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PROSPECTUS



LAC MED BERHAD

(Registration No. 202401049485 (1595329-H))
(Incorporated in Malaysia under the Companies Act 2016)

INITIAL PUBLIC OFFERING ("IPO") OF UP TO 124,197,600 ORDINARY SHARES IN LAC MED BERHAD ("LAC") ("SHARES") IN CONJUNCTION WITH THE LISTING OF AND QUOTATION FOR THE ENTIRE ENLARGED ISSUED SHARE CAPITAL OF LAC ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD COMPRISING:

(I) PUBLIC ISSUE OF 74,197,600 NEW SHARES ("ISSUE SHARES") IN THE FOLLOWING MANNER:

- **20,000,000 ISSUE SHARES FOR APPLICATION BY THE MALAYSIAN PUBLIC;**
- **4,197,600 ISSUE SHARES FOR APPLICATION BY THE ELIGIBLE DIRECTORS, EMPLOYEES AND PERSONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF LAC AND ITS SUBSIDIARIES; AND**
- **50,000,000 ISSUE SHARES BY WAY OF PRIVATE PLACEMENT TO BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INVESTMENT, TRADE AND INDUSTRY OF MALAYSIA; AND**

(II) OFFER FOR SALE OF UP TO 50,000,000 EXISTING SHARES ("OFFER SHARES") BY WAY OF PRIVATE PLACEMENT TO INSTITUTIONAL AND SELECTED INVESTORS

SUBJECT TO THE CLAWBACK AND REALLOCATION PROVISIONS AS SET OUT IN THIS PROSPECTUS, AT AN ISSUE/OFFER PRICE OF RM[•] PER ISSUE/OFFER SHARE, PAYABLE IN FULL UPON APPLICATION

Principal Adviser, Sole Underwriter and Sole Placement Agent



RHB INVESTMENT BANK BERHAD

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

NO SECURITIES WILL BE ALLOTTED OR ISSUED BASED ON THIS PROSPECTUS AFTER 6 MONTHS FROM THE DATE OF THIS PROSPECTUS.

[THE SECURITIES COMMISSION MALAYSIA ("SC") HAS APPROVED THE ISSUE, OFFER OR INVITATION OF OUR IPO AND THIS PROSPECTUS HAS BEEN REGISTERED BY THE SC.] THE SAID APPROVAL AND REGISTRATION OF THIS PROSPECTUS, SHOULD NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS THE OFFERING OR ASSUMES RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENT MADE, OPINION EXPRESSED OR REPORT CONTAINED 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 OUR COMPANY 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.

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

FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" COMMENCING ON PAGE 178.

THIS PROSPECTUS IS DATED [•]

All defined terms used in this Prospectus are defined under “Presentation of Information” on page viii, “Definitions” on page x and “Glossary of Technical Terms” on page xvi.

RESPONSIBILITY STATEMENTS

Our Directors, Promoter and Offerors have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm that there is no false or misleading statement or other facts which, if omitted, would make any statement in this Prospectus false or misleading.

RHB Investment Bank, being our Principal Adviser, 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 our IPO.

STATEMENTS OF DISCLAIMER

Our Company [has obtained] the approval from Bursa Securities for the listing of and quotation for our Shares. Our admission to the Official List of Bursa Securities is not to be taken as an indication of the merits of our IPO, our Company or our Shares.

This Prospectus, together with the Application Form, [has also been lodged] with the Registrar of Companies, who takes no responsibility for its contents.

You should rely on your own evaluation to assess the merits and risks of your investment in our Shares. 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 advisers immediately.

You should not take the agreement by the Sole Underwriter named in this Prospectus to underwrite our IPO Shares as an indication of the merits of our Shares being offered.

OTHER STATEMENTS

You should note that you may seek recourse under Sections 248, 249 and 357 of the CMSA for breaches of securities laws including any statement in this Prospectus that is false, misleading, or from which there is a material omission, or for any misleading or deceptive act in relation to this Prospectus or the conduct of any other person in relation to our Company.

Our Shares are offered to the public on the premise of full and accurate disclosure of all material information concerning our IPO, for which any person set out in Section 236 of the CMSA, is responsible.

This Prospectus is prepared and published solely for our IPO. Our Shares being offered in our IPO are offered solely on the basis of the information contained and representations made in this Prospectus. Our Company, Directors, Promoter, Offerors, Principal Adviser, Sole Underwriter and Sole Placement Agent have not authorised anyone to provide any information or to make any representation not contained in this Prospectus. Any information or representation not contained in this Prospectus must not be relied upon as having been authorised by our Company, Directors, Promoter, Offerors, Principal Adviser, Sole Underwriter and Sole Placement Agent, or any of their respective directors or any other persons involved in our IPO.

This Prospectus has been prepared and published in the context of an IPO under the laws of Malaysia. It does not 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 by any regulatory authority of any jurisdiction other than Malaysia.

The distribution of this Prospectus and our IPO are subject to the laws of Malaysia. This Prospectus will not be distributed outside Malaysia. Our Company, Directors, Promoter, Offerors, Principal Adviser, Sole Underwriter and Sole Placement Agent have not authorised and take no responsibility for the distribution of this Prospectus outside Malaysia. No action has been taken to permit a public offering of our Shares in any jurisdiction other than Malaysia based on this Prospectus. Accordingly, this Prospectus may not be used for the purpose of, and does not constitute an offer for, subscription or purchase or invitation to subscribe for or purchase any of our Shares being offered in our IPO in any jurisdiction or in any circumstance in which such an offer is not authorised or lawful, or to any person to whom it is unlawful to make such offer or invitation. The distribution of this Prospectus and the sale of our Shares offered under our IPO in certain jurisdictions may be restricted by law. Prospective investors who may be in possession of this Prospectus are required to inform themselves and to observe such restrictions.

We will not, prior to acting on any acceptance in respect of our IPO, make or be bound to make any enquiry as to whether you have a registered address in Malaysia and will not be deemed to accept any liability in relation thereto, whether or not any enquiry or investigation is made in connection therewith.

It is your sole responsibility to ensure that your application for our IPO would be in compliance with the terms of our IPO as stated in this Prospectus and would not be in contravention of any laws of countries or jurisdictions other than Malaysia to which you may be subjected. We will further assume that you had accepted our IPO in Malaysia and will be subjected only to the laws of Malaysia in connection therewith. However, we reserve the right in our absolute discretion to treat any acceptance as invalid if we believe that such acceptance may violate any law or applicable legal or regulatory requirements.

It shall be your sole responsibility to consult your legal and/or other professional advisers on the laws to which our IPO or you are or might be subjected. Neither we nor our Principal Adviser, Sole Underwriter and Sole Placement Agent nor any other advisers in relation to our 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 country or jurisdiction.

ELECTRONIC PROSPECTUS

This Prospectus can also be viewed or downloaded from Bursa Securities' website at www.bursamalaysia.com. The contents of the electronic Prospectus and the copy of this Prospectus registered with the SC are the same.

You are advised that the internet is not a fully secure medium. Your Internet Share Application may be subject to risks in 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. These risks cannot be borne by the Internet Participating Financial Institutions. If you are in any doubt about the validity or integrity of the electronic Prospectus, you should immediately request from us or our Issuing House, a paper/printed copy of this Prospectus. If there are any discrepancies between the contents of the electronic Prospectus and the paper/printed copy of this Prospectus, the contents of the paper/printed copy of this Prospectus, which are identical to the copy of this 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 do not endorse and are not affiliated in any way with the Third Party Internet Sites. Accordingly, we are not responsible for the availability of, or the contents or any data, information, file 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 are not responsible for the quality of products or services in the Third Party Internet Sites, particularly in fulfilling any of the terms of your agreements with the Third Party Internet Sites. We are also not responsible for any loss or damage or costs 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, file or other material provided by the Third Party Internet Sites; and
- (iii) any data, information, file or other material downloaded from the Third Party Internet Sites is done at your own discretion and risk. We are not responsible, liable or under obligations for any damage to your computer system or loss of data resulting from the downloading of any such data, information, file 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 only liable in respect of the integrity of the contents of the electronic Prospectus, to the extent of the contents of the electronic Prospectus 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 are not responsible for the integrity of the contents of the electronic Prospectus which has been obtained from the web server of the Internet Participating Financial Institutions and subsequently communicated or disseminated in any manner to you or other parties;
- (ii) while all reasonable measures have been taken to ensure the accuracy and reliability of the information provided in the electronic Prospectus, the accuracy and reliability of the electronic Prospectus cannot be guaranteed because the internet is not a fully secure medium; and
- (iii) the Internet Participating Financial Institutions are not liable (whether in tort or contract or otherwise) for any loss, damages or costs, that 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 the electronic Prospectus which may arise in connection with or as a result of any fault with web browsers or other relevant software, any fault 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 occurring during data transmission, which may result in inaccurate or incomplete copies of information being downloaded or displayed on your personal computer.

INDICATIVE TIMETABLE

An indicative timetable for our IPO is set out below:

Event	Tentative date
Issuance of the Prospectus/Opening of application for our IPO Shares	10.00 a.m. [●]
Closing of application for our IPO Shares	5.00 p.m. [●]
Balloting of application for our IPO Shares	[●]
Allotment/Transfer of our IPO Shares to successful applicants	[●]
Listing	[●]

If there is any change to the timetable, we will advertise the notice of such change in a widely circulated English and Bahasa Malaysia daily newspapers in Malaysia, and make an announcement on the website of Bursa Securities.

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PRESENTATION OF INFORMATION

All references to “our Company” or “LAC” in this Prospectus are to LAC Med Berhad. All references to “our Group” or “LAC Group” in this Prospectus are to our Company and our subsidiaries, taken as a whole. All references to “we”, “us”, “our” or “ourselves” are to our Company, and where the context requires, our Company and our subsidiaries.

All references to “you” are to our prospective investors.

Unless the context otherwise requires, references to “management” in this Prospectus are to our Directors and Key Senior Management as at the date of this Prospectus. Statements as to our beliefs, expectations, estimates and opinions are those of our management.

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 thousandth or 1 decimal place. Any discrepancies in the tables between the amounts listed and the totals in this Prospectus are due to rounding. Certain acronyms, technical terms and other abbreviations used are defined in “Definitions” and “Glossary of Technical Terms” sections of this Prospectus.

Words denoting the singular shall, where applicable, include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine and/or neuter genders and vice versa. References to persons shall include companies and corporations.

Any reference in this Prospectus to any provisions of the statutes, rules and regulations, enactments or rules of stock exchange shall (where the context admits), be construed as reference to provisions of such statutes, rules and regulations, enactments or rules of stock exchange (as the case may be) as modified by any written law or (if applicable) amendment or re-enactment to statutes, rules and regulations, enactments or rules of stock exchange for the time being in force.

All reference to dates and times are references to dates and times in Malaysia unless otherwise stated. All references to the “LPD” in this Prospectus are to 2 May 2025, which is the latest practicable date prior to the registration of this Prospectus with the SC.

This Prospectus includes statistical data provided by us and various third parties and cites third party projections regarding growth and performance of the market and industry in which we operate as well as our estimated market share in the industry in which we operate. 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 there is no source stated, it can be assumed that the information originates from us or is extracted from the IMR Report prepared by Vital Factor Consulting Sdn Bhd, which is included in Section 8 of this Prospectus. We have appointed Vital Factor Consulting Sdn Bhd to provide an independent market and industry review. In compiling its data for the review, Vital Factor Consulting Sdn Bhd had relied on its research methodology, industry sources, published materials, its own private databases and direct contacts within the industry.

We believe that the information on the industry as contained in this Prospectus and other statistical data and projections cited in this Prospectus are useful in helping you to understand the major trends in the market and industry in which we operate. Third party projections cited in this Prospectus are subject to significant uncertainties that could cause actual data to differ materially from the projected figures. No assurance can be given that the estimated 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 our website does not form part of this Prospectus. 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.

FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements. All statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding our financial position, business strategies, prospects, plans and objectives of our Group for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, our performance or achievements, or industry results to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such forward-looking statements reflect our current views with respect to future events and do not guarantee future performance.

Forward-looking statements can be identified by the use of forward-looking terminologies such as the words “may”, “will”, “would”, “could”, “believe”, “expect”, “anticipate”, “intend”, “estimate”, “aim”, “plan”, “forecast”, “project” or similar expressions and include all statements that are not historical facts. Such forward-looking statements include, without limitation, statements relating to:

- (i) our plans and objectives for future operations;
- (ii) our future earnings, cash flow and liquidity;
- (iii) potential growth opportunities;
- (iv) our business strategies, trends and competitive position;
- (v) our financial position;
- (vi) our ability to pay dividends; and
- (vii) the regulatory environment and the effects of future regulation.

Our actual results may differ materially from information contained in such forward-looking statements as a result of a number of factors, including, without limitations, those discussed in Section 9 of this Prospectus on “Risk Factors” and Section 12.3 of this Prospectus on “Management’s Discussion and Analysis of Financial Condition and Results of Operations”. We cannot give any assurance that the forward-looking statements made in this Prospectus will be realised. Such forward-looking statements are made only as at the LPD based on information available to us as at the LPD.

Should we become aware of any subsequent significant change or development affecting matters disclosed in this Prospectus arising from the date of registration of this Prospectus but before the date of allotment/transfer of our IPO Shares, we will issue a supplemental or replacement prospectus, as the case may be, in accordance with the provisions of Section 238(1) of the CMA and Paragraph 1.02, Chapter 1 of Part II (Division 6) of the Prospectus Guidelines (Supplementary and Replacement Prospectus).

DEFINITIONS

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

ACCA	: Association of Chartered Certified Accountants
Acquisitions	: Acquisition by LAC of the entire equity interest in LAC Medical, CVS Medical and GoCloud for a total purchase consideration of RM48,870,357, which was satisfied via the issuance of 325,802,380 new Shares at an issue price of RM0.15 per Share. The Acquisitions were completed on [●] 2025
Acquisitions SSAs	: Collectively, the following share sale agreements dated 9 April 2025: <ul style="list-style-type: none"> (i) share sale agreement entered into between LAC with Giam Teck Eng, Liew Yoon Kit, Liew Yoon Poh and Chan Yue Mun for the sale of the entire equity interest in LAC Medical for a total purchase consideration of RM34,383,117, to be satisfied via the issuance of 229,220,780 new Shares at an issue price of RM0.15 per Share; (ii) share sale agreement entered into between LAC with Giam Teck Eng, Liew Yoon Kit, Liew Yoon Poh and Chan Yue Mun for the sale of the entire equity interest in CVS Medical for a total purchase consideration of RM13,455,930, to be satisfied via the issuance of 89,706,200 new Shares at an issue price of RM0.15 per Share; and (iii) share sale agreement entered into between LAC with Hong Chong Chet and Noor Izwan Fazly Bin Nor Azman for the sale of the entire equity interest in GoCloud for a total purchase consideration of RM1,031,310, to be satisfied via the issuance of 6,875,400 new Shares at an issue price of RM0.15 per Share
Act	: Companies Act 2016
ADA	: Authorised Depository Agent, a person appointed by Bursa Depository under the Rules of Bursa Depository
AELB	: Atomic Energy Licencing Board
AGM	: Annual general meeting
Application	: Application for our IPO Shares under the Retail Offering by way of the Application Form, Electronic Share Application or Internet Share Application
Application Form	: Application form for the application of our IPO Shares under the Retail Offering accompanying this Prospectus
ATM	: Automated teller machine
Authorised Financial Institution	: Authorised financial institution participating in the Internet Share Application in respect of the payment for our IPO Shares
BNM	: Bank Negara Malaysia
Board	: Board of Directors of our Company
Bursa Depository	: Bursa Malaysia Depository Sdn Bhd
Bursa Securities	: Bursa Malaysia Securities Berhad

DEFINITIONS (CONT'D)

CCC or CF	: Certificate of completion and compliance or certificate of fitness for occupation
CDS	: Central Depository System
CIDB	: Construction Industry Development Board Malaysia
CIDB Act	: Lembaga Pembangunan Industri Pembinaan Malaysia Act 1994
CMSA	: Capital Markets and Services Act 2007
Constitution	: Constitution of our Company
Customer A	: Customer A is a private limited company incorporated in Malaysia and is a concessionaire principally involved in the provision of support services to public hospitals in Malaysia. It is a subsidiary of an asset management and infrastructure solutions company listed on Bursa Securities. We supply and integrate medical devices, as well as provide maintenance services to Customer A. The identity of Customer A is not disclosed as consent for such disclosure in the Prospectus was declined
Customer B	: Customer B and its subsidiaries are principally involved in the provision of healthcare services in Malaysia. We supply and integrate medical devices for Customer B. The identity of Customer B is not disclosed as consent for such disclosure in the Prospectus was declined
Customer C	: Customer C and its subsidiaries are principally involved in the operation of specialist hospitals in Malaysia. Customer C is listed on Bursa Securities. We supply and integrate medical devices, as well as provide maintenance services to Customer C. The identity of Customer C is not disclosed as consent for such disclosure in the Prospectus was declined
CVS Medical	: CVS Medical Sdn Bhd, our wholly-owned subsidiary
Director	: Director of our Company and within the meaning given in Section 2 of the Act
DLP	: Defect liability period
DOSH	: Department of Occupational Safety and Health
DPMD	: Distribution Practice for Medical Devices
EaaS	: Equipment-as-a-Service
EBITDA	: Earnings before interest, taxation, depreciation and amortisation
Electronic Share Application	: Application for our IPO Shares made available to the Malaysian Public under the Retail Offering through a Participating Financial Institution's ATM
Eligible Persons	: Collectively, eligible directors and employees of our Group and persons who have contributed to the success of our Group
EPS	: Earnings per Share
EUR	: Euro, the lawful currency of the European Union
Financial Years Under Review	: Collectively, the FYE 2022, FYE 2023 and FYE 2024

DEFINITIONS (CONT'D)

FYE	: Financial year ended/ending 31 December, as the case may be
Glocomp	: Glocomp Systems (M) Sdn Bhd
GoCloud	: GoCloud Solutions Sdn Bhd, our wholly-owned subsidiary
GP	: Gross profit
ICDM	: Institute of Corporate Directors Malaysia
ICT	: Information and communication technology
IDR	: Indonesian Rupiah, the lawful currency of Indonesia
IHH Healthcare Group	: Collectively, IHH Healthcare Berhad and its subsidiaries
IMR Report	: Independent market research report on the Independent Assessment of the Distribution of the Medical Device Industry in Malaysia prepared by Vital Factor Consulting Sdn Bhd as set out in Section 8 of this Prospectus
Institutional Offering	: Offering of up to 100,000,000 IPO Shares at the IPO Price, subject to the clawback and reallocation provisions, to institutional and selected investors as well as Bumiputera investors approved by the MITI
Internet Participating Financial Institutions	: Participating financial institutions for the Internet Share Application, which are set out in Section 15.6 of this Prospectus
Internet Share Application	: Application for our IPO Shares under the Retail Offering through an Internet Participating Financial Institution
IPO	: Initial public offering comprising the Public Issue and Offer for Sale
IPO Price	: Issue/offer price of RM[●] per IPO Share pursuant to our IPO
IPO Shares	: Collectively, the Issue Shares and Offer Shares
IRB	: Inland Revenue Board of Malaysia
Issue Shares	: 74,197,600 new Shares to be issued by our Company pursuant to the Public Issue
Issuing House	: AscendServ Capital Markets Services Sdn Bhd
Key Senior Management	: Key senior management of our Group, namely Hong Chong Chet, Thean Yain Peng, Teh Peng Ting, Sum Sheau San and Choo Mei Peng
LAC or Company	: LAC Med Berhad
LAC Group or Group	: Collectively, LAC and our subsidiaries
LAC Medical	: LAC Medical Supplies Sdn Bhd, our wholly-owned subsidiary
LAD	: Liquidated ascertained damages
Listing	: Listing of and quotation for the entire enlarged issued share capital of LAC on the Main Market of Bursa Securities
Listing Requirements	: Main Market Listing Requirements of Bursa Securities

DEFINITIONS (CONT'D)

LPD	: 2 May 2025, being the latest practicable date prior to the registration of this Prospectus with the SC
M&E	: Mechanical and electrical
Malaysian Public	: Malaysian citizens, companies, societies, co-operatives and institutions incorporated or organised under the laws of Malaysia
Market Day	: A day on which Bursa Securities is open for trading in securities
MCCG	: Malaysian Code on Corporate Governance
MDA	: Medical Device Authority
MDA 2012	: Medical Device Act 2012
MEAMS	: Medical device asset management services
MIA	: Malaysian Institute of Accountants
MITI	: Ministry of Investment, Trade and Industry of Malaysia
MOH	: Ministry of Health Malaysia
MRI	: Magnetic resonance imaging
MyIPO	: Intellectual Property Corporation of Malaysia
NA	: Net assets
Offer for Sale	: Offer for sale of the Offer Shares by our Offerors at the IPO Price
Offer Shares	: Up to 50,000,000 existing Shares to be offered pursuant to the Offer for Sale
Offerors	: Collectively, Liew Yoon Poh, Liew Yoon Kit and Giam Teck Eng
Official List	: A list specifying all securities listed on Bursa Securities
Participating Financial Institutions	: Participating financial institutions for the Electronic Share Application, which are set out in Section 15.5 of this Prospectus
PAT	: Profit after taxation
PBT	: Profit before taxation
Philips	: Collectively, Philips Malaysia and its related corporations
Philips Malaysia	: Philips Malaysia Sdn Bhd
Pink Form Allocations	: Allocation of 4,197,600 Issue Shares to the Eligible Persons
Promoter	: Liew Yoon Poh
Prospectus	: This prospectus dated [●] in relation to our IPO
Prospectus Guidelines	: Prospectus Guidelines issued by the SC
PT Fairmed	: PT Fairmed Imaging Nusajaya, our 95%-owned subsidiary

DEFINITIONS (CONT'D)

Public Issue	: Public issue of the Issue Shares at the IPO Price
Retail Offering	: Offering of 24,197,600 Issue Shares at the IPO Price, subject to the clawback and reallocation provisions, to the Malaysian Public and Eligible Persons
RHB Investment Bank or Principal Adviser or Sole Underwriter or Sole Placement Agent	: RHB Investment Bank Berhad
RM and sen	: Ringgit Malaysia and sen respectively, the lawful currency of Malaysia
Rules of Bursa Depository	: Rules of Bursa Depository as issued under the SICDA
SaaS	: Software-as-a-Service
Samsung	: Collectively, Samsung Malaysia and its related corporations
Samsung Malaysia	: Samsung Malaysia Electronics (SME) Sdn Bhd
SC	: Securities Commission Malaysia
Share Registrar	: AscendServ Capital Markets Services Sdn Bhd
Share Transfers	: Collectively, the following share transfers which were completed on 8 April 2025: <ul style="list-style-type: none"> (i) share transfer by Giam Teck Eng of approximately 11.7% equity interest in both LAC Medical and CVS Medical to Chan Yue Mun for a cash consideration of RM2,689,755 and RM285,403 respectively; and (ii) share transfer by Liew Yoon Kit of approximately 11.7% equity interests in both LAC Medical and CVS Medical to Chan Yue Mun for a cash consideration of RM2,689,755 and RM285,403 respectively
Share Transfers SSAs	: Collectively, the following share sale agreements dated 24 January 2025: <ul style="list-style-type: none"> (i) share sale agreement entered into between Giam Teck Eng and Chan Yue Mun for the sale of 116,667 ordinary shares or approximately 11.7% equity interest in LAC Medical for a cash consideration of RM2,689,755; (ii) share sale agreement entered into between Giam Teck Eng and Chan Yue Mun for the sale of 116,667 ordinary shares or approximately 11.7% equity interest in CVS Medical for a cash consideration of RM285,403; (iii) share sale agreement entered into between Liew Yoon Kit and Chan Yue Mun for the sale of 116,667 ordinary shares or approximately 11.7% equity interest in LAC Medical for a cash consideration of RM2,689,755; and (iv) share sale agreement entered into between Liew Yoon Kit and Chan Yue Mun for the sale of 116,667 ordinary shares or approximately 11.7% equity interest in CVS Medical for a cash consideration of RM285,403
Shares	: Ordinary shares in our Company
SICDA	: Securities Industry (Central Depositories) Act 1991

DEFINITIONS (CONT'D)

SKU	: Stock keeping unit
sq ft	: Square feet
Substantial Shareholders	: Collectively, Liew Yoon Poh, Liew Yoon Kit, Giam Teck Eng and Chan Yue Mun
Sunway Healthcare Group	: Collectively, Sunway Healthcare Holdings Sdn Bhd and its subsidiaries
Underwriting Agreement	: Underwriting agreement dated [●] entered into between our Company and our Sole Underwriter for the underwriting of 24,197,600 Issue Shares under the Retail Offering
USD	: United States Dollar, the lawful currency of United States

GLOSSARY OF TECHNICAL TERMS

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

Active medical devices/equipment	: Medical devices/equipment which require an external power source, such as electricity or batteries, to perform automated or powered tasks
Angiography system	: Medical equipment used for diagnosing and treating vascular conditions, such as angioplasty, to restore blood flow
Angioplasty	: Refers to the medical procedure to widen the blocked arteries and restore blood flow
Cardiovascular	: Refers to diseases or conditions that affect the heart and blood vessels
Computer tomography (CT) scanners	: A type of radiographic equipment which uses X-ray and computer processing to provide detailed and cross-sectional images of the body
Consumables	: Refers to single-use medical devices or disposable products such as catheters
Diagnostic	: Refers to the process of detecting or identifying medical conditions
Fixed equipment	: Medical equipment or machines which are permanently installed or attached to a structure, such as a wall, ceiling or floor in the healthcare facility, and the installation requires major M&E works
Fluoroscopy system	: A type of radiographic equipment which uses X-ray to produce dynamic and real-time X-ray images of the inside of the body
Imaging	: Refers to the techniques such as X-ray, ultrasound, and magnetic resonance used to create real-time or static images of the body's internal structures, tissues and fluids
Internet of Things (IoT)	: Refers to a network of devices embedded with sensors, software and network connectivity, which are able to collect and transfer data over the internet
Intravascular ultrasound (IVUS)	: A type of ultrasound machine with an ultrasound transducer at the tip of a catheter to emit sound waves, allowing real-time visualisation of the interior of blood vessels
Loose equipment	: "Plug and play" or loose/portable equipment that is easily connected to utility sources such as power and water
Magnetic resonance imaging (MRI) machine	: Medical equipment that uses strong magnetic fields and radio waves to create detailed images of the body's internal structures, tissues and fluids
Medical device	: Instrument, apparatus, implement, machine, appliance, implant, in vitro reagent, software, or material intended to be used, alone or in combination, for human beings for medical purposes
Medical equipment	: Generally refers to larger medical devices, machines or equipment that require power, maintenance or installation
Neurovascular device	: Refers to medical devices used for minimally invasive procedures for the treatment of neurovascular conditions such as stroke

GLOSSARY OF TECHNICAL TERMS (CONT'D)

Non-active (passive) medical devices	: Medical devices that can operate without external power, functioning mechanically or chemically through manual operation or body interaction
Obstetrics and gynaecology (O&G)	: A medical specialty focusing on the health of female reproductive system, pregnancy, childbirth as well as postpartum period
Radiographic equipment	: Medical equipment which uses X-ray technology to capture images of the body's internal structures and tissues
Radiographs	: Images captured or produced using X-ray to view the internal structures of the body
Therapeutic	: Refers to the treatment or interventions to cure medical conditions, as well as strategies to prevent potential health issues
Ultrasound machine	: Medical equipment which uses high-frequency sound waves to create real-time images of the internal structures and tissues of the body
X-ray	: A form of electromagnetic radiation

1. CORPORATE DIRECTORY**BOARD OF DIRECTORS**

Name / (Designation)	Address	Nationality / Gender
Liew Yoon Kit (Non-Independent Non-Executive Chairman)	29, Jalan Anggerik Vanda 31/168 Kota Kemuning 40460 Shah Alam Selangor	Malaysian / Male
Liew Yoon Poh (Group Chief Executive Officer)	36, Jalan Eco Santuari 2/2C Eco Santuari 42500 Telok Panglima Garang Selangor	Malaysian / Male
Chan Yue Mun (Non-Independent Non-Executive Director)	3, Jalan Anggerik Vanda Dua 31/167B Kota Kemuning 40460 Shah Alam Selangor	Malaysian / Male
Dato' Ng Wan Peng (Senior Independent Non-Executive Director)	16-8, One Central Park 2, Jalan Residen 2 Desa Parkcity 52200 Kuala Lumpur	Malaysian / Female
Lim Su May (Independent Non-Executive Director)	79, Duta Villa Jalan Duta Villa 1 Seksyen U13, Setia Alam 40170 Shah Alam Selangor	Malaysian / Female
Goh Teck Hong (Independent Non-Executive Director)	C-11-8 9, Bukit Utama Condominium No. 9, Persiaran Bukit Utama Bandar Utama 47800 Petaling Jaya Selangor	Malaysian / Male

AUDIT AND RISK MANAGEMENT COMMITTEE

Name	Designation	Directorship
Goh Teck Hong	Chairperson	Independent Non-Executive Director
Dato' Ng Wan Peng	Member	Senior Independent Non-Executive Director
Lim Su May	Member	Independent Non-Executive Director

NOMINATION AND REMUNERATION COMMITTEE

Name	Designation	Directorship
Dato' Ng Wan Peng	Chairperson	Senior Independent Non-Executive Director
Lim Su May	Member	Independent Non-Executive Director
Goh Teck Hong	Member	Independent Non-Executive Director

1. CORPORATE DIRECTORY (CONT'D)**COMPANY SECRETARIES : Rebecca Kong Say Tsui**

SSM Practising : 202008001003
 Certificate No.
 Professional : Malaysian Institute of Chartered Secretaries and
 qualification Administrators ("MAICSA") (MAICSA membership
 no. 7039304)
 Telephone no. : (03) 7890 0238

Yeng Shi Mei

SSM Practising : 202008001282
 Certificate No.
 Professional : MAICSA (MAICSA membership no. 7059759)
 qualification
 Telephone no. : (03) 7890 0238

Office Suite No. 603 Block C
 Pusat Dagangan Phileo Damansara 1
 No. 9, Jalan 16/11, Off Jalan Damansara
 46350 Petaling Jaya
 Selangor

REGISTERED OFFICE : Office Suite No. 603 Block C
 Pusat Dagangan Phileo Damansara 1
 No. 9, Jalan 16/11, Off Jalan Damansara
 46350 Petaling Jaya
 Selangor

Telephone no. : (03) 7890 0238

HEAD OFFICE : G-03A-3, Plaza Kelana Jaya
 Jalan SS7/13A
 47301 Petaling Jaya
 Selangor

Telephone no. : (03) 7652 1088
 Website : www.lacmed.com
 E-mail : enquiry@lacmed.com

**PRINCIPAL ADVISER,
 SOLE UNDERWRITER
 AND SOLE PLACEMENT
 AGENT** : **RHB Investment Bank Berhad**
 Level 10, Tower One, RHB Centre
 Jalan Tun Razak
 50400 Kuala Lumpur

Telephone no. : (03) 9287 3888

SOLICITORS : **Ong Eu Jin Partnership**
 Unit 9-1, Level 9, Wisma Mont Kiara
 No. 1, Jalan Kiara, Mont Kiara
 50480 Kuala Lumpur

Telephone no. : (03) 6206 2053

1. CORPORATE DIRECTORY (CONT'D)

AUDITORS AND REPORTING ACCOUNTANTS	<p>: Crowe Malaysia PLT Level 16, Tower C, Megan Avenue II 12, Jalan Yap Kwan Seng 50450 Kuala Lumpur</p> <p>Telephone no. : (03) 2788 9999 Partner : Lean Wei Ee Approval no. : 03827/05/2026 J Professional qualification : • Chartered Accountant, MIA (MIA Membership no. 38232) • Fellow member of the ACCA (ACCA Membership no. 1747151)</p>
INDEPENDENT BUSINESS AND MARKET RESEARCH CONSULTANTS	<p>: Vital Factor Consulting Sdn Bhd V Square @ PJ City Centre (VSQ) Block 6, Level 6 Jalan Utara 46200 Petaling Jaya Selangor</p> <p>Telephone no. : (03) 7931 3188 Person-in-charge : Wooi Tan Professional qualification : • Master of Business Administration from the University of Technology, Sydney, Australia • Bachelor of Science from the University of New South Wales, Australia • Fellow of the Australia Marketing Institute and the Institute of Managers and Leaders, Australia</p> <p>Please refer to Section 8 of this Prospectus for the profile of the firm and signing partner</p>
ISSUING HOUSE AND SHARE REGISTRAR	<p>: AscendServ Capital Markets Services Sdn Bhd Office Suite No. 603 Block C Pusat Dagangan Phileo Damansara 1 No. 9, Jalan 16/11, Off Jalan Damansara 46350 Petaling Jaya Selangor</p> <p>Telephone no. : (03) 7890 0238</p>
LISTING SOUGHT	: Main Market of Bursa Securities

2. PROSPECTUS SUMMARY

This Prospectus Summary only highlights the key information from other parts of this Prospectus. It does not contain all the information that may be important to you. You should read and understand the contents of the whole Prospectus prior to deciding on whether to invest in our Shares.

2.1 PRINCIPAL DETAILS OF OUR IPO

Number of new Shares to be issued under the Public Issue	:	74,197,600
Number of existing Shares to be offered under the Offer for Sale	:	Up to 50,000,000
Enlarged number of Shares upon Listing	:	400,000,000
IPO Price	:	RM[●]
Market capitalisation upon Listing (based on the IPO Price and enlarged number of Shares upon Listing)	:	RM[●]

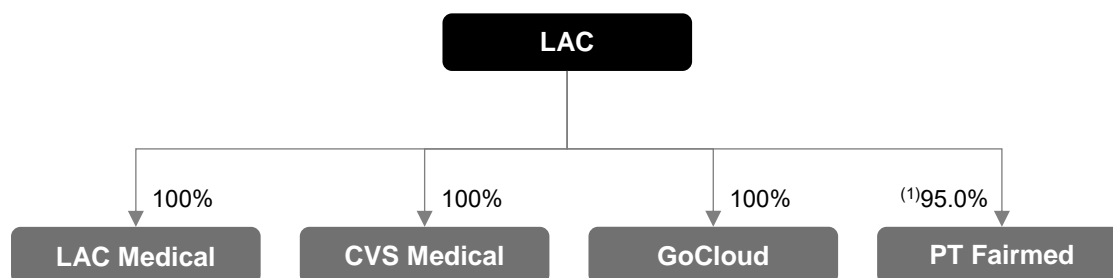
Please refer to Section 4 of this Prospectus for further details of our IPO.

The entire shareholdings in our Company held by Liew Yoon Poh, Liew Yoon Kit, Giam Teck Eng and Chan Yue Mun after our IPO are subject to moratorium for 6 months from the date of our Listing. Further details of the moratorium on our Shares are set out in Section 3.2 of this Prospectus.

2.2 OUR BUSINESS

We were incorporated in Malaysia under the Act on 22 November 2024 as a private limited company under the name of LAC Med Sdn Bhd. On 14 April 2025, we were converted to a public limited company and assumed our present name.

Subsequently, [●] 2025, we completed the Acquisitions which resulted in LAC Medical, CVS Medical and GoCloud becoming our wholly-owned subsidiaries. As at [●] 2025, our existing corporate structure is as follows:



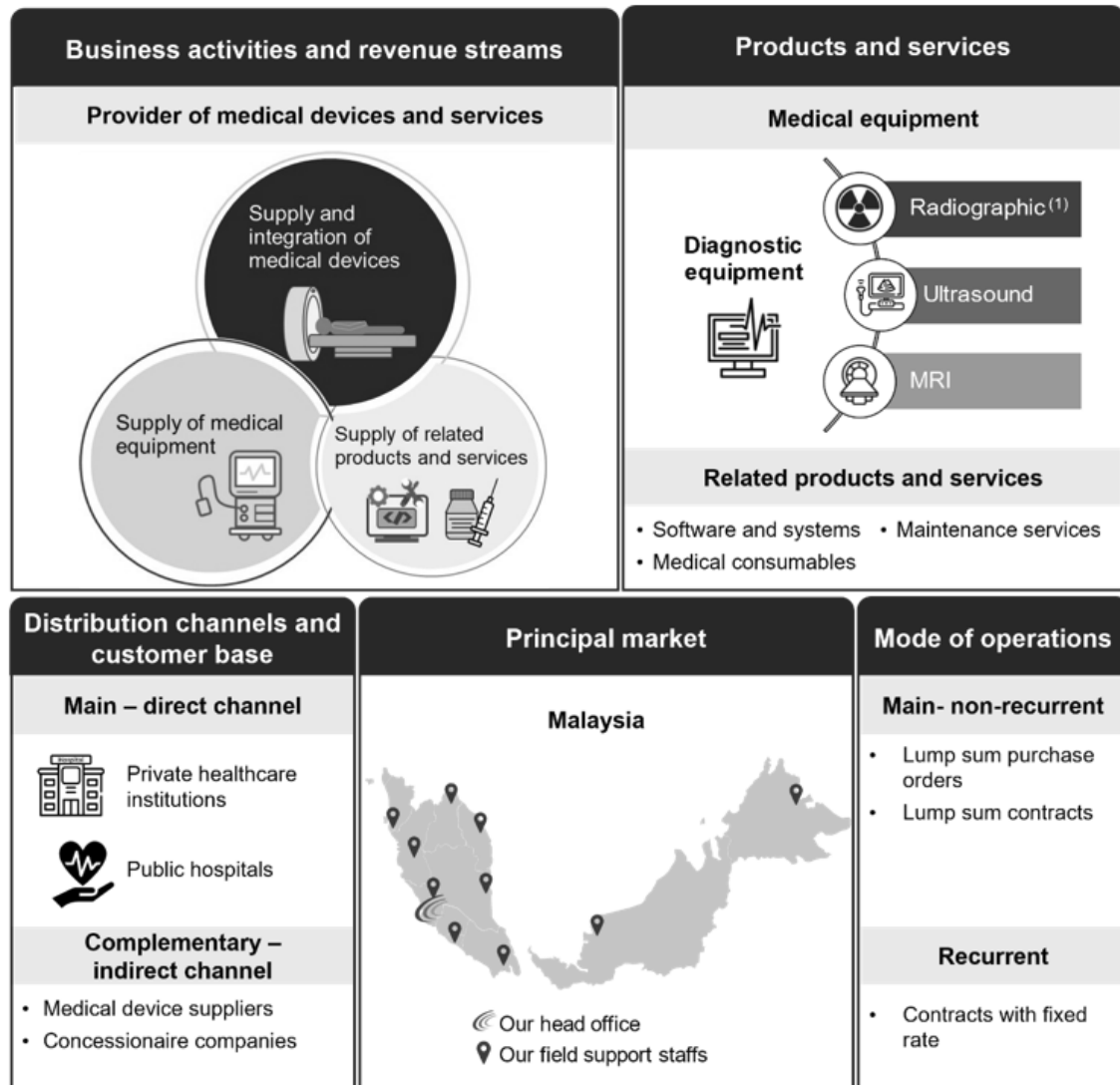
Note:

- (1) The remaining 5.0% equity interest in PT Fairmed is held by Hong Chong Chet, our Deputy Chief Executive Officer.

2. PROSPECTUS SUMMARY (CONT'D)

We specialise in the supply and integration of medical devices. As an authorised distributor in Malaysia, we supply third-party brands of medical devices comprising medical equipment and associated products, which include medical consumables and provision of software and system integration. Most of our medical equipment is used for diagnostic purposes.

Our business model is as follows:



Note:

- (1) Radiographic equipment comprises CT scanners, fluoroscopy machines and other radiographic equipment.

2. PROSPECTUS SUMMARY (CONT'D)

2.3 COMPETITIVE ADVANTAGES AND KEY STRENGTHS

Our competitive advantages and key strengths are:

- (i) **We have an established track record of 21 years in the supply of medical devices to serve as a platform for business growth**

With over 21 years of experience since 2004, we have evolved from a medical consumable supplier to an integrated provider of end-to-end medical device solutions. Our services encompass supply, infrastructure integration and post-installation support, supported by market knowledge, regulatory compliance expertise and a commitment to staying ahead of advancements in medical technology. Our proven track record in the medical device industry underscores our ability to deliver reliable, high-quality products and services. This positions us as a reliable partner which provides a platform for sustained business growth.

- (ii) **We are the authorised distributors for established brands of medical devices**

As a supplier and integrator of medical devices and related products and services, we leverage the brand equity of our principals as a platform to drive our business growth. As at the LPD, we are the authorised distributor for Philips, Samsung, Stryker, SwiftMR, Epson, Abbott, LG and Baxter. We have established strong market awareness in Malaysia through strategic partnerships with our principals as an authorised distributor of medical equipment, consumables and software brands. By leveraging our principals' brand equity and market presence, we are well-positioned to meet the healthcare sector's evolving needs and drive our sustainable business growth.

- (iii) **We provide integrated medical equipment systems covering the end-to-end services from the initial preliminary planning up to the post-installation support services**

We offer comprehensive end-to-end services for supplying and integrating medical devices, focusing on large equipment requiring specialised space design, area renovations and M&E works. Our end-to-end services offer convenience to our customers by acting as a single point of contact throughout the entire process. This streamlines the experience, eliminating the need for customers to coordinate with multiple vendors and ensures quality of service in the process. By managing the whole process, we build strong relationships with our customers, fostering trust and loyalty that lay the foundation for long-term business partnerships.

- (iv) **We provide ICT products and services which complement our medical equipment business, enhancing our value proposition and generating incremental revenue**

We provide software and systems for healthcare facilities where we integrate software to connect various medical devices facilitating data management and analytics, display (dashboard) and storage. Our integrated system also enables users to access and manage imaging data from any web-enabled device securely. By offering software and systems that seamlessly integrate with the core medical equipment that we supply, we enhance the attractiveness of our offerings for clients who prioritise streamlined workflows, interoperability, and accessibility including remote access. It also helps to foster customer loyalty and drive business growth. Furthermore, we can leverage our existing customer base to increase sales and attract new customers, driving business growth.

2. PROSPECTUS SUMMARY (CONT'D)

(v) We have a network of sales and technical personnel across Peninsular and East Malaysia to support our customers

One of our key strengths is our extensive support network across Peninsular and East Malaysia. The strategic placement of our support teams allows us to respond promptly to customer needs, minimising downtime for our customers' healthcare operations. Our strong support network is a key purchasing factor for customers, ensuring prompt service for their medical device needs. By prioritising customer service, we enhance loyalty, foster long-term business relationships, and create a solid foundation for repeat business and referrals, which drives sustained business growth.

(vi) Our established medical equipment installed base provides a platform for expanding our services and drives business growth

As a provider of medical equipment and services, having access to an established medical equipment installed base allows us to better engage with our customers to drive business growth. This enables us to expand our after-sales services and proactively offer predictive and preventive maintenance services to optimise equipment uptime for our customers, as well as to expand our recurrent revenue. In addition, this allows us to identify opportunities to offer upgrade plans for our customers to advanced technologies based on the profile of their existing equipment such as age, usage and conditions. Furthermore, the upgrades also enable us to identify cross-selling opportunities, such as software upgrades and replacement of new equipment bundled with after-sales services that align with customers' needs.

(vii) We have an experienced Group Chief Executive Officer and Key Senior Management team to drive our business growth

We have an experienced management team headed by our Group Chief Executive Officer, Liew Yoon Poh who is responsible for the overall management, business strategies and growth of our Group. He brings with him approximately 16 years of experience in the medical device industry.

Please refer to Section 7.3 of this Prospectus for further details of our competitive advantages and key strengths.

2.4 STRATEGIES AND PLANS

Our strategies and plans are as follows:

(i) Setting up a new head office for business expansion

We intend to relocate our operations to a ready-built property in Selangor that will house our head office, expanded storage facilities and showroom. This relocation is to accommodate the need for additional space, particularly for storage. In addition, we intend to establish a showroom within the new facility to serve as a demonstration area for our medical equipment.

(ii) Expanding product and service offerings to include MEAMS

We aim to expand our software and system for healthcare facilities segment by introducing new software solutions, and this includes new MEAMS with the incorporation of tracking technologies such as radio-frequency identification (RFID) and barcodes to locate and monitor the assets in real-time, as well as maintenance management. This approach will enhance asset availability, equipment reliability, minimise downtime and optimise utilisation. The MEAMS can be offered based on different service plans, including SaaS based on a subscription basis, and with the option to bundle with or without equipment maintenance services. Depending on contract secured, customers can choose to pay the annual or monthly recurring fee to access the SaaS platform.

2. PROSPECTUS SUMMARY (CONT'D)

(iii) New business model as an asset owner to provide EaaS

We envisage leveraging our core competency in the supply and integration of medical devices to expand into an asset-owner business model to provide EaaS where we will own the integrated medical equipment system and charge a fee for the use of the facilities. Under EaaS, we will offer customised solutions, comprising equipment bundled with its managed software platform, and charge user a fee on a subscription-based model for the use of our facilities. With EaaS, we will offer customised solutions to meet the specific needs of medical service providers and allow them access to the latest medical technology without the upfront capital investment. Under the EaaS model, we are responsible for maintenance, repair and upgrade, which will reduce the customers' need for in-house technical expertise and minimise equipment downtime.

(iv) Expansion in Indonesia

Part of our expansion strategy is to grow our business geographically and to establish a foreign market presence as well as to address new opportunities outside of Malaysia to diversify our markets for business growth. The key consideration factor to tap into the new geographical market is the market conditions in Indonesia, such as growing medical sector driven by government initiatives, as well as population growth and ageing demographics driving the demand for medical products and services. To enhance our market presence and grow our business in Indonesia, we plan to set up a branch office each in Sumatra, Surabaya, and Kalimantan and recruitment of necessary resources between 2026 and 2027.

Please refer to Section 7.20 of this Prospectus for further details of our strategies and plans.

2.5 RISK FACTORS

Before investing in our Shares, you should carefully consider, along with other matters in the Prospectus, certain risks and investment considerations that may affect our future financial performance. The following is a summary of the key risks relating to our business and operations that we are currently facing or that may develop in the future:

(i) We operate in a regulated medical device industry and rely on our ability to retain and renew our operating licenses

We operate in a regulated industry where we are an appointed distributor to provide medical equipment in Malaysia, governed primarily under the MDA 2012. We are involved in the importation and distribution of medical equipment in Malaysia and are required to hold valid establishment licences from the MDA, maintain Good Distribution Practice for Medical Device certification, and all medical devices must be registered with MDA before marketing or selling them in Malaysia.

During the Financial Years Under Review and up to the LPD, we have consistently renewed and continued to maintain all necessary licences, certifications and registrations. However, we cannot guarantee that we will always be able to promptly renew or maintain these licenses, certifications, and registrations in the future or successfully obtain the required licences, certifications and registrations for new medical equipment. Any failure to renew expiring licences, certifications or registrations or to secure new ones as needed could adversely impact our operations and financial performance.

2. PROSPECTUS SUMMARY (CONT'D)**(ii) We face risk that our distributorship agreements may not be renewed or could be terminated, and we are dependent on certain major suppliers who are brand owners of medical equipment**

As at the LPD, we have active agreements with brand owners, appointing us as their distributor for medical equipment and related products in Malaysia. These distributorship agreements require us to comply with various conditions related to our distribution activities, such as customer service requirements, maintain and provide records of installed products, and obtain written consent before selling similar products of other brands. There is no guarantee that these distributorship agreements will be renewed, even if we fulfil all obligations, as renewal is at the discretion of the respective brand owners. If the distributorship agreements are not renewed, we may have to source the same brand products from other authorised distributors or resellers. However, this could possibly lead to less favourable terms compared to our current agreements, potentially impacting our business and financial performance.

During the Financial Years Under Review and up to the LPD, we have not encountered any issues with renewing our distributorship agreements, except in cases where the agreements were mutually agreed upon to lapse. As at the LPD, we continue to distribute multiple brands of medical equipment. In the event of any disruptions or terminations of our business relationship with the brand owners or their representatives including our major suppliers, or any revocation of our distribution rights, or failure in renewing these agreements, this could significantly impact our operations and financial performance.

(iii) Our business and financial performance depend on our ability to consistently secure new projects and purchase orders

Our revenue from the provision of medical equipment is mainly derived from fixed lump-sum contracts for projects or confirmed purchase orders for equipment supply. These are typically non-recurring after installation and handover or delivery to customers. Our business sustainability and financial performance rely on our ability to consistently secure new contracts or orders to replenish our order book which may be affected by competition from other authorised distributors of medical equipment, changes in customer procurement policies or any disputes that may impact customer retention. While we will continue to submit proposals and quotations to secure new contracts and orders, we cannot assure the success of these efforts.

(iv) Our business operations are dependent on our Group Chief Executive Officer and Key Senior Management, as well as technical and operational support personnel

Our business operations depend on the experience, knowledge and skills of our Group Chief Executive Officer and Key Senior Management, as well as on having sufficient and qualified technical and operational support personnel. The loss of services of our Group Chief Executive Officer or any of our Key Senior Management without any suitable and timely replacement may adversely affect our business operations and financial performance. A shortage of skilled technical and operational support personnel could also affect our customer relationships and negatively impact our market reputation which may adversely affect our business operations.

(v) Our business and financial performance may be affected if there are delays in the implementation and completion of projects or delivery of orders or if we face any early termination or suspension of our projects

For the supply and integration of medical devices projects, we are typically required to meet specific milestones and delivery timelines when implementing the projects, including facility design and infrastructure planning, custom interior fit-outs, supply and installation, and testing and commissioning. Any delays in meeting these timelines may result in delays in revenue recognition and project cost overruns. Delays may prompt customers to impose LADs which may adversely affect the results of our operations and financial conditions.

Please refer to Section 9 of this Prospectus for further details of our risk factors.

2. PROSPECTUS SUMMARY (CONT'D)

2.6 DIRECTORS AND KEY SENIOR MANAGEMENT

As at the LPD, our Directors and Key Senior Management are as follows:

Name	Designation
<u>Directors</u>	
Liew Yoon Kit	Non-Independent Non-Executive Chairman
Liew Yoon Poh	Group Chief Executive Officer
Chan Yue Mun	Non-Independent Non-Executive Director
Dato' Ng Wan Peng	Senior Independent Non-Executive Director
Lim Su May	Independent Non-Executive Director
Goh Teck Hong	Independent Non-Executive Director
<u>Key Senior Management</u>	
Hong Chong Chet	Deputy Chief Executive Officer
Thean Yain Peng	Chief Financial Officer
Teh Peng Ting	Chief Commercial Officer
Sum Sheau San	Senior Vice President (Service Operations)
Choo Mei Peng	Chief People Officer

Please refer to Section 5 of this Prospectus for further details of our Directors and Key Senior Management.

2.7 PROMOTER AND SUBSTANTIAL SHAREHOLDERS

The details of our Promoter and Substantial Shareholders, and their respective shareholdings in our Company before and after our IPO, are as follows:

Name / Nationality	Before our IPO / After the Acquisitions				After the Public Issue			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(2)%
<u>Promoter and Substantial Shareholder</u>								
Liew Yoon Poh / Malaysian	95,678,700	29.4	-	-	95,678,700	23.9	-	-
<u>Substantial Shareholders</u>								
Liew Yoon Kit / Malaysian	74,416,100	22.8	-	-	74,416,100	18.6	-	-
Giam Teck Eng / Malaysian	74,416,100	22.8	-	-	74,416,100	18.6	-	-
Chan Yue Mun / Malaysian	74,416,100	22.8	-	-	74,416,100	18.6	-	-

2. PROSPECTUS SUMMARY (CONT'D)

Name / Nationality	After the Offer for Sale			
	Direct		Indirect	
	No. of Shares	(2)%	No. of Shares	(2)%
Promoter and Substantial Shareholder				
Liew Yoon Poh / Malaysian	75,678,700	18.9	-	-
Substantial Shareholders				
Liew Yoon Kit / Malaysian	59,416,100	14.9	-	-
Giam Teck Eng / Malaysian	59,416,100	14.9	-	-
Chan Yue Mun / Malaysian	74,416,100	18.6	-	-

Notes:

(1) Based on our total number of 325,802,400 Shares after the Acquisitions.

(2) Based on our enlarged total number of 400,000,000 Shares after our IPO.

Please refer to Section 5 of this Prospectus for further details of our Promoter and Substantial Shareholders.

2.8 USE OF PROCEEDS

We expect to use the gross proceeds from the Public Issue amounting to approximately RM[●] million in the following manner:

Details	RM'000	%	Estimated time frame for use of proceeds from the date of our Listing
Capital expenditure			
- Setting up new head office and warehouse	[●]	[●]	Within 36 months
- Expansion of Indonesian business	[●]	[●]	Within 36 months
- Establishment of EaaS and MEAMS segments	[●]	[●]	Within 36 months
Repayment of bank borrowings	[●]	[●]	Within 12 months
Working capital	[●]	[●]	Within 24 months
Estimated listing expenses	[●]	[●]	Within 1 month
	[●]	100.0	

There is no minimum subscription to be raised from our IPO. The Offer for Sale will raise gross proceeds of up to RM[●] million which will accrue entirely to our Offerors.

Please refer to Section 4.4 of this Prospectus for further details of the use of proceeds arising from the Public Issue.

2. PROSPECTUS SUMMARY (CONT'D)

2.9 FINANCIAL HIGHLIGHTS

The table below sets out financial highlights based on our audited combined financial statements for the Financial Years Under Review:

	<-----Audited----->		
	FYE 2022 (RM'000)	FYE 2023 (RM'000)	FYE 2024 (RM'000)
Revenue	106,644	150,347	183,216
GP	29,769	41,030	45,476
PBT	17,179	25,697	27,043
PAT attributable to owners	13,065	20,744	20,399
NA attributable to owners	25,123	39,867	47,762
Total borrowings	35,200	25,538	20,370
GP margin ⁽¹⁾ (%)	27.9	27.3	24.8
EBITDA ⁽²⁾	18,379	27,067	27,927
EBITDA margin ⁽¹⁾ (%)	17.2	18.0	15.2
PBT margin ⁽¹⁾ (%)	16.1	17.1	14.8
PAT margin ⁽¹⁾ (%)	12.3	13.8	11.1
Basic and diluted EPS ⁽³⁾ (sen)	3.3	5.2	5.1
Trade receivables turnover period (days)	172	161	71
Trade payables turnover period (days)	91	122	76
Inventory turnover period (days)	51	72	55
Current ratio (times)	1.3	1.4	1.6
Gearing ratio (times)	1.4	0.6	0.4

Notes:

(1) Computed as GP, EBITDA, PBT or PAT attributable to owners divided by revenue.

(2) Computed as follows:

	<-----Audited----->		
	FYE 2022 (RM'000)	FYE 2023 (RM'000)	FYE 2024 (RM'000)
PAT	13,065	20,744	20,399
Add: Taxation	4,115	4,953	6,647
Depreciation	180	288	387
Finance costs	1,019	1,082	494
EBITDA	18,379	27,067	27,927

(3) Computed as PAT attributable to owners divided by the enlarged total number of 400,000,000 Shares after our IPO.

The financial highlights presented above should be read in conjunction with the "Management's Discussion and Analysis of Financial Condition and Results of Operations" as set out in Section 12.3 of this Prospectus and the Accountants' Report, together with its related notes, as set out in Section 13 of this Prospectus.

2. PROSPECTUS SUMMARY (CONT'D)

2.10 DIVIDEND POLICY

It is the intention of our Board to recommend and distribute dividends of up to 30% of our annual audited PAT attributable to our shareholders after taking into consideration, among others, any applicable regulations, our working capital requirements, the financial and cash flow position of our Group as well as our projected levels of expenditure and other investment plans. This will allow our shareholders to participate in the profits of our Group while leaving adequate reserves for the future growth of our Group.

Notwithstanding our intention above, as we are an investment holding company, our income and ability to pay dividends are dependent upon the dividends received from our subsidiaries. The payment of dividends by our subsidiaries is dependent on their distributable profits, financial performance and cash flow requirements for operations and capital expenditures, the covenants in their existing loan agreements which require prior written consent from the respective financial institutions for the payment of dividends of more than certain percentage of their respective PAT as well as other factors.

For information purposes, the dividends declared and paid by our Group for the Financial Years Under Review are as follows:

	FYE 2022 (RM'000)	FYE 2023 (RM'000)	FYE 2024 (RM'000)
Dividends declared	4,000	6,000	12,500
Dividends paid	3,400	4,000	18,500
PAT attributable to owners	13,065	20,744	20,399
Dividend payout ratio ⁽¹⁾	30.6%	28.9%	61.3%

Note:

(1) Computed as dividends declared divided by PAT attributable to owners.

Subsequent to the FYE 2024, there is no dividend declared by us or our subsidiaries, save for an interim dividend amounting to RM5.0 million for the FYE 2025 which was paid on 28 July 2025. The said dividend was funded via our internally generated funds which were in excess of our Group's funding requirements for our business operations and is not expected to affect our business strategies and plans moving forward.

Investors should note that this dividend policy merely describes our present intention and shall not constitute legally binding statements in respect of our future dividends which are subject to modification (including non-declaration) thereof at our Board's discretion. We cannot assure you that we will be able to pay dividends or that our Board will declare dividends in the future. There can also be no assurance that further dividends declared by our Board, if any, will not differ materially from historical payouts.

Please refer to Section 9.3.5 of this Prospectus for the risk factor which may affect our ability to pay dividends. No inference should be made from any of the foregoing statements as to our actual future profitability or our ability to pay dividends in the future.

Please refer to Section 12.7 of this Prospectus for further details of our dividend policy.

3. APPROVALS AND CONDITIONS

3.1 APPROVALS AND CONDITIONS

3.1.1 SC

The SC has, via its letter dated [●], approved the relief sought from complying with a requirement of the Equity Guidelines issued by the SC as follows:

Relief sought	Condition imposed
Paragraph 2(a) of Appendix 4, Part IV	[●]

Relief from having to comply with the requirement in respect of placement of our IPO Shares to be offered under the Institutional Offering to:

- (i) RHB Asset Management Sdn Bhd; and
- (ii) RHB Islamic International Asset Management Berhad

The SC has, via its letter dated [●], approved our IPO and Listing under Section 214(1) of the CMSA, subject to the following conditions:

Condition imposed	Status of compliance
[●]	[●]

The SC has, via the same letter dated [●], approved the resultant equity structure of our Company pursuant to our Listing under the Bumiputera equity requirement for public listed companies. The effects of our Listing on the equity structure of our Company are as follows:

Category of shareholders	Before our IPO / After the Acquisitions		After our IPO	
	No. of Shares	%	No. of Shares	%
Bumiputera				
- Malaysian Public via balloting	-	-	⁽¹⁾ 10,000,000	2.5
- Bumiputera investors to be approved by the MITI	-	-	⁽¹⁾ 50,000,000	12.5
- Others	⁽²⁾ 2,062,700	0.6	2,062,700	0.5
Total Bumiputera	2,062,700	0.6	62,062,700	15.5
Non-Bumiputera	323,739,700	99.4	⁽³⁾ 337,937,300	84.5
Total Malaysian	325,802,400	100.0	400,000,000	100.0
Foreigner	-	-	-	-
Total	325,802,400	100.0	400,000,000	100.0

Notes:

- (1) Assuming all the Shares allocated to Bumiputera investors approved by the MITI under the Institutional Offering, and Bumiputera public investors (via balloting) under the Retail Offering are fully subscribed.
- (2) Held by Noor Izwan Fazly Bin Nor Azman, who is our existing Bumiputera shareholder upon completion of the Acquisitions.
- (3) Assuming all the Eligible Persons that are allocated with the Issue Shares are non-Bumiputera.

3. APPROVALS AND CONDITIONS (CONT'D)**3.1.2 Bursa Securities**

Bursa Securities has, via its letter dated [●], approved the admission of LAC to the Official List, our Listing, subject to the following conditions:

Condition imposed	Status of compliance
[●]	[●]

3.1.3 MITI

MITI has, via its letter dated [●], stated that it has taken note and has no objection to our Listing.

3.2 MORATORIUM ON OUR SHARES

Pursuant to Paragraph 5.29(a) of the Equity Guidelines, our shareholders whose securities are subject to moratorium are not allowed to, and have undertaken not to, sell, transfer or assign any of their aggregate shareholdings of 268,927,000 Shares, which represents approximately 67.2% of the enlarged total number of Shares as at the date of our Listing, for 6 months from the date of our Listing.

In this respect, our Shares that are subject to moratorium for 6 months from the date of our Listing are set out below:

Name	No. of Shares to be held under moratorium	(1)%
Liew Yoon Poh	75,678,700	18.9
Liew Yoon Kit	59,416,100	14.9
Giam Teck Eng	59,416,100	14.9
Chan Yue Mun	74,416,100	18.6
Total	268,927,000	67.2

Note:

(1) Based on our enlarged total number of 400,000,000 Shares after our IPO.

The moratorium, which has been fully accepted by our shareholders whose securities are subject to moratorium, is specifically endorsed on the share certificates representing their shareholdings which are under moratorium to ensure that our Share Registrar does not register any transfer that is not in compliance with the moratorium restrictions. In compliance with the restrictions, Bursa Depository will, on our Share Registrar's instructions in the prescribed forms, ensure that the trading of these Shares is not permitted during the moratorium period.

4. DETAILS OF OUR IPO

4.1 PARTICULARS OF OUR IPO

Our IPO is subject to the terms and conditions of this Prospectus and upon acceptance, our IPO Shares are expected to be allocated or transferred in the manner described below, subject to the clawback and reallocation provisions as set out in Section 4.1.4 of this Prospectus:

4.1.1 Public Issue

The Public Issue of 74,197,600 Issue Shares, representing approximately 18.5% of our enlarged total number of issued Shares, at the IPO Price is subject to the terms and conditions of this Prospectus and shall be allocated in the following manner:

(i) Malaysian Public

20,000,000 Issue Shares, representing 5.0% of our enlarged total number of issued Shares, will be made available for application by the Malaysian Public by way of balloting, of which 50.0% will be set aside for Bumiputera investors.

(ii) Eligible Persons

4,197,600 Issue Shares (being Pink Form Allocations), representing approximately 1.0% of our enlarged total number of issued Shares, will be reserved for application by the Eligible Persons as follows:

Eligible Persons	Number of Eligible Persons	Aggregate number of Pink Form Allocations
Eligible Directors of our Group	3	209,100
Eligible employees	87	3,568,500
Persons who have contributed to the success of our Group	30	420,000
Total	120	4,197,600

The allocation to our eligible Directors is based on, among others, their respective roles, responsibilities and anticipated contributions to our Group. The number of Issue Shares to be allocated to our eligible Directors is as follows:

Eligible Directors	Designation	No. of Pink Form Allocations
Dato' Ng Wan Peng	Senior Independent Non-Executive Director	69,700
Lim Su May	Independent Non-Executive Director	69,700
Goh Teck Hong	Independent Non-Executive Director	69,700
Total		209,100

The criteria of allocation to our eligible employees who have contributed to the success of our Group (as approved by our Board) are based on, among others, the following factors:

- (a) the eligible employee must be a full time and confirmed employee of our Group and on our Group's payroll; and
- (b) the number of Issue Shares allocated to the eligible employees is based on their seniority, job grade, length of service, past performance and contributions to our Group.

4. DETAILS OF OUR IPO (CONT'D)

The number of Issue Shares to be allocated to our Key Senior Management is as follows:

Key Senior Management	Designation	No. of Pink Form Allocations
Hong Chong Chet	Deputy Chief Executive Officer	210,000
Thean Yain Peng	Chief Financial Officer	210,000
Teh Peng Ting	Chief Commercial Officer	210,000
Sum Sheau San	Senior Vice President (Service Operations)	210,000
Choo Mei Peng	Chief People Officer	210,000
Total		1,050,000

The allocation to the persons who have contributed to the success of our Group such as, among others, our business associates and suppliers, shall be based on their length of business relationship with our Group and the level of support and contribution to the success of our Group.

(iii) Private placement

50,000,000 Issue Shares, representing 12.5% of our enlarged total number of issued Shares, will be made available for subscription by way of private placement to Bumiputera investors approved by the MITI.

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4. DETAILS OF OUR IPO (CONT'D)**4.1.2 Offer for Sale**

Our Offerors will offer up to 50,000,000 Offer Shares, representing approximately 15.3% of our existing total number of Shares before our IPO and 12.5% of our enlarged total number of issued Shares, at the IPO Price by way of private placement to institutional and selected investors. Details of our Offerors are as follows:

Name/Address	Nature of relationship	Shareholdings before our IPO		Offer for Sale			Shareholdings after our IPO	
		No. of Shares	(1)%	No. of Shares	(1)%	(2)%	No. of Shares	(2)%
Liew Yoon Poh 36, Jalan Eco Santuari 2/2C Eco Santuari 42500 Telok Panglima Garang Selangor	Promoter, Substantial Shareholder and Group Chief Executive Officer	95,678,700	29.4	20,000,000	6.1	5.0	75,678,700	18.9
Liew Yoon Kit 29, Jalan Anggerik Vanda 31/168 Kota Kemuning 40460 Shah Alam Selangor	Substantial Shareholder and Non-Independent Non-Executive Chairman	74,416,100	22.8	15,000,000	4.6	3.8	59,416,100	14.9
Giam Teck Eng 1, PJU 1A/51B, Idaman Villa Damansara Idaman 47301 Petaling Jaya Selangor	Substantial Shareholder	74,416,100	22.8	15,000,000	4.6	3.8	59,416,100	14.9
				50,000,000	15.3	12.5		

Notes:

(1) Based on our total number of 325,802,400 Shares after the Acquisitions.

(2) Based on our enlarged total number of 400,000,000 Shares after our IPO.

Based on the IPO Price, the Offer for Sale will raise gross proceeds of up to RM[●] million, which will accrue entirely to our Offerors. The Offer Shares are not underwritten as they will be made available for subscription by way of private placement to institutional and selected investors, the expenses of which will be fully borne by our Offerors.

4. DETAILS OF OUR IPO (CONT'D)

4.1.3 Underwriting and allocation of the IPO Shares

A summary of our IPO Shares offered under the Retail Offering and Institutional Offering (subject to the clawback and reallocation provisions as set out in Section 4.1.4 of this Prospectus) is as follows:

	Issue Shares		Offer Shares		IPO Shares	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(1)%
Retail Offering						
Malaysian Public (via balloting)						
• Bumiputera	10,000,000	2.5	-	-	10,000,000	2.5
• Non-Bumiputera	10,000,000	2.5	-	-	10,000,000	2.5
Eligible Persons	4,197,600	1.0	-	-	4,197,600	1.0
Institutional Offering						
Private placement						
• Institutional and selected investors	-	-	50,000,000	12.5	50,000,000	12.5
• Bumiputera investors approved by the MITI	50,000,000	12.5	-	-	50,000,000	12.5
Total	74,197,600	18.5	50,000,000	12.5	124,197,600	31.0

Note:

(1) Based on the enlarged total number of 400,000,000 Shares after our IPO.

The Retail Offering has been fully underwritten, while the Institutional Offering is not underwritten. Irrevocable undertakings have been or will be obtained from investors who subscribe for our IPO Shares made available under the Institutional Offering.

Our IPO is subject to the public spread requirements as stipulated under the Listing Requirements.

The number of IPO Shares will not increase via any over-allotment or “greenshoe” option.

4.1.4 Clawback and reallocation

The Retail Offering and Institutional Offering shall be subject to the following clawback and reallocation provisions:

- (i) if our IPO Shares allocated to the Bumiputera investors approved by the MITI (“**MITI Tranche**”) are under-subscribed, and there is an over-subscription for our IPO Shares by the Bumiputera public investors under the Retail Offering, such IPO Shares will be clawed back from the remaining MITI Tranche and allocated to the Bumiputera public investors under the Retail Offering.

If after the above reallocation, the MITI Tranche is still under-subscribed, the IPO Shares will be clawed back from the remaining MITI Tranche and allocated in the following manner:

- (a) firstly, to the Malaysian institutional investors under the Institutional Offering; and
- (b) secondly, if there is a corresponding over-subscription for our IPO Shares by the Malaysian Public under the Retail Offering, to the Malaysian Public under the Retail Offering;

4. DETAILS OF OUR IPO (CONT'D)

- (ii) if our IPO Shares allocated to the Eligible Persons are under-subscribed following the allocation procedures of the Excess Shares (as defined below) set out below, such IPO Shares may be allocated to the institutional and selected investors under the Institutional Offering or the Malaysian Public under the Retail Offering or a combination of both, at the discretion of the Sole Placement Agent and us;
- (iii) subject to items (i) and (ii) above, if there is an over-subscription in the Retail Offering and there is a corresponding under-subscription in the Institutional Offering, our IPO Shares may be clawed back from the Institutional Offering and allocated to the Retail Offering; and
- (iv) subject to items (i) and (ii) above, if there is an over-subscription in the Institutional Offering and there is a corresponding under-subscription in the Retail Offering, our IPO Shares may be clawed back from the Retail Offering and allocated to the Institutional Offering.

The clawback and reallocation provisions will not apply in the event there is an oversubscription or under-subscription in both the Retail Offering and Institutional Offering.

Any IPO Shares allocated to Eligible Persons but not taken up by them ("**Excess Shares**") shall be made available to other Eligible Persons who have applied for excess IPO Shares (if any) in addition to their pre-determined allocation of IPO Shares. The Excess Shares will be allocated to these other Eligible Persons in the following priority:

- (a) firstly, allocation on a proportionate basis to Eligible Persons who have applied for the Excess Shares based on the number of Excess Shares applied for; and
- (b) secondly, to minimise odd lots.

Our Board reserves the right to allot the Excess Shares applied in such manner as it may deem fit and expedient in the best interest of our Company, subject always to such allocation being made on a fair and equitable basis, and that the intention of our Board as set out in items (a) and (b) above are achieved. Our Board also reserves the right to accept or reject any Excess Shares application, in full or in part, without assigning any reason.

Once completed, the steps involving items (a) and (b) above will not be repeated. Should there be any Excess Shares thereafter, such balance will be made available for clawback and reallocation as described in (ii) above. Any IPO Shares under the Retail Offering not applied for after being subject to the clawback and reallocation provisions above shall be underwritten by our Sole Underwriter in accordance with the terms and conditions of the Underwriting Agreement.

Notwithstanding the above, in the event there is an under-subscription for our IPO Shares, the subscriptions received for our IPO Shares will first be applied towards subscribing in full the Issue Shares under the Public Issue. Thereafter, any additional subscription for our IPO Shares will be allocated from the Offer Shares offered by the Offerors under the Offer for Sale and any remaining Offer Shares not subscribed for after the aforementioned allocation will be retained by the Offerors. For the avoidance of doubt, the Public Issue will take priority over the Offer for Sale in the event of an under-subscription of our IPO Shares.

Our IPO Shares will be allocated in a fair and equitable manner and the basis of allocation for such IPO Shares shall take into account the desirability of distributing our IPO Shares to a reasonable number of applicants with a view of broadening our Company's shareholding base to meet the public shareholding spread requirements of Bursa Securities and to establish a liquid market for our Shares.

As at the LPD, to the best of our knowledge and belief:

- (i) there are no substantial shareholders, Directors or Key Senior Management who have indicated that they intend to subscribe for the IPO Shares, save for the IPO Shares made available for application under the Pink Form Allocations; and
- (ii) there is no person who intends to subscribe for more than 5.0% of our IPO Shares.

4. DETAILS OF OUR IPO (CONT'D)

4.1.5 Share capital

	No. of Shares	RM'000
Issued share capital after the Acquisitions	325,802,400	48,870
New Shares to be issued under the Public Issue	74,197,600	⁽¹⁾ [•]
Enlarged issued share capital upon Listing	400,000,000	[•]
Existing Shares to be offered under the Offer for Sale	50,000,000	[•]
IPO Price per IPO Share (RM)		[•]
Market capitalisation upon Listing (based on the IPO Price and enlarged number of issued Shares after our IPO)		[•]
Pro forma NA per Share (based on the pro forma combined statements of financial position as at 31 December 2024)		⁽²⁾ [•]

Notes:

- (1) After deducting the estimated listing expenses of approximately RM[•] million which is directly attributable to the issuance of our IPO Shares and offset against our share capital.
- (2) Computed based on the pro forma NA after our IPO and adjusting for the use of proceeds from the Public Issue, and the enlarged total number of 400,000,000 Shares after our IPO.

The Offer for Sale would not have any effect on our issued share capital as the Offer Shares are our existing Shares prior to our IPO.

