL INSTRUMENTS (CONT'D)****27.4 FAIR VALUE INFORMATION**

Other than those disclosed below, the fair values of the financial assets and financial liabilities maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments. The fair values are included in level 2 of the fair value hierarchy.

|                              | Fair Value Of Financial Instruments<br>Carried At Fair Value |                   |                   | Fair Value Of Financial Instruments<br>Not Carried At Fair Value |                   |                   | Total<br>Fair<br>Value | Carrying<br>Amount |
|------------------------------|--------------------------------------------------------------|-------------------|-------------------|------------------------------------------------------------------|-------------------|-------------------|------------------------|--------------------|
|                              | Level 1<br>RM'000                                            | Level 2<br>RM'000 | Level 3<br>RM'000 | Level 1<br>RM'000                                                | Level 2<br>RM'000 | Level 3<br>RM'000 | RM'000                 | RM'000             |
| <b>Audited</b>               |                                                              |                   |                   |                                                                  |                   |                   |                        |                    |
| <b>FPE 31 October 2015</b>   |                                                              |                   |                   |                                                                  |                   |                   |                        |                    |
| <u>Financial Liabilities</u> |                                                              |                   |                   |                                                                  |                   |                   |                        |                    |
| Hire purchase payables       | -                                                            | -                 | -                 | -                                                                | 584               | -                 | 584                    | 576                |
| Term loans                   | -                                                            | -                 | -                 | -                                                                | 7,575             | -                 | 7,575                  | 8,432              |
|                              |                                                              |                   |                   |                                                                  |                   |                   |                        |                    |
| <b>Unaudited</b>             |                                                              |                   |                   |                                                                  |                   |                   |                        |                    |
| <b>FPE 31 October 2014</b>   |                                                              |                   |                   |                                                                  |                   |                   |                        |                    |
| <u>Financial Liabilities</u> |                                                              |                   |                   |                                                                  |                   |                   |                        |                    |
| Hire purchase payables       | -                                                            | -                 | -                 | -                                                                | 810               | -                 | 810                    | 809                |
| Term loans                   | -                                                            | -                 | -                 | -                                                                | 4,185             | -                 | 4,185                  | 4,850              |

## 12. ACCOUNTANTS' REPORT (Cont'd)

## LKL INTERNATIONAL BERHAD

## NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

## 27. FINANCIAL INSTRUMENTS (CONT'D)

## 27.4 FAIR VALUE INFORMATION (CONT'D)

|                                            | Fair Value Of Financial Instruments Carried At Fair Value |                   |                   | Fair Value Of Financial Instruments Not Carried At Fair Value |                   |                   | Total Fair Value | Carrying Amount |
|--------------------------------------------|-----------------------------------------------------------|-------------------|-------------------|---------------------------------------------------------------|-------------------|-------------------|------------------|-----------------|
|                                            | Level 1<br>RM'000                                         | Level 2<br>RM'000 | Level 3<br>RM'000 | Level 1<br>RM'000                                             | Level 2<br>RM'000 | Level 3<br>RM'000 | RM'000           | RM'000          |
| <b>Audited</b><br><b>FYE 30 April 2015</b> |                                                           |                   |                   |                                                               |                   |                   |                  |                 |
| <u>Financial Liabilities</u>               |                                                           |                   |                   |                                                               |                   |                   |                  |                 |
| Hire purchase payables                     | -                                                         | -                 | -                 | -                                                             | 707               | -                 | 707              | 707             |
| Term loans                                 | -                                                         | -                 | -                 | -                                                             | 7,904             | -                 | 7,904            | 8,764           |
| <b>Audited</b><br><b>FYE 30 April 2014</b> |                                                           |                   |                   |                                                               |                   |                   |                  |                 |
| <u>Financial Liabilities</u>               |                                                           |                   |                   |                                                               |                   |                   |                  |                 |
| Hire purchase payables                     | -                                                         | -                 | -                 | -                                                             | 444               | -                 | 444              | 450             |
| Term loans                                 | -                                                         | -                 | -                 | -                                                             | 4,634             | -                 | 4,634            | 5,279           |
| <b>Audited</b><br><b>FYE 30 April 2013</b> |                                                           |                   |                   |                                                               |                   |                   |                  |                 |
| <u>Financial Liabilities</u>               |                                                           |                   |                   |                                                               |                   |                   |                  |                 |
| Hire purchase payables                     | -                                                         | -                 | -                 | -                                                             | 255               | -                 | 255              | 257             |
| Term loans                                 | -                                                         | -                 | -                 | -                                                             | 5,667             | -                 | 5,667            | 6,153           |

**12. ACCOUNTANTS' REPORT (Cont'd)****LKL INTERNATIONAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****27. FINANCIAL INSTRUMENTS (CONT'D)****27.4 FAIR VALUE INFORMATION (CONT'D)**

The fair value of hire purchase payables and term loans are determined by discounting the relevant cash flows using interest rates for similar instruments at the end of the reporting period. The interest rates used to discount the estimated cash flows are as follows:-

|                        | <----- Audited ----->    |      |      | Unaudited     | Audited |
|------------------------|--------------------------|------|------|---------------|---------|
|                        | <-----FYE 30 April-----> |      |      | Six (6)-month |         |
|                        | 2013                     | 2014 | 2015 | 2014          | 2015    |
|                        | %                        | %    | %    | %             | %       |
| Hire purchase payables | 2.86                     | 5.05 | 5.05 | 5.18          | 4.96    |
| Term loan              | 5.69                     | 5.36 | 5.30 | 5.86          | 5.28    |

**28. FOREIGN EXCHANGE RATES**

The principal closing foreign exchange rates used (expressed on the basis of one unit of foreign currency to RM equivalent) for the translation of foreign currency balances at the end of the reporting period are as follows:-

|     | <----- Audited ----->    |        |        | Unaudited     | Audited |
|-----|--------------------------|--------|--------|---------------|---------|
|     | <-----FYE 30 April-----> |        |        | Six (6)-month |         |
|     | 2013                     | 2014   | 2015   | 2014          | 2015    |
|     | RM'000                   | RM'000 | RM'000 | RM'000        | RM'000  |
| EUR | 3.97                     | 4.50   | 3.99   | 4.20          | 4.73    |
| SGD | 2.46                     | 2.59   | 2.69   | 2.60          | 3.07    |
| USD | 3.03                     | 3.26   | 3.56   | 3.30          | 4.30    |

**12. ACCOUNTANTS' REPORT (Cont'd)****LKL INTERNATIONAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****29. SIGNIFICANT EVENTS DURING/SUBSEQUENT TO THE FINANCIAL PERIOD**

On 10 July 2015, LKL Advance Metaltech increased its issued and paid-up share capital from RM1,500,000 to RM2,000,000 by the allotment of 500,000 new ordinary shares of RM1.00 each at par for the purpose of working capital. The new ordinary shares were issued for cash consideration. The new ordinary shares issued rank pari passu in all respects with the existing shares of LKL Advance Metaltech.

On 13 July 2015, LKL International entered into a conditional Share Sale Agreement with the vendors of LKL Advance Metaltech, namely Lim Kon Lian, Mok Mei Lan, Elaine Lim Sin Yee, Lim Pak Hong and Tan Chuan Hock, to acquire the entire issued and paid-up share capital of LKL Advance Metaltech of RM2,000,000 comprising 2,000,000 ordinary shares of RM1.00 each for a total purchase consideration of RM31,579,990 which will be wholly satisfied by the issuance of 315,799,900 new Shares at an issue price of RM0.10 per Share.

The purchase consideration of LKL Advance Metaltech of RM31,579,990 was arrived at on a willing-buyer willing-seller basis, after taking into consideration the NA position of LKL Advance Metaltech as at 30 April 2015 of RM31,380,225 and the increase in its issued and paid-up share capital of RM500,000 comprising 500,000 ordinary shares of RM1.00 each on 10 July 2015. The purchase consideration represents a price to book ratio and price to earnings ratio of approximately 0.99 time and 5.24 times respectively.

On 8 January 2016, LKL International obtained conditional approval from Bursa Malaysia Securities Berhad ("Bursa Securities") to list LKL International on the ACE Market of Bursa Securities.

The acquisition of LKL Advance Metaltech was completed on 10 March 2016 and LKL Advance Metaltech became a wholly-owned subsidiary of LKL International. On 10 March 2016, LKL International has increased its authorised share capital from RM400,000 to RM50,000,000 by the creation of 496,000,000 new ordinary shares of RM0.10 each.

**12. ACCOUNTANTS' REPORT (Cont'd)****LKL INTERNATIONAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****30. COMPARATIVE FIGURES**

The following figures have been reclassified to conform with the presentation of the current financial year:-

|                                                                               | <b>FYE 30 April 2014</b> |                                        | <b>FYE 30 April 2013</b> |                                        |
|-------------------------------------------------------------------------------|--------------------------|----------------------------------------|--------------------------|----------------------------------------|
|                                                                               | As<br>Restated<br>RM'000 | As<br>Previously<br>Reported<br>RM'000 | As<br>Restated<br>RM'000 | As<br>Previously<br>Reported<br>RM'000 |
| <b>Statement of Financial Position (Extract):-</b>                            |                          |                                        |                          |                                        |
| Property, plant and equipment                                                 | 15,709                   | 15,593                                 | 13,904                   | 13,785                                 |
| Land use right                                                                | -                        | 116                                    | -                        | 119                                    |
| Trade receivables                                                             | 9,472                    | -                                      | 10,851                   | -                                      |
| Other receivables, deposits and prepayments                                   | 1,324                    | -                                      | 1,711                    | -                                      |
| Trade and other receivables                                                   | -                        | 10,161                                 | -                        | 13,863                                 |
| Amount owing by related parties                                               | 278                      | -                                      | 467                      | -                                      |
| Amount owing by directors                                                     | -                        | -                                      | 1,492                    | -                                      |
| Other current asset                                                           | -                        | 612                                    | -                        | 608                                    |
| Fixed deposit with a licensed bank                                            | 619                      | -                                      | 600                      | 3,404                                  |
| Cash and bank balances                                                        | 6,925                    | 7,544                                  | 4,218                    | 1,414                                  |
| Trade payables                                                                | (2,083)                  | -                                      | (3,302)                  | -                                      |
| Other payables and accruals                                                   | (2,366)                  | -                                      | (1,522)                  | -                                      |
| Amount owing to related parties                                               | (51)                     | -                                      | (155)                    | -                                      |
| Trade and other payables                                                      | -                        | (4,199)                                | -                        | (4,929)                                |
| <b>Statement of Cash Flows (Extract):-</b>                                    |                          |                                        |                          |                                        |
| Net cash from operating activities                                            | 9,223                    | 10,889                                 | 726                      | (368)                                  |
| Net cash for investing activities                                             | (868)                    | (2,155)                                | (630)                    | 680                                    |
| Net cash for financing activities                                             | (5,648)                  | (6,008)                                | (382)                    | (632)                                  |
| Cash and cash equivalents at beginning of the financial year                  | 4,218                    | 4,818                                  | 4,504                    | 5,138                                  |
| Cash and cash equivalents at end of the financial year                        | 6,925                    | 7,544                                  | 4,218                    | 4,818                                  |
| <b>Statement of Profit Or Loss And Other Comprehensive Income (Extract):-</b> |                          |                                        |                          |                                        |
| Other income                                                                  | 440                      | 760                                    | 1,653                    | 1,912                                  |
| Administrative expenses                                                       | (4,663)                  | (5,668)                                | (4,382)                  | (4,398)                                |
| Selling and distribution expenses                                             | (2,290)                  | (2,720)                                | (1,681)                  | (1,941)                                |
| Other expenses                                                                | (1,383)                  | (269)                                  | (367)                    | (349)                                  |

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**12. ACCOUNTANTS' REPORT (Cont'd)**

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**LKL INTERNATIONAL BERHAD**

**STATEMENT BY DIRECTORS**

We, Lim Kon Lian and Mok Mei Lan, being two of the directors of LKL International Berhad, state in the opinion of the directors, the financial statements set out on pages 3 to 69 are drawn up in accordance with Malaysia Financial Reporting Standards, International Financial Reporting Standards and Prospectus Guidelines – Equity issued by the Securities Commission Malaysia so as to give a true and fair view of the financial position of LKL International as at 30 April 2013, 2014 and 2015 and 31 October 2014 and 2015 and of their financial performance and cash flows for the financial year/period ended on that date.

Signed in accordance with a resolution of the directors dated **07 APR 2016**



Lim Kon Lian



Mok Mei Lan

### 13. DIRECTORS' REPORT



#### **LKL INTERNATIONAL BERHAD (1140005-V)**

Wisma LKL, No 3, Jalan BS 7/18, Kawasan Perindustrian Bukit Serdang, Seksyen 7, 43300 Seri Kembangan, Selangor Darul Ehsan, Malaysia. Tel: 603-89482990 (Hunting Lines) Fax: 603-89487904, 89438487  
Email: [info@lklbeds.com](mailto:info@lklbeds.com) Website: [www.lklbeds.com](http://www.lklbeds.com)

Date: 21 APR 2016

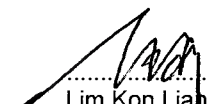
The Shareholders of  
**LKL International Berhad**  
Third Floor, No.79 (Room A)  
Jalan SS21/60  
Damansara Utama  
47400 Petaling Jaya  
Selangor Darul Ehsan

Dear Sir/Madam,

On behalf of the Board of Directors ("Board") of LKL International Berhad ("Company"), I wish to report that, after making due enquiries in relation to the Company and its subsidiary ("Group") during the period between 31 October 2015, being the date to which the latest audited financial statements have been made up, and the date hereof, being a date not earlier than 14 days before the date of issue of this Prospectus:-

- (a) in the opinion of the Board, the business of the Group has been satisfactorily maintained;
- (b) in the opinion of the Board, there have been no circumstances, which have arisen since the last audited financial statements of the Group, which has adversely affected the trading or the value of the assets of the Group;
- (c) the current assets of the Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) save as disclosed in this Prospectus, there are no contingent liabilities by reason of any guarantees or indemnities given by the Group;
- (e) since the last audited financial statements of the Group, there has been no default or any known event that could give rise to a default situation, on payments of either interest and/or principal sums for any borrowings in which the Board is aware of; and
- (f) since the last audited financial statements of the Group, there has been no material change in the published reserves or any unusual factors affecting the profits of the Group.

Yours faithfully  
For and on behalf of the Board of Directors of  
**LKL International Berhad**

  
.....  
Lim Kon Lian  
Managing Director

***www.lklbeds.com***

*(Manufacturer: Medical Beds - Delivery Beds - Other Medical Accessories - Customised Healthcare Furniture & Equipment)*

## 14 ADDITIONAL INFORMATION

### 14.1 SHARE CAPITAL

- (i) No shares will be allotted or issued on the basis of this Prospectus later than 12 months after the date of this Prospectus.
- (ii) We have no founder, management or deferred shares in our Group. As at the date of this Prospectus, we only have one (1) class of shares, namely ordinary shares of RM0.10 each, all of which rank equally with one another.
- (iii) None of our Group's capital is under any option or agreed conditionally or unconditionally to be put under any option.
- (iv) No person has been or is entitled to be given an option to subscribe for any share, stock, debenture or other security of our Group.
- (v) There is no scheme involving our employees in the capital of our Group, except for the Pink Form Allocations.
- (vi) Save as disclosed in Section 3.5, Section 5.1.3, Section 5.2 and Section 5.3 of this Prospectus, no shares, debentures, outstanding warrants, options, convertible securities or uncalled capital of our Group have been or are proposed to be issued as partly or fully paid-up, in cash or otherwise than in cash, within the two (2) years preceding the date of this Prospectus.
- (vii) As at the date of this Prospectus, our Group does not have any outstanding convertible debt securities, options, warrants or uncalled capital.

### 14.2 EXTRACT OF OUR ARTICLES OF ASSOCIATION

The following provisions are reproduced from our Company's Articles of Association ("**Articles**") which comply with the Listing Requirements, the Act and the Rules.

The words and expressions appearing in the following provisions shall bear the same meanings used in our Company's Articles or the context otherwise require:-

#### (i) **Transfer of securities**

The provisions in our Articles of Association in respect of the arrangements for transfer of the securities and restrictions on their free transferability are as follows:

##### **Article 27**

The transfer of any listed Securities or class of listed Securities of the Company, shall be by way of book entry by the Bursa Depository in accordance with the Rules and, notwithstanding Sections 103 and 104 of the Act, but subject to Section 107C(2) of the Act and any exemption that may be made from compliance with Section 107C(1) of the Act, the Company shall be precluded from registering and effecting any transfer of such listed Securities.

##### **Article 28**

Subject to the Rules and Listing Requirements, the transfer of any Securities may be suspended at such times and for such periods as the Directors may from time to time determine. Ten (10) Market Days' notice, or such other period as may from time to time be specified by the Exchange governing the Register concerned, of intention to close the Register shall be given to the Exchange. At least three (3) Market Days' prior notice shall be given to the Bursa Depository to prepare the appropriate Record of Depositors.

**14. ADDITIONAL INFORMATION (Cont'd)****Article 29**

The Bursa Depository may refuse to register any transfer of Deposited Security that does not comply with the Central Depositories Act and the Rules.

**Article 30**

Subject to the provisions of these Articles, the Directors may recognise a renunciation of any share by the allottee thereof in favour of some other person.

**Article 31**

Subject to any law in Malaysia for the time being in force, neither the Company nor the Directors nor any of its officers shall incur any liability for the act of the Bursa Depository in registering or acting upon a transfer of Securities apparently made by a Member or any person entitled to the Securities by reason of death, bankruptcy or insanity of a Member although the same may, by reason of any fraud or other causes not known to the Company or the Directors or the Bursa Depository or other officers, be legally inoperative or insufficient to pass the property in the Securities proposed or professed to be transferred, and although the transfer may, as between the transferor Member and the transferee, be liable to be set aside and notwithstanding that the Company may have notice that such instrument or transfer was signed or executed and delivered by the transferor Member in the blank as to the name of the transferee, of the particulars of the Securities transferred or otherwise in defective manner. And in every case, the person registered as transferee, his executors, administrators and assignees alone shall be entitled to be recognised as the holder of such Securities and the previous holder shall, so far as the Company is concerned, be deemed to have transferred his whole title thereto.

**(ii) Remuneration of Directors**

The provisions in our Articles of Association in respect of remuneration of the Directors are as follows:-

**Article 98**

The Directors shall be paid by way of fees for their services, such fixed sum (if any) shall from time to time be determined by the Company in general meeting and such fees shall be divided among the Directors in such proportions and manner as the Directors may determine PROVIDED ALWAYS that:-

- (a) fee payable to Directors who hold no executive office in the Company shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover;
- (b) salaries and other emoluments payable to Directors who hold an executive office in the Company pursuant to a contract of service need not be determined by the Company in general meeting but such salaries and emoluments may not include a commission on or percentage of turnover;
- (c) fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting; and
- (d) any fee paid to an alternate Director shall be such as shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

**14. ADDITIONAL INFORMATION (Cont'd)****Article 99**

- (1) In addition to the fees set out in Article 98, the Directors shall be paid for all their meeting attendance allowances, travelling, hotel and other expenses properly and necessarily expended by them in and about the business of the Company including their travelling and other expenses incurred in attending meetings of the Directors or any committee of the Directors or general meetings or otherwise as the Board may determine from time to time.
- (2) If any Director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors, the Company may remunerate the Director so doing either by a fixed sum or otherwise (other than by a sum to include a commission on or percentage of turnover) as may be determined by the Board provided that in the case of non-executive Directors, the said remuneration shall not include a commission on or percentage of profits or turnover. In the case of an executive Director, such fee may be either in addition to or in substitution for his share in the fee from time to time provided for the Directors.