4.1.6 Classes of shares and ranking

As at the date of this Prospectus, we have only 1 class of shares in our Company, namely ordinary shares.

Our Issue Shares will, upon allotment and issuance, rank equally in all respects with our existing Shares including voting rights, and will be entitled to all dividends, rights and distributions that may be declared, paid or made after the date of allotment of the Issue Shares, subject to any applicable Rules of Bursa Depository.

The Offer Shares rank equally in all respects with our other existing Shares including voting rights, and will be entitled to all rights, dividends and distributions that may be declared after the date of transfer of the Offer Shares, subject to any applicable Rules of Bursa Depository.

Subject to any special rights attached to any Shares which we may issue in the future, our shareholders shall, in proportion to the amount paid or credited as paid on the Shares held by them, be entitled to share in the profits paid out by us as dividends or other distributions. Similarly, if we are liquidated, our shareholders shall be entitled to the surplus (if any), in accordance with our Constitution, after the satisfaction of any preferential payments in accordance with the Act and our liabilities.

At our general meeting, each shareholder shall be entitled to vote in person, by proxy, by attorney or by other duly authorised representative. Subject to the Listing Requirements, any resolution put to vote at the meeting shall be decided by way of poll. On a poll, each shareholder present either in person or by proxy, attorney or other duly authorised representative, shall have 1 vote for every Share held or represented. A proxy may but need not be a member of our Company.

4. DETAILS OF OUR IPO (CONT'D)

4.1.7 Minimum subscription level

There is no minimum subscription in terms of the amount of proceeds to be raised from our IPO. However, in order to comply with the public spread requirements of the Listing Requirements, the minimum subscription level in terms of the number of Shares will be the number of Shares required to be held by public shareholders. Under the Listing Requirements, we are required to have at least 25.0% of the total number of our Shares in the hands of a minimum number of 1,000 public shareholders, each holding not less than 100 Shares at the point of our Listing.

If the aforementioned public shareholding spread requirement is not met, we may not be able to proceed with our Listing. In such event, monies paid in respect of all applications for our IPO Shares will be returned in full without interest. If such monies are not returned in full within 14 days after we become liable to do so, the provision of Section 243(2) of the CMSA shall apply whereby in addition to our liability, our officers shall be jointly and severally liable to repay such monies with interest at the rate of 10% per annum or at such other rate as may be prescribed by the SC from the expiration of that period. Please refer to Section 9.3.4 of this Prospectus for details in the event there is a delay in or termination of our Listing.

4.2 BASIS OF ARRIVING AT THE IPO PRICE

Our Directors, Promoter and Offerors have determined the IPO Price of RM[●] per IPO Share in consultation with our Principal Adviser, Sole Underwriter and Sole Placement Agent, based on the following factors:

- (i) our EPS of approximately 5.1 sen based on our audited combined PAT attributable to owners of approximately RM20.4 million for the FYE 2024 and our enlarged total number of 400,000,000 Shares after our IPO, which translates into a price-to-earnings multiple of approximately [●] times;
- (ii) our pro forma combined NA per Share of RM[●] as at 31 December 2024 based on our enlarged total number of 400,000,000 Shares after our IPO and after taking into consideration the use of proceeds from the Public Issue;
- (iii) our operating history and financial performance as set out in Sections 6 and 12 of this Prospectus respectively;
- (iv) our competitive advantages and key strengths as set out in Section 7.3 of this Prospectus; and
- (v) our strategies and plans as set out in Section 7.20 of this Prospectus.

You should note that the market price of our Shares upon Listing is subject to the vagaries of market forces and other uncertainties. You should form your own views on the valuation of our IPO Shares and reasonableness of the bases used before deciding to invest in our Shares. You are also reminded to carefully consider the risk factors as set out in Section 9 of this Prospectus.

4. DETAILS OF OUR IPO (CONT'D)

4.3 DILUTION

Dilution is the amount by which the IPO Price exceeds our pro forma combined NA per Share after our IPO. Our audited combined NA per Share as at 31 December 2024 was RM0.15 per Share, based on our total number of 325,802,400 Shares after the Acquisitions.

After taking into account our enlarged total number of Shares from the issuance of 74,197,600 Issue Shares and after adjusting for the use of the proceeds from our IPO, our pro forma combined NA per Share as at 31 December 2024 would be RM[●] per Share. This represents:

- (i) an immediate increase in pro forma combined NA per Share of RM[●] or [●]% to our existing shareholders; and
- (ii) an immediate dilution in pro forma combined NA per Share of RM[●] or [●]% from the IPO Price to our new investors.

The table below illustrates such dilution on a per Share basis:

	RM
IPO Price	[●]
Audited combined NA per Share as at 31 December 2024	0.15
Pro forma combined NA per Share as at 31 December 2024 after the Public Issue and the use of proceeds	[●]
Increase in pro forma combined NA per Share to existing shareholders	[●]
Dilution in pro forma combined NA per Share to new investors	[●]
Dilution in pro forma combined NA per Share to new investors as a percentage of the IPO Price	[●]%

Save as disclosed below, there has been no acquisition of any of our Shares by our Directors, Promoter, Substantial Shareholders or Key Senior Management or persons connected with them, or any transaction entered into by them which grants them the right to acquire any of our Shares since our incorporation:

	No. of Shares held after the Acquisitions	Total consideration (RM)	Average cost per Share (RM)
<u>Promoter/Director/Substantial Shareholder</u>			
Liew Yoon Poh	95,678,700	14,351,807	0.15
<u>Directors/Substantial Shareholders</u>			
Liew Yoon Kit	74,416,100	11,162,417	0.15
Chan Yue Mun	74,416,100	11,162,417	0.15
<u>Substantial Shareholder</u>			
Giam Teck Eng	74,416,100	11,162,417	0.15

4. DETAILS OF OUR IPO (CONT'D)

4.4 USE OF PROCEEDS

We expect to use the gross proceeds from the Public Issue amounting to approximately RM[●] million in the following manner:

Details	RM'000	%	Estimated time frame for use of proceeds from the date of our Listing
Capital expenditure			
- Setting up new head office and warehouse	[●]	[●]	Within 36 months
- Expansion of Indonesian business	[●]	[●]	Within 36 months
- Establishment of EaaS and MEAMS segments	[●]	[●]	Within 36 months
Repayment of bank borrowings	[●]	[●]	Within 12 months
Working capital	[●]	[●]	Within 24 months
Estimated listing expenses	[●]	[●]	Within 1 month
	<u>[●]</u>	<u>100.0</u>	

Further details of the proposed use of the gross proceeds from the Public Issue are as follows:

4.4.1 Setting up new head office and warehouse

We have allocated RM[●] million, representing approximately [●]% of the gross proceeds to be raised from the Public Issue, for our capital expenditure to set up a new head office and warehouse in Selangor by purchasing a ready-built property with an estimated aggregate built-up area of between 25,000 sq ft and 30,000 sq ft.

As at the LPD, we operate from offices located in Kelana Jaya, Selangor, which are rented from Glocomp (a related party), and have a total built-up area of approximately 10,398 sq ft that are used for office and storage purposes.

We intend to relocate our operations to a ready-built property in Selangor to be purchased, that will house our head office, expanded storage facilities and showroom. This relocation is to accommodate the need for additional space, particularly for storage, in anticipation of business expansion. In addition, we intend to establish a showroom within the new premises to serve as a demonstration area for our medical equipment.

As at the LPD, we have yet to identify a location for the relocation. We estimate to save RM[●] million per annum in rental expenses (based on the current average rental rate and the built-up area of the new head office and warehouse) after relocating. After our Listing, we will seek shareholders' approval for the acquisition of property for purposes of setting up our new head office and warehouse, if required under the Listing Requirements.

Besides purchasing the new head office and warehouse, we also plan to allocate proceeds from the Public Issue towards renovation costs, purchase of fixed equipment and furniture as well as relocation expenses, the breakdown of which is as set out below:

Details	RM'000
Purchasing new head office and warehouse	[●]
Renovation costs	[●]
Purchase of equipment and furniture	[●]
Relocation expenses	[●]
Total	<u>[●]</u>

4. DETAILS OF OUR IPO (CONT'D)

As at the LPD, we are in the midst of identifying the location of the new head office and warehouse. The exact location and size of the land are subject to changes depending on the price and availability. The indicative timeline to set up our new head office and warehouse is as follows:

Details	Indicative timeline
Identification of suitable property as our new head office and warehouse	By 1 st half of 2026
Execution of sale and purchase agreement for the property	By 2 nd half of 2026
Vacant possession	By 1 st half of 2027
Completion of renovation works	By 2 nd half of 2027
Completion of relocation	By 2 nd half of 2028

Please refer to Section 7.20(i) of this Prospectus for further details.

4.4.2 Expansion of Indonesian business

We have allocated RM[●] million, representing approximately [●]% of the gross proceeds to be raised from the Public Issue, to expand our core business in the supply and integration of medical devices in Indonesia. The proceeds are allocated for purposes as set out below:

Details	RM'000
Payroll expenses	[●]
Purchase of equipment and furniture	[●]
Marketing expenses	[●]
Rental of office and warehouse	[●]
Total	[●]

In December 2024, as part of our expansion strategy, we incorporated PT Fairmed to capture business opportunities in Indonesia. Currently, PT Fairmed operates from a rented office in Jakarta and has 18 personnel. To enhance our market presence and grow our business in Indonesia, we plan to allocate proceeds from the Public Issue to set up a branch office each in Sumatra, Surabaya, and Kalimantan within the next 3 years, subject to our Group securing contracts from potential customers through tenders and proposals.

Pursuant to the Foreign Exchange Notices issued by BNM, a resident entity will only be required to seek prior approval from BNM to invest in foreign currency assets if the investment of its group companies exceeds RM50.0 million annual aggregate limit. In view that aggregate of the existing foreign investment of our Group and the fund allocated by us to expand our Indonesia business is less than RM50.0 million, no approval from BNM would be required for purposes of such investment. In the event the annual aggregate of the foreign investment of our Group exceeds RM50.0 million, we will apply for BNM's approval.

Please refer to Section 7.20(iv) of this Prospectus for further details.

4.4.3 Establishment of EaaS and MEAMS segments

As part of our plans and strategies to expand our products and services, we have allocated approximately RM[●] million, representing approximately [●]% of the gross proceeds to be raised from the Public Issue, to establish the following new business segments:

(i) EaaS segment

We intend to expand into an asset-owner business model by establishing an EaaS segment where we will offer customised solutions comprising equipment bundled with our managed software platform and charge user a fee on a subscription-based model for the use of our facilities.

4. DETAILS OF OUR IPO (CONT'D)

With EaaS, we will offer customised solutions comprising equipment bundled with our new managed software platform to meet the specific needs of medical service providers. These solutions allow them access to the latest medical technology without the upfront capital investment.

Under the EaaS model, we are responsible for maintenance, repair and upgrade, which will reduce the customers' need for in-house technical expertise and minimise equipment downtime. Our rationale for offering EaaS is to provide an alternative to traditional equipment sales, fostering long-term partnerships between us and the medical service providers.

We plan to allocate proceeds from the Public Issue towards establishing the EaaS segment as follows:

Details	RM'000
Purchase of medical equipment and software	[•]
Investment in digital infrastructure	[•]
Maintenance of equipment	[•]
Hiring of technical support team	[•]
Total	[•]

Please refer to Section 7.20(iii) of this Prospectus for further details.

(ii) MEAMS segment

We aim to expand our healthcare informatics segment by introducing new software management solutions for medical equipment by incorporating tracking technologies such as radio-frequency identification (RFID) and barcodes to locate and monitor the assets in real-time, as well as maintenance management. This approach will enhance asset availability, equipment reliability, minimise downtime and optimise utilisation.

With the bundling of software integration, this will enable us to provide predictive and preventive maintenance services supported by AI-driven analytics using machine learning algorithms to predict equipment failure based on usage patterns, data and historical records. We will also be able to provide cloud-based asset management, which enables us to maintain a cloud-accessible platform with details of all medical devices, including locations, service history, warranty and compliance records.

We plan to allocate proceeds from the Public Issue towards establishing the MEAMS segment as follows:

Details	RM'000
Software development	[•]
Investment in digital infrastructure	[•]
Hiring of technical support team	[•]
Marketing expenses	[•]
Total	[•]

Please refer to Section 7.20(ii) of this Prospectus for further details.

4. DETAILS OF OUR IPO (CONT'D)

4.4.4 Repayment of borrowings

We have allocated RM[●] million, representing approximately [●]% of the gross proceeds from the Public Issue, to pare down our existing trade financing facilities over the next 12 months as and when they are utilised for the purchase of medical devices from our suppliers as follows:

Trade financing facility	Interest rate / maturity date	Facility limit (RM'000)	Outstanding amount as at the LPD (RM'000)	Proposed repayment (RM'000)
OCBC Bank (Malaysia) Berhad / Letter of credit	0.1% per month / 60 - 120 days	13,000	4,572	[●]
Alliance Bank Malaysia Berhad / Letter of credit	0.1% per month / 60 - 120 days	10,500	1,478	[●]
CIMB Bank Berhad / Letter of credit	0.1% per month / 60 - 120 days	4,000	3,105	[●]
United Overseas Bank (Malaysia) Berhad / Letter of credit	0.1% per month / 60 - 120 days	5,000	1,907	[●]
		32,500	11,062	[●]

We have utilised the trade financing facilities set out above to fund the purchase of medical devices from our suppliers through letters of credit. Typically, some of our major suppliers such as Philips require letters of credit as a condition for shipment to provide payment assurance and mitigate counterparty risk.

As at the LPD, the total outstanding amount under these facilities stood at approximately RM11.1 million. However, we have allocated a higher amount of RM[●] million for the proposed repayment of these trade facilities after taking into consideration our expected drawdowns over the next 12 months from the date of our Listing for purchases of medical devices to fulfil our order book. For information purposes, our purchases of medical devices from Philips amounted to approximately RM92.1 million for the FYE 2024.

By allocating proceeds from the Public Issue for the proposed repayment above, we will be able to conserve cash generated from our operations for our business expansion purposes. Such repayment will not result in any penalties or early repayment charges, and there are no restrictive covenants that would have any impact on our proposed repayment. We expect to save approximately RM[●] million in interest based on the prevailing interest rate of 0.1% for the said facilities.

4.4.5 Working capital

We have allocated approximately RM[●] million, representing approximately [●]% of the gross proceeds from the Public Issue, for our working capital requirements. The proposed allocation of the proceeds is set out below:

Details	RM'000
Sales and marketing expenses	[●]
Payment of supplies	[●]
Staff costs	[●]
Purchase of inventories	[●]
Total	[●]

The working capital allocation is expected to enhance our liquidity and cash flow position to support our day-to-day operations as well as to enable our Group to conduct our operations and expansion without being overly dependent on external sources of funding.

4. DETAILS OF OUR IPO (CONT'D)

Sales and marketing expenses are expected to increase in tandem with our plans to expand our business in Malaysia and Indonesia as well as our product range. Likewise, our purchases of supplies such as radiographic equipment, MRI machines and ultrasound machines are also expected to increase in order to support our business expansion.

In addition, we generally keep a certain level of inventories such as ultrasound machines and consumables in order to shorten the lead time for delivery of products to our customers or to loan to our customers as demonstration units.

4.4.6 Estimated listing expenses

We estimate that RM[●] million of the gross proceeds from the Public Issue will be used for our listing expenses as follows:

Details	RM'000
Professional fees	[●]
Fees to authorities	[●]
Underwriting commission, placement fees and brokerage fees	[●]
Miscellaneous expenses and contingencies	[●]
Total	[●]

Miscellaneous expenses and contingencies include any other incidental charges or related expenses in connection with our IPO, such as translation services, printing and advertising expenses, applicable service tax and roadshow expenses of our IPO.

If the actual listing expenses are higher than anticipated, the deficit will be funded from proceeds allocated for working capital and vice versa. Pending the eventual use of the gross proceeds from the Public Issue for the above intended purposes, the funds will be placed in short-term deposits with licensed financial institutions or short-term money market instruments.

We will not receive any proceeds from the Offer for Sale. The Offer for Sale will raise gross proceeds of up to RM[●] million which will accrue entirely to our Offerors. Our Offerors will be bearing their own placement fee in respect of our IPO.

4.5 BROKERAGE FEE, UNDERWRITING COMMISSION AND PLACEMENT FEE

4.5.1 Brokerage fee

We will pay brokerage fee in respect of the Issue Shares under the Retail Offering at a rate of 1.0% (exclusive of any applicable tax) of the IPO Price for all successful applications which bear the stamp of either the 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.

Our Sole Placement Agent is entitled to charge brokerage commission to successful applicants under the Institutional Offering. For the avoidance of doubt, such brokerage commission will be paid by successful applicants under the Institutional Offering and will not be borne by us nor the Offerors.

4.5.2 Underwriting commission

As stipulated in the Underwriting Agreement, we will pay our Sole Underwriter an underwriting commission of the rate of 2.0% (exclusive of any applicable tax) of the total value of the underwritten 24,197,600 Issue Shares under the Retail Offering.

4. DETAILS OF OUR IPO (CONT'D)

4.5.3 Placement fee

We and the Offerors will pay the Sole Placement Agent a placement fee of 2.0% (exclusive of applicable tax) and may pay a discretionary incentive fee of up to 0.5% (exclusive of applicable tax) of the value of the 50,000,000 Issue Shares and 50,000,000 Offer Shares successfully placed out under the Institutional Offering.

4.6 SALIENT TERMS OF THE UNDERWRITING AGREEMENT

[•]

5. INFORMATION ON OUR PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT

5.1 PROMOTER AND SUBSTANTIAL SHAREHOLDERS

5.1.1 Promoter's and Substantial Shareholders' shareholdings

The shareholdings of our Promoter and Substantial Shareholders before and after our IPO are as follows:

Name	Before our IPO / After the Acquisitions				After the Public Issue			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(2)%
Promoter and Substantial Shareholder								
Liew Yoon Poh	95,678,700	29.4	-	-	95,678,700	23.9	-	-
Substantial Shareholders								
Liew Yoon Kit	74,416,100	22.8	-	-	74,416,100	18.6	-	-
Giam Teck Eng	74,416,100	22.8	-	-	74,416,100	18.6	-	-
Chan Yue Mun	74,416,100	22.8	-	-	74,416,100	18.6	-	-

Name	After the Offer for Sale			
	Direct		Indirect	
	No. of Shares	(2)%	No. of Shares	(2)%
Promoter and Substantial Shareholder				
Liew Yoon Poh	75,678,700	18.9	-	-
Substantial Shareholders				
Liew Yoon Kit	59,416,100	14.9	-	-
Giam Teck Eng	59,416,100	14.9	-	-
Chan Yue Mun	74,416,100	18.6	-	-

Notes:

(1) Based on our total number of 325,802,400 Shares after the Acquisitions.

(2) Based on our enlarged total number of 400,000,000 Shares after our IPO.

5. INFORMATION ON OUR PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Our Promoter and Substantial Shareholders do not have different voting rights from the other shareholders of our Company.

Save as disclosed above, there are no other persons who directly or indirectly, jointly or severally, exercise control over our Company. As at the LPD, there is no arrangement between our Company and our shareholders with any third parties, the operation of which may at a subsequent date result in a change in control of our Company.

5.1.2 Profile of Promoter and/or Substantial Shareholders

The profiles of our Promoter and/or Substantial Shareholders are as follows:

Liew Yoon Poh

Promoter, Substantial Shareholder and Group Chief Executive Officer

Liew Yoon Poh, a Malaysian aged 45, is our Promoter, Substantial Shareholder and Group Chief Executive Officer. He was appointed to our Board on 22 November 2024. As our Group Chief Executive Officer, he is responsible for steering our Group's overall direction and the formulation of business development strategies to ensure the sustainability and growth of our business.

He graduated from University of London, United Kingdom with Diploma in Economics and Bachelor of Science in Economics and Management in August 1999 and August 2001 respectively.

He began his career in September 2001 by co-founding a business involved in the distribution of children education books. In February 2003, he left the company to pursue a career as a professional corporate trainer, offering training services in soft skills and leadership development on a freelance basis. He ended his freelance work in October 2008 and took a brief career break.

In January 2009, he joined LAC Medical as a Sales Executive where he was responsible for the sales and marketing of the company's products. In January 2010, he was promoted to Sales Manager where his scope of responsibilities expanded to include recruiting talents and providing training to sales staff. In August 2012, he was appointed as a Director of LAC Medical where he provided strategic guidance to our Group on overall business development activities. He was appointed as the Managing Director of LAC Medical in March 2022, and subsequently re-designated as Group Chief Executive Officer since March 2025.

In January 2017, he established CVS Medical together with Liew Yoon Kit, our Substantial Shareholder and Non-Independent Non-Executive Chairman, as well as Giam Teck Eng, our Substantial Shareholder. Since incorporation, he served as a Director of CVS Medical where he is responsible for overseeing the day-to-day management of CVS Medical.

He is the brother of Liew Yoon Kit, our Substantial Shareholder and Non-Independent Non-Executive Chairman.

Liew Yoon Kit

Substantial Shareholder and Non-Independent Non-Executive Chairman

Liew Yoon Kit, a Malaysian aged 48, is our Substantial Shareholder and Non-Independent Non-Executive Chairman. He was appointed to our Board on 15 April 2025. As our Non-Independent Non-Executive Chairman, he is responsible for leading our Board in adopting good corporate governance practices and guiding our Board in fulfilling its duties to improve our overall efficiency.

5. INFORMATION ON OUR PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

He graduated from University of Malaya with Bachelor of Arts (major in Geography and minor in East Asian Studies) in 2000. He was appointed as Councillor of The National Tech Association of Malaysia in November 2015 and was involved in various other roles before being elected as Chairman in December 2024, a position he continues to hold today. He was also appointed as Committee Member of the ICT Committee at the Master Builders Association Malaysia ("MBAM") in June 2014 and subsequently served as Council Member and Chairman of ICT-Automation-Robotic Committee from June 2022 to June 2024. Since June 2024, he continues to serve as Alternate Council Member and Advisor of the ICT-Automation-Robotic Committee of the MBAM.

In July 1997, he formed a partnership with Giam Teck Eng, our Substantial Shareholder, by setting up a partnership, Glo Comp to undertake retail sale of computers and computer equipment. As a partner, he was responsible for overseeing overall operations, developing business strategies as well as managing sales and marketing functions. The partnership was subsequently terminated in August 2000.

In April 1999, he co-founded Glocomp, a company involved in the distribution of ICT infrastructure for general industries, alongside Chan Yue Mun, our Substantial Shareholder and Non-Independent Non-Executive Director. He served as Executive Director where he was responsible for executing business strategies, as well as managing the sales and marketing activities since the incorporation of Glocomp until his resignation as Executive Director in August 2023. He remains as a substantial shareholder and key management of Glocomp with the same responsibilities.

In December 2003, he established LAC Medical together with Giam Teck Eng. He served as a Director, where he was responsible for the strategic planning of the company's business direction, as well as managing the sales and marketing activities of LAC Medical. He subsequently resigned in August 2012 to focus on the business operations of Glocomp.

In May 2012, he co-founded Retec Distribution Sdn Bhd alongside Chan Yue Mun, as well as Giam Teck Eng, to distribute ICT system security solutions. The company ceased business operations in April 2024 and is in the process of winding up. In the same month, he also co-founded Goodybuzz Sdn Bhd together with Giam Teck Eng, to provide media advertising and marketing services. He is responsible for planning and executing business strategies, as well as managing the sales and marketing functions of both companies. The company ceased business operations and remained dormant since 2017.

In June 2012, he co-founded Global Computing Solutions Sdn Bhd (currently known as M1 Digital Labs Sdn Bhd), a company involved in the provision of ICT professional services, together with his business partners, including Giam Teck Eng.

He is the brother of Liew Yoon Poh, our Promoter, Substantial Shareholder and Group Chief Executive Officer.

Giam Teck Eng

Substantial Shareholder

Giam Teck Eng, a Malaysian aged 48, is our Substantial Shareholder. He graduated from Monash University with a Degree of Bachelor of Computing in 2000.

In July 1997, he formed a partnership, Glo Comp with Liew Yoon Kit, our Substantial Shareholder and Non-Independent Non-Executive Chairman, to undertake retail sale of computers and computer equipment. The partnership was subsequently terminated in August 2000.

5. INFORMATION ON OUR PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Upon graduation, he joined Glocomp, a company involved in the distribution of ICT infrastructure for general industries, in April 2000 as Executive Director. He currently serves as Managing Director of Glocomp, a position he has held since 2022. His responsibilities include overseeing and managing the day-to-day business operations of the company.

In May 2012, he co-founded Retec Distribution Sdn Bhd alongside Liew Yoon Kit, as well as Chan Yue Mun, our Substantial Shareholder and Non-Independent Non-Executive Director, to distribute ICT system security solutions. The company ceased business operations in April 2024 and is in the process of winding up. In the same month, he also co-founded Goodybuzz Sdn Bhd together with Liew Yoon Kit, to provide media advertising and marketing services. The company ceased business operations and remained dormant since 2017.

In June 2012, he co-founded Global Computing Solutions Sdn Bhd (currently known as M1 Digital Labs Sdn Bhd), a company involved in the provision of ICT professional services, together with his business partners, including Liew Yoon Kit.

He served as a Director of LAC Medical from December 2003 to August 2012, and subsequently from October 2014 to April 2025. He is also a Director of CVS Medical from January 2017 to April 2025. During his tenure as a Director of LAC Medical and CVS Medical, he was responsible in providing advice on business strategies.

He is the nephew of Chan Yue Mun.

Chan Yue Mun

Substantial Shareholder and Non-Independent Non-Executive Director

Chan Yue Mun, a Malaysian aged 61, is our Substantial Shareholder and Non-Independent Non-Executive Director. He was appointed to our Board on 15 April 2025.

He completed his Malaysian Higher School Certificate (STPM) in 1983. Upon graduation, he began his career in October 1983 with the Chase Manhattan Bank N.A. (Malaysian Branch) (currently known as J.P. Morgan Chase Bank Berhad) as a Junior Executive, where he was involved in the processing of mortgage loans. In October 1985, he left the bank to join Asia Commercial Finance (M) Berhad (now merged into Affin Bank Berhad) as a Junior Executive in the Finance Department, and was promoted to Executive in January 1991 where he was involved in financial analysis, credit assessments as well as preparation of loan documentation. He was subsequently promoted to Branch Manager in January 1996, where he led the marketing and credit supervision teams up until his resignation in March 2000.

As he was preparing to depart from Asia Commercial Finance (M) Berhad, he co-founded Glocomp in April 1999, a company involved in the distribution of ICT infrastructure for general industries, together with Liew Yoon Kit, our Substantial Shareholder and Non-Independent Non-Executive Chairman. He was responsible for overseeing and managing the day-to-day business operations of Glocomp, such as human resources, finance and logistics related matters. Through Glocomp, he was also tasked to oversee the finance functions of LAC Medical and CVS Medical. He served as a Director of Glocomp from April 1999 to April 2000, and subsequently from September 2014 to May 2022. He resigned as a Director of Glocomp upon completion of the acquisition by M1 Limited, a telecommunication company in Singapore, of 70% equity interest in Glocomp. He continues to be a substantial shareholder and key management of Glocomp with the same responsibilities.

In May 2012, he co-founded Retec Distribution Sdn Bhd together with Liew Yoon Kit, as well as Giam Teck Eng, our Substantial Shareholder, to distribute ICT system security solutions. The company ceased business operations in April 2024 and is in the process of winding up.

He is the uncle of Giam Teck Eng.

5. INFORMATION ON OUR PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)**5.1.3 Changes in our Promoter's and Substantial Shareholders' shareholdings**

The changes in our Promoter's and Substantial Shareholders' shareholdings since our incorporation are as follows:

Name	As at 22 November 2024 (date of incorporation)				After the Acquisitions			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	(1)%	No. of Shares	(1)%
Promoter and Substantial Shareholder								
Liew Yoon Poh	5	25.0	-	-	95,678,700	29.4	-	-
Substantial Shareholders								
Liew Yoon Kit	5	25.0	-	-	74,416,100	22.8	-	-
Giam Teck Eng	5	25.0	-	-	74,416,100	22.8	-	-
Chan Yue Mun	5	25.0	-	-	74,416,100	22.8	-	-
Name	After the Public Issue				After the Offer for Sale			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	(2)%	No. of Shares	(2)%	No. of Shares	(2)%	No. of Shares	(2)%
Promoter and Substantial Shareholder								
Liew Yoon Poh	95,678,700	23.9	-	-	75,678,700	18.9	-	-
Substantial Shareholders								
Liew Yoon Kit	74,416,100	18.6	-	-	59,416,100	14.9	-	-
Giam Teck Eng	74,416,100	18.6	-	-	59,416,100	14.9	-	-
Chan Yue Mun	74,416,100	18.6	-	-	74,416,100	18.6	-	-

Notes:

- (1) Based on our total number of 325,802,400 Shares after the Acquisitions.
- (2) Based on our enlarged total number of 400,000,000 Shares after our IPO.

5. INFORMATION ON OUR PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

5.1.4 Amounts or benefits paid to our Promoter and Substantial Shareholders

Save for the issuance of our Shares as consideration for the Acquisitions, the dividends paid and proposed to be paid by our subsidiaries as disclosed in Section 12.7 of this Prospectus, and the aggregate remuneration and benefits paid and proposed to be paid for services rendered in all capacities to our Group as disclosed in Section 5.2.3 of this Prospectus, there are no other amounts or benefits that have been paid or intended to be paid to our Promoter and Substantial Shareholders within the 2 years preceding the date of this Prospectus.

5.2 DIRECTORS

Our Board comprises the following members:

Name / Designation	Age	Date of appointment
Liew Yoon Kit / Non-Independent Non-Executive Chairman	48	15 April 2025
Liew Yoon Poh / Group Chief Executive Officer	45	22 November 2024
Chan Yue Mun / Non-Independent Non-Executive Director	61	15 April 2025
Dato' Ng Wan Peng / Senior Independent Non-Executive Director	62	15 April 2025
Lim Su May / Independent Non-Executive Director	52	15 April 2025
Goh Teck Hong / Independent Non-Executive Director	51	15 April 2025

We do not have any corporate shareholder on our Board. Please refer to Section 5.5 of this Prospectus for details of the family relationships and associations between our Promoter, Substantial Shareholders, Directors and Key Senior Management.

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5. INFORMATION ON OUR PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)**5.2.1 Directors' shareholdings**

The shareholdings of our Directors before and after our IPO, assuming full subscription of the IPO Shares reserved for our Directors under the Pink Form Allocations, are as follows:

Name	Nationality	After the Acquisitions				After our IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(2)%
Liew Yoon Poh	Malaysian	95,678,700	29.4	-	-	75,678,700	18.9	-	-
Liew Yoon Kit	Malaysian	74,416,100	22.8	-	-	59,416,100	14.9	-	-
Chan Yue Mun	Malaysian	74,416,100	22.8	-	-	74,416,100	18.6	-	-
Dato' Ng Wan Peng	Malaysian	-	-	-	-	69,700	<0.1	-	-
Lim Su May	Malaysian	-	-	-	-	69,700	<0.1	-	-
Goh Teck Hong	Malaysian	-	-	-	-	69,700	<0.1	-	-

Notes:

- (1) Based on our total number of 325,802,400 Shares after the Acquisitions.
- (2) Based on our enlarged total number of 400,000,000 Shares after our IPO.

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5. INFORMATION ON OUR PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

5.2.2 Profile of our Directors

Please refer to the profiles of Liew Yoon Kit, Liew Yoon Poh and Chan Yue Mun set out in Section 5.1.2 of this Prospectus. The profiles of our other Directors are as follows:

Dato' Ng Wan Peng

Senior Independent Non-Executive Director

Dato' Ng Wan Peng, a Malaysian aged 62, is our Senior Independent Non-Executive Director. She was appointed to our Board on 15 April 2025.

She obtained her Bachelor of Computer Science from Universiti Sains Malaysia in August 1988. In June 2019, she completed the Senior Executive Leadership Program from Harvard Business School. She is an Ordinary Member of the ICDM since March 2024.

In August 1988, she began her career as Systems Engineer (Apple Division) with Uniphone Sdn Bhd, where she was responsible for developing, managing and monitoring ICT solutions for clients of various industries. In August 1991, she was transferred to Sapura Advanced Systems Sdn Bhd as a Senior Systems Engineer where she assumed similar responsibilities as her previous role. She was subsequently promoted to Project Manager and Program Manager in 1993 and 1996 respectively, where her responsibilities expanded to include leading and driving the implementation of large-scale ICT projects, managing a project team to deliver ICT projects and leading and developing ICT solutions.

In July 1998, she joined Multimedia Development Corporation Sdn Bhd (currently known as Malaysia Digital Economy Corporation) as Senior Manager in the Regulation Department, where she was responsible for leading and driving the implementation of key digitalisation initiatives under the MSC Flagship applications. She was subsequently promoted to Vice President in the Flagship Coordinate Unit of the Regulation Department and Vice President in the Capacity Development Division, in February 2004 and November 2004, respectively. She was responsible for the development of key digital enablers, such as talent development, industry capability development, legal and regulatory, cybercities, infostructure and technology policy research. In May 2009, she was promoted to Chief Operating Officer where she led and drove the implementation of the corporation's vision and strategy and provided oversight and guidance to all business units to ensure all initiatives or programmes planned and executed are aligned to the corporation's strategy goals. In addition, she also formulated policies and standard of procedures to drive effective decision making and execution. She left this position in December 2020 and took a brief career break.

In February 2021, she was appointed as President of Big Bad Wolf Ventures Sdn Bhd, where she was responsible for leading the group's technology and digital transformation strategy to achieve the group's business expansion. She retired and left this position in October 2022.

As at the LPD, she holds directorships in several public listed companies as an Independent and Non-Executive Director, namely Fraser & Neave Holdings Berhad (listed on the Main Market of Bursa Securities) since January 2022, IRIS Corporation Berhad (listed on the ACE Market of Bursa Securities) since February 2022, AutoCount Dotcom Berhad (listed on the ACE Market of Bursa Securities) since April 2022 and Paradigm REIT Management Sdn Bhd, the management company of Paradigm Real Estate Investment Trust since March 2025.

5. INFORMATION ON OUR PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Lim Su May

Independent Non-Executive Director

Lim Su May, a Malaysian aged 52, is our Independent Non-Executive Director. She was appointed to our Board on 15 April 2025.

She obtained her Bachelor of Science (Economics) in the specialism of Economics and Management Studies from University of London, United Kingdom in August 1996. She has been an Affiliate Member of the Asian Institute of Chartered Bankers and an Ordinary Member of the ICDM since October 2017 and March 2025 respectively.

In October 1996, she began her career with Crystal Edge Sdn Bhd as Marketing Sales Executive where she was responsible for identifying new market ideas and executing marketing events for clients. She left the company in May 1997 and joined Perdana Merchant Bankers Berhad in June 1997 as a Trainee Executive in the Corporate Finance Department. She left the bank in December 1999.

In January 2000, she joined Commerce International Merchant Bankers Berhad (currently known as CIMB Investment Bank Berhad) as Executive, Corporate Finance. She was promoted to Assistant Manager, Corporate Finance in July 2001, and to Manager, Investment Banking in July 2002. She was Manager, Equity Capital Markets since April 2003, before leaving the bank in April 2004 to join RHB Sakura Merchant Bankers Berhad (currently known as RHB Investment Bank Berhad) until January 2005, as Assistant Vice President, Investment Banking Group. During her tenure with the bank, she assisted in the set-up of the Investment Banking Group Department and was amongst the pioneer team.

She joined Unicorn International Islamic Bank Malaysia Berhad (last known as Alkhair International Islamic Bank Berhad) in February 2005 as Assistant Vice President where she was involved in, among others, securing joint-venture partners / funding, originating non-RM deals in collaboration with both local and foreign banks, and sourcing for funding, underwriting and placement for the bank's various products. In January 2008, she was promoted to Head of Strategic Planning & Direct Investments where she was involved in growing the bank's footprint in East Asia and supporting the Chief Executive Officer's office with strategic planning of the local outfit's business. She left the bank in September 2009.

Between October 2009 and January 2011, she served as Director of Ascendo Group Sdn Bhd, a boutique consultancy firm, where she was responsible for, among others, assisting its client's business development strategies and funding needs. Thereafter, she joined Bank of Tokyo-Mitsubishi UFJ (Malaysia) Berhad (currently known as MUFG Bank (Malaysia) Berhad) as Vice President, Head of Investment Banking Department, where she spearheaded the bank's new investment banking department, diversifying and growing its investment banking to provide alternative funding solution via debt capital markets products, amongst others, to clients as well as growing new clientele base. She was also involved in promoting the Malaysian capital markets to foreign investors / corporations which include, among others, issuance of RM denominated bonds / sukuk that was subscribed by Japanese investors and encouraging foreign or Japanese corporations to issue RM denominated bonds / sukuk in Malaysia that was placed to local and foreign or Japanese investors. She left the bank in June 2019.

In the same month, she joined Bursa Malaysia Berhad (listed on the Main Market of Bursa Securities) as Executive Vice President, Listing Development. During her tenure there, she headed the promotional/marketing and market development team to promote both primary markets (such as initial public offerings on LEAP Market, ACE Market and Main Market of Bursa Securities) and secondary fund-raising activities via equity, fixed income or hybrid instruments. She was also responsible for administering Bursa Malaysia Berhad's MiDS Research Scheme and overseeing the long-term market development initiatives of Bursa Malaysia Berhad, until her contract expiration in June 2022.

5. INFORMATION ON OUR PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

In July 2022, she joined SCS Global Advisory (M) Sdn Bhd, a company involved in the provision of professional advisory services as Director, Corporate Advisory and Mergers and Acquisitions, a position she continues to hold to-date. In the same month, she was also appointed as the Independent Non-Executive Director of Inter-Pacific Asset Management Sdn Bhd (currently known as Berjaya Mutual Berhad) and Inter-Pacific Securities Sdn Bhd. She resigned from both directorships in February 2023.

In August 2022, she joined KYM Holdings Bhd (listed on the Main Market of Bursa Securities) as Chief Investment Officer where she was responsible for overseeing the company's investment activities. She left this position in January 2025.

As at the LPD, she sits on several public listed companies as an Independent Non-Executive Director, namely Aurora Italia International Berhad (listed on the LEAP Market of Bursa Securities) since August 2022, SSF Home Group Berhad (listed on the ACE Market of Bursa Securities) since December 2022 and TechStore Berhad (listed on the ACE Market of Bursa Securities) since May 2024.

Goh Teck Hong

Independent Non-Executive Director

Goh Teck Hong, a Malaysian aged 51, is our Independent Non-Executive Director. He was appointed to our Board on 15 April 2025.

He obtained his Bachelor of Commerce in Accounting and Economics from Deakin University in September 1998. He has been a Certified Practising Accountant of CPA Australia and a Chartered Accountant of the MIA since December 2003 and January 2004 respectively.

Upon graduating from Deakin University, he undertook various part time jobs across multiple industries, including retail, accounting and education.

In July 2000, he joined Malaysian Derivatives Clearing House Berhad (currently known as Bursa Derivatives Clearing Berhad) as Audit Executive, where he assisted in performing audit functions. In June 2001, he left Malaysian Derivatives Clearing House Berhad and joined the Kuala Lumpur Stock Exchange (currently known as Bursa Malaysia Berhad) as Listing Officer, where he was involved in facilitating corporate listings and corporate exercises, ensuring compliance with the relevant listing requirements. He left this position in June 2004 and took a brief career break.

In September 2004, he joined Aseambankers Malaysia Berhad (currently known as Maybank Investment Bank Berhad) as Officer in the Corporate Finance Department, where he was involved in the preparation and submission of documents for corporate proposals to relevant regulatory bodies. In October 2005, he was promoted to Manager in the Corporate Investment Banking Department, where he was involved in providing strategic corporate advisory services and structuring financing transactions. In October 2006, he was promoted to Assistant Vice President where he was involved in numerous corporate proposals. He left this position in October 2007 and took a brief career break.

In December 2007, he joined Kuwait Finance House (Malaysia) Berhad as Senior Relationship Manager, where he was involved in numerous Islamic finance structuring and funding proposals. He left this position in March 2008 and joined RHB Islamic Bank Berhad in April 2008 as Head, Corporate Banking, where he was involved in Islamic finance structuring and funding proposals. He left this position in March 2010.

From April 2010 to April 2012, he served as a director of OneEquity SG Private Limited, where he was responsible for providing strategic advice to the shareholders on the feasibility of various projects. He also served as Independent Non-Executive Director of OCB Berhad (listed on the Main Market of Bursa Securities) from January 2011 to September 2015. From February 2015 to September 2017, he served as Interim Chief Executive Officer in King Koil Licensing Company Inc, where he was responsible for overseeing the company's worldwide licencing activities.

5. INFORMATION ON OUR PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

In March 2015, he joined Aik Joo Can Factory Sdn Bhd, a wholly owned subsidiary of Can-One Berhad, as Head, Group Corporate Finance and Investment. Subsequently, he was appointed as Group Corporate Director of Kian Joo Can Factory Berhad, a wholly owned subsidiary of Can-One Berhad, in June 2021. During his tenure in both subsidiaries of Can-One Berhad until March 2022, he was involved in mergers and acquisitions as well as fundraising activities. He was appointed as Executive Director of Can-One Berhad (listed on the Main Market of Bursa Securities) since March 2022 to oversee strategic investment and corporate finance related matters.

In November 2016, he was appointed as Independent Non-Executive Director of Aluminium Company of Malaysia Berhad, a wholly owned subsidiary of Alcom Group Berhad. In March 2018, he was re-designated as Head, Chairman Office, where he was responsible for mergers and acquisitions as well as fundraising activities. He was appointed as Executive Director of Alcom Group Berhad (listed on the Main Market of Bursa Securities) since March 2022.

5.2.3 Remuneration and material benefits-in-kind of our Directors

The aggregate remuneration and material benefits-in-kind (including any contingent or deferred remuneration) paid and proposed to be paid to our Directors for services rendered in all capacities to our Group for the FYE 2024 and FYE 2025 are as follows:

FYE 2024

Director	⁽¹⁾ Salaries (RM'000)	Fees (RM'000)	Benefits- in-kind (RM'000)	⁽²⁾ Other emoluments (RM'000)	Total (RM'000)
Liew Yoon Kit	-	-	-	-	-
Liew Yoon Poh	309	-	24	-	333

Proposed for the FYE 2025

Director	⁽³⁾ Salaries (RM'000)	Fees (RM'000)	Benefits- in-kind (RM'000)	⁽²⁾ Other emoluments (RM'000)	Total (RM'000)
Liew Yoon Kit	-	43	-	12	55
Liew Yoon Poh	453	-	32	55	540
Chan Yue Mun	-	43	-	12	55
Dato' Ng Wan Peng	-	43	-	12	55
Lim Su May	-	43	-	12	55
Goh Teck Hong	-	43	-	12	55

Notes:

- (1) Including bonuses paid.
- (2) Comprise contributions to Employees Provident Fund, Social Security Organisation, Employment Insurance System and allowances.
- (3) Excluding bonuses which will be determined at a later date depending on performance of the individuals and our Group.

The remuneration for each of our Directors is subject to review and recommendation by our Nomination and Remuneration Committee and approval by our Board. The fees and benefits payable to our Directors shall further be approved by our shareholders pursuant to an ordinary resolution passed at a general meeting.

5. INFORMATION ON OUR PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

5.2.4 Directorships and principal business activities outside our Group

Save as disclosed below, none of our Directors have any directorships or any principal business activities outside our Group for the past 5 years up to the LPD:

(i) Liew Yoon Kit

Company	Principal activities	Position held	Date of appointment as director	Date of resignation	Equity interest held	
					Direct	Indirect
<u>Present involvement</u>						
GCIS Sdn Bhd	ICT professional services provider for general industries	Director	30 May 2002	-	-	-
Goodybuzz Sdn Bhd	Dormant without intended business activities, previously involved in media advertising, marketing research and specialist communication, and all other related business	Director / Shareholder	11 May 2012	-	34.0%	-
Glocomp	Distribution of ICT infrastructure for general industries	Shareholder	-	-	8.5%	-
Retec Distribution Sdn Bhd (in the process of winding up)	Distribution of ICT system security solutions	Director / Shareholder	11 May 2012	-	33.0%	-
M1 Digital Labs Sdn Bhd	ICT professional services provider for telecommunications industry	Director	29 June 2012	-	-	-

5. INFORMATION ON OUR PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Company	Principal activities	Position held	Date of appointment as director	Date of resignation	Equity interest held	
					Direct	Indirect
Pi Data Centre Sdn Bhd	Data centre	Shareholder	-	-	0.5%	-
PIKOM Services Sdn Bhd	Event organiser	Director	30 July 2020	-	-	-
Retec Ventures Sdn Bhd	Property investment holding	Director / Shareholder	12 December 2005	-	40.0%	-
<u>Past involvement</u>						
Glocomp	Distribution of ICT infrastructure for general industries	Director	13 April 1999	4 August 2023	-	-
Jobsco Sdn Bhd	Dormant, previously engaged as the operator of online recruitment platform	Director	7 September 2016	Dissolved on 20 May 2024	-	-
Munio Sdn Bhd	Dormant, previously involved in the provision of information technology security solutions	Director / Shareholder	8 September 2017	Dissolved on 10 July 2024	50.0%	-
Secureki Sdn Bhd	Supplying information technology security solution	Director	7 May 2015	29 June 2023	-	-
Springlab Distribution Sdn Bhd	Trading of ICT equipment and robotics and the provision of related services	Director	18 February 2019	6 February 2020	-	-

5. INFORMATION ON OUR PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)**(ii) Liew Yoon Poh**

Company	Principal activities	Position held	Date of appointment as director	Date of resignation	Equity interest held	
					Direct	Indirect
<u>Present involvement</u>						
Bluehill Ventures Sdn Bhd	Property investment holding	Shareholder	-	-	11.0%	-
<u>Past involvement</u>						
Aurora Imaging Sdn Bhd	Dormant, previously intended for wholesale of imaging products	Director / Shareholder	11 July 2016	Dissolved on 22 October 2021	25.0%	-
Cheq Technologies Sdn Bhd	Dormant, previously engaged in the provision of IT products and e-commerce services	Director	17 February 2021	6 May 2022	-	-
Digital Health Solutions Sdn Bhd	Dormant, previously intended for wholesale of digital health medical goods	Director / Shareholder	29 August 2022	Dissolved on 3 May 2024	60.0%	-
Intellihealth Sdn Bhd	Dormant, previously intended for wholesale of digital health medical goods	Director / Shareholder	11 July 2016	Dissolved on 22 October 2021	50.0%	-
Swiftmr Solutions Sdn Bhd	Dormant, previously intended to be involved in the provision of healthcare informatic services	Director	4 November 2024	20 May 2025 (resigned subsequent to the LPD)	-	-

5. INFORMATION ON OUR PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)**(iii) Chan Yue Mun**

Company	Principal activities	Position held	Date of appointment as director	Date of resignation	Equity interest held	
					Direct	Indirect
<u>Present involvement</u>						
Allstar Project Sdn Bhd	Agriculture businesses	Director	18 March 2021	-	-	-
Glocomp	Distribution of ICT infrastructure for general industries	Shareholder	-	-	8.5%	-
Goodybuzz Sdn Bhd	Dormant without intended business activities, previously involved in media advertising, marketing research and specialist communication, and all other related business	Shareholder	-	-	17.0%	-
M101 Solutions Sdn Bhd (in members voluntary winding up)	Dormant, previously involved in the provision of IT systems and solutions	Director / Shareholder	29 November 2016	-	40.0%	-
Retec Distribution Sdn Bhd (in the process of winding up)	Distribution of ICT system security solutions	Director / Shareholder	11 May 2012	-	33.0%	-
Retec Ventures Sdn Bhd	Property investment holding	Shareholder	-	-	20.0%	-

5. INFORMATION ON OUR PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Company	Principal activities	Position held	Date of appointment as director	Date of resignation	Equity interest held	
					Direct	Indirect
WYCC Trading Sdn Bhd	Distribution of financial day scanner	Director / Shareholder	28 April 1999	-	70.0%	-
<u>Past involvement</u>						
Cheq Technologies Sdn Bhd	Dormant, previously involved in the provision of IT products and e-commerce services	Director	17 February 2021	6 May 2022	-	-
Glocomp	Distribution of ICT infrastructure for general industries	Director	11 September 2014	30 May 2022	-	-
Jobsco Sdn Bhd	Dormant, previously engaged as the operator of online recruitment platform	Shareholder	-	Dissolved on 20 May 2024	65.0%	-
Munio Sdn Bhd	Dormant, previously involved in the provision of information technology security solutions	Director	8 September 2017	Dissolved on 10 July 2024	-	-
Springlab Distribution Sdn Bhd	Trading of ICT equipment and robotics and the provision of related services	Director	15 March 2012	18 June 2020	-	-

5. INFORMATION ON OUR PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)**(iv) Dato' Ng Wan Peng**

Company	Principal activities	Position held	Date of appointment as director	Date of resignation	Equity interest held	
					Direct	Indirect
<u>Present involvement</u>						
AutoCount Dotcom Berhad (listed on the ACE Market of Bursa Securities)	Developing and distributing financial management software, including accounting, payroll, and point of sale	Independent Non-Executive Director	6 April 2022	-	-	-
Digital Penang Sdn Bhd	Government-linked company owned by the State of Penang to accelerate efforts to capture opportunities in the digital economy and promote a digitally engaged society	Director	4 January 2022	-	-	-
Fraser & Neave Holdings Bhd (listed on the Main Market of Bursa Securities)	Manufacturing, distribution, marketing, and selling of soft drinks and dairy products in Malaysia and Thailand	Independent Non-Executive Director	17 January 2022	-	-	-
Hong Leong Assurance Berhad	Underwriting of life insurance	Independent Non-Executive Director	1 June 2021	-	-	-
IRIS Corporation Berhad (listed on the ACE Market of Bursa Securities)	Provision of trusted identification products and solutions	Independent Non-Executive Director	1 February 2022	-	-	-

5. INFORMATION ON OUR PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Company	Principal activities	Position held	Date of appointment as director	Date of resignation	Equity interest held	
					Direct	Indirect
NanoMalaysia Berhad	Nanotechnology commercialization activities	Independent Non-Executive Director	13 April 2022	-	-	-
Paradigm REIT Management Sdn Bhd	Management company of Paradigm Real Estate Investment Trust	Independent Non-Executive Director	10 March 2025	-	-	-
<u>Past involvement</u>						
Fraser & Neave Holdings Bhd (listed on the Main Market of Bursa Securities)	Manufacturing, distribution, marketing, and selling of soft drinks and dairy products in Malaysia and Thailand	Alternate Director	30 July 2021	17 January 2022	-	-
Meitech Development Sdn Bhd	Investment in shares	Director	7 November 2008	28 February 2021	-	-
Securemetric Berhad (listed on the ACE Market of Bursa Securities)	Provision of digital security solutions as well as trading of electronic identification products, and other related services	Independent Non-Executive Director	28 May 2021	29 May 2025 (resigned subsequent to the LPD)	-	-
Wonderbucks Berhad (wound up on 1 August 2024)	Investment in shares	Shareholder	-	-	<0.2%	-

5. INFORMATION ON OUR PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

	Company	Principal activities	Position held	Date of appointment as director	Date of resignation	Equity interest held	
						Direct	Indirect
(v)	Gem Asiapark Sdn Bhd	Property holding and letting of properties	Shareholder	-	Dissolved on 3 November 2023	20.0%	-
	Lim Su May						
	Company	Principal activities	Position held	Date of appointment as director	Date of resignation	Equity interest held	
						Direct	Indirect
<u>Present involvement</u>							
	Aurora Italia International Berhad (listed on the LEAP Market of Bursa Securities)	Investment holding, with its subsidiaries involved in the design, marketing distribution and sales of jewellery and gold gram bars	Independent Non-Executive Director	1 August 2022	-	-	-
	SSF Home Group Berhad (listed on the ACE Market of Bursa)	Investment holding, with its subsidiaries involved in the retailing of furniture, home décor and home living products	Independent Non-Executive Director / Shareholder	16 December 2022	-	<0.1%	-

5. INFORMATION ON OUR PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Company	Principal activities	Position held	Date of appointment as director	Date of resignation	Equity interest held	
					Direct	Indirect
TechStore Berhad (listed on the ACE Market of Bursa Securities)	Investment holding, with its subsidiaries involved in the design, development, customisation, installation, configuration, integration, implementation, testing, commissioning, and enhancement services of enterprise IT security and automation solutions, and maintenance and support services	Independent Non-Executive Director / Shareholder	10 May 2024	-	<0.1%	-
<u>Past involvement</u>						
Berjaya Mutual Berhad	Unit trust and portfolio management	Independent Non-Executive Director	22 July 2022	28 February 2023	-	-
Inter-Pacific Securities Sdn Bhd	Futures and stock broking	Independent Non-Executive Director	22 July 2022	28 February 2023	-	-

5. INFORMATION ON OUR PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)**(vi) Goh Teck Hong**

Company	Principal activities	Position held	Date of appointment as director	Date of resignation	Equity interest held	
					Direct	Indirect
<u>Present involvement</u>						
Alcom Group Berhad (listed on the Main Market of Bursa Securities)	Investment holding, with its subsidiaries involved in the manufacturing of aluminium sheets and foil products, property development and construction business	Executive Director	1 March 2022	-	-	-
Can-One Berhad (listed on the Main Market of Bursa Securities)	Investment holding, with its subsidiaries involved in the manufacturing of beverage cans and corrugated fibre board cartons, as well as property development	Executive Director	1 March 2022	-	-	-
DL Partners Sdn Bhd	Provision of tax planning, project management, financial modelling and operations ecosystem outsourcing services	Director/ Shareholder	11 November 2022	-	25.0%	-
Mudharib Capital Sdn Bhd	Provision of project management, financial modelling and operations ecosystem outsourcing services	Director/ Shareholder	28 February 2013	-	100.0%	-

5. INFORMATION ON OUR PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Company	Principal activities	Position held	Date of appointment as director	Date of resignation	Equity interest held	
					Direct	Indirect
<u>Past involvement</u>						
Asian Sino Partners Sdn Bhd	Provision of project management outsourcing services to foreign investors	Director	24 August 2016	3 November 2020	-	-

The involvement of our Directors in those business activities outside our Group does not give rise to any conflict of interest situation with our business. Further, the involvement of our Group Chief Executive Officer in other businesses or corporations does not preclude him from allocating or committing his time and effort to our Group as such businesses do not require his involvement on a daily basis as these businesses are managed by their respective management.

Goh Teck Hong currently serves as an Executive Director of Can One Berhad and Alcom Group Berhad, both listed on the Main Market of Bursa Securities, with a primary focus on strategic investment, corporate finance, mergers and acquisitions, business expansion and fund raising matters. He is not involved in the day-to-day operations of these companies and is supported by management team in the said companies. As such, he is able to devote sufficient time and attention to effectively discharge his fiduciary responsibilities as our Independent Non-Executive Director.

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5. INFORMATION ON OUR PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

5.3 BOARD PRACTICES

5.3.1 Directorship

As at the LPD, the details of the date of expiration of the current term of office for each of our Directors and the period for which our Directors have served in that office are as follows:

Name	Date of expiration of current term of office	No. of years in office up to the LPD
Liew Yoon Kit	At our 1 st AGM to be held in 2026	Less than 1 year
Liew Yoon Poh	At our 1 st AGM to be held in 2026	Less than 1 year
Chan Yue Mun	At our 1 st AGM to be held in 2026	Less than 1 year
Dato' Ng Wan Peng	At our 1 st AGM to be held in 2026	Less than 1 year
Lim Su May	At our 1 st AGM to be held in 2026	Less than 1 year
Goh Teck Hong	At our 1 st AGM to be held in 2026	Less than 1 year

In accordance with our Constitution, an election of Directors shall take place every year. At our first AGM, all the Directors shall retire from office at the conclusion of the AGM and at the AGM in every subsequent year, 1/3 of our Directors for the time being or if their number is not 3 or a multiple of 3, then the number nearest to 1/3 shall retire from office at the conclusion of the AGM in every year, provided always that all Directors shall retire from office at least once in every 3 years but shall be eligible for re-election. A Director retiring at a meeting shall retain office until the conclusion of the meeting.

5.3.2 Audit and Risk Management Committee

Our Audit and Risk Management Committee comprises the following members:

Name	Position	Directorship
Goh Teck Hong	Chairperson	Independent Non-Executive Director
Dato' Ng Wan Peng	Member	Senior Independent Non-Executive Director
Lim Su May	Member	Independent Non-Executive Director

The main functions of our Audit and Risk Management Committee are as follows:

- (i) review the quarterly results and the year-end financial statements of our Group before submission to our Board for approval;
- (ii) review and provide advice on whether the financial statements taken as a whole provide a true and fair view of our financial position and performance;
- (iii) assess the suitability, objectivity and independence of our external auditors on an annual basis based on the policies and procedures that have been established and the annual performance evaluation of our external auditors undertaken by our Audit and Risk Management Committee;
- (iv) review the audit plan, audit report, evaluation of the system of internal controls and management letter to be prepared by our external auditors;
- (v) review the adequacy of the scope, competency, budget allocation and resources of the internal audit function, and that it has the necessary authority to carry out its work;

5. INFORMATION ON OUR PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

- (vi) review the internal audit plan, programme, processes and the reporting structure;
- (vii) review the findings of the internal auditors' reports, investigations undertaken and whether or not appropriate actions are taken by the management, based on the recommendations of our internal auditors;
- (viii) review the appraisal or assessment of the performance of the internal audit function on an annual basis;
- (ix) review any special audit which our Audit and Risk Management Committee deems necessary;
- (x) establish an adequate and effective Group risk management and internal control framework;
- (xi) review and assess our level of risk appetite and risk tolerance;
- (xii) review the enterprise risk management framework, policies and process, including identifying, managing, monitoring and mitigating the significant risks of our Group, and recommend for approval by our Board;
- (xiii) review significant risks identified (including operational, financial, regulatory compliance, sustainability and reputational risks) and assess the mitigating actions put in place to manage these risks;
- (xiv) review the adequacy of resources for managing the risk management and internal control framework;
- (xv) monitor, review and report to our Board any related party transactions and conflict of interest situation that may arise within our Company or Group including any transaction, procedures or course of conduct that raises question on management integrity; and
- (xvi) review and report to our Board, any conflict of interest or potential conflict of interest situations that arose, persist or may arise within our Company and/or Group (applies to all Directors of our Group) including any transaction, procedure or course of conduct that raises questions or management integrity together with the measures taken to resolve, eliminate, or mitigate such conflicts.

5.3.3 Nomination and Remuneration Committee

Our Nomination and Remuneration Committee comprises the following members:

Name	Position	Directorship
Dato' Ng Wan Peng	Chairperson	Senior Independent Non-Executive Director
Lim Su May	Member	Independent Non-Executive Director
Goh Teck Hong	Member	Independent Non-Executive Director

The main functions of our Nomination and Remuneration Committee are as follows:

- (i) identify, consider and recommend to our Board suitable candidates for appointment as Directors and members of each Board Committee;
- (ii) consider and recommend to our Board for approval, the appropriate size of our Board and Board Committees to facilitate effective decision making after taking into consideration the scope and nature of the operations of our Group;

5. INFORMATION ON OUR PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

- (iii) develop and implement the fit and proper policy for the appointment and re-election of our Directors that addresses our Board's quality and integrity;
- (iv) review and recommend to our Board the re-election of Directors who retired by rotation pursuant to our Constitution and re-appointment of Directors who retire pursuant to relevant sections of the Act, subject to the conduct of the fit and proper assessment;
- (v) develop and review the performance criteria to evaluate the performance of our Board, Board Committees and individual Directors;
- (vi) assess annually the effectiveness of our Board as a whole, Board Committees and the contribution of each individual Director as well as the Group Chief Executive Officer having regard to time commitment, character, experience, integrity, the required mix of skills and other qualities, including core competencies which Non-Executive Directors should bring to our Board and thereafter, recommend its findings to our Board. All assessments and evaluations carried out by our Nomination and Remuneration Committee in the discharge of all its functions shall be properly documented and disclosed in the Annual Report;
- (vii) review annually the performance of our Board and Key Senior Management in addressing our material sustainability risks and opportunities;
- (viii) identify suitable educational and training programmes for continuous development of Directors to ensure the Directors keep abreast with development in the industry and regulatory changes;
- (ix) review Board and Key Senior Management succession plans and oversee the development of a diverse pipeline for Board and Key Senior Management succession;
- (x) review our Group's policies and procedures on remuneration, including reviewing and recommending matters relating to the remuneration of Directors and Key Senior Management, and recommend to our Board for approval;
- (xi) review remuneration packages of Directors and Key Senior Management, having regard to our Group's operating results, individual performance and comparable market statistics and recommend to our Board for approval;
- (xii) review remuneration policy of Directors and Key Senior Management, and ensure the remunerations offered are in line with market practice;
- (xiii) oversee any major changes in employee remuneration and benefit structures throughout our Group; and
- (xiv) recommend to our Board any performance related pay schemes for our Company or Group.

5. INFORMATION ON OUR PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

5.4 KEY SENIOR MANAGEMENT

5.4.1 Management Reporting Structure

The management reporting structure of our Group is as follows:



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5. INFORMATION ON OUR PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)**5.4.2 Key Senior Management's shareholdings**

The shareholdings of our Key Senior Management before and after our IPO, assuming full subscription of the IPO Shares reserved for our Key Senior Management under the Pink Form Allocations, are as follows:

Name	Nationality	Before our IPO / After the Acquisitions				After our IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(2)%
Hong Chong Chet	Malaysian	4,812,700	1.5	-	-	5,022,700	1.2	-	-
Thean Yain Peng	Malaysian	-	-	-	-	210,000	<0.1	-	-
Teh Peng Ting	Malaysian	-	-	-	-	210,000	<0.1	-	-
Sum Sheau San	Malaysian	-	-	-	-	210,000	<0.1	-	-
Choo Mei Peng	Malaysian	-	-	-	-	210,000	<0.1	-	-

Notes:

(1) Based on our total number of 325,802,400 Shares after the Acquisitions.

(2) Based on our enlarged total number of 400,000,000 Shares after our IPO.

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5. INFORMATION ON OUR PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

5.4.3 Profiles of our Key Senior Management

The profiles of our Key Senior Management are as follows:

Hong Chong Chet

Deputy Chief Executive Officer

Hong Chong Chet, a Malaysian aged 45, is our Deputy Chief Executive Officer. He is responsible for planning and executing our Group's strategic projects, leading digital healthcare initiatives and identifying growth opportunities through new partnerships and regional expansion.

He obtained his Bachelor of Electrical Engineering from Kolej Universiti Teknologi Tun Hussein Onn (currently known as University Tun Hussein Onn Malaysia) in August 2002.

In September 2002, he began his career by joining Team Vantage Sdn Bhd, a medical equipment consultancy firm, as Site Supervisor, where he assisted the site manager in organising and overseeing medical equipment services and day-to-day on-site activities. He left the company in April 2003.

In May 2003, he joined Pharmaniaga Biomedical Sdn Bhd, a company involved in the supply, installation and support of medical and hospital equipment, as an Executive of the Medical Equipment Unit where he was involved in the planning and supervision of medical equipment installation and commissioning for new hospital projects. In January 2007, he was promoted to Deputy Head of the Project Management Department where he was responsible for leading the project team and overseeing end-to-end project execution. In January 2008, he was subsequently promoted to Head of the Project Management Department where he was responsible for leading and coordinating the project team. He left the company in February 2008.

In March 2008, he joined IDS Services (M) Sdn Bhd, a medical equipment distributor, as Product Manager where he was responsible for executing sales strategies of Philips Clinical Information Systems. In November 2010, he left IDS Services (M) Sdn Bhd and joined GE Healthcare Sdn Bhd in the same month as Modality Specialist where he was involved in supporting efforts to expand the company's healthcare IT presence across ASEAN. In April 2014, he was promoted to Sales Manager where he was responsible for leading regional projects or partnership development in emerging ASEAN markets. In June 2016, he was subsequently promoted to Service Sales Manager for Malaysia and Singapore, where he developed and implemented services sales strategies. In November 2017, he was promoted to Country Service Manager where he was responsible for overseeing service operations and growth strategies across both countries. In January 2019, he was appointed as Director of Services where he was responsible for managing the service team and driving the growth of the company's services business. He left the company in December 2021.

Since November 2021, he served as the Director of GoCloud where he led and developed strategic plans to drive business growth. In January 2022, he joined LAC Medical as Chief Transformation Officer, where he was responsible for leading our Group's transformation efforts, focusing on enhancing operational efficiency and building our digital and services portfolio. He was subsequently re-designated as Deputy Chief Executive Officer since March 2025. He also served as the President Director of PT Fairmed since December 2024 where he is responsible for overseeing and managing the sales and operation team of PT Fairmed.

5. INFORMATION ON OUR PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Thean Yain Peng *Chief Financial Officer*

Thean Yain Peng, a Malaysian aged 57, is our Chief Financial Officer. She is responsible for overseeing our Group's finance related operations including treasury, tax, accounting and procurement activities.

She graduated with ACCA qualification from Systematic Business Training Centre (currently known as SEGi College KL) in 1992. She has been a Fellow of the ACCA since September 2001 and a member of the MIA since January 2000. She has also been an Associate Member of the Institute of Internal Auditors Malaysia since March 2024.

In August 1989, she began her career with Inarc Design Consultant Sdn Bhd as Accounts Assistant, where she assisted in daily accounting and administrative tasks. Between June 1992 and November 1992, she joined Iza Ng Yeoh & Kit as Accounts Assistant to assist in general financial and accounting work. Thereafter in December 1992, she joined Mike Bernie's Entertainment Company Sdn Bhd as Accounts Assistant, where she was in charge of the accounts and bookkeeping of the company.

In July 1993, she joined Berjaya Green Development Sdn Bhd (currently known as Rekapacific Builders Sdn Bhd) as Cost Accounts Executive, where she was responsible for preparing budgets and monitoring expenditures of the company. In September 1994, she was transferred to Berjaya Land Berhad (listed on the Main Market of Bursa Securities) as Assistant Finance Manager, where she was responsible for managing the company's budgeting, financial planning and reporting. In September 1997, she joined Complete Excel Sdn Bhd as Assistant Manager where she was tasked to manage and oversee accounting functions of the company, until her resignation in November 1997. In December 1997, she joined Jasatera Berhad (previously listed on the Main Market of Bursa Securities) as Finance and Accounting Manager cum Assistant Company Secretary, where she oversaw financial accounting and reporting, and secretarial matters. She left this company in August 2000.

In September 2000, she joined Bukit Jalil Development Sdn Bhd, a wholly owned subsidiary of Ho Hup Construction Company Berhad (listed on the Main Market of Bursa Securities), as Finance and Administration Manager, where she was responsible for overseeing and managing financial and administrative functions of the company. She left this position in July 2004. She then joined Perfect Eagle Development Sdn Bhd as Finance Manager in August 2004, where she was tasked with managing the finance functions of the company, including financial planning and cash flow monitoring.

In August 2008, she left Perfect Eagle Development Sdn Bhd and joined PJI Holdings Berhad (currently known as YFG Berhad which was previously listed on the Main Market of Bursa Securities) as General Manager - Group Finance and Accounts, where she was responsible for the financial operations and accounting functions of the company. In January 2011, she joined Sentoria Development Sdn Bhd (currently known as Sentoria Group Berhad which is listed on the Main Market of Bursa Securities) as Financial Controller, overseeing the financial and accounting matters of the group. In May 2011, she was promoted to Executive Director and was responsible for overseeing the daily operations of the group. She left the company in October 2012.

In November 2012, she joined Tropicana Golf & Country Resort Berhad, a wholly-owned subsidiary of Tropicana Corporation Berhad (listed on the Main Market of Bursa Securities), as Group General Manager, where she was responsible for the financial operations of the group. She left the company to join Naza TTDI Sdn Bhd in April 2015 as Finance General Manager to oversee the finance and credit control functions of the company. Thereafter in May 2017, she joined S P Setia Berhad (listed on the Main Market of Bursa Securities) as Group Financial Controller and was re-designated as Chief Internal Auditor in September 2023 where she was responsible for the group's internal audit functions.

In October 2024, she left S P Setia Berhad and joined LAC Medical as Chief Financial Officer.

5. INFORMATION ON OUR PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Teh Peng Ting

Chief Commercial Officer

Teh Peng Ting, a Malaysian aged 46, is our Chief Commercial Officer. He is responsible for overseeing and managing the sales, projects and clinical application teams of our Group.

He obtained his Bachelor of Electrical and Electronics Engineering from Universiti Putra Malaysia in October 2002. He is certified as Radiation Protection Officer by AELB since August 2003.

In February 2003, he began his career with Gideons (Malaysia) Sdn Bhd, a medical equipment supplier, as Service Engineer, where he was involved in the installation, troubleshooting and reparation of ultrasound and general X-ray system. In 2004, he was promoted to Assistant Service Manager where he was tasked to coordinate the service department of the company. He left the company in April 2005.

In May 2005, he joined Inspire Vision Technologies Sdn Bhd, a medical equipment supplier, as Service Manager where he assisted in establishing the service department and oversaw the daily service activities of the company. In March 2008, he joined Utama Associates Sdn Bhd, a medical equipment supplier, as Service Manager where he assisted in establishing the service department and oversaw the daily service activities of the company. He left the company in April 2009.

In May 2009, he joined Heal Integrated Solutions Sdn Bhd, a medical equipment supplier, as Technical Service Manager where he was responsible for overseeing technical operations, as well as managing and coordinating the service team. In February 2012, he joined BITS Medical Sdn Bhd, a medical equipment supplier, as Sales Manager cum General Manager where he was responsible for developing and executing sales strategies to drive business growth, as well as overseeing the operations of the company. He left the company in July 2013.

In September 2013, he joined LAC Medical as Product Manager where he was responsible for managing matters relating to X-ray products, including cost management and providing guidance on site preparation for X-ray room setup. In January 2017, he was promoted to National Sales Manager and was primarily responsible for managing our sales team and developing sales strategies to drive the sales of our products. He was subsequently promoted to General Manager in March 2022 and was re-designated to Chief Commercial Officer since March 2025.

Sum Sheau San

Senior Vice President (Service Operations)

Sum Sheau San, a Malaysian aged 49, is our Senior Vice President (Service Operations). He is responsible for overseeing and managing the overall team service operations performance and service delivery of our Group, including the technical support and field service teams who are responsible for the installation and maintenance of medical devices.

He obtained his Engineering Diploma in Electrical and Electronic Engineering from Perak Institute of Engineering Technology (currently known as Maxwell College) in October 1997.

In January 1998, he began his career with MINS Medical System Sdn Bhd, a company involved in the provision of medical services, as Service Engineer, where he assisted in troubleshooting, installation and maintenance of ultrasound systems. He left the company in December 2000. In March 2001, he joined Abex Medical System Sdn Bhd, a company involved in the sale and services of medical equipment, as Junior Service Engineer with the same responsibilities.

5. INFORMATION ON OUR PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

In January 2002, he joined Diagnostica Marketing Sdn Bhd, a company dealing in medical equipment and supplies, as Technical Support and thereafter in June 2005, he joined IDS Services (Malaysia) Sdn Bhd, a medical equipment distributor, as Technical Support & Application Specialist. He was responsible for delivering on-site technical support and after-sales assistance during his tenure with both companies.

He joined Healthy Triumph Sdn Bhd, a medical equipment distributor, as Service Manager in September 2009, where he was tasked with coordinating service activities and addressing customer concerns. In July 2011, he joined Gideons (Malaysia) Sdn Bhd, a healthcare solutions provider, as Service Manager where he was responsible for maintaining customer relationships and managing the service operations to enhance customer satisfaction. In March 2012, he left Gideons (Malaysia) Sdn Bhd and joined LAC Medical as Service Manager of Service Department, where he was responsible for managing service delivery, including the planning and execution of strategic service activities.

In May 2012, he left LAC Medical and joined Medione (Asia) Sdn Bhd, a company involved in manufacturing and distributing medical equipment, as Service and Sales Supervisor to oversee service and sales operations, including after-sales support and the formulation of strategic sales plans. He left the company in July 2013.

In August 2013, he rejoined LAC Medical as National Service Manager, where he was responsible for monitoring our Group's sales performance throughout Malaysia. Since March 2025, he was re-designated as Senior Vice President (Service Operations).