**Article 130**

- (1) A Director may from time to time nominate any person to act as his alternate Director and at his discretion remove such alternate Director, but the appointment of such alternate Director shall not take effect until approved by a majority of the other Directors PROVIDED ALWAYS that any fee paid by the Company to an alternate Director shall be deducted from that Director's remuneration.

**Article 132**

The remuneration of a Director holding an executive office pursuant to these Articles shall, subject to Article 98, be fixed by the Board and may be by way of salary or commission or participation in profits or otherwise or by any or all of these modes but shall not include a commission on or percentage of turnover.

**(iii) Voting and borrowing powers of Directors**

The provisions in our Articles of Association dealing with voting powers of the Directors in the proposals, arrangements or contracts in which they are interested in and the borrowing powers exercisable by them and how such borrowing powers can be varied are as follows:-

**Article 103**

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof and to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Company or subsidiary company or associate company or any related third party subject to the law including but not limited to the provisions of the Act and the Listing Requirements, as they may think fit.

**Article 104**

The Directors shall not borrow any money or mortgage or charge any of the Company's or its subsidiaries' undertaking, property or uncalled capital, or issue debentures or other securities, whether outright or as security, for any debt, liability or obligation of an unrelated third party.

**14. ADDITIONAL INFORMATION (Cont'd)**

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**Article 105**

The Directors may establish or arrange any contributory or non-contributory pension or superannuation scheme, share option/incentive scheme and trusts or other funds for the benefit of, or pay a gratuity, pension or emolument, and to issue and allot and/or transfer shares or Securities to any person who is or has been employed by or in the service of the Company or any subsidiary of the Company, or to any person who is or has been a Director or other officer of and holds or has held salaried employment in the Company or any such subsidiary, and the widow, family or dependants of any such person. The Directors may also subscribe to any association or fund which they consider to be for the benefit of the Company or any such subsidiary or any such person as aforesaid and make payments for or towards any hospital or scholastic expenses and any Director holding such salaried employment shall be entitled to retain any benefit received by him under this Article subject only, where the Act requires, to proper disclosure to the Members and the approval of the Company in general meeting.

**Article 111**

Subject always to the Act and requirements of the Exchange, a Director may hold any other office or place of profit under the Company (other than the office of Auditor) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine and no Director or intending Director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit or as vendor, purchaser or otherwise nor shall any such contracts, or any contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested, be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established but the nature and extent of interest must be declared by him at the meeting of the Directors at which the contract or arrangement is determined, if the interest then exists or in any other case, at the first meeting of the Directors after the acquisition of the interest.

**Article 126**

A Director shall not participate in any discussion or vote in regard to any contract or proposed contract or arrangement in which he has, directly or indirectly, an interest (and if he shall do so his vote shall not be counted).

**Article 127**

A Director notwithstanding his interest may, provided that none of the other Directors present disagree, be counted in the quorum present at any meeting whereat any decision is taken upon any contract or proposed contract or arrangement in which he is in any way interested PROVIDED ALWAYS that he has complied with Section 131 of the Act and all other relevant provisions of the Act and these Articles.

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**14. ADDITIONAL INFORMATION (Cont'd)**


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**Article 128**

A Director may vote in respect of:-

- (a) any arrangement for giving the Director himself or any other Directors any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company; and
- (b) any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company for which the Director himself or any other Director has assumed responsibility in whole or in part, under a guarantee or indemnity or by the deposit of a security.

**Article 129**

A Director of the Company may be or become a director or other officer of or otherwise interested in any corporation promoted by the Company or in which the Company may be interested as shareholder or otherwise or any corporation which is directly and indirectly interested in the Company as shareholder or otherwise and no such Director shall be accountable to the Company for any remuneration or other benefit received by him as a director or officer of, or from his interest in, such corporation unless the Company otherwise directs at the time of his appointment. The Directors may exercise the voting power conferred by the shares or other interest in any such other corporation held or owned by the Company, or exercisable by them as directors of such other corporation, in such manner and in all respects as they think fit (including the exercise thereof in favour of any resolution appointing themselves or any of the Directors or other officers of such corporation), and any Director may vote in favour of the exercise of such voting rights in manner aforesaid, notwithstanding that he may be or is about to be appointed a director or other officer of such corporation and as such is or may become interested in the exercise of such voting rights in the manner aforesaid.

**(iv) Changes in capital and variation of class rights**

The provisions in our Company's Articles of Association in respect of the changes in capital or variation of class rights, which are as stringent as those provided in the Act, are as follows:-

**Article 4**

Subject to the Act and these Articles, shares in the Company may be issued by the Directors and any such shares may be issued with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital, or otherwise as the Directors, subject to any ordinary resolution of the Company, may determine.

**Article 5**

Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares and subject to the provisions of these Articles, the Act and the provisions of any resolution of the Company, shares in the Company may be issued by the Directors, who may allot, or otherwise dispose of such shares to such persons, on such terms and conditions, with such preferred, deferred or other special rights, and subject to such restrictions and at such times as the Directors may determine but the Directors in making any issue of shares shall comply with the following conditions:-

- (a) no shares shall be issued at a discount except in compliance with the provisions of Section 59 of the Act;

**14. ADDITIONAL INFORMATION (Cont'd)**

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- (b) in the case of shares of a class, other than ordinary shares, no special rights shall be attached until the same have been expressed in these Articles and in the resolution creating the same;
- (c) every issue of shares or options to employees and/or Directors (including executive and non-executive Directors) shall be approved by Members in general meeting and such approval shall specifically detail the amount of shares or options to be issued to such employees and/or Directors;
- (d) except in the case of an issue of securities on a pro rata basis to shareholders or pursuant to a back-to-back placement undertaken in compliance with the Listing Requirements, a Director of the Company (including executive and non-executive Directors) shall not participate, directly or indirectly, in an issue of ordinary shares or other securities with rights of conversion to ordinary shares or in a share issuance scheme unless the shareholders of the Company in general meeting have approved the specific allotment to be made to the Director and the Director has abstained from voting on the relevant resolution;
- (e) without limiting the generality of Section 132D of the Act, the Company must not issue any ordinary shares or other securities with rights of conversion to ordinary shares if the nominal value of those shares or securities, when aggregated with the nominal value of any such shares or securities which the Company has issued during the preceding twelve (12) months, exceeds ten percent (10%) of the nominal value of the issued and paid-up capital (excluding treasury shares) of the Company, except where the shares or securities are issued with the prior shareholder approval in a general meeting of the precise terms and conditions of the issue; and
- (f) in working out the number of shares or securities that may be issued by the Company, if the security is a convertible security, each such security is counted as the maximum number of shares into which it can be converted or exercised.

**Article 6**

Subject to the Act, any preference shares may with the sanction of an ordinary resolution, be issued on the terms that they are, or at the option of the Company are liable, to be redeemed but the total nominal value of the issued preference shares shall not exceed the total nominal value of the issued ordinary shares at any time. The Company shall have the power to issue preference capital ranking equally with, or in priority to, preference shares already issued. Preference shareholders shall have the same rights as ordinary shareholders as regards to receiving notices, reports and audited accounts and attending meetings of the Company. Preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the share capital or winding up or during the winding up of the Company, or on a proposal for the disposal of the whole of the Company's property, business and undertaking, or where any resolution to be submitted to the meeting directly affects their rights and/or privileges attached to the shares, or when the dividend or part of the dividend on the preference shares is in arrears for more than six (6) months.

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**14. ADDITIONAL INFORMATION (Cont'd)**

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**Article 8**

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied with the sanction of a special resolution passed at a separate meeting of the shareholders of that class. Where necessary majority of such a special resolution is not obtained at the meeting, consent in writing if obtained from the holders of not less than three-fourths (3/4) of the issued shares of that class within two (2) months of the meeting, shall be as valid and effectual as a special resolution carried at the meeting. To every such separate general meeting, the provisions of these Articles relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be at least two (2) persons who are shareholders present in person or represented by proxy, one-third (1/3) of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll. To every such special resolution, the provisions of Section 152 of the Act shall with such adaptations as are necessary, apply.

**Article 9**

The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or in all respects *pari passu* therewith.

**Article 53**

The Company may from time to time, whether all the shares for the time being authorised shall have been issued or all the shares for the time being issued shall have been fully paid up or not, by ordinary resolution increase its share capital by the creation and issue of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts and to carry such rights or to be subjected to such conditions or restrictions in regard to dividend, return of capital or otherwise as the Company may, by the resolution authorising such increase, direct.

**Article 55**

Except so far as otherwise provided by the conditions of issue, any capital raised by the creation of new shares shall be considered as part of the original share capital of the Company, and shall be subject to the same provisions with reference to the payment of calls, lien, transfer, transmission, forfeiture and otherwise as the original share capital.

**Article 56**

The Company may by ordinary resolution:-

- (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- (b) divide its share capital or any part thereof into shares of smaller amount than is fixed by the Memorandum of Association by subdivision of its existing shares or any of them subject nevertheless to the provisions of the Act and so that as between the resulting shares, one or more of such shares may, by the resolution by which such sub-division is effected, be given any preference or advantage as regards dividend, return of capital, voting or otherwise over the others or any other of such shares; or

**14. ADDITIONAL INFORMATION (Cont'd)**

- (c) cancel shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled.

**Article 58**

The Company may, by the special resolution, reduce its share capital, any capital redemption reserve fund or any share premium account in any manner and with, and subject to, any authorisation, and consent required by law.

**14.3 LIMITATION ON THE RIGHT TO OWN SECURITIES**

There is no limitation on the right to own securities including limitation on the right of non-residents or foreign shareholders to hold or exercise their voting rights on our Shares.

**14.4 DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

- (i) The names, addresses and occupations of our Directors are set out in Section 1 of this Prospectus.
- (ii) We do not require any Director to hold any qualification shares unless we fix it as a requirement in the general meeting.
- (iii) Save as disclosed in Section 7.1.5 and Section 7.2.6 of this Prospectus, there have been no amounts and benefits that have been or are intended to be paid or given to our Promoters, Directors and/or substantial shareholders within the two (2) years preceding the date of this Prospectus.
- (iv) As at the LPD, there is no existing or proposed service agreement contract between our Group, and our Directors or key management.
- (v) The details of our Directors' and/or substantial shareholders' direct and indirect interests in the Shares before and after the IPO are set forth in Section 7.1.2 and Section 7.2.3 of this Prospectus.
- (vi) Save as disclosed in Section 10 of this Prospectus, none of our Directors and/or substantial shareholders have any interest, direct or indirect, in any contract or arrangement subsisting as at the date of this Prospectus which is significant in relation to our business taken as a whole.
- (vii) Save for the risk factors and financial information highlighted in Section 4 and Section 11 of this Prospectus, our Directors and substantial shareholders are not aware of any material information, including trading factors or risks, which are unlikely to be known or anticipated by the general public and which could materially affect our Group's profits.
- (viii) Save for our Promoters and/or substantial shareholders as disclosed in Section 7.1 of this Prospectus, there are no other persons who are able to, directly or indirectly, jointly or severally, exercise control over our Company.

## **14. ADDITIONAL INFORMATION (Cont'd)**

### **14.5 GENERAL INFORMATION**

- (i) Save as disclosed in Section 9 of this Prospectus, neither we nor our subsidiary have acquired or proposed to acquire any property.
- (ii) The nature of our business and the names of all corporations which are deemed to be related to us by virtue of Section 6 of the Act are disclosed in Section 5 of this Prospectus.
- (iii) The time of the opening of the IPO is set out in Section 3.2 and Section 15 of this Prospectus.
- (iv) The amount payable in full on application is RM0.20 per Issue Share.
- (v) The name and address of the auditors are set out in Section 1 of this Prospectus.
- (vi) We have not established any other place of business outside Malaysia.
- (vii) The manner in which copies of this Prospectus together with the official Application Forms and envelopes may be obtained is set forth in Section 15 of this Prospectus.

### **14.6 EXPENSES**

- (i) There have been no commissions, discounts, brokerages or other special terms granted to or paid by us within the two (2) years preceding the date of this Prospectus in connection with the issue or sale of any Shares in or debentures of our Group for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscription for, any shares in or debentures of our Group, and none of our Directors or Promoters or experts are entitled to receive any such payment save as set out in Section 3.10 of this Prospectus.
- (ii) We will fully bear all expenses incidental to the listing of and quotation for our entire issued and paid-up share capital on the ACE Market of Bursa Securities amounting to approximately RM2.500 million as set out in Section 3.9 of this Prospectus.
- (iii) Brokerage fee is payable by our Group in respect of the 8,000,000 Issue Shares at the rate of one percent (1.0%) of the Issue Price.

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**14. ADDITIONAL INFORMATION (Cont'd)**

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**14.7 MATERIAL LITIGATION**

Save as disclosed below, we are not engaged in any material litigation and/or arbitration, either as plaintiff or defendant, which has a material effect on our financial position, and our Directors are not aware of any proceedings pending or threatened, or of any fact likely to give rise to any proceedings, which might materially and adversely affect our financial position or business:-

**Kuala Lumpur High Court Winding Up Petition 28NCC-956011/2015  
Lee Yong Beng (trading as Yong Seng Construction Work) v Kluang Health Care Sdn Bhd**

LKL Advance Metaltech, a subsidiary of our Company had, on 21 January 2016 issued a notice of outstanding sum to Kluang Health Care Sdn Bhd ("**KHC**") and filed a notice of intention to appear as a supporting creditor in the winding-up petition by Lee Yong Beng (trading as Yong Seng Construction Work) against KHC for a principal sum of RM279,089.00 as at 24 February 2012 in respect of supply of products. In the event interests and prospective costs are added, the total sum outstanding to LKL Advance Metaltech is likely to exceed RM300,000.00.

As at the LPD, our solicitors have been informed by KHC's solicitors that KHC has not filed any cause papers to oppose the winding up petition by Lee Yong Beng (trading as Yong Seng Construction Work) and the matter is fixed for case management on 26 May 2016.

On the basis that LKL Advance Metaltech does not have records of any dispute from KHC to LKL Advance Metaltech's claim for the principal sum, and on the basis of KHC not opposing the winding up petition, our solicitors are of the view that that we have strong merits to be entitled to the principal sum.

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**14. ADDITIONAL INFORMATION (Cont'd)****14.8 MATERIAL CONTRACTS**

Save as disclosed below, we have not entered into any contracts which are material (not being contracts entered into in the ordinary course of business) within the two (2) years preceding the date of this Prospectus:-

- (i) On 9 February 2015, LKL Advance Metaltech entered into a sale and purchase agreement with Colour Lite (M) Sdn. Bhd. for the purchase of the Factory Lot No. 15 held under title no. H.S. (D) 252834, PT 1981, Pekan Serdang, Daerah Petaling, Negeri Selangor measuring approximately 11,282 sq ft, for a purchase consideration of RM4,800,000, payable in cash;
- (ii) On 13 July 2015, our Company entered into a share sale agreement with the vendors of LKL Advance Metaltech, namely Lim Kon Lian, Mok Mei Lan, Elaine Lim Sin Yee, Lim Pak Hong and Tan Chuan Hock for the acquisition by our Company of the entire issued and paid-up share capital of LKL Advance Metaltech, amounting to RM2,000,000 comprising 2,000,000 ordinary shares of RM1.00 each in LKL Advance Metaltech for a purchase consideration of RM31,579,990 to be satisfied by the issuance of 315,799,900 LKL International Shares. The transaction was completed on 10 March 2016; and
- (iii) On 22 March 2016, our Company entered into an Underwriting Agreement with the Sole Underwriter for the underwriting of 21,200,000 Issue Shares under the Public Issue, for underwriting management fees and commission at the rate set out in Section 3.10.2 of this Prospectus.

**14.9 PUBLIC TAKE-OVERS**

During the last financial year and the current financial year, there were no:-

- (i) public take-over offers by third parties in respect of our Group's shares; and
- (ii) public take-over offers by our Group in respect of other companies' shares.

**14.10 REPATRIATION OF CAPITAL AND PROFITS**

There are no governmental laws, decrees, regulations or other legislations that may affect the repatriation of capital and remittance of profit by or to our Group.

**14.11 CONSENTS**

- (i) The written consents of the Principal Adviser, Sponsor, Sole Underwriter and Placement Agent, Solicitors for the Listing, Principal Bankers, Share Registrar, Issuing House and Company Secretaries for the inclusion in this Prospectus of their names in the form and context in which their names appear in this Prospectus have been given before the issue of this Prospectus, and have not subsequently been withdrawn.
- (ii) The written consent of the External Auditors and Reporting Accountants for the inclusion in this Prospectus of their name, the Accountants' Report and the Reporting Accountants' Report on the Pro Forma Consolidated Statements of Financial Position in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus, and has not subsequently been withdrawn.

**14. ADDITIONAL INFORMATION (Cont'd)**

- (iii) The written consent of the Independent Market Researcher for the inclusion in this Prospectus of its name and Executive Summary of its IMR Report in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus, and has not subsequently been withdrawn.

**14.12 DOCUMENTS FOR INSPECTION**

Copies of the following documents may be inspected at our registered office during office hours for a period of 12 months from the date of this Prospectus:-

- (i) Our Memorandum and Articles of Association;
- (ii) The Accountants' Report and Directors' Report as included in Section 12 and Section 13 of this Prospectus, respectively;
- (iii) The Reporting Accountants' Report relating to the Pro Forma Consolidated Statements of Financial Position of our Group as at 31 October 2015 referred to in Section 11.2 of this Prospectus;
- (iv) The letters of consent referred to in Section 14.11 of this Prospectus;
- (v) The audited financial statements of:-
  - (a) LKL International for the FPE 30 April 2015 and six (6)-month FPE 31 October 2015; and
  - (b) LKL Advance Metaltech for the past three (3) FYE 30 April 2013 to 2015 and six (6)-month FPE 31 October 2015.
- (vi) Notice of outstanding sum and notice of intention to appear as a supporting creditor and other relevant cause papers in relation to the material litigation referred to in Section 14.7 of this Prospectus;
- (vii) The material contracts referred to in Section 14.8 of this Prospectus;
- (viii) The IMR Report; and
- (ix) The Executive Summary of the IMR Report referred to in Section 6 of this Prospectus.

**14.13 RESPONSIBILITY STATEMENTS**

- (i) AIBB acknowledges that, based on all available information and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts relating to the IPO.
- (ii) This Prospectus has been seen and approved by our Directors and Promoters and they collectively and individually accept full responsibility for the accuracy of the information contained herein and confirm that, after having made all reasonable enquiries, and to the best of their knowledge and belief, there is no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.

## 15 PROCEDURES FOR APPLICATION AND ACCEPTANCE

### 15.1 OPENING AND CLOSING OF APPLICATION

Applications will be accepted from 10.00 a.m. on 26 April 2016 and will remain open until 5.00 p.m. on 4 May 2016 or for such further period or periods as our Directors, together with Sole Underwriter in their absolute discretion may mutually decide.

Any extension of the closing date of the applications will be announced by way of advertisement in a widely circulated daily Bahasa Malaysia and English newspaper in Malaysia. **Late Applications will not be accepted.**

### 15.2 METHODS OF APPLICATIONS

Applications for the Issue Shares may be made using any of the following ways:-

- (a) Application Forms; or
- (b) Electronic Share Applications; or
- (c) Internet Share Applications.