Choo Mei Peng *Chief People Officer*

Choo Mei Peng, a Malaysian aged 60, is our Chief People Officer. She is responsible for overseeing and managing the human resource functions of our Group.

She obtained her Diploma in Commerce (Business Management) from Kolej Tunku Abdul Rahman (currently known as Tunku Abdul Rahman University of Management & Technology) in May 1987. She subsequently passed the Institute of Chartered Secretaries and Administrators examinations in August 1987.

In October 1987, she began her career with Securities Management (M) Sdn Bhd as Junior Secretarial Assistant where she assisted in statutory filing and general secretarial work. She joined Charminar Sdn Bhd in March 1989 as Junior Secretarial Assistant where she provided administrative and clerical support, including handling statutory filings and preparing meeting minutes. Thereafter in July 1989, she joined Lim Cheh & Chang, an audit firm, as Secretarial Assistant where she assisted in general secretarial tasks such as statutory filings and maintaining statutory registers. Between February 1991 and June 1991, she was a Lecturer in Informatics Resource Corporation Sdn Bhd, giving lectures on basic accounting.

In July 1991, she joined PFA Corporate Services Sdn Bhd as Company Secretary and was promoted to Senior Group Leader in the same year where she led the corporate secretarial team and managed an expanded portfolio of corporate secretarial services. She left PFA Corporate Services Sdn Bhd in September 1993 to join ECM Libra Investment Bank Berhad as Company Secretary, and was re-designated to Human Resource and Administration Manager in 1994 where she was responsible for overseeing the human resource and administrative functions of the company. In November 1999, she left ECM Libra Investment Bank Berhad and joined Share Technology Capital Group Sdn Bhd as Company Secretary to manage company secretarial matters.

5. INFORMATION ON OUR PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

In February 2001, she left Share Technology Capital Group Sdn Bhd and joined Commerce International Merchant Bankers Berhad (currently known as CIMB Group Holdings Berhad) and its affiliated companies (collectively referred to as “**CIMB Group**”). Between 2000 and 2019, she served in various roles within the CIMB Group including Senior Manager of Human Resources Services at CIMB Securities Sdn Bhd (March 2001 - July 2010), Human Resources Relationship Manager (Group Transformation Office, Group Information and Operations Division) at CIMB Investment Bank Berhad (July 2010 - December 2013), Human Resource Relationship Manager (Group Consumer Banking Division) at CIMB Bank Berhad (January 2014 - April 2016), and Director (Group Asset Management and Investment Division) at CIMB Principal Asset Management Berhad (May 2016 - June 2019).

In July 2019, she was seconded to CGS International Securities Malaysia Sdn Bhd (formerly known as CGS-CIMB Securities Sdn Bhd) as Head of Human Resource and Administration, and was promoted to Director in Customer Experience Department in April 2023, where she was responsible for developing and implementing strategic plans to enhance overall customer satisfaction. She left the company in January 2025.

In February 2025, she joined LAC Medical as Human Resource Director and was re-designated as Chief People Officer since March 2025.

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5. INFORMATION ON OUR PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

5.4.4 Involvement of our Key Senior Management in other principal business activities

Save as disclosed below and in Section 5.2.4 of this Prospectus, none of our Key Senior Management has any directorships or any principal business activities outside our Group for the past 5 years up to the LPD:

(i) Hong Chong Chet

Company	Principal activities	Position held	Date of appointment as director	Date of resignation	Equity interest held	
					Direct	Indirect
<u>Present involvement</u>						
Nil						
<u>Past involvement</u>						
Digital Health Solutions Sdn Bhd	Dormant, previously intended for wholesale of digital health medical goods	Director	29 August 2022	Dissolved on 3 May 2024	-	-
GE Healthcare Sdn Bhd	Provision of solutions	Director	17 May 2018	31 December 2021	-	-

(ii) Thean Yain Peng

Company	Principal activities	Position held	Date of appointment as director	Date of resignation	Equity interest held	
					Direct	Indirect
<u>Present involvement</u>						
Nil						

5. INFORMATION ON OUR PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Company	Principal activities	Position held	Date of appointment as director	Date of resignation	Equity interest held	
					Direct	Indirect
<u>Past involvement</u>						
I & P Supply Berhad	Dormant, previously involved in rental of properties	Director	1 September 2022	1 June 2023	-	-
Perumahan Kinrara Berhad	Property development	Director	8 May 2022	1 June 2023	-	-
Setia IP Holdings Sdn Bhd	Custodian and management of intellectual property rights	Director	1 September 2022	1 June 2023	-	-
Setia Putrajaya Development Sdn Bhd	Property development	Director	27 January 2022	1 June 2023	-	-
Setia Putrajaya Sdn Bhd	Property development	Director	27 January 2022	1 June 2023	-	-
Syarikat Perumahan Pegawai Kerajaan Sdn Berhad	Development and sales of land, residential and commercial properties and rental of properties	Director	8 May 2022	1 June 2023	-	-
Yong Peng Realty Sdn Bhd	Dormant, in the process of being dissolved	Director	1 September 2022	1 June 2023	-	-

Our Key Senior Management do not have any present involvement in business activities outside our Group as stated above.

5. INFORMATION ON OUR PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

5.4.5 Remuneration and material benefits-in-kind of our Key Senior Management

The aggregate remuneration and material benefits-in-kind (including any contingent or deferred remuneration) paid and proposed to be paid to our Key Senior Management for services rendered in all capacities to our Group for the FYE 2024 and FYE 2025 are as follows:

Key Senior Management	Remuneration Band (RM'000)	
	FYE 2024	⁽¹⁾ Proposed for the FYE 2025
Hong Chong Chet	400 - 450	550 - 600
Thean Yain Peng	⁽²⁾ 50 - 100	500 - 550
Teh Peng Ting	800 - 850	500 - 550
Sum Sheau San	350 - 400	350 - 400
Choo Mei Peng	-	⁽²⁾ 150 - 200

Notes:

- (1) Excluding bonus and commission which will be determined at a later date depending on performance of the individuals and our Group.
- (2) Computed from the dates Thean Yain Peng and Choo Mei Peng joined our Group in October 2024 and February 2025 respectively.

5.5 FAMILY RELATIONSHIPS AND ASSOCIATIONS BETWEEN OUR PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT

Save as disclosed below, there is no other family relationship and/or association between any of our Promoter, Substantial Shareholders, Directors and Key Senior Management as at the LPD:

- (i) Liew Yoon Poh, who is our Promoter, Substantial Shareholder and Group Chief Executive Officer, is the brother of Liew Yoon Kit, who is our Substantial Shareholder and Non-Independent Non-Executive Chairman; and
- (ii) Chan Yue Mun, who is our Substantial Shareholder and Non-Independent Non-Executive Director, is the uncle of Giam Teck Eng, who is our Substantial Shareholder.

5.6 DECLARATIONS BY OUR PROMOTER, DIRECTORS AND KEY SENIOR MANAGEMENT

As at the LPD, none of our Promoter, Directors or Key Senior Management have been involved in any of the following events, whether in or outside Malaysia:

- (i) in the last 10 years, a petition under any bankruptcy or insolvency laws was filed (and not struck out) against such person or any partnership in which such person was a partner or any corporation of which such person was a director or member of key senior management;
- (ii) disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- (iii) in the last 10 years, charged or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;

5. INFORMATION ON OUR PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

- (iv) in the last 10 years, any judgement entered against such person, or finding of fault, misrepresentation, dishonesty, incompetence or malpractice on his/her part, involving a breach of any law or regulatory requirement that relates to the capital market;
- (v) in the last 10 years, the subject of any civil proceeding, involving an allegation of fraud, misrepresentation, dishonesty, incompetence or malpractice on his/her part that relates to the capital market;
- (vi) the subject of any order, judgment or ruling of any court, government or regulatory authority or body temporarily enjoining such person from engaging in any type of business practice or activity;
- (vii) in the last 10 years, has been reprimanded or issued any warning by any regulatory authority, securities or derivatives exchange, professional body or government agency; and
- (viii) any unsatisfied judgment against such person.

5.7 SERVICE CONTRACTS

As at the LPD, there are no existing or proposed service agreements entered into or to be entered into by our Directors or any of our Key Senior Management with our Group which provide for benefits upon termination of employment.

6. INFORMATION ON OUR GROUP

6.1 OUR GROUP

We were incorporated in Malaysia under the Act on 22 November 2024 as a private limited company under the name of LAC Med Sdn Bhd. On 14 April 2025, we were converted to a public limited company and assumed our present name. We are an investment holding company. Through our subsidiaries, we are principally involved in the supply and integration of medical devices, and related products and services as well as provision of ICT products and services for healthcare facilities. Please refer to Section 6.5 of this Prospectus for further information on our subsidiaries.

As at [●] 2025, our issued share capital is RM48,870,367 comprising 325,802,400 Shares. Save as disclosed below, there has been no change in our issued share capital since the date of our incorporation up to [●] 2025:

Date of allotment	No. of Shares allotted	Nature of transaction	Consideration	Cumulative issued share capital	
				RM	No. of Shares
22 November 2024	20	Subscriber shares	Cash	10	20
[●] 2025	325,802,380	Acquisitions	Otherwise than cash	48,870,367	325,802,400

There are also no outstanding warrants, options, convertible securities or uncalled capital in respect of our Shares as at the LPD.

6.1.1 Share Transfers

On 24 January 2025, Chan Yue Mun entered into the Share Transfers SSAs with Giam Teck Eng and Liew Yoon Kit to acquire approximately 23.3% equity interest each in LAC Medical and CVS Medical for cash consideration as set out below:

Vendors	Company	No. of shares acquired	% of share capital	Purchase consideration (RM)
Giam Teck Eng	LAC Medical	116,667	11.7	2,689,755
Liew Yoon Kit	LAC Medical	116,667	11.7	2,689,755
		233,334	23.3	5,379,510
Giam Teck Eng	CVS Medical	116,667	11.7	285,403
Liew Yoon Kit	CVS Medical	116,667	11.7	285,403
		233,334	23.3	570,806

The purchase consideration for approximately 23.3% equity interest each in LAC Medical and CVS Medical of RM5,379,510 and RM570,806 respectively were arrived at on a willing-buyer willing-seller basis after taking into consideration the adjusted NA of LAC Medical and CVS Medical as at 31 December 2023 as follows:

	RM
Latest audited NA of LAC Medical as at 31 December 2023 prior to the execution of the Share Transfers SSAs	26,054,973
Less: Dividend paid to existing shareholders after 31 December 2023	(3,000,000)
Adjusted NA of LAC Medical	23,054,973
Adjusted NA of LAC Medical represented by 23.3% equity interest	5,379,510

6. INFORMATION ON OUR GROUP (CONT'D)

	RM
Latest audited NA of CVS Medical as at 31 December 2023 prior to the execution of the Share Transfers SSAs	11,946,299
Less: Dividend paid to existing shareholders after 31 December 2023	(9,500,000)
Adjusted NA of CVS Medical	2,446,299
Adjusted NA of CVS Medical represented by 23.3% equity interest	570,806

The Share Transfers were undertaken to recognise the contributions from Chan Yue Mun, through Glocomp (in which he was a Director and substantial shareholder), to our Group as set out below:

- (i) Chan Yue Mun, through Glocomp, had played a key role in supporting the finance functions of LAC Medical and CVS Medical during the initial years from commencement of business up to August 2023; and
- (ii) Glocomp had provided financial assistance in the form of loans to LAC Medical in 2017 and 2018 as well as to CVS Medical in 2020 and 2021 to support their business growth.

6.1.2 Acquisitions

On 9 April 2025, LAC entered into an Acquisitions SSAs with Liew Yoon Poh, Liew Yoon Kit, Giam Teck Eng, Chan Yue Mun, Hong Chong Chet and Noor Izwan Fazly Bin Nor Azman for the Acquisitions. The purchase consideration was satisfied via the issuance and allotment of 325,802,380 new Shares at an issue price of RM0.15 per Share as follows:

Vendors	Company	No. of shares acquired	% of share capital	Purchase consideration (RM)	No. of new Shares issued
Liew Yoon Poh	LAC Medical	300,000	30.0	10,315,004.25	68,766,695
Liew Yoon Kit	LAC Medical	233,333	23.3	8,022,704.25	53,484,695
Giam Teck Eng	LAC Medical	233,333	23.3	8,022,704.25	53,484,695
Chan Yue Mun	LAC Medical	233,334	23.3	8,022,704.25	53,484,695
		1,000,000	100.0	34,383,117.00	229,220,780
Liew Yoon Poh	CVS Medical	300,000	30.0	4,036,800.00	26,912,000
Liew Yoon Kit	CVS Medical	233,333	23.3	3,139,710.00	20,931,400
Giam Teck Eng	CVS Medical	233,333	23.3	3,139,710.00	20,931,400
Chan Yue Mun	CVS Medical	233,334	23.3	3,139,710.00	20,931,400
		1,000,000	100.0	13,455,930.00	89,706,200
Hong Chong Chet	GoCloud	70,000	70.0	721,905.00	4,812,700
Noor Izwan Fazly Bin Nor Azman	GoCloud	30,000	30.0	309,405.00	2,062,700
		100,000	100.0	1,031,310.00	6,875,400

The purchase consideration for the Acquisitions was arrived at on a "willing-buyer willing-seller" basis after taking into consideration latest audited NA of LAC Medical, CVS Medical and GoCloud as at 31 December 2024 prior to the execution of the Acquisitions SSAs as follows:

	RM
Audited NA of LAC Medical as at 31 December 2024	34,383,460
Audited NA of CVS Medical as at 31 December 2024	13,456,037
Audited NA of GoCloud Medical as at 31 December 2024	1,031,359

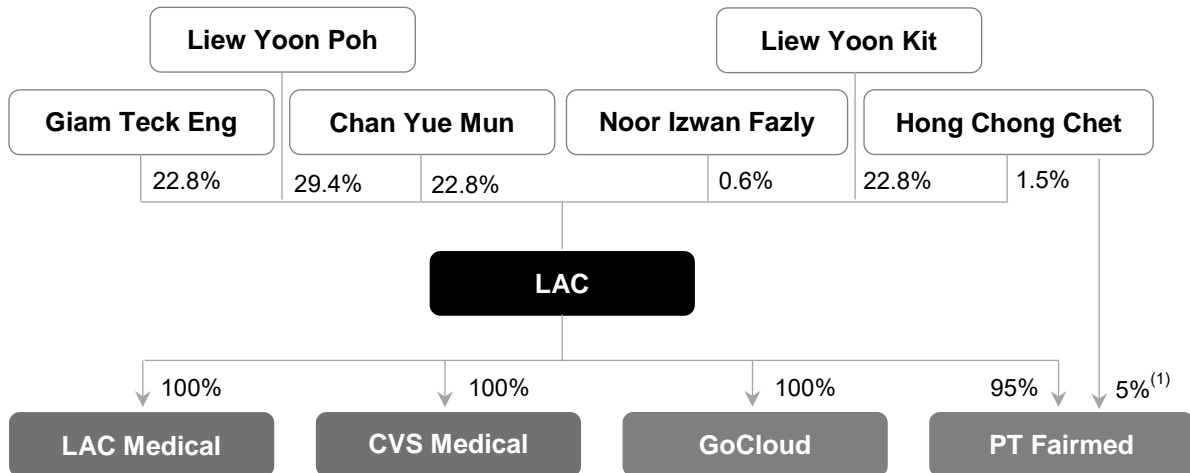
The Acquisitions were completed on [●] 2025.

6. INFORMATION ON OUR GROUP (CONT'D)

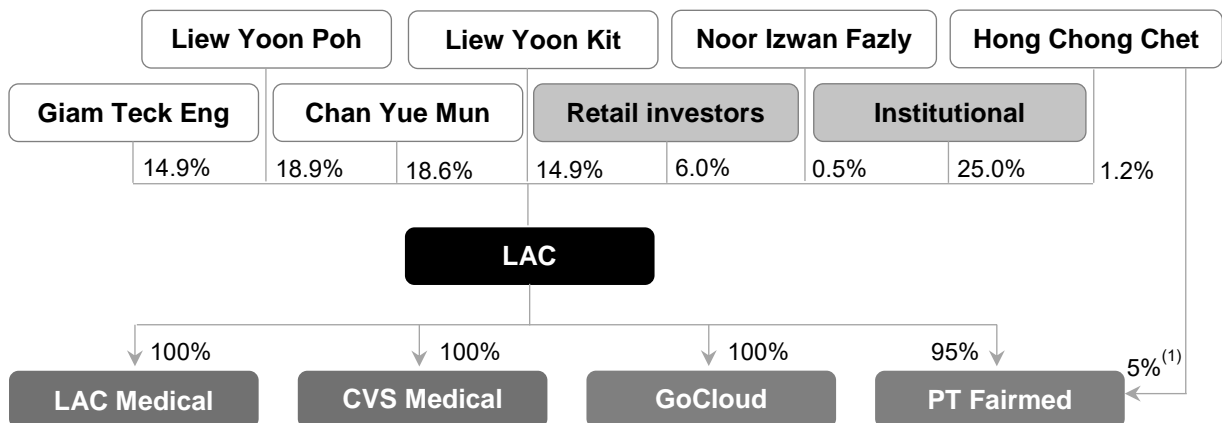
6.2 OUR GROUP STRUCTURE

Our group structure before and after our IPO are set out below:

6.2.1 Before our IPO / After the Acquisitions



6.2.2 After our IPO



Note:

- (1) Pursuant to the Law of Republic of Indonesia Number 40 of 2007 Concerning Limited Liability Company, a company must have a minimum of 2 shareholders. Hong Chong Chet's shareholding in PT Fairmed would enable PT Fairmed to comply with such requirement and at the same time, ensure alignment of his interest with that of our Group in growing the business of PT Fairmed in Indonesia.

6. INFORMATION ON OUR GROUP (CONT'D)

6.3 BUSINESS HISTORY AND MILESTONES

Our Company was incorporated in Malaysia under the Act on 22 November 2024 as a private limited company under the name of LAC Med Sdn Bhd. Our Company was subsequently converted to a public limited company on 14 April 2025.

The history of our business can be traced back to the incorporation of LAC Medical on 30 December 2003 by Liew Yoon Kit and Giam Teck Eng, each of whom held 50.0% equity interest each in the company. Subsequently in 2004, LAC Medical commenced its business supplying medical goods and equipment. Between 2012 and 2013, LAC Medical was appointed as distributor for various brands of medical equipment and related devices including the non-exclusive distributorship for Samsung brand of ultrasound equipment.

In 2009, our Group Chief Executive Officer, Liew Yoon Poh, who is the brother of Liew Yoon Kit, joined LAC Medical as a Sales Executive before he was appointed as a Director in 2012. Liew Yoon Poh became a shareholder in 2012 after acquiring 20.0% equity interest from Giam Teck Eng. At the same time, Liew Yoon Huat, another brother of Liew Yoon Kit, acquired 22.0% equity interest from Liew Yoon Kit and 2.0% equity interest from Giam Teck Eng. In 2014, Liew Yoon Huat disposed of his entire 24.0% equity interest to Liew Yoon Kit, Giam Teck Eng and Liew Yoon Poh, each of whom then subsequently held 35.0%, 35.0% and 30.0% equity interest respectively in LAC Medical.

As part of our plans to secure another brand that focuses on cardiovascular products, we obtained the non-exclusive distributorship of Philips ultrasound equipment through CVS Medical in 2017. CVS Medical was incorporated in 2017 with Liew Yoon Poh, Giam Teck Eng and Liew Yoon Kit as shareholders each holding 30.0%, 35.0% and 35.0% equity interest respectively and it commenced business in the same year. Since then, CVS Medical has been focusing on the supply of Philips ultrasound equipment covering West Malaysia market as at the LPD.

As part of our regional expansion, PT Fairmed was incorporated in 2024 as our 95% subsidiary to establish a presence in Indonesia to capitalise on new opportunities outside of Malaysia, thereby diversifying our markets for business growth. PT Fairmed set up its Indonesian office in February 2025, and is focusing on the supply and integration of medical devices, and related products and services in Indonesia.

As part of the reorganisation and restructuring exercise, LAC acquired the entire equity interests in LAC Medical, CVS Medical and GoCloud in [●] 2025. GoCloud, which was incorporated in 2016, was owned by Hong Chong Chet (70.0%) and Noor Izwan Fazly Bin Nor Azman (30.0%) prior to the Acquisitions, and is mainly involved in the provision of ICT products and services for healthcare facilities.

The table below sets out the key events and milestones in the history and development of our business:

Year	Key Events and Milestones
2003	<ul style="list-style-type: none"> LAC Medical was incorporated in 2003 and commenced business operations in 2004. The company was initially involved in the supply of medical goods and equipment.
2007	<ul style="list-style-type: none"> We expanded our product portfolio for the supply of imaging films in Malaysia. These imaging films were used in film-based radiography to capture X-ray images, which were then processed in a darkroom to develop the picture. We also expanded into the supply of medical devices, namely computer radiography at the same time in 2006. Computer radiography uses a phosphor plate to capture the image compared to film-based radiography. The plate is then removed and placed onto a reader to process the image into digital format.

6. INFORMATION ON OUR GROUP (CONT'D)

Year	Key Events and Milestones
2012	<ul style="list-style-type: none"> We secured the distributorship from GE Pacific Pte Ltd for the distribution of healthcare IT software for radiology in Malaysia. We subsequently also secured another distributorship from GE Healthcare Pte Ltd for the distribution of medical equipment in Malaysia in 2014. The distributorship from GE Pacific Pte Ltd and GE Healthcare Pte Ltd ceased upon the expiry of the dealer agreements in 2012 and 2019 respectively, in line with our strategic expansion plan to partner with principals offering a broader portfolio of medical devices and wider territorial coverage. In the same year, we expanded our services to include the supply and integration of medical equipment for a medical centre, specifically installing 5 ceiling-mounted fixed X-ray units (including integration, space renovation and M&E works).
2013	<ul style="list-style-type: none"> We further expanded our range of medical devices when we were appointed as a non-exclusive distributor by Samsung Electronics Co., Ltd for the distribution of X-ray machines in Malaysia. As at the LPD, this is a subsisting distributorship. In the same year, we were also appointed as a non-exclusive distributor by Samsung Medison Co., Ltd. in Malaysia for the distribution of ultrasound machines in Malaysia.
2017	<ul style="list-style-type: none"> CVS Medical was incorporated and commenced business as a medical device distributor when we secured the non-exclusive distributorship from Philips Malaysia. The medical devices that we supplied under this distributorship were ultrasound machines. As at the LPD, this is a subsisting distributorship.
2019	<ul style="list-style-type: none"> We secured a non-exclusive distributorship from Philips for the supply of MRI machines, as well as radiography equipment including CT scanners.
2022	<ul style="list-style-type: none"> We secured a contract with a private healthcare institution to provide imaging equipment. We were responsible for the supply and integration of the imaging equipment including radiographic equipment, ultrasound and MRI machines in the hospital in Selangor. This hospital is the first showcase location in the Asia Pacific region for the MRI machine which was installed in this hospital.
2023	<ul style="list-style-type: none"> We secured the non-exclusive distributorship from Annalise-AI Pty Ltd for the distribution of the 'annalise.ai' software for medical imaging in Malaysia. This solution uses artificial intelligence algorithms to analyse and interpret medical images, including X-rays and CT scans. The software solution can be integrated into existing clinical information systems. As at the LPD, this is a subsisting distributorship. In the same year, we also secured the non-exclusive distributorship from AIRS Medical Inc. for the distribution of 'SwiftMR', a software solution to improve efficiency and image quality of MRI scans in Malaysia. This software solution can be integrated into the existing MRI machines. As at the LPD, this is a subsisting distributorship.
2024	<ul style="list-style-type: none"> We expanded our range of products when we secured a non-exclusive distributorship from Stryker EMEA Supply Chain Services B.V. for the distribution of Stryker brand of neurovascular devices such as catheters, stents and embolisation coils in Malaysia. As at the LPD, this is a subsisting distributorship. As part of our strategies and plans to expand our geographical market, in December 2024, we incorporated PT Fairmed in Indonesia. The company set up its Indonesian office in 2025, to undertake the supply and integration of medical devices, and related products and services in Indonesia.

6. INFORMATION ON OUR GROUP (CONT'D)

Year	Key Events and Milestones
2025	<ul style="list-style-type: none"> We acquired GoCloud, and we intend to expand our services to provide MEAMS. Please refer to Section 7.20(ii) of this Prospectus for further details on our strategies and plans. We secured several distributorship agreements as follows: <ul style="list-style-type: none"> an annual non-exclusive distributorship agreement with Abbott Laboratories (Malaysia) Sdn Bhd for the supply of immunoassay reagents and haematology instruments to public hospitals, and for the integration of their software solutions with laboratory equipment for private hospitals. These products are used in laboratories for general diagnostics; an annual non-exclusive distributorship agreement with LG Electronics Inc. for the distribution of medical diagnostic display monitors; a 3-year non-exclusive distributorship agreement with Hill-Rom, Inc. for the distribution of Baxter brand of diagnostic devices in Malaysia; and a 3-year exclusive distributorship agreement with Alpinion Medical Systems Co., Ltd for the distribution of ultrasound equipment in Indonesia.

6.4 AWARDS AND RECOGNITIONS

During the Financial Years Under Review and up to the LPD, we obtained the following key awards and recognitions:

Year	Key awards and recognitions	Company	Awarded by
2022	Philips Best Growth Award 2022	CVS Medical	Philips
2022	Philips APAC Best Image Guided Therapy Partner 2022	LAC Medical	Philips
2023	Philips APAC Best Ultrasound Partner 2023	CVS Medical	Philips
2024	Golden Bull Award 2024 - Outstanding Bull Award	CVS Medical	Business Media International
2025	High-Growth Companies Asia-Pacific 2024	LAC Medical	The Financial Times and Statista

6.5 INFORMATION ON OUR SUBSIDIARIES

The details of our subsidiaries are as follows:

Name and registration no.	Date and place of incorporation	Principal place of business	Issued share capital	Effective equity interest	Principal activities
LAC Medical (200301035906 (638327-P))	30 December 2003 / Malaysia	Malaysia	RM1,000,000	100.0%	Supply and integration of medical devices, and related products and services

6. INFORMATION ON OUR GROUP (CONT'D)

Name and registration no.	Date and place of incorporation	Principal place of business	Issued share capital	Effective equity interest	Principal activities
CVS Medical (201701003407 (1217557 - M))	25 January 2017 / Malaysia	Malaysia	RM1,000,000	100.0%	Supply and integration of medical devices, and related products and services
GoCloud (201601014631 (1185562-A))	28 April 2016 / Malaysia	Malaysia	RM100,000	100.0%	Provision of ICT products and services for healthcare facilities
PT Fairmed (1312240070939)	4 December 2024 / Indonesia	Indonesia	IDR10.0 billion	95.0%	Supply and integration of medical devices, and related products and services

We do not have any joint venture or associated company.

6.5.1 LAC Medical**(a) Background and principal activities**

LAC Medical was incorporated in Malaysia under the Companies Act 1965 on 30 December 2003 as a private limited company and is deemed registered under the Act.

LAC Medical is principally involved in the supply and integration of medical devices, and related products and services. LAC Medical commenced operations in 2003 with its principal place of business in Malaysia.

(b) Share capital

As at the LPD, the issued share capital of LAC Medical is RM1,000,000 comprising 1,000,000 ordinary shares. There has been no change in the issued share capital of LAC Medical during the Financial Years Under Review and up to the LPD.

There are also no outstanding warrants, options, convertible securities or uncalled capital in respect of the ordinary shares in LAC Medical as at the LPD.

(c) Substantial shareholder

As at the LPD, LAC Medical is our [wholly-owned subsidiary].

(d) Directors

As at the LPD, the directors of LAC Medical are Liew Yoon Poh and Teh Peng Ting.

(e) Subsidiary, associate and joint venture

LAC Medical does not have any subsidiary, associate or joint venture.

6. INFORMATION ON OUR GROUP (CONT'D)

6.5.2 CVS Medical

(a) Background and principal activities

CVS Medical was incorporated in Malaysia under the Companies Act 1965 on 25 January 2017 as a private limited company and is deemed registered under the Act.

CVS Medical is principally involved in the supply and integration of medical devices, and related products and services. CVS Medical commenced operations in 2017 with its principal place of business in Malaysia.

(b) Share capital

As at the LPD, the issued share capital of CVS Medical is RM1,000,000 comprising 1,000,000 ordinary shares. There has been no change in the issued share capital of CVS Medical during the Financial Years Under Review and up to the LPD.

There are also no outstanding warrants, options, convertible securities or uncalled capital in respect of the ordinary shares in CVS Medical as at the LPD.

(c) Substantial shareholder

As at the LPD, CVS Medical is [our wholly-owned subsidiary].

(d) Directors

As at the LPD, the directors of CVS Medical are Liew Yoon Poh and Hong Chong Chet.

(e) Subsidiary, associate and joint venture

CVS Medical does not have any subsidiary, associate or joint venture.

6.5.3 GoCloud

(a) Background and principal activities

GoCloud was incorporated in Malaysia under the Companies Act 1965 on 28 April 2016 as a private limited company under the name of Goldcrest Glory Sdn Bhd and is deemed registered under the Act. It assumed its current name on 4 August 2016.

GoCloud is principally involved in the provision of ICT products and services for healthcare facilities. GoCloud commenced operations in 2016 with its principal place of business in Malaysia.

(b) Share capital

As at the LPD, the issued share capital of GoCloud is RM100,000 comprising 100,000 ordinary shares. There has been no change in the issued share capital of GoCloud during the Financial Years Under Review and up to the LPD.

There are also no outstanding warrants, options, convertible securities or uncalled capital in respect of the ordinary shares in GoCloud as at the LPD.

(c) Substantial shareholder

As at the LPD, GoCloud is [our wholly-owned subsidiary].

6. INFORMATION ON OUR GROUP (CONT'D)**(d) Directors**

As at the LPD, the directors of GoCloud are Liew Yoon Poh and Hong Chong Chet.

(e) Subsidiary, associate and joint venture

GoCloud does not have any subsidiary, associate or joint venture.

6.5.4 PT Fairmed**(a) Background and principal activities**

PT Fairmed was established in Republic of Indonesia on 4 December 2024 as a private limited company based on Deed of Establishment No. 01 dated 4 December 2024, which has been legalized by the Minister of Law of Indonesia.

PT Fairmed is principally involved in the supply and integration of medical devices, and related products and services. PT Fairmed set up its Indonesian office in February 2025 with its principal place of business in Indonesia.

(b) Share capital

As at the LPD, the issued share capital of PT Fairmed is IDR10.0 billion comprising 10,000 ordinary shares. There has been no change in the issued share capital of PT Fairmed since its incorporation and up to the LPD.

There are also no outstanding warrants, options, convertible securities or uncalled capital in respect of the ordinary shares in PT Fairmed as at the LPD.

(c) Substantial shareholders

The details of the substantial shareholders of PT Fairmed and their respective shareholdings in PT Fairmed as at the LPD are as follows:

Substantial Shareholder	Nationality/ Country of Incorporation	Direct		Indirect	
		No. of shares	%	No. of shares	%
LAC	Malaysia	9,500	95.0	-	-
Hong Chong Chet	Malaysian	500	5.0	-	-

(d) Directors

As at the LPD, the directors of PT Fairmed are Budi Gautama and Hong Chong Chet.

(e) Subsidiary, associate and joint venture

PT Fairmed does not have any subsidiary, associate or joint venture.

6. INFORMATION ON OUR GROUP (CONT'D)**6.6 MATERIAL INVESTMENTS AND DIVESTITURES**

Save as disclosed below, we do not have any other material investments for the Financial Years Under Review and up to the LPD:

	FYE 2022 (RM'000)	FYE 2023 (RM'000)	FYE 2024 (RM'000)	1 January 2025 and up to the LPD (RM'000)
Motor vehicles	355	-	-	-
Computers	77	148	315	105
Medical equipment ⁽¹⁾	-	464	-	-
Office renovation	18	215	117	109
Total	450	827	432	214

Note:

(1) Being demonstration units which are made available to our customers for testing purposes.

We did not have any material divestitures during the Financial Years Under Review and up to the LPD.

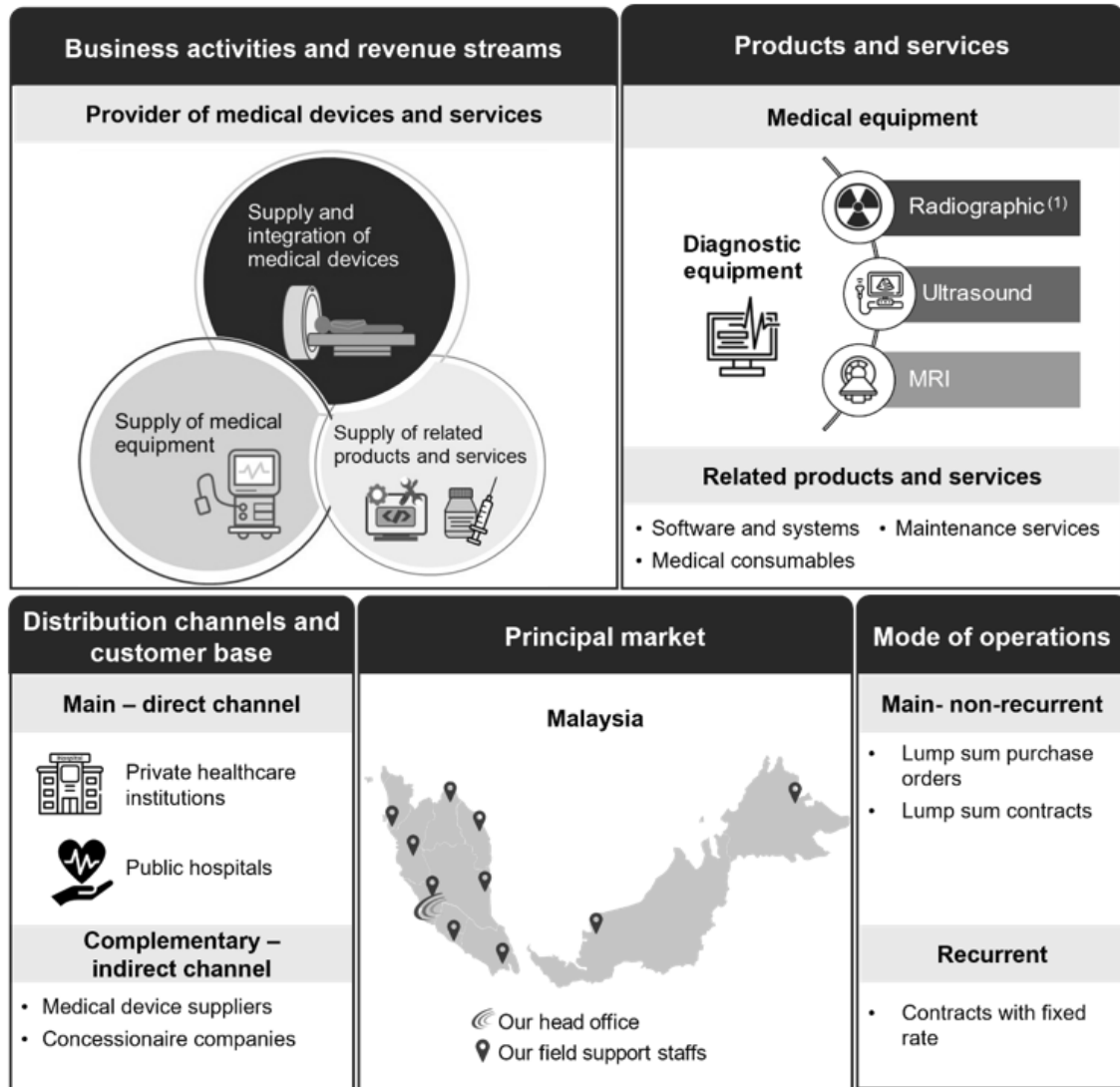
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7. BUSINESS OVERVIEW

7.1 OVERVIEW OF OUR BUSINESS

7.1.1 Our business model

Our business model is as follows:



Note:

- (1) Radiographic equipment comprises CT scanners, fluoroscopy machines and other radiographic equipment.

7.1.2 Business activities and revenue streams

We specialise in the supply and integration of medical devices. As an authorised distributor in Malaysia, we supply third-party brands of medical devices comprising medical equipment and associated products, which include medical consumables and provision of software and system integration. In Malaysia, medical equipment is classified under the broader medical device category and regulated by the Medical Devices Act 2012. Medical equipment typically refers to power-operated medical machines. Most of our medical equipment is used for diagnostic purposes.

7. BUSINESS OVERVIEW (CONT'D)

Our medical devices supply and integration business operations are focused on fixed and large equipment requiring significant space renovation and M&E work. This is to integrate the medical equipment into the existing infrastructure of the healthcare facility. We have in-house expertise and capabilities to provide comprehensive end-to-end solutions to our customers, incorporating the following activities:

- (i) facility design and infrastructure planning;
- (ii) custom interior fit-outs;
- (iii) equipment supply and installation;
- (iv) systems integration, testing and commissioning; and
- (v) training, technical support and maintenance services.

We supply and integrate medical equipment such as MRI machines and radiographic equipment, comprising mainly CT scanners and fluoroscopy machines. MRI machines generate strong magnetic fields of 1.5 Tesla or 3 Tesla. The installation of this medical equipment often necessitates renovation and integration with essential utilities, including power. The room must be adequately shielded to prevent these magnetic fields from extending beyond the MRI room to prevent interference with nearby electronic devices. Shielding is also necessary to protect the personnel who are working with the MRI machine. Similarly, CT scanners and fluoroscopy machines that use X-rays also require shielding for the safety of personnel and equipment. Shielding is required for the floor, walls, ceiling, partitions, doors and windows of the room. These machines also demand significant power, requiring specialised electrical work to ensure a high and stable power supply, including backup systems.

For supply and integration segment, we focus on providing integrated medical equipment systems that incorporate, among others, the main imaging unit, software for the imaging system, image reconstruction, post-processing, picture archiving and communication software, patient table, computer system including the main controller, image processing workstation and storage system, and peripheral equipment to monitor the vital signs of patients.

We also supply medical equipment, focusing on supplying loose or 'plug-and-play' equipment. These units require minimal M&E works, connecting directly to standard utility source like electricity. This segment includes standalone and portable medical equipment, such as radiographic equipment that uses X-ray technology and ultrasound equipment that uses high-frequency sound waves to create images of the internal structure and matters of the body. For the medical equipment supply segment, we also carry out the installation, testing and commissioning as well as training services.

To complement our medical equipment business, we also supply related products and services comprising medical devices which include medical consumables and accessories, as well as provision of software and system integration. The medical devices we supply include neurovascular medical devices, radiology accessories, ultrasound components, and others such as catheters and injectors. We also provide software and system integration for medical equipment including third-party and our own brands of software applications.

In addition, we also provide after-sales services, including maintenance services which cover preventive, corrective and breakdown maintenance for medical equipment. As at the LPD, we are supported by 19 field service engineers and technical personnel to service our customers, including technical support and maintenance service.

7. BUSINESS OVERVIEW (CONT'D)

As at the LPD, we are the authorised distributor for the following brands of medical equipment, consumables, software and systems:

Brand	Exclusivity	Products
Philips	Non-exclusive	Radiographic, ultrasound and MRI equipment, consumables, and related software and systems
Samsung	Non-exclusive	Radiographic and ultrasound equipment
Stryker	Non-exclusive	Neurovascular devices
Epson ⁽¹⁾	Non-exclusive	Imaging products and consumables such as, among others, printers, scanners, projectors, label printers, and disc producers
SwiftMR	Non-exclusive	MRI image enhancement software
annalise.ai	Non-exclusive	Software for medical imaging with artificial intelligence (AI) module
LG	Non-exclusive	Medical diagnostic display, surgical and clinical review monitors
Abbott	Non-exclusive	Immunoassay reagents and haematology instruments
Baxter	Non-exclusive	Diagnostic devices
Alpinion ⁽²⁾	Exclusive	Ultrasound equipment

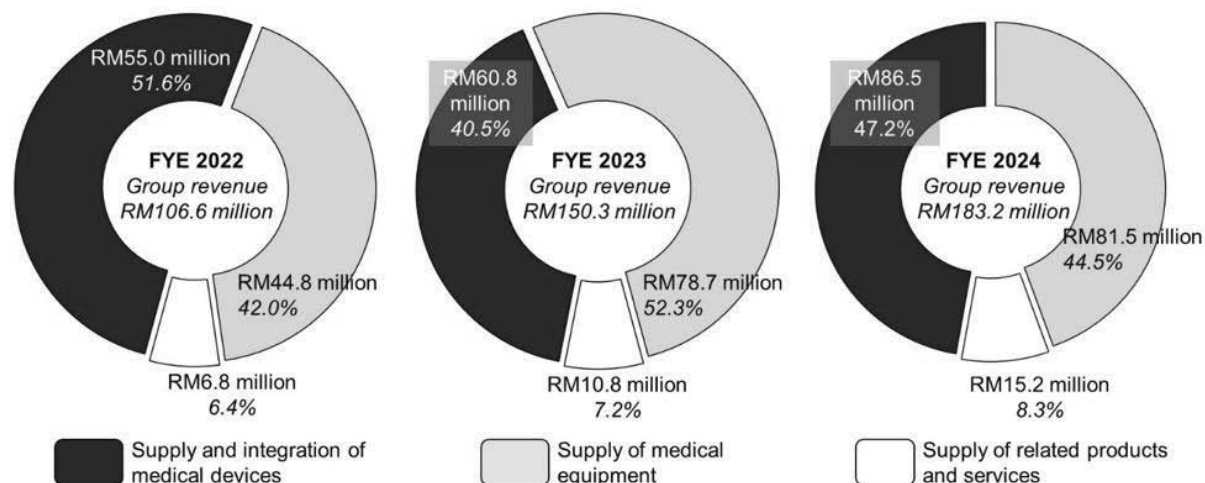
Notes:

- (1) As at the LPD, the renewal of the distributorship with Epson Malaysia Sdn Bhd is in progress.
- (2) Subsequent to the LPD, PT Fairmed has secured an exclusive distributorship from Alpinion Medical Systems Co., Ltd for the distribution of ultrasound equipment in Indonesia.

Please refer to Section 7.6 of this Prospectus for further details on our authorised brands.

As at the LPD, we have 48 active SKUs of medical equipment comprising ultrasound machines, radiographic equipment and MRI machines.

For the Financial Years Under Review, our revenue segmentation by business activities is as follows:



7. BUSINESS OVERVIEW (CONT'D)

For the Financial Years Under Review, our revenue segmentation by business activities and products under each business activity are as follows:

	FYE 2022		FYE 2023		FYE 2024	
	RM'000	%	RM'000	%	RM'000	%
Supply and integration of medical devices						
• Medical equipment	53,563	50.2	60,308	40.1	76,511	41.8
- Radiographic equipment ⁽¹⁾	52,441	49.2	49,453	32.9	63,501	34.7
- Ultrasound machines	1,122	1.0	724	0.5	2,257	1.2
- MRI machines	-	-	10,131	6.7	10,753	5.9
• Medical devices and related services	1,427	1.4	525	0.4	9,982	5.4
	54,990	51.6	60,833	40.5	86,493	47.2
Supply of medical equipment						
• Ultrasound machines	42,196	39.6	69,980	46.5	69,187	37.7
• Radiographic equipment ⁽¹⁾	2,404	2.2	6,247	4.2	9,241	5.1
• Patient monitoring devices	217	0.2	2,439	1.6	3,108	1.7
	44,817	42.0	78,666	52.3	81,536	44.5
Supply of related products and services						
• Medical consumables and others ⁽²⁾	2,639	2.5	4,425	2.9	9,089	4.9
• Software and systems ⁽³⁾	302	0.3	1,451	1.0	1,044	0.6
• Related services ⁽⁴⁾	3,896	3.6	4,972	3.3	5,054	2.8
	6,837	6.4	10,848	7.2	15,187	8.3
Total revenue	106,644	100.0	150,347	100.0	183,216	100.0

Notes:

- (1) Comprises CT scanners, fluoroscopy machines and other radiographic equipment.
- (2) Mainly include intravascular sound catheters, power injectors, transducers, neurovascular devices and other ancillary products.
- (3) Refers to the supply of software and systems integrations offered to our customers as part of our services. These customers typically overlap with those in the supply and integration of medical devices as well as supply of medical equipment segments.
- (4) Mainly include maintenance and repair services which are complementary in nature and typically involve overlapping customers from both the supply and integration of medical devices as well as supply of medical equipment segments.

7. BUSINESS OVERVIEW (CONT'D)

A summary of the number of our customers, projects and units supplied during the Financial Years under Review is set out below:

	FYE 2022		FYE 2023		FYE 2024	
	No.	%	No.	%	No.	%
Supply and integration of medical devices						
• Number of customers ⁽¹⁾						
- New customers	4	28.6	3	12.5	7	29.2
- Repeat customers ⁽²⁾	10	71.4	21	87.5	17	70.8
	14	100.0	24	100.0	24	100.0
• Number of projects						
- Ongoing projects	10	43.5	10	33.3	12	36.4
- Completed projects	13	56.5	20	66.7	21	63.6
	23	100.0	30	100.0	33	100.0
• Number of units supplied						
- Ultrasound machines	3	10.0	2	11.1	6	20.0
- Radiographic equipment	27	90.0	14	77.8	22	73.3
- MRI machines	-	-	2	11.1	2	6.7
	30	100.0	18	100.0	30	100.0
Supply of medical equipment						
• Number of customers ⁽¹⁾						
- New customers	113	63.8	133	57.6	117	57.4
- Repeat customers ⁽²⁾	64	36.2	98	42.4	87	42.6
	177	100.0	231	100.0	204	100.0
• Number of units supplied						
- Ultrasound machines	231	75.5	302	60.6	253	63.2
- Radiographic equipment	14	4.6	30	6.0	35	8.8
- Patient monitoring devices	61	19.9	166	33.4	112	28.0
	306	100.0	498	100.0	400	100.0
Supply of related products and services						
• Number of customers ⁽¹⁾						
- New customers	34	24.8	29	18.1	39	23.1
- Repeat customers ⁽²⁾	103	75.2	131	81.9	130	76.9
	137	100.0	160	100.0	169	100.0

Notes:

(1) Includes overlapping customers in 2 or 3 of the segments (FYE 2022: 34; FYE 2023: 60; FYE 2024: 71).

(2) A customer is considered a repeat customer in a financial year if the customer has made a purchase from our Group in the past.

7.1.3 Principal market

We principally operate in Malaysia, where our head office is in Selangor. We maintain a nationwide network of field support staff, including clinical application specialists, sales and account managers, field service engineers and technical personnel. We expanded our operations into foreign country where we have a sales and support office in Indonesia which commenced in February 2025.

7. BUSINESS OVERVIEW (CONT'D)

For the FYE 2022 and FYE 2023, all of our revenue was derived from Malaysia. For the FYE 2024, our revenue was mainly derived from Malaysia, and less than 0.1% of our revenue was derived from sales to a customer in Myanmar.

For the Financial Years Under Review, the revenue segmentation by markets (based on invoice address) is as follows:

	FYE 2022		FYE 2023		FYE 2024	
	RM'000	%	RM'000	%	RM'000	%
Malaysia						
Peninsular Malaysia	99,478	93.3	145,611	96.8	172,436	94.1
• <i>Central region</i> ⁽¹⁾	68,273	64.0	89,401	59.5	89,256	48.7
• <i>Northern region</i> ⁽²⁾	22,973	21.5	30,424	20.2	46,809	25.5
• <i>Southern region</i> ⁽³⁾	5,068	4.8	18,136	12.0	25,993	14.2
• <i>East coast</i> ⁽⁴⁾	3,164	3.0	7,650	5.1	10,378	5.7
East Malaysia ⁽⁵⁾	7,166	6.7	4,736	3.2	10,761	5.9
	106,644	100.0	150,347	100.0	183,197	100.0
Myanmar ⁽⁶⁾	-	-	-	-	19	<0.1
Total revenue	106,644	100.0	150,347	100.0	183,216	100.0

Notes:

- (1) Central region includes Kuala Lumpur, Putrajaya and Selangor.
- (2) Northern region includes Kedah, Penang, Perak and Perlis.
- (3) Southern region includes Johor, Malacca and Negeri Sembilan.
- (4) East coast includes Kelantan, Pahang and Terengganu.
- (5) East Malaysia includes Sabah and Sarawak.
- (6) Refers to the provision of training services to our customer in Myanmar.

7.1.4 Distribution channels and customer base

We mainly use a direct distribution channel, where we market and sell our products directly to customers who are their users. Our direct distribution channel customers own and operate private healthcare institutions such as hospitals, clinics and diagnostic centres.

By leveraging our direct distribution channels, we engage directly with our customers, gaining insights into their needs and requirements. This direct communication enables us to deliver quality services, build stronger business relationships and foster customer loyalty. By collaborating closely with end-users, we can collect valuable feedback on product performance, emerging market and technology trends, and evolving customer needs. This information enables us to continuously refine and expand our product offerings, ensuring we stay ahead of market trends and consistently meet the dynamic needs of our customers.

7. BUSINESS OVERVIEW (CONT'D)

We also sell our products through indirect distribution channels where our customers such as medical devices suppliers or concessionaire companies, sell our products to their network of customers, which include private and public healthcare institutions. This enables us to expand our market reach by leveraging on our customers' networks without additional investments in resources. There are no restrictions under our distribution agreements with the brand principals on the distribution of their products to other resellers including medical device suppliers or concessionaire companies within the territory as stipulated in our distribution agreements.

As we are the authorised distributors for several brands, our customers under the indirect distribution channel rely on our established relationships with principal or brand owners to source for these brands of medical devices for their end customers. As such, we believe that there is no cannibalisation risk as our indirect distribution channel complements our direct distribution channel by allowing us to access customers that we do not serve directly, thereby broadening our revenue stream.

We have internal policies in place to assess and monitor the credibility of our customers including direct and indirect customers, including reviewing their historical track record, customer base, compliance with the required licences and financial position. We also maintain regular communication with them for future sales opportunities.

Under the direct and indirect distribution channels, we recognise revenue as a principal for the medical devices supplied to our customers. As the authorised distributors for several brands of medical devices, we have control over the products prior to the transfer to customers. We procure these products from the brand owners based on customers' specifications and requirements, and bear the inventory risk upon taking delivery from suppliers. Accordingly, our revenue is recognised on a gross basis. In addition, we also bear inventory risk for purchasing demonstration units as well as keeping a certain level of medical devices to shorten lead time and meet anticipated customer demand.

For the Financial Years Under Review, the revenue contribution by distribution channels and types of customers is as follows:

	FYE 2022		FYE 2023		FYE 2024	
	RM'000	%	RM'000	%	RM'000	%
Direct distribution						
Private healthcare institutions ⁽¹⁾	57,137	53.6	98,521	65.5	124,202	67.8
Public hospitals	220	0.2	319	0.2	402	0.2
Universities and local health offices	118	0.1	209	0.1	1,155	0.6
	<u>57,475</u>	<u>53.9</u>	<u>99,049</u>	<u>65.8</u>	<u>125,759</u>	<u>68.6</u>
Indirect distribution						
Medical device suppliers ⁽²⁾	9,833	9.2	44,057	29.3	48,653	26.6
Concessionaire companies ⁽²⁾	39,213	36.8	999	0.7	749	0.4
Others ⁽³⁾	123	0.1	6,242	4.2	8,055	4.4
	<u>49,169</u>	<u>46.1</u>	<u>51,298</u>	<u>34.2</u>	<u>57,457</u>	<u>31.4</u>
Total revenue	<u>106,644</u>	<u>100.0</u>	<u>150,347</u>	<u>100.0</u>	<u>183,216</u>	<u>100.0</u>

Notes:

- (1) Mainly includes hospitals, clinics and diagnostic centres.
- (2) Through these customers, our medical equipment and related products are supplied and installed at private and public healthcare institutions.
- (3) Mainly includes maintenance service providers.

7. BUSINESS OVERVIEW (CONT'D)

A summary of the number of our customers by distribution channels during the Financial Years under Review is set out below:

	FYE 2022		FYE 2023		FYE 2024	
	No.	%	No.	%	No.	%
Direct distribution	243	82.7	302	85.1	271	83.1
Indirect distribution	51	17.3	53	14.9	55	16.9
	294	100.0	355	100.0	326	100.0

7.2 MODE OF OPERATION

7.2.1 Supply and integration of medical devices

Our mode of operations for supplying and integrating medical equipment is based on lump sum contracts or purchase orders. This is for fixed equipment that requires space renovation and significant M&E work. Our contracts or purchase orders are secured through participation in tenders or submitting quotations/proposals directly to potential customers. If our tender bid or quotation/proposal is successful, the customer will issue letters of award or purchase orders, which set out, among others, the following:

- (i) scope of work for the planning, design, renovation, fixtures and M&E for the designated space to house the equipment, integration, testing and commissioning of the system, and post-installation support such as training and documentation;
- (ii) supply of the equipment system, including all relevant accessories and associated equipment, devices and software;
- (iii) pricing and payment terms; and
- (iv) contract period including commencement and completion date, which typically range from 3 to 12 months.

Depending on the contracts, we are subject to the following commitments:

- (i) **Performance bond/retention sum:** We are required to provide a performance bond or retention sum, typically 2.5% to 5% of the total contract value.
- (ii) **DLP:** We are responsible for rectifying defects during the DLP, which may range from 12 to 60 months.
- (iii) **LAD:** We are subjected to LAD for any delay in delivery at an agreed fixed rate of damage per day as stipulated in the contract.
- (iv) **Penalty and deduction:** We are required to ensure that the uptime target of the equipment is met. We are subjected to a penalty if the conditions stipulated in the contracts are not met. For the Financial Years Under Review and up to the LPD, there was no material penalty incurred arising from late delivery of our products.

Payment terms

The payment is in the form of agreed project milestones stipulated in the contracts. We will submit progress claims based on agreed project milestones. The approval of progressive claims is subject to the work certified by our customers, allowing us to invoice the customer.

Warranty

The product warranty varies depending on the type of medical devices and brands. The warranty period that we provide for radiographic equipment for Philips and Samsung brands range between 24 to 36 months, while MRI machine for Philips brand range between 12 to 36 months.

7. BUSINESS OVERVIEW (CONT'D)

Generally, we have back-to-back warranties with our principals or suppliers, which range between 12 to 15 months. As the warranty period we provide to our customers is up to 36 months, which is beyond the warranty period provided by our principals or suppliers, the extended warranty is provided at our expense. We provide extended warranty as part of our strategy to enhance after-sales services and ensure customer satisfaction and loyalty, foster long-term relationships, and create foundation for repeat business and referrals.

Subcontracted works

We engage subcontractors to perform all M&E and renovation work based on our designs under our supervision and management. Where applicable, we have back-to-back arrangements with our subcontractors that reflect the equivalent scope, contract period, warranty, DLP and LAD terms of our obligations to our customers.

While we remain contractually responsible for the overall project implementation, the risks and liabilities for the subcontracted works are contractually and fully passed on to our subcontractors.

Product recall

Regulatory requirements mandate product recalls when medical devices require updates or replacements. The decision to make a recall, optional or mandatory, depends on the extent of the necessary updates or modifications. In the event of any recall, our team will conduct on-site visits to perform the necessary upgrades or retrieve affected products. For the Financial Years Under Review and up to the LPD, we have not experienced any recalls where we are required to retrieve the medical devices from our customers.

7.2.2 Supply of medical equipment

Our mode of operation for the supply of medical equipment is based on lump-sum purchase orders. These equipment and related products are standalone or mobile products that do not require M&E work. Our purchase orders generally set out, among others, the types and quantities of products, agreed prices, delivery dates and addresses.

Payment terms

We usually require a deposit upon confirmation of purchase orders, depending on the payment schedule agreed with our customers. Upon delivery and/or installation of equipment, we will then issue invoices to our customers. We normally provide credit terms from 30 to 60 days.

Warranty

The product warranty varies depending on the type of medical devices and brands. The warranty period we provide is summarised as follows:

Product	Warranty period
Ultrasound machine for Philips and Samsung	24 to 36 months
Medical diagnostic display, surgical, and clinical review monitors for LG	36 to 60 months
Software and systems for Philips	12 to 36 months
Laboratory equipment for Abbott	48 months
Diagnostic devices for Baxter	12 months

7. BUSINESS OVERVIEW (CONT'D)

Generally, we have back-to-back warranties with our principals or suppliers, which range between 12 to 36 months. As the warranty period we provide to our customers is up to 60 months, which is beyond the warranty period provided by our principals or suppliers, the extended warranty is provided at our expense. We provide extended warranty as part of our strategy to enhance after-sales services and ensure customer satisfaction and loyalty, foster long-term relationships, and create foundation for repeat business and referrals.

Product recall

Regulatory requirements mandate product recalls when medical devices require updates or replacements. The decision to make a recall, optional or mandatory, depends on the extent of the necessary updates or modifications. In the event of any recall, our team will conduct on-site visits to perform the necessary upgrades or retrieve affected products. For the Financial Years Under Review and up to the LPD, we have not experienced any recalls where we are required to retrieve the medical devices from our customers.

7.2.3 Maintenance services

We provide two types of maintenance services:

- (i) periodic contractual maintenance; and
- (ii) ad-hoc purchase orders.

Our mode of operations for the provision of maintenance services includes recurrent revenue-based contracts and lump-sum purchase orders as follows:

- (i) Recurrent revenue contractual maintenance services based on fixed annual charges for the following:
 - (a) comprehensive maintenance contract where the fixed charges include the maintenance works as well as replacement of spare parts and medical consumables; and
 - (b) non-comprehensive maintenance contract in which the fixed charges apply to the maintenance works only, and any spare parts and medical consumables costs will be charged to the customers.

Our maintenance contracts range between 1 and 8 years, the most common being 3 years. We will then issue invoices to our customers upon completion of the maintenance works with credit periods ranging between 30 days and 60 days.

- (ii) Lump-sum ad-hoc maintenance services based on customers' requests as and when required. These services are based on purchase orders, and we will issue invoices upon completion of maintenance works. Charges are for all labour and material expenses used to perform the maintenance service.

7.2.4 Software and systems

Our mode of operations for the provision of software and system includes recurrent revenue-based contracts and lump-sum purchase orders as follows:

- (i) Recurrent revenue based on fixed annual charges for the subscription of our power and environmental monitoring systems and third-party software, including SwiftMR and annalise.ai. Our contract will specify, among others, the agreed annual charges for the 12-month subscription for the respective software. Our software subscription contracts are generally 1 year; and

7. BUSINESS OVERVIEW (CONT'D)

- (ii) Lump-sum payment based on purchase orders secured on an ad hoc basis to access our web-based software, namely picture archiving and communication system software. We will invoice the customer according to the purchase order upon providing access to the software.

7.3 COMPETITIVE ADVANTAGES AND KEY STRENGTHS

Our competitive advantages and key strengths will provide us with the platform to grow our business. These are as follows:

7.3.1 We have an established track record of 21 years in the supply of medical devices to serve as a platform for business growth

With over 21 years of experience since 2004, we have evolved from a medical consumable supplier to an integrated provider of end-to-end medical device solutions. Our services encompass supply, infrastructure integration and post-installation support, supported by market knowledge, regulatory compliance expertise and a commitment to staying ahead of advancements in medical technology.

Our extensive customer network spans Malaysia, covering the central, northern, southern, and east coast regions of Peninsular Malaysia, as well as East Malaysia. Our customer and installed base includes private and public healthcare institutions, universities and local health offices, medical device suppliers, and concessionaire companies. With over 300 active customers as at the LPD, our proven track record demonstrates our ability to deliver reliable, high-quality products and services, positioning us as a reliable partner for sustainable business growth.

Our proven track record in the medical device industry underscores our ability to deliver reliable, high-quality products and services. This positions us as a reliable partner which provides a platform for sustained business growth.

7.3.2 We are the authorised distributors for established brands of medical devices

As a supplier and integrator of medical devices and related products and services, we leverage the brand equity of our principals as a platform to drive our business growth. As at the LPD, we are the non-exclusive authorised distributor for the following brands of medical devices in Malaysia:

- (i) Philips for radiographic, ultrasound and MRI equipment, medical consumables, and related software and systems for 8 years since 2017;
- (ii) Samsung for radiographic and ultrasound equipment for 12 years since 2013;
- (iii) Stryker for neurovascular devices;
- (iv) SwiftMR and annalise.ai for software;
- (v) Epson for imaging products and consumables including, among others, printers, scanners, projectors, label printers, and disc producers;
- (vi) Abbott for immunoassay reagents and haematology instruments;
- (vii) LG for medical diagnostic display, surgical and clinical review monitors; and
- (viii) Baxter for diagnostic devices.

7. BUSINESS OVERVIEW (CONT'D)

We have established strong market awareness in Malaysia through strategic partnerships with our principals as an authorised distributor of medical equipment, consumables and software brands. These collaborations enhance our visibility and reputation, enabling us to attract new customers and capitalise on growth opportunities in the medical device industry. Through our principals, we also have access to the latest and innovative technologies. By leveraging our principals' brand equity and market presence, we are well-positioned to meet the healthcare sector's evolving needs and drive our sustainable business growth.

7.3.3 We provide integrated medical equipment systems covering the end-to-end services from the initial preliminary planning up to the post-installation support services

We offer comprehensive end-to-end services for supplying and integrating medical devices, focusing on large equipment requiring specialised space design, area renovations and M&E works. We also ensure seamless integration of medical equipment into the healthcare facility's infrastructure, including reliable power supply systems, backup solutions and ICT systems. Specifically, we integrate MRI machines, CT scanners and fluoroscopy machines. Since these devices generate and emit magnetic fields and X-rays, we implement shielding to protect sensitive equipment and nearby personnel.

With our expertise and capabilities, we provide turnkey solutions for supplying and integrating medical equipment. Our services cover facility design and infrastructure planning, custom interior fit-outs, equipment procurement and installation, system integration, testing and commissioning, as well as training, technical support and ongoing maintenance.

For the Financial Years Under Review, our supply and integration of medical devices business segment accounted for 51.6% (RM55.0 million), 40.5% (RM60.8 million) and 47.2% (RM86.5 million) of our revenue respectively.

As at the LPD, we are supported by the following operational personnel to provide end-to-end services for the supply and integration of medical devices systems:

- (i) 9 business / project managers who lead the various operational teams, including project management, maintenance and technical support, oversee the operations and ensure operational efficiency in Malaysia;
- (ii) 11 clinical application specialists who are responsible for providing clinical education and training to healthcare personnel, providing technical support, support the sales and account managers to provide medical equipment solutions to meet customers' needs in Malaysia;
- (iii) 24 sales and account managers to service our customers in Malaysia; and
- (iv) 19 field service engineers and technical personnel in Malaysia, covering 5 regions, to carry out maintenance services and provide prompt and reliable technical support to our customers, minimising downtime and ensuring optimal performance.

Our end-to-end services offer convenience to our customers by acting as a single point of contact throughout the entire process. This streamlines the experience, eliminating the need for customers to coordinate with multiple vendors and ensures quality of service in the process. By managing the whole process, we build strong relationships with our customers, fostering trust and loyalty that lay the foundation for long-term business partnerships.

7. BUSINESS OVERVIEW (CONT'D)

7.3.4 We provide ICT products and services which complement our medical equipment business, enhancing our value proposition and generating incremental revenue

We provide software and systems for healthcare facilities where we integrate software to connect various medical devices facilitating data management and analytics, display (dashboard) and storage. For instance, we have successfully implemented the software and system integration for medical equipment such as CT scanners, MRI and ultrasound. Our integrated system also enables users to access and manage imaging data from any web-enabled device securely. By offering software and systems that seamlessly integrate with the core medical equipment that we supply, we enhance the attractiveness of our offerings for clients who prioritise streamlined workflows, interoperability, and accessibility including remote access.

Providing ICT products and services to healthcare facilities generate incremental revenue through software sales and licensing agreements. Revenue from this software integration for healthcare facilities amounted to RM8.9 million, representing 4.9% of our total revenue for the FYE 2024.

It also helps to foster customer loyalty and drive business growth. Furthermore, we can leverage our existing customer base to increase sales and attract new customers, driving business growth.

7.3.5 We have a network of sales and technical personnel across Peninsular and East Malaysia to support our customers

One of our key strengths is our extensive support network across Peninsular and East Malaysia, comprising 11 clinical application specialists, 24 sales and account management professionals, and 19 field service engineers and technical personnel in Malaysia as at the LPD. The strategic placement of our support teams allows us to respond promptly to customer needs, minimising downtime for our customers' healthcare operations.

We emphasise proactive support through preventive maintenance and regular inspections, identifying and resolving potential issues before equipment failure occurs. Our technical support team is available 24/7 to address any equipment-related issues swiftly. Additionally, we provide comprehensive training sessions for medical personnel (the end-users of the equipment), ensuring they are well-versed in equipment operation, maintenance and troubleshooting.

Our strong support network is a key purchasing factor for customers, ensuring prompt service for their medical device needs. By prioritising customer service, we enhance loyalty, foster long-term business relationships, and create a solid foundation for repeat business and referrals, which drives sustained business growth.

7.3.6 Our established medical equipment installed base provides a platform for expanding our services and drives business growth

As a provider of medical equipment and services, having access to an established medical equipment installed base allows us to better engage with our customers to drive business growth. This enables us to expand our after-sales services and proactively offer predictive and preventive maintenance services to optimise equipment uptime for our customers, as well as to expand our recurrent revenue. As at the LPD, our medical equipment installed base was 2,506 units comprising MRI (9 units), radiographic (403 units), ultrasound machines (1,963 units), and patient monitors (131 units).

In addition, this allows us to identify opportunities to offer upgrade plans for our customers to advanced technologies based on the profile of their existing equipment such as age, usage and conditions. Furthermore, the upgrades also enable us to identify cross-selling opportunities such as software upgrades and replacement of new equipment bundled with after-sales services that align with customers' needs.

As part of our plans, we will introduce SaaS-based medical equipment management solutions including software and system integration, to enhance our after-sales services and drive business growth and customer satisfaction.

7. BUSINESS OVERVIEW (CONT'D)

7.3.7 We have an experienced Group Chief Executive Officer and Key Senior Management team to drive our business growth

We have an experienced management team headed by our Group Chief Executive Officer, Liew Yoon Poh who is responsible for the overall management, business strategies and growth of our Group. He brings with him approximately 16 years of experience in the medical device industry.

Our Group Chief Executive Officer is supported by our Key Senior Management team, including:

- (i) Hong Chong Chet, our Deputy Chief Executive Officer who brings with him 23 years of experience in the medical device industry;
- (ii) Thean Yain Peng, our Chief Financial Officer who brings with her 36 years of experience in accounting and finance-related matters;
- (iii) Teh Peng Ting, our Chief Commercial Officer who brings with him 22 years of experience in the medical device industry;
- (iv) Sum Sheau San, our Senior Vice President (Service Operations) who brings with him 27 years of experience in the medical device industry; and
- (v) Choo Mei Peng, our Chief People Officer who brings with her 38 years of experience in secretarial and human resource related matters.

7.4 PRINCIPAL BUSINESS ACTIVITIES, PRODUCTS AND SERVICES

7.4.1 Overview of our business activities

As an authorised distributor for several established brands, we are involved in medical equipment supply, integration, and related products and services. Our business activities are segmented into the following:

- (i) Supply and integration of medical devices;
- (ii) Supply of medical equipment; and
- (iii) Supply of related products and services.

In Malaysia, medical equipment falls under the broader category of medical devices, which are defined as any instrument, apparatus, implement, machine, appliance, implant, in vitro reagent, software, or material intended to be used, alone or in combination, for human beings for medical purposes.

Medical equipment generally refers to larger machines that require power, maintenance, or installation, distinguishing them from other medical devices. Medical equipment can be classified into different categories and we are focused on the following:

- (i) **Diagnosis:** Used to detect existing or potential medical conditions, often using imaging technologies such as X-ray, ultrasound, and magnetic resonance.
- (ii) **Monitoring:** Used to monitor the patient's vital signs and health status.

Additionally, medical devices are categorised as active, which requires a power source, or non-active (passive), which operates without external power and functions mechanically or chemically through manual operation or body interaction.

7. BUSINESS OVERVIEW (CONT'D)

Our medical equipment focuses on radiographic, ultrasound and MRI systems designed for the following key applications:

- (i) **Detection and diagnosis:** Our high-resolution imaging technology captures static and dynamic views of internal structures and tissues, aiding in early disease detection, injury assessment and accurate diagnoses. This enables timely and effective treatment planning.
- (ii) **Treatment planning and monitoring:** Detailed imaging supports precise treatment planning and ongoing patient monitoring, allowing healthcare professionals to evaluate treatment effectiveness and make necessary adjustments for improved patient care.
- (iii) **Disease staging and prognosis:** Our equipment helps assess disease progression, such as cancer staging, enabling better treatment strategies and prognosis evaluation.
- (iv) **Guided surgical interventions:** Advanced imaging provides detailed anatomical insights, assisting surgeons in identifying critical structures and precisely navigating procedures. This reduces surgical risks and enhances patient safety.

According to MOH guidelines, medical equipment is classified into 2 major categories as follows:

- (i) **Fixed equipment:** Requiring major M&E work. Fixed medical equipment refers to the equipment or machines permanently installed or attached to a structure, such as a wall, ceiling or floor in the healthcare facility. These types of medical equipment are generally larger and more complex, which require integration with the building infrastructure. These include utility connections such as electrical, gas or water systems, as well as network integration. The installation typically involves constructing or modifying the structures and M&E works. Examples of such equipment are CT scanners, MRI machines and fluoroscopy machines.



An example of a fixed equipment – A fluoroscopy machine mounted on the ceiling

7. BUSINESS OVERVIEW (CONT'D)

- (ii) **Loose equipment:** “Plug and play” or loose/portable equipment easily connected to utility source such as power. These types of equipment are mobile and can be moved within the facilities. They are generally smaller and require minimal installation. Examples of such equipment are ultrasound machines.

Our range of medical equipment mainly focuses on the following types of equipment:

- (i) **Radiographic equipment** uses X-ray technology to capture images of the body's internal structures and tissues. X-ray is a form of electromagnetic radiation. The images are referred to as radiographs, which allow the medical personnel to assess and diagnose the conditions, including bone fractures, infections, tumours and other abnormalities.
- (ii) **Ultrasound machine** uses high-frequency sound waves to create real-time images of the body's internal structures and tissues.
- (iii) **MRI machine** uses strong magnetic fields and radio waves to create detailed images of the body's internal structures and tissues.
- (iv) **Patient monitor** is a medical equipment used to display a patient's vital signs.



Example of a loose equipment – An ultrasound equipment used in cardiovascular diagnosis

Our supply of related products includes the following:

- (i) medical consumables, which are typically single-use or disposable products such as catheters;
- (ii) medical accessories such as injectors and transducers, which are intended to be used alongside the medical equipment to enable the equipment to achieve its intended purpose; and
- (iii) hardware and software for medical equipment.

Medical devices are strictly regulated and must meet rigorous safety standards to ensure their safety and reliability. In Malaysia, the MDA regulates medical devices under the MOH.

Our customers are mainly in the healthcare industry, including mainly private and public hospitals and clinics, which purchase medical equipment, related products, and services for use in their facilities. Additionally, we supply medical equipment and related products to other medical devices suppliers, who then resell these products to their network of customers.

Through our subsidiaries, LAC Medical and CVS Medical, we hold MDA's establishment licences as authorised representatives, distributors, and importers of medical equipment. Our medical equipment is registered with the MOH, as required under the Medical Device Act 2012.

Our related services primarily consist of maintenance and repair, with a smaller portion of revenue from one-off services like training and site preparation, provided upon customer request.

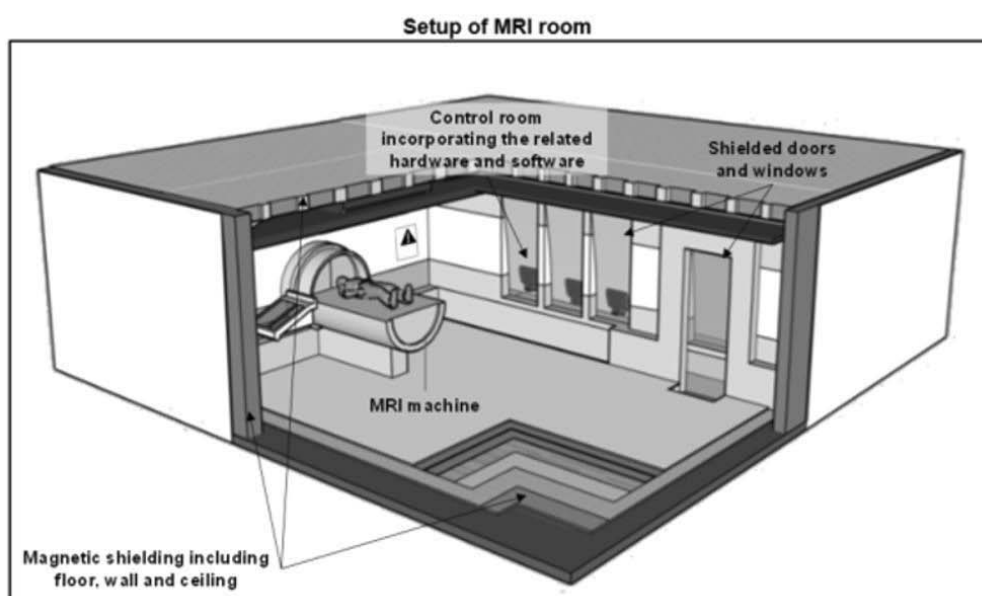
7. BUSINESS OVERVIEW (CONT'D)

7.4.2 Medical devices supply and integration

For the Financial Years Under Review, revenue from medical devices supply and integration accounted for 51.6% (RM55.0 million), 40.5% (RM60.8 million) and 47.2% (RM86.5 million) for the Financial Years Under Review, respectively.

In this business segment, we mainly supply fixed medical equipment, which requires extensive M&E work for installation. Our subsidiary, LAC Medical, holds a valid Grade G7 certificate of registration as a contractor with CIDB to carry out M&E and renovation works under our supply and integration projects. We collaborate with the building contractor for new healthcare facilities to plan and design the space while they handle the M&E work. This includes installing interior fixtures such as partitions, observation rooms, shielding barriers, lighting, doors, windows, power outlets and essential utilities like water and communication networks.

Our responsibilities for existing healthcare facilities remain similar. However, we engage subcontractors to perform all M&E and renovation work based on our designs under our supervision and management.



Pre-installation

One of the main differences from our supply of loose or “plug and play” equipment is the importance of the pre-installation phase, which requires us to prepare the space for the medical equipment installation.

(i) Planning and design services

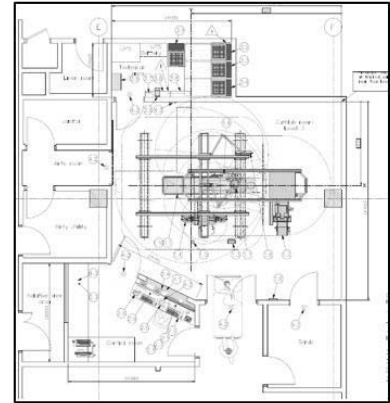
Our first task is to carry out planning and design. Our in-house project engineers perform this process and will cover the following key areas:

- (a) We evaluate and understand our customers’ requirements by working closely with medical personnel (the end-users of the equipment). This involves gathering information on clinical requirements (intended services or procedures), operational needs (workflow, equipment requirements, space availability and infrastructure) and timeline considerations.

7. BUSINESS OVERVIEW (CONT'D)

(b) Space planning and layout design, which focuses on the following areas:

- Room layout: We consider room size, workflow, equipment arrangement and circulation space around the equipment.
- Ceiling height: Ensuring sufficient clearance for the installation of medical equipment.
- Radiation safety requirements: We ensure safe access and operation, including lead-lined walls (thickness between 1mm and 3.5mm), lead-lined doors and lead glass in windows to prevent radiation leakage. The required lead thickness depends on the radiation exposure level and distance from the source. Additionally, floor and ceiling shielding may be required to contain radiation.



Example of layout plan and drawings

- (c) M&E requirements, including air conditioning and mechanical ventilation system, water supply, electrical systems including uninterrupted power supply to ensure the equipment continues to operate during a power outage, lighting systems as well as network and communication infrastructure.
- (d) Equipment planning and selection, including recommendations on the type and model of medical equipment, related medical devices and consumables as well as software and systems required for integration with hospital systems to meet the clinical and operational requirements.

(ii) Pre-installation works

Our pre-installation works cover preparations that need to be completed before the installation of medical equipment, and we are responsible for the following:

- (a) Preparation and submission of drawings, where detailed layout drawings, including placement of medical equipment and electrical and utility layout, will be submitted to the relevant authorities, including the MOH and our customer for approval before site preparation and installation works commence.
- (b) Site preparation, where we are responsible for preparing the space to ensure the room or area is ready, including electrical works, ventilation and air conditioning system and network infrastructure. The pre-installation works mainly involve the renovation of the space, which includes the following:
 - (aa) construction or modification of structures, such as wall reinforcement to support the medical equipment and contain radiation, installation of a drop ceiling or support system to install overhead equipment, and incorporation of protection shielding.
 - (bb) M&E works, including uninterrupted power supply, air conditioning and mechanical ventilation systems, fire alarms and sprinkler systems.
 - (cc) ICT integration with existing hospital network and computing systems.

We engage subcontractors to carry out these renovation works according to our specifications and drawings.

7. BUSINESS OVERVIEW (CONT'D)

Supply and installation of medical equipment

Under the medical devices supply and integration segment, we supply and install the complete medical equipment system, which includes the medical equipment and associated devices, accessories, hardware, and software designed and intended to be used in combination for the specified purposes.

These medical equipment systems are set up and installed in the healthcare facility's dedicated rooms, designed to accommodate the specific needs of each type of imaging technology. The medical equipment systems that we supply and install include:

- (i) MRI systems for the MRI room;
- (ii) CT scan systems for the CT scan room;
- (iii) Digital radiography systems for the X-ray room; and
- (iv) Fluoroscopy systems, which are used in radiology rooms, catheterisation laboratories and hybrid operating rooms.

The complete medical equipment system generally includes the following:

- (i) the main medical equipment such as digital radiography machines, fluoroscopy machines, CT scanners or MRI machines;
- (ii) patient table, patient monitor, observation camera, workstations and cabinets;
- (iii) hardware such as display monitor and control console; and
- (iv) software for image processing, storage, analytics and integration.

We are responsible for setting up and integrating the medical equipment with related devices, as well as configuring the software and integrating it with the hospital's existing system.

Upon completion of the installation, we will test the medical equipment to ensure that the equipment is functioning in the intended operating environment. This generally includes:

- (i) operational test to ensure that the equipment is functioning and connected with related devices and display systems;
- (ii) calibration to ensure that the equipment provides clear and accurate images or readings;
- (iii) network testing to ensure that the interoperability of the medical equipment with the hospital's existing systems, and information such as images and patient data can be shared across departments; and
- (iv) safety compliance including radiation safety test, electrical safety test and backup power in the event of power failure.

The testing and commissioning process is carried out with our customers. Upon completion of testing and acceptance by our customer, the equipment will be handed over.

7. BUSINESS OVERVIEW (CONT'D)

Post-installation support services

Our post-installation support services include training, and technical and operational support services during the warranty period to ensure that the medical equipment operates at its optimal performance and minimise downtime for the healthcare provider. Some of the post-installation support services we offer include the following:

(i) Training

We train medical personnel on the operations, maintenance and troubleshooting of medical equipment. This includes hands-on training session to ensure medical personnel are familiar with its features and functions. We will also provide the medical equipment's user manual and operating instructions for reference.

(ii) Maintenance

We provide preventive maintenance, which we carry out regularly based on schedules to prevent breakdowns and ensure optimal performance. Our preventive maintenance mainly includes servicing, checking, testing and calibrating the equipment. The regular inspection allows us to identify and fix potential issues before the equipment breakdown. We also provide corrective and breakdown maintenance, including replacing wear and tear or faulty parts. The maintenance services are generally carried out on-site at the healthcare facility. In some cases, certain repair works, such as portable equipment, may be done at our premises.

(iii) Software updates

We provide software updates to ensure that the equipment's software is up-to-date with the improved or enhanced functions.

(iv) Technical support

We have a technical support team available 24 hours a day to address any equipment malfunctions or issues. We also provide on-site support, sending technical support personnel to the site to repair and fix any issues.

Our product recall policy addresses voluntary and mandatory recalls and feature updates from our principals. Should a recall occur, our team will conduct on-site visits to perform necessary upgrades or retrieve affected products. Our recall policy remains in effect beyond the standard warranty period and it provides continuous product coverage throughout their useful lifespan, especially for critical recalls that may compromise safety or performance.

Range of medical equipment systems we supply and install

The medical equipment systems that we supply include:

- (i) MRI machine which uses strong magnetic fields and radio waves to create detailed images of the insides of the body. The images produced are 3-dimensional and are used to visualise organs, tissues and the structures inside the body, including the brain, spines and joints. MRI machines can detect tumours, structural abnormalities and injuries as well as evaluate heart conditions. MRI does not use radiation which makes it generally safe for most patients.

7. BUSINESS OVERVIEW (CONT'D)



MRI machines

- (ii) CT scanner uses X-ray and computer processing to provide detailed and cross-sectional images of the body. The X-ray tube rotates around the patient's body to take images from various angles, which are then processed to create detailed 3-dimensional images.



CT scanners

7. BUSINESS OVERVIEW (CONT'D)

- (iii) Fluoroscopy machine uses X-ray to produce dynamic and real-time X-ray images of the inside of the body. The X-ray tube emits a continuous stream of X-rays where the X-ray passes through the body, and the detector captures the image. The detector will then process and convert the images displayed on the monitor into continuous images. This allows medical personnel to observe the movements of organs or body parts in real-time.

Fluoroscopy machines are often used for guiding procedures such as insertion of catheters during angiograms, angioplasties or stent placements, gastrointestinal imaging to examine the function of the digestive system, and biopsies to guide the needle placement.



A complete fluoroscopy system incorporating a C-arm fluoroscopy machine

- (iv) Digital radiography systems use digital detectors to capture X-rays that pass through the body and directly convert the X-ray energy into digital images. These machines are more efficient as X-ray images can be displayed on the monitor immediately and there is no need for image development or scanning.



Digital radiography machines

7. BUSINESS OVERVIEW (CONT'D)**Software integration for healthcare facilities**

For our supply and integration of medical devices, we carry out the integration of software, namely the picture archiving and communication system software, to connect various medical devices including the new medical equipment we supply as well as those existing medical equipment at the healthcare facilities. The integration of software facilitates data management and analytics, display (dashboard) and storage, which enables users to access and manage imaging data from any web-enabled device securely.

7.4.3 Ongoing projects for the supply and integration of medical devices

As at the LPD, our ongoing projects for the supply and integration of medical devices are as follows:

Customer name	Type of customer	Products and services	Project period⁽¹⁾	Project value (RM'000)	Outstanding order book as at the LPD (RM'000)
Adventist Hospital & Clinic Services (M)	Private hospital	Radiographic system	November 2024 to March 2025 ⁽²⁾	5,012	14 ⁽²⁾
Advance Altimas Sdn Bhd	Medical device supplier	Radiographic system	August 2024 to May 2025	21,569	6,586
Rawang Specialist Hospital Sdn Bhd	Private hospital	Radiographic system	March 2025 to May 2025	3,800	3,800
Sunway Medical Centre Sdn Bhd	Private hospital	Radiographic system	December 2024 to June 2025	7,510	7,407
Teraju Farma Sdn Bhd	Medical device supplier	Radiographic system	March 2025 to August 2025	3,192	3,192
Rawang Specialist Hospital Sdn Bhd	Private hospital	Radiographic system	April 2025 to June 2025	836	730
Rawang Specialist Hospital Sdn Bhd	Private hospital	Radiographic system	March 2025 to May 2025	840	17
Sunway Medical Centre Ipoh Sdn Bhd	Private hospital	Radiographic system	August 2025 to September 2025	1,460	1,312
Customer C	Private hospital	Radiographic system	Note (3)	730	730
Meditech Sdn Bhd	Medical device supplier	Radiographic system	Note (3)	10,134	10,134

7. BUSINESS OVERVIEW (CONT'D)

Customer name	Type of customer	Products and services	Project period⁽¹⁾	Project value (RM'000)	Outstanding order book as at the LPD (RM'000)
Meditech Sdn Bhd	Medical device supplier	Radiographic system	Note (3)	5,835	5,835
ReGen Rehabilitation International Sdn Bhd	Private hospital	Radiographic system and ultrasound machine	Note (3)	760	760
Total				61,678	40,517

Notes:

- (1) The project period is based on the commencement date of the renovation works and expected completion date of the testing and commissioning / acceptance test as stipulated in the project schedules.
- (2) The testing and commissioning for this project has been completed in March 2025. The remaining outstanding order book as at the LPD is mainly for the supply of accessories which is expected to be delivered by May 2025.
- (3) The commencement date of these projects has yet to be confirmed by our customers. We anticipate to commence these projects by the 3rd quarter of 2025 and complete the project within 3 to 9 months from commencement, with the revenue to be recognised during the FYE 2025 and FYE 2026.

7.4.4 Supply of medical equipment

For the Financial Years Under Review, revenue from the supply of medical equipment segment accounted for 42.0% (RM44.8 million), 52.3% (RM78.7 million) and 44.5% (RM81.5 million) of the total revenue, respectively.

The medical equipment we supply under this business segment is categorised as loose medical equipment, and we are required to carry out minimal M&E work to install our medical equipment. They are “plug-and-play” equipment easily connected to existing electricity outlets. They include standalone or portable medical equipment such as ultrasound machines and mobile digital radiography machines. For supply and installation of radiographic equipment utilising X-ray technology in a new room, we are responsible for the necessary site preparation to ensure proper shielding of the room.

We are responsible for procuring medical equipment from our principals and managing its supply, installation, testing and commissioning at customers' premises. We also offer post-installation support services throughout the warranty period.

The installation of these devices is relatively straightforward, involving setup, power connection and configuration of the equipment, along with the installation of necessary software and systems for seamless operation. After installation, we conduct thorough testing to ensure the equipment functions correctly in its intended environment, including operational test, calibration to guarantee clear and accurate images or readings, network testing and safety compliance. Testing and commissioning are carried out in collaboration with our customer, and the equipment is formally handed over upon successful testing and acceptance.

7. BUSINESS OVERVIEW (CONT'D)

Following the handover, we provide post-installation support service, including training as well as technical and operational support during the warranty period, to ensure that the medical equipment operates at its optimal performance and minimise downtime for the healthcare provider. Some of the post-installation support services we offer include training, maintenance, software updates and technical support as described in Section 7.4.2 of this Prospectus.

The medical equipment we supply primarily includes the following:

- (i) **Ultrasound machines:** These devices use high-frequency sound waves to generate real-time images of the internal body. The sound waves travel through the body, reflecting off tissues, organs, bones and fluids. The returning echoes are then processed to create detailed ultrasound images. This technology helps medical professionals assess and diagnose conditions affecting internal organs and other structures.



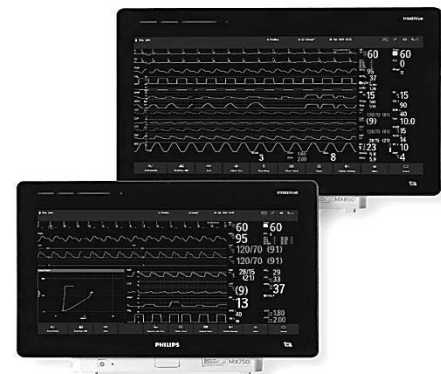
Ultrasound machine

- (ii) **Mobile digital radiography machines:** These machines use digital detectors to capture X-rays that pass through the body, directly converting X-ray energy into digital images. Unlike traditional film-based systems, digital radiography eliminates the need for image development or scanning. The X-ray image is displayed immediately on a monitor, offering higher efficiency and improved image quality.



Mobile digital radiography machine

- (iii) **Patient monitors:** These devices continuously track and display a patient's vital signs in real-time, including heart rate, blood pressure, oxygen saturation and temperature. By providing real-time data, patient monitors help healthcare professionals assess a patient's condition and detect abnormalities, enabling timely medical intervention.



Patient monitors

7. BUSINESS OVERVIEW (CONT'D)

7.4.5 Supply of related products and services

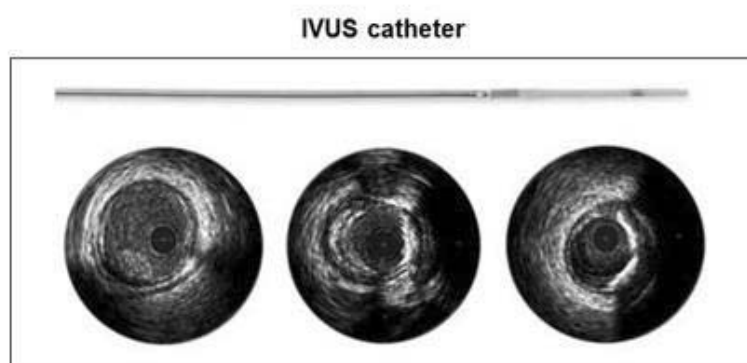
7.4.5.1 Related products

(i) Medical consumables and accessories

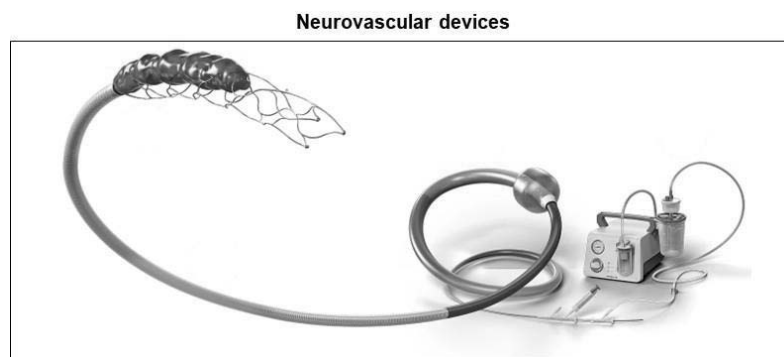
For the Financial Years Under Review, revenue from the sales of medical consumables and accessories accounted for 2.5% (RM2.6 million), 2.9% (RM4.4 million) and 4.9% (RM9.1 million) of our total revenue respectively.

We supply the following medical consumables and accessories to complement the medical equipment:

- (a) IVUS catheter, a thin and flexible tube with an ultrasound probe at the tip. The IVUS catheter is inserted into the blood vessel to obtain images of the vessel walls and to guide interventions such as angioplasty and stent placement.



- (b) Transducer is a medical device that forms a critical component of the ultrasound machine. Its primary function is to transmit sound waves into the body and receive the echoes that bounce back.
- (c) Neurovascular devices such as catheters, stents and embolisation coils are used for minimally invasive procedures to treat complex conditions such as stroke. We secured the non-exclusive distributorship for the supply of the Stryker brand of neurovascular devices in July 2024 and has commenced the sales of these devices as at the LPD.



- (d) Reagents are substances added to chemical reactions to facilitate the efficient screening and identification of specific compounds in chemical analysis such as clinical diagnostics and drug testing. In April 2025, we secured non-exclusive distributorship from Abbott Laboratories (Malaysia) Sdn Bhd for the supply of immunoassay reagents and hematology instruments to private and public clinical laboratories in West Malaysia.

7. BUSINESS OVERVIEW (CONT'D)

- (e) Other ancillary products, such as lead sheets for radiation protection, diagnostic and clinical display systems.

(ii) Software and systems

For the Financial Years Under Review, revenue from software and system sales accounted for 0.3% (RM0.3 million), 1.0% (RM1.5 million), and 0.6% (RM1.0 million) of our total revenue respectively.

As a medical equipment supplier, we also offer healthcare-related software and systems integration as part of our services. As we are solely involved in supplying the software and systems to our customers, we do not have any access to patient information or medical history. The software and systems we supply include the following:

Third-party brands

- (a) SwiftMR, MRI image enhancement software to improve efficiency and image quality of MRI scans in Malaysia. This software solution can be integrated into the existing MRI machines;
- (b) annalise.ai, a software for medical imaging in Malaysia that uses artificial intelligence (AI) algorithms to analyse and interpret medical images, including X-rays and CT scans. The software solution can be integrated into existing clinical information systems;
- (c) Philips' picture archiving and communication software, to facilitate diagnosis, viewing, archiving, and transmission of medical images. This software is compatible with standard medical imaging devices, including CT, MRI, and ultrasound, and provides users with the ability to access and manage imaging data from any web-enabled device; and
- (d) Abbott's software to manage the instruments, and provide real-time data for monitoring and analytics. The software solution can be integrated into existing clinical information systems.

Our own brand

GoDetect, a power and environmental monitoring system, which is a real-time monitoring system that tracks and ensures that the medical equipment is operating at optimal conditions in terms of power supply and environmental factors such as power stability, temperature and humidity.

7.4.5.2 Related services

For the Financial Years Under Review, revenue from the related services accounted for 3.6% (RM3.9 million), 3.3% (RM5.0 million) and 2.8% (RM5.1 million) of our total revenue respectively.

Our related services mainly refer to maintenance and repair services, which cover the following:

- (i) Preventive maintenance, where we carry out routine inspections and checks according to schedules to ensure that the medical device is functioning and to identify any potential issues before the equipment breaks down. Our preventive maintenance includes:
 - (a) checking for wear and tear, damages or signs of malfunction;
 - (b) function test to ensure that the medical device is operating at its optimal performance;
 - (c) calibration to ensure that the medical device provides accurate and reliable readings and measurements, and clear images; and

7. BUSINESS OVERVIEW (CONT'D)

- (d) replacement of parts and components including spare parts, and mechanical and electrical parts.
- (ii) Corrective and breakdown maintenance is carried out when the medical device breaks down or malfunctions. We will conduct the inspection to identify the cause of the breakdown, rectify the problem by repairing the equipment, and restore it to its functionality as quickly as possible. The maintenance services are generally carried out on-site at the healthcare facility. Repair works such as portable equipment may sometimes be carried out at our premises.

We provide maintenance services on a contract and ad hoc basis. There are two types of contract-based maintenance contracts: comprehensive and non-comprehensive.

As at the LPD, we are supported by 19 field service engineers and technical personnel to service our customers.

7.4.6 Insurance coverage

We maintain insurance policies to cover a variety of risks that are relevant to our business needs and operations, including employee accident insurance, contractors' all-risk insurance, workmen's compensation insurance, flexi-safeguard insurance and theft. These insurance policies have specifications and insured limits that are appropriate in view of our exposure to the risk of loss and liability, the cost of such insurance, applicable regulatory requirements and the prevailing industry practice in Malaysia. We also maintain certain insurance policies for our employees and directors, such as a group personal accident insurance. We also have sufficient insurance coverage on public liability that protects our businesses or third parties from any legal and financial consequences arising from any accidental injury to a third party during the course of our operations.

Our Board is of the view that the insurance coverage for our Group's operations is adequate and in line with industry practice as at the LPD.

7.5 APPLICATION OF THE MEDICAL DEVICES WE SUPPLY

The medical devices we supply are widely used across various specialties and departments in the healthcare industry. The following are some of the applications of the medical devices used in healthcare facilities:

- (i) Radiology, where medical equipment is used to obtain images of the inside of the body to diagnose and identify abnormalities, detect fractures, or assess the extent of injuries or diseases. The results and images provide vital information about the patient's health, which enables the medical personnel to observe the structure and function of internal organs and tissues and identify conditions which are not visible through the naked eye. The common equipment used in the radiology department is radiographic equipment, including digital radiography machines (X-ray machines), fluoroscopy machines, CT scanners, ultrasound machines and MRI machines.

They are used for both diagnosis and monitoring, where medical personnel can track the progression of diseases such as cancer and evaluate the effectiveness of treatment.
- (ii) Cardiology department uses medical equipment to diagnose, evaluate and manage heart and vascular conditions. Through the use of medical equipment, cardiologists will be able to assess the function, structure and health of the heart and blood vessels. The following medical equipment is commonly used in the cardiology department:
 - (a) CT scanners provide cross-sectional images which provide visualisation of the coronary arteries, heart chambers and vessels, which enable the cardiologist to identify artery blockages and assess heart diseases;

7. BUSINESS OVERVIEW (CONT'D)

- (b) MRI machine produces images of the heart's structure and function, which are useful in assessing the heart muscle function, heart failure, or detecting inflammation or scarring. MRI may be preferred over radiography equipment due to its advantages in imaging capabilities, especially for soft tissues. In addition, MRI does not use radiation, which is safer for patients who need to be monitored over time to reduce their exposure to radiation; and
 - (c) Fluoroscopy machine is used in a catheterisation laboratory or hybrid operating room where a cardiologist conducts minimal invasive procedures that involve inserting catheters into the body to diagnose or treat cardiovascular conditions. This includes diagnostic procedures, namely angiography, where a contrast dye is injected through the catheter, and a fluoroscopy machine is used to visualise the flow of dye through the arteries and help the medical personnel identify any blockages. In addition, fluoroscopy machines are used for interventional procedures, including angioplasty, where a balloon catheter is inserted into the blocked artery to widen it, and stent placement to keep the artery open.
- (iii) Cardiologists use ultrasound machines to visualise blood flow and valve function in the heart, as ultrasound provides dynamic and real-time images. Ultrasound is also generally more affordable compared to CT scanners and MRI machines and does not involve radiation, making it safer and more accessible.
- (iv) Obstetrics and gynaecology, where ultrasound machines are widely used to monitor pregnancies and diagnose various gynaecological conditions. Ultrasound machines provide real-time imaging of the reproductive organs and foetus which enables the medical personnel to assess the following:
 - (a) confirm a pregnancy and monitor the growth and development of the foetus, including detecting abnormalities, movements and heartbeat;
 - (b) diagnosis of gynaecological conditions such as fibroids, ovarian cysts or endometriosis; and
 - (c) monitor the in-vitro fertilisation process, including tracking the growth of follicles to determine the timing for egg retrieval, assess the health and thickness of the endometrial lining, and guide the embryo transfer procedure.
- (v) Emergency, where CT scanners are used to provide detailed imaging for diagnosing head injuries, strokes, internal bleeding and fractures. In addition, portable X-ray machines are also widely used for on-the-spot imaging for fractures, dislocations or chest conditions in emergency settings.
- (vi) Musculoskeletal, where ultrasound, MRI scanners, X-ray machines are used to diagnose injuries, fractures, or degenerative diseases affecting muscles and joints.

7.6 OUR AUTHORISED BRANDS

The following is a summary of details of our distributorships with the principals:

Subsidiary	Brand owner/ Principal	Brand	Product	Exclusivity	Territory	Latest validity period
LAC Medical	Philips Malaysia (secured since April 2019)	Philips	Radiographic equipment ⁽¹⁾ , MRI machines, and related software and systems	Non- exclusive	Malaysia	1 January 2025 to 31 March 2026

7. BUSINESS OVERVIEW (CONT'D)

Subsidiary	Brand owner/ Principal	Brand	Product	Exclusivity	Territory	Latest validity period
LAC Medical	Philips Medical Systems Nederland B.V. (secured since April 2024)	Philips	Consumables, software and systems	Non-exclusive	Malaysia	1 January 2025 to 31 March 2027
LAC Medical	Samsung Malaysia (secured since January 2022)	Samsung	Ultrasound equipment ⁽²⁾	Non-exclusive	Malaysia	15 January 2025 to 31 December 2025
LAC Medical	Samsung Electronics Co., Ltd (secured since April 2013)	Samsung	Radiographic equipment ⁽¹⁾	Non-exclusive	Malaysia	27 March 2025 to 31 March 2026
LAC Medical	Stryker EMEA Supply Chain Services B.V. (secured since July 2024)	Stryker	Neurovascular devices	Non-exclusive	Malaysia	1 July 2024 to 31 December 2026
LAC Medical	Epson Malaysia Sdn Bhd (secured since April 2023)	Epson	Imaging products	Non-exclusive	Malaysia	1 April 2024 to 31 March 2025 ⁽³⁾
LAC Medical	AIRS Medical Inc. (secured since September 2023)	SwiftMR	MR image enhancement software	Non-exclusive	Malaysia	1 September 2023 to 31 August 2025 ⁽⁴⁾
LAC Medical	Annalise-AI Pty Ltd (secured since November 2023)	annalise.ai	Software for medical imaging with artificial intelligence (AI) module	Non-exclusive	Malaysia	21 November 2023 to 20 November 2025
LAC Medical	LG Electronics Inc. (secured since February 2025)	LG	Medical diagnostic display, surgical, and clinical review monitors	Non-exclusive	Malaysia	3 February 2025 to 2 February 2026
LAC Medical	Abbott Laboratories (Malaysia) Sdn Bhd (secured since April 2025)	Abbott	Immunoassay reagents and haematology instruments	Non-exclusive	West Malaysia	1 April 2025 to 31 March 2026

7. BUSINESS OVERVIEW (CONT'D)

Subsidiary	Brand owner/ Principal	Brand	Product	Exclusivity	Territory	Latest validity period
LAC Medical	Hill-Rom, Inc. (secured since April 2025)	Baxter	Diagnostic devices	Non-exclusive	Malaysia	28 April 2025 to 27 April 2028
CVS Medical	Philips Malaysia (secured since March 2017)	Philips	Ultrasound equipment ⁽²⁾	Non-exclusive	West Malaysia	1 January 2025 to 31 March 2026
PT Fairmed	Alpinion Medical Systems Co., Ltd	Alpinion	Ultrasound equipment	Exclusive	Indonesia	Note (5)

Notes:

- (1) The radiographic equipment under Philips brand mainly comprised fluoroscopy machines and CT scanners, while the radiographic equipment under Samsung brands are digital radiography systems.
- (2) The ultrasound equipment under Samsung brand are mainly for general imaging used in radiology, and obstetrics and gynaecology department, while the ultrasound equipment under Philips brand focus on cardiovascular applications.
- (3) As at the LPD, the renewal of the distributorship with Epson Malaysia Sdn Bhd is in progress. We do not foresee any major impact on our business operations as discussion on the renewal terms are ongoing. Further, Epson Malaysia Sdn Bhd is not our major supplier.
- (4) The agreement with AIRS Medical Inc. is automatically renewed every 6 months.
- (5) Subsequent to the LPD, PT Fairmed has secured an exclusive distributorship from Alpinion Medical Systems Co., Ltd for the distribution of ultrasound equipment in Indonesia. The validity period shall be effective from the date PT Fairmed obtains all the necessary licenses to conduct its operations in Indonesia from the relevant regulatory authorities.

7.7 OPERATIONAL FACILITIES

The locations of our operational facilities as at the LPD are as follows:

Subsidiary	Main functions	Built-up area (sq ft)	Ownership	Address
LAC Medical	Head office	6,049	Tenanted	G-02-2, G-02-3, G-03-2, G-03A-3, Jalan SS7/13A, Plaza Kelana Jaya, 47301 Petaling Jaya, Selangor
LAC Medical and GoCloud	Office and storage facility	1,410	Tenanted	G-02-1, Jalan SS7/13A, Plaza Kelana Jaya, 47301 Petaling Jaya, Selangor

7. BUSINESS OVERVIEW (CONT'D)

Subsidiary	Main functions	Built-up area (sq ft)	Ownership	Address
CVS Medical	Office and storage facility	2,939	Tenanted	G-03-1, G-03-3, Jalan SS7/13A, Plaza Kelana Jaya, 47301 Petaling Jaya, Selangor
PT Fairmed	Office	1,623	Tenanted	Unit 11.09, Office Tower 3, Ciputra International, Jakarta, Indonesia

7.8 MACHINERY AND EQUIPMENT

As at 31 December 2024, the major equipment that we utilise for our operations are as follows:

Machinery and equipment	As at 31 December 2024		
	Number	Average age	Audited net book value (RM'000)
Calibration and verification tools for maintenance and repair	11	3 years	12
Ultrasound machine for demonstration	2	1 years	361
Total	13		373

7.9 CAPACITY AND UTILISATION

As a provider of medical devices and related services, capacity and utilisation are not relevant to our business operations.

Some capacity considerations may include temporary storage of medical devices before they are sent out to customers' sites. This is not critical as storage of such devices is temporary, and if required, temporary storage facilities can be rented. Additionally, large equipment such as MRI machines, CT scanners and fluoroscopy machines are sent directly to the customers' site.

Although storage capacity is not critical to our current operations at this juncture, our planned expansion of new head office and warehouse as disclosed in Section 7.20(i) of this Prospectus is intended to support our anticipated business growth and operational efficiency. The additional space will allow us to store more inventories as well as consolidate our office, storage and showroom functions under one premises.

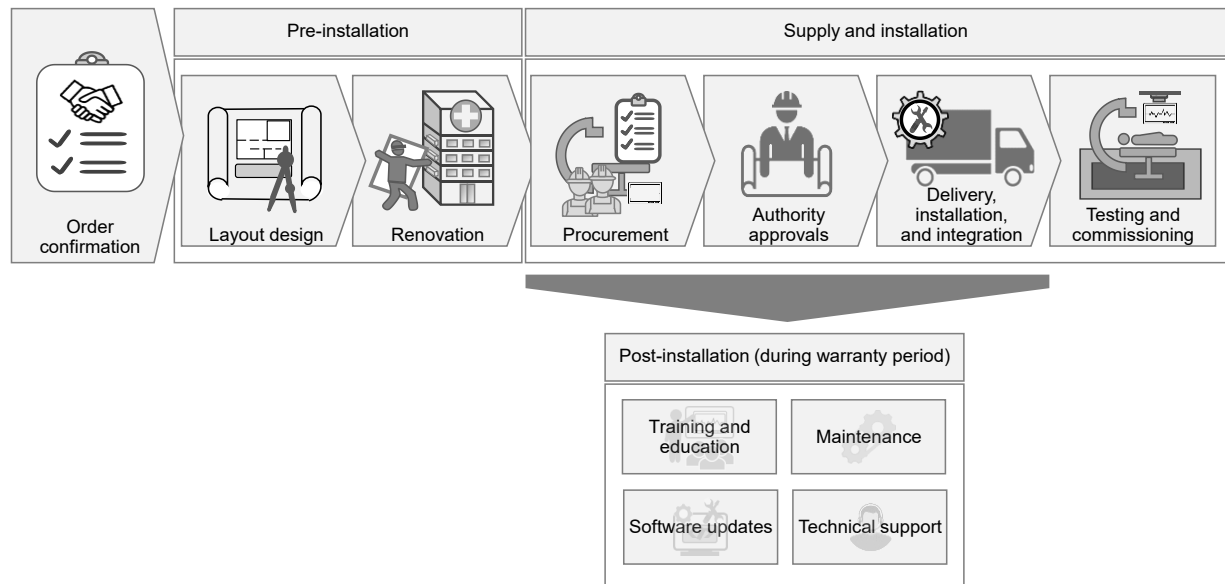
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7. BUSINESS OVERVIEW (CONT'D)

7.10 PROCESS FLOW

7.10.1 Supply and integration of medical devices

The general process flow for our supply and integration of medical devices is as follows:



(i) Order confirmation

The process begins with a customer inquiry or a request for a quotation, which may include an equipment demonstration for evaluation. Once the customer reviews and agrees to the quotation, their acceptance is confirmed through the issuance of a supply contract.

We also participate in tenders or provide quotations for services mainly within the healthcare industry, including hospitals and clinics. During this phase, we conduct a site assessment, prepare cost estimates, identify statutory and regulatory requirements, develop a layout design and submit drawings to the relevant authorities for approval, create a project schedule, and plan the necessary resources, including finances, manpower, materials, tools and equipment, and logistics.

Once these preparations are completed, we submit our commercial proposal, which includes pricing and payment schedules, and a technical proposal comprising the scope of work, technical details, and supporting documentation to the prospective customer. In some cases, a tender bond may also be required, guaranteeing the customer that we will proceed with the project if our tender is successful.

The formal acceptance is confirmed upon issuing a letter of award, followed by contract signing, or the issuance of a purchase order, indicating the customer's acceptance of our quotation. Key terms typically outlined in the contract or purchase order include the scope of work, contract value, project start and completion dates, DLP, payment terms and provisions for LAD.

(ii) Pre-installation

Layout design

Upon receiving the order confirmation, we will finalise all project details with the customers, including the scope of work and required specifications. Our project managers will conduct a consultation session to assess their needs, optimise and reconfirm space planning and layout design, and determine the ideal material selection for room finishes.

7. BUSINESS OVERVIEW (CONT'D)

Renovation

At this stage, we prepare and submit detailed layout drawings to the relevant authorities and the customer for approval, including the placement of medical equipment and the electrical and utility layouts.

Once approved, we engage contractors to renovate the site, ensuring it is ready for equipment installation. This preparation includes coordinating with contractors on necessary structural modifications, verifying power supply and electrical capacity, ensuring proper ventilation and temperature control, and confirming accessibility for equipment delivery and integration with existing hospital systems.

(iii) Supply and installation

Procurement

We procure medical equipment and related products through direct orders from our principals, brand owners, their authorised local distributors or other resellers. The medical equipment and related products that we source from resellers, such as medical imaging devices and ICT related products, are those supplied by brand owners with whom we do not have a distributorship agreement. All procured materials are typically delivered directly to the customer's sites.

We handle all necessary shipping documentation for medical equipment imported directly and engage third-party freight forwarders for customs clearance. Once cleared, the equipment is typically delivered to the customer's site.

Authority approvals

Once procurement has been completed, license verification is required to obtain authority approvals for delivery, installation and integration of the medical equipment.

All imported medical equipment, including radiography equipment, ultrasound machines and MRI machines, undergoes certification by the MDA. We ensure compliance with MDA standards and legal requirements by preparing the necessary documentation before supplying the equipment to customers. For medical equipment emitting radiation, we are required to obtain license from AELB. For domestically sourced medical equipment, the required certifications are handled by the respective importing parties.

Delivery, installation, and integration

Upon delivery to the customer's site, we conduct a thorough inspection to verify the medical equipment against the order and document its condition. Our engineers perform quality control testing and staging, addressing any defects immediately, including replacements if necessary.

Once the equipment passes inspection, the installation, including assembly, positioning, and integration with existing infrastructure, then commences.

Testing and commissioning

Once the physical installation is completed, we proceed with testing and commissioning to validate the functionality and performance of the installed medical equipment in the intended operating environment.

7. BUSINESS OVERVIEW (CONT'D)

We begin with a visual inspection to ensure proper assembly and connections. Subsequently, functional tests are performed to ensure compliance with the manufacturer's specifications and relevant industry standards. Some of the tests include operational tests to ensure the equipment's functionality, calibration when required to guarantee accurate measurements and reliable performance, network testing to ensure seamless system communication, safety compliance tests such as electrical safety tests, and radiation and backup power assessments. Some of the tests such as radiation quality control tests are conducted by external parties to ensure compliance. We currently have 3 approved vendors to conduct the radiation quality control tests and we are not dependent on any vendor for the said service.

(iv) Post-installation

After the successful completion of testing and commissioning, the customer or a representative will issue the Certificate of Testing and Commissioning or an equivalent document to us, and the medical equipment is officially handed over to the customer.

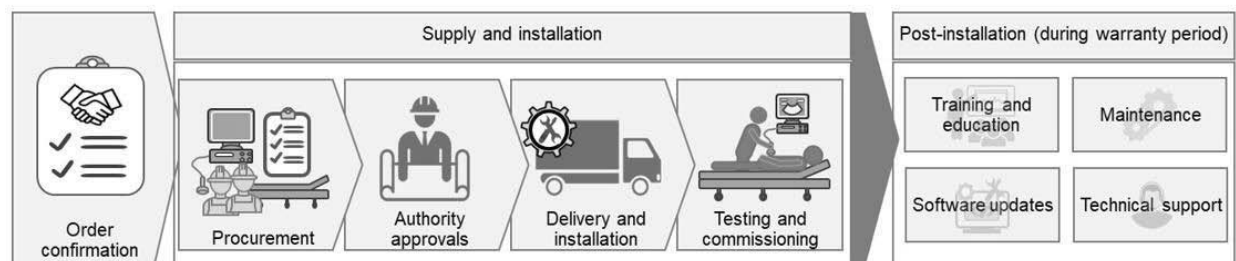
As part of the handover, we will train the medical personnel on the operations, clinical use, maintenance and basic troubleshooting of the medical equipment. We will also provide all relevant documentation, such as operation and maintenance manuals, system specifications, as-built drawings, and other technical details related to the medical equipment.

Depending on the contracts, we provide preventive and corrective maintenance services to prevent breakdowns and ensure optimal performance. Our preventive maintenance mainly includes scheduled servicing, thorough inspections, functional testing and calibration. For corrective maintenance, we address equipment breakdowns promptly, including replacing worn or defective components. The maintenance services are generally carried out on-site at the healthcare facility. In some cases, certain repair works, such as portable equipment, may be done at our premises.

We also provide software updates to ensure optimal performance and access to the latest features. Our technical support team is available 24 hours a day to address any immediate equipment malfunctions or issues. We also provide on-site support, sending technical support personnel to the site to repair and fix any issues.

7.10.2 Supply of medical equipment

The general process flow of our supply of medical equipment is as follows:



(i) Order confirmation

The process begins with a customer enquiry or an open tender. Once the customer reviews and agrees to the quotation, the customer's acceptance is confirmed through the issuance of a purchase order or supply contract.

7. BUSINESS OVERVIEW (CONT'D)

(ii) Supply and installation

Procurement

We procure medical equipment and related products through direct orders from principals, brand owners, their authorised local distributors or other resellers based on our customers' agreed specifications and requirements.

Authority approvals

Following the procurement of medical equipment and related products, we will ensure that the medical equipment obtain the required authority approvals prior to the delivery to our customers.

Our services also include the following:

- (a) ensuring that the medical equipment is registered with the MDA and obtained the necessary certification before supplying to our customers;
- (b) facilitating the application of licences or permits for medical equipment to the relevant authorities;
- (c) ensuring that our customers have the relevant licences and permits to operate the medical equipment; and
- (d) coordinating and ensuring timely delivery to our customers.

For medical equipment that we import directly, we prepare all necessary shipping documentation and use third-party freight forwarders to facilitate customs clearance. Upon clearance, the medical equipment is either delivered to our storage facility in Selangor or directly to the customer's site.

The importing parties would have carried out the relevant certifications for domestically sourced medical equipment.

Delivery and installation

Upon delivery to our storage facility, we conduct a thorough inspection to verify the medical equipment against the order and document its condition. Our engineers will conduct quality control testing and staging, and any defects are immediately addressed, including replacement if necessary.

We then arrange for the delivery of medical equipment to the customer's site, followed by the commencement of installation. The installation of the medical equipment generally includes the following:

- (a) setting up the medical equipment, including connection to the power, ensuring that the equipment is functioning;
- (b) integration of the medical equipment with the monitors and workstations;
- (c) network integration to ensure that the equipment is integrated with the hospital's existing systems; and
- (d) setting up and configuring the software and systems to ensure smooth operations.

7. BUSINESS OVERVIEW (CONT'D)

Testing and commissioning

Once the physical installation is completed, we proceed with testing and commissioning to validate the functionality and performance of the installed medical equipment in the intended operating environment.

We begin with a visual inspection to ensure proper assembly and connections. Subsequently, a series of functional tests are performed to ensure compliance with the manufacturer's specifications and relevant industry standards. Some of the tests include operational tests to ensure the equipment's functionality, calibration when required to guarantee accurate measurements and reliable performance, network testing to ensure seamless system communication, and safety compliance tests such as electrical safety tests, and radiation and backup power assessments.

(iii) Post-installation

After the successful completion of testing and commissioning, the customer or a representative will issue the Certificate of Testing and Commissioning or an equivalent document to us, and the medical equipment is officially handed over to the customer.

As part of the handover, we will train the medical personnel on the operations, maintenance, and troubleshooting of the medical equipment. We will also provide all relevant documentation, such as operation and maintenance manuals, system specifications, as-built drawings, and other technical details related to the medical equipment.

Depending on the contracts, we provide preventive and corrective maintenance services to prevent breakdowns and ensure optimal performance. Our preventive maintenance mainly includes scheduled servicing, thorough inspections, functional testing and calibration. For corrective maintenance, we address equipment breakdowns promptly, including replacing worn or defective components. The maintenance services are generally carried out on-site at the healthcare facility. In some cases, certain repair works, such as portable equipment, may be done at our premises. If remote access is available, we will conduct first-level troubleshooting and provide support remotely.

We also provide software updates to ensure optimal performance and access to the latest features. Our technical support team is available 24 hours a day to address any immediate equipment malfunctions or issues. We also provide on-site support, sending technical support personnel to the site to repair and fix any issues.

7.11 RESEARCH AND DEVELOPMENT

We do not carry out any research and development activity as it is not relevant to our business. As such, we did not incur any research and development expenditure during the Financial Years Under Review.

7.12 TECHNOLOGIES USED

We do not use any specialised technology in our business operations. However, we rely on computer-aided design software, namely AutoCAD to design the site planning drawings.

7.13 SEASONALITY

We do not experience any material seasonality in our business as the nature of our business is not subject to seasonal demand.

7. BUSINESS OVERVIEW (CONT'D)

7.14 MATERIAL INTERRUPTIONS IN OUR BUSINESS

We did not experience any material interruptions to our business during the Financial Years Under Review and up to the LPD.

7.15 SALES AND MARKETING ACTIVITIES

Our sales and marketing strategies are focused on retaining existing customers and securing new customers to sustain and grow our business. Our market positioning and activities are as follows:

(i) Market positioning

- (a) **Established track record:** We position ourselves as an established medical device provider with a track record of 21 years since the commencement of our business.
- (b) **Integrated provider of medical devices:** We position ourselves as an integrated provider of end-to-end medical device solutions, providing comprehensive solutions to our customers, which cover the end-to-end services from the preliminary planning and design, site preparation, procurement, supply and installation of medical devices including the related software and systems, testing and commissioning as well as post-installation services including training, technical support and maintenance services.
- (c) **Brand representation:** We position ourselves as an authorised distributor of renowned medical equipment brands, including Philips since 2017, and Samsung since 2013. This allows us to leverage their brand recognition and reputation, further strengthening our position as a trusted medical device provider.
- (d) **Technical capabilities:** We position ourselves as a medical device provider with strong technical expertise and the ability to deliver end-to-end services tailored to our customers' needs. As at the LPD, our Malaysian operations are supported by a dedicated team, including 9 business / project managers, 11 clinical application specialists, 24 sales and account managers, and 19 field service engineers and technical personnel. Our sales and account managers, field service engineers and technical personnel are strategically stationed across various states in Malaysia to ensure prompt service and technical support for our customers.

(ii) Sales and marketing activities

- (a) **Proactive marketing:** We actively identify and approach prospective customers to promote our products and services. Additionally, we leverage referrals from existing customers and business associates to explore new business opportunities. As at the LPD, we have a team of 24 sales and account managers in Malaysia, fostering strong relationships with existing customers while reaching out to potential clients.
- (b) **Product demonstrations:** We conduct product demonstrations to give prospective customers hands-on experience with our equipment such as ultrasound machines, showcasing its functionality and benefits.
- (c) **Proactive tendering and negotiation:** We actively participate in tenders, submit quotations, and directly negotiate new contracts and orders with potential customers.
- (d) **Participation in events:** We showcase our products at exhibitions, trade shows and conferences, allowing us to engage with potential customers, strengthen our market presence as well as stay updated on industry trends and innovations.

7. BUSINESS OVERVIEW (CONT'D)**7.16 TYPES AND SOURCES OF INPUT MATERIALS AND SERVICES**

The following are the major types of materials and services that we purchased during the Financial Years Under Review:

	FYE 2022		FYE 2023		FYE 2024	
	RM'000	%	RM'000	%	RM'000	%
Medical equipment						
• Radiographic equipment	33,837	46.3	32,273	31.2	71,230	48.9
• Ultrasound machines	21,765	29.8	43,774	42.4	28,964	19.9
• MRI machines	2,646	3.6	4,261	4.1	8,351	5.7
• Patient monitoring devices	142	0.2	491	0.5	3,113	2.1
	<u>58,389</u>	<u>79.9</u>	<u>80,799</u>	<u>78.2</u>	<u>111,658</u>	<u>76.7</u>
Related products						
• Medical devices, consumables and others ⁽¹⁾	11,807	16.2	15,803	15.3	23,024	15.8
• Software	1,681	2.3	1,077	1.0	3,983	2.7
	<u>13,488</u>	<u>18.5</u>	<u>16,880</u>	<u>16.3</u>	<u>27,007</u>	<u>18.5</u>
Subcontracted works	1,145	1.6	5,624	5.5	6,998	4.8
Total purchases	<u>73,022</u>	<u>100.0</u>	<u>103,303</u>	<u>100.0</u>	<u>145,663</u>	<u>100.0</u>

Note:

(1) Mainly include spare parts and uninterrupted power supply.

For the Financial Years Under Review, our main purchases were medical equipment, which accounted for 79.9%, 78.2%, and 76.7% of our total purchases respectively. The medical equipment that we purchase mainly includes radiographic equipment such as digital radiography machines, fluoroscopy machines, CT scanners, ultrasound machines and MRI machines.

Purchases of related products accounted for 18.5%, 16.3% and 18.5% of our total purchases for Financial Years Under Review respectively. These mainly include related products such as injectors and transducers, consumables such as catheters, spare parts, uninterrupted power supply as well as hardware and software for medical equipment.

We also engaged subcontractors to carry out the renovation works including M&E works, construction or modification of structures as well as installation of protection shielding. Subcontracted works accounted for 1.6%, 5.5% and 4.8% of our total purchases for Financial Years Under Review respectively.

For the Financial Years Under Review, our medical equipment and related products, as well as subcontracted works were mainly sourced from suppliers in Malaysia, which accounted for 83.8%, 92.5% and 89.4% of our total purchases respectively. The remaining 16.2%, 7.5% and 10.6% of our total purchases for Financial Years Under Review respectively were medical equipment and related products that were sourced from suppliers in foreign countries including mainly Netherlands, South Korea, Belgium, Hong Kong and Germany.

Our foreign purchases are denominated in USD and EUR. Purchases in USD accounted for 15.1%, 6.0% and 9.5%, while purchases in EUR accounted for 1.0%, 1.5% and 1.0% of our total purchases for the Financial Years Under Review respectively. As the proportion of our foreign currency-denominated purchases is not significant, we do not have any hedging arrangement in place.

7. BUSINESS OVERVIEW (CONT'D)**7.17 MAJOR CUSTOMERS**

Our Group's top 5 major customers and their contribution to our revenue for the Financial Years Under Review are as follows:

FYE 2022

Major customers	Type of customer	Main type of products	Length of relationship as at 31 December 2022	Revenue contribution	
				RM'000	%
Customer A	Concessionaire company	Supply and integration of medical devices, and maintenance services	7	16,957	15.9
Medivest Sdn Bhd	Concessionaire company	Supply and integration of medical devices	Less than 1 year	15,182	14.2
Sunway Healthcare Group ⁽¹⁾	Private hospital	Supply and integration of medical devices, and maintenance services	5	14,479	13.6
Customer C	Private hospital	Supply and integration of medical devices, and maintenance services	6	12,036	11.3
IHH Healthcare Group ⁽²⁾	Private hospital	Supply of medical equipment and maintenance services	13	3,751	3.5
				62,405	58.5

FYE 2023

Major customers	Type of customer	Main type of products	Length of relationship as at 31 December 2023	Revenue contribution	
				RM'000	%
Customer C	Private hospital	Supply and integration of medical devices, and maintenance services	7	15,088	10.0
Primabumi Sdn Bhd	Medical device supplier	Supply of medical equipment	5	14,358	9.5
Alam Medik Sdn Bhd	Medical device supplier	Supply of medical equipment	4	10,602	7.1
MAHSA Hospital Sdn Bhd	Private hospital	Supply and integration of medical devices	1	10,167	6.8
Peel Healthcare Sdn Bhd	Private hospital	Supply and integration of medical devices	Less than 1 year	9,727	6.5
				59,942	39.9

7. BUSINESS OVERVIEW (CONT'D)**FYE 2024**

Major customers	Type of customer	Main type of products	Length of relationship as at 31 December 2024	Revenue contribution	
				RM'000	%
Customer C	Private hospital	Supply and integration of medical devices, and maintenance services	8	34,573	18.9
Primabumi Sdn Bhd	Medical device supplier	Supply of medical equipment	6	22,677	12.4
Sunway Healthcare Group ⁽¹⁾	Private hospital	Supply and integration of medical devices, and maintenance services	7	17,985	9.8
Customer B	Private hospital	Supply and integration of medical devices	1	15,302	8.4
MAHSA Hospital Sdn Bhd	Private hospital	Supply and integration of medical devices	2	8,006	4.4
				98,543	53.9

Notes:

- (1) Comprises various subsidiaries of Sunway Berhad, which is listed on the Main Market of Bursa Securities.
- (2) Comprises various subsidiaries of IHH Healthcare Berhad, which is listed on the Main Market of Bursa Securities.

For the Financial Years Under Review, the following customers contributed more than 10% of our total revenue in any one financial year. However, we are not dependent on them as the revenue contribution were mainly project-based contributed by supply and integration of medical devices projects, or supply of medical equipment for new hospital or expansion of existing hospital, which are non-recurring. Further details are as follows:

- (i) revenue contribution from Customer A accounted for 15.9% of our total revenue for the FYE 2022 mainly contributed by the supply and integration of radiographic equipment projects, and the supply of ultrasound equipment to public hospitals. Following the completion of these projects and supply of equipment, the revenue contribution from Customer A decreased to 0.1% for the FYE 2023 mainly for the remaining revenue from the supply and integration project as well as supply of related products and services. It did not contribute any revenue for the FYE 2024;
- (ii) revenue contribution from Medivest Sdn Bhd accounted for 14.2% of our total revenue for the FYE 2022 mainly contributed by the supply and integration of radiographic equipment for public hospitals project. Following the completion of this project, the revenue contribution from this customer subsequently decreased to less than 0.5% for the FYE 2023 and FYE 2024 mainly for the remaining revenue from the supply and integration project as well as supply of related products and services;

7. BUSINESS OVERVIEW (CONT'D)

- (iii) revenue contribution from the Sunway Healthcare Group accounted for 13.6% of our total revenue for the FYE 2022 and have subsequently decreased to below 10.0%, which accounted for 5.1% and 9.8% of our total revenue for the FYE 2023 and FYE 2024 respectively. Majority of the revenue contribution from Sunway Healthcare Group for the Financial Years Under Review were mainly contributed by the supply and integration of medical devices projects, as well as supply of medical equipment for new and expansion of hospitals. The remaining revenue contribution was from the supply of related products and services which accounted for less than 1.5% during the Financial Years Under Review;
- (iv) revenue contribution from Customer C (comprising 16 entities for the FYE 2022 and FYE 2024, and 15 entities for the FYE 2023) accounted for 11.3%, 10.0% and 18.9% for the Financial Years Under Review respectively. However, none of the individual entities within Customer C contributed more than 5.0% to our total revenue during the said financial year. Majority of the revenue contribution from Customer C for the Financial Years Under Review were mainly contributed by the supply and integration of medical devices projects, and supply of medical equipment for its expansion of various existing hospitals. The remaining revenue contribution was from the supply of related products and services which accounted for less than 1.0% during the Financial Years Under Review; and
- (v) revenue contribution from Primabumi Sdn Bhd accounted for 12.4% for the FYE 2024. The increase in revenue contribution was mainly attributed to the purchase orders secured for the supply of ultrasound machines to public hospital and clinics in Malaysia for the FYE 2024. However, we are not dependent on Primabumi Sdn Bhd as continuing sales to this customer is subject to its success in future tender bids and we also deal with other customers who secure the supply of medical devices to public healthcare institutions in Malaysia.

7.18 MAJOR SUPPLIERS

Our Group's top 5 major suppliers for the Financial Years Under Review are as follows:

FYE 2022

Major suppliers	Type of products	Length of relationship as at 31 December 2022	Value of purchases	
			RM'000	%
Philips ⁽¹⁾	Medical equipment and related products	5	34,938	47.8
Samsung ⁽²⁾	Medical equipment	9	24,542	33.6
Fujifilm (Malaysia) Sdn Bhd ⁽³⁾	Medical equipment and related products	7	2,063	2.8
Glocomp	Uninterrupted power supply and ICT related products	7	990	1.4
Neuropower (M) Sdn Bhd	Uninterrupted power supply	7	965	1.3
			63,498	86.9

7. BUSINESS OVERVIEW (CONT'D)**FYE 2023**

Major suppliers	Type of products	Length of relationship as at 31 December 2023	Value of purchases	
			RM'000	%
Philips ⁽¹⁾	Medical equipment and related products	6	60,685	58.8
Samsung ⁽²⁾	Medical equipment	10	19,560	18.9
Mega Radiation Sdn Bhd	Subcontracted works	8	5,167	5.0
Fujifilm (Malaysia) Sdn Bhd ⁽³⁾	Medical equipment and related products	8	2,826	2.7
Glocomp	Uninterrupted power supply and ICT related products	8	1,868	1.8
			90,106	87.2

FYE 2024

Major suppliers	Type of products	Length of relationship as at 31 December 2024	Value of purchases	
			RM'000	%
Philips ⁽¹⁾	Medical equipment and related products	7	92,100	63.2
Samsung ⁽²⁾	Medical equipment	11	21,242	14.6
Likten Engineering Sdn Bhd	Subcontracted works	1	2,595	1.8
Mega Radiation Sdn Bhd	Subcontracted works	9	2,420	1.7
Fujifilm (Malaysia) Sdn Bhd ⁽³⁾	Medical equipment and related products	9	2,420	1.7
			120,777	83.0

Notes:

- (1) Comprises subsidiaries of Koninklijke Philips NV, which is a public listed company on the Amsterdam Stock Exchange.
- (2) Comprises subsidiaries of Samsung Electronics Co. Ltd, which is a public listed company on the Korea Exchange. Pursuant to the subsisting distributor agreement between LAC Medical and Samsung Malaysia, we are required to use our best efforts to meet an annual minimum purchase commitment of not less than USD4.3 million. Save for the FYE 2024, we have exceeded the performance goals during the Financial Years Under Review. The performance goals are based on a best-effort basis, with no penalties imposed for non-fulfilment. However, Samsung Malaysia has a right to terminate the distributor agreement with 30 days' written notice if the performance goals are not met. Notwithstanding this, Samsung Malaysia has not exercised its termination right when we did not meet the performance goal in the past.
- (3) A subsidiary of FUJIFILM Holdings Corporation, which is a public listed company on the Tokyo Stock Exchange. We do not have a distributorship agreement with Fujifilm (Malaysia) Sdn Bhd.

7. BUSINESS OVERVIEW (CONT'D)

For the Financial Years Under Review, we are dependent on Philips and Samsung for the purchases of medical equipment, and their contribution to our total purchases is as follows:

- (i) the purchases from Philips accounted for 47.8%, 58.7% and 63.2% of our total purchases for the Financial Years Under Review respectively. We have been the appointed distributor of Philips brand of medical equipment in Malaysia since 2017 and the non-exclusive distributorship of Philips brand of medical equipment in Malaysia will continue until 31 March 2026. Revenue derived from the sales of Philips brand of medical equipment contributed 56.7%, 68.6% and 69.6% to our total revenue for the Financial Years Under Review respectively; and
- (ii) the purchases from Samsung accounted for 33.6%, 18.9% and 14.6% of our total purchases for the Financial Years Under Review respectively. We have been the appointed distributor of Samsung brand of medical equipment in Malaysia since 2013 and the non-exclusive distributorship will continue until 31 December 2025. Revenue derived from the sales of Samsung brand of medical equipment contributed 36.9%, 20.4% and 20.3% to our total revenue for the Financial Years Under Review respectively.

However, our key strengths and competitive advantages, including our reliability, capabilities and financial stability, help support the sustainability of our business relationship with Philips and Samsung as:

- (i) we leverage our localisation capabilities and technical expertise to work closely with the suppliers. Our comprehensive end-to-end services cover all stages, from preliminary planning to post-installation support, ensuring the seamless integration of medical equipment into healthcare facilities. The end-to-end service capabilities provide convenience to our suppliers, and help to foster mutual support and strengthen business relationship;
- (ii) we maintain a close working relationship with Philips (since 2017) and Samsung (since 2013), and have generally been able to fulfil our obligations under their respective distributorship agreements. Distributorship agreements with both principals have been renewed annually, demonstrating a mutual commitment in maintaining a continuous business relationship;
- (iii) we have an extensive customer network across Malaysia and proven track record in the medical device industry to help our principals expand their market reach to a broader customer base. We continue to bring substantial business volume to Philips and Samsung, and has order on hand as at the LPD of RM36.3 million and RM12.6 million involving Philips and Samsung brand of medical equipment respectively. With a stable revenue stream to the principals, and with our appointment as the distributor by both principals, we expect the mutually beneficial partnership with our principals to continue; and
- (iv) we have not experienced any material breaches or claims that could lead to the disruption or termination of our business relationship with Philips and Samsung.

7. BUSINESS OVERVIEW (CONT'D)

7.19 EMPLOYEES

The number of employees of our Group as at 31 December 2024 and the LPD is as follows:

Categories	Number of employees					
	As at 31 December 2024			As at the LPD		
	Local	Foreign	Total	Local	⁽¹⁾ Foreign	Total
Management	6	-	6	7	2	9
Administration	17	-	17	18	4	22
Business / project managers	8	-	8	9	1	10
Application specialist	11	-	11	11	3	14
Sales/Account managers	23	-	23	24	5	29
Service engineers	19	-	19	19	3	22
Total	84	-	84	88	18	106

Note:

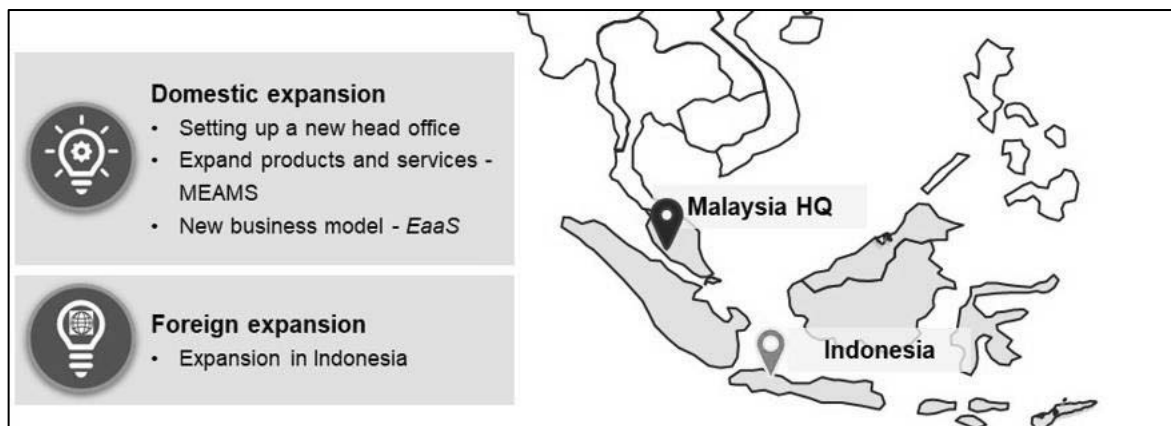
(1) Refers to PT Fairmed's employees in Indonesia.

As at the LPD, we have a total workforce of 106 employees comprising 102 permanent employees and 4 contractual employees. None of our employees are members of any union as at the LPD.

We have also not experienced any industrial disputes in the past, save for a claim filed by our former Sales Manager in March 2025 with the Selangor Department of Industrial Relations alleging unfair dismissal. The former employee was terminated in December 2024 for misconduct due to a breach of confidentiality and failure to act in our Group's interest. As at the LPD, the matter remains under conciliation and is at a preliminary stage. Nonetheless, we are of the view that this dispute is not expected to have any material adverse impact on our business operations and financial condition. Further, this is an isolated case of employee misconduct and the termination process was in accordance with our established control and governance procedures to uphold the integrity of our Group.

7.20 OVERVIEW OF OUR STRATEGIES AND PLANS

Moving forward, we will continue to leverage our core competency and strength as a supplier and integrator of medical devices and related services to address new areas of business and opportunities to sustain and grow our business.



7. BUSINESS OVERVIEW (CONT'D)**(i) Setting up a new head office for business expansion**

We plan to continue focusing on our core competency in the supply and integration of medical devices, growing our range of distributorships and broadening our product range. As at the LPD, our Group operates from our head office located in Kelana Jaya, Selangor with a total built-up area of 10,398 sq. ft.

In anticipation of business expansion, we intend to relocate our operations to a ready-built property in Selangor with an estimated aggregate built-up area of between 25,000 sq ft and 30,000 sq ft to house our head office, expanded storage facilities and showroom, and the details are as follow:

Details	Estimated built-up area (sq.ft.)
Head office	17,000
Storage facilities	5,000
Showroom	3,000
Total	25,000

Besides our efforts and plans to secure more distributorships and expand our customer base to increase the sales of medical devices, we also intend to establish new business segments, namely the EaaS and MEAMS segments, as set out in Sections 7.20(ii) and (iii) below. The relocation of our operations is to accommodate the need for additional space, particularly to provide the necessary space to support growth in headcount for our new business segments as well as for storing the expected increase in medical devices purchased before they are sent to our customers. In addition, we intend to establish a showroom within the new facility to serve as a demonstration area for our medical equipment. The new showroom will be equipped with our existing demonstration units during the initial phase and as such, we have not allocated any expenditure for the purchase of new equipment.

The showroom is intended to complement our existing practice of conducting on-site product demonstrations at our customer's premises for standalone and portable medical equipment such as ultrasound equipment as well as loaning equipment to our customer for a period of one week to allow customer to evaluate the equipment and ensuring that the equipment meets their needs. Following the demonstration and loan period, the customer will be able to make an informed decision regarding the purchase of equipment. A showroom at our head office also enhances our customer engagement, and allows our customers to experience our extensive portfolio of solutions and reinforces our positioning as a comprehensive end-to-end service provider.

The indicative timeline to set up our new head office and warehouse is as follows:

Details	Indicative timeline
Identification of suitable property as our new head office and warehouse	By 1 st half of 2026
Execution of sale and purchase agreement for the property	By 2 nd half of 2026
Vacant possession	By 1 st half of 2027
Completion of renovation works	By 2 nd half of 2027
Completion of relocation	By 2 nd half of 2028

The indicative timeline takes into account the need to coordinate the relocation with minimal disruption to our ongoing operations, while allowing us to prioritise the growth of our current business and the implementation of our expansion strategies. In the interim, we expect our existing premises to remain adequate to support our operations while allowing us to plan and implement the relocation in stages starting from the 1st half of 2028.

7. BUSINESS OVERVIEW (CONT'D)

We will ensure that all the necessary regulatory approvals, licences or permits required for the setting up of our new head office and warehouse are obtained prior to the relocation, including the CCC, business premises and signboard licences issued by the local council, the fire certificate issued by BOMBA (if required), and amending the relevant establishment licences issued by the MDA for our operations. Such approvals are expected to be obtained by the 1st half of 2028 prior to our relocation.

As at the LPD, we have not identified a location for the relocation. We estimate that the cost for setting up the new head office will be RM[●] million, which will be funded through proceeds to be raised from the Public Issue. In the event the proceeds to be raised from the Public Issue are insufficient to fund the cost for setting up the new head office, any shortfall will be funded using our internally generated funds.

Our estimated cost for setting up the new head office will be RM[●] million as set out below:

Details	RM'000
Purchasing new head office and warehouse	[●]
Renovation costs	[●]
Purchase of equipment and furniture	[●]
Relocation expenses	[●]
Total	[●]

Please refer to Section 4.4.1 of this Prospectus for further details.

(ii) Expanding product and service offerings to include MEAMS

We provide software and system integration, and revenue from our provision of healthcare software and related systems accounted for 1.5% (RM1.6 million), 1.0% (RM1.5 million) and 5.4% (RM10.0 million) of our total revenue for Financial Years Under Review respectively. In addition to third-party software and systems, we provide our own brand of systems, namely GoDetect, a power and environmental monitoring system.

As part of our strategy, we aim to expand our software and system for healthcare facilities segment by introducing new software solutions, and this includes new MEAMS with the incorporation of tracking technologies such as radio-frequency identification (RFID) and barcodes to locate and monitor the assets in real-time, as well as maintenance management. This approach will enhance asset availability, equipment reliability, minimise downtime and optimise utilisation.

We will conduct needs assessments to offer customised service packages tailored to the requirements and budget of both existing and potential customers. For example, we will provide tiered service plans based on the specific needs of the facility, such as basic, comprehensive or preventive maintenance options.

Some of the software and system features to be considered include, among others:

- (i) software integration, such as IoT integration to connect medical equipment to software using IoT sensors for seamless data collection and analysis;
- (ii) real-time global positioning system on all medical equipment to track locations;
- (iii) cloud-based access enabling secure and remote access by monitoring data and maintenance schedules; and
- (iv) software support integration with various types of medical devices from different brands and manufacturers.

7. BUSINESS OVERVIEW (CONT'D)

With the bundling of software integration, this will enable us to provide the following:

- (i) predictive and preventive maintenance services supported by artificial intelligence driven analytics using machine learning algorithms to predict equipment failure based on usage patterns, data and historical records. This also allows us to perform scheduled maintenance when certain performance thresholds are met to reduce unnecessary downtime;
- (ii) cloud-based asset management, which enables us to maintain a cloud-accessible platform with details of all medical devices, including locations, service history, warranty and compliance records. This will allow us to access asset data and the status of maintenance on a real-time basis. This can also be customised to have equipment lifecycle management, which features automated procurement alerts when equipment is nearing the end of its lifecycle, to help plan for replacement; and
- (iii) provide our customers with a dashboard display and periodic reports that cover insights on medical device performance, such as equipment uptime, downtime, utilisation rates and maintenance costs, to provide actionable insights to equipment owners. This will involve developing a data management platform for tracking equipment, usage, billing and compliance reporting. This platform will maintain comprehensive service documentation to meet healthcare regulations.

The MEAMS can be offered based on different service plans, including SaaS based on a subscription basis, and with the option to bundle with or without equipment maintenance services. Depending on contract secured, customers can choose to pay the annual or monthly recurring fee to access the SaaS platform.

Our investment plans will focus on design and development of software solutions, including expanding our skilled resources. We plan to develop a software that integrates key features such as incorporation of RFID and barcode for real-time asset tracking and monitoring, maintenance management to enhance the lifecycle management of medical equipment supplied to our customers. The software development will be carried out in collaboration with external partners to be identified later.

We also plan to establish our technical support team by hiring 3 support engineers and 2 after-sales technical support personnel to provide user training and maintenance services for our customers.

The major milestones for the establishment of MEAMS segment are as follows:

Indicative timeline	Milestones
1 st half of 2026	<ul style="list-style-type: none"> • Commence engagement with external partners for the collaboration of software development • Commence development of software • Setting up digital infrastructure including purchase of ICT hardware, software and system • Hiring of technical support team
2 nd half of 2026	<ul style="list-style-type: none"> • Completion of software development • Commence marketing of MEAMS

7. BUSINESS OVERVIEW (CONT'D)

We estimate that our investment cost will be RM[●] million as set out below:

	Estimated costs (RM'000)	Expected timing to commence
Software development	[●]	1 st half of 2026
Investment in digital infrastructure	[●]	1 st half of 2026
Hiring of technical support team	[●]	1 st half of 2026
Marketing expenses	[●]	2 nd half of 2026
Total	[●]	

The estimated costs above will be funded through proceeds to be raised from the Public Issue. Please refer to Section 4.4.3(ii) of this Prospectus for further details.

(iii) New business model as an asset owner to provide EaaS

We envisage leveraging our core competency in the supply and integration of medical devices to expand into an asset-owner business model to provide EaaS where we will own the integrated medical equipment system and charge a fee for the use of the facilities. Under EaaS, we will offer customised solutions, comprising equipment bundled with its managed software platform, and charge user a fee on a subscription-based model for the use of our facilities. Under the EaaS model, we will retain ownership of the medical equipment and grant customers the rights to use for a subscription fee, either on a monthly, quarterly or bi-annual basis. Our obligations to our customers include installation, commissioning, maintenance, repair and system upgrades throughout the contract period. The contracts shall also include provisions for early termination and penalties. In the event of contract termination under the EaaS model, our customers may be granted the option to purchase the equipment subject to mutually agreed terms and conditions.