### 15.3 PROCEDURES FOR APPLICATIONS

The Applications shall be made in connection with and subject to the terms of this Prospectus and our Memorandum and Articles of Association.

**FULL INSTRUCTIONS FOR THE APPLICATION OF THE ISSUE SHARES AND THE PROCEDURES TO BE FOLLOWED ARE SET OUT IN THE APPLICATION FORMS. YOU ARE ADVISED TO READ THE APPLICATION FORMS AND THE NOTES AND INSTRUCTIONS THEREIN CAREFULLY.**

**ALL APPLICATIONS MUST BE FOR 100 ORDINARY SHARES OR MULTIPLES THEREOF.**

#### 15.3.1 Applications by the Malaysian Public

Applications for the 8,000,000 Issue Shares made available for application by the Malaysian Public, must be made on the **White Application Forms** provided or by way of Electronic Share Application or Internet Share Application, of which at least 50% is to be set aside strictly for Bumiputera investors. A corporation or institution cannot apply for shares by way of Electronic Share Application or Internet Share Application. The amount payable in full upon application is RM0.20 per Issue Share.

#### 15.3.2 Applications by Eligible Directors, Employees and Persons who have contributed to the success of our Group

Applications for the 13,200,000 Issue Shares made available for eligible Directors, employees and persons who have contributed to the success of our Group must be made on the **Pink Application Forms** provided only and not by way of other Application Forms or by way of Electronic Share Application or Internet Share Application. Applicants using the Pink Application Forms may still apply for the Issue Shares offered to the Malaysian Public using the White Application Form, Electronic Share Application or Internet Share Application. The amount payable in full upon application is RM0.20 per Issue Share.

## 15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

### 15.3.3 Applications by way of private placement

Bumiputera investors approved by MITI being allocated 49,600,000 Issue Shares and selected investors being allocated 42,200,000 Issue Shares under this method will be contacted directly by the Placement Agent and are to follow the instructions communicated by the Placement Agent should they wish to accept the Issue Shares offered to them. Bumiputera investors and selected investors may still apply for the Issue Shares offered to the Malaysian Public using the White Application Form, Electronic Share Application or Internet Share Application.

### 15.4 APPLICATIONS USING APPLICATION FORMS

The following relevant Application Forms issued with their notes and instructions are enclosed with this Prospectus:-

- (a) **White** Application Forms for application by the Malaysian Public; and
- (b) **Pink** Application Forms for application by our eligible Directors, employees and persons who have contributed to the success of our Group.

**White** Application Forms together with copies of this Prospectus may be obtained at AIBB, participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association and MIH, subject to availability.

**Pink** Application Forms together with copies of this Prospectus will be sent out to eligible Directors, employees and persons who have contributed to the success of our Group.

The submission of an Application Form does not necessarily mean that the application will be successful.

Directors and employees of MIH and their immediate families are strictly prohibited from applying for the Issue Shares.

Only one (1) Application Form from each Applicant will be considered and applications must be for 100 Shares or multiples thereof. Multiple applications will not be accepted. A person who submit multiple applications in his own name or by using the name of others, with or without their consent, commits an offence under Section 179 of the CMSA and if convicted, may be punished with a minimum fine of RM1,000,000 and a jail term of up to ten (10) years under Section 182 of the CMSA.

Persons submitting applications by way of Application Forms or Electronic Share Applications or Internet Share Applications **must have a CDS account**.

The amount payable in full on application is RM0.20 per Share. Persons submitting applications by way of White Application Forms **may not** submit applications by way of Electronic Share Applications or Internet Share Applications and vice versa. A corporation or institution cannot apply for shares by way of Electronic Share Application or Internet Share Application.

IN THE CASE OF AN INDIVIDUAL APPLICANT OTHER THAN A MEMBER OF THE ARMED FORCES OR POLICE, THE NAME AND NATIONAL REGISTRATION IDENTITY CARD ("**NRIC**") NUMBER OF THE APPLICANT MUST BE EXACTLY THE SAME AS STATED IN:-

- (a) (i) THE APPLICANT'S NRIC;
- (ii) ANY VALID TEMPORARY IDENTITY DOCUMENT AS ISSUED BY THE NATIONAL REGISTRATION DEPARTMENT FROM TIME TO TIME; OR

**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

- (iii) THE APPLICANT'S RESIT PENGENALAN SEMENTARA ("KPPK 09") ISSUED PURSUANT TO PERATURAN 5(5), PERATURAN-PERATURAN PENDAFTARAN NEGARA 1990; AND

- (b) THE RECORDS OF BURSA DEPOSITORY.

WHERE THE APPLICANT IS A MEMBER OF THE ARMED FORCES OR POLICE, THE NAME AND THE ARMED FORCES OR POLICE PERSONNEL NUMBER, AS THE CASE MAY BE, OF THE APPLICANT MUST BE EXACTLY THE SAME AS THAT STATED IN HIS/HER AUTHORITY CARD AND THE APPLICANT ADDRESS MUST BE THE ADDRESS OF HIS/HER RESPECTIVE CAMP, BASE OR STATION.

IN THE CASE OF A CORPORATE OR INSTITUTIONAL APPLICANT, THE NAME AND THE CERTIFICATE OF INCORPORATION NUMBER OF THE APPLICANT MUST BE EXACTLY THE SAME AS THAT STATED IN THE APPLICANT'S CERTIFICATE OF INCORPORATION OR EQUIVALENT DOCUMENTS PROVING ITS CONSTITUTION AND THE ADDRESS MUST BE THE REGISTERED ADDRESS.

No acknowledgement of the receipt of the Application Form or Application monies will be made by us and/or MIH.

**15.4.1 Terms and Conditions for Applications using Application Forms**

Applications by way of White and Pink Forms shall be made on, and subject to, the following terms and conditions set out below:-

- (a) Applicant who is an individual must be a Malaysian citizen residing in Malaysia, with a CDS account and a Malaysian address (White Application Forms only).  
  
Applicant who is an individual must have a CDS account and a correspondence address in Malaysia (Pink Application Form only).
- (b) Applicant that is a corporation/institution incorporated in Malaysia, must have a CDS account and be subject to the following:-
  - (i) if the corporation/institution has a share capital, more than half of the issued share capital (excluding preference share capital) is held by Malaysian citizens; and
  - (ii) there is a majority of Malaysian citizens on the board of Directors/trustee.
 Applicant that is a corporation/institution incorporated outside Malaysia must have a CDS account and provide a correspondence address in Malaysia (Pink Application Form only).
- (c) Applicant which is a superannuation, provident or pension fund must be established or operating in Malaysia and must have a CDS account.
- (d) Applications will not be accepted from trustees, any person under 18 years of age, sole proprietorships, partnerships or other incorporated bodies or associations, other than corporations/institutions referred to in **Section 15.4.1(b)** and **(c)** above or the trustees thereof.

**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

- (e) Applications for the Issue Shares must be made on the respective Application Forms issued together with this Prospectus and must be completed in accordance with the Notes and Instructions printed on the reverse side of the Application Form and this Prospectus. In accordance with Section 232(2) of the CMA, the Application Form together with the Notes and Instructions printed therein is accompanied by this Prospectus. Applications, which **do not STRICTLY** conform to the terms of this Prospectus or Application Form or Notes and Instructions printed therein, or which are illegible will not be accepted.
- (f) EACH COMPLETED APPLICATION FORM MUST BE ACCOMPANIED BY REMITTANCE IN RINGGIT MALAYSIA FOR THE FULL AMOUNT PAYABLE BY EITHER:-
  - (i) BANKER'S DRAFT OR CASHIER'S ORDER PURCHASED WITHIN MALAYSIA ONLY AND DRAWN ON A BANK IN KUALA LUMPUR(DIFFERENTIATED BY A SPECIAL RED BAND FOR BUMIPUTERA APPLICANTS); OR
  - (ii) MONEY ORDER OR POSTAL ORDER (FOR APPLICANTS FROM SABAH AND SARAWAK ONLY); OR
  - (iii) GUARANTEED GIRO ORDER ("**GGO**") FROM BANK SIMPANAN NASIONAL MALAYSIA BERHAD (DIFFERENTIATED BY A SPECIAL RED BAND FOR BUMIPUTERA APPLICANTS).

AND MUST BE MADE OUT IN FAVOUR OF "**MIH SHARE ISSUE ACCOUNT NO. 576**" AND CROSSED "**A/C PAYEE ONLY**" AND ENDORSED ON THE REVERSE SIDE WITH THE NAME AND ADDRESS OF THE APPLICANT.

APPLICATIONS ACCOMPANIED BY MODE OF PAYMENT OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES OR INAPPROPRIATE BANKER'S DRAFTS/CASHIER'S ORDERS/MONEY ORDERS OR POSTAL ORDER/GGO WILL NOT BE ACCEPTED. DETAILS OF REMITTANCES MUST BE COMPLETED IN THE APPROPRIATE BOXES PROVIDED ON THE APPLICATION FORMS.

- (g) AN APPLICANT SHOULD STATE HIS CDS ACCOUNT NUMBER IN THE SPACE PROVIDED IN THE APPLICATION FORM AND HE SHALL BE DEEMED TO HAVE AUTHORISED BURSA DEPOSITORY TO DISCLOSE INFORMATION PERTAINING TO THE CDS ACCOUNT TO MIH/COMPANY.
- (h) THE NAME AND ADDRESS OF THE APPLICANT MUST BE WRITTEN ON THE REVERSE SIDE OF THE BANKER'S DRAFT, CASHIER'S ORDER, MONEY ORDER OR POSTAL ORDER OR GGO FROM BANK SIMPANAN NASIONAL MALAYSIA BERHAD.
- (i) Our Directors reserve the right to require any successful Applicant to appear in person at the registered office of MIH at anytime within 14 days of the date of the notice issued to him to ascertain the regularity or propriety of the Application. Our Directors shall not be responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by the successful Applicant for the purpose of complying with this provision.
- (j) MIH, acting on the authority of our Directors reserves the right to reject Applications which do not conform to these instructions or which are illegible or which are accompanied by remittances improperly drawn.

**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

- (k) MIH, acting on the authority of our Directors reserves the right not to accept any Application or accept any Application in part without assigning any reason therefor. Due consideration will be given to the desirability of allotting or allocating the shares to a reasonable number of Applicants with a view to establishing a liquid and adequate market for the shares.
- (l) If an Applicant is unsuccessful/partially successful in his application, MIH will refund his application monies without interest in the following manner:
  - (i) The full amount or the balance of it, as the case may be, will be refunded to the Applicant via the self-addressed and stamped Official "A" envelope he provided by ordinary post (for fully unsuccessful applications) or by crediting into your bank account for purposes of cash dividend/distribution if you have provided such bank account information to Bursa Depository or by registered/ordinary post to address maintained with Bursa Depository (for partially successful applications) if you have not provided such bank account information to Bursa Depository within 10 market days from the date of the final ballot at the Applicants' own risk.
  - (ii) If an Applicant's application was rejected because he did not provide a CDS Account number, his application monies will be sent to the address stated in the NRIC or "Resit Pengenalan Sementara (KPPK 09)" or any valid temporary identity document issued by the National Registration Department from time to time or the Authority Card in the case of armed forces or police personnel at the Applicant's own risk.
  - (iii) A number of applications will be reserved to replace any balloted applications which are rejected. The application monies relating to these applications which subsequently rejected or unsuccessful or only partly successful will be refunded without interest by MIH as per item (i) and (ii) above (as the case may be).
  - (iv) MIH reserves the right to bank in all application monies from unsuccessful Applicants. These monies will be refunded by crediting into your bank account for purposes of cash dividend/distribution if you have provided such bank account information to Bursa Depository or by ordinary/registered post to your address maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository or as per item (ii) above (as the case may be) within 10 Market Days from the date of the final ballot.
- (m) The Applicant shall ensure that his personal particulars stated in the Application Form are identical with the records maintained by Bursa Depository. The Applicant must inform Bursa Depository promptly of any change in address failing which the notification letter of successful allocation will be sent to his/her registered or correspondence address last maintained with Bursa Depository.

## 15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (n) Each completed Application Form accompanied by the appropriate remittance and legible photocopy of the relevant documents, must be despatched by **ORDINARY POST** in the official envelopes provided, to the following address:-

Malaysian Issuing House Sdn Bhd (258345-X)  
Level 6, Symphony House  
Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya  
Selangor Darul Ehsan

or

P.O. Box 8269  
Pejabat Pos Kelana Jaya  
46785 Petaling Jaya  
Selangor Darul Ehsan

or **DELIVERED BY HAND AND DEPOSITED** in the Drop-in Boxes provided at the front portion of Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia, so as to arrive not later than 5.00 p.m. on 4 May 2016, or such other later date or dates as our Directors and AIBB in their absolute discretion may mutually decide.

**We will not accept late applications.**

- (o) Directors and employees of MIH and their immediate families are strictly prohibited from applying for the Issue Shares.
- (p) **PLEASE DIRECT ALL ENQUIRIES IN RESPECT OF THE WHITE APPLICATION FORM TO MIH.**

### 15.5 APPLICATIONS USING ELECTRONIC SHARE APPLICATION

#### 15.5.1 Steps for Electronic Share Application through a Participating Financial Institution's ATM

- (i) Applicant must have an account with a Participating Financial Institution (as detailed in **Section 15.5.1(iv)** below) and an ATM card issued by that Participating Financial Institution to access the account.
- (ii) Applicant **must** have a CDS account.
- (iii) Applicant is to apply for the Issue Shares, via the ATM of the Participating Financial Institution by choosing the Electronic Share Application option. Mandatory statements required in the application are set out in Section 15.5.2 of this Prospectus under the Terms and Conditions for Electronic Share Application. Applicant is to enter at least the following information through the ATM where the instructions on the ATM screen at which he enters his Electronic Share Application requires him to do so:-
- Personal Identification Number ("PIN");
  - MIH Share Issue Account No. 576;
  - CDS Account number;
  - Number of Issue Shares applied for and/or the Ringgit Malaysia amount to be debited from the account; and
  - Confirmation of several mandatory statements.

**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)****(iv) Participating Financial Institutions**

Electronic Share Applications may be made through an ATM of the following Participating Financial Institutions and their branches:-

- Affin Bank Berhad;
- AmBank (M) Berhad;
- CIMB Bank Berhad;
- HSBC Bank Malaysia Berhad;
- Malayan Banking Berhad;
- Public Bank Berhad;
- RHB Bank Berhad; or
- Standard Chartered Bank Malaysia Berhad (at selected branches only)

The following processing fee per Electronic Share Application will be charged by the respective Participating Financial Institutions:-

- Affin Bank Berhad – No fee will be charged for application by their account holders;
- AmBank (M) Berhad – RM1.00;
- CIMB Bank Berhad – RM2.50;
- HSBC Bank Malaysia Berhad – RM2.50;
- Malayan Banking Berhad – RM1.00;
- Public Bank Berhad – RM2.00;
- RHB Bank Berhad – RM2.50; or
- Standard Chartered Bank Malaysia Berhad (at selected branches only) – RM2.50.

**15.5.2 Terms and Conditions for Electronic Share Application**

The procedures for Electronic Share Application at ATMs of the Participating Financial Institutions are set out on the ATM screens of the relevant Participating Financial Institutions (the "**Steps**"). For illustration purposes, the procedures for Electronic Share Application at ATMs are set out in "Steps for Electronic Share Application through a Participating Financial Institution's ATMs" in **Section 15.5.1** of this Prospectus. The Steps set out the actions that the Applicant must take at the ATM to complete an Electronic Share Application. Please read carefully the terms of this Prospectus, the Steps and the terms and conditions for Electronic Share Application set out below before making an Electronic Share Application.

**Only an Applicant who is an individual with a CDS Account is eligible to utilise the facility and in the case of a joint account, an individual CDS account registered in the Applicant's name which is to be used for the purpose of the application if the Applicant is making the application instead of a CDS account registered in the joint account holder's name.**

The Applicant must have an existing bank account with, and be an ATM cardholder of, one (1) of the Participating Financial Institutions before he can make an Electronic Share Application at an ATM of that Participating Financial Institution. An ATM card issued by one (1) of the Participating Financial Institutions cannot be used to apply for the shares at an ATM belonging to other Participating Financial Institutions. Upon completion of his Electronic Share Application transaction, the Applicant will receive a computer-generated transaction slip ("**Transaction Record**"), confirming the details of his Electronic Share Application. The Transaction Record is only a record of the completed transaction at the ATM and not a record of the receipt of the Electronic Share Application or any data relating to such an Electronic Share Application by our Company or MIH. The Transaction Record is for retention by the Applicant and should not be submitted with any Application Form.

**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

Upon the closing of the offer for the Application for the Issue Shares, on 4 May 2016 at **5.00 p.m. ("Closing Date and Time")**, the Participating Financial Institution shall submit a magnetic tape containing its respective customers' applications for the Issue Shares to MIH as soon as practicable but not later than **12.00 p.m.** of the second (2<sup>nd</sup>) business day after the Closing Date and Time.

An Applicant will be allowed to make an Electronic Share Application for the shares via an ATM that accepts the ATM cards of the Participating Financial Institution with which he has an account and its branches, subject to the Applicant making only one (1) Application. An Applicant who has a bank account with a Participating Financial Institution and has been issued an ATM card will be allowed to apply for shares via an ATM of that Participating Financial Institution which is situated in another country or place outside of Malaysia, subject to the Applicant making only one (1) Application.

**AN APPLICANT MUST ENSURE THAT HE USES HIS OWN CDS ACCOUNT NUMBER WHEN MAKING AN ELECTRONIC SHARE APPLICATION. AN APPLICANT OPERATING A JOINT ACCOUNT WITH ANY PARTICIPATING FINANCIAL INSTITUTION MUST ENSURE THAT HE ENTERS HIS OWN CDS ACCOUNT NUMBER WHEN USING AN ATM CARD ISSUED TO HIM IN HIS OWN NAME. HIS APPLICATION WILL BE REJECTED IF HE FAILS TO COMPLY WITH THE FOREGOING CONDITIONS.**

The Electronic Share Application shall be made on, and subject to, the terms and conditions contained herein as well as the terms and conditions set out below:-

- (a) The Electronic Share Application shall be made in connection with and subject to the terms of this Prospectus and the Memorandum and Articles of Association of our Company.
- (b) The Applicant is required to confirm the following statement (by pressing pre-designated keys or buttons on the ATM keyboard) and undertake that the following information given are true and correct:-
  - I have attained 18 years of age as of the Closing Date of the Share Application;
  - I am a Malaysian citizen residing in Malaysia;
  - I have read the relevant Prospectus and understood and agreed with the terms and conditions of this Application;
  - This is the only Application that I am submitting; and
  - I hereby give consent to the Participating Financial Institution and Bursa Depository to disclose information pertaining to myself and my account with the Participating Financial Institution and Bursa Depository to MIH and other relevant authorities.

The Application will not be successfully completed and cannot be recorded as a completed transaction at the ATM unless the Applicant completes all the Steps required by the Participating Financial Institution. By doing so, the Applicant shall be treated as signifying his confirmation of each of the said statements as well as giving consent in accordance with the relevant laws of Malaysia, including Section 133 of Financial Services Act, 2013 and Section 45 of the Securities Industry (Central Depositories) Act, 1991 to the disclosure by the relevant Participating Financial Institution or Bursa Depository, as the case may be, of any of the Applicant's particulars to MIH or any relevant regulatory body.

**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

- (c) THE APPLICANT CONFIRMS THAT HE IS NOT APPLYING FOR OUR SHARES AS A NOMINEE OF ANY OTHER PERSONS AND THAT ANY ELECTRONIC SHARE APPLICATION THAT HE MAKES IS MADE BY HIM AS BENEFICIAL OWNER. THE APPLICANT SHALL ONLY MAKE ONE (1) ELECTRONIC SHARE APPLICATION AND SHALL NOT MAKE ANY OTHER APPLICATION FOR OUR SHARES, WHETHER AT THE ATMS OF ANY PARTICIPATING FINANCIAL INSTITUTION OR ON THE PRESCRIBED APPLICATION FORMS OR VIA INTERNET.
- (d) The Applicant must have sufficient funds in his account with the relevant Participating Financial Institution at the time he makes his Electronic Share Application, failing which his Electronic Share Application will not be completed. Any Electronic Share Application which does not strictly conform to the instructions set out on the screens of the ATM through which the Electronic Share Application is being made will be rejected.
- (e) The Applicant agrees and undertakes to subscribe for or purchase and to accept the number of Issue Shares applied for as stated on the Transaction Record or any lesser number of Issue Shares that may be allotted or allocated to him in respect of his Electronic Share Application. In the event that our Company decides to allot or allocate any lesser number of the Issue Shares or not to allot or allocate any Issue Shares to the Applicant, the Applicant agrees to accept any such decision as final. If the Applicant's Electronic Share Application is successful, his confirmation (by his action of pressing the designated key or button on the ATM) of the number of Issue Shares applied for shall signify, and shall be treated as, his acceptance of the number of Issue Shares that may be allotted or allocated to him and to be bound by the Memorandum and Articles of Association of our Company.
- (f) MIH, on the authority of the Directors of our Company, reserves the right to reject any Electronic Share Application or accept any Electronic Share Application in part only without assigning any reason therefor. Due consideration will be given to the desirability of allotting or allocating the shares to a reasonable number of applicants with a view to establishing a liquid and adequate market for our Shares.
- (g) Where an Electronic Share Application is not successful or successful in part only, the relevant Participating Financial Institution will be informed of the non-successful or partially successful Applications within two (2) Market Days after the balloting date. Where the Electronic Share Application is not successful, the relevant Participating Financial Institution will credit the full amount of the Application monies or the balance of it, as the case may be, in RM (without interest or any share of revenue or other benefit arising therefrom) into the Applicant's account with that Participating Financial Institution within two (2) market days after the confirmation from MIH. The Applicants may check their accounts on the fifth (5th) market day from the balloting day.

Where an Electronic Share Application is accepted in part only, the relevant Participating Financial Institution will credit the balance of the application monies in Ringgit Malaysia without interest into the Applicant's account with the Participating Financial Institution within two (2) market days after the receipt of confirmation from MIH. A number of Applications will, however, be held in reserve to replace any successfully balloted Applications which are subsequently rejected. For such Applications which are subsequently rejected, the Application monies (without interest or any share of revenue or other benefit arising herefrom) will be refunded to Applicants by crediting into your account with the Participating Financial Institution not later than ten (10) market days from the day of the final ballot.

Should Applicants encounter any problems in their Applications, they may refer to the Participating Financial Institution.

**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

- (h) The Applicant requests and authorises our Company:-
- to credit the Issue Shares allotted or allocated to the Applicant into the CDS account of the Applicant; and
  - to issue share certificate(s) representing such Issue Shares allotted or allocated in the name of Bursa Malaysia Depository Nominees Sdn Bhd and send the same to Bursa Depository.
- (i) The Applicant, acknowledging that his Electronic Share Application is subject to the risks of electrical, electronic, technical and computer-related faults and breakdowns, fires and other events beyond our control, MIH or the Participating Financial Institution, irrevocably agrees that if:-
- our Company or MIH does not receive the Applicant's Electronic Share Application; or
  - data relating to the Applicant's Electronic Share Application is wholly or partially lost, corrupted or not otherwise accessible, or not transmitted or communicated to our Company or MIH,
- the Applicant shall be deemed not to have made an Electronic Share Application and the Applicant shall not claim whatsoever against our Company, MIH or the Participating Financial Institutions or Bursa Depository for the shares applied for or for any compensation, loss or damage.
- (j) All particulars of the Applicant in the records of the relevant Participating Financial Institution at the time he makes his Electronic Share Application shall be deemed to be true and correct and our Company, MIH and the relevant Participating Financial Institution shall be entitled to rely on the accuracy thereof.
- (k) The Applicant shall ensure that his personal particulars as recorded by both Bursa Depository and relevant Participating Financial Institution are correct and identical. Otherwise, his Electronic Share Application is liable to be rejected. The Applicant must inform Bursa Depository promptly of any change in address failing which the notification letter of successful allotment or allocation will be sent to his registered or correspondence address last maintained with Bursa Depository.

By making and completing an Electronic Share Application, the Applicant agrees that:-

- in consideration of our Company agreeing to allow and accept the making of any Application for shares via the Electronic Share Application facility established by the Participating Financial Institutions at their respective ATMs, his Electronic Share Application is irrevocable;
- our Company, the Participating Financial Institutions, Bursa Depository and MIH shall not be liable for any delays, failures or inaccuracies in the processing of data relating to his Electronic Share Application to our Company due to a breakdown or failure of transmission or communication facilities or any cause beyond their control;
- notwithstanding the receipt of any payment by or on behalf of our Company, the acceptance of the offer made by the Applicant to subscribe for and purchase the Issue Shares for which the Applicant's Electronic Share Application has been successfully completed shall be constituted by the issue of notices of successful allotment for prescribed securities, in respect of the said shares;

**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

- the Applicant irrevocably authorises Bursa Depository to complete and sign on his behalf as transferee or renouncee any instrument of transfer and/or other documents required for the issue or transfer of the Issue Shares allotted or allocated to the Applicant; and
  - our Company agrees that, in relation to any legal action or proceedings arising out of or in connection with the contract between the parties and/or the Electronic Share Application and/or any terms herein, all rights, obligations and liabilities shall be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies and that our Company irrevocably submit to the jurisdiction of the Courts of Malaysia.
- (l) Our Directors reserve the right to require any successful Applicant to appear in person at the registered office of MIH at anytime within fourteen (14) days of the date of the notice issued to him to ascertain the regularity or propriety of the Application. Our Directors shall not be responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by the successful Applicant for the purpose of complying with this provision.
- (m) MIH, acting on the authority of our Board reserves the right to reject Applications that do not conform to these instructions.

**15.6 APPLICATIONS USING INTERNET SHARE APPLICATION****15.6.1 Steps for Internet Share Application**

The exact steps for Internet Share Application in respect of the Issue Shares are as set out on the Internet financial services website of the Internet Participating Financial Institutions.

For illustration purposes only, the steps for an Application for the Issue Shares via Internet Share Application may be as set out below. The steps set out the actions that the Applicant must take at the Internet financial services website of the Internet Participating Financial Institution to complete an Internet Share Application.

**PLEASE NOTE THAT THE ACTUAL STEPS FOR INTERNET SHARE APPLICATIONS CONTAINED IN THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS MAY DIFFER FROM THE STEPS OUTLINED BELOW.**

- (a) Connect to the Internet financial services website of the Internet Participating Financial Institution with which the Applicant has an account.
- (b) Log in to the Internet financial services facility by entering the Applicant's user identification and PIN/password.
- (c) Navigate to the section of the website on applications in respect of initial public offerings.
- (d) Select the counter in respect of the Issue Shares to launch the Electronic Prospectus and the terms and conditions of the Internet Share Application.
- (e) Select the designated hyperlink on the screen to accept the abovementioned terms and conditions, having read and understood such terms and conditions.
- (f) At the next screen, complete the online application form.

**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

- (g) Check that the information contained in the online application form, such as the share counter, NRIC number, CDS account number, number of Issue Shares applied for and the account number to debit are correct, and select the designated hyperlink on the screen to confirm and submit the online application form.
- (h) By confirming such information, the Applicant also undertakes that the following information given are true and correct:-
- the Applicant has attained 18 years of age as at the closing date of the application for the Issue Shares;
  - the Applicant is a Malaysian citizen residing in Malaysia;
  - the Applicant has, prior to making the Internet Share Application, received and/or has had access to a printed/electronic copy of this Prospectus, the contents of which the Applicant has read and understood;
  - the Applicant agrees to all the terms and conditions of the Internet Share Application as set out in this Prospectus and has carefully considered the risk factors set out in this Prospectus, in addition to all other information contained in this Prospectus before making the Internet Share Application for the Issue Shares;
  - the Internet Share Application is the only Application that the Applicant is submitting for the Issue Shares;
  - the Applicant authorises the Authorised Financial Institution to deduct the full amount payable for the Issue Shares from the Applicant's account with the Internet Participating Financial Institution;
  - the Applicant gives express consent in accordance with the relevant laws of Malaysia (including but not limited to Section 133 of Financial Services Act, 2013 and Section 45 of the Securities Industry (Central Depositories) Act, 1991) to the disclosure by the Internet Participating Financial Institution, the Authorised Financial Institution and/or Bursa Depository, as the case may be, of information pertaining to the Applicant, the Internet Share Application made by the Applicant or the Applicant's account with the Internet Participating Financial Institution, to the MIH and the Authorised Financial Institution, the SC and any other relevant authority;
  - the Applicant is not applying for the Issue Shares as a nominee of any other person and the application is made in the Applicant's own name, as beneficial owner and subject to the risks referred to in this Prospectus; and
  - the Applicant authorises the Internet Participating Financial Institution to disclose and transfer to any person, including any government or regulatory authority in any jurisdiction, our Company, Bursa Securities or other relevant parties in connection with the Public Issue, all information relating to the Applicant if required by any law, regulation, court order or any government or regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the Internet Participating Financial Institution, necessary for the provision of the Internet Share Application services or if such disclosure is requested or required in connection with the Public Issue. Further, the Internet Participating Financial Institution will take reasonable precautions to preserve the confidentiality of information relating to the Applicant furnished by the Applicant to the Internet Participating Financial Institution in connection with the use of the Internet Share Application services.

**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

- (i) Upon submission of the online application form, the Applicant will be linked to the website of the Authorised Financial Institution to effect the online payment of the application money for the Issue Shares.
- (j) As soon as the transaction is completed, a message from the Authorised Financial Institution pertaining to the payment status will appear on the screen of the website through which the online payment of the application money is being made.
- (k) Subsequent to the above, the Internet Participating Financial Institution shall confirm that the Internet Share Application has been completed, via the Confirmation Screen on its website.
- (l) The Applicant is advised to print out the Confirmation Screen for reference and retention.

**15.6.2 Terms and Conditions for Internet Share Application**

Applications for the Issue Shares may be made through the Internet financial services website of the Internet Participating Financial Institutions.

APPLICANTS ARE ADVISED NOT TO APPLY FOR THE ISSUE SHARES THROUGH ANY WEBSITE OTHER THAN THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.

**Internet Participating Financial Institution**

Internet Share Applications may be made through the Internet financial services websites of the following Internet Participating Financial Institutions:-

- Affin Bank Berhad at [www.affinOnline.com](http://www.affinOnline.com) (via hyperlink to Bursa Securities' website at [www.bursamalaysia.com](http://www.bursamalaysia.com)); or
- Affin Hwang Investment Bank Berhad at [trade.affinhwang.com](http://trade.affinhwang.com) (via hyperlink to Bursa Securities' website at [www.bursamalaysia.com](http://www.bursamalaysia.com)); or
- CIMB Bank Berhad at [www.cimbclicks.com.my](http://www.cimbclicks.com.my) (via hyperlink to Bursa Securities' website at [www.bursamalaysia.com](http://www.bursamalaysia.com)); or
- CIMB Investment Bank Berhad at [www.eipocimb.com](http://www.eipocimb.com); or
- Malayan Banking Berhad at [www.maybank2u.com.my](http://www.maybank2u.com.my) (via hyperlink to Bursa Securities' website at [www.bursamalaysia.com](http://www.bursamalaysia.com)); or
- Public Bank Berhad at [www.pbebank.com](http://www.pbebank.com) (via hyperlink to Bursa Securities' website at [www.bursamalaysia.com](http://www.bursamalaysia.com)); or
- RHB Bank Berhad at [www.rhbgroup.com](http://www.rhbgroup.com) (via hyperlink to Bursa Securities' website at [www.bursamalaysia.com](http://www.bursamalaysia.com)).

PLEASE READ THE TERMS OF THIS PROSPECTUS, THE TERMS AND CONDITIONS FOR INTERNET SHARE APPLICATIONS SET OUT HEREIN AND THE STEPS FOR INTERNET SHARE APPLICATIONS SET OUT HEREIN CAREFULLY PRIOR TO MAKING AN INTERNET SHARE APPLICATION.

THE EXACT TERMS AND CONDITIONS AND ITS SEQUENCE FOR INTERNET SHARE APPLICATIONS IN RESPECT OF THE ISSUE SHARES ARE AS SET OUT ON THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.

**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

PLEASE NOTE THAT THE ACTUAL TERMS AND CONDITIONS OUTLINED BELOW SUPPLEMENT THE ADDITIONAL TERMS AND CONDITIONS FOR INTERNET SHARE APPLICATION CONTAINED IN THE INTERNET FINANCIAL SERVICES WEBSITES OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.

An Internet Share Application shall be made on and shall be subject to the terms and conditions as set out herein:-

(a) An Applicant making an Internet Share Application shall:-

- be an individual with a CDS account and in the case of joint account an individual CDS account registered in the Applicant's name which is to be used for the purpose of the Application if the Applicant is making the Application instead of a CDS account registered in the joint account holder's name;
- have an existing account with access to Internet financial services facilities with an Internet Participating Financial Institution. Applicant must have ready their user identification ("**User ID**") and Personal Identification Numbers ("**PIN**")/password for the relevant Internet financial services facilities; and
- be a Malaysian citizen and have a mailing address in Malaysia.

Applicants are advised to note that a User ID and PIN/password issued by one of the Internet Participating Financial Institutions cannot be used to apply for the Issue Shares at Internet financial service websites of other Internet Participating Financial Institutions.

(b) An Internet Share Application shall be made on and shall be subject to the terms of this Prospectus and our Company's Memorandum and Articles of Association.

(c) The Applicant is required to confirm the following statements (by selecting the designated hyperlink on the relevant screen of the Internet financial services website of the Internet Participating Financial Institution) and to undertake that the following information given are true and correct:-

- the Applicant has attained 18 years of age as at the date of the application for the Issue Shares;
- the Applicant is a Malaysian citizen residing in Malaysia;
- the Applicant has, prior to making the Internet Share Application, received and/or has had access to a printed/electronic copy of this Prospectus, the contents of which the Applicant has read and understood;
- the Applicant agrees to all the terms and conditions of the Internet Share Application as set out in this Prospectus and has carefully considered the risk factors set out in this Prospectus, in addition to all other information contained in this Prospectus before making the Internet Share Application for the Issue Shares;
- the Internet Share Application is the only Application that the Applicant is submitting for the Issue Shares;
- the Applicant authorises the Internet Participating Financial Institution or the Authorised Financial Institution to deduct the full amount payable for the Issue Shares from the Applicant's account with the Internet Participating Financial Institution or the Authorised Financial Institution;

**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

- the Applicant gives express consent in accordance with the relevant laws of Malaysia (including but not limited to Section 133 of Financial Services Act, 2013 and Section 45 of the Securities Industry (Central Depositories) Act, 1991) to the disclosure by the Internet Participating Financial Institution, the Authorised Financial Institution and/or Bursa Depository, as the case may be, of information pertaining to the Applicant, the Internet Share Application made by the Applicant or the Applicant's account with the Internet Participating Financial Institution, to the MIH and the Authorised Financial Institution, the SC and any other relevant authority;
  - the Applicant is not applying for the Issue Shares as a nominee of any other person and the application is made in the Applicant's own name, as beneficial owner and subject to the risks referred to in this Prospectus; and
  - the Applicant authorises the Internet Participating Financial Institution to disclose or transfer to any person, including any government or regulatory authority in any jurisdiction, our Company or other relevant parties in connection with the IPO, all information relating to the Applicant if required by any law, regulation, court order or any government or regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the Internet Participating Financial Institution, necessary for the provision of the Internet Share Application services or if such disclosure is requested or required in connection with the IPO. Further, the Internet Participating Financial Institution will take reasonable precautions to preserve the confidentiality of information relating to the Applicant furnished by the Applicant to the Internet Participating Financial Institution in connection with the use of the Internet Share Application services.
- (d) The Application will not be successfully completed and cannot be recorded as a completed application unless the Applicant has completed all relevant application steps and procedures for the Internet Share Application which would result in the Internet financial services website displaying the Confirmation Screen.

For the purposes of this Prospectus, "Confirmation Screen" shall mean the screen which appears or is displayed on the Internet financial services website, which confirms that the Internet Share Application has been completed and states the details of the Applicant's Internet Share Application, including the number of Issue Shares applied, for which can be printed out by the Applicant for his records.

Upon the display of the Confirmation Screen, the Applicant shall be deemed to have confirmed the truth of the statements set out in **Section 15.6.2(c)** of this Prospectus.

- (e) The Applicant must have sufficient funds in the Applicant's account with the Internet Participating Financial Institution or the Authorised Financial Institution at the time of making the Internet Share Application, to cover and pay for the Issue Shares and the related processing fees, charges and expenses, if any, to be incurred, failing which the Internet Share Application will not be deemed complete, notwithstanding the display of the Confirmation Screen. Any Internet Share Application which does not conform strictly to the instructions set out in this Prospectus or any instructions displayed on the screens of the Internet financial services website through which the Internet Share Application is made shall be rejected.

**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

- (f) The Applicant irrevocably agrees and undertakes to subscribe for and to accept the number of Issue Shares applied for as stated on the Confirmation Screen or any lesser number of Issue Shares that may be allotted to the Applicant in respect of the Internet Share Application. In the event that our Company decides to allot any lesser number of such Issue Shares or not to allot any Issue Shares to the Applicant, the Applicant agrees to accept any such decision of our Company as final.

In the course of completing the Internet Share Application on the website of the Internet Participating Financial Institution, the confirmation by the Applicant of the number of Issue Shares applied for (by way of the Applicant's action of clicking the designated hyperlink on the relevant screen of the website) shall be deemed to signify and shall be treated as:-

- acceptance by the Applicant of the number of Issue Shares that may be allotted or allocated to the Applicant in the event that the Applicant's Internet Share Application is successful or successful in part, as the case may be; and
  - the Applicant's agreement to be bound by the Memorandum and Articles of Association of our Company.
- (g) The Applicant is fully aware that multiple or suspected multiple Internet Share Applications for the Issue Shares of our Company will be rejected. The Company reserves the right to reject any Internet Share Application or accept any Internet Share Application in whole or in part without assigning any reason therefor. Due consideration will be given to the desirability of allotting or allocating the Issue Shares to a reasonable number of Applicants with a view to establishing a liquid and adequate market for the shares.
- (h) Where an Internet Share Application is unsuccessful or successful in part only, the Internet Participating Financial Institution will be informed of the unsuccessful or partially successful Internet Share Application. Where an Internet Share Application is unsuccessful, the Internet Participating Financial Institution will credit or arrange with the Authorised Financial Institution to credit the full amount of the application monies or in balance of it (as the case may be) in Ringgit Malaysia (without interest or any share of revenue or other benefit arising therefrom) into the Applicant's account with the Internet Participating Financial Institution or the Authorised Financial Institution within two (2) Market Days after receipt of written confirmation from MIH.