With EaaS, we will offer customised solutions to meet the specific needs of medical service providers and allow them access to the latest medical technology without the upfront capital investment. Under the EaaS model, we are responsible for maintenance, repair and upgrade, which will reduce the customers' need for in-house technical expertise and minimise equipment downtime. Our rationale for offering EaaS is to provide an alternative to traditional equipment sales, fostering long-term partnerships between us and the medical service providers.

Under the EaaS model, we will be the asset owner which require upfront capital investment to purchase medical equipment and software, and this will increase our asset base as well as the associated depreciation expenses in the future. Nonetheless, such model would enable us to generate recurring income through subscription contracts with our customers, fostering long-term business relationship with our customers. Our investment plan will focus on planning and procurement, including sourcing and purchasing medical devices, installation and commissioning. In this respect, we plan to invest in the following types of medical devices and managed platforms, resources and related facilities:

- (i) initial capital investment to acquire specific medical devices that meets the target market's demands. For instance, specialised diagnostic equipment with modern technologies such as IoT for cardiovascular or neurovascular fields. Funds for the capital investment to expand the assets will be allocated over time as demand grows;
- (ii) investment in various equipment to cater to various medical service providers, such as radiographic equipment, ultrasound machines, MRI machines and laboratory tools; and

7. BUSINESS OVERVIEW (CONT'D)

- (iii) investment in digital infrastructure by implementing IoT-enabled systems for remote monitoring, usage tracking and predictive maintenance, and data management systems.

Our customers will be responsible for obtaining the necessary licenses or approvals required to operate the leased medical equipment within their respective facilities. As the asset owner, we are responsible in ensuring that the leased equipment is registered with the MDA and complies with all applicable regulatory and technical standards prior to installation and commissioning.

The major milestones for the establishment of EaaS segment are as follows:

Indicative timeline	Milestones
1 st half of 2026	<ul style="list-style-type: none"> • Purchase of medical equipment and software • Setting up digital infrastructure including purchase of ICT hardware, software and system
2 nd half of 2026	<ul style="list-style-type: none"> • Hiring of technical support team • Commence marketing of EaaS

Premised on the above, we estimate that our investment costs will be RM[●] million as set out below:

	Estimated costs (RM'000)	Expected timing to commence
Purchase of medical equipment and software	[●]	1 st half of 2026
Investment in digital infrastructure	[●]	1 st half of 2026
Maintenance of equipment	[●]	2 nd half of 2027
Hiring of technical support team	[●]	2 nd half of 2026
Total	[●]	

The estimated costs above will be funded through proceeds to be raised from the Public Issue. Please refer to Section 4.4.3(i) of this Prospectus for further details.

(iv) Expansion in Indonesia

We principally operate in Malaysia, where our head office is located in Selangor, and we serve customers in Peninsular and East Malaysia. For the Financial Years Under Review, almost all of our revenue was derived from Malaysia.

Part of our expansion strategy is to grow our business geographically and to establish a foreign market presence as well as to address new opportunities outside of Malaysia to diversify our markets for business growth.

As part of our penetration strategy in Indonesia, we aim to leverage on our competitive strengths in the supply of medical devices in Malaysia to address the growing demand in the Indonesian healthcare sector.

7. BUSINESS OVERVIEW (CONT'D)

The key consideration factor to tap into the new geographical market is the market conditions in Indonesia as set out below:

- (i) growing medical sector driven by government initiatives, including Indonesia's BPJS Kesehatan program (Badan Penyelenggara Jamin Social Kesehatan), a national health insurance system. In addition, increased public spending and growing medical awareness drive the demand for medical products and services. Indonesia's healthcare spending has been growing, driven by the BPJS Kesehatan program to improve healthcare access and quality. Under the 2025 State Budget Bill, the Indonesian Government has allocated IDR218.5 trillion (RM63.1 billion at IDR100=RM0.0289) to the health sector (*Source: IMR report*); and
- (ii) population growth and ageing demographics driving the demand for medical products and services, including medical devices such as diagnostics, rehabilitation and chronic disease management.

As part of this expansion strategy, on 4 December 2024, we incorporated PT Fairmed in Indonesia, and as at the LPD, we operate from a rented office in Jakarta, Indonesia, and have 18 personnel. Our immediate plan is to secure an authorised distributorship for ultrasound equipment in Indonesia before we progressively set up branch offices in Sumatra, Surabaya and Kalimantan for sales, customer service and technical support. Subsequent to the LPD, PT Fairmed has secured an exclusive distributorship from Alpinion Medical Systems Co., Ltd for the distribution of ultrasound equipment in Indonesia.

The major milestones for the expansion in Indonesia are as follows:

Indicative timeline	Milestones
3 rd quarter of 2025	<ul style="list-style-type: none"> • Securing regulatory approvals for operations as a medical device distributor • Finalisation of distributorship agreement for ultrasound equipment and commencement of commercial operations
2 nd half of 2026	<ul style="list-style-type: none"> • Establishment of branch office in Sumatra • Establishment of branch office in Surabaya
2 nd half of 2027	<ul style="list-style-type: none"> • Establishment of branch office in Kalimantan

We plan to allocate RM[●] million as investment costs for the major milestones above, which we consider to be sufficient for setting up branch offices in Sumatra, Surabaya and Kalimantan and recruitment of necessary resources between 2026 and 2027 as part of our initial phase of establishing our market presence in Indonesia.

The estimated investment cost for the facilities and resources will be funded through proceeds to be raised from the Public Issue. Please refer to Section 4.4.2 of this Prospectus for further details. Any additional capital requirements beyond this initial phase will be assessed based on future business performance, market conditions and expansion opportunities.

7. BUSINESS OVERVIEW (CONT'D)

7.21 MATERIAL DEPENDENCY ON CONTRACTS

As at the LPD, our Group's business operations and financial performance are materially dependent on the following contracts:

(i) Partner agreements entered into between our Group and Philips Malaysia (collectively, the "Partner Agreements")

Details	Salient terms
Parties	<p>(i) Partner Agreement dated 27 March 2025 entered into between LAC Medical and Philips Malaysia; and</p> <p>(ii) Partner Agreement dated 27 March 2025 entered into between CVS Medical and Philips Malaysia</p>
Description	The Partner Agreement was entered into to appoint LAC Medical or CVS Medical as the non-exclusive distributor of Philips Malaysia in the territory of Malaysia for LAC Medical and West Malaysia for CVS Medical, with respect to the sale and services delivery of those products and systems bearing the trademark Philips as listed and specified by Philips.
Term	A fixed term from 1 January 2025 until 31 March 2026, after which the Partner Agreement shall expire automatically without any notice being required. Philips Malaysia reserves the right to amend or vary the term by 30 days' notice in writing to LAC Medical or CVS Medical.
Pricing	LAC Medical or CVS Medical shall purchase the products ordered and accepted under the terms of the Partner Agreement at the prices in the applicable price list(s) in effect at the time the products are ordered, minus the applicable discounts as communicated to LAC Medical or CVS Medical by Philips Malaysia.
Payment	<p>Philips Malaysia will charge interests at a rate of 3 months Kuala Lumpur Interbank Offered Rate (KLIBOR) plus 3.15% per annum (subject to the maximum rate permitted by applicable law) immediately as from the due date in case of any delay in payment by LAC Medical or CVS Medical.</p> <p>If LAC Medical or CVS Medical fails to pay any amount when due, Philips Malaysia may also suspend or discontinue the performance of services, suspend or discontinue the delivery of the products and related services, booking of new orders, and deduct the unpaid amount from any amounts otherwise owed to LAC Medical or CVS Medical by Philips Malaysia, in addition to any other rights or remedies available to Philips Malaysia.</p>
Delivery condition	<p>Philips Malaysia shall deliver the products to the port of destination agreed in the purchase order. Any additional costs incurred by Philips Malaysia due to increase in the costs of transportation shall be for the account of LAC Medical or CVS Medical.</p> <p>Philips Malaysia will make reasonable efforts to meet LAC Medical's or CVS Medical's delivery requirements but will not be liable for delays in meeting a delivery date, regardless of whether the delivery date is confirmed by Philips Malaysia.</p>

7. BUSINESS OVERVIEW (CONT'D)

Details	Salient terms
Warranty	<p>Philips Malaysia provides specific warranties with respect to the equipment offered as set out in its price list or quotation or in its general terms and conditions of sale and software licence.</p> <p>Spare parts ordered by LAC Medical or CVS Medical for the products out of warranty have a 90 calendar days warranty period from the date of invoice, unless otherwise stipulated in writing by Philips Malaysia.</p>
Termination	<p>The Partner Agreement may be terminated at any time by either party at will and without cause effective 180 calendar days from date of the written notice of termination by either party to the other party.</p> <p>LAC Medical or CVS Medical expressly waives the benefits of, and agrees not to assert, any statutory or other rights available under applicable law which might (i) limit the exercise of Philips Malaysia's termination rights, (ii) require a longer period or a longer term for LAC Medical's or CVS Medical's rights or (iii) provide for additional compensation not contemplated in the Partner Agreement to LAC Medical or CVS Medical upon termination.</p>
Consequences of termination or expiry	<p>Upon termination or expiry of the Partner Agreement, LAC Medical or CVS Medical shall immediately cease to be an authorised partner, will lose any other special partner qualification status/title, and therefore shall refrain from representing itself as such.</p> <p>As of the date of termination or expiry of the Partners Agreement, LAC Medical or CVS Medical shall be deemed to have assigned, transferred, and conveyed back to Philips Malaysia all goodwill (including goodwill for intermediary services) relating to the customer installed base in the territory.</p> <p>LAC Medical or CVS Medical agrees that the termination or expiry of the Partner Agreement shall not entitle LAC Medical or CVS Medical to any indemnity, termination or severance compensation or to any payment in respect of any goodwill whether or not established by LAC Medical or CVS Medical during the term, or any renewals thereof, or render Philips Malaysia liable for damages on account of any loss of prospective profits or on account of any expenditure, investment or obligation incurred or made by LAC Medical or CVS Medical.</p>

(ii) Authorised distributor agreement entered into between LAC Medical and Samsung Malaysia ("Distributor Agreement")

Details	Salient terms
Parties	Distributor Agreement dated 14 January 2025 entered into between LAC Medical and Samsung Malaysia
Term	<p>The Distributor Agreement shall commence on 15 January 2025 and shall remain in full force and effect (unless terminated earlier) until 31 December 2025.</p> <p>After expiry or termination of the Distributor Agreement, LAC Medical shall have no right whatsoever to continue as a dealer or distributor of the products. The Distributor Agreement may be renewed or extended only upon mutual written agreement signed by both parties.</p>

7. BUSINESS OVERVIEW (CONT'D)

Details	Salient terms
Pricing	The prices payable by LAC Medical will be based on the Samsung Malaysia's price list. LAC Medical acknowledges that Samsung Malaysia shall have the right, exercisable from time to time in Samsung Malaysia's sole discretion, to change the price list by notifying LAC Medical. New prices shall apply immediately to all purchase orders accepted after the date of such notice.
Performance goals	<p>LAC Medical shall use its best efforts to meet the annual minimum purchase commitment for 2025 of not be less than USD4.3 million. If a performance goal is measured by sales volume, only the net amount received by Samsung Malaysia shall be used.</p> <p>If the Distributor Agreement is renewed or extended, new performance goals need to be agreed and amended accordingly.</p>
Warranty period	<p>Samsung Malaysia warrants the products to be free from any material defects in material and workmanship, and to comply with the published specifications for a period of time as set out in the Distributor Agreement.</p> <p>Samsung Malaysia may agree to provide extended warranty upon the request of LAC Medical, which must be made when the applicable purchase order is placed for the initial purchase of the system (including probes purchased within the system), by specifying the request for extended warranty in the same purchase order.</p>
Termination	<p>The Distributor Agreement may be terminated by either party immediately upon written notice, if the other party:</p> <ul style="list-style-type: none"> (i) violates any provision of the Distributor Agreement and fails to remedy the violation within 20 days of written notice of such violation (or within 10 days of written notice for any failure by LAC Medical to pay the purchase price for products); (ii) is or becomes insolvent, makes a composition for the benefit of creditors, or is the subject of a bankruptcy or reorganisation proceeding, whether voluntary or involuntary, or a receiver is appointed to take charge of all or any part of its assets or business; or (iii) ceases or threatens to cease, to function as a going concern or to conduct operations in the normal course of business.

7. BUSINESS OVERVIEW (CONT'D)

Details	Salient terms
Termination (cont'd)	<p>The Distributor Agreement may be terminated by either party for any other reason with 3 months' prior notice in writing to the other party. Samsung Malaysia may terminate the Distributor Agreement upon the occurrence of any of the following events:</p> <ul style="list-style-type: none"> (i) immediately, if there is a material change, or notice of intent to make a material change, in the management, ownership or control of LAC Medical; (ii) immediately, if LAC Medical violates, or threatens to violate the provisions in relation to unauthorized reselling outside of territory, failure to comply with laws and regulations, failure to fulfil support obligations and intellectual property violations; or (iii) upon 30 days' written notice, if LAC Medical fails to meet any performance goal in any respect at any time.
Effects of termination	<ul style="list-style-type: none"> (i) All outstanding unpaid invoices from Samsung Malaysia shall become immediately payable by LAC Medical; (ii) LAC Medical shall cease to promote, market, and advertise and to make use of any trademarks, trade names, logos, or service marks associated with Samsung Malaysia; (iii) Samsung Malaysia shall be entitled (but not obligated), to repurchase from LAC Medical any inventory of products held by LAC Medical at either the invoice value or the value recorded in LAC Medical's books, whichever is lower; and (iv) LAC Medical shall immediately transfer all government approvals, permits, and licenses obtained, back to Samsung Malaysia or an entity designated by Samsung Malaysia free of charge.

For the Financial Years Under Review, our Group was dependent on Philips and Samsung for the supply of Philips and Samsung brands of medical equipment. Please refer to Section 7.18 of this Prospectus for further details.

In the event of sudden cessation or disruption to the supply of Philips or Samsung brand of medical equipment and we are unable to deliver to our customers within the required timeframe, revenue contribution from the distribution of Philips and Samsung brands of medical equipment will be affected which in turn, may adversely affect our business operations and financial performance.

However, our Board is of the view that there are no concerns on the material contracts after taking into consideration that:



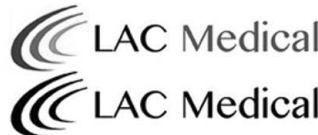


- (i) we have maintained long-standing relationships with both Philips and Samsung since 2017 and 2013 respectively. We have not experienced any disruption or cessation in the supplies from Philips and Samsung in the past. Based on the historical track record and the due diligence interview conducted with them respectively, both Philips and Samsung view our Group as a reliable partner and indicate that they are likely to continue their business relationship under mutually beneficial terms;

7. BUSINESS OVERVIEW (CONT'D)

- (ii) we have an extensive customer network across Malaysia, including private and public healthcare institutions, universities and local health offices, medical device suppliers and concessionaire companies, covering the Peninsular Malaysia and East Malaysia. With our Group's proven track record in the medical equipment industry, it would be in the interest of Philips and Samsung to maintain their partnerships with our Group; and
- (iii) we have successfully secured distributorships of medical device with other principals for brands such as Stryker in 2024 as well as LG, Abbott and Baxter in 2025, in an effort to continuously diversify our product offerings and reduce reliance on any one supplier. Please refer to Section 7.6 of this Prospectus for further details of our authorised brands.

7.22 INTELLECTUAL PROPERTY RIGHTS

As at the LPD, we do not have any intellectual property rights and are currently applying for the registration of the following trademarks:

No.	Trademark	Application no. / Country	Class	Applicant	Status / Application date
1.		TM2025010633 / Malaysia	35 ⁽¹⁾	LAC	Under substantive examination ⁽⁶⁾ / 8 April 2025
2.		TM2025001894 / Malaysia	10 ⁽²⁾ , 35 ⁽³⁾ , 37 ⁽⁴⁾ and 42 ⁽⁵⁾	LAC Medical	Under substantive examination ⁽⁶⁾ / 20 January 2025
3.		TM2025001895 / Malaysia	10 ⁽²⁾ , 35 ⁽³⁾ , 37 ⁽⁴⁾ and 42 ⁽⁵⁾	LAC Medical	Under substantive examination ⁽⁶⁾ / 20 January 2025
4.		TM2025001896 / Malaysia	10 ⁽²⁾ and 35 ⁽³⁾	CVS Medical	Under substantive examination ⁽⁶⁾ / 20 January 2025
5.		TM2025001897 / Malaysia	10 ⁽²⁾ and 35 ⁽³⁾	CVS Medical	Under substantive examination ⁽⁶⁾ / 20 January 2025

7. BUSINESS OVERVIEW (CONT'D)**Notes:**

- (1) Advertising and marketing services; Advertising and promotional services; Advertising and publicity services; Advertising consultancy; Advertising, promotional and public relations services; Advertising services to create corporate and brand identity; Advertising services relating to the sale of goods; Corporate branding services; Dissemination of advertising, marketing and publicity materials; Dissemination of advertising material online; Distribution of advertising material; Negotiation of advertising contracts; Planning services for advertising; Bringing together, for the benefit of others, of a variety of goods, excluding the transport thereof, enabling customers to conveniently view and purchase those goods; Arranging and conducting of advertising events; Arranging and conducting of fairs and exhibitions for business and advertising purposes; Planning and conducting of trade fairs, exhibitions and presentations for commercial or advertising purposes; Demonstration of goods for advertising purposes; Provision of information relating to advertising; Business management and administration services; Office functions.
- (2) Medical imaging apparatus; X-ray apparatus for medical use; X-ray diagnostic apparatus; Ultrasound apparatus for medical purposes; Diagnostic imaging apparatus for medical use; CT Scanners; Intravascular implants made from artificial materials; Biocompatible coated stents; Stents; Catheters; Medical catheters; Cardiac catheters; Surgical catheters; Surgical, medical, dental and veterinary apparatus and instruments; Artificial limbs, eyes and teeth; Orthopaedic articles; Suture materials; Therapeutic and assistive devices adapted for persons with disabilities; Massage apparatus; Apparatus, devices and articles for nursing infants.
- (3) Retail and wholesale services in relation to surgical, medical, dental and veterinary apparatus and instruments; Retail and wholesale services in relation to ultrasound imaging machines for medical diagnosis; Retail and wholesale services in relation to cat scans for medical diagnosis; On-line retail store services featuring medical apparatus; On-line retail store services featuring medical instruments; Retail and wholesale services for laser apparatus for medical treatment; Advertising; Marketing information; Product sales information; Providing business and marketing information; Providing commercial information and advice for consumers in the choice of products and services; Distribution of samples; Sales promotion.
- (4) Installation and maintenance of medical devices; Maintenance and repair of medical instruments, apparatus and equipment; Provision of information relating to the repair or maintenance of medical machines and apparatus; Installation and repair services; Installation, maintenance and repair of surgical, medical, dental and veterinary apparatus and instruments; Providing information relating to installation and repair services; Providing information relating to safe maintenance and repair.
- (5) Software as a service [SaaS]; Platform as a service [PaaS]; Computer software as a service provided on an outsourcing basis; Hosting of software as a service; Platforms for artificial intelligence as software as a service [SaaS]; Server hosting, software as a service [SaaS], and rental of software; Software as a service [SaaS] featuring database management software; Electronic storage of medical records; Scientific and technological services and research and design relating thereto; Industrial analysis, industrial research and industrial design services; Quality control and authentication services; Design and development of computer hardware and software; Calibration of medical apparatus; Computer programming in the medical field; Providing computer software technical support services in the field of medical diagnostics; Technology consultancy in the field of artificial intelligence.

7. BUSINESS OVERVIEW (CONT'D)

- (6) The application is under substantive examination which entails examination by MyIPO on whether the trademark fulfils the requirements for registration under the Trademarks Act 2019 such as the distinctiveness and whether there exist potential conflicts with existing trademarks. The estimated timeframe for the registration of the trademarks is between 10 to 18 months from the date of application.

Although the trademarks in the table above have not been granted registration, we are still entitled as proprietor of the unregistered trademark to continue using it in the ordinary course of our business. In addition, while we are not entitled to initiate legal action under the Trademarks Act 2019 to prevent any unauthorised use of any trademark which is similar or identical to the abovementioned unregistered trademark, we may still initiate legal action under common law against any third-party for passing off or misrepresenting their goods and services as those of ours and causing damage to the goodwill and reputation of our business.

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7. BUSINESS OVERVIEW (CONT'D)

7.23 MAJOR APPROVALS, LICENCES AND PERMITS

As at the LPD, we hold the following major approvals, licences and permits for our business operations:

No.	Company	Description of certificate / licence / permit	Approving authority	Certificate / Registration / Licence / Permit no.	Issuance date / Validity period	Major conditions imposed	Status of compliance												
1.	LAC Medical	Certificate of registration as contractor under the following categories according to Part IV of the CIDB Act:	CIDB	0120170712-WP000208	11 August 2022 / 11 August 2022 to 9 August 2025	This certificate is non-transferable.	Noted												
		<table><tr><th>Grade</th><th>Category</th><th>Specialisation</th></tr><tr><td>G7</td><td>B</td><td>B04</td></tr><tr><td>G7</td><td>CE</td><td>CE21</td></tr><tr><td>G7</td><td>ME</td><td>E09 E14 M06 M15</td></tr></table>	Grade	Category	Specialisation	G7	B	B04	G7	CE	CE21	G7	ME	E09 E14 M06 M15				CIDB reserves the right to review the contractor registration grade from time to time.	Noted
Grade	Category	Specialisation																	
G7	B	B04																	
G7	CE	CE21																	
G7	ME	E09 E14 M06 M15																	
		<u>Category</u> B : Building CE : Civil Engineering ME : Mechanical and Electrical Engineering				Contractor must not submit any tender or carry out any construction activities upon expiry of the registration certificate unless such certificate has been renewed.	Noted												
						Contractor must display the certificate issued by the CIDB or a certified copy of such certificate at its business premises.	Complied												

7. BUSINESS OVERVIEW (CONT'D)

No.	Company	Description of certificate / licence / permit	Approving authority	Certificate / Registration / Licence / Permit no.	Issuance date / Validity period	Major conditions imposed	Status of compliance
		<u>Specialisation</u>					
		B04 : Building construction works - construction works of any building and plant				Contractor must submit information relating to the construction works or the relevant contracts within 14 days from the date of the award or prior to the commencement of the construction works, whichever is earlier.	Complied
		CE21 : Civil engineering construction - construction works, maintenance and repair of any civil engineering construction				Contractor must submit any information requested by CIDB from time to time.	Noted
		E09 : Medical equipment mounting systems					
		E14 : Computer network cable					
		M06 : Medical equipment				Contractor must comply with all requirements in the Contractor's Code of Ethics.	Complied
		M15 : Miscellaneous mechanical equipment					
						The Contractor shall apply for renewal within 60 days prior to the expiry date specified in this certificate.	Noted
						The Contractor shall appoint skilled construction workers and site supervisors accredited and certified by CIDB.	Complied

7. BUSINESS OVERVIEW (CONT'D)

No.	Company	Description of certificate / licence / permit	Approving authority	Certificate / Registration / Licence / Permit no.	Issuance date / Validity period	Major conditions imposed	Status of compliance
						All workers at the construction site must have a valid Construction Personnel Card.	Complied
2.	LAC Medical	Business premises and signboard licence for office Licenced premises: G-02-1, G-02-2, G-02-3, G-03-2, G-03A-3, Plaza Kelana Jaya	Petaling Jaya City Council	L2540000681 777	26 December 2024 / 26 December 2024 to 31 December 2025	Nil	Not applicable
3.	LAC Medical	Atomic energy licence granted in respect of Class C, Class E and Class H pursuant to the Atomic Energy Licensing Act 1984 for the agency for testing and maintenance services of radiation equipment, purchase, transfer, trade, export, control, import, sell and storage of the irradiating apparatus Person responsible: Liew Yoon Poh Radiation Protection Officer's name: Teh Peng Ting	AELB	LPTA/A/1579	30 December 2024 / 21 July 2024 to 20 July 2027	The licensee shall purchase radiation equipment from a supplier licensed by AELB only. For purchases directly from abroad, licensee shall ensure that the radiation equipment to be purchased meets the standards adopted by AELB.	Complied Complied

7. BUSINESS OVERVIEW (CONT'D)

No.	Company	Description of certificate / licence / permit	Approving authority	Certificate / Registration / Licence / Permit no.	Issuance date / Validity period	Major conditions imposed	Status of compliance
						The licensee shall submit to AELB information regarding radiation equipment owned or when there are any changes within 14 days of ownership by updating the ownership online (e-License).	Complied
						The licensee shall ensure that the irradiating apparatus is only handled by the personnel recognised by AELB only.	Complied
						The licensee shall report to AELB any unforeseen incident which threatens the security as soon as possible within 24 hours from the time of occurrence of the incident.	Noted
						The licensee is forbidden to carry out any modifications towards all licensed irradiating apparatus without the prior approval of AELB.	Complied

7. BUSINESS OVERVIEW (CONT'D)

No.	Company	Description of certificate / licence / permit	Approving authority	Certificate / Registration / Licence / Permit no.	Issuance date / Validity period	Major conditions imposed	Status of compliance
						AELB has the right to revoke or cancel this licence at any time without notice if the licensee is found to have failed to comply with the Atomic Energy Licensing Act 1984, the subsidiary regulations under it and the conditions of the licence issued.	Noted
						The licence issued by AELB is not transferrable.	Noted
						The licensee shall display a copy of the license near the irradiating apparatus for easy inspection at any time.	Complied
						Application for renewal shall be made online prior to the expiry date of the licence.	Noted
						The licensee shall comply with all regulations issued by the AELB at all times.	Noted

7. BUSINESS OVERVIEW (CONT'D)

No.	Company	Description of certificate / licence / permit	Approving authority	Certificate / Registration / Licence / Permit no.	Issuance date / Validity period	Major conditions imposed	Status of compliance
4.	LAC Medical	Certificate of registration for the provision of services under the following field codes: Code no. 050101 Details Hospital Equipment, Medical Devices, Medicines, and Pharmaceuticals / Hospital Equipment, Medical Materials, and Supplies / Hospital Equipment and Supplies	Ministry of Finance	K6345841553 3364418	Nil / 31 October 2022 to 24 November 2025	The approval is given based on the information provided by the company. Any changes to the information must be updated online in the Profile Update in www.eperolehan.gov.my within a period of 21 days from the date the change occurs and failure to do so may result in actions below. The company must submit all information within the prescribed period when requested by the MOF.	Noted Complied Noted

7. BUSINESS OVERVIEW (CONT'D)

No.	Company	Description of certificate / licence / permit	Approving authority	Certificate / Registration / Licence / Permit no.	Issuance date / Validity period	Major conditions imposed	Status of compliance
		Code no. Details 050102 Hospital Equipment, Medical Devices, Medicines, and Pharmaceuticals / Hospital Equipment, Medical Materials, and Supplies / Medical Equipment and Supplies 050301 Hospital Equipment, Medical Devices, Medicines, and Pharmaceuticals / Medical Instruments, Textiles, and Disposable/Re-usable Medical Apparel / Disposable Medical Instruments				The Company must ensure that the field registered in this certificate does not overlap with any field that has been approved for the other companies which: (i) has the same owner(s) or Board of Directors/Director(s), management, and employees; or (ii) operates at the same premises	Complied

7. BUSINESS OVERVIEW (CONT'D)

No.	Company	Description of certificate / licence / permit	Approving authority	Certificate / Registration / Licence / Permit no.	Issuance date / Validity period	Major conditions imposed	Status of compliance
		Code no. Details					
		060101 Chemicals, Chemical Materials, and Laboratory Equipment / Chemicals / Laboratory Chemicals				The Ministry of Finance reserves the right to conduct inspections or audits at any time without prior notice. Failure to comply with the registration requirement, field codes, and/or company's registration may result in suspension or cancellation, and the company, owner, and Board of Directors/Directors may face disciplinary action, including being blacklisted without notice if the provided information is found to be false.	Noted
		060104 Chemicals, Chemical Materials, and Laboratory Equipment / Chemicals / Film/Photography Processing Chemicals					
		060501 Chemicals, Chemical Materials, and Laboratory Equipment / Laboratory Equipment / Laboratory Equipment and Accessories					
		140401 Electrical and Electronic Engineering Equipment / Equipment for Atomic and Nuclear Energy / Nuclear Reactors and Instruments				A newly registered company is not allowed to make any changes to the owner or director within six (6) months from the date of registration.	Noted

7. BUSINESS OVERVIEW (CONT'D)

No.	Company	Description of certificate / licence / permit	Approving authority	Certificate / Registration / Licence / Permit no.	Issuance date / Validity period	Major conditions imposed	Status of compliance
		Code no. Details					
		220601 Services / Maintenance / Repair of Medical and Laboratory Equipment / Hospital / Laboratory Equipment				Failure to apply for the renewal of registration after the registration expiry date may result in the cancellation of the Company's Registration and removal from the ePerolehan System. The company must then make a new application.	Noted
		221508 Services / Rental and Management of Hospital and Laboratory Equipment				The Company shall submit a renewal application before the registration expires, within 3 months.	Noted
5.	LAC Medical	Establishment licence as authorized representative, distributor and importer Person responsible: Liew Yoon Poh	MDA	MDA-5984-WDP124	Nil / 5 June 2024 to 4 June 2027	Establishment license issued by the MDA shall not be transferred. Licensee may apply for renewal of establishment license not later than 90 days prior to expiry of license.	Noted Complied

7. BUSINESS OVERVIEW (CONT'D)

No.	Company	Description of certificate / licence / permit	Approving authority	Certificate / Registration / Licence / Permit no.	Issuance date / Validity period	Major conditions imposed	Status of compliance
						The licensee shall not import, export and place in market an unauthorized medical device from the manufacturer or the Authorized Representative.	Complied
						Any changes or amendments to the information concerning license shall be notified to the Authority.	Noted
						The validity period of the license certificate is subject to the validity period and conditions of the ⁽¹⁾ Quality Management System certificate issued by the Conformity Assessment Body (CAB).	Noted

7. BUSINESS OVERVIEW (CONT'D)

No.	Company	Description of certificate / licence / permit	Approving authority	Certificate / Registration / Licence / Permit no.	Issuance date / Validity period	Major conditions imposed	Status of compliance
6.	LAC Medical	Good Distribution Practice for Medical Device in respect of local authorized representative, importer, distribution (including transportation), storage and handling, installation, testing & commissioning (including the required facilities), maintenance & calibration (including the required facilities), documentation (including traceability of medical devices) for electro mechanical medical devices, single-use devices, diagnostic and therapeutic radiation devices, as well as medical software	CARE Certification International (M) Sdn Bhd	MYG2205990	6 June 2014 / 14 February 2024 to 5 June 2026	Nil	Not applicable
7.	CVS Medical	Business premise and signboard licence for office Licenced premise: G-03-1 Plaza Kelana Jaya	Petaling Jaya City Council	L2540000684 127	17 February 2025 / 17 February 2025 to 31 December 2025	Nil	Not applicable
8.	CVS Medical	Business premise licence for office Licenced premise: G-03-3 Plaza Kelana Jaya	Petaling Jaya City Council	L2540000678 655	17 January 2025 / 17 January 2025 to 31 December 2025	Nil	Not applicable

7. BUSINESS OVERVIEW (CONT'D)

No.	Company	Description of certificate / licence / permit	Approving authority	Certificate / Registration / Licence / Permit no.	Issuance date / Validity period	Major conditions imposed	Status of compliance
9.	CVS Medical	Good Distribution Practice for Medical Device in respect of local authorized representative, import, distribution (including transportation), storage & handling, installation, testing & commissioning (including the required facilities), maintenance and calibration (including the required facilities) and documentation (including traceability of medical devices) for electro mechanical medical devices, single-use devices and medical software	CARE Certification International (M) Sdn Bhd	MYG2205989	30 April 2018 / 14 February 2024 to 29 April 2027	Nil	Not applicable
10.	CVS Medical	Establishment licence as authorized representative Person responsible: Liew Yoon Poh	MDA	MDA-4956-W123	Nil / 23 August 2023 to 22 August 2026	The licensee shall submit all information within the prescribed period upon request by the MDA. The licensee shall comply with all instructions issued by the MDA from time to time. The MDA reserves the right to conduct visit or inspection to licensee at any time without prior notice.	Noted Noted Noted

7. BUSINESS OVERVIEW (CONT'D)

No.	Company	Description of certificate / licence / permit	Approving authority	Certificate / Registration / Licence / Permit no.	Issuance date / Validity period	Major conditions imposed	Status of compliance
						The MDA may suspend or revoke the establishment licence or take legal action if the licensee fails to comply with any of the requirements of the establishment licence.	Noted
						Establishment licence issued by the MDA shall not be transferred.	Noted
						Establishment licence shall be visibly displayed and shall be presented upon request by an authorized officer.	Complied
						Licensee may apply for renewal of establishment licence not later than 90 days prior to expiry of license.	Noted
						The licensee shall not import, export and place in market an unauthorized medical device from the manufacturer or the authorized representative.	Complied

7. BUSINESS OVERVIEW (CONT'D)

No.	Company	Description of certificate / licence / permit	Approving authority	Certificate / Registration / Licence / Permit no.	Issuance date / Validity period	Major conditions imposed	Status of compliance
						Any changes or amendments to the information concerning licence shall be notified to the MDA.	Noted
						The validity period of the licence certificate is subject to the validity period and conditions of the ⁽¹⁾ Quality Management System certificate issued by the Conformity Assessment Body (CAB).	Noted
						The licensee shall report to the MDA in the event of receiving a new letter of authorization or a revocation letter as an authorized representative, distributor or importer.	Noted

7. BUSINESS OVERVIEW (CONT'D)

No.	Company	Description of certificate / licence / permit	Approving authority	Certificate / Registration / Licence / Permit no.	Issuance date / Validity period	Major conditions imposed	Status of compliance
						Any authorized representative who intends to take over the registration of a medical device previously registered by the authorized representative, shall obtain consent to change the registration holder from the previous authorized representative.	Noted
11.	CVS Medical	Establishment licence as distributor Person responsible: Liew Yoon Poh	MDA	MDA-4578-D123	Nil / 24 May 2023 to 23 May 2026	The licensee shall submit all information within the prescribed period upon request by the MDA.	Noted
						The licensee shall comply with all instructions issued by the MDA from time to time.	Noted
						The MDA reserves the right to conduct visit or inspection to licensee at any time without prior notice.	Noted

7. BUSINESS OVERVIEW (CONT'D)

No.	Company	Description of certificate / licence / permit	Approving authority	Certificate / Registration / Licence / Permit no.	Issuance date / Validity period	Major conditions imposed	Status of compliance
						The MDA may suspend or revoke the establishment licence or take legal action if the licensee fails to comply with any of the requirements of the establishment licence.	Noted
						Establishment licence issued by the MDA shall not be transferred.	Noted
						Establishment licence shall be visibly displayed and shall be presented upon request by an authorized officer.	Complied
						Licensee may apply for renewal of establishment licence not later than 90 days prior to expiry of license.	Noted
						The licensee shall not import, export and place in market an unauthorized medical device from the manufacturer or the authorized representative.	Complied

7. BUSINESS OVERVIEW (CONT'D)

No.	Company	Description of certificate / licence / permit	Approving authority	Certificate / Registration / Licence / Permit no.	Issuance date / Validity period	Major conditions imposed	Status of compliance
						Any changes or amendments to the information concerning licence shall be notified to the MDA.	Noted
						The validity period of the licence certificate is subject to the validity period and conditions of the ⁽¹⁾ Quality Management System certificate issued by the Conformity Assessment Body (CAB).	Noted
12.	CVS Medical	Establishment licence as importer Person responsible: Liew Yoon Poh	MDA	MDA-8215-P125	Nil / 27 April 2025 to 26 April 2028	The licensee shall submit all information within the prescribed period upon request by the MDA.	Noted
						The licensee shall comply with all instructions issued by the MDA from time to time.	Noted
						The MDA reserves the right to conduct visit or inspection to licensee at any time without prior notice.	Noted

7. BUSINESS OVERVIEW (CONT'D)

No.	Company	Description of certificate / licence / permit	Approving authority	Certificate / Registration / Licence / Permit no.	Issuance date / Validity period	Major conditions imposed	Status of compliance
						The MDA may suspend or revoke the establishment licence or take legal action if the licensee fails to comply with any of the requirements of the establishment licence.	Noted
						Establishment licence issued by the MDA shall not be transferred.	Noted
						Establishment licence shall be visibly displayed and shall be presented upon request by an authorized officer.	Complied
						Licensee may apply for renewal of establishment licence not later than 90 days prior to expiry of license.	Noted
						The licensee shall not import, export and place in market an unauthorized medical device from the manufacturer or the authorized representative.	Complied

7. BUSINESS OVERVIEW (CONT'D)

No.	Company	Description of certificate / licence / permit	Approving authority	Certificate / Registration / Licence / Permit no.	Issuance date / Validity period	Major conditions imposed	Status of compliance
						Any changes or amendments to the information concerning licence shall be notified to the MDA.	Noted
						The validity period of the licence certificate is subject to the validity period and conditions of the ⁽¹⁾ Quality Management System certificate issued by the Conformity Assessment Body (CAB).	Noted
13.	Gocloud	Business premises licence for office Licenced premise: G-02-1 Plaza Kelana Jaya	Petaling Jaya City Council	L2540000683 842	12 February 2025 / 12 February 2025 to 31 December 2025	Nil	Not applicable

7. BUSINESS OVERVIEW (CONT'D)

No.	Company	Description of certificate / licence / permit	Approving authority	Certificate / Registration / Licence / Permit no.	Issuance date / Validity period	Major conditions imposed	Status of compliance
14.	PT Fairmed	Business identification number	Minister of Investment and Downstream of the Republic of Indonesia / Head of Investment Coordination Board on behalf of Minister of Health of the Republic of Indonesia	13122400709 39	13 December 2024 / Valid from 13 December 2024 until the winding up of PT Fairmed	Nil	Not applicable
15.	PT Fairmed	Medical device distribution license	Minister of Investment and Downstream of the Republic of Indonesia / Head of Investment Coordination Board on behalf of Minister of Health of the Republic of Indonesia	13122400709 390001	22 March 2025 / 22 March 2025 to 22 March 2030	The licensee shall comply to requirements of facility readiness report, general administration, equipment, human resources, list of medical device list to be distributed, levy, and building and facilities.	Complied

7. BUSINESS OVERVIEW (CONT'D)

No.	Company	Description of certificate / licence / permit	Approving authority	Certificate / Registration / Licence / Permit no.	Issuance date / Validity period	Major conditions imposed	Status of compliance
16.	PT Fairmed	Certificate of Good Distribution Practice for Medical Devices	Minister of Investment and Downstream of the Republic of Indonesia / Head of Investment Coordination Board on behalf of Minister of Health of the Republic of Indonesia	PB-UMKU: 13122400709 39000000001	12 July 2025 / 12 July 2025 to 12 July 2030	The licensee must obtain the medical device distribution license	Complied

Note:

- (1) As a pre-requisite to obtain the establishment licences issued by the MDA, the authorised representatives, importers and distributors of medical devices must obtain a Quality Management System certificate issued by a conformity assessment body, to ensure that the medical devices distributed in Malaysia meet the quality standards and are safe and effective for use. Please refer to items no. 6 and 9 above for the scope and validity of our Good Distribution Practices for Medical Devices (GDPMD) certifications issued by CARE Certification International (M) Sdn Bhd, a recognised conformity assessment body. These certifications constitute the requisite Quality Management System certification for the purposes of our establishment licences.

As at the LPD, our Group has obtained all necessary licenses, permits and approvals necessary to conduct our operations in Malaysia and Indonesia from the relevant regulatory authorities, and such licenses, permits and approvals are valid and remain in effect. As we have not commenced any distribution of medical devices in Indonesia as at the LPD, we will obtain the Certificate of Good Distribution Practices of Medical Devices and Certificate of Indonesia National Standard from the relevant authorities in Indonesia before commencing any distribution of medical devices.

For licences with remaining validity period of less than 12 months, our Board does not foresee any issue in the renewal of these licences as they have been regularly renewed within their prescribed validity periods.

7. BUSINESS OVERVIEW (CONT'D)

7.24 MATERIAL PROPERTIES

As at the LPD, our Group does not own any properties. A summary of the material properties rented by our Group as at the LPD are as follows:

No.	Landlord	Tenant	Property address	Description/ Existing use	Tenanted built-up area	Tenure of the tenancy	Rental per annum	Date of Issuance of CF / CCC / SLF
1.	Glocomp	LAC Medical / GoCloud	G-02-1, Plaza Kelana Jaya, Jalan SS7/13A, 47301 Petaling Jaya	<u>Description</u> Ground floor of a 3-storey office shophouse <u>Existing use</u> Office and storage	1,410.1 sq ft (shared between LAC Medical and GoCloud)	1 August 2024 to 31 July 2025 (LAC Medical) / 1 January 2025 to 31 December 2025 (GoCloud)	RM24,600 (LAC Medical) / RM9,000 (GoCloud)	23 December 2009 / 31 December 2024 ⁽¹⁾
2.	Glocomp	LAC Medical	G-02-2, Plaza Kelana Jaya, Jalan SS7/13A, 47301 Petaling Jaya	<u>Description</u> First floor of a 3-storey office shophouse <u>Existing use</u> Office	1,420.8 sq ft	1 August 2024 to 31 July 2025	RM27,000	23 December 2009 / 31 December 2024 ⁽¹⁾
3.	Glocomp	LAC Medical	G-02-3, Plaza Kelana Jaya, Jalan SS7/13A, 47301 Petaling Jaya	<u>Description</u> Second floor of a 3-storey office shophouse <u>Existing use</u> Office	1,603.8 sq ft	1 August 2024 to 31 July 2025	RM19,800	23 December 2009 / 31 December 2024 ⁽¹⁾

7. BUSINESS OVERVIEW (CONT'D)

No.	Landlord	Tenant	Property address	Description/ Existing use	Tenanted built-up area	Tenure of the tenancy	Rental per annum	Date of Issuance of CF / CCC / SLF
4.	Glocomp	LAC Medical	G-03-2, Plaza Kelana Jaya, Jalan SS7/13A, 47301 Petaling Jaya	Description First floor of a 3-storey office shophouse Existing use Office	1,420.8 sq ft	1 August 2024 to 31 July 2025	RM27,000	23 December 2009 / 31 December 2024 ⁽¹⁾
5.	Glocomp	LAC Medical	G-03A-3, Plaza Kelana Jaya, Jalan SS7/13A, 47301 Petaling Jaya	Description Second floor of a 3-storey office shophouse Existing use Office	1,603.8 sq ft	1 August 2024 to 31 July 2025	RM19,800	23 December 2009 / 31 December 2024 ⁽¹⁾
6.	Glocomp	CVS Medical	G-03-1, Plaza Kelana Jaya, Jalan SS7/13A, 47301 Petaling Jaya	Description Ground floor of a 3-storey office shophouse Existing use Office and storage	1,410.1 sq ft	1 August 2024 to 31 July 2025	RM33,000	23 December 2009 / 31 December 2024 ⁽¹⁾
7.	Glocomp	CVS Medical	G-03-3, Plaza Kelana Jaya, Jalan SS7/13A, 47301 Petaling Jaya	Description Second floor of a 3-storey office shophouse Existing use Office	1,528.5 sq ft	1 August 2024 to 31 July 2025	RM19,800	23 December 2009 / 31 December 2024 ⁽¹⁾

7. BUSINESS OVERVIEW (CONT'D)

<u>No.</u>	<u>Landlord</u>	<u>Tenant</u>	<u>Property address</u>	<u>Description/ Existing use</u>	<u>Tenanted built-up area</u>	<u>Tenure of the tenancy</u>	<u>Rental per annum</u>	<u>Date of Issuance of CF / CCC / SLF</u>
8.	PT Optimus Prima Investama	PT Fairmed	Unit 11.09, Office Tower 3, Ciputra International, Jakarta, Indonesia	<u>Description</u> Office unit at an office tower <u>Existing use</u> Office	1,622.8 sq ft	15 November 2024 to 14 December 2026	IDR3.6 billion	9 March 2022 ⁽²⁾

Notes:

- (1) The additional CCC dated 31 December 2024 is for the alterations to the existing 3-storey units at G-02, G-03 and G-03A, Plaza Kelana Jaya, Jalan SS7/13A, 47301 Petaling Jaya.
- (2) Under Indonesian law, it is the obligation of the building owner to obtain a Certificate of Occupancy (Sertifikat Laik Fungsi) (“**SLF**”) to confirm that the building complies with the applicable legal requirements. As at the LPD, PT Fairmed has obtained a copy of the valid SLF from its landlord.

As at the LPD, our Group is in compliance with all the relevant laws, regulations, rules or requirements which may materially affect our operations and the use of the above properties.

7. BUSINESS OVERVIEW (CONT'D)

7.25 GOVERNING LAWS AND REGULATIONS

Our Group is subject to the following laws and regulations which are material to our business operations:

Malaysia

(i) MDA 2012

The MDA 2012 is enacted to regulate medical devices, its industry and activities as well as to enforce medical device law.

Section 15(1) of the MDA 2012 provides that no medical device shall be imported, exported or placed in the market unless it holds an establishment licence granted under the MDA. Any person who contravenes the aforesaid shall, on conviction, be liable to a fine not exceeding RM200,000 or imprisonment for a term not exceeding 3 years or both.

Our Group holds valid establishment licences issued under the MDA 2012 and is in compliance with the MDA 2012.

(ii) Street, Drainage and Building Act 1974 (“SDBA”)

The SDBA regulates laws relating to street, drainage and buildings in local authority areas in Peninsular Malaysia. It provides for the requirement to have a CF or CCC to ensure that a building is safe and fit for occupation.

Pursuant to Section 70(1) of the SDBA, no person shall erect any building without the prior written permission of the local authority and any person who intends to erect any building shall cause to be submitted to the local authority or relevant authorities such plan and specification as may be required by any by-laws made under the SDBA or any other written law.

Any person who erects a building in contravention of the SDBA or of any of the by-laws made thereunder commits an offence and shall on conviction, be liable to a fine not exceeding RM50,000 or to imprisonment for a term not exceeding 3 years or to both, and shall be liable to a further fine of RM1,000 for every day during which the offence continues after conviction.

Further, Section 70(27) of the SDBA also stipulates that no person shall occupy or permit to be occupied any building or any part thereof without a CCC. A person who occupies premises without a CCC/CF is subject to a fine of up to RM250,000, imprisonment for a term of up to 10 years, or both.

Section 79 of the SDBA provides that prior written permission of the local authority is required among others for any partition, compartment, gallery, loft, roof, ceiling or other structures built in a building. Any failure to obtain the local authorities' prior written permission for the above may subject the person in breach to a fine not exceeding RM500, if convicted and a further fine not exceeding RM100 for every day during which the offence continues after conviction.

All our rented properties in Malaysia have been issued with CCC and are in compliance with the SDBA. Save for the past non-compliance as disclosed in Sections 7.25.1(iii) of this Prospectus, our Group has not experienced any other non-compliances with the SDBA during the Financial Years Under Review and up to the LPD.

7. BUSINESS OVERVIEW (CONT'D)

(iii) Fire Services Act 1988 (“FSA”)

The FSA provides for the effective and efficient functioning of the Fire and Rescue Department of Malaysia (“**BOMBA**”), for the protection of persons and property from fire risks or emergencies and for purposes connected therewith.

Pursuant to Section 28 of the FSA, every designated premises shall require a fire certificate which shall be renewable annually. The premises of which the use, size and location as set out in the schedule of the Fire Services (Designated Premises) Order 1998 shall be designated premises for the purpose of issuance of a fire certificate under the FSA.

Pursuant to Section 33 of the FSA, where there is no fire certificate in force in respect of any designated premises, the owner of the premises shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM50,000 or to imprisonment for a term not exceeding 5 years or to both.

All premises used for our business operations comply with the FSA and we will ensure continued compliance with the applicable FSA provisions.

(iv) Local Government Act 1976 (“LGA”)

The LGA empowers every local authority to grant licence or permit for any trade, occupation or premise through by-laws. Every licence or permit granted shall be subject to such conditions and restrictions as the local authority may think fit and shall be revocable by the local authority at any time without assigning any reason therefor. As our offices are located in Selangor, we come under the jurisdiction of the Petaling Jaya City Council.

The relevant by-laws governing the conduct of our business would be the Licensing of Trade, Business and Industries (Petaling Jaya City Council) By-Laws 2007 (“**Petaling Jaya By-Laws**”). The Petaling Jaya By-Laws provides that no person shall operate any activity of trade, business and industry or use any place or premise in the local area of the council for any activity of trade, business and industry without a licence issued by the licensing authority. Any person who contravenes any provisions of the Petaling Jaya By-Laws shall be guilty of an offence and shall upon conviction be liable to a fine not exceeding RM2,000 or to imprisonment for a term not exceeding 1 year or both such fine and imprisonment and in the case of a continuing offence to a fine not exceeding RM200 for each day during which such offence is continued after conviction.

Our Group holds valid business premises licences for all our premises in Malaysia and is in compliance with the applicable LGA provisions.

(v) CIDB Act

The CIDB Act and the regulations made thereunder, govern the establishment of the CIDB and provide for its function in relation to the construction industry and all matters in connection therewith.

The CIDB Act prescribes that a contractor must register with the CIDB and hold a valid certificate of registration issued by the CIDB under the CIDB Act in order to carry out or complete, undertake to carry out or complete any construction works or hold himself as a contractor. Failure to comply with the above shall render a person liable to a fine of not less than RM10,000 but not more than RM100,000.

LAC Medical holds a valid Grade G7 certificate of registration as a contractor with CIDB and is in compliance with the CIDB Act.

7. BUSINESS OVERVIEW (CONT'D)

(vi) Occupational Safety and Health Act 1994 (as amended by the Occupational Safety and Health (Amendment) Act 2022) ("OSHA")

The OSHA regulates the safety, health and welfare of persons at work, protecting others against the risks of safety or health in connection with the activities of persons at work. Pursuant to Section 29 of the OSHA, an occupier of a place of work shall employ a competent person to act as a safety and health officer at the place of work. An occupier who contravenes the provisions of this section shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM50,000 or to a term of imprisonment not exceeding 6 months or to both. The employer of the class or description of industries that shall employ a safety and health officer can be found under Order 3 of the Occupational Safety and Health (Safety and Health Officer) Order 1997.

Pursuant to Section 29A of the OSHA, an occupier of a place of work shall appoint one of his employees to act as a safety and health coordinator at the place of work if he employs 5 or more employees. Any employer who contravenes with this section shall be guilty of an offence and shall on conviction, be liable to a fine not exceeding RM5,000 or to imprisonment for a term not exceeding 6 months or to both.

Pursuant to Section 30 of the OSHA, every employer shall establish a safety and health committee at the place of work if there are 40 or more persons employed at the place of work or the Director General of the Department of Occupational Safety and Health directs the establishment of such a committee at the place of work. A person who contravenes the provisions of this section shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM100,000 or to imprisonment for a term not exceeding 1 year or to both.

Our Group is in compliance with the OSHA.

(vii) Atomic Energy Licensing Act 1984 ("AELA")

Section 12 of the AELA states that no person shall deal in, possess or dispose of any radioactive material, nuclear material, prescribed substance or irradiating apparatus, unless he is the holder of a valid licence issued under subsection 16(5) by the appropriate authority for such purpose and as specified in the licence.

Any person who deals in, possess or dispose of any radioactive material, nuclear material, prescribed substance or irradiating apparatus without a valid licence commits an offence and is liable to imprisonment for a term not exceeding 10 years or a fine not exceeding RM100,000 or both, if convicted.

LAC Medical holds a valid permit to act as a testing and maintenance service agency, purchase, transfer, trade, export, control, import, sell and store the irradiating apparatus.

Indonesia

(viii) Minister of Health Regulation Nr. 1191/MENKES/PER/VIII/2010 of 2010 on Medical Device Distribution as amended by Minister of Health Regulation Nr. 26 of 2018 on Integrated Electronic Business Licensing Services in Health Sector ("MOH Reg. Nr. 1191/2010")

Article 5, paragraph (1) of MOH Reg Nr. 1191/2010 stipulates that medical devices distribution may only be carried out by Medical Devices Distributor (*Penyalur Alat Kesehatan* – "PAK"), PAK's branch and medical devices store. Furthermore, Article 9, paragraph (1) MOH Reg. Nr. 1191/2010 stipulates that PAK, PAK's branch and medical devices store shall obtain a Medical Device Distribution License (*Izin Distribusi Alat Kesehatan* – "IDAK").

7. BUSINESS OVERVIEW (CONT'D)

Pursuant to Article 52 of MOH Reg. Nr. 1191/2010, in the event of guidance and supervision, the director general, head of provincial health office and head of district/city health office may take administrative action in the form of verbal admonition, written admonition, and/or revocation of license.

PT Fairmed has obtained a medical device distribution license, which is valid until 22 March 2030, permitting PT Fairmed to distribute (i) non-radiation electromedical medical devices and (ii) in vitro diagnostic products. PT Fairmed is in compliance with MOH Reg. Nr. 1191/2010.

(ix) Minister of Health Regulation Nr. 4 of 2014 in respect of Good Distribution Practices of Medical Devices

Pursuant to Article 2 paragraph (1) of Minister of Health Regulation Nr. 4 of 2014 in respect of Good Distribution Practices of Medical Devices, every medical device distributor is obliged to apply for the Certificate of Good Distribution Practice for Medical Devices ("CDAKB"). CDAKB is required for our Group to carry out our business in selling and distributing medical devices in Indonesia.

PT Fairmed has obtained the CDAKB, which is valid until 12 July 2030, permitting PT Fairmed to distribute (i) non-radiation electromedical medical devices and (ii) in vitro diagnostic products. PT Fairmed is in compliance with Minister of Health Regulation Nr. 4 of 2014.

7.25.1 Non-compliances

Save for the non-compliances as disclosed below, our Group is in compliance with the relevant laws, regulations, rules or requirements governing the conduct of our business and environmental issues which may materially affect our business or operations:

(i) Tax audit and penalties by the IRB

The IRB conducted a tax audit on CVS Medical and LAC Medical in March 2023 and May 2024 respectively for the year of assessment ("YA") 2018 to YA 2021, and imposed the following additional tax and penalties, which were fully settled in May 2023 and May 2024 respectively:

Description	Additional tax (RM)	Tax penalty (RM)	Total (RM)
Tax undercharged in YA 2019, YA 2020 and YA 2021 due to certain expenses, such as penalty charges for late delivery to a customer, late payments of credit card bills and staff welfare, which were not eligible for deduction for income tax purposes	3,567	651	4,218
Issuance of credit note in YA 2021 for the return of a medical equipment sold in YA 2019 (due to non-payment by the customer) which was not allowed to be offset against the gross income for YA 2021	17,820	2,673	20,493
Total	21,387	3,324	24,711

7. BUSINESS OVERVIEW (CONT'D)

In October 2022 and October 2024, CVS Medical was imposed with the following tax penalties for the Financial Years Under Review and up to the LPD, which were fully settled in August 2023 and October 2024 respectively:

Description	Tax penalty (RM)
Penalty on late payment of 2 tax instalments for YA 2022 due to an oversight by our Group	18,234
Penalty on underestimation of tax resulting in actual tax payable being higher than the initial estimate of tax payable for YA 2022. The underestimation of tax was mainly due to additional sales from a new tender which was awarded to our Group in the last quarter of the year	34,755
Total	52,989

As at the LPD, the additional tax and penalties above amounting to a total of RM77,700 have been fully settled. These additional tax and penalties represented approximately 0.4% of our Group's PAT for the FYE 2024 and did not have a material impact on our business operations and financial condition.

Going forward, in order to mitigate the risk of future tax non-compliance, our Group has implemented the following measures:

- (a) assigning a dedicated finance personnel to monitor tax compliance matters, including reviewing tax-related issues and ensuring timely remittance of all tax payments. In addition, the Chief Financial Officer will also vet all tax computations before submission of income tax to the IRB; and
- (b) our Group will seek guidance from our tax agent to ensure that all deductions claimed are in line with tax legislation.

Our Board is of the view that these enhanced measures are adequate in preventing the recurrence of similar non-compliance.

(ii) Late registration and underpayment of service tax by our Group

The Service Tax Act 2018 requires any person who provides any taxable service to be registered for service tax if the total value of his taxable services exceeds RM500,000 for the current month and the 11 months immediately preceding that month.

In addition, effective from 1 January 2019, service tax is required to be charged on any imported taxable service. An imported taxable service refers to any taxable service acquired by any person in Malaysia from any person who is outside Malaysia.

Failure to comply with Section 26(4) of Service Tax Act 2018 is an offence and the person is liable to a fine not exceeding RM50,000 or to imprisonment for a term not exceeding 3 years or both. Pursuant to Section 26(7) of Service Tax Act 2018, late payment of service tax will be subject to a maximum penalty rate of 40% on the unpaid service tax.

7. BUSINESS OVERVIEW (CONT'D)

For the Financial Years Under Review, our Group did not comply with the requirements under the Service Tax Act 2018. The amount of service tax underpaid and penalty arising therefrom are as follows:

	Service tax underpaid (RM)	Tax penalty (RM)	Total (RM)
Underpayment of service tax prior to service tax registration ⁽¹⁾	706,952	⁽³⁾ -	706,952
Underpayment of service tax subsequent to service tax registration ⁽²⁾	134,508	53,802	188,310
Total	841,460	53,802	895,262

Notes:

- (1) LAC Medical, CVS Medical and GoCloud submitted their service tax registration applications in June 2023 and were assigned an effective registration date of 1 July 2023. However, as the taxable services of LAC Medical and CVS Medical had exceeded the RM500,000 thresholds prior to June 2023, the effective registration dates for LAC Medical and CVS Medical should have been 1 September 2018 and 1 April 2023 respectively.
- (2) LAC Medical and GoCloud had inadvertently omitted service tax for certain invoices issued after the registration due to weaknesses in our invoicing system where certain taxable services were not tagged or charged with service tax upon issuance of an invoice. We had since rectified our invoicing system in May 2024. In addition, we imported certain prescribed taxable services into Malaysia for the purposes of our business but did not account for service tax on such imported taxable services due to oversight by our Group.
- (3) Based on our verbal enquiries with the Royal Malaysian Customs Department, no penalty will be imposed on the voluntary declaration of service tax that was underpaid prior to registration for service tax.

In March 2025 and April 2025, our Group voluntarily declared to the Royal Malaysian Customs Department the above underpayment in service tax. The total amount of service tax underpaid and penalty of approximately RM0.9 million was fully settled upon the voluntary declaration.

To prevent recurrence of such non-compliance, our Group has since taken steps to raise the awareness of our employees overseeing tax matters of the latest updates on tax regulations and guidelines through training and briefing sessions, and strengthen our standard operating procedures, policy and framework by setting out the relevant procedures in handling service tax matter including seeking advice from tax consultant in order to ensure accurate submission of service tax declarations and related payments. In addition, the Chief Financial Officer will also vet all tax returns before submission to the Royal Malaysian Customs Department.

Our Board is of the view that these enhanced measures are adequate in preventing the recurrence of similar non-compliance.

The above incident is not expected to have a material adverse impact to our Group's business operations and financial condition as:

- (a) the total service tax underpaid and penalty of approximately RM0.9 million is immaterial and represented approximately 4.4% of our Group's PAT for the FYE 2024; and

7. BUSINESS OVERVIEW (CONT'D)

- (b) the said incident does not give rise to any corporate governance concern as it was a genuine oversight and we have taken the necessary corrective actions to rectify the non-compliance and to ensure future compliance as per our Group's formalised standard operating procedures.

(iii) **We carried out renovation works on our rented premises prior to obtaining building plan approval and CCC**

We had in 2023 carried out renovation works within the existing structure of 7 units of our rented properties, such as erection of internal partitions ("**Renovation Works**"), prior to obtaining building plan approval and additional CCC. Our Group was under the impression that modifications within the existing building structure did not require an additional CCC. Upon being made aware of the requirements under the relevant laws and regulations by the due diligence solicitors in respect of the Renovation Works, our Group immediately took the necessary steps to notify our landlord to initiate the application process for the additional CCC.

The revised building plan and an additional CCC have since been obtained by the landlord in December 2024. As at the LPD, our Group has not been imposed with any notices, penalties or compounds from the relevant authorities arising from such non-compliances.

Since the past non-compliance above has been rectified following the issuance of the approved building plan and additional CCC, we do not anticipate any material adverse impact on our overall business operations and/or financial condition of our Group.

Following the above, we have also taken steps to strengthen our internal controls by implementing a formal internal process to assess regulatory requirements prior to undertaking any renovation or structural modification works. This includes engaging with consultants or legal advisers, where necessary, to ensure compliance with applicable laws and regulations.

Our Board is of the view that these enhanced measures are adequate in preventing the recurrence of similar non-compliance.

7.26 ENVIRONMENTAL, SOCIAL AND GOVERNANCE PRACTICES

We are committed to embedding sustainability as part of our business strategies and operations by maintaining environmentally sustainable practices, cultivating a safe and supportive workplace for our employees and upholding high standards of governance. Our commitment reflects a long-term vision to create and safeguard sustainable value for a broad range of stakeholders, including shareholders, customers, suppliers, employees, communities, regulators and business partners. As an authorised distributor of medical equipment, we recognise the critical role we play in supporting the healthcare ecosystem through the reliable and ethical delivery of our products and services, and we are equally mindful of the importance of sustainability and integrating environmental, social and governance considerations into our strategic decision-making.

(i) **Environmental**

We actively raise internal awareness about environmental responsibility and ensure compliance with all applicable environmental regulations. Our sustainability goals are aligned with those of our key brand owners such as Philips and Samsung who have published environmental commitments and demonstrated a dedication to sustainable practices, particularly in the design, manufacturing and delivery of medical equipment.

7. BUSINESS OVERVIEW (CONT'D)

Philips, one of our major suppliers, integrates sustainability into the core of its healthcare product development. Their medical devices are designed in accordance with standards focusing on energy efficiency, the use of recycled and recyclable materials and the reduction of hazardous substances. Philips also supports product circularity through refurbishment and recycling programmes for its medical equipment, which are either refurbished, harvested for parts or responsibly recycled.

Similarly, Samsung also embeds sustainability into its healthcare technology division by reducing energy consumption across its manufacturing processes and develops medical devices with improved energy efficiency. Samsung also supports the circular economy by focusing on durability enhancements to extend product lifespan, using recycled materials and implementing e-waste product collection systems in countries in which they have a sales presence.

In addition, we also strive to incorporate sustainability into our own business operations. Through GoCloud, we offer our customers a software that provides power and environmental monitoring solutions which enable users to monitor critical parameters such as temperature and humidity that are essential for the safe operation and longevity of medical devices. By optimising operating conditions, these solutions help extend equipment lifespan, lower maintenance frequency, and reduce medical equipment waste, thereby contributing to both operational efficiency and environmental sustainability.

(ii) Social

As we are involved in supporting the healthcare sector, we recognise our responsibility to contribute positively to society. We believe that through our expertise and resources, we can support the advancement of healthcare and improve the quality of life for individuals in the communities.

We encourage active community involvement by supporting charitable initiatives and encouraging staff to volunteer in community service events such as health awareness campaigns. Furthermore, we uphold our commitments to workforce health, safety, diversity and ethical labour practices through the establishment of a Safety Committee with the aim of fostering a safe work environment.

(iii) Governance

We are committed to achieving and upholding the highest standards of corporate governance and ethical conduct in accordance with the principles and practices of corporate governance as set out in the MCGG, as we believe that a high standard of corporate governance is fundamental in discharging our responsibilities to protect and enhance our shareholders' value and financial performance, with high corporate accountability, transparency and integrity. As at the LPD, we comply with the key practices of MCGG whereby half of the members of our Board comprises independent directors and at least 30% of our Board comprises women directors.

In addition, our Sustainability Policy establishes the strategic foundation for ethical conduct, regulatory compliance and long-term value creation. We have adopted a number of internal policies that collectively support our sustainability governance infrastructure such as:

- (i) Anti-Bribery and Corruption Policy in compliance with the Malaysian Anti-Corruption Commission Act 2009, and Code of Conduct to prevent unethical practices;
- (ii) Conflict of Interest, Fit and Proper, and Gender Diversity policies to uphold corporate integrity and inclusivity;
- (iii) Whistleblower Policy and related ethical codes to enable transparent grievance and ethical oversight;

7. BUSINESS OVERVIEW (CONT'D)

- (iv) Business Continuity Management and Enterprise Risk Management framework to promote operational resilience;
- (v) Safety, Health and Environment Policy to ensure workplace wellbeing; and
- (vi) Personal Data Protection and Regulatory Affairs Policies to ensure regulatory compliance.

Our sustainability governance is guided by ethical policies and continuous oversight of sustainability policies, procedures, initiatives and reporting. Such enhancements to governance structures are established as part of ongoing continuous improvement and our employees are required to adhere to ethical compliances, policies and responsible business practices.

We continuously integrate feedback from internal and external stakeholders to refine and improve our sustainability strategy. We conduct regular customer satisfaction surveys to understand public perception, engage suppliers through training sessions and conferences to ensure shared sustainability standards, as well as incorporate employee feedback through annual performance appraisals and internal dialogue platforms.

8. INDUSTRY OVERVIEW

16 May 2025

The Board of Directors
LAC Med Berhad
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Jalan SS7/13A, 47301
Petaling Jaya, Selangor

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Dear Sirs and Madams

Independent Assessment of the Distribution of the Medical Device Industry in Malaysia

We are an independent business consulting and market research firm based in Malaysia, established in 1993. We offer consulting services, including business plans, opportunity evaluations, commercial due diligence, feasibility studies, financial and industry assessments, and market research. Since 1996, we have been involved in corporate exercises such as initial public offerings, reverse takeovers, chain listings, transfers to the Main Market, and business regularisations for publicly listed companies on Bursa Malaysia Securities Berhad (Bursa Securities). Our corporate exercise services encompass business overviews, independent industry assessments, management discussions and analyses, and business and industry risk assessments for prospectuses, shareholders' circulars and information memorandums.

We have been engaged to provide an independent assessment of the distribution of the medical device industry in Malaysia for inclusion in the prospectus of LAC Med Berhad for its initial public offering and listing of its shares on the Main Market of Bursa Securities. This report has been prepared independently and objectively, with all reasonable due care taken to ensure its accuracy and completeness.

We believe the report provides a true and fair assessment of the industry, considering the limitations of timely and available information, and analyses based on secondary and primary market research as of the report date. However, it should be noted that our assessment pertains to the industry as a whole and may not reflect the performance of any specific company. We accept no responsibility for the decisions or actions of the readers based on this document. This report should not be construed as a recommendation to buy, not buy, sell or not sell the securities of any company.

Please be aware that our report may include disclosures, assessments, opinions, and forward-looking statements that are subject to hitherto unknown or undisclosed information, uncertainties, and contingencies. These statements are based on secondary information and primary market research, and despite careful analysis, the industry is influenced by various known and unforeseen factors that could cause actual outcomes and future results to differ materially from these statements.

Yours sincerely

Wooi Tan
Managing Director

Wooi Tan holds a Bachelor of Science from the University of New South Wales and a Master of Business Administration from the University of Technology, Sydney. He is a Fellow of the Australian Marketing Institute and the Institute of Managers and Leaders, Australia. With over 30 years of experience in business consulting and market research, he has also assisted companies in their initial public offerings and listings on Bursa Malaysia Securities Berhad.

8. INDUSTRY OVERVIEW (CONT'D)



Date of Report: 16 May 2025

INDEPENDENT ASSESSMENT OF THE DISTRIBUTION OF THE MEDICAL DEVICE INDUSTRY IN MALAYSIA

1. OVERVIEW OF LAC GROUP'S BUSINESS AND REPORT PARAMETERS

- LAC Med Berhad and its subsidiaries (LAC Group or Group) specialise in the supply of loose medical equipment, the supply and integration of fixed medical equipment, and the supply of related products and services. The Group is an authorised distributor of third-party brands of medical devices. LAC Group's primary revenue stream is from distributing ultrasound, radiographic (such as computed tomography (CT) scanners and fluoroscopy machines), and magnetic resonance imaging (MRI) medical equipment. LAC Group serves private and government healthcare facilities in Malaysia, which is the report's focus. Medical equipment is part of the medical device industry, and all information pertains to Malaysia and is based on the most recent publicly available information.

2. MEDICAL DEVICE INDUSTRY

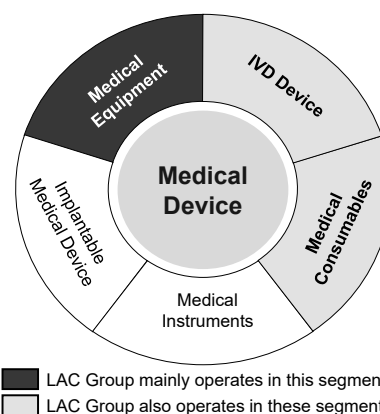
- Medical device means any equipment, instruments, apparatus, implements, machines, appliances, implants, in-vitro reagents or calibrators, software, or material used alone or in combination for medical purposes. It can typically be segmented into the following:

Medical equipment refers to durable, specialised devices and systems designed to diagnose, monitor, treat, and support patients with diseases or injuries and facilitate rehabilitation. Intended for long-term use in clinical or home settings, this equipment often requires regular maintenance, calibration, and a stable power supply to ensure accuracy, reliability, and safety. It ranges from large, technologically advanced, capital-intensive machines to compact, portable devices used for routine medical care.

In vitro diagnostics (IVD) devices refer to reagents, instruments, and systems used to obtain diagnostic information through the examination of specimens outside the body (in vitro, Latin for "in glass"). These specimens, derived from the human body, include tissues, blood, and urine. Common examples of IVD devices include diagnostic reagents and pregnancy self-testing kits.

Medical consumables are single-use or expendable items designed to support medical procedures and are intended for short-term application. Common examples include, among others, medical gloves, disposable syringes, and catheters. **Medical instruments** are handheld or small medical devices primarily used in surgical, diagnostic, and therapeutic procedures and point-of-care applications. They are reusable after sterilisation and include, among others, stethoscopes, thermometers, surgical scalpels, and scissors. **Implantable medical devices** are designed to be placed inside the human body, either permanently or temporarily, to support organ or tissue function, monitor physiological activity, or deliver medicines. Examples include pacemakers and defibrillators.

- LAC Group mainly specialises in distributing medical equipment in Malaysia. In addition, LAC Group has recently commenced the distribution of IVD reagents and laboratory equipment.



2.1 Medical Equipment

- LAC Group primarily operates in the medical equipment industry, which can typically be segmented into the following based on the intended functions:

Diagnostic equipment serves the function of identifying and assessing possible diseases among patients through various imaging techniques. Common examples include:

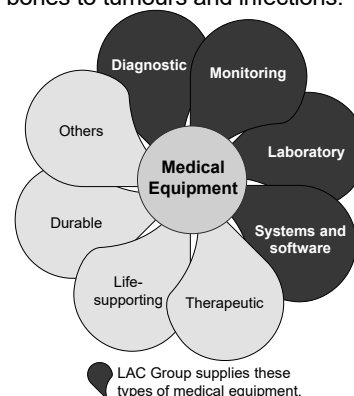
- Radiographic equipment** utilises electromagnetic radiation such as X-rays, gamma and other ionising rays to create images of the body's internal structures, primarily for diagnostic purposes. It

8. INDUSTRY OVERVIEW (CONT'D)



is crucial in diagnosing various medical conditions, from broken bones to tumours and infections.

- **Ultrasound machine** utilises high-frequency sound (ultrasound) waves to generate real-time visual images of internal organs, tissues, and blood flow. They are minimally invasive, safe, and widely used for examining various conditions, monitoring pregnancies, and guiding medical procedures.
- **MRI machine** employs non-invasive imaging techniques to create detailed images of the body's internal structures. Unlike radiographic equipment, MRI machines do not use ionising radiation. Instead, it relies on strong magnetic fields and radio waves to visualise organs, tissues, and abnormal tissue growth.
- **Others** include electroencephalogram (EEG) and electrocardiogram (ECG) machines.