The Applicant may check their account on the fifth Market Days from the balloting day.

Where the Internet Share Application is accepted in part only, the relevant Internet Participating Financial Institution will credit the balance of the Application monies in Ringgit Malaysia (without interest or any share of revenue or other benefit arising therefrom) into the Applicant's account with the Internet Participating Financial Institution within two (2) Market Days after receipt of written confirmation from MIH.

**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

A number of Applications will however be held in reserve to replace any successfully balloted Applications that are subsequently rejected. In respect of such Applications that are subsequently rejected, the Application monies (without interest or any share of revenue or other benefit arising therefrom) will be refunded to Applicants by MIH by crediting into the Applicants' account with the Participating Financial Institution to the Applicants within ten (10) Market Days from the day of the final ballot of the Application list.

For Applications that are held in reserve and are subsequently unsuccessful (or only partly successful), the Internet Participating Financial Institution will credit the Application monies (or any part thereof but without interest or any share of revenue or other benefit arising therefrom) into the Applicant's account within two (2) Market Days after receiving confirmation from MIH.

Except where MIH is required to refund application monies, it is the sole responsibility of the Internet Participating Financial Institution to ensure the timely refund of Application monies from unsuccessful or partially successful Internet Share Applications. Therefore, Applicants are strongly advised to consult the Internet Participating Financial Institution through which the Application was made in respect of the mode or procedure of enquiring on the status of an Applicant's Internet Share Application in order to determine the status or exact number of Issue Shares allotted, if any, before trading the Issue Shares on Bursa Securities.

- (i) Internet Share Applications will be closed at 5.00 p.m. on 4 May 2016 or such other date(s) as our Directors may in their absolute discretion mutually decide. An Internet Share Application is deemed to be received only upon its completion that is when the Confirmation Screen is displayed on the Internet financial services website. Applicants are advised to print out and retain a copy of the Confirmation Screen for record purposes. Late Internet Share Applications will not be accepted.
- (j) The Applicant irrevocably agrees and acknowledges that the Internet Share Application is subject to risk of electrical, electronic, technical and computer-related faults and breakdowns, faults with computer software, problems occurring during data transmission, computer security threats such as viruses, hackers and crackers, fires, acts of God and other events beyond the control of the Internet Participating Financial Institution, the Authorised Financial Institution and our Company. If, in any such event, our Company, MIH and/or the Internet Participating Financial Institution and/or the Authorised Financial Institution do not receive the Applicant's Internet Share Application and/or the payment therefor, or in the event that any data relating to the Internet Share Application or the tape or any other devices containing such data is lost, corrupted, destroyed or otherwise not accessible, whether wholly or partially and for any reason whatsoever, the Applicant shall be deemed not to have made an Internet Share Application and the Applicant shall have no claim whatsoever against our Company, MIH or the Internet Participating Financial Institution and the Authorised Financial Institution in relation to the Issue Shares applied for or for any compensation, loss or damage whatsoever, as a consequence thereof or arising therefrom.

**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

- (k) All particulars of the Applicant in the records of the relevant Internet Participating Financial Institution at the time of the Internet Share Application shall be deemed to be true and correct, and our Company, the Internet Participating Financial Institutions, MIH and all other persons who, are entitled or allowed under the law to such information or where the Applicant expressly consent to the provision of such information shall be entitled to rely on the accuracy thereof.

The Applicant shall ensure that the personal particulars of the Applicant as recorded by both Bursa Depository and the Internet Participating Financial Institution are correct and identical, otherwise the Applicant's Internet Share Application is liable to be rejected. The notification letter on successful allotment will be sent to the Applicant's address last registered with Bursa Depository. It is the responsibility of the Applicant to notify the Internet Participating Financial Institution and Bursa Depository of any changes in the Applicant's personal particulars that may occur from time to time.

- (l) By making and completing an Internet Share Application, the Applicant is deemed to have agreed that:-
- in consideration of our Company making available the Internet Share Application facility to the Applicant, through the Internet Participating Financial Institution acting as agents of our Company, the Internet Share Application is irrevocable;
  - the Applicant has irrevocably requested and authorised our Company to register the Issue Shares allotted to the Applicant for deposit into the Applicant's CDS account;
  - neither our Company nor the Internet Participating Financial Institution shall be liable for any delay, failure or inaccuracy in the recording, storage or transmission or delivery of data relating to the Internet Share Application to MIH or Bursa Depository due to any breakdown or failure of transmission, delivery or communication facilities or any cause beyond their control;
  - the Applicant shall hold the Internet Participating Financial Institution harmless from any damages, claims or losses whatsoever, as a consequence of or arising from any rejection of the Applicant's Internet Share Application by MIH, us and/or the Internet Participating Financial Institution for reasons of multiple Application, suspected multiple application, inaccurate and/or incomplete details provided by the Applicant, or any other cause beyond the control of the Internet Participating Financial Institution;
  - the acceptance of the offer made by the Applicant to subscribe for the Issue Shares for which the Applicant's Internet Share Application has been successfully completed shall be constituted by written notification in the form of the issue of a notice of allotment by or on behalf of our Company and not otherwise, notwithstanding the receipt of any payment by or on behalf of our Company;
  - the Applicant is not entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of the Applicant's Internet Share Application by our Company;

**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

- in making the Internet Share Application, the Applicant has relied solely on the information contained in this Prospectus. Our Company, the Sole Underwriter, the Principal Adviser and any other person involved in the Public Issue shall not be liable for any information not contained in this Prospectus which may have been relied on by the Applicant in making the Internet Share Application; and
  - the acceptance of an Applicant's Internet Share Application by our Company and the contract resulting therefrom under the IPO shall be governed by and construed in accordance with the laws of Malaysia, and the Applicant irrevocably submits to the jurisdiction of the courts of Malaysia.
- (m) The following processing fee per Internet Share Application will be charged by the respective Internet Participating Financial Institution:-
- Affin Bank Berhad ([www.affinOnline.com](http://www.affinOnline.com)) via hyperlink to Bursa Securities' website at [www.bursamalaysia.com](http://www.bursamalaysia.com) – No fee will be charged for application by their account holders;
  - Affin Hwang Investment Bank Berhad ([trade.affinhwang.com](http://trade.affinhwang.com)) via hyperlink to Bursa Securities' website at [www.bursamalaysia.com](http://www.bursamalaysia.com) – No fee will be charged for application by their account holders;
  - CIMB Bank Berhad ([www.cimbclicks.com.my](http://www.cimbclicks.com.my)) via hyperlink to Bursa Securities' website at [www.bursamalaysia.com](http://www.bursamalaysia.com) – RM2.00 for applicants with CDS accounts held with CIMB Investment Bank Berhad and RM2.50 for applicants with CDS accounts with other ADAs;
  - CIMB Investment Bank Berhad ([www.eipocimb.com](http://www.eipocimb.com)) – RM2.00 for payment via CIMB Bank or Malayan Banking Berhad;
  - Malayan Banking Berhad ([www.maybank2u.com.my](http://www.maybank2u.com.my)) via hyperlink to Bursa Securities' website at [www.bursamalaysia.com](http://www.bursamalaysia.com) – RM1.00;
  - Public Bank Berhad ([www.pbebank.com](http://www.pbebank.com)) via hyperlink to Bursa Securities' website at [www.bursamalaysia.com](http://www.bursamalaysia.com) – RM2.00; and
  - RHB Bank Berhad ([www.rhbgroup.com](http://www.rhbgroup.com)) via hyperlink to Bursa Securities' website at [www.bursamalaysia.com](http://www.bursamalaysia.com) – RM2.50.

**15.7 OVER/UNDER-SUBSCRIPTION**

In the event of an over-subscription, acceptance of Applications shall be subject to ballot to be conducted in the manner approved by our Directors and on a fair and equitable basis. Due consideration will be given to the desirability of distributing the Issue Shares, to a reasonable number of Applicants with a view to broadening the shareholding base of our company to meet the public spread requirements and to establish a liquid and adequate market in our Shares. Pursuant to the Listing Requirements, at least 25% of the enlarged issued and paid-up share capital of our Company must be held by a minimum number of 200 public shareholders holding not less than 100 shares each upon completion of the IPO and at the point of Listing. In the event that the above requirement is not met pursuant to the IPO, the Company may not be allowed to proceed with the Listing. In the event thereof, monies paid in respect of all Applications will be returned without interest if the said permission for listing and quotation is not granted. Applicants will be selected in a manner to be determined by our Directors.

**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

In the event of an under-subscription of Shares by Malaysian Public and/or eligible Directors, employees and persons who have contributed to the success of our Group, subject to the underwriting arrangements and reallocation as set out in Section 3.5.2 of this Prospectus, any aforementioned Shares not applied for will then be subscribed by our Sole Underwriter based on the terms of the Underwriting Agreement.

**15.8 CDS ACCOUNTS**

Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act, 1991, Bursa Securities has prescribed the shares as Prescribed Securities. In consequence thereof, the share issued/offered through this Prospectus will be deposited directly with Bursa Depository and any dealings in these shares will be carried out in accordance with the Securities Industry (Central Depository) Act, 1991 and Rules of Bursa Depository.

Following the above, in accordance with Section 29 of the Securities Industry (Central Depositories) Act 1991, all dealings in our Shares will be by book entries through CDS accounts. No share certificates will be issued to successful Applicants.

Only an Applicant who has a CDS account can make an Application by way of an Application Form. An Applicant should state his CDS account number in the space provided on the Application Form and he/she shall be deemed to have authorised Bursa Depository to disclose information pertaining to the CDS account to MIH or us. Where an Applicant does not presently have a CDS account, he/she should open a CDS account at an ADA prior to making an Application for the Issue Shares. Failure to comply with these specific instructions as the Application Form requires or inaccuracy in the CDS account number arising from use of invalid, third party or nominee account may result in your application being rejected. If successful Applicants fails to state his/her CDS account number, MIH under the instruction of our Company, will reject the Application.

In the case of an Application by way of Electronic Share Application, only an Applicant who has a CDS Account can make an Electronic Share Application. The Applicant shall furnish his CDS account number to the Participating Financial Institution by way of keying in his CDS account number if the instructions on the ATM screen at which he enters his Electronic Share Application require him to do so. Failure to comply with these specific instructions as the Electronic Share Application requires or inaccuracy in the CDS account number arising from use of invalid, third party or nominees account, may result in your application being rejected.

In the case of an application by way of Internet Share Application, only an Applicant who has a CDS Account can make an Internet Share Application. In certain cases, only an Applicant who has a CDS account opened with the Internet Participating Financial Institution can make an Internet Share Application. Arising therewith, the Applicant's CDS account number would automatically appear in the e-IPO online application form.

MIH, acting on the authority of our Directors also reserves the right to reject any incomplete and inaccurate Application. Applications may also be rejected if the Applicants' particulars provided in the Application Forms, or in the case of Electronic Share Application or Internet Share Application, if the records of the Participating Financial Institutions at the time of making the Electronic Share Application or Internet Share Application, differ from those in Bursa Depository's records, such as the identity card number, name and nationality.

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**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

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**15.9 NOTICE OF ALLOTMENT**

Our Shares allotted to all successful or partially successful Applicants will be credited to their respective CDS accounts. A notice of allotment will be despatched to the successful or partially successful Applicant at his address last maintained with Bursa Depository at the Applicant's own risk prior to our Listing. For Electronic Share Applications or Internet Share Applications, the notice of allotment will be despatched to the successful or partially successful Applicant at his address last maintained with Bursa Depository at the Applicant's own risk prior to our Listing. This is the only acknowledgement of acceptance of the Application.

All Applicants must inform Bursa Depository of his/her updated address promptly by adhering to certain rules and regulation of Bursa Depository, failing which, the notification letter on successful allotment shall be sent to the Applicant's address last maintained with Bursa Depository.

**Applicants may also check the status of their application by calling their respective ADAs at the telephone number as stated in Section 15.10 of this Prospectus or the MIH Enquiry Services Telephone at (03) 7841 8289, within five (5) to ten (10) Market Days (during office hours only) after the balloting date.**

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**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)****15.10 LIST OF ADAs**

The list of ADAs and their respective Broker Codes are as follows:-

| <b>Name, Address and Telephone Number</b>                                                                                                                                       | <b>Broker Code</b> | <b>Name, Address and Telephone Number</b>                                                                                                                                | <b>Broker Code</b> |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|
| <b><u>KUALA LUMPUR</u></b>                                                                                                                                                      |                    |                                                                                                                                                                          |                    |
| AFFIN HWANG INVESTMENT BANK BERHAD<br>Ground, Mezzanine & 3 <sup>rd</sup> Floor<br>Chulan Tower<br>No. 3, Jalan Conlay<br>50450 Kuala Lumpur<br>Tel No : 03-21438668            | 068-018            | HONG LEONG INVESTMENT BANK BERHAD<br>Level 7, Menara HLA<br>No. 3, Jalan Kia Peng<br>50450 Kuala Lumpur<br>Tel No : 03-21681168                                          | 066-001            |
| AFFIN HWANG INVESTMENT BANK BERHAD<br>38A & 40A<br>Jalan Midah 1, Taman Midah<br>56000 Cheras, Kuala Lumpur<br>Tel No : 03-91308803                                             | 068-021            | HONG LEONG INVESTMENT BANK BERHAD<br>Level 18, Menara Raja Laut<br>288, Jalan Raja Laut<br>50350 Kuala Lumpur<br>Tel No : 03-26910200                                    | 066-006            |
| HONG LEONG INVESTMENT BANK BERHAD<br>Level 25 & 26<br>Menara LGB<br>No 1, Jalan Wan Kadir<br>60000 Taman Tun Dr Ismail<br>Kuala Lumpur<br>Tel No: 03-77236300                   | 066-007            | ALLIANCE INVESTMENT BANK BERHAD<br>17 <sup>th</sup> Floor, Menara Multi Purpose Capital Square<br>8, Jalan Munshi Abdullah<br>50100 Kuala Lumpur<br>Tel No : 03-26043333 | 076-001            |
| AFFIN HWANG INVESTMENT BANK BERHAD<br>2 <sup>nd</sup> Floor, Bangunan AHP<br>No. 2, Jalan Tun Mohd Fuad 3<br>Taman Tun Dr. Ismail<br>60000 Kuala Lumpur<br>Tel No : 03-77106688 | 068-009            | AMINVESTMENT BANK BERHAD<br>15 <sup>th</sup> Floor, Bangunan AmBank Group<br>55, Jalan Raja Chulan<br>50200 Kuala Lumpur<br>Tel No : 03-20782788                         | 086-001            |
| BIMB SECURITIES SDN BHD<br>32 <sup>nd</sup> Floor<br>Menara Multi-Purpose Capital Square<br>No. 8, Jalan Munshi Abdullah<br>50100 Kuala Lumpur<br>Tel No : 03-26918887          | 024-001            | INTER-PACIFIC SECURITIES SDN BHD<br>West Wing, Level 13<br>Berjaya Times Square<br>No. 1, Jalan Imbi<br>55100 Kuala Lumpur<br>Tel No : 03-21171888                       | 054-001            |
| CIMB INVESTMENT BANK BERHAD<br>Level 17, Menara CIMB<br>Jalan Stesen Sentral 2<br>Kuala Lumpur Sentral<br>50470 Kuala Lumpur<br>Tel No : 03-22618888                            | 065-001            | INTER-PACIFIC SECURITIES SDN BHD<br>Ground Floor, 7-0-8 Jalan 3/109F<br>Danau Business Centre, Danau Desa<br>58100 Kuala Lumpur<br>Tel No : 03-79847796                  | 054-003            |
| FA SECURITIES SDN BHD<br>A-10-1 & A-10-17<br>Level 10, Menara UOA Bangsar<br>No. 5, Jalan Bangsar Utama 1<br>59000 Kuala Lumpur<br>Tel No : 03-2288 1676                        | 021-002            | INTER-PACIFIC SECURITIES SDN BHD<br>No. 33-1 (First Floor)<br>Jalan Radin Bagus<br>Bandar Baru Seri Petaling<br>57000 Kuala Lumpur<br>Tel No : 03-90562921               | 054-007            |

**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

| <b>Name, Address and Telephone Number</b>                                                                                                                   | <b>Broker Code</b> | <b>Name, Address and Telephone Number</b>                                                                                                                                                | <b>Broker Code</b> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|
| JUPITER SECURITIES SDN BHD<br>Level 8 & 9, Menara Olympia<br>8, Jalan Raja Chulan<br>50200 Kuala Lumpur<br>Tel No : 03-20341888                             | 055-001            | MALACCA SECURITIES SDN BHD<br>55-1, Jalan Metro Predana Barat 1<br>Taman Usahawan Kepong<br>52100 Kuala Lumpur<br>Tel No : 03-62418595                                                   | 012-009            |
| MALACCA SECURITIES SDN BHD<br>No 76-1, Jalan Wangsa Delima 6<br>Pusat Bandar Wangsa Maju (KLSC)<br>Setapak, 53300 Kuala Lumpur<br>Tel No: 03-41442565       | 012-012            | KAF-SEAGROATT & CAMPBELL<br>SECURITIES SDN BHD<br>11 <sup>th</sup> -14 <sup>th</sup> Floor, Chulan Tower<br>No. 3, Jalan Conlay<br>50450 Kuala Lumpur<br>Tel No : 03-21710228            | 053-001            |
| MAYBANK INVESTMENT BANK<br>BERHAD<br>Level 5-13, MaybanLife Tower<br>Dataran Maybank<br>No.1 Jalan Maarof<br>59000 Kuala Lumpur<br>Tel No : 03-22978888     | 098-001            | KENANGA INVESTMENT BANK<br>BERHAD<br>Level 8, Kenanga International<br>Jalan Sultan Ismail<br>50250 Kuala Lumpur<br>Tel No : 03-21649080                                                 | 073-001            |
| MERCURY SECURITIES SDN BHD<br>L-7-2, No.2<br>Jalan Solaris<br>Solaris Mont' Kiara<br>50480 Kuala Lumpur<br>Tel No : 03-62037227                             | 093-002            | KENANGA INVESTMENT BANK<br>BERHAD<br>M3-A-7 & M3-A-8<br>Jalan Pandan Indah 4/3A<br>Pandan Indah<br>55100 Kuala Lumpur<br>Tel No : 03-42978806                                            | 073-020            |
| MIDF AMANAH INVESTMENT BANK<br>BERHAD<br>Level 9, 10, 11 & 12, Menara MIDF<br>82 Jalan Raja Chulan<br>50200 Kuala Lumpur<br>Tel No : 03-21738888            | 026-001            | KENANGA INVESTMENT BANK<br>BERHAD<br>1 <sup>st</sup> Floor West Wing<br>Bangunan ECM Libra<br>8 Jalan Damansara Endah<br>Damansara Heights<br>50490 Kuala Lumpur<br>Tel No : 03-20892888 | 073-021            |
| PM SECURITIES SDN BHD<br>Mezzanine, 1st Floor<br>Menara PMI<br>No. 2, Jalan Changkat Ceylon<br>50200 Kuala Lumpur<br>Tel No : 03-21463000                   | 064-001            | KENANGA INVESTMENT BANK<br>BERHAD<br>1 <sup>st</sup> Floor, Wisma Genting<br>Jalan Sultan Ismail<br>50250 Kuala Lumpur<br>Tel No : 03-21781133                                           | 073-029            |
| PUBLIC INVESTMENT BANK BERHAD<br>27 <sup>th</sup> Floor, Public Bank Building<br>No. 6, Jalan Sultan Sulaiman<br>50000 Kuala Lumpur<br>Tel No : 03-22683000 | 051-001            | M & A SECURITIES SDN BHD<br>Level 1-3, No. 45 & 47<br>The Boulevard, Mid Valley City<br>Lingkaran Syed Putra<br>59200 Kuala Lumpur<br>Tel No : 03-22821820                               | 057-002            |
| RHB INVESTMENT BANK BERHAD<br>Level 1, Tower 3<br>RHB Centre, Jalan Tun Razak<br>50400 Kuala Lumpur<br>Tel No : 03-92873888                                 | 087-001            | M & A SECURITIES SDN BHD<br>22A-1<br>Jalan Kuchai Maju 1<br>Kuchai Entrepreneurs' Park<br>Off Jalan Kuchai Lama<br>58200 Kuala Lumpur<br>Tel No : 03-79839890                            | 057-004            |