Monitoring equipment tracks and monitors patients' health indices. Examples include patient monitors (vital signs monitors) and cardiac monitors. **Laboratory equipment** is widely used in disease research and diagnosis. Common examples include blood analysers, haematology analysers, and centrifuges. **Therapeutic equipment** is designed to assist in treating, rehabilitating, and recovering patients from medical conditions. Examples include, among others, robotic surgical systems, electrotherapy equipment, and laser therapy devices. **Life-supporting equipment** restores or maintains vital bodily functions critical to sustaining human life. Common examples include anaesthetic machines, ventilators, and cardiopulmonary bypass pumps. **Systems and software** regulate and optimise the functionality of medical equipment. Unlike general-purpose information technology (IT) systems, these specialised systems and software are often integrated into medical equipment, enabling precise monitoring, diagnostics, and control. **Durable medical equipment** refers to assistive products and medical furniture, such as prosthetics, crutches, hospital beds, and surgical tables, that provide patient support and mobility. **Others** include disinfectors and autoclaves.

- Some medical equipment falls into multiple categories, such as radiographic equipment used in invasive procedures to treat medical conditions may also function as therapeutic equipment.
- According to the Ministry of Health (MoH), medical equipment can also be classified as:
 - **Fixed medical equipment:** Medical equipment requiring extensive mechanical, electrical, or structural modifications to be installed and properly functioning within a healthcare facility. They are typically integrated into the building's infrastructure and may involve complex installation processes, such as dedicated power supply connections or ventilation systems. Examples include MRI machines and CT scanners.
 - **Loose medical equipment:** Portable or standalone medical equipment that does not require permanent installation and can be easily connected to standard electrical outlets or power sources. They are designed for flexibility and ease of use. Examples include ultrasound machines and patient monitors.
- LAC Group specialises in supplying loose diagnostic equipment, and integrating fixed diagnostic equipment to healthcare service providers in Malaysia, focusing on radiographic, ultrasound, and MRI machines.

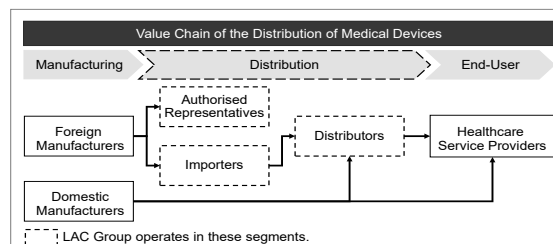
3. DISTRIBUTION OF MEDICAL DEVICE INDUSTRY IN MALAYSIA

- The medical device industry in Malaysia is shaped by 2 distinct perspectives: (i) the involvement of international stakeholders bringing in advanced technologies, and (ii) the development of a domestic value chain that emphasises domestic production mainly on consumables such as latex gloves, and distribution of medical devices. These 2 forces work in tandem to support the healthcare industry in Malaysia.

8. INDUSTRY OVERVIEW (CONT'D)



- The foreign-integrated value chain begins with foreign manufacturers undertaking the production of medical devices. These manufacturers will appoint one or more authorised representatives in Malaysia who act on their behalf to fulfil regulatory obligations, including the registration of medical devices in Malaysia. Sometimes, these authorised representatives may hold exclusive rights for specific medical devices within the country. Foreign manufacturers may appoint importers and distributors, or establish an entity in Malaysia to serve as their approved representative, importer, and distributor. An entity can take on one or more of these roles. Domestic manufacturers may distribute products themselves or appoint one or more distributors. LAC Group is an authorised representative, importer, and distributor for some foreign manufacturers in Malaysia.



4. REGULATORY FRAMEWORK ON MEDICAL DEVICE INDUSTRY

- In Malaysia, the Medical Device Authority (MDA), a statutory body under the MoH, regulates the medical device industry. Its role is to ensure public health and safety concerning medical devices while facilitating trade and industry growth. According to the Medical Device Act 2012, no manufacturer, importer, distributor (excluding retailers), or an authorised representative appointed by a foreign manufacturer with its principal place of business outside Malaysia may import, export, or place a registered medical device on the Malaysian market without first being registered and holding an **establishment licence** issued by the MDA, which is valid for 3 years and may be renewed.
- In addition, the authorised representatives, importers and distributors of medical devices must obtain **Good Distribution Practices for Medical Devices** (GDPMD) certification before applying for establishment licences. The GDPMD certification, issued by a conformity assessment body (CAB), is compulsory to ensure that medical devices distributed in Malaysia meet quality standards and are safe and effective for use. It minimises risks to patients and end-users by regulating processes involved in the distribution chain. GDPMD certifications are valid for 3 years and may be renewed. LAC Group holds GDPMD and establishment licences from the MDA.
- Before applying for registration of medical devices, approved representatives and domestic manufacturers must classify and group the medical devices, and appoint a CAB to conduct a **conformity assessment** to ensure they comply with all the essential principles of safety and performance for medical devices. Conformity assessment certifications are valid for 5 years, may be renewed, and are required for registration and re-registration of medical devices. Furthermore, operators distributing irradiating medical devices in Malaysia must obtain a licence from the **Atomic Energy Licensing Board** (AELB). LAC Group holds licence from AELB to distribute radiographic equipment, including X-ray machines and CT scanners.

5. SUPPLY AND DEMAND CONDITIONS

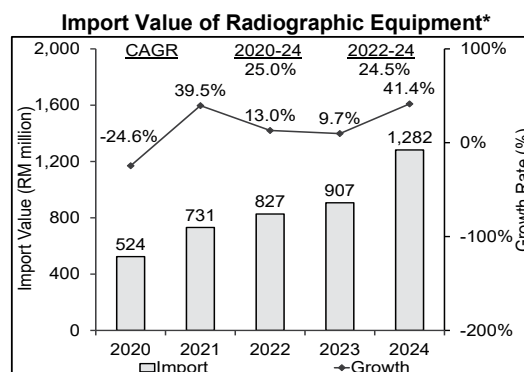
- Medical equipment typically comprises numerous complex components and incorporates advanced technology. Malaysia's medical device industry primarily focuses on the manufacture of medical instruments and supplies, including medical gloves and catheters. (Source: *Ministry of Investment, Trade, and Industry (MITI)*). Consequently, Malaysia relies on imported medical equipment to meet domestic demand.
- LAC Group specialises in distributing diagnostic medical equipment, focusing on radiographic, ultrasound, and MRI machines. This section will analyse the import and export value of these types of medical equipment to indicate the industry's performance in Malaysia, as LAC Group imports and distributes medical equipment in Malaysia. In addition, LAC Medical Group has also commenced the distribution of reagents, and hence, the import and export value of reagents in Malaysia will also be provided.

8. INDUSTRY OVERVIEW (CONT'D)



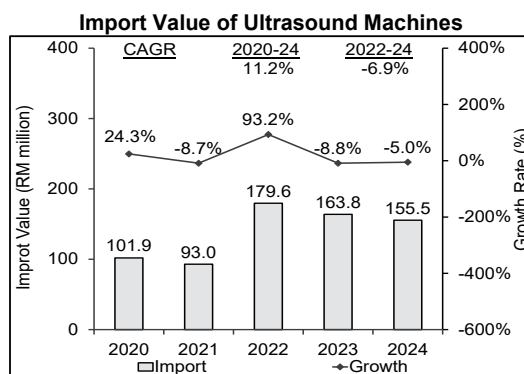
5.1 Radiographic Equipment

- Between 2022 and 2024, the import and export value of radiographic equipment in Malaysia grew at a compound annual growth rate (CAGR) of 24.5% and 7.1% respectively. In 2024, Malaysia was a net exporter of radiographic equipment. The United States (US) was both the top import and export country for radiographic equipment in 2024, with import value contributing 22.0% and export value contributing 16.2% of their total values respectively. In the first quarter (Q1) of 2025, the import and export value both declined by 37.8% and 14.6% respectively compared to Q1 2024. (Source: DoSM)



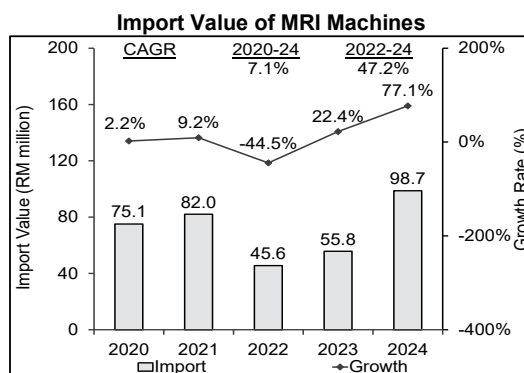
5.2 Ultrasound Machines

- Between 2022 and 2024, the export value of ultrasound machines grew at a CAGR of 0.7%, while the import value of ultrasound machines declined at an average annual rate of 6.9%. China was Malaysia's largest supplier of ultrasound machines in 2024, accounting for RM61.5 million. Meanwhile, Slovakia was the top export destination for ultrasound machines from Malaysia, with exports totalling RM110.7 million. In Q1 2025, the import value grew by 14.4%, while the export value declined by 16.5% compared to Q1 2024. (Source: DoSM)



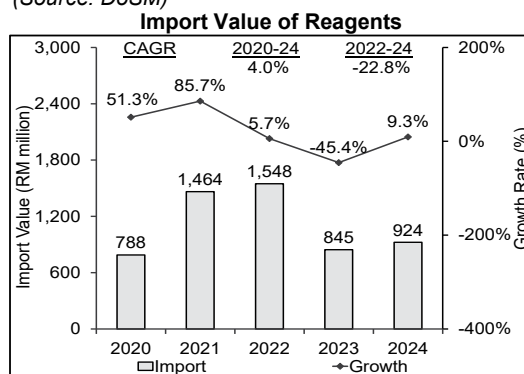
5.3 MRI Machines

- Between 2022 and 2024, MRI machines' import and export value in Malaysia grew at a CAGR of 47.2% and 42.1% respectively. Throughout this period, Malaysia remained a net importer of MRI machines, recording a trade deficit of RM85.2 million in 2024. China was Malaysia's largest supplier of MRI machines in 2024, accounting for RM71.9 million (72.8% of total imports). On the export side, Singapore was the largest destination, with MRI machine exports amounting to RM4.8 million (35.5% of total exports) in 2024. In Q1 2025, the import value of MRI machines declined by 30.9%, while the export value grew by 8.1% compared to Q1 2024. (Source: DoSM)



5.4 Reagents

- Between 2022 and 2024, the import and export value of reagents declined at an average annual rate of 22.8% and 6.0% respectively. Malaysia was a net importer of reagents in 2024, indicating the country's reliance on imported reagents to meet the domestic demand, especially reagents from the US and Singapore. In Q1 2025, the



8. INDUSTRY OVERVIEW (CONT'D)



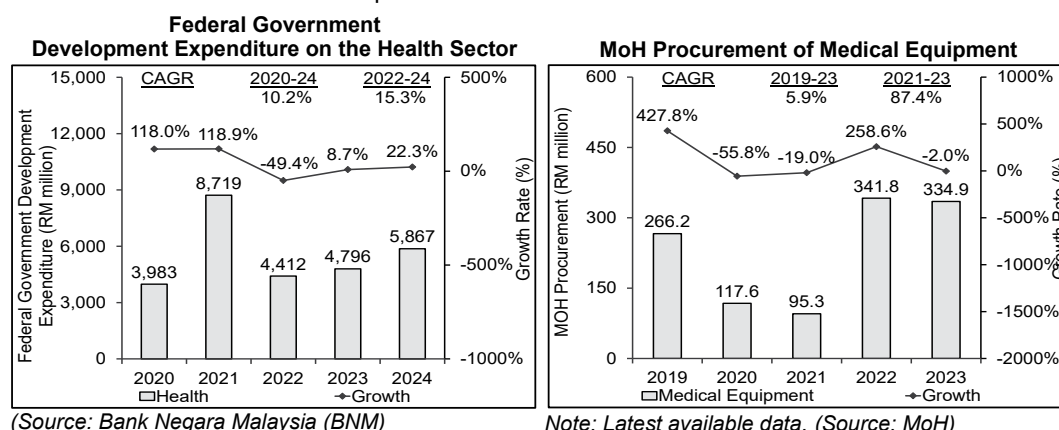
import and export value of reagents declined by 7.1% and 17.1% respectively compared to Q1 2024. (Source: DoSM)

6. FACTORS CONTRIBUTING TO THE DEMAND FOR MEDICAL DEVICES IN MALAYSIA

- LAC Group primarily serves healthcare service providers, including public and private hospitals and clinics in Malaysia. The performance of the healthcare services industry significantly impacts the need for comprehensive medical devices, which may affect the performance of industry operators.

6.1 Roles of Government in the Healthcare System

- The Federal Government plays a pivotal role in distributing resources across sectors to foster economic growth, develop infrastructure, and improve the overall well-being of its citizens and the country. As such, the Federal Government's development expenditure on the health sector will impact the demand for medical devices in public healthcare facilities.



- Between 2022 and 2024, the Federal Government's development expenditure on the health sector grew at a CAGR of 15.3%. The decline in 2022 can be mainly attributed to the high base effect from 2021, when there was a spike amidst the COVID-19 pandemic. In 2024, the Federal Government's development expenditure on the health sector grew by 22.3%. The increased spending was predominantly for the construction, renovation and maintenance of healthcare facilities nationwide, including hospitals, rural clinics and medical research facilities (Source: Ministry of Finance (MoF)). Overall, the Federal Government's development expenditure on the health sector contributed 7.0% of the total development expenditure in 2024. (Source: BNM)
- The healthcare services industry in Malaysia is a two-tiered healthcare system in which the government-run healthcare sector (including those under the MoH and the Ministry of Defence - MINDEF) co-exists with the private healthcare system. Between 2021 and 2023, MoH procurement of medical equipment grew at a CAGR of 87.4%. The growth can be partially attributed to the construction and expansion of hospitals, the replacement of obsolete medical equipment, and the procurement and maintenance of medical equipment across all government clinics under the Medical Equipment Enhancement Tenure (Source: MoF). In 2023, MoH's procurement of medical equipment declined to RM334.9 million, represented 13.2% of the total procurement (Source: MoH).
- A growing Federal Government development expenditure and procurement of medical equipment by MoH may benefit companies operating within the medical equipment distribution industry.

6.2 Performance of the Health Services Industry

- Between 2022 and 2024, the GDP of the health services industry grew at a CAGR of 9.1%. In 2024, the Government and private health services contributed RM24.2 billion and RM16.3 billion respectively. The government's contribution towards the entire health services industry amounted to

8. INDUSTRY OVERVIEW (CONT'D)

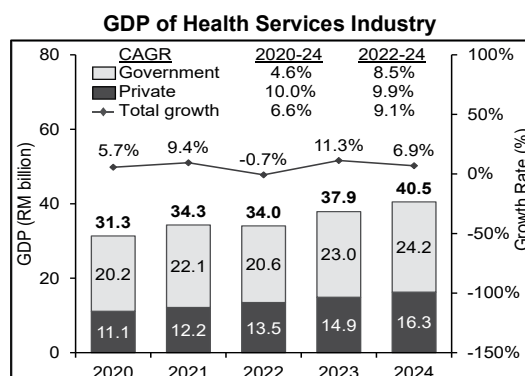


59.8%, while the private sector accounted for the remaining 40.2%. In Q1 2025, the private health services sector grew by 8.4% to RM4.3 billion compared to the corresponding period in 2024. (Source: DoSM)

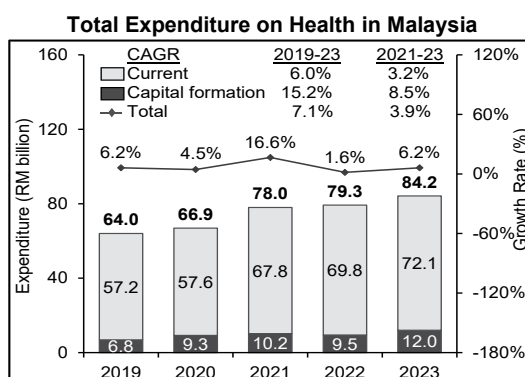
- The size of the health services industry in Malaysia serves as a strong demand base for the distribution of the medical device industry, as medical devices are an integral component of the country's overall healthcare system.

6.3 Total Expenditure on Health (TEH)

- TEH offers a comprehensive view of a country's financial commitment to healthcare. It comprises current health expenditure (CHE) and gross capital formation within the healthcare system. CHE represents the recurring costs of providing healthcare services to the population, such as operational expenses and service delivery. Gross capital formation (or capital expenditure) reflects the capital investments in healthcare infrastructure, equipment and other fixed assets made by healthcare service providers.
- Between 2021 and 2023, TEH in Malaysia grew at a CAGR of 3.9%, with CHE and gross capital formation increased at a CAGR of 3.2% and 8.5% respectively. In 2023, CHE and gross capital formation in the healthcare sector amounted to RM72.1 billion and RM12.0 billion respectively, accounting for 4.6% of Malaysia's GDP. Out of the total TEH of RM84.2 billion, RM51.3 billion (60.9%) was spent on curative care, which includes healthcare services and interventions focused on treating and curing diseases, injuries, or health conditions (Source: MoH). The demand for curative care suggests a corresponding need for diagnostic medical equipment, benefiting distributors like LAC Group that specialise in these technologies.

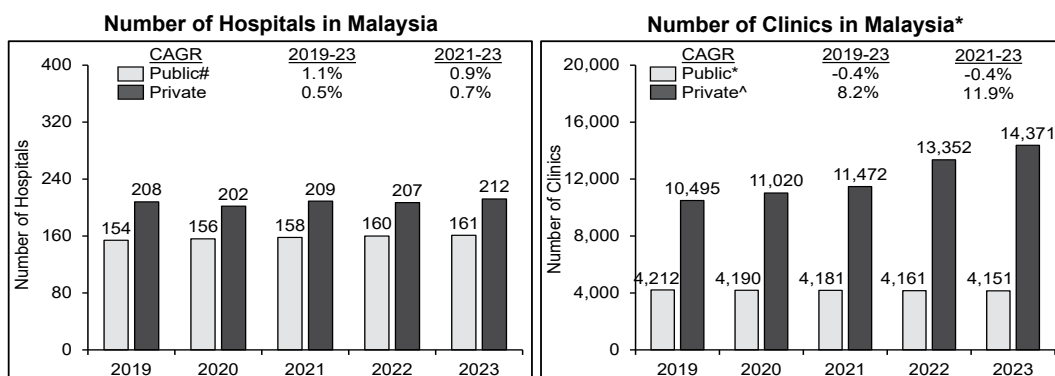


(Source: DoSM)



Note: Latest available data. (Source: MoH and Vital Factor analysis)

6.4 Healthcare Facilities in Malaysia



Note: Latest available data. # Include MoH, army, and university hospitals. * Include health clinics, standalone, school, mobile, and community dental clinic in Urban Transformation Centre (UTC) and Rural Transformation Centre (RTC). ^ Include medical and dental clinics. (Source: MoH)

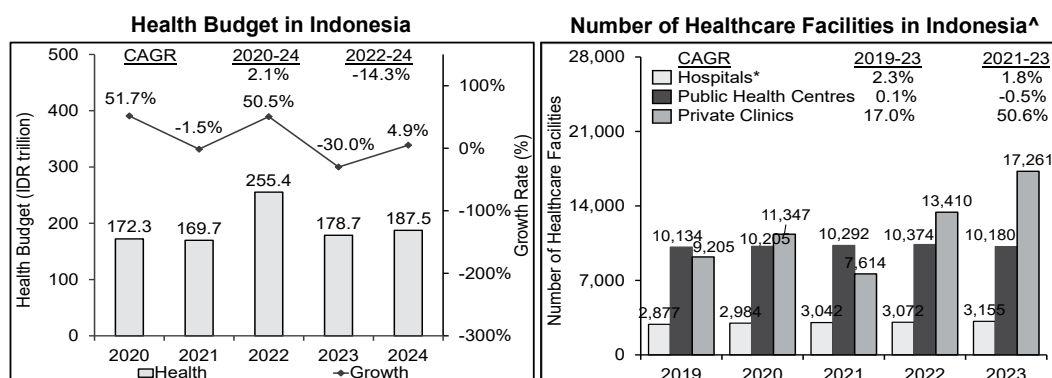
- The number of healthcare facilities in Malaysia forms the base addressable market for medical device distribution, as these facilities are the primary end-users. In 2023, Malaysia had 149 hospitals and special medical institutions under MoH, along with 3,114 health clinics, and 1,037 dental clinics.

8. INDUSTRY OVERVIEW (CONT'D)



Among these, 1,085 institutions or departments within public hospitals and clinics possessed irradiating medical equipment. For private healthcare institutions, there were 212 private hospitals, 10,495 medical clinics, and 3,876 dental clinics in Malaysia in 2023. Among them, 280 institutions or departments within private hospitals, 1,782 medical or specialist clinics, and 2,899 dental clinics were registered with AELB as authorised licensees to possess irradiating medical equipment (*Source: MoH*). Growth in public and private healthcare facilities drives the demand for medical devices in Malaysia. The increasing number of private medical clinics and hospitals, along with the expanding use of advanced medical technologies, highlights the ongoing need to distribute and supply specialised medical devices.

7. DEMAND AND DEMAND DEPENDENCIES IN INDONESIA



IDR = Indonesian Rupiah. ^ Note: Latest available data. * Include both public and private general and specialised hospitals. (Source: Ministry of Finance, Indonesia and Ministry of Health, Indonesia)

- As part of LAC Group's strategy to expand into Indonesia, this section provides insights into the country's healthcare industry. Between 2022 and 2024, the Indonesian Government's allocation to the health sector declined at an average annual rate of 14.3%. This decline was primarily due to a surge in funding for the COVID-19 pandemic in 2022, which subsequently moderated. Nevertheless, in 2024, the allocation increased by 4.9% to IDR187.5 trillion (RM54.1 billion at IDR100=RM0.0289) compared to 2023, reflecting the government's commitment to public well-being. Under the 2025 State Budget Bill, the Indonesian Government has allocated IDR218.5 trillion (RM63.1 billion at IDR100=RM0.0289) to the health sector. (Source: Ministry of Finance, Indonesia)
- Additionally, the number of healthcare facilities in Indonesia presents a significant demand base for medical device distribution. In 2023, the country had 2,636 general hospitals, 519 specialised hospitals, 10,180 public health centres, and 17,261 private clinics, including 14,564 primary clinics and 2,697 principal clinics. (Source: Ministry of Health, Indonesia)
- Between 2022 and 2024, Indonesia's GDP of human health and social work activities grew at a CAGR of 8.5%, reaching IDR278.2 trillion (RM80.3 billion at IDR100=RM0.0289). Additionally, in 2024, the population aged 65 and above accounted for 7.3% of the total. Economic growth and an ageing population drive the demand for healthcare services, which may boost the need for medical devices.

GDP of Human Health and Social Work Activities

Nominal GDP	IDR trillion	Growth Rate
2020	201.5	15.3%
2021	227.2	12.8%
2022	236.2	4.0%
2023	252.0	6.7%
2024	278.2	10.4%
2020-24 CAGR	8.4%	n.a.
2022-24 CAGR	8.5%	n.a.

n.a. = not applicable. Source: (Central Bureau of Statistics, Indonesia)

Population by Age Group – 2024

Age Group	Population (in million)	Percentage
0 - 19	88.8	31.5%
20 - 39	88.5	31.4%
40 - 64	83.8	29.8%
65+	20.5	7.3%
Total	281.6	100.0%

8. INDUSTRY OVERVIEW (CONT'D)



8. COMPETITIVE LANDSCAPE

- The distribution of the medical device industry in Malaysia is fragmented. There are no published data on the number of companies registered with MDA. The following companies are involved in distributing medical equipment and exclude brand principals. This list is sorted in decreasing order of total revenue and is not exhaustive:

Company	R	U	MRI	FYE ⁽¹⁾	Rev ⁽²⁾ (RM mil)	GP ⁽²⁾ (RM mil)	GP ⁽²⁾ margin	NP/NL ⁽²⁾ (RM mil)	NP/NL ⁽²⁾ margin
LAC Group	√	√	√	Dec-24	183.2	45.5	24.8%	20.4	11.1%
Abex Medical Systems S/B	√			Mar-24	163.6	59.1	36.1%	17.4	10.6%
Schmidt Biomedtech S/B	√	√		Jun-24	136.2	50.1	36.8%	9.4	6.9%
IDS Medical Systems (M) S/B	√	√	√	Mar-24	127.9	37.8	29.6%	0.1	0.1%
Transmedic Healthcare S/B ⁽³⁾	√	√		Jun-24	80.6	29.7	36.9%	9.1	11.3%
Medi-Life (M) S/B	√	√		Dec-23	68.9	29.5	42.9%	8.7	12.6%
U Medic Group Berhad ⁽⁴⁾		√		Jul-24	54.6	22.7	41.5%	9.3	17.0%
Magna Meditech S/B		√		Jun-23	36.7	14.6	39.8%	1.8	5.0%
Advance Altimas S/B	√	√	√	Jun-24	31.7	1.6	4.9%	0.1	0.2%
Medi Trump S/B	√			Apr-24	23.5	11.5	48.8%	4.5	19.2%
Edaptechnomed (M) S/B		√		Dec-24	23.0	8.3	36.2%	4.0	17.4%
Avant-Med S/B	√			Dec-23	22.7	7.9	34.9%	4.6	20.3%
Best Contact (M) S/B ⁽⁵⁾	√		√	Dec-23	21.6	8.1	37.4%	1.3	6.2%
Medic Pro Healthcare S/B		√		May-24	21.0	10.3	49.1%	2.2	10.5%
H&A Medical Supply S/B	√			Dec-23	20.5	6.1	29.9%	0.6	2.9%
Malaysian Diagnostic ⁽⁶⁾		√		Dec-23	20.1	n.a.	n.a.	(3.4)	(17.1%)

R = Radiographic equipment; U = Ultrasound machines; MRI = Magnetic resonance imaging machines; FYE= Financial Year Ended; Rev= Revenue; GP= Gross Profit; NP= Net Profit; NL= Net Loss; mil= million; S/B= Sendirian Berhad; n.a.= not available.

(1) Latest audited financial data from the Companies Commission of Malaysia, annual report and LAC Group.

(2) It may include other business activities, products, or services at the group or company level.

(3) A subsidiary of EBOS Group Limited, a listed entity on ASX Limited.

(4) A listed entity on the Main Market of Bursa Securities.

(5) A subsidiary of BCM Alliance Berhad, a listed entity on the ACE Market of Bursa Securities.

(6) Malaysian Diagnostics Corporation S/B.

- The criteria for the selection of the above are: **(1)** registered as a distributor with MDA; **(2)** involved in the distribution of radiographic equipment, and/or ultrasound machines, and/or MRI machines; **(3)** have operation in Malaysia; and **(4)** availability of recent financial information.
- Some of the operators are foreign-listed multinational corporations with entities in Malaysia that serve as the principals of medical equipment. These principals include:
 - Canon Medical Systems Malaysia Sdn Bhd
 - Fujifilm (Malaysia) Sdn Bhd
 - GE Healthcare Sdn Bhd
 - Mindray Medical (M) Sdn Bhd
 - Philips Malaysia Sdn Bhd
 - Samsung Malaysia Electronics (SME) Sdn Bhd
 - Siemens Healthcare Sdn Bhd
 - United Imaging Healthcare (Malaysia) Sdn Bhd

9. BARRIERS TO ENTRY

- The barriers to entry in the distribution of medical devices vary as follows:

Capital-intensive medical equipment or fixed medical equipment, such as MRI machines, CT scanners, and fluoroscopy equipment:

- Barriers to entry are **high**. This is mainly predicted by the technical complexity and specialised requirements of such equipment. Distributors need in-house biomedical engineers to offer full support, including pre-sales assistance, bid submissions, engineering design, procurement,

8. INDUSTRY OVERVIEW (CONT'D)



installation, testing, commissioning, and after-sales service. These systems often require coordination with facility infrastructure, such as dedicated shielding and a reliable, backed-up power supply. Healthcare providers, especially hospitals, have a strong preference for certain brands based on familiarity and system compatibility. Consequently, securing distribution agreements with established brands is a significant challenge, as these brands typically select only one or a few distributors per territory.

Less capital-intensive or loose medical equipment, such as ultrasound machines and general radiographic equipment:

- Barriers to entry in this market are **low to moderate**, mainly due to minimal or no required modifications to existing infrastructure. The equipment is also used by a wide range of healthcare facilities, from large hospitals to small clinics. The technical expertise needed is generally lower compared to more complex, capital-intensive or fixed medical equipment, as most of these products are plug-and-play. This lower barrier allows for more active market participants and the ability to service a larger market compared to the more specialised, expensive medical equipment.
- Some other barriers to entry include, among others, regulatory compliance, such as the need for establishment licences and the conformity assessment for new medical device registration, a proven business track record, financial strengths, and established customer networks, as these are common considerations when brand principals select their distributors.

10. INDUSTRY SIZE AND SHARE

- Some industry and LAC Group's statistics are as follows:

2024 – Malaysia	Import Size ^{(a) (1)} (RM million)	LAC Group	
		Revenue ^{(b) (2)} (RM million)	Market share ^{(c) (3)} (%)
Ultrasound machine	156	71	46
MRI machine	99	11	11
Radiographic equipment	1,282	73	6

Source: (a) DoSM; (b) LAC Group; (c) Vital Factor analysis.

(1) Based on the import value for each type of medical equipment.

(2) Revenue from equipment sales in Malaysia for the financial year ended 31 December 2024.

(3) ((2) divided by (1)) x 100% in each respective category.

2023 – Malaysia	Total ^{(a) (1)} (number)	LAC Group	
		Total healthcare facilities served ^{(b) (2)} (number)	Healthcare facilities coverage ^{(c) (3)} (%)
Hospitals	373	217	58
Clinics	18,522	832	4

Source: (a) MoH; (b) LAC Group; (c) Vital Factor analysis.

(1) The number of hospitals and clinics in Malaysia (latest available data).

(2) The number of hospitals and clinics which LAC Group has served since its business commencement up to 31 December 2023. Products sold include medical equipment.

(3) ((2) divided by (1)) x 100% in each respective category.

2023 – Malaysia Licensed radiographic equipment	Total ^{(a) (1)} (number)	LAC Group	
		Installed base under warranty ^{(b) (2)} (number)	Installed base under warranty coverage ^{(c) (2)} (%)
Angiography	176	10	6
General/Mobile X-Ray/Veterinary	3,971	28	1
CT scanner	295	2	1

Source: (a) MoH; (b) LAC Group; (c) Vital Factor analysis.

(1) The total licensed radiographic equipment in public and private healthcare facilities (latest available data).

(2) ((b) divided by (a)) x 100% in each respective category.

8. INDUSTRY OVERVIEW (CONT'D)



11. INDUSTRY OUTLOOK AND PROSPECTS

Some consideration factors that impact the outlook and prospects of the industry are as follows:

- The demand for medical devices, including medical equipment, in Malaysia is highly dependent on the healthcare services industry. As such, healthcare industry performance, government initiatives and contributing factors such as the socio-economic condition towards the healthcare industry directly influence the growth and outlook of the distribution of the medical device industry.
- In 2024, the private healthcare and health tourism industry is expected to generate a revenue of RM2.3 billion, contributing to economic spillover (*Source: Malaysian Investment Development Authority (MIDA)*). The growth of the private healthcare sector is projected to continue in 2025, with estimated revenue reaching RM2.9 billion for the year (*Source: MoF*).
- The performance of Malaysia's public healthcare system heavily depends on federal funding for continuous development. Under Budget 2025, the Government has introduced several key initiatives to enhance healthcare infrastructure and services. RM6.9 billion has been allocated to the health sector, representing 22.9% of the country's total social service development expenditure, focusing on building new and upgrading healthcare facilities. Additionally, RM45.3 billion has been designated for MoH, RM1 billion for new healthcare facilities in selected states, RM520.3 million for acquiring advanced medical equipment, and RM5 million for upgrading physiotherapy equipment in MoH clinics. The Government also plans to establish a Cancer Specialist Hospital in Kuching and a Heart Specialist Hospital in Kota Kinabalu. (*Source: MoF*)
- As part of the Mid-Term Review of the Twelfth Malaysia Plan, efforts are underway to strengthen the healthcare system by upgrading facilities, integrating information systems, and equipping hospitals with advanced medical technology. The Government also aims to enhance cardiology services by establishing invasive cardiac laboratories in public hospitals. To address the rising medical equipment costs due to rapid technological advancements, leasing is being considered to provide healthcare facilities with greater financial flexibility and potentially increase demand for medical equipment in the public sector. (*Source: Ministry of Economy (MoE)*)
- Between 2022 and 2024, Malaysia's population aged 65 and above grew at a CAGR of 5.3% (*Source: DoSM*). Malaysia officially became an ageing nation in 2021 and is projected to transition into an aged nation by 2044 (*Source: MoE*). As the ageing population increases, demand for healthcare services is expected to surge due to the need for frequent medical care and long-term disease management.
- Noncommunicable diseases (NCDs), including diabetes, hypertension, high cholesterol and obesity, are the leading causes of premature death in Malaysia, with cardiovascular disease being the primary contributor to mortality. In 2023, approximately half a million Malaysian adults were living with 4 NCDs, while around 2.3 million had 3. These conditions are major risk factors for heart disease and stroke. Additionally, an estimated 8.5 million adults in Malaysia have metabolic syndrome, a cluster of interrelated conditions that significantly increase the risk of developing NCDs. (*Source: MoH*)
- The convergence of an ageing population and the rising prevalence of NCDs suggests an increased demand for medical devices, such as advanced medical equipment for disease management and early detection.
- The medical device industry is highly regulated due to its direct impact on human health and safety. As a result, strict regulatory compliance is essential. Any significant changes to the existing regulatory framework could substantially affect operators in the industry.

9. RISK FACTORS

OUR OPERATIONS ARE ALSO SUBJECT TO A NUMBER OF FACTORS, MANY OF WHICH ARE OUTSIDE OUR CONTROL. YOU SHOULD CAREFULLY CONSIDER ALL THE INFORMATION CONTAINED IN THIS PROSPECTUS, INCLUDING THE RISKS AND INVESTMENT CONSIDERATIONS SET OUT BELOW, BEFORE DECIDING TO INVEST IN OUR SHARES.

9.1 RISKS RELATING TO OUR BUSINESS OPERATIONS

9.1.1 We operate in a regulated medical device industry and rely on our ability to retain and renew our operating licenses

We operate in a regulated industry where we are an appointed distributor to provide medical equipment in Malaysia, governed primarily under the MDA 2012. We are involved in the importation and distribution of medical equipment in Malaysia and are required to comply with the following:

- (i) hold valid establishment licences from the MDA;
- (ii) maintain Good Distribution Practice for Medical Device certification, a quality system that helps to ensure proper handling, storage and transportation of medical devices. We must comply with Good Distribution Practice for Medical Device to obtain and maintain our establishment licence. The medical devices must maintain their quality and safety throughout the distribution process; and
- (iii) all medical devices must be registered with MDA before marketing or selling them in Malaysia.

In addition, we are required to hold valid licences from the AELB, including the following:

- (a) Class C licence for importing and distributing ionising radiation equipment;
- (b) Class E licence for servicing and maintaining radiation-emitting devices; and
- (c) Class H licence for the possession and use of ionising radiation equipment.

The licences apply to our X-ray machines, CT scanners, and other ionising radiation devices.

As we are also involved in building construction works and are registered as a CIDB Grade 7 contractor under categories 'Building' (B04), 'Civil Engineering' (CE21), and 'Mechanical and Electrical Engineering' (E09, E14, M06, M15), it is essential for us to maintain and renew our registration. This ensures our continued eligibility to undertake construction works in Malaysia.

As at the LPD, we hold all necessary licences, certifications and registrations to operate our supply and integration of medical devices in Malaysia. Please refer to Section 7.23 of this Prospectus for further details.

During the Financial Years Under Review and up to the LPD, we have consistently renewed and continued to maintain all necessary licences, certifications and registrations. However, we cannot guarantee that we will always be able to promptly renew or maintain these licenses, certifications, and registrations in the future or successfully obtain the required licences, certifications and registrations for new medical equipment. Any failure to renew expiring licences, certifications or registrations or to secure new ones as needed could adversely impact our operations and financial performance.

9. RISK FACTORS (CONT'D)

9.1.2 We face risk that our distributorship agreements may not be renewed or could be terminated, and we are dependent on certain major suppliers who are brand owners of medical equipment

As at the LPD, we have active agreements with brand owners, appointing us as their distributor for medical equipment and related products in Malaysia. We supply and integrate medical equipment systems, providing end-to-end services from planning and design to implementation and post-installation support. Through our distributorship agreements with several brand owners, we can distribute, install and maintain their respective brands of medical equipment. These distributorship agreements require us to comply with various conditions related to our distribution activities, such as customer service requirements, maintain and provide records of installed products, and obtain written consent before selling similar products of other brands.

During the Financial Years Under Review, our revenue from the sales of Philips brand of medical equipment accounted for 56.7%, 68.6% and 69.6% of our total revenue respectively, while the sales of Samsung brand of medical equipment accounted for 36.9%, 20.4% and 20.3% of our total revenue respectively.

There is no guarantee that these distributorship agreements will be renewed, even if we fulfil all obligations, as renewal is at the discretion of the respective brand owners. If the distributorship agreements are not renewed, we may have to source the same brand products from other authorised distributors or resellers. However, this could possibly lead to less favourable terms compared to our current agreements, potentially impacting our business and financial performance.

During the Financial Years Under Review and up to the LPD, we have not encountered any issues with renewing our distributorship agreements, except in cases where the agreements were mutually agreed upon to lapse. As at the LPD, we continue to distribute multiple brands of medical equipment.

Our leading brands during the Financial Years Under Review are Philips and Samsung, and we are dependent on them for our purchases of their medical equipment. We purchase Philips and Samsung brands of medical equipment and related products for our supply and integration of medical equipment and related products and services business. Please refer to Section 7.18 of this Prospectus for further details. During the Financial Years Under Review and up to the LPD, we have not experienced any material breaches or claims from our major suppliers, namely Philips and Samsung, that could lead to disruptions or termination of our business with them.

Pursuant to the subsisting distributor agreement between LAC Medical and Samsung Malaysia, we are required to use our best efforts to meet an annual minimum purchase commitment of not less than USD4.3 million. While the performance goal is based on a best-effort basis with no penalty imposed for non-fulfilment, Samsung Malaysia has a right to terminate the distributor agreement with 30 days' written notice if the performance goals are not met. In addition, we face a risk of disintermediation, where brand owners may terminate our distributorship agreements to sell their products directly to customers such as hospitals and clinics.

In the event of any disruptions or terminations of our business relationship with the brand owners or their representatives including our major suppliers, or any revocation of our distribution rights, or failure in renewing these agreements, this could significantly impact our operations and financial performance.

9.1.3 Our business and financial performance depend on our ability to consistently secure new projects and purchase orders

Our revenue from the provision of medical equipment is mainly derived from fixed lump-sum contracts for projects or confirmed purchase orders for equipment supply. These are typically non-recurring after installation and handover or delivery to customers. Our business sustainability and financial performance rely on our ability to consistently secure new contracts or orders to replenish our order book which may be affected by competition from other authorised distributors of medical equipment, changes in customer procurement policies or any disputes that may impact customer retention.

9. RISK FACTORS (CONT'D)

Our non-recurrent revenue, including project-based and order-based revenue, collectively accounted for 97.9% (RM104.4 million), 97.8% (RM147.0 million), and 98.4% (RM180.3 million) of our total revenue for the Financial Years Under Review respectively. As at the LPD, we have a total outstanding order book of RM55.0 million. While we will continue to submit proposals and quotations to secure new contracts and orders, we cannot assure the success of these efforts.

9.1.4 Our business operations are dependent on our Group Chief Executive Officer and Key Senior Management, as well as technical and operational support personnel

Our business operations depend on the experience, knowledge and skills of our Group Chief Executive Officer and Key Senior Management. Our Group Chief Executive Officer, Liew Yoon Poh, is responsible for our Group's overall performance, strategies, business development and growth. He is supported by our Key Senior Management, including Hong Chong Chet (Deputy Chief Executive Officer), Thean Yain Peng (Chief Financial Officer), Teh Peng Ting (Chief Commercial Officer), Sum Sheau San (Senior Vice President (Service Operations)) and Choo Mei Peng (Chief People Officer).

In addition, our business operations are also dependent on sufficient and qualified technical and operational support personnel. As at the LPD, we are supported by 19 field service engineers and technical personnel to service our customers for our after-sales services in Malaysia covering 5 regions, to carry out maintenance services and provide prompt and reliable technical support to our customers.

The loss of services of our Group Chief Executive Officer or any of our Key Senior Management without any suitable and timely replacement may adversely affect our business operations and financial performance. A shortage of skilled technical and operational support personnel could also affect our customer relationships and negatively impact our market reputation which may adversely affect our business operations.

9.1.5 Our business and financial performance may be affected if there are delays in the implementation and completion of projects or delivery of orders or if we face any early termination or suspension of our projects

For the supply and integration of medical devices projects, we are typically required to meet specific milestones and delivery timelines when implementing the projects, including facility design and infrastructure planning, custom interior fit-outs, supply and installation, and testing and commissioning. Any delays in meeting these timelines may result in delays in revenue recognition and project cost overruns. Delays may prompt customers to impose LADs which may adversely affect the results of our operations and financial conditions.

Revenue from the supply and integration of medical devices projects accounted for 51.6% (RM55.0 million), 40.5% (RM60.8 million), and 47.2% (RM86.5 million) of our total revenue for the Financial Years Under Review respectively.

We may be liable for LAD if a project is completed later than the stipulated completion date, delivery due date, or beyond any agreed extensions. Delays in project completion can also harm our relationships with customers, potentially tarnishing our reputation and impacting our ability to secure future projects, affecting our financial performance. Moreover, if we incur LAD in the future, our profitability may suffer.

Projects may be delayed due to various factors, including delays in site handover, unforeseen site conditions at the time of handover, engineering or safety issues, on-site accidents, delays in material delivery, labour shortages, delays from subcontractors, and unfavourable government policy changes, such as restrictions on the availability of foreign labour.

During the Financial Years Under Review and up to the LPD, we did not incur any LAD. Notwithstanding, there is no assurance that we will not experience delays or incur LAD in future. In addition, the risk of not recognising revenue from our contract liabilities may arise if we fail to fulfil our contractual obligations. Our contract liabilities amounted to approximately RM12.2 million, RM16.4 million and RM14.0 million as at 31 December 2022, 31 December 2023 and 31 December 2024 respectively.

9. RISK FACTORS (CONT'D)

Early termination or suspension of work could impact our financial performance if we cannot recover incurred expenses or revenue billed, along with lost revenue and profit. During the Financial Years Under Review and up to the LPD, there were no terminations or suspensions of works. However, there is no assurance that we will not face future suspensions of our projects and works.

9.1.6 Our growth prospects may be limited if we are unable to execute some of our business strategies and plans effectively

Our business strategies and plans include domestic and foreign expansion. Our domestic expansion focuses on relocation of our head office, products and services expansion to include MEAMS, and venturing into a new business model as an asset owner to provide EaaS in Malaysia. As for foreign expansion, we envisage expanding our supply and integration of medical devices operations in Indonesia to grow our business. Please refer to Section 7.20 of this Prospectus for further details.

Our business's prospects and future growth depend on our ability to implement and execute these strategies and plans effectively and promptly. There is a risk that we may not be able to execute our business strategies and plans promptly, nor can we provide any assurance that these strategies will be commercially successful or that we will be able to anticipate all the business and operational risks associated with them.

Domestic expansion

We face risks associated with strategies and plans including products and services expansion to include MEAMS, and new ventures of asset-owner business model. Some factors that may affect the timing and success of our strategies include, among others, the inability to secure sufficient funding and/or bank borrowings, high costs of implementation, limitations in human resources or expertise, delays in customer acquisition, as well as macro factors such as changes in market conditions, regulatory changes and barriers, and other unforeseen delays. Any delay or failure to implement our business strategies and plans may adversely impact our sustainability, future business development, and financial performance.

In addition, we face other risks associated with our new asset-owner business model. This new model requires upfront investments for the purchase and installation of medical equipment, and we will only recover our investments and generate profits through subscription fees over the contract period. As such, we only expect to break even after a certain period, depending on the contract terms and utilisation rates. Some of the risks associated with the new asset-owner business model include the following:

- (i) inaccurate assumptions in our feasibility studies and budgeting, leading to poor financial returns;
- (ii) inability of customers to pay due to factors such as disputes or financial distress on their part;
- (iii) increased debt levels if we borrow to finance our projects, or reduced cash flow if we use internally generated funds; and
- (iv) unforeseen events, including adverse regulatory changes, increases in operational costs, and force majeure events such as fires and floods.

Foreign expansion

We face risks associated with expansion in Indonesia. Some factors that may affect the timing and success of our strategies include, among others, the limitations in human resources or expertise, delays in customer acquisition as well as macro factors such as changes in Indonesian market conditions, regulatory changes and barriers in Indonesia and other unforeseen delays. Any delay or failure to implement our business strategies and plans may adversely impact our sustainability, future business development and financial performance.

As such, there is no assurance that our business strategies and plans will not materially affect our business operations and financial performance in the future.

9. RISK FACTORS (CONT'D)

9.1.7 We are exposed to credit risk from customers to whom we have extended credit as well as amount associated with our contract assets

We are exposed to credit risk relating to customers with whom we have extended credit. Our trade receivables are primarily due from customers such as private healthcare institutions, medical device suppliers and concessionaire companies. During the Financial Years Under Review, the normal credit terms that we extend to our customers range from 30 to 60 days from the date of our invoices. Other credit terms are assessed and approved on a case-by-case basis. Meanwhile, our past due trade receivables contribution was higher at 41.2% (RM27.4 million) as at 31 December 2023 compared to 9.3% (RM4.6 million) as at 31 December 2022. Our trade receivable turnover days were 172 days, 161 days, and 71 days for the Financial Years Under Review respectively.

We may be required to make provisions for impairment losses on trade receivables and/or write off bad debts, which could adversely affect our financial performance if a customer fails to pay within the stipulated credit period. For the Financial Years Under Review, we had impairment losses on trade receivables of RM1.4 million for the FYE 2022 and RM0.4 million for the FYE 2024. However, these amounts do not represent actual defaults but are accounting estimates based on anticipated credit risk. Please refer to Section 12.3.9 of this Prospectus for further details.

The allowances for impairment losses on trade receivables and bad debts written off were not material for the Financial Years Under Review. However, there can be no assurance that they would not be significant in the future that would adversely affect our financial performance.

The revenue from our projects for supplying and integrating integrated medical devices is recognised based on a percentage of work completed or services performed. Depending on the terms of each contract, we typically submit progress claims and reports to our customers following the progress of the work performed. These progress claims are subject to validation or certification by the customers. Once validated or approved, we issue invoices for progress payments based on the approved claims, corresponding to the completed work percentage.

Our contract assets represent the value of work performed that has not yet reached the point where we are entitled to invoice our customers for the completed work. There is generally a timing difference between the completion of contract work, the submission of our payment application, the issuance of payment certificates by our customers, and the subsequent issuance of invoices and receipt of payment from our customers. Our contract assets were RM0.8 million, RM2.3 million, and RM3.0 million as at 31 December 2022, 31 December 2023 and 31 December 2024 respectively.

The value of contract assets may fluctuate from period to period due to the timing differences between the completion of each stage or milestone of work and the subsequent certification of the completed work by our customers. There is no assurance that we can bill and receive the full amount of contract assets, as disagreements may arise with our customers regarding the value of work completed. If we cannot bill and collect the full contract assets, our financial performance, position, and liquidity could be materially and adversely affected. As at 31 December 2022, there was an impairment loss of RM0.1 million on contract assets which were computed based on the estimated expected credit loss allowance.

9.1.8 Our insurance coverage may not fully cover the losses and liabilities that may arise from our business operations

We operate our business from our head office in Selangor, Malaysia, and carry out activities at various project sites in various states in Malaysia. These operations involve risks and hazards, including workplace accidents, fire, flood, and other disasters. Other potential liabilities arising from failures or defects in the medical equipment or failure by our technical and operational support teams, such as incorrect set-up or delayed responses to customers' requests or workplace accidents that may lead to loss of use, time spent on repair and replacement of medical equipment and financial claims, which could harm our reputation and results of operations. To mitigate potential losses and liabilities arising from these risks, we maintain various insurance coverage, including employee accident insurance, contractors' all-risk insurance, workmen's compensation insurance, and flexi-safeguard insurance.

9. RISK FACTORS (CONT'D)

Our insurance policies are subject to periodic renewal, which may result in changes to the premiums, terms, or claim limits. If there is a significant increase in premiums or a reduction in claim limits, we may face higher costs to maintain the same level of coverage or be forced to reduce our insurance coverage. If the value of claims exceeds the coverage of our insurance policies, we could be liable for any shortfall in the amount claimed. Such situations could adversely affect our financial position.

During the Financial Years Under Review and up to the LPD, we did not incur any material losses or liabilities that were claimable against our insurance policies. We have also not encountered any claims from our customers that resulted from the shortcomings of our subcontractors. Nevertheless, there is no assurance that we will not be subject to any penalties or other negative repercussions resulting from the failures in the performance of our subcontractors in the future.

9.2 RISKS RELATING TO OUR INDUSTRY

9.2.1 Our business is dependent on the performance and development of the private and public healthcare industries

Our business is subject to the risks associated with the performance and development of private and public healthcare industries. Some of the factors influencing the demand for medical equipment include:

- (i) public healthcare development, including, among others, government spending on healthcare, regulatory policies, and national health initiatives that impact procurement and upgrades of medical equipment and related products; and
- (ii) private healthcare growth, including investments in private medical institutions, medical tourism performance, and adoption of technological advancements in medical equipment and services.

In addition, during the Financial Years Under Review, we served a total of 294, 355 and 326 customers within the healthcare sector respectively. These include, among others, private healthcare institutions, public hospitals, local health offices and medical device suppliers. While we have a broad customer base, the concentration of our customers within the healthcare sector may expose us to customer concentration risk. Any adverse developments in both the private and public healthcare industries may negatively affect the demand for medical equipment. These include but are not limited to, reduced government healthcare spending, a decline in capital expenditures in private healthcare, regulatory changes and/or disruptions in medical tourism.

9.2.2 We are subject to the risk of competition from other operators that provide similar products and services

We face competition from operators offering similar products and services and new entrants to the market as they establish themselves over time. The barriers to entry for providers of medical equipment depend on factors such as licences to be secured from MDA, as well as a proven track record and experience in delivering products and services that meet the technical and environmental requirements of private and public healthcare institutions. There is no assurance that competition from existing providers or new entrants, both within Malaysia and internationally, will not have a material adverse impact on our business and financial performance.

9.2.3 We are subject to risks related to changes in conditions in Malaysia and Indonesia, and global events, as well as the occurrence of force majeure events such as global pandemic risks

Changes in the political, social, economic, and regulatory conditions in Malaysia and Indonesia, where we operate, could negatively impact our business and financial performance. Such changes include, but are not limited to, shifts in political leadership, geopolitical events, wars, acts of terrorism, riots, the emergence of new epidemics or pandemics, changes in economic policies (e.g., expropriation, nationalisation), fiscal and monetary policies (e.g., interest rate adjustments, tax reforms, foreign worker levies), alterations in international relations, and environmental regulations. These factors could impact consumer and business confidence, as well as spending patterns.

9. RISK FACTORS (CONT'D)

A prolonged pandemic, for example, could disrupt the supply chain and hinder our operations. Economic downturns may lead customers to defer, reduce, or cancel contracts, lower their order volumes, or request price reductions. Additionally, our business could be affected by global events such as geopolitical tensions, financial crises, trade conflicts, sanctions, or rapid technological changes.

As these political, social, economic, and regulatory factors, along with global events, are beyond our control, there is no assurance that such changes will not materially impact our business operations and financial performance.

9.3 RISKS RELATING TO INVESTMENT IN OUR SHARES

9.3.1 There is no prior market for our Shares and it is uncertain whether an active or sustainable market will ever develop

Prior to our IPO, there has been no prior public market for our Shares. Accordingly, there is no assurance that an active market for our Shares will develop upon Listing or, if developed, that such a market can be sustained. There is also no assurance as to the liquidity of any market that may develop for our Shares, the ability of holders to sell our Shares or the prices at which holders would be able to sell our Shares.

In addition, there can be no assurance that the IPO Price will correspond to the price at which our Shares will trade on Bursa Securities upon our Listing. There is also no assurance that the market price of our Shares will not decline below the IPO Price.

9.3.2 Our Share price and trading volume may be volatile

The performance of Bursa Securities is dependent on external factors such as the performance of the regional and global stock exchanges and the flows of foreign funds. The sentiment is also induced by factors such as economic and political conditions and the growth potential of the various sectors of the economy. These factors constantly contribute to the volatility of share prices witnessed on Bursa Securities and this adds risks to the market price of our Shares. Nevertheless, our profitability is not dependent on the performance of Bursa Securities as our business activities have no direct correlation with the performance of securities listed on Bursa Securities.

In addition, the market price of our Shares may fluctuate significantly and rapidly in response to, among others, the following factors, some of which are beyond our control:

- (i) variations in our financial results and operations;
- (ii) success or failure of our management team in implementing business and growth strategies;
- (iii) gain or loss of an important business relationship;
- (iv) changes in securities analysts' recommendations, perceptions or estimates of our financial performance;
- (v) changes in conditions affecting the industry, the general economic conditions or stock market sentiments or other related events or factors;
- (vi) changes in market valuations and share prices of companies with similar businesses to our Group that may be listed on Bursa Securities;
- (vii) additions or departures of our Group Chief Executive Officer or Key Senior Management;
- (viii) fluctuation in stock market prices and volume;

9. RISK FACTORS (CONT'D)

- (ix) involvement in litigation; or
- (x) natural disasters, health epidemics and outbreaks of contagious diseases.

There is no assurance that the market price of our Shares will not be subject to volatility due to market sentiments.

9.3.3 The interest of our Substantial Shareholders who control our Group may not be aligned with the interest of our other shareholders

Upon Listing, our Substantial Shareholders will hold in aggregate 67.2% of our enlarged number of issued Shares. As a result, they will be able to effectively control the business direction and management of our Group, including the election of Directors, the timing and payment of dividends and influence the outcome of certain matters requiring the vote of our shareholders, unless they are required to abstain from voting either by law, or by relevant guidelines or regulations.

There can be no assurance that the interests of our Substantial Shareholders will always be aligned with those of our other shareholders.

9.3.4 Failure or delay in our Listing

Our Listing could be delayed or terminated due to the possible occurrences of certain events, which include the following:

- (i) our Sole Underwriter exercising its rights pursuant to the Underwriting Agreement to discharge itself from its obligations thereunder;
- (ii) we are unable to meet the public shareholding spread requirement under the Listing Requirements of at least 25% of our enlarged number of issued Shares to be held by a minimum of 1,000 public shareholders holding not less than 100 Shares each, at the point of our Listing; and
- (iii) the revocation of approvals from relevant authorities prior to our Listing or admission to the Official List for whatever reason.

Where prior to the issuance and allotment or transfer of our IPO Shares:

- (i) if the SC issues a stop order pursuant to Section 245(1) of the CMSA, the applications shall be deemed to be withdrawn and cancelled, and we or such other person who received the monies shall repay all monies paid in respect of the applications for our IPO Shares within 14 days of the stop order, failing which we shall be liable to return such monies with interest at the rate of 10% per annum or at such rate as may be specified by the SC pursuant to Section 245(7)(a) of the CMSA; or
- (ii) if our Listing is aborted, investors will not receive any of our IPO Shares and all monies paid in respect of all applications for our IPO Shares will be refunded free of interest.

Where subsequent to the issuance and allotment of our IPO Shares:

- (i) if the SC issues a stop order pursuant to Section 245(1) of the CMSA, any issue of our IPO Shares shall be deemed to be void and all monies received from the applicants shall forthwith be repaid without interest, and if any such money is not repaid within 14 days of the date of service of the stop order, we shall be liable to return such monies with interest at the rate of 10% per annum or at such other rate as may be specified by the SC from the expiry of that period pursuant to Section 245(7)(b) of the CMSA; or

9. RISK FACTORS (CONT'D)

- (ii) if our Listing is aborted other than pursuant to a stop order by the SC, a return of monies to our shareholders could only be achieved by way of a cancellation of our share capital as provided under the Act and its related rules. Such cancellation can be implemented by either:
 - (a) the sanction of our shareholders by special resolution in a general meeting, consent by our creditors (unless dispensation with such consent has been granted by the High Court of Malaya) and the confirmation of the High Court of Malaya, in which case there can be no assurance that such monies can be returned within a short period of time or at all under such circumstances; or
 - (b) the sanction of our shareholders by special resolution in a general meeting supported by a solvency statement from our directors.

9.3.5 Uncertainty of dividend payments

Our ability to declare dividends to our shareholders is dependent on, among others, our future financial performance, cash flow position, capital requirements and other obligations, and our ability to implement our business plans. Deterioration of these factors could have an effect on our business, which in turn will affect our ability to declare dividends to our shareholders. As such, there is no assurance that we will be able to pay dividends to our shareholders.

Furthermore, dividend payments are not guaranteed and our Board may decide, at its discretion, at any time and for any reason, not to pay dividends. If we do not pay dividends, or pay dividends at levels lower than that anticipated by investors, the market price of our Shares may be negatively affected and the value of any investment in our Shares may be reduced.

9.3.6 Forward-looking statements in this Prospectus may not be accurate

This Prospectus contains forward-looking statements. All statements, other than statements of historical facts, included in this Prospectus, including, without limitation, those regarding our financial position, business strategies, prospects, plans and objectives of our Group for future operations are forward-looking statements. Such forward-looking statements are made based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such factors include, among others, general economic and business conditions, competition, the impact of new laws and regulations affecting our industry and government initiatives. Forward-looking statements can be identified by the use of forward-looking terminologies such as the words “may”, “will”, “would”, “could”, “believe”, “expect”, “anticipate”, “intend”, “estimate”, “aim”, “plan”, “forecast” or similar expressions and include all statements that are not historical facts.

Such forward-looking statements involve known and unknown risks, uncertainties and other factors, including risks and challenges, which may cause our actual results, performance or achievements of our Group, or industry results, to be materially different from any future results, performance, achievements or industry results expressed or implied by such forward-looking statements.

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 advisers that such plans and objectives will be achieved.

10. RELATED PARTY TRANSACTIONS

10.1 RELATED PARTY TRANSACTIONS

Pursuant to the Listing Requirements, a “related party transaction” is a transaction entered into by a listed corporation or its subsidiaries that involves the interest, direct or indirect, of a related party. A “related party” of a listed corporation is:

- (i) a director, having the meaning given in Section 2(1) of the CMSA and includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a director of the listed corporation, its subsidiary or holding company or a chief executive of the listed corporation, its subsidiary or holding company;
- (ii) a major shareholder including any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a major shareholder of the listed corporation or its subsidiary or holding company, having an interest or interests in 1 or more voting shares in a corporation and the number or aggregate number of those shares is:
 - (a) 10% or more of the total number of voting shares in the corporation; or
 - (b) 5% or more of the total number of voting shares in the corporation where such person is the largest shareholder of the corporation; or
- (iii) a person connected with such director or major shareholder.

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10. RELATED PARTY TRANSACTIONS (CONT'D)**10.1.1 Material related party transactions**

Save as disclosed below, there is no other material related party transaction entered or to be entered into by our Group for the Financial Years Under Review and up to the LPD:

Transacting parties	Nature of relationship	Nature of transaction	Transaction value			
			FYE 2022 (RM'000)	FYE 2023 (RM'000)	FYE 2024 (RM'000)	1 January 2025 and up to the LPD (RM'000)
LAC and the following parties:	Liew Yoon Kit, Liew Yoon Poh, Chan Yue Mun and Giam Teck Eng are our Directors and/or Substantial Shareholders.	Acquisition by LAC of the entire equity interest in LAC Medical and CVS Medical (This is a one-off transaction pursuant to the Acquisitions and our internal reorganisation for our Listing)	-	-	-	47,839
<ul style="list-style-type: none"> Liew Yoon Kit Liew Yoon Poh Chan Yue Mun Giam Teck Eng 						
LAC Group and Glocomp	Giam Teck Eng, Liew Yoon Kit and Chan Yue Mun who are our Directors and/or Substantial Shareholders, are also substantial shareholders of Glocomp. Further, Giam Teck Eng is also a director of Glocomp	(i) Rental of offices by our Group (tenant) from Glocomp (landlord)	24 (Represents 0.2% of our Group's PAT for the FYE 2022)	82 (Represents 0.4% of our Group's PAT for the FYE 2023)	166 (Represents 0.8% of our Group's PAT for the FYE 2024)	45

10. RELATED PARTY TRANSACTIONS (CONT'D)

Transacting parties	Nature of relationship	Nature of transaction	Transaction value			1 January 2025 and up to the LPD (RM'000)
			FYE 2022 (RM'000)	FYE 2023 (RM'000)	FYE 2024 (RM'000)	
		(ii) Purchases of uninterrupted power supply and ICT related products by LAC Group (purchaser) from Glocomp (vendor)	990 (Represents 7.6% of our Group's PAT for the FYE 2022)	1,868 (Represents 9.0% of our Group's PAT for the FYE 2023)	578 (Represents 2.8% of our Group's PAT for the FYE 2024)	958
		(iii) Provision of ICT administrative and management services by Glocomp (vendor) to LAC Medical (purchaser)	120 (Represents 0.9% of our Group's PAT for the FYE 2022)	73 (Represents 0.4% of our Group's PAT for the FYE 2023)	-	-

Our Directors confirm that all the related party transactions outlined above were transacted on an arm's length basis and on normal commercial terms which are not unfavourable to us than those generally available to third parties. In relation to the rental of offices by our Group from Glocomp that will subsist after our Listing, our Directors have also reviewed the salient terms of the rental agreement and are of the view that they are on normal commercial terms and are not to the detriment to minority shareholders. Following our Listing, our Directors will ensure that future transactions with related party (if any) will be in compliance with the Listing Requirements. The procedures to be undertaken to ensure that the future transactions with related party (if any) are carried out on an arm's length basis are set out in Section 10.2 of this Prospectus.

Further, there are no material related party transactions entered into but not yet effected since the LPD and up to the date of this Prospectus.

10.1.2 Transactions entered into that are unusual in their nature or conditions

Our Group has not entered into any transactions that are unusual in their nature or conditions, involving goods, services, tangible or intangible assets, with a related party during the Financial Years Under Review and up to the LPD.

10. RELATED PARTY TRANSACTIONS (CONT'D)**10.1.3 Loans and financial assistance made to or for the benefits of related parties**

Save as disclosed below, there are no other outstanding loans and financial assistance made by us to or for the benefit of any related party during the Financial Years Under Review and up to the LPD:

Parties	Nature of relationship	Nature of transaction	Outstanding amount as at			
			31 December 2022 (RM'000)	31 December 2023 (RM'000)	31 December 2024 (RM'000)	the LPD (RM'000)
LAC Medical and Liew Yoon Poh	Liew Yoon Poh is our Promoter, Substantial Shareholder and Group Chief Executive Officer	Loan by LAC Medical to Liew Yoon Poh	(1)49 (Represents 0.2% of our Group's NA as at 31 December 2022)	-	-	-
PT Fairmed and Hong Chong Chet	Hong Chong Chet is our Deputy Group Chief Executive Officer and a director of PT Fairmed	Amount due from Hong Chong Chet to PT Fairmed for his subscription of 5% equity interest in PT Fairmed	-	-	(2)140 (Represents 0.3% of our Group's NA as at 31 December 2024)	-

Notes:

- (1) The loan, which have been fully settled in October 2023, was granted pursuant to a special scheme for loans to eligible directors and full-time employees of our Group, which has been discontinued as at the LPD.
- (2) Represents the unpaid consideration by Hong Chong Chet upon incorporation of PT Fairmed in December 2024, which was fully settled in March 2025.

The financial assistances above were not made on an arm's length basis as they were interest free with no fixed term of repayment. Going forward, we will not be providing any financial assistance to our related parties.

10. RELATED PARTY TRANSACTIONS (CONT'D)

10.1.4 Provision of guarantees by our related parties for the banking facilities granted to our Group

For the Financial Years Under Review, Liew Yoon Poh, Liew Yoon Kit and Giam Teck Eng have provided personal guarantees for banking facilities extended by financial institutions to our Group.

In conjunction with our Listing, we have obtained conditional approvals from the abovementioned financiers to discharge and/or uplift the said personal guarantees by substituting the same with a corporate guarantee from our Company subject to the success of our Listing.

10.2 MONITORING AND OVERSIGHT OF RELATED PARTY TRANSACTIONS

10.2.1 Audit and Risk Management Committee's review

Our Audit and Risk Management Committee reviews related party transactions and conflict of interest situations that may arise within our Group including any transaction, procedure or course of conduct that raises questions of management integrity. Our Audit and Risk Management Committee maintains and periodically reviews the adequacy of the procedures and processes set by our Company to monitor related party transactions and conflicts of interest. It also sets the procedures and processes to ensure that transactions are carried out in the best interest of our Company, on an arm's length basis and are based on normal commercial terms which are not more favourable to the related party than those generally available to third parties, and are not to the detriment of the interest of our minority shareholders. Among others, the related parties and parties who are in a position of conflict with the interest of our Group will be required to abstain from deliberations on the transactions.

All reviews by our Audit and Risk Management Committee will be reported to our Board for its further action.

10.2.2 Our Group's policy on related party transactions

Related party transactions by their very nature, involve conflicts of interest between our Group and the related parties with whom our Group has entered into such transactions. As disclosed in this Prospectus, some of our Directors and/or major shareholders are also directors and in some cases, shareholders of the related parties of our Group, and with respect to these related party transactions, may individually and in aggregate have conflicts of interest. It is the policy of our Group that all related party transactions must be reviewed by our Audit and Risk Management Committee to ensure that they are negotiated and agreed upon in the best interest of our Company, on an arm's length basis and are based on normal commercial terms which are not more favourable to the related party than those generally available to third parties, and are not detrimental to our minority shareholders.

In addition, we plan to adopt a comprehensive corporate governance framework that meets best practice principles to mitigate any potential conflict of interest situations and intend for the framework to be guided by the Listing Requirements and the MCCG upon our Listing. The procedures which may form part of the framework include, among others, the following:

- (i) our Board shall ensure that majority of our Board members are independent directors and will undertake an annual assessment on our Independent Non-Executive Directors;
- (ii) our Directors will be required to declare any direct or indirect interest that they may have in any business enterprise that is engaged in or proposed to be engaged in a transaction with our Group, whether or not they believe it is a material transaction. Upon such disclosure, the interested Director shall be required to abstain from deliberation and voting on any resolution related to the related party transaction; and
- (iii) all existing or potential related party transactions would have to be disclosed by the interested party for management reporting. Our management will propose the transactions to our Audit and Risk Management Committee for evaluation and assessment who would in turn, make a recommendation to our Board.

11. CONFLICT OF INTEREST

11.1 INTEREST IN SIMILAR BUSINESS

As at the LPD, save as disclosed below, none of our Directors and Substantial Shareholders have any other interest, direct or indirect in any businesses or corporations that:

- (i) are customers or suppliers of our Group and their interests in other businesses; or
- (ii) carry on a similar trade as that of our Group.

11.1.1 Interest in Glocomp which is our major supplier and landlord of our material properties

Our Substantial Shareholders, namely Liew Yoon Kit (who is also our Non-Independent Non-Executive Chairman), Chan Yue Mun (who is also our Non-Independent Non-Executive Director) and Giam Teck Eng, are shareholders of Glocomp. In addition, Giam Teck Eng is also a director of Glocomp.

Glocomp is principally involved in the distribution of ICT infrastructure for general industries. As at the LPD, the directors of Glocomp are Giam Teck Eng, Lee Kok Chew and Cheng Jyh Shyong (Zhong Zhixiong). The shareholders of Glocomp and their respective shareholdings in Glocomp as at the LPD are as follows:

Shareholders	Direct		Indirect	
	No. of shares	%	No. of shares	%
Asiapac Technology (M) Sdn Bhd ⁽¹⁾	8,837,500	70.0	-	-
Chan Yue Mun	1,073,125	8.5	-	-
Giam Teck Eng	1,073,125	8.5	-	-
Liew Yoon Kit	1,073,125	8.5	-	-
Chan Tze Ming	568,125	4.5	-	-

Note:

- (1) AsiaPac Technology (M) Sdn Bhd is a wholly-owned subsidiary of M1 Limited, a telecommunication company in Singapore. The acquisition of 70% equity interest in Glocomp by AsiaPac Technology (M) Sdn Bhd was completed in August 2023.

The transactions between our Group and Glocomp during the Financial Years Under Review and up to the LPD as set out below:

Nature of transaction	Transaction value			
	FYE 2022 (RM'000)	FYE 2023 (RM'000)	FYE 2024 (RM'000)	1 January 2025 up to the LPD (RM'000)
Purchase of uninterrupted power supply and ICT related products by our Group from Glocomp	990	1,868	578	958
	(Represents 7.6% of our Group's PAT for the FYE 2022)	(Represents 9.0% of our Group's PAT for the FYE 2023)	(Represents 2.8% of our Group's PAT for the FYE 2024)	

11. CONFLICT OF INTEREST (CONT'D)

Nature of transaction	Transaction value			1 January 2025 up to the LPD (RM'000)
	FYE 2022 (RM'000)	FYE 2023 (RM'000)	FYE 2024 (RM'000)	
Rental of offices by our Group from Glocomp	24 (Represents 0.2% of our Group's PAT for the FYE 2022)	82 (Represents 0.4% of our Group's PAT for the FYE 2023)	166 (Represents 0.8% of our Group's PAT for the FYE 2024)	45
Provision of ICT administrative and management services ⁽¹⁾ by Glocomp to LAC Medical	120 (Represents 0.9% of our Group's PAT for the FYE 2022)	73 (Represents 0.4% of our Group's PAT for the FYE 2023)	-	-

Note:

- (1) Prior to the establishment of our dedicated finance team in August 2023, Glocomp provided supporting finance functions to our Group such as bookkeeping, preparation of management accounts, financial reporting and tax filings.

Prior to the Financial Years Under Review, Glocomp provided financial assistance in the form of advances to our Group to support our working capital requirements. The advances were interest-free with no fixed term of repayment, and amounted to a total of approximately RM2.6 million in 2017 and 2018, and RM1.7 million in 2020 and 2021. The financial assistance has since discontinued.

Our Board is of the view that any potential conflict of interest situation that may arise as a result of the above is mitigated as:

- (i) Glocomp's business activities are not in competition with the business and operations of our Group. Our Group is not dependent on Glocomp for supply as we are able to source similar products of comparable quality and at similarly competitive prices from other suppliers. Furthermore, transactions with Glocomp accounted for less than 5% of our total purchases during the Financial Years Under Review;
- (ii) we purchased uninterrupted power supply systems and ICT related products from Glocomp to be bundled together with the supply and integration of medical devices for our customers. The purchases were made on an arm's length basis as the purchase orders were arrived at based on cost-plus method and normal commercial terms which are neither more favourable nor unfavourable to our Group and are comparable to those generally available to third parties; and
- (iii) the provision of administrative and management services as well as the above rental arrangement were carried out on an arm's length basis and on normal commercial terms which are neither more favourable nor unfavourable to our Group and are comparable to those generally available to third parties. Going forward, the rental arrangement shall cease upon setting up a new head office by our Group, which will be funded via the proceeds from the Public Issue as set out in Section 4.4 of this Prospectus.

11. CONFLICT OF INTEREST (CONT'D)

11.2 DECLARATIONS BY ADVISERS ON CONFLICT OF INTEREST

11.2.1 Declaration by RHB Investment Bank

RHB Investment Bank and its related and associated companies (collectively, the “**RHB Banking Group**”) engage in private banking, commercial banking and investment banking transactions which include, among others, brokerage, advisory on mergers and acquisitions, securities trading, assets and fund management as well as credit transaction services. The RHB Banking Group has engaged and may in the future engage in transactions with and perform services for our Group, in addition to the roles set out in this Prospectus.

In addition, any member of the RHB Banking Group may at any time, in the ordinary course of business, offer to provide its services or to engage in any transaction (on its own account or otherwise) with any member of our Group, our Directors, our shareholders, our affiliates and/or any other entity or person, hold long or short positions in securities issued by our Company and/or our affiliates, make investment recommendations and/or publish or express independent research views on such securities, and may trade or otherwise effect transactions for its own account or the account of its customers in debt or equity securities or senior loans of any member of our Group and/or our affiliates.