**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

| <b>Name, Address and Telephone Number</b>                                                                                                                                                                 | <b>Broker Code</b> | <b>Name, Address and Telephone Number</b>                                                                                                                                                                                                | <b>Broker Code</b> |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|
| RHB INVESTMENT BANK BERHAD<br>4th Floor, Plaza OSK<br>Jalan Ampang<br>50450 Kuala Lumpur<br>Tel No : 03-23338333                                                                                          | 087-018            | RHB INVESTMENT BANK BERHAD<br>No. 62 & 64, Vista Magna<br>Jalan Prima, Metro Prima<br>52100 Kuala Lumpur<br>Tel No : 03-62575869                                                                                                         | 087-028            |
| UOB KAY HIAN SECURITIES (M) SDN BHD<br>N-1-3, Plaza Damas<br>60, Jalan Sri Hartamas 1<br>Sri Hartamas<br>50480 Kuala Lumpur<br>Tel No : 03-62056000                                                       | 078-004            | RHB INVESTMENT BANK BERHAD<br>No. 5 & 7<br>Jalan Pandan Indah 4/33<br>Pandan Indah<br>55100 Kuala Lumpur<br>Tel No : 03-42804798                                                                                                         | 087-054            |
| UOB KAY HIAN SECURITIES (M) SDN BHD<br>Ground & 19 <sup>th</sup> Floor<br>Menara Keck Seng<br>203 Jalan Bukit Bintang<br>55100 Kuala Lumpur<br>Tel No : 03-2147 1888                                      | 078-010            | RHB INVESTMENT BANK BERHAD<br>Ground, 1st, 2nd & 3rd Floor<br>No. 55, Zone J4<br>Jalan Radin Anum<br>Bandar Baru Seri Petaling<br>57000 Kuala Lumpur<br>Tel No : 03-90587222                                                             | 087-058            |
| TA SECURITIES HOLDINGS BERHAD<br>Menara TA One<br>No. 22, Jalan P. Ramlee<br>50250 Kuala Lumpur<br>Tel No : 03-20721277                                                                                   | 058-003            |                                                                                                                                                                                                                                          |                    |
| <b><u>SELANGOR DARUL EHSAN</u></b>                                                                                                                                                                        |                    |                                                                                                                                                                                                                                          |                    |
| AFFIN HWANG INVESTMENT BANK BERHAD<br>3 <sup>rd</sup> & 4 <sup>th</sup> Floor<br>Wisma Meru<br>No. 1, Lintang Pekan Baru<br>Off Jalan Meru<br>41050 Klang<br>Selangor Darul Ehsan<br>Tel No : 03-33439999 | 068-019            | HONG LEONG INVESTMENT BANK BERHAD<br>Level 10, 1 First Avenue<br>Bandar Utama<br>47800 Petaling Jaya<br>Selangor Darul Ehsan<br>Tel No : 03-77246888                                                                                     | 066-002            |
| AFFIN HWANG INVESTMENT BANK BERHAD<br>Lot 229, 2 <sup>nd</sup> Floor, The Curve<br>No. 6, Jalan PJU 7/3<br>Mutiar Damansara<br>47800 Petaling Jaya<br>Selangor Darul Ehsan<br>Tel No : 03-77298016        | 068-020            | AFFIN HWANG INVESTMENT BANK BERHAD<br>16 <sup>th</sup> , 18 <sup>th</sup> -20 <sup>th</sup> Floor, Plaza Masalam<br>No. 2, Jalan Tengku Ampuan Zabedah E9/E Section 9<br>40100 Shah Alam<br>Selangor Darul Ehsan<br>Tel No : 03-55133288 | 068-002            |
| AFFIN HWANG INVESTMENT BANK BERHAD<br>No.79-1 & 79-2<br>Jalan Batu Nilam 5<br>Bandar Bukit Tinggi<br>41200 Klang<br>Selangor Darul Ehsan<br>Tel No : 03-33221999                                          | 068-023            | AFFIN HWANG INVESTMENT BANK BERHAD<br>East Wing & Centre Link<br>Floor 3A, Wisma Consplant 2<br>No. 7, Jalan SS 16/1<br>47500 Subang Jaya<br>Selangor Darul Ehsan<br>Tel No : 03-56356688                                                | 068-010            |

**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

| <b>Name, Address and Telephone Number</b>                                                                                                                                                                 | <b>Broker Code</b> | <b>Name, Address and Telephone Number</b>                                                                                                                                                    | <b>Broker Code</b> |
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| CIMB INVESTMENT BANK BERHAD<br>Level G & Level 1<br>Tropicana City Office Tower<br>No. 3, Jalan SS 20/27<br>47400 Petaling Jaya<br>Selangor Darul Ehsan<br>Tel No : 03-77173388                           | 065-009            | AMINVESTMENT BANK BERHAD<br>4 <sup>th</sup> Floor, Plaza Damansara Utama<br>No. 2, Jalan SS21/60<br>47400 Petaling Jaya<br>Selangor Darul Ehsan<br>Tel No : 03-77106613                      | 086-003            |
| JF APEX SECURITIES BERHAD<br>Block J-6-3A, Setia Walk<br>PSN Wawasan<br>Pusat Bandar Puchong<br>47160 Puchong<br>Selangor Darul Ehsan<br>Tel No : 03-5879 0163                                            | 079-004            | KENANGA INVESTMENT BANK<br>BERHAD<br>Level 1 East Wing<br>Wisma Consplant 2<br>No. 7 Jalan SS 16/1<br>47500 Subang Jaya<br>Selangor Darul Ehsan<br>Tel No : 03-56212118                      | 073-030            |
| JF APEX SECURITIES BERHAD<br>16 <sup>th</sup> Floor<br>Menara Choy Fook On<br>No. 1B, Jalan Yong Shook Lin<br>46050 Petaling Jaya<br>Selangor Darul Ehsan<br>Tel No : 03-76201118                         | 079-002            | KENANGA INVESTMENT BANK<br>BERHAD<br>35 (Ground & 1 <sup>st</sup> Floor)<br>Jalan Tiara 3<br>Bandar Baru Klang<br>41150 Klang<br>Selangor Darul Ehsan<br>Tel No : 03-33488080                | 073-035            |
| JF APEX SECURITIES BERHAD<br>6 <sup>th</sup> Floor, Menara Apex<br>Off Jalan Semenyih, Bukit Mewah<br>43000 Kajang<br>Selangor Darul Ehsan<br>Tel No : 03-87361118                                        | 079-001            | MALACCA SECURITIES SDN BHD<br>No. 58 & 60, 1 <sup>st</sup> Floor<br>Jalan SS2/67<br>47300 Petaling Jaya<br>Selangor Darul Ehsan<br>Tel No : 03-78761533                                      | 012-003            |
| MALACCA SECURITIES SDN BHD<br>No 39-2, Jalan Temenggung 21/9<br>Seksyen 9, Bandar Mahkota Cheras<br>43200 Cheras<br>Selangor Darul Ehsan<br>Tel No: 03-90115913                                           | 012-011            | JUPITER SECURITIES SDN BHD<br>No. 42-46, 3rd Floor<br>Jalan SS19/D<br>47500 Subang Jaya<br>Selangor Darul Ehsan<br>Tel No : 03-5632 4838                                                     | 055-004            |
| MAYBANK INVESTMENT BANK<br>BERHAD<br>Suite 8.02, Level 8, Menara Trend<br>Intan Millennium Square<br>No. 68, Jalan Batai Laut, Taman Intan<br>41300 Klang<br>Selangor Darul Ehsan<br>Tel No : 03-30508888 | 098-003            | KENANGA INVESTMENT BANK<br>BERHAD<br>Ground – Fifth Floor<br>East Wing, Quattro West<br>No. 4, Lorong Persiaran Barat<br>46200 Petaling Jaya<br>Selangor Darul Ehsan<br>Tel No : 03-78626200 | 073-005            |
| MAYBANK INVESTMENT BANK<br>BERHAD<br>Wisma Bentley Music<br>Level 1, No. 3, Jalan PJU 7/2<br>Mutiar Damansara<br>47800 Petaling Jaya<br>Selangor Darul Ehsan<br>Tel No : 03-77188888                      | 098-004            | KENANGA INVESTMENT BANK<br>BERHAD<br>55C (2 <sup>nd</sup> Floor)<br>Jalan USJ 10/1F<br>47610 Subang Jaya<br>Selangor Darul Ehsan<br>Tel No : 03-80241773                                     | 073-006            |

**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

| <b>Name, Address and Telephone Number</b>                                                                                                                                             | <b>Broker Code</b> | <b>Name, Address and Telephone Number</b>                                                                                                                                                        | <b>Broker Code</b> |
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| PM SECURITIES SDN BHD<br>No. 157, Jalan Kenari 23A<br>Bandar Puchong Jaya<br>47100 Puchong<br>Selangor Darul Ehsan<br>Tel No : 03-80700773                                            | 064-003            | KENANGA INVESTMENT BANK BERHAD<br>Lot 240, 2nd Floor, The Curve<br>No. 6, Jalan PJU 7/3<br>Mutiar Damansara<br>47800 Petaling Jaya<br>Selangor Darul Ehsan<br>Tel No : 03-77259095               | 073-016            |
| MALACCA SECURITIES SDN BHD<br>No. 16, Jalan SS15/4B<br>47500 Subang Jaya<br>Selangor Darul Ehsan<br>Tel No : 03-56361533                                                              | 012-002            | PM SECURITIES SDN BHD<br>No. 18 & 20, Jalan Tiara 2<br>Bandar Baru Klang<br>41150 Klang<br>Selangor Darul Ehsan<br>Tel No : 03-33415300                                                          | 064-007            |
| RHB INVESTMENT BANK BERHAD<br>No. 37, Jalan Semenyih<br>43000 Kajang<br>Selangor Darul Ehsan<br>Tel No : 03-87363378                                                                  | 087-045            | RHB INVESTMENT BANK BERHAD<br>First Floor<br>10 & 11, Jalan Maxwell<br>48000 Rawang<br>Selangor Darul Ehsan<br>Tel No : 03-60928916                                                              | 087-047            |
| SJ SECURITIES SDN BHD<br>Ground Floor, Podium Block<br>Wisma Synergy<br>Lot 72, Persiaran Jubli Perak<br>Section 22<br>40200 Shah Alam<br>Selangor Darul Ehsan<br>Tel No : 03-5190202 | 096-001            | RHB INVESTMENT BANK BERHAD<br>Ground & Mezzanine Floor<br>No. 87 & 89, Jalan Susur<br>Pusat Perniagaan NBC<br>Batu 1½, Jalan Meru<br>41050 Klang<br>Selangor Darul Ehsan<br>Tel No : 03-33439180 | 087-048            |
| SJ SECURITIES SDN BHD<br>101B, Jalan SS15/5A<br>47500 Subang Jaya<br>Selangor Darul Ehsan<br>Tel No : 03-56317888                                                                     | 096-002            | SJ SECURITIES SDN BHD<br>No. 47-2 Jalan Batu Nilam 5<br>Bandar Bukit Tinggi<br>41200 Klang<br>Selangor Darul Ehsan<br>Tel No : 03-33221915                                                       | 096-004            |
| SJ SECURITIES SDN BHD<br>No. A-3-11 Block Alamanda<br>10 Boulevard Lebuhraya Sprint, PJU 6A<br>47400 Petaling Jaya<br>Selangor Darul Ehsan<br>Tel No : 03-77323862                    | 096-005            | RHB INVESTMENT BANK BERHAD<br>Unit 1B, 2B & 3B<br>Jalan USJ 10/1J<br>47610 UEP Subang Jaya<br>Selangor Darul Ehsan<br>Tel No : 03-80221888                                                       | 087-059            |
| TA SECURITIES HOLDINGS BERHAD<br>No. 2-1, 2-2, 2-3 & 4-2<br>Jalan USJ 9/5T<br>Subang Business Centre<br>47620 UEP Subang Jaya<br>Selangor Darul Ehsan<br>Tel No : 03-80251880         | 058-005            | RHB INVESTMENT BANK BERHAD<br>24, 24M, 24A, 26M, 28M, 28A & 30<br>Jalan SS 2/63<br>47300 Petaling Jaya<br>Selangor Darul Ehsan<br>Tel No : 03-78736366                                           | 087-011            |
| TA SECURITIES HOLDINGS BERHAD<br>2 <sup>nd</sup> Floor, Wisma TA<br>No. 1A, Jalan SS20/1<br>Damansara Utama<br>47400 Petaling Jaya<br>Selangor Darul Ehsan<br>Tel No : 03-77295713    | 058-007            |                                                                                                                                                                                                  |                    |

**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

| <b>Name, Address and Telephone Number</b>                                                                                                                                                                                       | <b>Broker Code</b> | <b>Name, Address and Telephone Number</b>                                                                                                                                                     | <b>Broker Code</b> |
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| <b><u>MELAKA</u></b>                                                                                                                                                                                                            |                    |                                                                                                                                                                                               |                    |
| CIMB INVESTMENT BANK BERHAD<br>Ground, 1 <sup>st</sup> & 2 <sup>nd</sup> Floor<br>No. 191, Taman Melaka Raya<br>Off Jalan Parameswara<br>75000 Melaka<br>Tel No : 06-2898800                                                    | 065-006            | KENANGA INVESTMENT BANK BERHAD<br>22A & 22A-1 and 26 & 26-1<br>Jalan MP10<br>Taman Merdeka Permai<br>75350 Batu Berendam<br>Melaka<br>Tel No : 06-3372550                                     | 073-034            |
| KENANGA INVESTMENT BANK BERHAD<br>71(A&B) & 73(A&B), Jalan Merdeka<br>Taman Melaka Raya<br>75000 Melaka<br>Tel No : 06-2881720                                                                                                  | 073-028            | MALACCA SECURITIES SDN BHD<br>No. 1, 3 & 5, Jalan PPM9<br>Plaza Pandan Malim (Business Park)<br>Balai Panjang,<br>75250 Melaka<br>Tel No : 06-3371533                                         | 012-001            |
| MERCURY SECURITIES SDN BHD<br>No. 81, 81A & 81B, Jalan Merdeka<br>Taman Melaka Raya<br>75000 Melaka<br>Tel No : 06-2921898                                                                                                      | 093-003            | RHB INVESTMENT BANK BERHAD<br>579, 580 & 581<br>Taman Melaka Raya<br>75000 Melaka<br>Tel No : 06-2825211                                                                                      | 087-026            |
| PM SECURITIES SDN BHD<br>No 6-1, Jalan Lagenda 2<br>Taman 1 Lagenda<br>75400 Melaka<br>Tel No : 06-2880050                                                                                                                      | 064-006            | TA SECURITIES HOLDINGS BERHAD<br>59, 59A, 59B<br>Jalan Merdeka<br>Taman Melaka Raya<br>75000 Melaka<br>Tel No : 06-2862618                                                                    | 058-008            |
| RHB INVESTMENT BANK BERHAD<br>No. 19, 21 & 23<br>Jalan Merdeka<br>Taman Melaka Raya<br>75000 Melaka<br>Tel No : 06-2833622                                                                                                      | 087-002            | UOB KAY HIAN SECURITIES (M) SDN BHD<br>7-2 Jalan PPM8<br>Malim Business Park<br>75250 Melaka<br>Tel No : 06-3352511                                                                           | 078-014            |
| <b><u>PERAK DARUL RIDZUAN</u></b>                                                                                                                                                                                               |                    |                                                                                                                                                                                               |                    |
| CIMB INVESTMENT BANK BERHAD<br>Ground, 1 <sup>st</sup> , 2 <sup>nd</sup> & 3 <sup>rd</sup> Floor<br>No 8, 8A-8C Persiaran Greentown 4C<br>Greentown Business Centre<br>30450 Ipoh<br>Perak Darul Ridzuan<br>Tel No : 05-2088688 | 065-010            | KENANGA INVESTMENT BANK BERHAD<br>Ground, 1 <sup>st</sup> , 2 <sup>nd</sup> & 4 <sup>th</sup> Floor<br>No. 63 Persiaran Greenhill<br>30450 Ipoh<br>Perak Darul Ridzuan<br>Tel No : 05-2422828 | 073-022            |
| HONG LEONG INVESTMENT BANK BERHAD<br>51-53, Persiaran Greenhill<br>30450 Ipoh<br>Perak Darul Ridzuan<br>Tel No : 05-2530888                                                                                                     | 066-003            | KENANGA INVESTMENT BANK BERHAD<br>No. 7B-1, Jalan Laman Intan<br>Bandar Baru Teluk Intan<br>36000 Teluk Intan<br>Perak Darul Ridzuan<br>Tel No : 05-6222828                                   | 073-026            |
| AFFIN HWANG INVESTMENT BANK BERHAD<br>21, Jalan Stesen<br>34000 Taiping<br>Perak Darul Ridzuan<br>Tel No : 05-8066688                                                                                                           | 068-003            | KENANGA INVESTMENT BANK BERHAD<br>Ground Floor, No.25 & 25A<br>Jalan Jaya 2, Medan Jaya<br>32000 Sitiawan<br>Perak Darul Ridzuan<br>Tel No : 05-6939828                                       | 073-031            |

**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

| <b>Name, Address and Telephone Number</b>                                                                                                                                                                    | <b>Broker Code</b> | <b>Name, Address and Telephone Number</b>                                                                                                                                                       | <b>Broker Code</b> |
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| AFFIN HWANG INVESTMENT BANK BERHAD<br>2 <sup>nd</sup> & 3 <sup>rd</sup> Floor<br>No. 22, Persiaran Greentown 1<br>Greentown Business Centre<br>30450 Ipoh<br>Perak Darul Ridzuan<br>Tel No : 05-2559988      | 068-015            | MAYBANK INVESTMENT BANK BERHAD<br>B-G-04 (Ground Floor), Level 1 & 2<br>No. 42 Persiaran Greentown 1<br>Pusat Perdagangan Greentown<br>30450 Ipoh<br>Perak Darul Ridzuan<br>Tel No : 05-2453400 | 098-002            |
| M & A SECURITIES SDN BHD<br>M & A Building<br>52A, Jalan Sultan Idris Shah<br>30000 Ipoh<br>Perak Darul Ridzuan<br>Tel No : 05-2419800                                                                       | 057-001            | RHB INVESTMENT BANK BERHAD<br>72, Ground Floor<br>Jalan Idris<br>31900 Kampar<br>Perak Darul Ridzuan<br>Tel No : 05-4651261                                                                     | 087-044            |
| MALACCA SECURITIES SDN BHD<br>No 3, 1st Floor<br>Persiaran Greenhill<br>30450, Ipoh<br>Perak Darul Ridzuan<br>Tel No: 05-2541533                                                                             | 012-013            | RHB INVESTMENT BANK BERHAD<br>Ground & 1 <sup>st</sup> Floor<br>No. 17, Jalan Intan 2<br>Bandar Baru<br>36000 Teluk Intan<br>Perak Darul Ridzuan<br>Tel No : 05-6236498                         | 087-014            |
| RHB INVESTMENT BANK BERHAD<br>No 1 & 3, 1 <sup>st</sup> Floor<br>Jalan Wawasan Satu<br>Taman Wawasan Jaya<br>34200 Parit Buntar<br>Perak Darul Ridzuan<br>Tel No : 05-7170888                                | 087-052            | RHB INVESTMENT BANK BERHAD<br>Ground & 1 <sup>st</sup> Floor<br>No. 23 & 25<br>Jalan Lumut<br>32000 Sitiawan<br>Perak Darul Ridzuan<br>Tel No : 05-6921228                                      | 087-016            |
| TA SECURITIES HOLDINGS BERHAD<br>Ground, 1 <sup>st</sup> & 2 <sup>nd</sup> Floor<br>Plaza Teh Teng Seng<br>No. 227, Jalan Raja Permaisuri Bainun<br>30250 Ipoh<br>Perak Darul Ridzuan<br>Tel No : 05-2531313 | 058-001            | RHB INVESTMENT BANK BERHAD<br>21-25, Jalan Seenivasagam<br>Greentown<br>30450 Ipoh<br>Perak Darul Ridzuan<br>Tel No : 05-2415100                                                                | 087-023            |
| UOB KAY HIAN SECURITIES (M) SDN BHD<br>27-1, Jalan Intan 2<br>Bandar Baru<br>36000 Teluk Intan<br>Perak Darul Ridzuan<br>Tel No : 05-6216010                                                                 | 078-009            | RHB INVESTMENT BANK BERHAD<br>Ground Floor<br>No. 40, 42 & 44<br>Jalan Berek<br>34000 Taiping<br>Perak Darul Ridzuan<br>Tel No : 05-8088229                                                     | 087-034            |
| UOB KAY HIAN SECURITIES (M) SDN BHD<br>153A Jalan Raja Musa Aziz<br>30303 Ipoh<br>Perak Darul Ridzuan<br>Tel No : 05-2411290                                                                                 | 078-013            |                                                                                                                                                                                                 |                    |

**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

| <b>Name, Address and Telephone Number</b>                                                                                                                                                          | <b>Broker Code</b> | <b>Name, Address and Telephone Number</b>                                                                                                                            | <b>Broker Code</b> |
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| <b><u>PULAU PINANG</u></b>                                                                                                                                                                         |                    |                                                                                                                                                                      |                    |
| ALLIANCE INVESTMENT BANK BERHAD<br>Ground & Mezzanine Floor<br>Bangunan Barkath<br>21, Lebu Pantai<br>10300 Georgetown<br>Pulau Pinang<br>Tel No : 04-2611688                                      | 076-015            | AMINVESTMENT BANK BERHAD<br>3 <sup>rd</sup> Floor, Menara Liang Court<br>No. 37, Jalan Sultan Ahmad Shah<br>10050 Pulau Pinang<br>Tel No : 04-2261818                | 086-004            |
| AFFIN HWANG INVESTMENT BANK BERHAD<br>Level 2, 3, 4, 5, 7 & 8<br>Wisma Sri Pinang<br>60, Green Hall<br>10200 Pulau Pinang<br>Tel No : 04-2636996                                                   | 068-001            | M & A SECURITIES SDN BHD<br>216, 216A, 218 and 218A<br>Pengkalan Weld<br>Lebuh Macallum<br>10300 Pulau Pinang<br>Tel No : 04-2617 611                                | 057-008            |
| AFFIN HWANG INVESTMENT BANK BERHAD<br>No. 2 & 4<br>Jalan Perda Barat<br>Bandar Perda<br>14000 Bukit Mertajam<br>Pulau Pinang<br>Tel No : 04-5372882                                                | 068-006            | CIMB INVESTMENT BANK BERHAD<br>Ground Floor<br>Suite 1.01, Menara Boustead Penang<br>39, Jalan Sultan Ahmad Shah<br>10050 Pulau Pinang<br>Tel No : 04-2385900        | 065-001            |
| INTER-PACIFIC SECURITIES SDN BHD<br>Canton Square<br>Level 2 (Unit 1) & Level 3<br>No 56 Cantontment Road<br>10250, Penang<br>Tel No: 04-2268288                                                   | 054-002            | MALACCA SECURITIES SDN BHD<br>No 39-1, Jalan Lenggong<br>Vantax Point<br>11600 Jelutong, Penang<br>Tel No : 04-8981525                                               | 012-004            |
| JF APEX SECURITIES BERHAD<br>368-2-5 Jalan Burmah<br>Belissa Row<br>10350 Pulau Tikus<br>Pulau Pinang<br>Tel No : 04-2289118                                                                       | 079-005            | MALACCA SECURITIES SDN BHD<br>48 Jalan Todak 2<br>13700 Seberang Jaya<br>Pulau Pinang<br>Tel No : 04-3905669                                                         | 012-006            |
| JUPITER SECURITIES SDN BHD<br>20-1, Persiaran Bayan Indah<br>Bayan Bay<br>Sungai Nibong<br>11900 Bayan Lepas<br>Penang<br>Tel No : 04-641 2881                                                     | 055-003            | MALACCA SECURITIES SDN BHD<br>No 17, 1 <sup>st</sup> Floor<br>Persiaran Bayan Indah<br>Taman Bayan Indah<br>11900 Bayan Lepas<br>Pulau Pinang<br>Tel No : 04-6421533 | 012-007            |
| KENANGA INVESTMENT BANK BERHAD<br>7 <sup>th</sup> , 8 <sup>th</sup> & 16 <sup>th</sup> Floor<br>Menara Boustead Penang<br>39, Jalan Sultan Ahmad Shah<br>10050 Pulau Pinang<br>Tel No : 04-2283355 | 073-023            | MAYBANK INVESTMENT BANK BERHAD<br>Lot 1.02, 1st Floor<br>Bangunan KWSP<br>Jalan Sultan Ahmad Shah<br>10500 Georgetown<br>Pulau Pinang<br>Tel No : 04-2196 888        | 098-006            |

**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

| <b>Name, Address and Telephone Number</b>                                                                                                                                                          | <b>Broker Code</b> | <b>Name, Address and Telephone Number</b>                                                                                                                                                                         | <b>Broker Code</b> |
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| M & A SECURITIES SDN BHD<br>332H-1 & 332G-2<br>Harmony Square<br>Jalan Perak<br>11600 Georgetown<br>Pulau Pinang<br>Tel No : 04-2817611                                                            | 057-005            | MERCURY SECURITIES SDN BHD<br>D'Piazza Mall<br>70-1-22 Jalan Mahsuri<br>11900 Bandar Bayan Baru<br>Penang<br>Tel No : 04-6400 822                                                                                 | 093-006            |
| MERCURY SECURITIES SDN BHD<br>Ground, 1 <sup>st</sup> , 2 <sup>nd</sup> & 3 <sup>rd</sup> Floor<br>Wisma UMNO<br>Lorong Bagan Luar Dua<br>12000 Butterworth<br>Pulau Pinang<br>Tel No : 04-3322123 | 093-001            | RHB INVESTMENT BANK BERHAD<br>834, Ground & 1 <sup>st</sup> Floor, 835, 1 <sup>st</sup> Floor<br>Jalan Besar, Sungai Bakap<br>14200 Sungai Jawi<br>Seberang Perai Selatan<br>Pulau Pinang<br>Tel No : 04-5831888  | 087-032            |
| MERCURY SECURITIES SDN BHD<br>2 <sup>nd</sup> Floor<br>Standard Chartered Bank Chambers<br>2 Lebuh Pantai<br>10300 Pulau Pinang<br>Tel No : 04-2639118                                             | 093-004            | RHB INVESTMENT BANK BERHAD<br>Ground & 1 <sup>st</sup> Floor<br>No. 15-G-5, 15-G-6, 15-1-5, 15-1-6,<br>15-2-5, 15-2-6 & 15-2-24<br>Medan Kampung Relau (Bayan Point)<br>11950 Pulau Pinang<br>Tel No : 04-6404888 | 087-042            |
| PM SECURITIES SDN BHD<br>Level 3, Wisma Wang<br>251-A, Jalan Burmah<br>10350 Pulau Pinang<br>Tel No: 04-2273000                                                                                    | 064-004            | SJ SECURITIES SDN BHD<br>12 <sup>th</sup> Floor, Office Tower<br>Hotel Royal Penang<br>No 3 Jalan Larut<br>10050 Georgetown<br>Pulau Pinang<br>Tel No: 04-2289836                                                 | 096-003            |
| RHB INVESTMENT BANK BERHAD<br>64 & 64-D<br>Lebuh Bishop<br>Ground-3 <sup>rd</sup> Floor & 5 <sup>th</sup> -8 <sup>th</sup> Floor<br>10200 Pulau Pinang<br>Tel No : 04-2634222                      | 087-033            | TA SECURITIES HOLDINGS BERHAD<br>3 <sup>rd</sup> Floor, Bangunan Heng Guan<br>No 171, Jalan Burmah<br>10050 Pulau Pinang<br>Tel No : 04-2272339                                                                   | 058-010            |
| UOB KAY HIAN SECURITIES (M) SDN BHD<br>1 <sup>st</sup> Floor<br>Bangunan Heng Guan<br>171 Jalan Burmah<br>10050 Pulau Pinang<br>Tel No : 04-2299318                                                | 078-002            | RHB INVESTMENT BANK BERHAD<br>Ground, 1 <sup>st</sup> & 2 <sup>nd</sup> Floor<br>No. 11A, Jalan Keranji<br>Off Jalan Padang Lallang<br>14000 Bukit Mertajam<br>Pulau Pinang<br>Tel No : 04-5402888                | 087-015            |
| UOB KAY HIAN SECURITIES (M) SDN BHD<br>Ground & 1 <sup>st</sup> Floor<br>No. 2, Jalan Perniagaan 2<br>Pusat Perniagaan Alma<br>14000 Bukit Mertajam<br>Pulau Pinang<br>Tel No : 04-5541388         | 078-003            | RHB INVESTMENT BANK BERHAD<br>Ground, 1st & 2nd Floor<br>No. 2677, Jalan Chain Ferry<br>Taman Inderawasih<br>13600 Seberang Prai<br>Pulau Pinang<br>Tel No : 04-3900022                                           | 087-005            |

**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

| <b>Name, Address and Telephone Number</b>                                                                                                                                      | <b>Broker Code</b> | <b>Name, Address and Telephone Number</b>                                                                                                                                                                                         | <b>Broker Code</b> |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|
| <b><u>PERLIS INDRA KAYANGAN</u></b>                                                                                                                                            |                    |                                                                                                                                                                                                                                   |                    |
| RHB INVESTMENT BANK BERHAD<br>Ground & 1 <sup>st</sup> Floor<br>No. 39, Taman Suriani<br>Persiaran Jubli Emas<br>01000 Kangsar<br>Perlis Indra Kayangan<br>Tel No : 04-9793888 | 087-060            |                                                                                                                                                                                                                                   |                    |
| <b><u>KEDAH DARUL AMAN</u></b>                                                                                                                                                 |                    |                                                                                                                                                                                                                                   |                    |
| ALLIANCE INVESTMENT BANK BERHAD<br>Lot T-30, 2nd Floor, Wisma PKNK<br>Jalan Sultan Badlishah<br>05000 Alor Setar<br>Kedah Darul Aman<br>Tel No : 04-7317088                    | 076-004            | RHB INVESTMENT BANK BERHAD<br>35, Ground Floor<br>Jalan Suria 1, Jalan Bayu<br>09000 Kulim<br>Kedah Darul Aman<br>Tel No : 04-4964888                                                                                             | 087-019            |
| AFFIN HWANG INVESTMENT BANK BERHAD<br>No. 70 A, B, C, Jalan Mawar 1<br>Taman Pekan Baru<br>08000 Sungai Petani<br>Kedah Darul Aman<br>Tel No : 04-4256666                      | 068-011            | RHB INVESTMENT BANK BERHAD<br>Ground & 1 <sup>st</sup> Floor<br>214-A, 214-B, 215-A & 215-B<br>Medan Putra, Jalan Putra<br>05150 Alor Setar<br>Kedah Darul Aman<br>Tel No : 04-7209888                                            | 087-021            |
| RHB INVESTMENT BANK BERHAD<br>No. 112, Jalan Pengkalan<br>Taman Pekan Baru<br>08000 Sungai Petani<br>Kedah Darul Aman<br>Tel No : 04-4204888                                   | 087-017            | UOB KAY HIAN SECURITIES (M) SDN BHD<br>Lot 4,5 & 5A, 1 <sup>st</sup> Floor EMUM 55<br>No. 55, Jalan Gangsa<br>Kawasan Perusahaan Mergong 2<br>Seberang Jalan Putra<br>05150 Alor Setar<br>Kedah Darul Aman<br>Tel No : 04-7322111 | 078-007            |
| <b><u>NEGERI SEMBILAN DARUL KHUSUS</u></b>                                                                                                                                     |                    |                                                                                                                                                                                                                                   |                    |
| AFFIN HWANG INVESTMENT BANK BERHAD<br>1 <sup>st</sup> Floor, 105, 107 & 109, Jalan Yam Tuan<br>70000 Seremban<br>Negeri Sembilan Darul Khusus<br>Tel No : 06-7612288           | 068-007            | AFFIN HWANG INVESTMENT BANK BERHAD<br>No. 6, Upper Level<br>Jalan Mahligai<br>72100 Bahau<br>Negeri Sembilan Darul Khusus<br>Tel No : 06-4553188                                                                                  | 068-013            |
| KENANGA INVESTMENT BANK BERHAD<br>1C & 1D, Ground & 1 <sup>st</sup> Floor<br>Jalan Tunku Munawir<br>70000 Seremban<br>Negeri Sembilan Darul Khusus<br>Tel No : 06-7655998      | 073-033            | MAYBANK INVESTMENT BANK BERHAD<br>Wisma HM<br>No. 43, Jalan Dr Krishnan<br>70000 Seremban<br>Negeri Sembilan Darul Khusus<br>Tel No : 06-7669555                                                                                  | 098-005            |
| PM SECURITIES SDN BHD<br>1 <sup>st</sup> -3 <sup>rd</sup> Floor<br>19-21, Jalan Kong Sang<br>70000 Seremban<br>Negeri Sembilan Darul Khusus<br>Tel No : 06-7623131             | 064-002            | RHB INVESTMENT BANK BERHAD<br>Ground & Mezzanine Floor<br>No. 346 & 347, Batu ½, Jalan Pantai<br>71000 Port Dickson<br>Negeri Sembilan Darul Khusus<br>Tel No : 06-6461234                                                        | 087-046            |

**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

| <b>Name, Address and Telephone Number</b>                                                                                                                                                         | <b>Broker Code</b> | <b>Name, Address and Telephone Number</b>                                                                                                                                             | <b>Broker Code</b> |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|
| RHB INVESTMENT BANK BERHAD<br>Ground, 1 <sup>st</sup> & 2 <sup>nd</sup> Floor, No. 32 & 33<br>Jalan Dato' Bandar Tunggal<br>70000 Seremban<br>Negeri Sembilan Darul Khusus<br>Tel No : 06-7641641 | 087-024            |                                                                                                                                                                                       |                    |
| <b><u>JOHOR DARUL TAKZIM</u></b>                                                                                                                                                                  |                    |                                                                                                                                                                                       |                    |
| ALLIANCE INVESTMENT BANK BERHAD<br>No. 73, Ground & 1 <sup>st</sup> Floor<br>Jalan Rambutan<br>86000 Kluang<br>Johor Darul Takzim<br>Tel No : 07-7717922                                          | 076-006            | AMINVESTMENT BANK BERHAD<br>3 <sup>rd</sup> Floor, Penggaram Complex<br>1, Jalan Abdul Rahman<br>83000 Batu Pahat<br>Johor Darul Takzim<br>Tel No : 07-4342282                        | 086-002            |
| AMINVESTMENT BANK BERHAD<br>18 <sup>th</sup> Floor, Selesa Tower<br>Jalan Dato' Abdullah Tahir<br>80300 Johor Bahru<br>Johor Darul Takzim<br>Tel No : 07-3343855                                  | 086-006            | AFFIN HWANG INVESTMENT BANK BERHAD<br>Level 7, Johor Bahru City Square (Office Tower)<br>106-108 Jalan Wong Ah Fook<br>80000 Johor Bahru<br>Johor Darul Takzim<br>Tel No : 07-2222692 | 068-004            |
| CIMB INVESTMENT BANK BERHAD<br>No 73, Ground Floor<br>No 73A & 79A First Floor<br>Jalan Kuning Dua<br>80400 Johor Bahru<br>Johor Darul Takzim<br>Tel No : 07-3405888                              | 065-011            | INTER-PACIFIC SECURITIES SDN BHD<br>95, Jalan Tun Abdul Razak<br>80000 Johor Bahru<br>Johor Darul Takzim<br>Tel No : 07-2231211                                                       | 054-004            |
| KENANGA INVESTMENT BANK BERHAD<br>No. 57, 59 & 61, Jalan Ali<br>84000 Muar<br>Johor Darul Takzim<br>Tel No : 06-9531222                                                                           | 073-024            | JUPITER SECURITIES SDN BHD<br>30-1 Jalan Molek 1/10<br>Taman Molek<br>81100 Johor Bahru<br>Johor Darul Takzim<br>Tel No : 07-3538 878                                                 | 055-002            |
| KENANGA INVESTMENT BANK BERHAD<br>Ground Floor<br>No. 234, Jalan Besar<br>Taman Semberong Baru<br>83700 Yong Peng<br>Johor Darul Takzim<br>Tel No : 07-4678885                                    | 073-025            | KENANGA INVESTMENT BANK BERHAD<br>Level 2, Menara Pelangi<br>Jalan Kuning, Taman Pelangi<br>80400 Johor Bahru<br>Johor Darul Takzim<br>Tel No : 07-3333600                            | 073-004            |
| KENANGA INVESTMENT BANK BERHAD<br>Suite 16-02, 16-03 & 16-03A<br>Level 16 Menara MSC Cyberport<br>No. 5 Jalan Bukit Meldrum<br>80300 Johor Bahru<br>Johor Darul Takzim<br>Tel No : 07-2237423     | 073-019            | KENANGA INVESTMENT BANK BERHAD<br>Ground & Mezzanine Floor<br>No. 34 Jalan Genuang<br>85000 Segamat<br>Johor Darul Takzim<br>Tel No : 07-9333515                                      | 073-009            |