This is a result of the businesses of the RHB Banking Group generally acting independently of each other and accordingly there may be situations where parts of the RHB Banking Group and/or its customers now have or in the future, may have interest or take actions that may conflict with the interests of our Group. The related companies of RHB Investment Bank may also subscribe for our IPO Shares to be offered under the Institutional Offering.

As at the LPD, the RHB Banking Group has not extended any credit facility to our Group.

Notwithstanding the above, RHB Investment Bank is of the view that the abovementioned does not give rise to a conflict of interest situation in its capacity as the Principal Adviser, Sole Underwriter and Sole Placement Agent for our IPO due to the following reasons:

- (i) RHB Investment Bank is a licensed investment bank and its appointment as the Principal Adviser, Sole Underwriter and Sole Placement Agent is in the ordinary course of its business. RHB Investment Bank does not receive or derive any financial interest or benefit save for the professional fees, underwriting commission and placement fees received in relation to the aforesaid appointment;
- (ii) the Corporate Finance division of RHB Investment Bank is required under its investment banking license to comply with strict policies and guidelines issued by the SC, Bursa Securities and BNM governing its advisory operations. These guidelines require, among others, the establishment of Chinese wall policies, clear segregation between dealing and advisory activities and the formation of an independent committee to review its business operations. In any event, the team overseeing our IPO in RHB Investment Bank is independent from the team handling the credit facility. Further, there is no involvement by the Corporate Finance division of RHB Investment Bank in respect of any credit application process undertaken by other departments within RHB Banking Group; and
- (iii) the conduct of the RHB Banking Group in its banking business is strictly regulated by the Financial Services Act 2013, Islamic Financial Services Act 2013, CMSA and the RHB Banking Group's own internal controls and checks which includes, segregation of reporting structures, in that its activities are monitored and reviewed by independent parties and committees.

RHB Investment Bank confirms that there is no conflict of interest in its capacity as the Principal Adviser, Sole Underwriter and Sole Placement Agent for our IPO.

11. CONFLICT OF INTEREST (CONT'D)

11.2.2 Declaration by Ong Eu Jin Partnership

Ong Eu Jin Partnership confirms that there is no conflict of interest in its capacity as the Solicitors in respect of our IPO.

11.2.3 Declaration by Crowe Malaysia PLT

Crowe Malaysia PLT confirms that there is no situation of conflict of interest in its capacity as the Auditors and Reporting Accountants in respect of our IPO.

11.2.4 Declaration by Vital Factor Consulting Sdn Bhd

Vital Factor Consulting Sdn Bhd confirms that there is no situation of conflict of interest in its capacity as the Independent Business and Market Research Consultants in respect of our IPO.

12. FINANCIAL INFORMATION**12.1 HISTORICAL COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME AND FINANCIAL POSITION****12.1.1 Historical financial performance**

We were incorporated in Malaysia under the Act on 22 November 2024 to facilitate our Listing. On [●] 2025, we formed our Group upon completing the Acquisitions, which resulted in LAC Medical, CVS Medical and GoCloud becoming our wholly-owned subsidiaries together with PT Fairmed as our existing subsidiary.

Our historical combined financial statements for the Financial Years Under Review include the financial statements of the combining entities, namely LAC Medical and CVS Medical (for the Financial Years Under Review), and LAC and PT Fairmed (for the FYE 2024 as they were only incorporated in 2024). GoCloud is not included in the combined financial statements for the Financial Years Under Review as it is not a commonly controlled entity. Accordingly, our “Group” in this section shall refer to the aforementioned combining entities.

Our historical combined financial statements for the Financial Years Under Review have been prepared in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards for the purpose of the Accountants’ Report. The historical financial information presented below should be read in conjunction with the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” as set out in Section 12.3 of this Prospectus and the Accountants’ Report, together with its related notes, as set out in Section 13 of this Prospectus.

	<-----Audited----->		
	FYE 2022 (RM'000)	FYE 2023 (RM'000)	FYE 2024 (RM'000)
Revenue	106,644	150,347	183,216
Cost of sales	(76,875)	(109,317)	(137,740)
GP	29,769	41,030	45,476
Other income	236	456	590
Selling and distribution expenses	(2,085)	(6,126)	(5,172)
Administrative expenses	(7,984)	(10,442)	(12,693)
Other expenses	(187)	(246)	(345)
Finance costs	(1,019)	(1,082)	(494)
Net (impairment losses)/ Reversal of impairment losses on financial assets and contract assets	(1,549)	2,107	(319)
PBT	17,179	25,697	27,043
Taxation	(4,115)	(4,953)	(6,647)
PAT	13,065	20,744	20,396
Other comprehensive expenses	-	-	(4)
Total comprehensive income	13,065	20,744	20,392
PAT attributable to:			
- owners of our Company	-	-	20,399
- non-controlling interests	-	-	(3)
	13,065	20,744	20,396
GP margin ⁽¹⁾ (%)	27.9	27.3	24.8
EBITDA ⁽²⁾	18,379	27,067	27,927
EBITDA margin ⁽¹⁾ (%)	17.2	18.0	15.2
PBT margin ⁽¹⁾ (%)	16.1	17.1	14.8
PAT margin ⁽¹⁾ (%)	12.3	13.8	11.1
Basic and diluted EPS ⁽³⁾ (sen)	3.3	5.2	5.1
Number of Shares in issue after our IPO ('000)	400,000	400,000	400,000

12. FINANCIAL INFORMATION (CONT'D)**Notes:**

- (1) Computed as GP, EBITDA, PBT or PAT attributable to owners divided by revenue.
- (2) Computed as follows:

	<-----Audited----->		
	FYE 2022	FYE 2023	FYE 2024
	(RM'000)	(RM'000)	(RM'000)
PAT attributable to owners	13,065	20,744	20,399
Add: Taxation	4,115	4,953	6,647
Depreciation	180	288	387
Finance costs	1,019	1,082	494
EBITDA	18,379	27,067	27,927

- (3) Computed as PAT attributable to owners divided by the enlarged total number of 400,000,000 Shares after our IPO.

12.1.2 Historical combined statements of financial position

The table below sets out the summary of our audited combined statements of financial position as at 31 December 2022, 31 December 2023 and 31 December 2024, which has been extracted from the Accountants' Report as set out in Section 13 of this Prospectus.

	<-----Audited----->		
	31 December 2022	31 December 2023	31 December 2024
	(RM'000)	(RM'000)	(RM'000)
Property, plant and equipment	560	1,234	1,416
Right-of-use assets	41	130	48
Deferred tax assets	1,626	2,128	2,659
Non-current assets	2,228	3,491	4,122
Inventories	10,840	21,608	20,798
Trade receivables	50,115	66,420	35,706
Other receivables, deposits and prepayments ⁽¹⁾	6,925	6,327	18,368
Contract assets ⁽²⁾	842	2,311	3,035
Amount owing by directors	49	-	140
Amount owing by related parties	5	-	-
Fixed deposits with licensed banks	8,421	9,003	30,097
Cash and bank balances	23,828	30,454	15,844
Current assets	101,024	136,123	123,986
Total assets	103,252	139,614	128,108
Lease liabilities	-	53	-
Hire purchase payables	227	157	100
Borrowings	2,881	2,064	1,297
Non-current liabilities	3,108	2,274	1,397

12. FINANCIAL INFORMATION (CONT'D)

	<-----Audited----->		
	31 December 2022 (RM'000)	31 December 2023 (RM'000)	31 December 2024 (RM'000)
Trade payables	19,257	36,530	28,744
Other payables and accruals ⁽³⁾	5,405	12,353	14,980
Contract liabilities ⁽⁴⁾	12,215	16,355	13,963
Amount owing to related parties	22	1,001	3
Lease liabilities	42	80	53
Hire purchase payables	74	70	57
Borrowings	32,018	23,248	18,917
Dividend payable	4,000	6,000	-
Current tax liabilities	1,988	1,836	2,096
Current liabilities	75,021	97,473	78,813
Total liabilities	78,129	99,747	80,210
Share capital	2,000	2,000	2,000
Foreign exchange translation reserve	-	-	(4)
Retained profits	23,123	37,867	45,766
Equity attributable to owners	25,123	39,867	47,762
Non-controlling interests	-	-	136
Total equity	25,123	39,867	47,898
Total equity and liabilities	103,252	139,614	128,108

Notes:

- (1) Other receivables, deposits and prepayments increased by RM12.1 million to RM18.4 million as at 31 December 2024 (31 December 2023: RM6.3 million) mainly due to the increase in deposits recoverable from suppliers. These were advance payments made to suppliers for the purchase of medical equipment that had not yet been delivered as at the end of the financial year. These deposits are part of our Group's procurement process and will be offset against the invoiced amounts upon delivery of goods.
- (2) Contract assets increased from RM0.8 million as at 31 December 2022 to RM2.3 million as at 31 December 2023 and RM3.0 million as at 31 December 2024 mainly due to timing differences where revenue was recognised based on the stages of completion for ongoing projects, while the corresponding billings to customers had not yet been issued as at the respective financial year ends. This is in line with the increase in our revenue in the supply and integration of medical devices segment as well as higher number of contracts undertaken during the Financial Years Under Review.
- (3) Other payables and accruals increased from RM5.4 million as at 31 December 2022 to RM12.4 million as at 31 December 2023 and RM15.0 million as at 31 December 2024 mainly due to higher provisions for warranties for the medical devices sold, which are in line with the increase in our revenue and volume of medical devices sold to our customers.
- (4) Contract liabilities increased by RM4.2 million to RM16.4 million as at 31 December 2023 (31 December 2022: RM12.2 million) mainly due to higher upfront payments received from customers upon securing new projects involving the supply and integration of medical devices to private hospitals towards the end of the financial year. As revenue for these projects had not been recognised during FYE 2023, the corresponding amounts were recorded as contract liabilities. Subsequently, contract liabilities decreased by RM2.4 million to RM14.0 million as at 31 December 2024 (31 December 2023: RM16.4 million) primarily due to the increase in revenue recognition during FYE 2024 for work completed on projects for which upfront payments had been received in the previous financial year.

12. FINANCIAL INFORMATION (CONT'D)**12.2 CAPITALISATION AND INDEBTEDNESS**

The following table sets out our capitalisation and indebtedness as at 31 March 2025, and after adjusting for the Public Issue and use of proceeds:

	Unaudited as at 31 March 2025 (RM'000)	After the Public Issue and use of proceeds (RM'000)
Indebtedness		
<u>Current (secured and guaranteed)</u>		
- Term loans	165	165
- Trust receipt	1,907	1,907
- Letters of credit	19,348	[•]
- Hire purchase payables	43	43
<u>Current (unsecured and unguaranteed)</u>		
- Lease liabilities	31	31
<u>Non-current (secured and guaranteed)</u>		
- Term loans	1,694	1,694
- Hire purchase payables	100	100
Total indebtedness	23,288	[•]
Shareholders' equity	53,548	[•]
Total capitalisation and indebtedness	76,836	[•]
Gearing ratio ⁽¹⁾ (times)	0.4	[•]

Note:

(1) Computed as total borrowings divided by shareholders' equity.

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12. FINANCIAL INFORMATION (CONT'D)

12.3 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following management's discussion and analysis of our Group's financial conditions and results of operations for the Financial Years Under Review should be read in conjunction with the historical combined financial statements of our Group and the accompanying notes as set out in the Accountants' Report which are included in Section 13 of this Prospectus.

The historical combined financial statements of our Group include the financial statements of the combined entities, namely LAC Medical and CVS Medical for the Financial Years Under Review, as well as LAC and PT Fairmed for the FYE 2024 as they were only incorporated in 2024. GoCloud is not included in the combined financial statements for the Financial Years Under Review as it is not a commonly controlled entity. Accordingly, our "Group" in this section shall refer to the aforementioned combined entities.

There are no accounting policies which are peculiar to our Group because of the nature of the business or industry which we are involved in.

12.3.1 Overview of our operations



We specialise in the supply and integration of medical devices and services.

As an authorised distributor in Malaysia, we supply third-party brands of medical devices comprising medical equipment and associated products which include medical consumables, software and systems.

We also supply related products and services, including sales of medical consumables and accessories, provision of software and systems, and maintenance services.

Please refer to Section 7 of this Prospectus for further details on our business overview. We are principally operating in Malaysia and we expanded our business operations in Indonesia where we have a sales and support office in Indonesia that commenced in February 2025. For the Financial Years Under Review, sales to our customers are primarily denominated in RM. Meanwhile, our purchases of equipment and services are transacted in RM, USD and EUR.

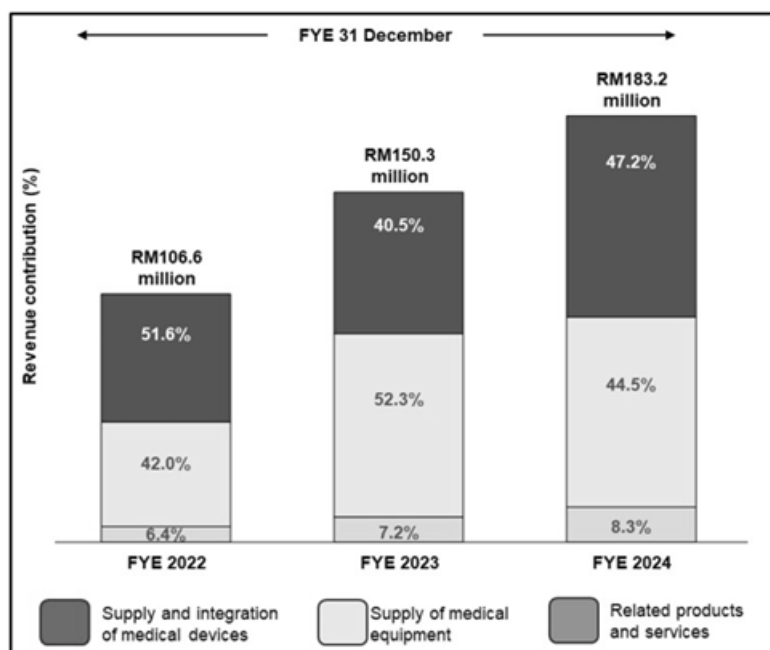
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12. FINANCIAL INFORMATION (CONT'D)

Between FYE 2022 and FYE 2024, our total revenue increased at a CAGR of 31.1% from RM106.6 million for the FYE 2022 to RM183.2 million for the FYE 2024.

The supply and integration of medical devices segment is one of our revenue contributors which accounted for 47.2% of our total revenue for the FYE 2024. Between FYE 2022 and FYE 2024, the revenue from this supply and integration segment increased at a CAGR of 25.4% from RM55.0 million for the FYE 2022 to RM86.5 million for the FYE 2024.

Revenue generated from the supply and integration of medical devices segment is mainly based on projects and is recognised based on progress using the cost incurred method for work performed over estimated total costs. There may be instances where work has been completed but yet to be billed to customers as at the reporting date, and we will recognise the difference in value as a contract asset which will be reclassified to trade receivables at the point when billings are issued. Similarly, if the billings issued or advances received from our customers exceed the revenue recognised, we will recognise a contract liability for the difference, and the amount will be recognised as revenue when work is performed.



As for the revenue from supply of medical equipment segment, this accounted for 44.5% of our total revenue for the FYE 2024. Between FYE 2022 and FYE 2024, our revenue from this supply segment increased at a CAGR of 34.9% from RM44.8 million for the FYE 2022 to RM81.5 million for the FYE 2024. Revenue generated from this supply segment is recognised when goods are delivered and accepted by customers.

This is followed by the revenue from supply of related products and services segment which accounted for 8.3% of our total revenue for the FYE 2024 and this includes the sales of other medical devices such as consumables and accessories, provision of healthcare-related software and system integration as well as provision of maintenance services. Between FYE 2022 and FYE 2024, our revenue from the supply of related products and services segment increased at a CAGR of 49.5% from RM6.8 million for the FYE 2022 to RM15.2 million for the FYE 2024. Under this segment, revenue recognition from the sales of products is recognised when goods are delivered and accepted by customers, while revenue from the provision of software and system integration, and maintenance services is recognised either upon services are rendered and accepted by customers or recognised over the period of service, depending on the terms of the contracts and nature of the services provided.

For the medical devices that we supply, our pricing policy is based on a mark-up over the cost set by the respective principals and takes into consideration various factors such as, among others, volume of orders, scope of integration services, warranty period and market competition. The pricing for our maintenance services is determined based on the estimated cost of support and technical assistance required throughout the maintenance period. Our pricing is not regulated by the relevant authorities.

12. FINANCIAL INFORMATION (CONT'D)

Under our indirect distribution channel, we supply medical equipment through intermediaries such as medical devices suppliers or concessionaire companies, which generally command lower gross margins. Save for this, our gross margins are mainly influenced by the type of products supplied and we may offer our products or services at lower gross margins to foster customer loyalty and drive business growth.

Please refer to Section 12.3.2 of this Prospectus for further details on the revenue segmentation.

12.3.2 Revenue

The breakdown of our revenue by business activities and products during the Financial Years Under Review is set out below:

	FYE 2022		FYE 2023		FYE 2024	
	RM'000	%	RM'000	%	RM'000	%
Supply and integration of medical devices						
• Medical equipment	53,563	50.2	60,308	40.1	76,511	41.8
- Radiographic equipment ⁽¹⁾	52,441	49.2	49,453	32.9	63,501	34.7
- Ultrasound machines	1,122	1.0	724	0.5	2,257	1.2
- MRI machines	-	-	10,131	6.7	10,753	5.9
• Medical devices and related services	1,427	1.4	525	0.4	9,982	5.4
	<u>54,990</u>	<u>51.6</u>	<u>60,833</u>	<u>40.5</u>	<u>86,493</u>	<u>47.2</u>
Supply of medical equipment						
• Ultrasound machines	42,196	39.6	69,980	46.5	69,187	37.7
• Radiographic equipment ⁽¹⁾	2,404	2.2	6,247	4.2	9,241	5.1
• Patient monitoring devices	217	0.2	2,439	1.6	3,108	1.7
	<u>44,817</u>	<u>42.0</u>	<u>78,666</u>	<u>52.3</u>	<u>81,536</u>	<u>44.5</u>
Supply of related products and services						
• Medical consumables and others ⁽²⁾	2,639	2.5	4,425	2.9	9,089	4.9
• Software and systems	302	0.3	1,451	1.0	1,044	0.6
• Related services ⁽³⁾	3,896	3.6	4,972	3.3	5,054	2.8
	<u>6,837</u>	<u>6.4</u>	<u>10,848</u>	<u>7.2</u>	<u>15,187</u>	<u>8.3</u>
Total	<u>106,644</u>	<u>100.0</u>	<u>150,347</u>	<u>100.0</u>	<u>183,216</u>	<u>100.0</u>

Notes:

- (1) Comprises CT scanners, fluoroscopy machines and other radiographic equipment.
- (2) Mainly include intravascular sound catheters, power injectors, transducers, neurovascular devices and other ancillary products.
- (3) Mainly include maintenance and repair services.

12. FINANCIAL INFORMATION (CONT'D)

A summary of the number of our customers, projects and units supplied during the Financial Years under Review is set out below:

	FYE 2022		FYE 2023		FYE 2024	
	No.	%	No.	%	No.	%
Supply and integration of medical devices						
• Number of customers ⁽¹⁾						
- New customers	4	28.6	3	12.5	7	29.2
- Repeat customers ⁽²⁾	10	71.4	21	87.5	17	70.8
	14	100.0	24	100.0	24	100.0
• Number of projects						
- Ongoing projects	10	43.5	10	33.3	12	36.4
- Completed projects	13	56.5	20	66.7	21	63.6
	23	100.0	30	100.0	33	100.0
• Number of units supplied						
- Ultrasound machines	3	10.0	2	11.1	6	20.0
- Radiographic equipment	27	90.0	14	77.8	22	73.3
- MRI machines	-	-	2	11.1	2	6.7
	30	100.0	18	100.0	30	100.0
Supply of medical equipment						
• Number of customers ⁽¹⁾						
- New customers	113	63.8	133	57.6	117	57.4
- Repeat customers ⁽²⁾	64	36.2	98	42.4	87	42.6
	177	100.0	231	100.0	204	100.0
• Number of units supplied						
- Ultrasound machines	231	75.5	302	60.6	253	63.2
- Radiographic equipment	14	4.6	30	6.0	35	8.8
- Patient monitoring devices	61	19.9	166	33.4	112	28.0
	306	100.0	498	100.0	400	100.0
Supply of related products and services						
• Number of customers ⁽¹⁾						
- New customers	34	24.8	29	18.1	39	23.1
- Repeat customers ⁽²⁾	103	75.2	131	81.9	130	76.9
	137	100.0	160	100.0	169	100.0

Notes:

- (1) Includes overlapping customers in 2 or 3 of the segments (FYE 2022: 34; FYE 2023: 60; FYE 2024: 71).
- (2) A customer is considered a repeat customer in a financial year if the customer has made a purchase from our Group in the past.

12. FINANCIAL INFORMATION (CONT'D)**FYE 2023 compared to FYE 2022**

Our total revenue increased by RM43.7 million or 41.0% to RM150.3 million for the FYE 2023 (FYE 2022: RM106.6 million), which was mainly contributed by the supply of medical equipment segment.

(a) Supply and integration of medical devices

Revenue from the supply and integration of medical devices increased by RM5.8 million or 10.5% to RM60.8 million for the FYE 2023 (FYE 2022: RM55.0 million). This was attributed to the delivery of various supply and integration projects for private hospitals after the completion of pre-installation works including:

- (i) revenue contribution of RM10.2 million from MAHSA Hospital Sdn Bhd for the delivery and integration of various radiographic equipment comprising MRI machines, CT scanners and other radiographic equipment for the newly completed MAHSA Specialist Hospital in Bandar Saujana Putra in 2024;
- (ii) revenue contribution of RM9.7 million from Peel Healthcare Sdn Bhd for the delivery of radiographic equipment including fluoroscopy machines for angiography and other medical equipment for the newly completed Northern Heart Hospital Penang in 2024; and
- (iii) revenue contribution of RM9.1 million from 3 hospitals under Customer C for the delivery and integration of radiographic equipment including fluoroscopy machines for angiography, and other medical equipment mainly for the upgrade and expansion of the 3 hospitals in Johor.

The increase in revenue was partially moderated following the completion of the supply and integration projects involving the delivery and integration of CT scanners and other radiographic equipment for our customers who are concessionaires of healthcare facility management companies for public hospitals.

(b) Supply of medical equipment

Revenue from the supply of medical equipment increased by RM33.8 million or 75.7% to RM78.7 million for the FYE 2023 (FYE 2022: RM44.8 million). This was mainly driven by higher sales of ultrasound machines as reflected in the increase in sales volume of ultrasound machines by 30.7% to 302 units for the FYE 2023 (FYE 2022: 231 units), as well as increase in number of customers of ultrasound machines by 21.6% to 186 for the FYE 2023 (FYE 2022: 153). The increase in sales was mainly due to the increase in demand from our customers who were suppliers of medical equipment as well as from hospitals and clinics, mainly in Selangor.

(c) Supply of related products and services

Revenue from the supply of related products and services increased by RM4.0 million or 58.8% to RM10.8 million for the FYE 2023 (FYE 2022: RM6.8 million). This was mainly driven by the following:

- (i) increase in revenue by RM1.8 million from the sales of medical consumables and accessories including intravascular sound catheters and transducers which are associated with ultrasound equipment. This was in line with higher sales of ultrasound machines under the supply of medical equipment segment;

12. FINANCIAL INFORMATION (CONT'D)

- (ii) increase in revenue by RM1.1 million from the provision of healthcare-related software and systems integration arising from the sales of software used to enhance the images that are generated from MRI machines as well as the sales of the power and environmental monitoring system software to GoCloud (which subsequently became our subsidiary after the Acquisitions); and
- (iii) increase in revenue by RM1.1 million from the maintenance and repair services of medical equipment mainly private hospitals.

FYE 2024 compared to FYE 2023

Our total revenue increased by RM32.9 million or 21.9% to RM183.2 million for the FYE 2024 (FYE 2023: RM150.3 million), which was mainly contributed by the supply and integration of medical devices segment as set out below.

(a) Supply and integration of medical devices

Revenue from the supply and integration of medical devices increased by RM25.7 million or 42.3% to RM86.5 million for the FYE 2024 (FYE 2023: RM60.8 million). This was attributed to the delivery of various supply and integration projects for private hospitals after the completion of pre-installation works, mainly including the following:

- (i) increase in revenue by RM12.9 million from Customer B following the delivery and integration of various radiographic equipment comprising fluoroscopy machines for angiography and CT scanners, as well as MRI machines for the newly completed hospital in Alor Setar in 2025;
- (ii) revenue contribution of RM14.1 million from 4 hospitals under Customer C for the delivery and integration of various radiographic equipment mainly fluoroscopy machines for angiography for the upgrade and expansion of 4 hospitals located in Johor, Kelantan, Kedah and Sabah; and
- (iii) revenue contribution of RM11.0 million from 2 hospitals under Sunway Healthcare Group for the delivery and integration of various radiographic equipment to 2 new hospitals located in Selangor and Perak.

In addition, the increase in revenue from this segment for the FYE 2024 was also partly contributed by the revenue contribution of RM8.9 million from the integration of picture archiving and communication software mainly for public hospitals in Perak.

(b) Supply of medical equipment

Revenue from the supply of medical equipment increased by RM2.8 million or 3.6% to RM81.5 million for the FYE 2024 (FYE 2023: RM78.7 million), which was mainly attributed to higher sales of radiographic equipment to private hospitals comprising mainly X-ray equipment and CT scanners in various locations including Selangor, Kuala Lumpur, Johor and Perak. This was also reflected in the increase in sales volume of radiographic equipment by 16.7% to 35 units for the FYE 2024 (FYE 2023: 30 units), as well as increase in number of customers of radiographic equipment by 37.0% to 37 for the FYE 2024 (FYE 2023: 27).

(c) Supply of related products and services

Revenue from the supply of related products and services segment increased by RM4.4 million or 40.7% to RM15.2 million for the FYE 2024 (FYE 2023: RM10.8 million). This was mainly driven by the increase in revenue from the sales of medical consumables and accessories comprising intravascular sound catheters and neurovascular devices. We commenced the sales of neurovascular devices for the FYE 2024 upon securing the distributorship of the Stryker brand of neurovascular devices in Malaysia in July 2024.

12. FINANCIAL INFORMATION (CONT'D)**12.3.3 Cost of sales**

The breakdown of our cost of sales by components during the Financial Years Under Review is set out below:

	FYE 2022		FYE 2023		FYE 2024	
	RM'000	%	RM'000	%	RM'000	%
Equipment and accessories cost⁽¹⁾						
• Radiographic equipment	41,994	54.6	44,682	40.9	58,948	42.8
• Ultrasound machines	29,902	38.9	47,577	43.5	49,248	35.8
• MRI machines	-	-	8,382	7.7	9,154	6.6
• Patient monitoring devices	134	0.2	1,734	1.6	2,434	1.8
• Medical consumables, software and systems, and other medical devices	4,467	5.8	6,324	5.8	17,325	12.6
	<u>76,497</u>	<u>99.5</u>	<u>108,699</u>	<u>99.4</u>	<u>137,109</u>	<u>99.5</u>
Others⁽²⁾	<u>378</u>	<u>0.5</u>	<u>618</u>	<u>0.6</u>	<u>631</u>	<u>0.5</u>
Total	<u>76,875</u>	<u>100.0</u>	<u>109,317</u>	<u>100.0</u>	<u>137,740</u>	<u>100.0</u>

Notes:

(1) Including subcontractor costs which are accounted for as cost of sales based on the actual costs incurred for renovation and M&E works performed by our subcontractors.

(2) Mainly include freight and transportation costs and depreciation.

Our cost of sales of equipment and accessories comprising medical equipment and other medical devices include consumables and accessories, as well as subcontractors' costs where we engaged subcontractors to carry out the renovation works for M&E works, construction or modification of structures as well as installation of protection shielding. The cost of sales of equipment and accessories accounted for 99.5%, 99.4% and 99.5% of our total cost of sales for the Financial Years Under Review respectively.

The breakdown of our cost of sales by business activities and products during the Financial Years Under Review is set out below:

	FYE 2022		FYE 2023		FYE 2024	
	RM'000	%	RM'000	%	RM'000	%
Supply and integration of medical devices						
• Medical equipment	42,090	54.8	50,264	46.0	63,979	46.5
• Medical devices and related services	1,291	1.7	473	0.4	7,884	5.7
	<u>43,381</u>	<u>56.5</u>	<u>50,737</u>	<u>46.4</u>	<u>71,863</u>	<u>52.2</u>
Supply of medical equipment						
• Ultrasound machines	27,939	36.3	45,420	41.5	45,481	33.0
• Radiographic equipment ⁽¹⁾	2,017	2.6	5,091	4.7	7,888	5.7
• Patient monitoring devices	142	0.2	1,821	1.7	2,501	1.8
	<u>30,098</u>	<u>39.1</u>	<u>52,332</u>	<u>47.9</u>	<u>55,870</u>	<u>40.5</u>
Supply of related products and services						
• Medical consumables and others ⁽²⁾	1,719	2.2	3,305	3.0	6,814	4.9
• Software and systems	167	0.2	1,040	1.0	788	0.6
• Related services ⁽³⁾	1,510	2.0	1,903	1.7	2,405	1.8
	<u>3,396</u>	<u>4.4</u>	<u>6,248</u>	<u>5.7</u>	<u>10,007</u>	<u>7.3</u>
Total	<u>76,875</u>	<u>100.0</u>	<u>109,317</u>	<u>100.0</u>	<u>137,740</u>	<u>100.0</u>

12. FINANCIAL INFORMATION (CONT'D)**Notes:**

- (1) Comprises CT scanners, fluoroscopy machines, and other X-ray equipment.
- (2) Mainly include intravascular sound catheters, power injectors, transducers, neurovascular devices and other ancillary products.
- (3) Mainly include maintenance and repair services.

FYE 2023 compared to FYE 2022

Our cost of sales of equipment and accessories increased by RM32.2 million or 42.1% to RM108.7 million for the FYE 2023 (FYE 2022: RM76.5 million), mainly from ultrasound machines, MRI machines and radiographic equipment. The increase in equipment and accessories cost was in line with the increase in our revenue of 41.0% on the back of higher sales of ultrasound machines for the supply of medical equipment segment as well as supply and integration projects involving radiographic equipment and MRI machines.

Our other cost of sales increased by RM0.2 million or 50.0% to RM0.6 million for the FYE 2023 (FYE 2022: RM0.4 million). This was mainly attributed to the increase in freight and transportation costs for the purchases of medical equipment.

FYE 2024 compared to FYE 2023

Our cost of sales of equipment and accessories increased by RM28.4 million or 26.1% to RM137.1 million for the FYE 2024 (FYE 2023: RM108.7 million), mainly from radiographic equipment, software and systems as well as medical consumables. This was in line with the increase in our revenue of 21.9%, mainly attributed to the delivery of various supply and integration projects involving radiographic equipment and software as well as supply of medical consumables for the FYE 2024.

Our other cost of sales remained relatively consistent at RM0.6 million for the FYE 2024 which mainly comprised freight and transportation costs.

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12. FINANCIAL INFORMATION (CONT'D)**12.3.4 GP and GP margin**

The breakdown of our GP and GP margin by business activities and products during the Financial Years Under Review is set out below:

	FYE 2022			FYE 2023			FYE 2024		
	GP		GP margin	GP		GP margin	GP		GP margin
	RM'000	%	%	RM'000	%	%	RM'000	%	%
Supply and integration of medical devices									
• Medical equipment	11,473	38.5	21.4	10,044	24.5	16.7	12,532	27.6	16.4
• Medical devices and related services	136	0.5	9.5	52	0.1	9.9	2,098	4.6	21.0
	11,609	39.0	21.1	10,096	24.6	16.6	14,630	32.2	16.9
Supply of medical equipment									
• Ultrasound machines	14,257	47.9	33.8	24,560	59.9	35.1	23,706	52.1	34.3
• Radiographic equipment ⁽¹⁾	387	1.3	16.1	1,156	2.8	18.5	1,353	3.0	14.6
• Patient monitoring devices	75	0.2	34.6	618	1.5	25.3	607	1.3	19.5
	14,719	49.4	32.8	26,334	64.2	33.5	25,666	56.4	31.5
Supply of related products and services									
• Medical consumables and others ⁽²⁾	920	3.1	34.9	1,120	2.7	25.3	2,275	5.0	25.0
• Software and systems	135	0.5	44.7	411	1.0	28.3	256	0.6	24.5
• Related services ⁽³⁾	2,386	8.0	61.2	3,069	7.5	61.7	2,649	5.8	52.4
	3,441	11.6	50.3	4,600	11.2	42.4	5,180	11.4	34.1
Total	29,769	100.0	27.9	41,030	100.0	27.3	45,476	100.0	24.8

Notes:

- (1) Comprises CT scanners, fluoroscopy machines, and other X-ray equipment.
- (2) Mainly include intravascular sound catheters, power injectors, transducers, neurovascular devices and other ancillary products.
- (3) Mainly include maintenance and repair services.

12. FINANCIAL INFORMATION (CONT'D)

In general, the GP margin of our business activities and products is influenced by, among others, the following factors:

- (i) type of medical devices supplied by us including brands, specifications of the medical devices required and quantity, as well as bundling with related products such as accessories and consumables;
- (ii) scope of work including design and renovation works involved for the supply and integration of medical devices projects; and
- (iii) other costs such as impact of foreign exchange fluctuations, freight and transportation costs, and provision of warranties.

FYE 2023 compared to FYE 2022

Our GP increased by RM11.2 million or 37.6% to RM41.0 million for the FYE 2023 (FYE 2022: RM29.8 million), which was mainly contributed by our supply of medical equipment segment.

(a) Supply and integration of medical devices

Notwithstanding of the increase in revenue by 10.5% from this segment during the FYE 2023, the GP from the supply and integration of medical devices segment decreased by RM1.5 million or 12.9% to RM10.1 million for the FYE 2023 (FYE 2022: RM11.6 million).

This was due to the decrease in GP following the completion of a few supply and integration projects involving the delivery and integration of radiographic equipment for our customers who are concessionaires of healthcare facility management for public hospitals in Negeri Sembilan and northern region of Peninsular Malaysia which contributed to the higher margin for the previous FYE 2022.

As a result, the GP margin from the supply and integration of medical devices segment declined from 21.1% for the FYE 2022 to 16.6% for the FYE 2023.

(b) Supply of medical equipment

The GP from our supply of medical equipment increased by RM11.6 million or 78.9% to RM26.3 million for the FYE 2023 (FYE 2022: RM14.7 million). This was contributed by the increase in GP from the sales of ultrasound machines on the back of higher sales, as reflected in the increase in revenue of 75.7% from this segment for the FYE 2023.

The GP margin from the supply of medical equipment segment improved to 33.5% for the FYE 2023 (FYE 2022: 32.8%). This was mainly attributed to the higher GP contribution from the increased sales of ultrasound machines to suppliers of medical equipment and other hospitals which typically generate a higher margin.

(c) Supply of related products and services

GP from the related products and services segment increased by RM1.2 million or 35.3% to RM4.6 million for the FYE 2023 (FYE 2022: RM3.4 million), mainly attributed to the increase in GP of RM0.7 million from the provision of maintenance and repair services.

GP margin from the supply of related products and services segment declined to 42.4% for the FYE 2023 (FYE 2022: 50.3%). This was mainly due to the higher sales of lower margin products, namely medical consumables and accessories as well as healthcare-related software and systems integration.

12. FINANCIAL INFORMATION (CONT'D)**FYE 2024 compared to FYE 2023**

Our GP increased by RM4.5 million or 11.0% to RM45.5 million for the FYE 2024 (FYE 2023: RM41.0 million), which was mainly contributed by the supply and integration of medical devices segment.

(a) Supply and integration of medical devices

GP from our supply and integration of medical devices segment increased by RM4.5 million or 44.6% to RM14.6 million for the FYE 2024 (FYE 2023: RM10.1 million). This was reflected in the revenue growth of 42.3% for the FYE 2024, mainly attributed to the delivery of various supply and integration projects involving radiographic equipment for a group of private hospitals in various locations including Kedah, Johor, Kelantan, Sabah, Selangor and Perak.

In addition, the GP contribution for the FYE 2024 was partly contributed by the GP from 2 higher margin projects namely the supply and integration of radiographic equipment such as fluoroscopy machine for angiography for Hospital Seri Botani in Perak, as well as the integration of picture archiving and communication software for public hospitals in Perak.

These projects resulted in the improvement of the GP margin from our supply and integration of medical devices segment from 16.6% for the FYE 2023 to 16.9% for the FYE 2024.

(b) Supply of medical equipment

GP from our supply of medical equipment decreased by RM0.6 million or 2.3% to RM25.7 million for the FYE 2024 (FYE 2023: RM26.3 million), mainly due to the decrease in GP from the sales of ultrasound machines on the back of lower sales to clinics.

The GP margin from the supply of medical equipment segment declined from 33.5% for the FYE 2023 to 31.5% for the FYE 2024. This was mainly due to the decline in GP margin from the sales of ultrasound machines which typically generate a higher margin.

(c) Related products and services

The GP from the related products and services segment increased by RM0.6 million or 13.0% to RM5.2 million for the FYE 2024 (FYE2023: RM4.6 million). This was mainly attributed to the increase in GP from the sales of medical consumables and accessories, which was primarily driven by higher sales of intravascular sound catheters and neurovascular devices. The increase was partially moderated by a decline in GP from maintenance and repair services.

The GP margin from the supply of related products and services segment declined from 42.4% for the FYE 2023 to 34.1% for the FYE 2024. This was mainly due to the increase in proportion of GP contribution from the sales of lower margin products such as medical consumables and accessories coupled with a decrease in the proportion of GP contribution from maintenance and repair services which typically generate higher margins. Further, the GP margin from the related services declined from 61.7% for the FYE 2023 to 52.4% for the FYE 2024 due to lower GP contribution from maintenance services (which generate higher margin) and higher GP contribution from repair services (which generate lower margin).

12. FINANCIAL INFORMATION (CONT'D)**12.3.5 Other income**

Our other income for the Financial Years Under Review is set out below:

	FYE 2022		FYE 2023		FYE 2024	
	RM'000	%	RM'000	%	RM'000	%
Interest income	211	89.4	191	41.9	501	84.9
Gain on foreign exchange	-	-	135	29.8	83	14.1
Commission	-	-	119	26.1	-	-
Others ⁽¹⁾	25	10.6	11	2.2	6	1.0
Total	236	100.0	456	100.0	590	100.0

Note:

(1) Include, among others, income from late payment charges to customers.

Our other income increased by RM0.2 million to RM0.5 million for the FYE 2023 (FYE 2022: RM0.2 million). This was mainly due to the gain on foreign exchange of RM0.1 million for the FYE 2023 as well as commission income of RM0.1 million from our supplier for facilitating the sales of consumables to its customers.

Our other income increased further by RM0.1 million to RM0.6 million for the FYE 2024 (FYE 2023: RM0.5 million), contributed by the increase in interest income of RM0.3 million for the FYE 2024, partially offset by the absence of commission income during the financial year.

12.3.6 Selling and distribution expenses

Our selling and distribution expenses for the Financial Years Under Review are set out below:

	FYE 2022		FYE 2023		FYE 2024	
	RM'000	%	RM'000	%	RM'000	%
Sales incentive and commission	1,409	67.6	5,176	84.5	3,878	75.0
Travelling expenses ⁽¹⁾	653	31.3	860	14.0	1,188	23.0
Marketing expenses ⁽²⁾	23	1.1	90	1.5	106	2.0
Total	2,085	100.0	6,126	100.0	5,172	100.0

Notes:

(1) Refer to transportation and accommodation expenses.

(2) Refer to expenses for sales and marketing activities including participation in events such as exhibitions, trade shows and conferences.

Our selling and distribution expenses increased significantly by RM4.0 million to RM6.1 million for the FYE 2023 (FYE 2022: RM2.1 million), attributed to the increase in sales incentive and commission of RM3.8 million to our sales personnel for achieving sales target.

Our selling and distribution expenses decreased by RM1.0 million or 16.4% to RM5.2 million for the FYE 2024 (FYE 2023: RM6.1 million), due to the decrease in sales incentive and commission by RM1.3 million arising from lower incentive payout during the financial year due to turnover within the sales team, as well as lower commission payout following the change in commission scheme which revised the entitlement structure for certain senior management.

12. FINANCIAL INFORMATION (CONT'D)**12.3.7 Administrative and other expenses**

Our administrative and other expenses for the Financial Years Under Review are set out below:

	FYE 2022		FYE 2023		FYE 2024	
	RM'000	%	RM'000	%	RM'000	%
Administrative expenses						
• Staff costs	6,261	76.6	8,196	76.7	9,603	73.7
• Professional fees	252	3.1	549	5.1	1,073	8.2
• Directors' remuneration	284	3.5	299	2.8	309	2.4
• Other administrative expenses ⁽¹⁾	1,187	14.5	1,398	13.1	1,708	13.1
	7,984	97.7	10,442	97.7	12,693	97.4
Other expenses⁽²⁾	187	2.3	246	2.3	345	2.6
Total	8,171	100.0	10,688	100.0	13,038	100.0

Notes:

- (1) Include mainly travelling expenses, rental expenses, authority fees, office expenses, insurance, upkeep and maintenance, utilities and service tax, each of which represented less than 5% of the total administrative and other expenses for the Financial Years Under Review.
- (2) Include mainly depreciation expenses.

FYE 2023 compared to FYE 2022

Our administrative and other expenses increased by RM2.5 million or 30.5% to RM10.7 million for the FYE 2023 (FYE 2022: RM8.2 million), mainly due to the following:

- (i) increase of RM1.9 million in staff costs arising from the increase in number of employees from 61 employees as at 31 December 2022 to 69 employees as at 31 December 2023, coupled with general increment and bonus payment for the FYE 2023; and
- (ii) increase of RM0.3 million in professional fees mainly pertaining to advisory fees paid to a financial adviser for a corporate exercise which was subsequently aborted.

FYE 2024 compared to FYE 2023

Our administrative and other expenses increased by RM2.3 million or 21.5% to RM13.0 million for the FYE 2024 (FYE 2023: RM10.7 million), mainly due to the following:

- (i) increase of RM1.4 million in staff costs arising from general increment and bonus payment for the FYE 2024, coupled with an increase in the number of employees from 69 employees as at 31 December 2023 to 84 employees as at 31 December 2024; and
- (ii) increase of RM0.5 million in professional fees incurred for our Listing during the FYE 2024.

12. FINANCIAL INFORMATION (CONT'D)**12.3.8 Finance costs**

Our finance costs for the Financial Years Under Review are set out below:

	FYE 2022		FYE 2023		FYE 2024	
	RM'000	%	RM'000	%	RM'000	%
Interest expense on:						
• Bankers' acceptances	299	29.3	237	21.9	17	3.5
• Invoice financing	-	-	16	1.5	-	-
• Letter of credit	198	19.4	289	26.7	257	52.0
• Trade financing	-	-	27	2.5	13	2.6
• Promissory note	139	13.6	261	24.1	4	0.8
• Hire purchase	7	0.7	12	1.1	9	1.8
• Term loans	186	18.3	165	15.2	130	26.3
• Lease liabilities	3	0.3	6	0.6	8	1.6
Bank and other charges	187	18.4	69	6.4	56	11.4
Total	1,019	100.0	1,082	100.0	494	100.0

Our finance costs increased by RM0.1 million to RM1.1 million for the FYE 2023 (FYE 2022: RM1.0 million), mainly attributed to the increase in interest expense on promissory notes which were utilised for working capital.

Our finance costs decreased by RM0.6 million to RM0.5 million for the FYE 2024 (FYE 2023: RM1.1 million). This was mainly due to the decrease in interest expenses on promissory notes and bankers' acceptances following the repayment of the outstanding balances for the FYE 2024.

12.3.9 Net (impairment losses)/ Reversal of impairment losses on financial assets and contract assets

Our (net impairment losses)/reversal of impairment losses on financial assets and contract assets for the Financial Years Under Review are set out below:

	FYE 2022 (RM'000)	FYE 2023 (RM'000)	FYE 2024 (RM'000)
Allowance for impairment losses			
• Trade receivables	(1,421)	-	(385)
• Contract assets	(135)	-	-
Reversal for impairment losses			
• Trade receivables	7	2,107	66
	(1,549)	2,107	(319)

The allowance for impairment losses or reversals was assessed in accordance with the expected credit loss model under MFRS 9 Financial Instruments. These amounts do not represent actual defaults or collections but are accounting estimates based on anticipated credit risk.

12. FINANCIAL INFORMATION (CONT'D)

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables and contract assets. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. During the FYE 2023, the reversal of impairment losses on trade receivables was due to our Group's improved credit risk assumptions and historical loss rates.

12.3.10 PBT, PBT margin, PAT and PAT margin

	FYE 2022	FYE 2023	FYE 2024
PBT (RM'000)	17,179	25,697	27,043
PBT margin	16.1%	17.1%	14.8%
Taxation (RM'000)	4,115	4,953	6,647
Effective tax rates	24.0%	19.3%	24.6%
PAT attributable to owners (RM'000)	13,065	20,744	20,399
PAT margin	12.3%	13.8%	11.1%

FYE 2023 compared to FYE 2022

Our PBT increased by RM8.5 million or 49.4% to RM25.7 million for the FYE 2023 (FYE 2022: RM17.2 million). This was mainly attributed to the increase in GP from the supply of medical equipment segment on the back of higher sales of ultrasound machines.

Our PBT margin increased to 17.1% for the FYE 2023 (FYE 2022: 16.1%) primarily due to the reversal of impairment losses on trade receivables of RM2.1 million for the FYE 2023 as well as lower increase in administrative expenses, particularly due to fixed staff costs relative to the higher increase in revenue. Consequently, our PAT attributable to owners increased by RM7.7 million or 58.8% to RM20.7 million for the FYE 2023 (FYE 2022: RM13.1 million), and PAT margin improved to 13.8% for the FYE 2023 (FYE 2022: 12.3%).

Our effective tax rate was 19.3% for the FYE 2023, which was lower than the statutory tax rate of 24.0% mainly due to recognition of deferred tax assets arising from deductible temporary differences as well as non-taxable income on the reversal of impairment losses on trade receivables during the financial year.

FYE 2024 compared to FYE 2023

Our PBT increased by RM1.3 million or 5.1% to RM27.0 million for the FYE 2024 (FYE 2023: RM25.7 million). This was mainly contributed by the increase in GP from our supply and integration of medical devices segment, following the delivery and integration of medical equipment for various private hospitals including Kedah, Johor, Kelantan, Sabah, Selangor and Perak.

However, our PBT margin declined from 17.1% for the FYE 2023 to 14.8% for the FYE 2024, mainly due to the decrease in GP margin as explained above coupled with higher administrative expenses.

Our PAT attributable to owners decreased by RM0.3 million or 1.4% to RM20.4 million for the FYE 2024 (FYE 2023: RM20.7 million) due to the higher income tax expenses for the FYE 2024. Consequently, our PAT margin also declined from 13.8% for the FYE 2023 to 11.1% for the FYE 2024.

Our effective tax rate was 24.6% for the FYE 2024 which was slightly higher than the statutory tax rate of 24.0% mainly due to the non-deductible expenses such as accrued project expenses partially offset by the recognition of deferred tax assets arising from deductible temporary differences.

12. FINANCIAL INFORMATION (CONT'D)**12.3.11 Significant factors affecting our financial condition and results of operations**

The significant factors affecting our operations and financial results are set out below:

(i) Ability to consistently secure new projects and purchase orders

Our revenue from the provision of medical equipment is mainly derived from fixed lump-sum contracts for projects or confirmed purchase orders for equipment supply. These are typically non-recurring after installation and handover or delivery to customers. Our business sustainability and financial performance rely on consistently securing new contracts or orders to replenish our order book. While we will continue to submit proposals and quotations to secure new contracts and orders, we cannot assure the success of these efforts. Please refer to Section 9.1.3 of this Prospectus for further details.

(ii) Delays in implementation and completion of projects or delivery of orders, or termination or suspension of projects will affect our financial performance

For the supply and integration of medical devices projects, we are typically required to meet specific milestones and delivery timelines when implementing the projects, including facility design and infrastructure planning, custom interior fit-outs, supply and installation, and testing and commissioning. Any delays in meeting these timelines may result in delays in revenue recognition and project cost overruns. Additionally, any early termination or suspension of work could adversely affect our financial performance if we are unable to recover incurred expenses or revenue billed, along with a loss of revenue and profit. Please refer to Section 9.1.5 of this Prospectus for further details.

(iii) Impact of foreign exchange fluctuations

We are exposed to the risk of fluctuations in foreign exchange including USD and EUR arising from the imports of medical equipment and related products. For the Financial Years Under Review, our purchases that were denominated in foreign currencies accounted for 16.2%, 7.5% and 10.5% of our total purchases for the Financial Years Under Review respectively, while our revenue were primarily denominated in RM.

During the Financial Years Under Review, we do not have a natural hedge between our foreign purchases and revenue as our revenue is primarily denominated in RM. Our foreign exchange gains and losses during the Financial Years Under Review are set out below:

	FYE 2022	FYE 2023	FYE 2024
Foreign exchange gains / (losses)	(RM'000)	(RM'000)	(RM'000)
Realised gain on foreign exchange	-	135	83
Realised (loss) on foreign exchange	(14)	-	-
Net realised gain/(loss)	(14)	135	83

Any unfavourable foreign currency exchange rate fluctuations could materially affect our financial performance. For the Financial Under Review and up to the LPD, our Group does not have any financial instruments for hedging purposes.

(iv) Impact of interest rates

As at 31 December 2024, our total bank borrowings were RM20.4 million and are all interest-bearing obligations, including RM18.2 million based on floating rates and RM2.2 million based on fixed rates. For the Financial Years Under Review, we incurred finance costs of RM1.0 million, RM1.1 million and RM0.5 million respectively. Any increase in interest rates and/or drawdown of borrowings may have an impact on our financial performance. For the Financial Years Under Review and up to the LPD, we have not defaulted on any payments of either the principal sums and/or interests in relation to our borrowings.

12. FINANCIAL INFORMATION (CONT'D)**(v) Impact of inflation**

Our financial performance for the Financial Years Under Review was not materially affected by the impact of inflation. Nevertheless, there is no assurance that inflation may not affect our future results of operations and financial performance.

(vi) Government/economic/fiscal/monetary policies

Our business is subject to the risk relating to government, economic, fiscal or monetary policies in Malaysia and Indonesia as well as in countries that we operate and/or transact business. Any unfavorable changes in such government, economic, fiscal or monetary policies may materially affect our operations.

12.3.12 Significant changes on the financial position

There are no significant changes that have occurred which may have a material effect on the financial position and results of our Group subsequent to the FYE 2024, being our most recent annual financial statements.

12.4 LIQUIDITY AND CAPITAL RESOURCES**12.4.1 Working capital**

Our business operations are financed by a combination of both internal and external sources of funds. Internal sources of funds comprised shareholders' equity and cash generated from our operations, while external sources were mainly banking facilities from financial institutions. These funds were used for our business operations and growth.

Based on our audited combined statements of financial positions as at 31 December 2024, we have:

- (i) cash and bank balances with licensed banks of RM15.8 million;
- (ii) working capital of RM45.2 million, being the difference between current assets of RM124.0 million and current liabilities of RM78.8 million.

After taking into consideration the funding requirements for our committed capital expenditures, our strategies and plans as set out in Section 7.20 of this Prospectus, our existing level of cash and bank balances and deposits with licensed banks, banking facilities available for utilisation, potential dividend distribution (including the interim dividend of RM5.0 million intended to be declared for the FYE 2025 as set out in Section 12.7 of this Prospectus), expected cash flows to be generated from our operations and the estimated net proceeds from the Public Issue, our Board is of the view that we have sufficient working capital for 12 months from the date of this Prospectus.

12. FINANCIAL INFORMATION (CONT'D)**12.4.2 Cash flows**

The summary of our combined statements of cash flows during the Financial Years Under Review is set out below:

	Audited		
	FYE2022	FYE2023	FYE2024
	(RM'000)	(RM'000)	(RM'000)
Net cash from operating activities	2,872	22,612	30,671
Net cash from/(used in) investing activities	274	(1,247)	(8,802)
Net cash from/(used in) financing activities	8,789	(14,739)	(24,187)
Net increase/(decrease) in cash and cash equivalents	11,935	6,626	(2,318)
Cash and cash equivalents at the beginning of the financial year	11,893	23,828	30,454
Cash and cash equivalent at the end of the financial year	23,828	30,454	28,135

(i) FYE 2022**Net cash from operating activities**

For the FYE 2022, our cash flows generated from operating activities before working capital changes was RM22.7 million. Our net cash from operating activities was RM2.9 million after taking into account the following:

- (i) an increase of RM9.6 million in trade and other receivables, mainly due to higher trade receivables at year-end arising from higher billings in the last quarter of FYE 2022 following the delivery of products and services;
- (ii) a decrease of RM11.9 million in trade and other payables, mainly due to lower accruals of after-sales expenses for projects completed in the last quarter of FYE 2022, and lower outstanding trade payables attributed to timely payments to our suppliers; and
- (iii) income tax paid of RM4.6 million.

The above was partly offset by an increase of RM7.8 million in contract liabilities attributed to upfront payments received from customers upon securing new projects for the supply and integration of medical devices from private hospitals.

Net cash from investing activities

For the FYE 2022, our net cash from investing activities was RM0.3 million. This was mainly attributed to RM0.7 million received following the repayments of loan by our director as well as RM0.2 million of interest income received.

The net cash from investing activities was partially offset by RM0.4 million used for the placement of fixed deposit pledged to licensed banks and RM0.2 million of cash used mainly for the purchase of motor vehicle and computers.

Net cash from financing activities

For the FYE 2022, our net cash from financing activities was RM8.8 million. This was mainly attributed to the drawdown and repayment of bankers' acceptances, letters of credit and promissory notes for our working capital, partially offset by dividends paid of RM3.4 million.

12. FINANCIAL INFORMATION (CONT'D)**(ii) FYE 2023****Net cash from operating activities**

For the FYE 2023, our cash flows generated from operating activities before working capital changes was RM30.8 million. Our net cash from operating activities was RM22.6 million after taking into account the following:

- (i) an increase of RM13.6 million in trade and other receivables, mainly due to delayed collection payments from our customers;
- (ii) an increase of RM10.5 million in inventories which resulted from the procurement and preparation of medical equipment and other medical devices including consumables and accessories as well as software and systems purchased for subsequent planned delivery to project sites; and
- (iii) net income tax paid of RM5.6 million.

The above was partly offset by an increase of RM17.9 million in trade and other payables mainly due to slow payment as well as additional purchases towards the end of the FYE 2023 resulting in a significant increase in the level of inventories as explained above.

Net cash for investing activities

For the FYE 2023, our net cash used in investing activities was RM1.2 million mainly attributed to:

- (i) RM0.9 million of cash used for the purchase of medical equipment used as demonstration units, renovation of our head office, and purchase of computers; and
- (ii) RM0.6 million used for the placement of fixed deposit pledged to licensed banks.

Net cash for financing activities

For the FYE 2023, our net cash used in financing activities was RM14.7 million. This was mainly attributed to the repayment of bankers' acceptances, invoice financing and promissory notes which were used for our working capital as well as dividends paid amounting to RM4.0 million.

(iii) FYE 2024**Net cash from operating activities**

For the FYE 2024, our cash flows generated from operating activities before working capital changes was RM33.6 million. Our net cash from operating activities was RM30.7 million after taking into account the following:

- (i) a decrease of RM11.0 million in trade and other payables, mainly due to timely payments to our suppliers and subcontractors arising from improved collections from our customers; and
- (ii) tax paid of RM6.9 million.

The above was partly offset by a decrease of RM18.4 million in trade and other receivables, mainly due to improvements in collections from customers as a result of our Group's effort in following up with customers following the establishment of a dedicated internal finance team.

12. FINANCIAL INFORMATION (CONT'D)

Prior to the establishment of a dedicated internal finance team in August 2023, the collections of our trade receivables were previously managed under an outsourced arrangement through Glocomp. The outsourced function lacked active monitoring of receivables as well as timely and dedicated follow-up of overdue accounts.

Following the establishment of our own internal finance team, we have implemented dedicated credit control procedures, including closer monitoring of customer payment trends, direct follow-up and stricter enforcement of credit terms to improve our collection and cash flow management.

Net cash for investing activities

For the FYE 2024, our net cash used in investing activities was RM8.8 million mainly attributed to:

- (i) RM10.0 million used for the placement of fixed deposit with licensed banks with tenure of more than 3 months; and
- (ii) RM0.5 million used for the purchase of computers and renovation of our head office.

The net cash for investing activities was partially offset by RM1.2 million by the withdrawal of fixed deposit pledged to licensed banks and RM0.5 million of interest income received.

Net cash for financing activities

For the FYE 2024, our net cash used in financing activities was RM24.2 million. This was mainly attributed to the repayment of bankers' acceptances and promissory notes which were used for our working capital as well as dividends paid amounting to RM18.5 million.

12.4.3 Borrowings

As at 31 December 2024, our Group's total bank borrowings were set out below:

Type of borrowings	As at 31 December 2024		
	Payable within 12 months (RM'000)	Payable after 12 months (RM'000)	Total (RM'000)
Letter of credit ⁽¹⁾	18,145	-	18,145
Term loans ⁽¹⁾	771	1,297	2,068
Hire purchase ⁽²⁾	57	100	157
Total	18,973	1,397	20,370

Gearing ratio⁽³⁾ **0.4**

Notes:

- (1) For our working capital purposes.
- (2) For the purchase of motor vehicles.
- (3) Based on total borrowings divided by total equity attributable to owners.

12. FINANCIAL INFORMATION (CONT'D)

As at 31 December 2024, all bank borrowings were interest bearing including RM18.2 million based on floating rates and RM2.2 million based on fixed rates. The maturity profile and average interest rates of our bank borrowings as at 31 December 2024 are set out below:

	Average interest rates	As at 31 December 2024			Total (RM'000)
		Within 1 Year (RM'000)	1-5 Years (RM'000)	Over 5 Years (RM'000)	
Letter of credit	4.70% - 5.05%	18,145	-	-	18,145
Term loans	3.50% - 6.00%	771	1,297	-	2,068
Hire purchase	3.35% - 4.30%	57	100	-	157
Total		18,973	1,397	-	20,370

Our Group has not defaulted on any payment of either principal sums and/or interest in relation to the borrowings for the Financial Years Under Review and up to the LPD.

We did not encounter any seasonality in our borrowing trends and there are no restrictions on our committed facilities.

As at the LPD, our Group is not in breach of any terms and conditions or covenants associated with the credit arrangements or bank loans, which can materially affect the financial position and results of business operations or investments by holders of securities in our Group.

12.4.4 Financial instruments, treasury policies and objectives

For the Financial Years Under Review and up to the LPD, our Group does not have any financial instrument for hedging purposes.

Our Group's operations have been funded by shareholders' equity and cash generated from our operations as well as external sources of funds. The external sources of funds mainly include banking facilities from financial institutions. The normal credit terms granted by our suppliers ranged from 30 to 90 days. As at the LPD, our Group's banking facilities from financial institutions mainly consists of bankers' acceptances, letter of credit and term loans for working capital purposes.

The interest rates for our bank borrowings are based on the market rates prevailing at the dates of the respective transaction. As at the LPD, our Group has available banking facilities amounting to RM50.0 million, of which RM33.8 million that has yet to be utilised.

The main objective of our capital management is to ensure sustainable shareholders' equity to ensure our ability to support and grow our business in order to maximise on shareholders' value. We review and manage our capital structure to maintain our debt-to-equity ratio is at an optimal level based on the business requirements and prevailing economic conditions.

12. FINANCIAL INFORMATION (CONT'D)**12.4.5 Material capital commitment**

As at the LPD, our Group's material commitments for capital expenditure are summarised below:

	Capital commitment (RM'000)	Source of funds	
		Internally generated funds/ bank borrowings (RM'000)	Proceeds from the Public Issue (RM'000)
Setting up new head office and warehouse	[●]	-	[●]
Setting up branch offices in Indonesia	[●]	-	[●]
Investment in MEAMS costs	[●]	-	[●]
Investment in EaaS costs	[●]	-	[●]
Purchase of fixed assets	-	158	158
Total	[●]	158	[●]

12.4.6 Contingent liabilities

As at the LPD, we do not have any contingent liabilities, which upon becoming enforceable, may have substantial impact on the financial position of our Group as at the LPD.

12.4.7 Key financial ratios

Our key financial ratios for the Financial Years Under Review are as follows:

	FYE 2022	FYE 2023	FYE 2024
Trade receivables turnover period ⁽¹⁾ (days)	172	161	71
Trade payables turnover period ⁽²⁾ (days)	91	122	76
Inventory turnover period ⁽³⁾ (days)	51	72	55
Current ratio ⁽⁴⁾ (times)	1.3	1.4	1.6
Gearing ratio ⁽⁵⁾ (times)	1.4	0.6	0.4

Notes:

- (1) Based on trade receivables (net of allowances for impairment loss and retention sum) as at the end of the respective financial year over total revenue of the respective financial year, and multiplied by 365 days for the FYE 2022 and FYE 2023, and 366 days for the FYE 2024.
- (2) Based on trade payables as at the end of the respective financial year over total cost of sales of the respective financial year, and multiplied by 365 days for the FYE 2022 and FYE 2023, and 366 days for the FYE 2024.
- (3) Based on inventory as at the end of the respective financial year over total cost of sales of the respective financial year, and multiplied by 365 days for the FYE 2022 and FYE 2023, and 366 days for the FYE 2024.
- (4) Based on current assets over current liabilities.
- (5) Based on total borrowings over total equity attributable to owners.

12. FINANCIAL INFORMATION (CONT'D)**(i) Trade receivables turnover period**

A summary of our trade receivables period during the Financial Years Under Review is set out below:

	FYE 2022 (RM'000)	FYE 2023 (RM'000)	FYE 2024 (RM'000)
Trade receivables	50,115	66,420	35,706
Less: Retention sum	-	(173)	(345)
Net trade receivables	50,115	66,247	35,361
Revenue	106,644	150,347	183,216
Trade receivables turnover period ⁽¹⁾ (days)	172	161	71

Note:

- (1) Based on trade receivables (net of allowances for impairment loss and retention sum) as at the end of the respective financial year over total revenue of the respective financial year, and multiplied by 365 days for the FYE 2022 and FYE 2023, and 366 days for the FYE 2024.

The normal credit terms granted to our customers range between 30 to 60 days as assessed and approved by the management on a case-by-case basis. Our trade receivables turnover period was 172 days as at 31 December 2022, 161 days as at 31 December 2023 and 71 days as at 31 December 2024, which exceeded the credit terms granted to our customers.

Our trade receivables turnover period of 172 days as at 31 December 2022 was mainly due to the higher billings in the last quarter of FYE 2022 following the delivery of products and services. Of the total trade receivables of RM50.1 million, 90.7% of the trade receivables were still within the credit terms as at FYE 2022, and these were mainly outstanding from our customers for the supply and integration of medical devices segment including concessionaires and private hospitals.

Our trade receivables turnover period of 161 days as at 31 December 2023 was mainly due to delayed collection from our customers as reflected in the past due trade receivables which accounted for 41.3% (RM27.4 million) of our total trade receivables as at 31 December 2023.

Prior to the establishment of a dedicated internal finance team in August 2023, the collections of our trade receivables were previously managed under an outsourced arrangement through Glocomp. The outsourced function lacked active monitoring of receivables as well as timely and dedicated follow-up of overdue accounts. Following the establishment of our own internal finance team, we have implemented dedicated credit control procedures, including closer monitoring of customer payment trends, direct follow-up and stricter enforcement of credit terms to improve our collection and cash flow management.

Following the establishment of a dedicated internal finance team, our trade receivables turnover period improved to 71 days as at 31 December 2024 mainly due to the improvement in collections from customers as a result of the Group's effort in close monitoring and follow-ups through communication with customers. This was reflected in the lower proportion of trade receivables over revenue of 19.5% as at FYE 2024 compared to 44.2% as at FYE 2023.

12. FINANCIAL INFORMATION (CONT'D)

The ageing analysis of our Group of trade receivables as at 31 December 2024 is as follows:

	As at 31 December 2024 (RM'000)	Subsequent collections up to the LPD (RM'000)	Balance (RM'000)
Not past due	21,567	20,107	1,460
1 - 30 days past due	4,335	3,562	773
31 - 60 days past due	3,746	3,043	703
61 - 90 days past due	2,429	1,950	479
More than 90 days past due	3,284	1,345	1,939
Total	35,361	30,007	5,354

As at the LPD, we have collected approximately RM30.0 million or 84.9% of the total trade receivables which were outstanding as at 31 December 2024. In respect of our trade receivables that were more than 90 days past due, these are outstanding receivables from medical devices suppliers, hospitals and clinics. There is no indication of significant default risk based on our credit risk assessment on customers' profile and their historical payment trend. Our Board is of the view that the remaining outstanding trade receivables are recoverable and no provision for impairment is required after taking into consideration our relationship with these customers and their historical payment trend.

(ii) Trade payables turnover period

A summary of our trade payables turnover period during the Financial Years Under Review is set out below:

	FYE 2022 (RM'000)	FYE 2023 (RM'000)	FYE 2024 (RM'000)
Trade payables	19,257	36,530	28,744
Cost of sales	76,875	109,316	137,740
Trade payables turnover period ⁽¹⁾ (days)	91	122	76

Note:

- (1) Based on trade payables as at the end of the respective financial year over total cost of sales of the respective financial year, and multiplied by 365 days for the FYE 2022 and FYE 2023, and 366 days for the FYE 2024.

Generally, the normal credit terms granted by our suppliers ranged from 30 to 90 days. Our trade payable turnover period increased from 91 days as at 31 December 2022 to 122 days as at 31 December 2023. This was mainly due to slow payments to our suppliers and subcontractors as a result of delayed collection from our customers. This was reflected in the higher proportion of past due trade payables of 58.3% as at 31 December 2023 compared to 43.0% as at 31 December 2022. The past due trade payables were mainly for the purchases of medical equipment and outstanding of subcontracted works for the pre-installation projects.

Our trade payable turnover period decreased to 76 days as at 31 December 2024, mainly attributed to timely payments to our suppliers and subcontractors due to improved collection from our customers.

12. FINANCIAL INFORMATION (CONT'D)

The ageing analysis of our Group's trade payables as at 31 December 2024 is as follows:

	As at 31 December 2024 (RM'000)	Subsequent payments up to the LPD (RM'000)	Balance (RM'000)
Not past due	6,678	4,431	2,247
1 - 30 days past due	15,609	15,278	331
31 - 60 days past due	4,558	3,324	1,234
61 - 90 days past due	742	662	80
More than 90 days past due	1,157	768	389
Total	28,744	24,463	4,281

As at the LPD, we have settled approximately RM24.5 million or 85.4% of the total trade payables which were outstanding as at 31 December 2024. There was no matter in dispute with respect to trade payables, or legal action initiated by any of our suppliers to demand for payment.

(iii) Inventory turnover period

A summary of our inventory turnover period during the Financial Years Under Review is set out below:

	FYE 2022 (RM'000)	FYE 2023 (RM'000)	FYE 2024 (RM'000)
Inventories	10,840	21,608	20,798
Cost of sales	76,875	109,316	137,740
Inventory turnover period ⁽¹⁾ (days)	51	72	55

Note:

- (1) Based on inventory as at the end of the respective financial year over total cost of sales of the respective financial year, and multiplied by 365 days for the FYE 2022 and FYE 2023, and 366 days for the FYE 2024.

Our inventories mainly comprise medical equipment such as ultrasound machines, as well as other medical consumables and accessories such as hardware, transducers, catheters and stents. Our inventory management policy requires that we only procure medical equipment and related products upon securing projects or receiving confirmed purchase orders from our customers. This inventory management policy applies consistently to all of our products, save for the purchase of ultrasound machines as demonstration units or purchase of medical devices based on anticipated customer demand to shorten delivery lead time.

Our inventory turnover period increased from 51 days as at 31 December 2022 to 72 days as at 31 December 2023. This was mainly due to higher inventories arising from the procurement and preparation of medical equipment and other medical devices for subsequent planned delivery to project sites, in line with the increase of revenue from the supply and integration of medical devices segment.

Our inventory turnover period subsequently improved to 55 days as at 31 December 2024 mainly due to the increase in sales leading to faster inventory turnover.

12. FINANCIAL INFORMATION (CONT'D)**(iv) Current ratio**

A summary of our current ratio for the Financial Years Under Review is as follows:

	Audited		
	31 December 2022 (RM'000)	31 December 2023 (RM'000)	31 December 2024 (RM'000)
Current assets	101,024	136,123	123,986
Current liabilities	75,021	97,473	78,813
Current ratio ⁽¹⁾ (times)	1.3	1.4	1.6

Note:

(1) Based on current assets over current liabilities.

Our current ratio increased marginally from 1.3 times as at 31 December 2022 to 1.4 times as at 31 December 2023. This was mainly due to higher trade receivables at year-end arising from higher billings in the last quarter of 31 December 2023 following the delivery of products and services, as well as higher inventories which resulted from the procurement and preparation of medical equipment and other medical devices for subsequent planned delivery to project sites.

The increase in current ratio was partially offset by the increase in current liabilities, mainly attributed to the higher trade payables due to slower payments to our suppliers and subcontractors.

Our current ratio further increased to 1.6 times as at 31 December 2024. This was mainly due to the decrease in trade payables following the improvements in payments to our suppliers and subcontractors as well as lower outstanding bank borrowings following the repayments of bankers' acceptances, promissory notes and trade financing facilities during the FYE 2024.

(v) Gearing ratio

A summary of our gearing ratio for the Financial Years Under Review is as follows:

	Audited		
	31 December 2022 (RM'000)	31 December 2023 (RM'000)	31 December 2024 (RM'000)
Total borrowings	35,200	25,538	20,370
Total equity attributable to owners	25,123	39,867	47,762
Gearing ratio ⁽¹⁾ (times)	1.4	0.6	0.4

Note:

(1) Based on total bank borrowings over total equity attributable to owners.

Our gearing ratio decreased from 1.4 times as at 31 December 2022 to 0.6 times as at 31 December 2023, and further decreased to 0.4 times as at 31 December 2024, primarily due to repayment of our bank borrowings arising from improved collections, and an increase in our NA as a result of profit generated during the Financial Years Under Review, partly offset by the dividend paid.

12. FINANCIAL INFORMATION (CONT'D)**12.5 ORDER BOOK**

As at the LPD, we have a total outstanding order book of RM55.0 million and the details are as follows:

	Outstanding order book as at the LPD (RM million)	Expected timeline to be recognised		
		FYE 2025 (RM million)	FYE 2026 (RM million)	FYE 2027 to FYE 2032 (RM million)
Supply and integration of medical devices	40.5	39.8	0.7	-
Supply of medical equipment	6.7	6.7	-	-
Provision of software and system	1.7	1.3	0.1	0.3
Provision of maintenance services	6.1	2.2	2.1	1.8
Total	55.0	50.0	2.9	2.1

12.6 TREND INFORMATION

As at the LPD, saved as disclosed in this Prospectus, our operations have not been and are not expected to be affected by any of the following:

- (i) known trends, demands, commitments, events or uncertainties that have had, or that we reasonably expect to have, a material favourable or unfavourable impact on our financial performance, position and operations, save as set out in Sections 8 and 9 of this Prospectus;
- (ii) unusual, infrequent events or transactions or any significant economic changes that have materially affected our financial performance, position and operations;
- (iii) known trends, demands, commitments, events or uncertainties that had resulted in a material impact on our revenue and/or profits, and our strategies and plans as set out in Section 7.20 of this Prospectus;
- (iv) known trends, demands, commitments, events or uncertainties that are reasonably likely to make our historical combined financial statements not indicative of the future financial performance and position; and
- (v) known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our liquidity and capital resources.

12.7 DIVIDEND POLICY

It is the intention of our Board to recommend and distribute dividends of up to 30% of our annual audited PAT attributable to our shareholders after taking into consideration, among others, any applicable regulations, our working capital requirements, the financial and cash flow position of our Group as well as our projected levels of expenditure and other investment plans. This will allow our shareholders to participate in the profits of our Group while leaving adequate reserves for the future growth of our Group.