**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

| <b>Name, Address and Telephone Number</b>                                                                                                                                  | <b>Broker Code</b> | <b>Name, Address and Telephone Number</b>                                                                                                                                                      | <b>Broker Code</b> |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|
| KENANGA INVESTMENT BANK BERHAD<br>No. 33 & 35 (A & B), Ground Floor<br>Jalan Syed Abdul Hamid Sagaff<br>86000 Kluang<br>Johor Darul Takzim<br>Tel No : 07-7771161          | 073-010            | KENANGA INVESTMENT BANK BERHAD<br>57, 59 & 61, Jalan Ali<br>84000 Muar<br>Johor Darul Takzim<br>Tel No: 06-9531222                                                                             | 073-024            |
| KENANGA INVESTMENT BANK BERHAD<br>Ground Floor<br>No. 4, Jalan Dataran 1<br>Taman Bandar Tangkak<br>84900 Tangkak<br>Johor Darul Takzim<br>Tel No : 06-9782292             | 073-011            | M & A SECURITIES SDN BHD<br>Suite 5.3A, Level 5 Menara Pelangi<br>Jalan Kuning, Taman Pelangi<br>80400 Johor Bahru<br>Johor Darul Takzim<br>Tel No : 07-3381233                                | 057-003            |
| KENANGA INVESTMENT BANK BERHAD<br>24, 24A & 24B<br>Jalan Penjaja 3<br>Kim Park Centre<br>83000 Batu Pahat<br>Johor Darul Takzim<br>Tel No : 07-4326963                     | 073-017            | MALACCA SECURITIES SDN BHD<br>74 Jalan Serampang<br>Taman Pelangi<br>80400 Johor Bahru<br>Johor Darul Takzim<br>Tel No : 07-3351 533                                                           | 012-005            |
| MALACCA SECURITIES SDN BHD<br>1735-B<br>Jalan Sri Putri 4<br>Taman Putri Kulai<br>81000, Kulaijaya<br>Johor Darul Takzim<br>Tel No: 07-6638877                             | 012-010            | M & A SECURITIES SDN BHD<br>No. 27, 27A & 27B<br>Jalan Molek 3/10, Taman Molek<br>81100 Johor Bharu<br>Tel No : 07-3551 988                                                                    | 057-007            |
| MERCURY SECURITIES SDN BHD<br>Suite 17.1, Level 17,<br>Jalan Kuning, Taman Pelangi<br>80400 Johor Bahru<br>Johor Darul Takzim<br>Tel No : 07-3316992                       | 093-005            | PM SECURITIES SDN BHD<br>Ground & 1 <sup>st</sup> Floor<br>No. 43 & 43A, Jalan Penjaja 3<br>Taman Kim's Park, Business Centre<br>83000 Batu Pahat<br>Johor Darul Takzim<br>Tel No : 07-4333608 | 064-008            |
| RHB INVESTMENT BANK BERHAD<br>6 <sup>th</sup> Floor, Wisma Tiong-Hua<br>8, Jalan Keris, Taman Sri Tebrau<br>80050 Johor Bahru<br>Johor Darul Takzim<br>Tel No : 07-2788821 | 087-006            | RHB INVESTMENT BANK BERHAD<br>Ground, 1 <sup>st</sup> & 2 <sup>nd</sup> Floor<br>No. 10, Jalan Anggerik 1<br>Taman Kulai Utama<br>81000 Kulai<br>Johor Darul Takzim<br>Tel No : 07-6626288     | 087-035            |
| RHB INVESTMENT BANK BERHAD<br>53, 53-A & 53-B, Jalan Sultanah<br>83000 Batu Pahat<br>Johor Darul Takzim<br>Tel No : 07-4380288                                             | 087-009            | RHB INVESTMENT BANK BERHAD<br>Ground, 1 <sup>st</sup> & 2 <sup>nd</sup> Floor<br>No. 343, Jalan Muar<br>84900 Tangkak<br>Johor Darul Takzim<br>Tel No : 06-9787180                             | 087-038            |
| RHB INVESTMENT BANK BERHAD<br>No. 33-1, 1 <sup>st</sup> & 2 <sup>nd</sup> Floor<br>Jalan Ali<br>84000 Muar<br>Johor Darul Takzim<br>Tel No : 06-9538262                    | 087-025            | RHB INVESTMENT BANK BERHAD<br>No. 2, 1 <sup>st</sup> Floor, Jalan Makmur<br>Taman Sri Aman<br>85300 Labis<br>Johor Darul Takzim<br>Tel No : 07-9256881                                         | 087-039            |

**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

| <b>Name, Address and Telephone Number</b>                                                                                                                                                  | <b>Broker Code</b> | <b>Name, Address and Telephone Number</b>                                                                                                                                                          | <b>Broker Code</b> |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|
| RHB INVESTMENT BANK BERHAD<br>Ground & 1 <sup>st</sup> Floor, No.119 & 121<br>Jalan Sutera Tanjung 8/2<br>Taman Sutera Utama<br>81300 Skudai<br>Johor Darul Takzim<br>Tel No : 07-5577628  | 087-029            | RHB INVESTMENT BANK BERHAD<br>Ground, 1 <sup>st</sup> & 2 <sup>nd</sup> Floor<br>Nos. 21 & 23<br>Jalan Molek 1/30<br>Taman Molek<br>81100 Johor Bahru<br>Johor Darul Takzim<br>Tel No : 07-3522293 | 087-043            |
| RHB INVESTMENT BANK BERHAD<br>Ground, 1 <sup>st</sup> & 2 <sup>nd</sup> Floor<br>No. 3, Jalan Susur Utama 2/1<br>Taman Utama<br>85000 Segamat<br>Johor Darul Takzim<br>Tel No : 07-9321543 | 087-030            | TA SECURITIES HOLDINGS BHD<br>7A Jalan Genuang Perdana<br>Taman Genuang Perdana<br>85000 Segamat<br>Johor Darul Takzim<br>Tel No : 07-9435 278                                                     | 058-009            |
| RHB INVESTMENT BANK BERHAD<br>Ground & 1 <sup>st</sup> Floor<br>No. 40 Jalan Haji Manan<br>86000 Kluang<br>Johor Darul Takzim<br>Tel No : 07-7769655                                       | 087-031            | UOB KAY HIAN SECURITIES (M) SDN BHD<br>Level 6 & 7, Menara MSC Cyberport<br>No. 5, Jalan Bukit Meldrum<br>80300 Johor Bahru<br>Johor Darul Takzim<br>Tel No : 07-3332000                           | 078-001            |
| UOB KAY HIAN SECURITIES (M) SDN BHD<br>42-8, Main Road<br>Kulai Besar<br>81000 Kulai<br>Johor Darul Takzim<br>Tel No : 07-6635651                                                          | 078-005            | UOB KAY HIAN SECURITIES (M) SDN BHD<br>No. 171 (Ground Floor)<br>Jalan Bestari 1/5<br>Taman Nusa Bestari<br>81300 Skudai<br>Johor Darul Takzim<br>Tel No : 07-5121633                              | 078-008            |
| UOB KAY HIAN SECURITIES (M) SDN BHD<br>No. 70, Jalan Rosmerah 2/17<br>Taman Johor Jaya<br>81100 Johor Bahru<br>Johor Darul Takzim<br>Tel No : 07-3513218                                   | 078-006            |                                                                                                                                                                                                    |                    |
| <b><u>PAHANG DARUL MAKMUR</u></b>                                                                                                                                                          |                    |                                                                                                                                                                                                    |                    |
| ALLIANCE INVESTMENT BANK BERHAD<br>Ground, Mezzanine & 1 <sup>st</sup> Floor<br>B-400, Jalan Beserah<br>25300 Kuantan<br>Pahang Darul Makmur<br>Tel No : 09-5660800                        | 076-002            | JUPITER SECURITIES SDN BHD<br>2 <sup>nd</sup> Floor, Lot No. 25<br>Jalan Chui Yin<br>28700 Bentong<br>Pahang Darul Makmur<br>Tel No : 09-2234 136                                                  | 055-005            |
| CIMB INVESTMENT BANK BERHAD<br>Ground, 1 <sup>st</sup> & 2 <sup>nd</sup> Floor<br>No. A-27<br>Jalan Dato' Lim Hoe Lek<br>25200 Kuantan<br>Pahang Darul Makmur<br>Tel No : 09-5057800       | 065-007            | KENANGA INVESTMENT BANK BERHAD<br>A15, A17 & A19, Ground Floor<br>Jalan Tun Ismail 2<br>Sri Dagangan 2<br>25000 Kuantan<br>Pahang Darul Makmur<br>Tel No : 09-5171698                              | 073-027            |

**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

| <b>Name, Address and Telephone Number</b>                                                                                                       | <b>Broker Code</b> | <b>Name, Address and Telephone Number</b>                                                                                                                                            | <b>Broker Code</b> |
|-------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|
| MALACCA SECURITIES (M) SDN BHD<br>P11-3, Jalan Chui Yin<br>28700 Bentong<br>Pahang Darul Makmur<br>Tel No : 09-220993                           | 012-008            | RHB INVESTMENT BANK BERHAD<br>Ground & 1 <sup>st</sup> Floor<br>98 Jalan Pasdec<br>28700 Bentong<br>Pahang Darul Makmur<br>Tel No : 09-2234943                                       | 087-022            |
| RHB INVESTMENT BANK BERHAD<br>B32 & B34, Lorong Tun Ismail 8<br>Seri Dagangan II<br>25000 Kuantan<br>Pahang Darul Makmur<br>Tel No : 09-5173811 | 087-007            | RHB INVESTMENT BANK BERHAD<br>Ground & 1 <sup>st</sup> Floor<br>No. 76-A, Persiaran Camelia 4<br>Tanah Rata<br>39000 Cameron Highlands<br>Pahang Darul Makmur<br>Tel No : 05-4914913 | 087-041            |

**KELANTAN DARUL NAIM**

|                                                                                                                                                                                    |         |                                                                                                                         |         |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|-------------------------------------------------------------------------------------------------------------------------|---------|
| RHB INVESTMENT BANK BERHAD<br>Ground & 1 <sup>st</sup> Floor<br>No. 3953-H, Jalan Kebun Sultan<br>15350 Kota Bharu<br>Kelantan Darul Naim<br>Tel No : 09-7430077                   | 087-020 | TA SECURITIES HOLDINGS BERHAD<br>298, Jalan Tok Hakim<br>15000 Kota Bharu<br>Kelantan Darul Naim<br>Tel No : 09-7432288 | 058-004 |
| UOB KAY HIAN SECURITIES (M) SDN BHD<br>Ground & 1 <sup>st</sup> Floor<br>Lot 712, Sek 9 PT 62<br>Jalan Tok Hakim<br>15000 Kota Bharu<br>Kelantan Darul Naim<br>Tel No : 09-7473906 | 078-015 |                                                                                                                         |         |

**TERENGGANU DARUL IMAN**

|                                                                                                                                                                                      |         |                                                                                                                                                                          |         |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|
| ALLIANCE INVESTMENT BANK BERHAD<br>Ground & Mezzanine Floor<br>Wisma Kam Choon<br>101, Jalan Kampung Tiong<br>20100 Kuala Terengganu<br>Terengganu Darul Iman<br>Tel No : 09-6317922 | 076-009 | RHB INVESTMENT BANK BERHAD<br>Ground & 1 <sup>st</sup> Floor<br>9651, Cukai Utama<br>Jalan Kubang Kurus<br>24000 Kemaman<br>Terengganu Darul Iman<br>Tel No : 09-8583109 | 087-027 |
| FA SECURITIES SDN BHD<br>No. 51 & 51A<br>Ground, Mezzanine & 1 <sup>st</sup> Floor<br>Jalan Tok Lam<br>20100 Kuala Terengganu<br>Terengganu Darul Iman<br>Tel No : 09-6238128        | 021-001 | RHB INVESTMENT BANK BERHAD<br>1 <sup>st</sup> Floor<br>59, Jalan Sultan Ismail<br>20200 Kuala Terengganu<br>Terengganu Darul Iman<br>Tel No : 09-6261816                 | 087-055 |
| UOB KAY HIAN SECURITIES (M) SDN BHD<br>37-B, 1st Floor<br>Jalan Sultan Ismail<br>20200 Kuala Terengganu<br>Terengganu<br>Tel No: 09-6224766                                          | 078-016 |                                                                                                                                                                          |         |

**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

| <b>Name, Address and Telephone Number</b>                                                                                                                                   | <b>Broker Code</b> | <b>Name, Address and Telephone Number</b>                                                                                                                                                | <b>Broker Code</b> |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|
| <b>SARAWAK</b>                                                                                                                                                              |                    |                                                                                                                                                                                          |                    |
| AMINVESTMENT BANK BERHAD<br>No. 164, 166 & 168<br>1 <sup>st</sup> Floor, Jalan Abell<br>93100 Kuching<br>Sarawak<br>Tel No : 082-244791                                     | 086-001            | KENANGA INVESTMENT BANK BERHAD<br>No. 11-12, Ground & 1 <sup>st</sup> Floor<br>Lorong Kampung Datu 3<br>96000 Sibul<br>Sarawak<br>Tel No : 084-313855                                    | 073-012            |
| CIMB INVESTMENT BANK BERHAD<br>Level 1, Wisma STA<br>26 Jalan Datuk Abang Abdul Rahim<br>93450 Kuching<br>Sarawak<br>Tel No : 082-358606                                    | 065-001            | KENANGA INVESTMENT BANK BERHAD<br>Lot 2465, Jalan Boulevard Utama<br>Boulevard Commercial Centre<br>98000 Miri<br>Sarawak<br>Tel No : 085-435577                                         | 073-002            |
| CIMB INVESTMENT BANK BERHAD<br>No. 6A, Ground Floor<br>Jalan Bako, Off Brooke Drive<br>96000 Sibul<br>Sarawak<br>Tel No : 084-367700                                        | 065-001            | KENANGA INVESTMENT BANK BERHAD<br>Level 2-4, Wisma Mahmud<br>Jalan Sungai Sarawak<br>93100 Kuching<br>Sarawak<br>Tel No : 082-338000                                                     | 073-003            |
| AFFIN HWANG INVESTMENT BANK BERHAD<br>Ground Floor & 1 <sup>st</sup> Floor<br>No. 1, Jalan Pending<br>93450 Kuching<br>Sarawak<br>Tel No : 082-341999                       | 068-005            | KENANGA INVESTMENT BANK BERHAD<br>Ground Floor of Survey Lot No. 4203<br>Parkcity Commerce Square<br>Phase 6, Jalan Diwarta<br>97000 Bintulu<br>Sarawak<br>Tel No : 086-337 588          | 073-018            |
| KENANGA INVESTMENT BANK BERHAD<br>Suites 9&10, 3rd Floor, Yung Kong Abell<br>Lot 365 Abell Road<br>93100 Kuching Sarawak<br>Tel No: 082-248877                              | 073-036            | AFFIN HWANG INVESTMENT BANK BERHAD<br>No. 282, 1 <sup>st</sup> Floor<br>Park City Commercial Centre<br>Phase 4, Jalan Tun Ahmad Zaidi<br>97000 Bintulu<br>Sarawak<br>Tel No : 086-330008 | 068-016            |
| MERCURY SECURITIES SDN BHD<br>1 <sup>st</sup> Floor<br>16, Jalan Getah<br>96100 Sarikei<br>Sarawak<br>Tel No : 084-659019                                                   | 093-007            | RHB INVESTMENT BANK BERHAD<br>No. 102, Pusat Pedada<br>Jalan Pedada<br>96000 Sibul<br>Sarawak<br>Tel No : 084-329100                                                                     | 087-013            |
| RHB INVESTMENT BANK BERHAD<br>Yung Kong Abell<br>Units No. 1-10, 2 <sup>nd</sup> Floor<br>Lot 365, Section 50, Jalan Abell<br>93100 Kuching<br>Sarawak<br>Tel : 082- 250888 | 087-008            | RHB INVESTMENT BANK BERHAD<br>2 <sup>nd</sup> Floor, Lot 1268 & Lot 1269<br>Centre Point Commercial Centre<br>Jalan Melayu<br>98000 Miri<br>Sarawak<br>Tel No : 085-422788               | 087-012            |

**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

| <b>Name, Address and Telephone Number</b>                                                                                                                                                      | <b>Broker Code</b> | <b>Name, Address and Telephone Number</b>                                                                                                                    | <b>Broker Code</b> |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|
| RHB INVESTMENT BANK BERHAD<br>Ground Floor & 1 <sup>st</sup> Floor<br>No. 221, Parkcity Commerce Square<br>Phase III, Jalan Tun Ahmad Zaidi<br>97000 Bintulu<br>Sarawak<br>Tel No : 086-311770 | 087-053            | TA SECURITIES HOLDINGS BERHAD<br>12G, H & I, Jalan Kampong Datu<br>96000 Sibu<br>Sarawak<br>Tel No : 084-319998                                              | 058-002            |
| TA SECURITIES HOLDINGS BERHAD<br>2 <sup>nd</sup> Floor, Bangunan Binamas<br>Lot 138, Section 54, Jalan Padungan<br>93100 Kuching<br>Sarawak<br>Tel No : 082-236333                             | 058-006            | UOB KAY HIAN SECURITIES (M) SDN BHD<br>Lot 1265, 1st Floor<br>Centre Point Commercial Centre<br>Jalan Melayu<br>98000, Miri<br>Sarawak<br>Tel No: 085-324128 | 078-017            |

**SABAH**

|                                                                                                                                                                                               |         |                                                                                                                                                                             |         |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|
| CIMB INVESTMENT BANK BERHAD<br>1 <sup>st</sup> & 2 <sup>nd</sup> Floor<br>Central Building<br>No. 28, Jalan Sagunting<br>88000 Kota Kinabalu<br>Sabah<br>Tel No : 088-328878                  | 065-001 | RHB INVESTMENT BANK BERHAD<br>Lot 14-0, Ground Floor<br>Lorong Lintas Plaza 2<br>Lintas Plaza, Off Jalan Lintas<br>88300 Kota Kinabalu<br>Sabah<br>Tel No : 088-258618      | 087-036 |
| AFFIN HWANG INVESTMENT BANK BERHAD<br>Suite 1-9-E1, 9 <sup>th</sup> Floor<br>CPS Tower Centre Point Sabah<br>No. 1, Jalan Centre Point<br>88000 Kota Kinabalu<br>Sabah<br>Tel No : 088-311688 | 068-008 | RHB INVESTMENT BANK BERHAD<br>Ground Floor, Block 2<br>Lot 4 & Lot 5, Bandar Indah, Mile 4<br>North Road<br>91000 Sandakan<br>Sabah<br>Tel No : 089-229286                  | 087-057 |
| KENANGA INVESTMENT BANK BERHAD<br>Level 8, Wisma Great Eastern<br>68, Jalan Gaya<br>88000 Kota Kinabalu<br>Sabah<br>Tel No : 088-236188                                                       | 073-032 | UOB KAY HIAN SECURITIES (M) SDN BHD<br>11, Equity House, Block K<br>Sadong Jaya, Karamunsing<br>88100 Kota Kinabalu<br>Sabah<br>Tel No : 088-234090                         | 078-011 |
| RHB INVESTMENT BANK BERHAD<br>2 <sup>nd</sup> Floor, 81 & 83<br>Jalan Gaya<br>88000 Kota Kinabalu<br>Sabah<br>Tel No : 088-269788                                                             | 087-010 | UOB KAY HIAN SECURITIES (M) SDN BHD<br>Lot 177 & 178, Ground Floor<br>Block 17, Phase 2, Prima Square<br>Mile 4 North Road<br>90000 Sandakan<br>Sabah<br>Tel No: 089-218681 | 078-012 |