Notwithstanding our intention above, as we are an investment holding company, our income and ability to pay dividends are dependent upon the dividends received from our subsidiaries. The payment of dividends by our subsidiaries is dependent on their distributable profits, financial performance and cash flow requirements for operations and capital expenditures, the covenants in their existing loan agreements which require prior written consent from the respective financial institutions for the payment of dividends of more than certain percentage of their respective PAT as well as other factors.

12. FINANCIAL INFORMATION (CONT'D)

The dividends paid by our Indonesia subsidiary may be taxed in Indonesia for withholding tax at a rate not exceeding 10.0% of the gross amount of the dividends. According to the prevailing Double Tax Agreement between Indonesia and Malaysia, dividend payments paid to our Company will be subject to a withholding tax.

PT Fairmed has an obligation to withhold the tax of dividends distribution and pay to the tax authority. For avoidance of doubt, the dividend income received by our Company are exempted from corporate income tax in Malaysia up to 31 December 2026 based on the following qualifying conditions:

- (i) the foreign source dividend income has been subjected to tax in the country of origin i.e. Indonesia;
- (ii) the highest corporate tax rate in the country of origin i.e. Indonesia is at least 15.0%;
- (iii) our Group has complied with the economic substance requirements where (a) adequate number of employees are employed with necessary qualifications to carry out our operations in Malaysia; and (b) adequate amount of operating expenditure has been incurred for carrying out our operations in Malaysia.

Save for certain banking restrictive covenants which our subsidiaries are subject to, there is no other dividend restriction imposed on our subsidiaries as at the LPD.

For information purposes, the dividends declared and paid by our Group for the Financial Years Under Review are as follows:

	FYE 2022 (RM'000)	FYE 2023 (RM'000)	FYE 2024 (RM'000)
Dividends declared	4,000	6,000	12,500
Dividends paid	3,400	4,000	18,500
PAT attributable to owners	13,065	20,744	20,399
Dividend payout ratio ⁽¹⁾	30.6%	28.9%	61.3%

Note:

- (1) Computed as dividends declared divided by PAT attributable to owners.

Subsequent to the FYE 2024, there is no dividend declared by us or our subsidiaries, save for an interim dividend amounting to RM5.0 million for the FYE 2025 which was paid on 28 July 2025.

The dividends declared and paid for the Financial Years Under Review and up to 28 July 2025 were funded via internally generated cash which were in excess of our Group's funding requirements for our business operations and not expected to affect our business strategies and plans moving forward.

Investors should note that this dividend policy merely describes our present intention and shall not constitute legally binding statements in respect of our future dividends which are subject to modification (including non-declaration) thereof at our Board's discretion. We cannot assure you that we will be able to pay dividends or that our Board will declare dividends in the future. There can also be no assurance that further dividends declared by our Board, if any, will not differ materially from historical payouts. Please refer to Section 9.3.5 of this Prospectus for the risk factor which may affect our ability to pay dividends.

No inference should be made from any of the foregoing statements as to our actual future profitability or our ability to pay dividends in the future.

12. FINANCIAL INFORMATION (CONT'D)**12.8 REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION****26 MAY 2025**

The Board of Directors
LAC Med Berhad
 G-03A-3, Plaza Kelana Jaya
 Jalan SS7/13A
 47301 Petaling Jaya
 Selangor Darul Ehsan
 Malaysia.

Dear Sirs/Madam,

LAC MED BERHAD ("LAC" or the "Company")
REPORT ON THE COMPILATION OF PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION INCLUDED IN A PROSPECTUS

We have completed our assurance engagement to report on the compilation of Pro Forma Combined Statements of Financial Position of LAC, LAC Medical Supplies Sdn Bhd, CVS Medical Sdn Bhd and PT Fairmed Imaging Nusajaya (collectively known as "the Group") as at 31 December 2024 together with the accompanying notes thereon, for which we have stamped for the purpose of identification, prepared by the Board of Directors of the Company.

The Pro Forma Combined Statements of Financial Position have been prepared for inclusion in the Prospectus in connection with the initial public offering in the ordinary shares and the listing of and quotation for the entire enlarged issued share capital of the Company on the Main Market of Bursa Malaysia Securities Berhad ("the Listing").

The application criteria on the basis of which the Board of Directors of the Company have compiled the Pro Forma Combined Statements of Financial Position are described in the notes thereon to the Pro Forma Combined Statements of Financial Position. The Pro Forma Combined Statements of Financial Position are prepared in accordance with the requirements of the Prospectus Guidelines issued by the Securities Commission Malaysia ("Prospectus Guidelines") and the Guidance Note for issuers of Pro Forma Financial Information issued by the Malaysian Institute of Accountants ("Guidance Note").

The Pro Forma Combined Statements of Financial Position have been compiled by the Board of Directors to illustrate the impact of the transactions as set out in the notes thereon to the Pro Forma Combined Statements of Financial Position as at 31 December 2024 as if the events have occurred or the transactions have been undertaken throughout the financial year. As part of this process, information about the Group's financial position as at 31 December 2024 has been extracted by the Board of Directors from the Group's audited combined financial statements as at 31 December 2024.

Crowe Malaysia PLT
 201906000005 (LLP0018817-LCA) & AF 1018
 Chartered Accountants
 Level 16, Tower C, Megan Avenue II
 12, Jalan Yap Kwan Seng
 50450 Kuala Lumpur
 Malaysia
 Main +6 03 2788 9999
 www.crowe.my

12. FINANCIAL INFORMATION (CONT'D)**THE BOARD OF DIRECTORS' RESPONSIBILITIES**

The Board of Directors of the Company is responsible for compiling the Pro Forma Combined Statements of Financial Position on the basis as described in notes thereon to the Pro Forma Combined Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines and Guidance Note.

REPORTING ACCOUNTANTS' INDEPENDENCE AND QUALITY CONTROL

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

Our firm applies International Standard on Quality Management 1 (ISQM 1), *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* issued by the International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants and accordingly maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal regulatory requirements.

REPORTING ACCOUNTANTS' RESPONSIBILITIES

Our responsibility is to express an opinion, as required by the Prospectus Guidelines issued by the Securities Commission Malaysia, about whether the Pro Forma Combined Statements of Financial Position have been compiled, in all material respects, by the Board of Directors of the Company on the basis as described in notes thereon to the Pro Forma Combined Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

We conducted our engagement in accordance with the 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 as adopted by the Malaysian Institute of Accountants. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the Board of Directors has compiled, in all material respects, the Pro Forma Combined Statements of Financial Position on the basis as described in notes thereon to the Pro Forma Combined Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinion on any historical financial information used in compiling the Pro Forma Combined 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 Combined Statements of Financial Position.

The purpose of Pro Forma Combined 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 would have been as presented.

12. FINANCIAL INFORMATION (CONT'D)**REPORTING ACCOUNTANTS' RESPONSIBILITIES (CONT'D)**

A reasonable assurance engagement to report on whether the Pro Forma Combined Statements of Financial Position have been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Board of Directors in the compilation of the Pro Forma Combined Statements of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Pro Forma Combined Statements of Financial Position reflect the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the events or transactions in respect of which the Pro Forma Combined Statements of Financial Position have been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Combined Statements of Financial Position.

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

OPINION

In our opinion, Pro Forma Combined Statements of Financial Position of the Group have been compiled, in all material respects, on the basis as described in notes thereon to the Pro Forma Combined Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

OTHER MATTER

This letter has been prepared solely for the purpose stated above, in connection with the Listing. 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.

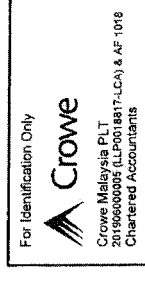
Yours faithfully

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Kuala Lumpur

Lean Wei Ee
03827/05/2026 J
Chartered Accountant

12. FINANCIAL INFORMATION (CONT'D)



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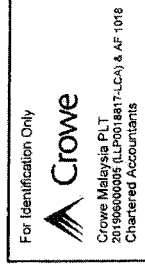
LAC MED BERHAD

APPENDIX A

PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2024

		<u>Audited</u>		<u>Pro Forma I</u>		<u>Pro Forma II</u>		<u>Pro Forma III</u>
	Note	As At 31 December 2024 RM	Acquisitions RM	Adjustment for Material Subsequent Event RM	Public Issue RM	After Pro Forma I and Public Issue RM	Utilisation of Proceeds RM	After Pro Forma II and Utilisation of Proceeds RM
ASSETS								
NON-CURRENT ASSETS								
Property, plant and equipment	7.1	1,415,586	1,300	1,416,886	-	1,416,886	-	1,416,886
Right-of-use assets		47,782	-	47,782	-	47,782	-	47,782
Deferred tax assets		2,658,836	-	2,658,836	-	2,658,836	-	2,658,836
		<u>4,122,204</u>		<u>4,123,504</u>		<u>4,123,504</u>		<u>4,123,504</u>
CURRENT ASSETS								
Inventories		20,797,656	-	20,797,656	-	20,797,656	-	20,797,656
Trade receivables		35,705,563	729,003	36,434,566	-	36,434,566	-	36,434,566
Other receivables, deposits and prepayments	7.2	18,367,901	-	18,367,901	-	18,367,901	-	18,367,901
Contract assets		3,034,612	-	3,034,612	-	3,034,612	-	3,034,612
Amount owing by a director		139,500	-	139,500	-	139,500	-	139,500
Fixed deposits with licensed banks		30,097,211	-	30,097,211	-	30,097,211	-	30,097,211
Cash and bank balances	7.3	15,843,630	514,807	16,358,437	[•]	[•]	[•]	[•]
		<u>123,986,073</u>		<u>125,229,883</u>		<u>[•]</u>		<u>[•]</u>
TOTAL ASSETS		<u>128,108,277</u>		<u>129,353,387</u>		<u>[•]</u>		<u>[•]</u>

12. FINANCIAL INFORMATION (CONT'D)



Registration No: 202401049485 (1595329-H)

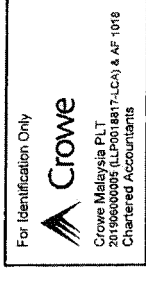
LAC MED BERHAD

APPENDIX A

PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2024 (CONT'D)

		Audited	Pro Forma I	Pro Forma II	Pro Forma III
	Note	As At 31 December 2024 RM	Acquisitions RM	Adjustment for Material Subsequent Event RM	Public Issue RM
				After Pro Forma I and Public Issue RM	Utilisation of Proceeds RM
					After Pro Forma II and Utilisation of Proceeds RM
EQUITY AND LIABILITIES					
EQUITY					
Share capital	7.4	2,000,010	46,870,357	48,870,367	[•]
Reorganisation reserve	7.5	-	(45,839,047)	(45,839,047)	(45,839,047)
Foreign exchange translation reserve		(3,667)	-	(3,667)	(3,667)
Retained earnings	7.6	45,765,699	49	45,765,748	[•]
Equity attributable to owners of the Company		47,762,042	-	48,793,401	[•]
Non-controlling interests		136,412	-	136,412	136,412
TOTAL EQUITY		47,898,454		48,929,813	[•]
NON-CURRENT LIABILITIES					
Hire purchase payable		100,249	-	100,249	100,249
Borrowings		1,296,769	-	1,296,769	1,296,769
		1,397,018		1,397,018	1,397,018

12. FINANCIAL INFORMATION (CONT'D)



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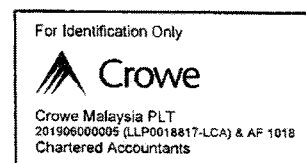
LAC MED BERHAD

APPENDIX A

PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2024 (CONT'D)

	Note	Audited As At 31 December 2024 RM	Acquisitions RM	Pro Forma I After Adjustment for Material Subsequent Event RM	Public Issue RM	After Pro Forma I and Public Issue RM	Utilisation of Proceeds RM	After Pro Forma II and Utilisation of Proceeds RM
CURRENT LIABILITIES								
Trade payables	7.7	28,744,137	119,072	28,863,209	-	28,863,209	-	28,863,209
Other payables and accruals	7.8	14,979,695	81,743	15,061,438	-	15,061,438	[•]	[•]
Contract liabilities		13,962,907	-	13,962,907	-	13,962,907	-	13,962,907
Amount owing to related parties		3,240	-	3,240	-	3,240	-	3,240
Lease liabilities		53,230	-	53,230	-	53,230	-	53,230
Hire purchase payables		56,830	-	56,830	-	56,830	-	56,830
Borrowings	7.9	18,916,516	-	18,916,516	-	18,916,516	[•]	[•]
Current tax liabilities	7.10	2,096,250	12,936	2,109,186	-	2,109,186	-	2,109,186
		78,812,805		79,026,556		79,026,556		[•]
TOTAL LIABILITIES		80,209,823		80,423,574		80,423,574		[•]
TOTAL EQUITY AND LIABILITIES		128,108,277		129,353,387		[•]		[•]
Number of ordinary shares		2,000,020		325,802,400		400,000,000		400,000,000
Net assets* (RM)		47,762,042		48,793,401		[•]		[•]
Net assets per ordinary shares (RM)		23.88		0.15		[•]		[•]

* Represents equity attributable to owners of the Company.

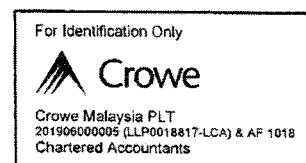
12. FINANCIAL INFORMATION (CONT'D)

Registration No: 202401049485 (1595329-H)

APPENDIX A**LAC MED BERHAD****NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2024****1. ABBREVIATIONS**

Unless the context otherwise requires, the following words and abbreviations shall apply throughout this report:

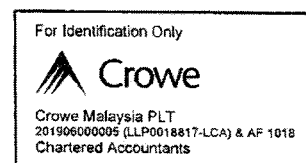
LAC or the Company	: LAC Med Berhad (Registration No: 202401049485 (1595329-H))
Bursa Securities	: Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998 - W))
Eligible Persons	: Collectively, eligible Directors and employees of the Group and persons who have contributed to the success of the Group
Institutional Offering	: Institutional offering of up to 100,000,000 IPO Shares comprising: <ul style="list-style-type: none"> (i) 50,000,000 Issue Shares made available to identified Bumiputera investors approved by MITI; and (ii) 50,000,000 Offer Shares made available to institutional and selected investors, at the IPO Price, subject to the clawback and reallocation provisions
IPO	: Initial public offering comprising the Public Issue and Offer for Sale
IPO Price	: RM[●] per IPO Share under the Public Issue and Offer for Sale
IPO Share(s)	: Collectively, Issue Share(s) and Offer Share(s)
Issue Share(s)	: New Shares to be issued by the Company pursuant to the Public Issue
Listing	: Admission to the Official List and the listing of and quotation for the entire enlarged issued share capital of LAC Shares on the Main Market of Bursa Securities

12. FINANCIAL INFORMATION (CONT'D)

Registration No: 202401049485 (1595329-H)

APPENDIX A**LAC MED BERHAD****NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2024****1. ABBREVIATIONS (CONT'D)**

Malaysian Public	: Malaysian citizens, companies, co-operatives, societies and institutions incorporated or organised under the laws of Malaysia
MITI	: Ministry of Investment, Trade and Industry of Malaysia
Offer for Sale	: Offer for sale of the Offer Shares by Offerors at the IPO Price
Offer Shares	: Up to 50,000,000 existing Shares to be offered pursuant to the Offer for Sale
Official List	: A list specifying all securities listed on Bursa Securities
Offerors	: Collectively, Liew Yoon Poh, Liew Yoon Kit and Giam Teck Eng
Prospectus	: Prospectus to be issued by the Company
Public Issue	: Public issue of 74,197,600 Issue Shares comprising the Retail Offering and a portion of the Institutional Offering
Retail Offering	: Retail offering of 24,197,600 Issue Shares comprising: <ul style="list-style-type: none"> (i) 4,197,600 Issue Shares made available for application by the Eligible Persons; and (ii) 20,000,000 Issue Shares made available for application by the Malaysian Public, at the IPO Price per IPO Share, payable in full upon application, subject to clawback and reallocation provisions
RM and sen	: Ringgit Malaysia and sen, the lawful currency of Malaysia
Shares	: Ordinary shares in the Company
Substantial Shareholders	: Collectively, Liew Yoon Poh, Liew Yoon Kit, Giam Teck Eng and Chan Yue Mun

12. FINANCIAL INFORMATION (CONT'D)

Registration No: 202401049485 (1595329-H)

APPENDIX A**LAC MED BERHAD****NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2024****2. INTRODUCTION**

The Pro Forma Combined Statements of Financial Position of the Group as at 31 December 2024 ("the Pro Forma Combined Statements of Financial Position") together with the notes thereon, for which the Board of Directors of the Company are solely responsible, have been prepared for illustrative purposes only for the purpose of inclusion in the Prospectus to be issued by the Company in connection with the IPO of 124,197,600 ordinary shares in conjunction with the listing of and quotation for the entire enlarged issued share capital of the Company on the Main Market of Bursa Malaysia Securities Berhad and should not be relied upon for any other purposes.

3. BASIS OF PREPARATION

The Pro Forma Combined Statements of Financial Position are prepared based on the audited combined statements of financial position of the Group as at 31 December 2024, which are prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards, and in a manner consistent with the format of the financial statements and accounting policies of the Group.

The Pro Forma Combined Statements of Financial Position together with the accompanying notes thereon, are prepared solely to illustrate the impact of the events and transactions set out in Notes 4, 5 and 6 to the Pro Forma Combined Statements of Financial Position as at 31 December 2024 had the events occurred or transactions been undertaken as at 31 December 2024.

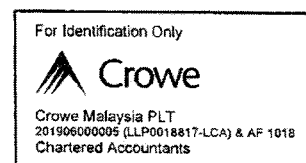
The Pro Forma Combined Statements of Financial Position are not necessary indicative of the financial position that would have been attained had the Listing actually occurred at the respective dates.

The financial statements used in the preparation of the Pro Forma Combined Statements of Financial Position as at 31 December 2024 are not subject to any qualification, modification or disclaimer of opinion.

4. ACQUISITIONS

LAC Med Berhad has entered into a Share Sale Agreement on 9 April 2025 to acquire the equity interest in the following companies for a total purchase consideration of RM48,870,357, which will be satisfied via the issuance of 325,802,380 new Shares at an issue price of RM0.15 per Share:-

- (a) Acquisition of the entire equity interest in LAC Medical Supplies Sdn Bhd for a total purchase consideration of RM34,383,117, to be satisfied via the issuance of 229,220,780 new Shares at an issue price of RM0.15 per Share;
- (b) Acquisition of the entire equity interest in CVS Medical Sdn Bhd for a total purchase consideration of RM13,455,930, to be satisfied via the issuance of 89,706,200 new Shares at an issue price of RM0.15 per Share; and

12. FINANCIAL INFORMATION (CONT'D)

Registration No: 202401049485 (1595329-H)

APPENDIX A**LAC MED BERHAD****NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2024****4. ACQUISITIONS (CONT'D)**

LAC Med Berhad has entered into a Share Sale Agreement on 9 April 2025 to acquire the equity interest in the following companies for a total purchase consideration of RM48,870,357, which will be satisfied via the issuance of 325,802,380 new Shares at an issue price of RM0.15 per Share:-

- (c) Acquisition of the entire equity interest in GoCloud Solutions Sdn Bhd ("GoCloud") for a total purchase consideration of RM1,031,310, to be satisfied via the issuance of 6,875,400 new Shares at an issue price of RM0.15 per Share.

The following summarises the consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:-

	RM
Property, plant and equipment	1,300
Trade receivables	729,003
Cash and bank balances	514,807
Trade payables	(119,072)
Other payables and accruals	(81,743)
Current tax liabilities	(12,936)
	<hr/>
Net identifiable assets acquired	1,031,359
Less: Total purchase consideration	(1,031,310)
	<hr/>
Bargain purchase/Retained profits	49
	<hr/>

The acquisitions of the above companies were completed on [.] 2025.

5. LISTING SCHEME

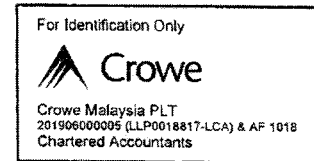
In conjunction with and as an integral part of the Listing, the Company had undertaken the following:-

5.1 IPO

The Company proposes to undertake the IPO of 124,197,600 IPO Shares, representing 31.0% of the enlarged total number of Shares in the manner set out below:-

(i) Public Issue

Public Issue of 74,197,600 Issue Shares in LAC, representing 18.5% of the Company's enlarged issued share capital upon Listing at IPO Price. The Issue Shares shall be allocated in the following manner:-

12. FINANCIAL INFORMATION (CONT'D)

Registration No: 202401049485 (1595329-H)

APPENDIX A**LAC MED BERHAD****NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2024****5. LISTING SCHEME (CONT'D)****5.1 IPO (CONT'D)****(i) Public Issue (Cont'd)****(a) Malaysian Public**

20,000,000 Issue Shares, representing approximately 5.0% of the Company's enlarged issued shares capital, are made available for application by the Malaysian Public by way of balloting, of which 50.0% will be set aside for Bumiputera investors.

(b) Eligible Persons

4,197,600 Issue Shares, representing approximately 1.0% of the Company's enlarged issued share capital, are reserved for application by the Eligible Persons.

(c) Private placement

50,000,000 Issue Shares, representing approximately 12.5% of the Company's enlarged issued share capital, are made available for subscription by way of private placement to Bumiputera investors approved by the MITI.

(ii) Offer for Sale

The Offerors will undertake an offer for sale of up to 50,000,000 Offer Shares, representing 12.5% of the Company's enlarged issued share capital upon Listing at IPO Price.

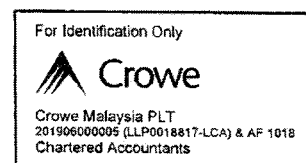
The Offer for Sale does not have any impact on the Pro Forma Combined Statements of Financial Position as at 31 December 2024.

5.2 Listing

Upon completion of the IPO, the Company shall be admitted to the official list and the listing of and quotation for the entire enlarged issued share capital of LAC of RM[●] comprising 400,000,000 Shares on the Main Market of Bursa Securities.

6. PRO FORMA ADJUSTMENTS TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION**6.1 Pro Forma I**

Pro Forma I incorporates the effects of the acquisitions as set out in Note 4 to the Pro Forma Combined Statements of Financial Position.

12. FINANCIAL INFORMATION (CONT'D)

Registration No: 202401049485 (1595329-H)

APPENDIX A**LAC MED BERHAD****NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2024****6. PRO FORMA ADJUSTMENTS TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (CONT'D)****6.2 Pro Forma II**

Pro Forma II incorporates the effects of Pro Forma I and the Public Issue as set out in Note 5.1(i) to the Pro Forma Combined Statements of Financial Position.

6.3 Pro Forma III

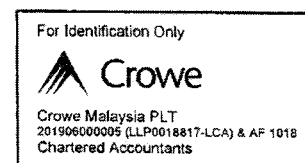
Pro Forma III incorporates the effects of Pro Forma II and the Utilisation of Proceeds from the Public Issue. The proceeds from Public Issue will be utilised as follows:-

Details of utilisation	RM	%	Estimated timeframe for utilisation from the date of Listing
Capital expenditure			
- Setting up new head office and warehouse [#]	[•]	[•]	Within 36 months
- Expansion of Indonesian business [#]	[•]	[•]	Within 36 months
- Establishment of equipment-as-a-services segment and medical equipment asset management solutions [#]	[•]	[•]	Within 36 months
Repayment of borrowings [@]	[•]	[•]	Within 12 months
Working capital [#]	[•]	[•]	Within 24 months
Estimated listing expenses ^{*A}	[•]	[•]	Within 1 month
Total	[•]	[•]	

Notes:-

[#] As at latest practicable date of the Prospectus, the Group did not enter into any contractual binding arrangements or issued any purchase orders in relation to the above purposes. Accordingly, the use of proceeds are not reflected in the Pro Forma Combined Statements of Financial Position.

[@] The Groups intends to utilise RM[•] of its IPO proceeds to settle the Group trade financing facilities. The utilisation is reflected in the Pro Forma Combined Statements of Financial Position, a total of RM[•] is reflected in the Pro Forma adjustment for repayment of borrowings, and the remaining proceeds have been included in cash and bank balances.

12. FINANCIAL INFORMATION (CONT'D)

Registration No: 202401049485 (1595329-H)

APPENDIX A**LAC MED BERHAD****NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2024****6. PRO FORMA ADJUSTMENTS TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (CONT'D)****6.3 Pro Forma III (Cont'd)***Notes:- (Cont'd)*

* *If the actual listing expenses are higher than budgeted, the deficit will be funded by internally generated funds. Conversely, if the actual listing expenses are lower than budgeted, the excess will be used for working capital purposes.*

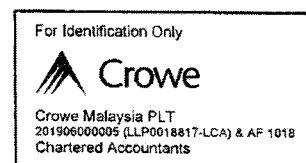
^ *The estimated listing expenses of RM[●] are assumed to be directly attributable to the Public Issue will be set off against share capital. The remaining estimated listing expenses of RM[●] are assumed to be attributable to the Listing and as such, will be expensed off to the Statement of Profit or Loss and Other Comprehensive Income. As at 31 December 2024, the Group has paid RM60,000 of listing expenses and recognised listing expenses of RM507,200 in the Statement of Profit or Loss and Other Comprehensive Income.*

7. EFFECTS ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION**7.1 Property, plant and equipment**

	Note	RM
As at 31 December 2024		1,415,586
Adjustment for:		
- Acquisitions	4	1,300
As per Pro Forma I, II and III		<u>1,416,886</u>

7.2 Trade receivables

	Note	RM
As at 31 December 2024		35,705,563
Adjustment for:		
- Acquisitions	4	729,003
As per Pro Forma I, II and III		<u>36,434,566</u>

12. FINANCIAL INFORMATION (CONT'D)

Registration No: 202401049485 (1595329-H)

APPENDIX A**LAC MED BERHAD****NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2024****7. EFFECTS ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (CONT'D)****7.3 Cash and bank balances**

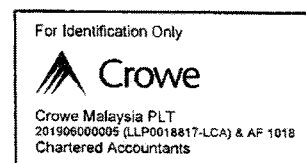
	Note	RM
As at 31 December 2024		15,843,630
Adjustment for:		
- Acquisitions	4	514,807
As per Pro Forma I		16,358,437
Add: Proceeds from Public Issue	5.1(i)	[•]
As per Pro Forma II		[•]
Less: Remaining estimated listing expenses ^	6.3	[•]
Less: Repayment of borrowings	6.3	[•]
As per Pro Forma III		[•]

Note:-

^ RM60,000 of the estimated listing expenses have been paid by the Group.

7.4 Share capital

	Note	Number of Ordinary Shares	Amount of Share Capital RM
As at 31 December 2024		2,000,020	2,000,010
Adjustment for Material Subsequent Event:			
- Ordinary shares issued pursuant to the acquisition	4	325,802,380	48,870,357
- Adjustment on share capital	4	(2,000,000)	(2,000,000)
As per Pro Forma I		325,802,400	48,870,367
Add: Public Issue	5.1(i)	74,197,600	[•]
As per Pro Forma II		400,000,000	[•]
Less: Estimated listing expenses	6.3	-	[•]
As per Pro Forma III		400,000,000	[•]

12. FINANCIAL INFORMATION (CONT'D)

Registration No: 202401049485 (1595329-H)

APPENDIX A**LAC MED BERHAD****NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2024****7. EFFECTS ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (CONT'D)****7.5 Reorganisation reserve**

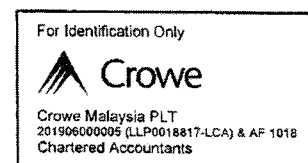
	Note	RM
As at 31 December 2024		-
Adjustment for:		
- Acquisitions	4	(45,839,047)
As per Pro Forma I, II and III		<u>(45,839,047)</u>

7.6 Retained profits

	Note	RM
As at 31 December 2024		45,765,699
Adjustment for:		
- Acquisitions	4	<u>49</u>
As per Pro Forma I and II		45,765,748
Less: Estimated listing expenses	6.3	<u>[•]</u>
As per Pro Forma III		<u>[•]</u>

7.7 Trade payables

	Note	RM
As at 31 December 2024		28,744,137
Adjustment for:		
- Acquisitions	4	<u>119,072</u>
As per Pro Forma I, II and III		<u>28,863,209</u>

12. FINANCIAL INFORMATION (CONT'D)

Registration No: 202401049485 (1595329-H)

APPENDIX A**LAC MED BERHAD****NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2024****7. EFFECTS ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (CONT'D)****7.8 Other payables and accruals**

	Note	RM
As at 31 December 2024		14,979,695
Adjustment for:		
- Acquisitions	4	81,743
As per Pro Forma I and II		15,061,438
Less: Estimated listing expenses	6.3	[•]
As per Pro Forma III		[•]

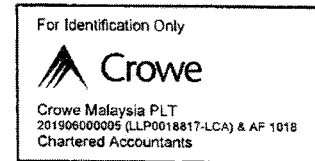
7.9 Borrowings

	Note	RM
As at 31 December 2024/Pro Forma I and II		18,916,516
Less: Repayment of borrowings	6.3	(16,604,685)
As per Pro Forma III		2,311,831

7.10 Current tax liabilities

	Note	RM
As at 31 December 2024		2,096,250
Adjustment for:		
- Acquisitions	4	12,936
As per Pro Forma I, II and III		2,109,186

12. FINANCIAL INFORMATION (CONT'D)



Registration No: 202401049485 (1595329-H)

APPENDIX A

LAC MED BERHAD

APPROVAL BY THE BOARD OF DIRECTORS

Approved and adopted by the Board of Directors of LAC Med Berhad in accordance with a resolution dated

26 MAY 2025

On behalf of the Board of Directors,

Liew Yoon Poh

Liew Yoon Kit

13. ACCOUNTANTS' REPORT

LAC Med Berhad
(Incorporated in Malaysia)
Registration No: 202401049485 (1595329-H)

**Accountants' Report on the
Financial Information**

13. ACCOUNTANTS' REPORT (CONT'D)**26 MAY 2025**

The Board of Directors
LAC Med Berhad
 G-03A-3, Plaza Kelana Jaya,
 Jalan SS7/13A,
 47301 Petaling Jaya,
 Selangor Darul Ehsan.

Crowe Malaysia PLT

201906000005 (LLP0018817-LCA) & AF 1018
 Chartered Accountants

Level 16, Tower C, Megan Avenue II
 12, Jalan Yap Kwan Seng
 50450 Kuala Lumpur
 Malaysia

Main +6 03 2788 9999

www.crowe.my

Dear Sirs/Madam,

**REPORTING ACCOUNTANTS' OPINION ON THE FINANCIAL INFORMATION CONTAINED
 IN THE ACCOUNTANTS' REPORT OF LAC MED BERHAD ("LAC" OR "THE COMPANY")**

OPINION

We have audited the combined financial statements of LAC, LAC Medical Supplies Sdn Bhd, CVS Medical Sdn Bhd and PT Fairmed Imaging Nusajaya (collectively referred to as "the Group") which comprise the combined statements of financial position as at 31 December 2022, 31 December 2023 and 31 December 2024 and the combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for each of the financial years ended 31 December 2022, 31 December 2023 and 31 December 2024, and notes to the combined financial statements, including a summary of material accounting policy information as set out on page 4 to 81.

This historical financial information has been prepared for inclusion in the prospectus of LAC in connection with the listing and quotation of entire enlarged issued shares capital of LAC on the Main Market of Bursa Malaysia Securities Berhad ("the Prospectus"). This report is required by the Prospectus Guidelines issued by the Securities Commission Malaysia (the "Prospectus Guidelines") and is given for the purpose of complying with Prospectus Guidelines and for no other purpose.

In our opinion, the combined financial information gives a true and fair view of the financial positions of the Group as at 31 December 2022, 31 December 2023 and 31 December 2024 and of their financial performance and their combined cash flows for each of the financial years ended 31 December 2022, 31 December 2023 and 31 December 2024 in accordance with the Malaysian Financial Reporting Standards and the International Financial Reporting Standards.

BASIS FOR OPINION

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

Independence and Other Ethical Responsibilities

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

Page 1

13. ACCOUNTANTS' REPORT (CONT'D)**DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL INFORMATION**

The Directors of the Company are responsible for the preparation of the combined financial information of the Group that gives a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of combined financial information that are free from material misstatement, whether due to fraud or error.

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

REPORTING ACCOUNTANTS' RESPONSIBILITY FOR THE AUDIT OF FINANCIAL INFORMATION

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

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

- Identify and assess the risks of material misstatement of the combined financial information of the Group, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial information of the Group or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group to cease to continue as a going concern.

13. ACCOUNTANTS' REPORT (CONT'D)**REPORTING ACCOUNTANTS' RESPONSIBILITY FOR THE AUDIT OF FINANCIAL INFORMATION (CONT'D)**

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

- Evaluate the overall presentation, structure and content of the combined financial information of the Group, including the disclosures, and whether the combined financial information of the Group represents the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the combined financial information of the entities or business units within the group as a basis for forming an opinion on the group combined financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

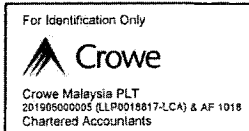
RESTRICTION ON DISTRIBUTION AND USE

This report is made solely to the Group for inclusion in the prospectus of LAC in connection with the listing and quotation of the entire enlarged issued shares capital of LAC on the Main Market of Bursa Malaysia Securities Berhad. As such, this report should not be used for any other purpose without our prior written consent. We do not assume responsibility to any other person for the content of this report.

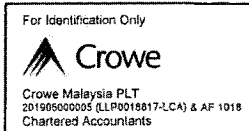
Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Kuala Lumpur

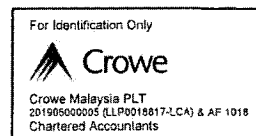
Lean Wei Ee
03827/05/2026 J
Chartered Accountant

13. ACCOUNTANTS' REPORT (CONT'D)**LAC MED BERHAD****COMBINED STATEMENTS OF FINANCIAL POSITION**

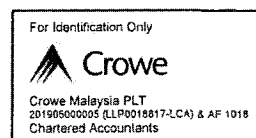
	Note	Audited 31 December 2022 RM	Audited 31 December 2023 RM	Audited 31 December 2024 RM
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	4	560,474	1,233,634	1,415,586
Right-of-use assets	5	41,098	129,695	47,782
Deferred tax assets	6	1,626,112	2,127,640	2,658,836
		<u>2,227,684</u>	<u>3,490,969</u>	<u>4,122,204</u>
CURRENT ASSETS				
Inventories	7	10,839,769	21,608,167	20,797,656
Trade receivables	8	50,115,334	66,419,510	35,705,563
Other receivables, deposits and prepayments	9	6,924,747	6,327,243	18,367,901
Contract assets	10	841,701	2,311,016	3,034,612
Amount owing by directors	11	49,378	-	139,500
Amount owing by related parties	12	4,710	-	-
Fixed deposits with licensed banks	13	8,420,605	9,003,483	30,097,211
Cash and bank balances		23,828,032	30,453,853	15,843,630
		<u>101,024,276</u>	<u>136,123,272</u>	<u>123,986,073</u>
TOTAL ASSETS		<u>103,251,960</u>	<u>139,614,241</u>	<u>128,108,277</u>

13. ACCOUNTANTS' REPORT (CONT'D)**LAC MED BERHAD****COMBINED STATEMENTS OF FINANCIAL POSITION (CONT'D)**

	Note	Audited 31 December 2022 RM	Audited 31 December 2023 RM	Audited 31 December 2024 RM
EQUITY AND LIABILITIES				
EQUITY				
Share capital	14	2,000,000	2,000,000	2,000,010
Foreign exchange translation reserve	15	-	-	(3,667)
Retained earnings		23,123,208	37,866,992	45,765,699
Equity attributable to owners of the Company		25,123,208	39,866,992	47,762,042
Non-controlling interests		-	-	136,412
TOTAL EQUITY		25,123,208	39,866,992	47,898,454
NON-CURRENT LIABILITIES				
Lease liabilities	16	-	53,230	-
Hire purchase payables	17	226,757	157,079	100,249
Borrowings	18	2,880,984	2,063,751	1,296,769
		3,107,741	2,274,060	1,397,018
CURRENT LIABILITIES				
Trade payables	19	19,256,795	36,530,378	28,744,137
Other payables and accruals	20	5,404,656	12,352,888	14,979,695
Contract liabilities	10	12,215,367	16,355,267	13,962,907
Amount owing to related parties	12	21,620	1,000,909	3,240
Lease liabilities	16	42,108	80,447	53,230
Hire purchase payables	17	74,237	69,869	56,830
Borrowings	18	32,018,170	23,247,506	18,916,516
Dividend payable		4,000,000	6,000,000	-
Current tax liabilities		1,988,058	1,835,925	2,096,250
		75,021,011	97,473,189	78,812,805
TOTAL LIABILITIES		78,128,752	99,747,249	80,209,823
TOTAL EQUITY AND LIABILITIES		103,251,960	139,614,241	128,108,277

13. ACCOUNTANTS' REPORT (CONT'D)**LAC MED BERHAD****COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

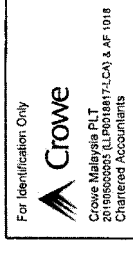
< ----- Audited ----- >				
< -- Financial Year Ended 31 December -- >				
	Note	2022 RM	2023 RM	2024 RM
REVENUE	21	106,644,268	150,346,827	183,215,535
COST OF SALES		(76,875,493)	(109,316,416)	(137,740,072)
GROSS PROFIT		29,768,775	41,030,411	45,475,463
OTHER INCOME		235,510	456,101	590,227
		30,004,285	41,486,512	46,065,690
SELLING AND DISTRIBUTION EXPENSES		(2,085,407)	(6,126,153)	(5,172,043)
ADMINISTRATIVE EXPENSES		(7,983,948)	(10,442,259)	(12,692,748)
OTHER EXPENSES		(187,396)	(246,100)	(345,355)
FINANCE COSTS		(1,018,905)	(1,082,377)	(494,174)
NET (IMPAIRMENT LOSSES)/REVERSAL OF IMPAIRMENT LOSSES ON FINANCIAL ASSETS AND CONTRACT ASSETS	22	(1,549,289)	2,106,962	(318,724)
PROFIT BEFORE TAXATION	23	17,179,340	25,696,585	27,042,646
INCOME TAX EXPENSE	24	(4,114,564)	(4,952,801)	(6,646,834)
PROFIT AFTER TAXATION		13,064,776	20,743,784	20,395,812
OTHER COMPREHENSIVE EXPENSES				
<u>Items that Will be Reclassified Subsequently to Profit or Loss</u>				
Foreign currency translation differences		-	-	(3,860)
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		13,064,776	20,743,784	20,391,952

13. ACCOUNTANTS' REPORT (CONT'D)**LAC MED BERHAD****COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONT'D)**

< ----- Audited ----- >			
< -- Financial Year Ended 31 December -- >			
	2022	2023	2024
Note	RM	RM	RM
PROFIT AFTER TAXATION			
ATTRIBUTABLE TO:-			
Owners of the Company	13,064,776	20,743,784	20,398,707
Non-controlling interests	-	-	(2,895)
	<u>13,064,776</u>	<u>20,743,784</u>	<u>20,395,812</u>
TOTAL COMPREHENSIVE INCOME			
ATTRIBUTABLE TO:-			
Owners of the Company	13,064,776	20,743,784	20,395,040
Non-controlling interests	-	-	(3,088)
	<u>13,064,776</u>	<u>20,743,784</u>	<u>20,391,952</u>
EARNINGS PER SHARE (SEN)			
- Basic	25 653	1,037	1,020
- Diluted	25 653	1,037	1,020

13. ACCOUNTANTS' REPORT (CONT'D)

LAC MED BERHAD
COMBINED STATEMENTS OF CHANGES IN EQUITY



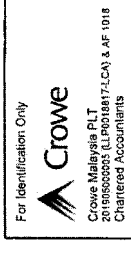
Audited	Note	Share Capital RM	Retained Profits RM	Attributable to the Owners of the Company RM	Non-controlling Interests RM	Total Equity RM
Balance at 1 January 2022		2,000,000	14,058,432	16,058,432	-	16,058,432
Profit after taxation/Total comprehensive income for the financial year		-	13,064,776	13,064,776	-	13,064,776
Distributions to the owners of the Company: - Dividends	26	-	(4,000,000)	(4,000,000)	-	(4,000,000)
Balance at 31 December 2022		2,000,000	23,123,208	25,123,208	-	25,123,208

The annexed notes form an integral part of these financial statements.

13. ACCOUNTANTS' REPORT (CONT'D)

LAC MED BERHAD

COMBINED STATEMENTS OF CHANGES IN EQUITY (CONT'D)



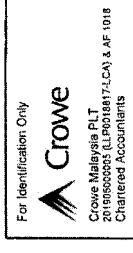
	Note	Share Capital RM	Foreign Exchange Translation Reserve RM	Retained Profits RM	Attributable to the Owners of the Company RM	Non- controlling Interests RM	Total Equity RM
Audited							
Balance at 1 January 2023		2,000,000	-	23,123,208	25,123,208	-	25,123,208
Profit after taxation/Total comprehensive income for the financial year		-	-	20,743,784	20,743,784	-	20,743,784
Distributions to the owners of the Company: - Dividends	26	-	-	(6,000,000)	(6,000,000)	-	(6,000,000)
Balance at 31 December 2023/1 January 2024		2,000,000	-	37,866,992	39,866,992	-	39,866,992
Profit after taxation for the financial year		-	-	20,398,707	20,398,707	(2,895)	20,395,812
Other comprehensive expense for the financial year: - Foreign currency translations difference		-	(3,667)	-	(3,667)	(193)	(3,860)
Total comprehensive income for the financial year		-	(3,667)	20,398,707	20,395,040	(3,088)	20,391,952
Balance carried forward		2,000,000	(3,667)	58,265,699	60,262,032	(3,088)	60,258,944

The annexed notes form an integral part of these financial statements.

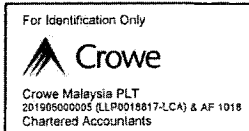
13. ACCOUNTANTS' REPORT (CONT'D)

LAC MED BERHAD

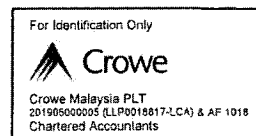
COMBINED STATEMENTS OF CHANGES IN EQUITY (CONT'D)



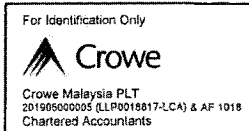
Audited	Note	Share Capital RM	Foreign Exchange Translation Reserve RM	Retained Profits RM	Attributable to the Owners of the Company RM	Non-controlling Interests RM	Total Equity RM
Balance brought forward		2,000,000	(3,667)	58,265,699	60,262,032	(3,088)	60,258,944
Dividends Issuance of shares	26	- 10	- -	(12,500,000) -	(12,500,000) 10	- -	(12,500,000) 10
Total contributions by and distributions to owners		10	-	(12,500,000)	(12,499,990)	-	(12,499,990)
Acquisition of a subsidiary		-	-	-	-	139,500	139,500
Balance at 31 December 2024		2,000,010	(3,667)	45,765,699	47,762,042	136,412	47,898,454

13. ACCOUNTANTS' REPORT (CONT'D)**LAC MED BERHAD****COMBINED STATEMENTS OF CASH FLOWS**

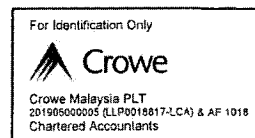
< ----- Audited ----- >			
< -- Financial Year Ended 31 December -- >			
	2022	2023	2024
Note	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation	17,179,340	25,696,585	27,042,646
Adjustments for:-			
Depreciation of property, plant and equipment	4 124,144	220,378	305,551
Depreciation of right-of-use assets	5 55,702	67,739	81,913
Property, plant and equipment written off	4 -	780	13,650
Provision of warranties	4,297,750	7,054,458	7,079,176
Gain on modification of leases	-	(405)	-
Impairment loss:			
- Trade receivables	8 1,421,385	-	384,713
- Contract assets	10 134,921	-	-
Inventories written down	7 139,000	-	68,763
Interest expense on lease liabilities	27(b) 3,398	5,918	7,553
Interest expense on borrowings	27(b) 829,060	1,007,118	431,081
Interest income from deposits with licensed banks	(209,262)	(176,448)	(500,680)
Reversal of impairment loss on trade receivables	8 (7,017)	(2,106,962)	(65,989)
Reversal of inventories previously written down	7 -	(284,000)	-
Reversal of provision for warranties	(1,285,964)	(704,696)	(1,291,740)
Operating profit before working capital changes	22,682,457	30,780,465	33,556,637
(Increase)/Decrease in trade and other receivables	(9,561,585)	(13,599,710)	18,354,565
Increase in contract assets	(63,647)	(1,469,315)	(723,596)
(Increase)/Decrease in inventories	(1,470,208)	(10,484,398)	741,748
(Decrease)/Increase in trade and other payables	(11,929,669)	17,872,053	(10,950,730)
Increase/(Decrease) in contract liabilities	7,772,179	4,139,900	(2,392,360)
Increase/(Decrease) in amount owing to related parties	21,620	979,289	(997,669)
CASH FROM OPERATIONS	7,451,147	28,218,284	37,588,595
Income tax paid	(4,579,039)	(5,770,165)	(6,917,705)
Income tax refunded	-	163,703	-
NET CASH FROM OPERATING ACTIVITIES	2,872,108	22,611,822	30,670,890

13. ACCOUNTANTS' REPORT (CONT'D)**LAC MED BERHAD****COMBINED STATEMENTS OF CASH FLOWS (CONT'D)**

< ----- Audited ----- >				
< -- Financial Year Ended 31 December -- >				
		2022	2023	2024
	Note	RM	RM	RM
NET CASH FROM/(FOR) INVESTING ACTIVITIES				
Purchase of property, plant and equipment	27(a)	(226,878)	(894,318)	(501,153)
Issuance of shares		-	-	10
Repayment from directors		730,500	49,378	-
(Advances to)/Repayment from related parties		(4,710)	4,710	-
Placement of fixed deposit with licensed banks with tenure of more than 3 months		-	-	(10,000,000)
(Placement)/Withdrawal of fixed deposit pledged to licensed banks		(434,163)	(582,878)	1,198,136
Interest received		209,262	176,448	500,680
NET CASH FROM/(FOR) INVESTING ACTIVITIES		274,011	(1,246,660)	(8,802,327)

13. ACCOUNTANTS' REPORT (CONT'D)**LAC MED BERHAD****COMBINED STATEMENTS OF CASH FLOWS (CONT'D)**

< ----- Audited ----- >				
< -- Financial Year Ended 31 December -- >				
	Note	2022 RM	2023 RM	2024 RM
CASH FLOWS FROM/(FOR)				
FINANCING ACTIVITIES				
Interest paid	27(b)	(832,458)	(1,013,036)	(438,634)
Drawdown of bankers' acceptances	27(b)	27,801,929	15,811,929	7,387,000
Drawdown of invoice financing	27(b)	1,566,000	-	-
Drawdown of letter of credit	27(b)	21,590,930	26,842,231	49,763,638
Drawdown of promissory note	27(b)	7,532,357	12,476,250	-
Drawdown of trade financing	27(b)	-	3,255,228	-
Repayment of term loans	27(b)	(744,162)	(774,768)	(811,096)
Repayment of hire purchase payables	27(b)	(51,702)	(74,046)	(69,869)
Repayment of lease liabilities	27(b)	(55,402)	(64,362)	(80,447)
Repayment of bankers' acceptances	27(b)	(21,492,953)	(22,831,247)	(9,501,658)
Repayment of invoice financing	27(b)	-	(1,566,000)	-
Repayment of letter of credit	27(b)	(18,340,856)	(26,428,695)	(49,829,843)
Repayment of promissory note	27(b)	(4,784,997)	(13,813,112)	(1,410,498)
Repayment of trade financing	27(b)	-	(2,559,713)	(695,515)
Dividend paid		(3,400,000)	(4,000,000)	(18,500,000)
NET CASH FROM/(FOR) FINANCING ACTIVITIES		8,788,686	(14,739,341)	(24,186,922)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		11,934,805	6,625,821	(2,318,359)
CASH AND EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		11,893,227	23,828,032	30,453,853
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	27(c)	23,828,032	30,453,853	28,135,494

13. ACCOUNTANTS' REPORT (CONT'D)**LAC MED BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****1. GENERAL INFORMATION**

LAC Med Sdn Bhd was incorporated in Malaysia under the Companies Act 2016 on 22 November 2024, as a private limited company and is principally engaged in the business of investment holding. On 14 April 2025, LAC Med Sdn Bhd was converted into a public limited company and assumed the name of LAC Med Berhad ("LAC" or "the Company").

LAC was incorporated with a total paid-up share capital of RM10 comprising 20 ordinary shares.

The registered office and principal place of business are as follows:

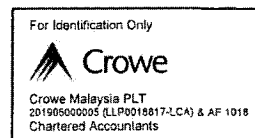
Registered office : Office Suite No. 603 Block C
Pusat Dagangan Phileo Damansara 1
No. 9, Jalan 16/11
Off Jalan Damansara
46350 Petaling Jaya
Selangor Darul Ehsan.

Principal place of business : G-03A-3, Plaza Kelana Jaya
Jalan SS7/13A
47301 Petaling Jaya
Selangor Darul Ehsan.

The information of entities within the combined financial statements is as follows:

- (a) LAC Medical Supplies Sdn. Bhd. ("LAC Medical"), which was incorporated on 30 December 2003 in Malaysia, as a private limited company and is principally engaged in the business of supply and integration of medical devices, and related products and services.
- (b) CVS Medical Sdn. Bhd. ("CVS Medical"), which was incorporated on 25 January 2017 in Malaysia, as a private limited company and is principally engaged in the business of supply and integration of medical devices, and related products and services.
- (c) PT Fairmed Imaging Nusajaya ("PT Fairmed") was incorporated on 4 December 2024 in Indonesia, as a private limited company and is principally engaged in the business of supply and integration of medical devices, and related products and services.

The Company and the above entities are collectively defined as "the Group".

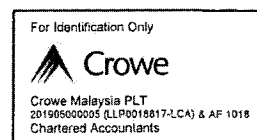
13. ACCOUNTANTS' REPORT (CONT'D)**LAC MED BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****1. GENERAL INFORMATION (CONT'D)**

LAC has entered into a Share Sale Agreement on 9 April 2025 to acquire the equity interest in the following companies:

- (a) Acquisition of the entire equity interest in LAC Medical for a total purchase consideration of RM34,383,117, to be satisfied via the issuance of 229,220,780 new shares at an issue price of RM0.15 per share;
- (b) Acquisition of the entire equity interest in CVS Medical for a total purchase consideration of RM13,455,930, to be satisfied via the issuance of 89,706,200 new shares at an issue price of RM0.15 per share; and
- (c) Acquisition of the entire equity interest in GoCloud Solutions Sdn Bhd ("GoCloud") for a total purchase consideration of RM1,031,310, to be satisfied via the issuance of 6,875,400 new shares at an issue price of RM0.15 per share.

The acquisitions of the above companies were completed on [.] 2025.

The acquisitions of LAC Medical and CVS Medical is combined using merger method of accounting. GoCloud is not included in the combined financial statements for the financial years ended 31 December 2022, 31 December 2023 and 31 December 2024 as it is not a commonly controlled entity.

13. ACCOUNTANTS' REPORT (CONT'D)**LAC MED BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****2. BASIS OF PREPARATION**

The combined financial statements for the financial years ended 31 December 2022, 31 December 2023 and 31 December 2024 are the combination or aggregation of all of the financial statements of the entities of the Group.

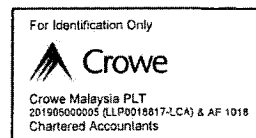
The combined financial statements of the Group have been prepared based on the financial statements of the following entities in accordance with Malaysia Financial Reporting standards and International Financial Reporting Standards for the relevant financial years as follows:

Company	< -- Financial Year Ended 31 December -- >		
	2022	2023	2024
LAC	(i)	(i)	✓
LAC Medical	✓	✓	✓
CVS Medical	✓	✓	✓
PT Fairmed	(ii)	(ii)	✓

(i) No financial statements are available for LAC as LAC was incorporated on 22 November 2024.

(ii) No financial statements are available for PT Fairmed as PT Fairmed was incorporated on 4 December 2024.

✓ The combined financial statements of the Group include the financial statements of these combining entities for the financial years ended 31 December 2022, 31 December 2023 and 31 December 2024

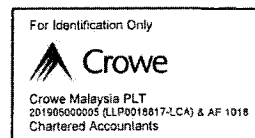
13. ACCOUNTANTS' REPORT (CONT'D)**LAC MED BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****2. BASIS OF PREPARATION (CONT'D)**

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 commonly 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 the Group for the relevant period were prepared in a manner similar to the "pooling-of-interest" method, as if the entities within the Group were operating as a single economic enterprise from the beginning of the earliest comparative period covered by the relevant period or the date of incorporation of entities within the Group. Such manner of presentation reflects the economic substance of the combining companies, which were under common control throughout the relevant period.

The identifiable assets 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 the Group.

All material intra-group transactions and balances have been eliminated on combination.

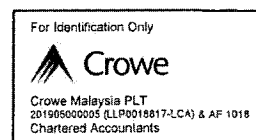
13. ACCOUNTANTS' REPORT (CONT'D)**LAC MED BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****2. BASIS OF PREPARATION (CONT'D)**

- 2.1 The combined financial statements of the Group are prepared under the historical cost convention and modified to include other basis of valuation as disclosed in other sections under material accounting policy information, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and Prospectus Guidelines issued by the Securities Commission Malaysia.
- 2.2 The Group has not applied in advance the following accounting standards and/or 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 current financial year:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)**Effective Date**

Amendments to MFRS 121: Lack of Exchangeability	1 January 2025
Annual Improvements to MFRS Accounting Standards – Volume 11	1 January 2026
Amendments to MFRS 9 and MFRS 7: Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to MFRS 9 and MFRS 7: Contracts Referencing Nature-dependent Electricity	1 January 2026
MFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
MFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon its initial application.

13. ACCOUNTANTS' REPORT (CONT'D)**LAC MED BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****3. MATERIAL ACCOUNTING POLICY INFORMATION****3.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS***Key Sources of Estimation Uncertainty*

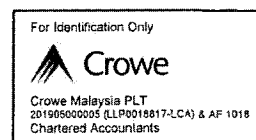
Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

(a) Depreciation of Property, Plant and Equipment and Right-of-use Assets

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment and right-of-use assets 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 anticipates that the residual values of its property, plant and equipment and right-of-use assets 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) Impairment of Property, Plant and Equipment and Right-of-use Assets

The Group determines whether an item of its property, plant and equipment and right-of-use assets is impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country.

13. ACCOUNTANTS' REPORT (CONT'D)**LAC MED BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)****3.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)***Key Sources of Estimation Uncertainty (Cont'd)***(c) Write down of Inventories**

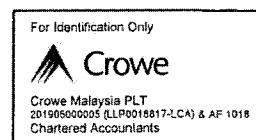
Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(d) Impairment of Trade Receivables and Contract Assets

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables and contract assets. The contract assets are grouped with trade receivables for impairment assessment because they have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying values of trade receivables and contract assets.

(e) Impairment of Non-Trade Receivables

The loss allowances for non-trade financial assets are based on assumptions about risk of default (probability of default) and expected loss if a default happens (loss given default). It also requires the Group to assess whether there is a significant increase in credit risk of the non-trade financial asset at the reporting date. The Group uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions and forward-looking information.

13. ACCOUNTANTS' REPORT (CONT'D)**LAC MED BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)****3.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)***Key Sources of Estimation Uncertainty (Cont'd)***(f) Income Taxes**

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises 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 expense and deferred tax balances in the period in which such determination is made.

(g) Discount Rates used in Leases

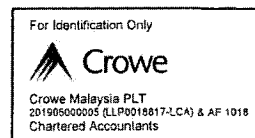
Where the interest rate implicit in the lease cannot be readily determined, the Group uses the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the interest rate that the Group would have to pay to borrow over a similar term, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, the incremental borrowing rate requires estimation particularly when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs when available and is required to make certain entity-specific estimates.

(h) Revenue recognition for services provided on contracts

The Group recognises certain revenue related to services provided on contracts by reference to the progress using the input method, determined based on the proportion of costs incurred for work performed to date over the estimated total costs. The total estimated costs are based on approved budgets, which require assessment and judgement to be made on changes in, for example, work scope, changes in costs and costs to completion. In making the judgement, management relies on past experience and the work of specialists.

(i) Deferred tax assets

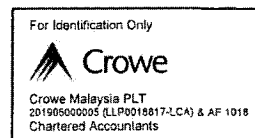
Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that future taxable profits would be available against which the deductible temporary could be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the assessment of the probability of the future taxable profits.

13. ACCOUNTANTS' REPORT (CONT'D)**LAC MED BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)****3.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)***Key Sources of Estimation Uncertainty (Cont'd)**Critical Judgements Made in Applying Accounting Policies*

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amounts recognised in the combined financial statements.

Lease Terms

Some leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. In determining the lease term, management considers all facts and circumstances including the past practice and any cost that will be incurred to change the asset if an option to extend is not taken. An extension option is only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

13. ACCOUNTANTS' REPORT (CONT'D)**LAC MED BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)****3.2 FINANCIAL INSTRUMENTS****(a) Financial Assets**Financial Assets Through Profit or Loss

The financial assets are initially measured at fair value. Subsequent to the initial recognition, the financial assets are remeasured to their fair values at the reporting date with fair value changes recognised in profit or loss. The fair value changes do not include interest and dividend income.

Financial Assets At Amortised Cost

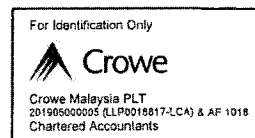
The financial assets are initially measured at fair value plus transaction costs except for trade receivables without significant financing component which are measured at transaction price only. Subsequent to the initial recognition, all financial assets are measured at amortised cost less any impairment losses.

(b) Financial LiabilitiesFinancial Liabilities Through Profit or Loss

The financial liabilities are initially measured at fair value. Subsequent to the initial recognition, the financial liabilities are remeasured to their fair values at the reporting date with fair value changes recognised in profit or loss. The fair value changes do not include interest expense.

Financial Liabilities at Amortised Cost

The financial liabilities are initially measured at fair value less transaction costs. Subsequent to the initial recognition, the financial liabilities are measured at amortised cost.

13. ACCOUNTANTS' REPORT (CONT'D)**LAC MED BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONT'D)****3.2 FINANCIAL INSTRUMENTS (CONT'D)****(c) Equity Instruments**Ordinary Shares

Ordinary shares are recorded on initial recognition at the proceeds received less directly attributable transaction costs incurred. The ordinary shares are not remeasured subsequently.

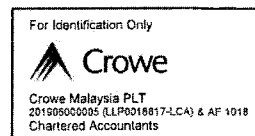
3.3 PROPERTY, PLANT AND EQUIPMENT

All items of property, plant and equipment are initially measured at cost including the estimated costs of dismantling and removing the items and restoring that site on which they are located.

Subsequent to initial recognition, all property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

Depreciation on other property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over the estimated useful lives. The principal annual depreciation rates are:-

Computer	20% to 25%
Furniture and fittings and equipment	10% to 20%
Medical equipment	10% to 20%
Motor vehicle	20%
Office equipment	20%
Renovation	10%

13. ACCOUNTANTS' REPORT (CONT'D)**LAC MED BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)****3.4 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES****(a) Short-term Leases and Leases of Low-value Assets**

The Group apply the "short-term lease" and "lease of low-value assets" recognition exemption. For these leases, the Group recognise the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more appropriate.

(b) Right-of-use Assets

Right-of-use assets are initially measured at cost. Subsequent to the initial recognition, the right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities.

The right-of-use assets are depreciated using the straight-line method from the commencement date to the earlier of the end of the estimated useful lives of the right-of-use assets or the end of the lease term.

(c) Lease Liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the entities' incremental borrowing rate. Subsequent to the initial recognition, the lease liabilities are measured at amortised cost and adjusted for any lease reassessment or modifications.

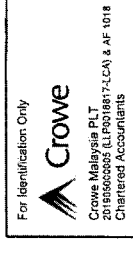
3.5 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost method and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

13. ACCOUNTANTS' REPORT (CONT'D)

LAC MED BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS



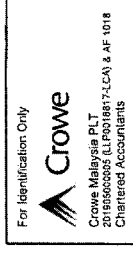
4. PROPERTY, PLANT AND EQUIPMENT

	At 1 January 2022 RM	Additions RM	Depreciation Charges (Note 23) RM	At 31 December 2022 RM
Audited 31 December 2022				
<i>Carrying Amount</i>				
Computer	93,868	77,474	(40,774)	130,568
Furniture, fittings and equipment	-	17,034	(1,584)	15,450
Medical equipment	13,892	-	(6,462)	7,430
Motor vehicle	67,568	355,000	(68,704)	353,864
Office equipment	2,412	39,370	(5,870)	35,912
Renovation	-	18,000	(750)	17,250
	177,740	506,878	(124,144)	560,474

13. ACCOUNTANTS' REPORT (CONT'D)

LAC MED BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS



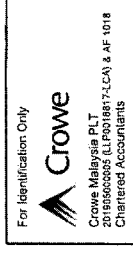
4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	At 1 January 2023 RM	Additions RM	Written Off RM	Depreciation Charges (Note 23) RM	At 31 December 2023 RM
Audited					
31 December 2023					
<i>Carrying Amount</i>					
Computer	130,568	147,724	(780)	(57,743)	219,769
Furniture, fittings and equipment	15,450	48,239	-	(5,379)	58,310
Medical equipment	7,430	463,987	-	(42,796)	428,621
Motor vehicle	353,864	-	-	(92,704)	261,160
Office equipment	35,912	19,104	-	(9,389)	45,627
Renovation	17,250	215,264	-	(12,367)	220,147
	560,474	894,318	(780)	(220,378)	1,233,634

13. ACCOUNTANTS' REPORT (CONT'D)

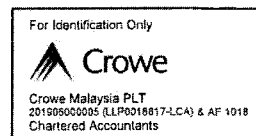
LAC MED BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS

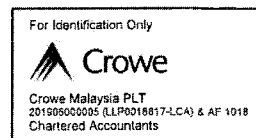


4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	At 1 January 2024 RM	Additions RM	Written Off RM	Depreciation Charges (Note 23) RM	At 31 December 2024 RM
Audited					
31 December 2024					
<i>Carrying Amount</i>					
Computer	219,769	314,775	-	(100,625)	433,919
Furniture, fittings and equipment	58,310	21,493	-	(19,241)	60,562
Medical equipment	428,621	-	-	(56,243)	372,378
Motor vehicle	261,160	-	-	(83,660)	177,500
Office equipment	45,627	48,182	-	(16,599)	77,210
Renovation	220,147	116,703	(13,650)	(29,183)	294,017
	1,233,634	501,153	(13,650)	(305,551)	1,415,586

13. ACCOUNTANTS' REPORT (CONT'D)**LAC MED BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
Audited 31 December 2022			
Computer	441,832	(311,264)	130,568
Furniture, fittings and equipment	17,834	(2,384)	15,450
Medical equipment	63,950	(56,520)	7,430
Motor vehicle	601,520	(247,656)	353,864
Office equipment	47,381	(11,469)	35,912
Renovation	20,950	(3,700)	17,250
	1,193,467	(632,993)	560,474
Audited 31 December 2023			
Computer	407,605	(187,836)	219,769
Furniture, fittings and equipment	66,073	(7,763)	58,310
Medical equipment	527,937	(99,316)	428,621
Motor vehicle	601,520	(340,360)	261,160
Office equipment	66,485	(20,858)	45,627
Renovation	236,214	(16,067)	220,147
	1,905,834	(672,200)	1,233,634

13. ACCOUNTANTS' REPORT (CONT'D)**LAC MED BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

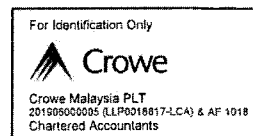
	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
Audited			
31 December 2024			
Computer	722,380	(288,461)	433,919
Furniture, fittings and equipment	87,566	(27,004)	60,562
Medical equipment	527,937	(155,559)	372,378
Motor vehicle	601,520	(424,020)	177,500
Office equipment	114,667	(37,457)	77,210
Renovation	339,267	(45,250)	294,017
	2,393,337	(977,751)	1,415,586

Included in the property, plant and equipment of the Group was a motor vehicle held under hire purchase arrangements with a total carrying amount of RM177,500 (31 December 2023 - RM261,160 and 31 December 2022 - RM353,864) respectively. This asset has been pledged as security for the hire purchase payables of the Group as disclosed in Note 17 to the financial statements.

13. ACCOUNTANTS' REPORT (CONT'D)

LAC MED BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS



5. RIGHT-OF-USE ASSETS

	At 1 January 2022 RM	Modification Of Lease Liabilities RM	Depreciation charges (Note 23) RM	At 31 December 2022 RM
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Audited
31 December 2022

Carrying Amount

Offices	43,062	-	(22,467)	20,595
Warehouse	18,589	35,149	(33,235)	20,503
	61,651	35,149	(55,702)	41,098

	At 1 January 2023 RM	Addition RM	Derecognition Due to Lease Modification RM	Depreciation charges (Note 23) RM	At 31 December 2023 RM
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Audited
31 December 2023

Carrying Amount

Offices	20,595	163,825	(7,489)	(47,236)	129,695
Warehouse	20,503	-	-	(20,503)	-
	41,098	163,825	(7,489)	(67,739)	129,695

	At 1 January 2024 RM	Addition RM	Depreciation charges (Note 23) RM	At 31 December 2024 RM
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Audited
31 December 2024

Carrying Amount

Offices	129,695	-	(81,913)	47,782
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The Group leases offices that run for 1 to 2 (31 December 2023 - 1 to 2 and 31 December 2022 - 1 to 2) years, with an option to renew the lease after that date.

13. ACCOUNTANTS' REPORT (CONT'D)**LAC MED BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS**

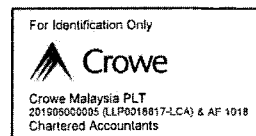
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Chartered Accountants

6. DEFERRED TAX ASSETS

	Audited 31 December 2022 RM	Audited 31 December 2023 RM	Audited 31 December 2024 RM
At 1 January	865,087	1,626,112	2,127,640
Recognised in profit or loss	761,025	501,528	531,196
At 31 December	<u>1,626,112</u>	<u>2,127,640</u>	<u>2,658,836</u>
Movement in deferred tax assets:			
	At 1 January 2022 RM	Recognised in Profit or Loss RM	At 31 December 2022 RM
Audited 31 December 2022			
<i>Deferred Tax Assets</i>			
Property, plant and equipment	(6,975)	11,255	4,280
Provisions	872,062	749,770	1,621,832
	<u>865,087</u>	<u>761,025</u>	<u>1,626,112</u>
	At 1 January 2023 RM	Recognised in Profit or Loss RM	At 31 December 2023 RM
Audited 31 December 2023			
<i>Deferred Tax Assets</i>			
Property, plant and equipment	4,280	(22,750)	(18,470)
Provisions	1,621,832	524,278	2,146,110
	<u>1,626,112</u>	<u>501,528</u>	<u>2,127,640</u>

13. ACCOUNTANTS' REPORT (CONT'D)**LAC MED BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****6. DEFERRED TAX ASSETS (CONT'D)**

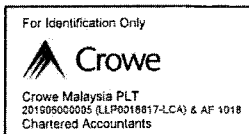
Movement in deferred tax assets: (Cont'd)

	At 1 January 2024 RM	Recognised in Profit or Loss RM	At 31 December 2024 RM
Audited 31 December 2024			
<i>Deferred Tax Assets</i>			
Property, plant and equipment	(18,470)	(26,561)	(45,031)
Provisions	2,146,110	557,757	2,703,867
	<u>2,127,640</u>	<u>531,196</u>	<u>2,658,836</u>

7. INVENTORIES

	Audited 31 December 2022 RM	Audited 31 December 2023 RM	Audited 31 December 2024 RM
Equipment and accessories	<u>10,839,769</u>	<u>21,608,167</u>	<u>20,797,656</u>
Recognised in profit or loss:-			
Inventories recognised as cost of sales	77,435,187	108,397,688	125,672,746
Amount written down to net realisable value	139,000	-	68,763
Reversal of inventories previously written down	-	(284,000)	-

During the financial year ended 31 December 2022, the reversal of write-down was in respect of inventories sold above their carrying amounts.

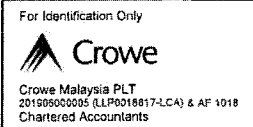
13. ACCOUNTANTS' REPORT (CONT'D)**LAC MED BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****8. TRADE RECEIVABLES**

	Audited 31 December 2022 RM	Audited 31 December 2023 RM	Audited 31 December 2024 RM
Trade receivables	53,405,395	67,602,609	37,207,386
Allowance for impairment losses	(3,290,061)	(1,183,099)	(1,501,823)
	<u>50,115,334</u>	<u>66,419,510</u>	<u>35,705,563</u>
Allowance for impairment losses:-			
At 1 January	(1,875,693)	(3,290,061)	(1,183,099)
Addition during the financial year	(1,421,385)	-	(384,713)
Reversal during the financial year	7,017	2,106,962	65,989
At 31 December	<u>(3,290,061)</u>	<u>(1,183,099)</u>	<u>(1,501,823)</u>

The Group's normal trade credit terms range from 30 to 60 (31 December 2023 - 30 to 60 and 31 December 2022 - 30 to 60) days.

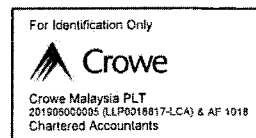
Included in the Group's trade receivables are retention sums which are expected to be recovered as below:-

	Audited 31 December 2022 RM	Audited 31 December 2023 RM	Audited 31 December 2024 RM
Within 1 year	-	-	172,500
More than 1 year	-	172,500	172,500
	<u>-</u>	<u>172,500</u>	<u>345,000</u>

13. ACCOUNTANTS' REPORT (CONT'D)**LAC MED BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****9. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS**

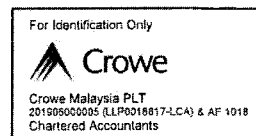
	Audited 31 December 2022 RM	Audited 31 December 2023 RM	Audited 31 December 2024 RM
Other receivables	286,841	381,767	282,324
Deposits	946,413	2,940,849	5,448,795
Deposits to suppliers	5,608,674	2,875,089	12,213,668
Prepayments	82,819	129,538	423,114
	6,924,747	6,327,243	18,367,901

The deposits to suppliers are unsecured, interest-free and will be offset against future purchases from the suppliers.

13. ACCOUNTANTS' REPORT (CONT'D)**LAC MED BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****10. CONTRACT ASSETS/(LIABILITIES)**

	Audited 31 December 2022 RM	Audited 31 December 2023 RM	Audited 31 December 2024 RM
Contract Assets			
Contract assets relating to services provided on contracts	976,622	2,445,937	3,169,533
Allowance for impairment losses	(134,921)	(134,921)	(134,921)
	<u>841,701</u>	<u>2,311,016</u>	<u>3,034,612</u>
 Allowance for impairment losses:-			
At 1 January	-	(134,921)	(134,921)
Addition during the financial year	(134,921)	-	-
	<u>(134,921)</u>	<u>(134,921)</u>	<u>(134,921)</u>
At 31 December	<u>(134,921)</u>	<u>(134,921)</u>	<u>(134,921)</u>
 Contract Liabilities			
Contract liabilities relating to services provided on contracts	<u>(12,215,367)</u>	<u>(16,355,267)</u>	<u>(13,962,907)</u>

- (a) The contract assets primarily relate to the Group's right to consideration for work completed but not yet billed as at the reporting date. The amount will be transferred to trade receivables when the Group issues billing in the manner as established in the contracts with customers.
- (b) The contract liabilities primarily relate to progress billings made and deposits received from customers for services provided on contracts for which performance obligations have not been satisfied. The amount will be recognised as revenue when the performance obligations are satisfied.

13. ACCOUNTANTS' REPORT (CONT'D)**LAC MED BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****10. CONTRACT ASSETS/(LIABILITIES) (CONT'D)**

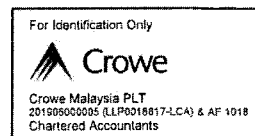
- (c) The changes to contract assets and contract liabilities balances during the financial year are summarised below:-

	Audited 31 December 2022 RM	Audited 31 December 2023 RM	Audited 31 December 2024 RM
At 1 January	(3,530,213)	(11,373,666)	(14,044,251)
Performance obligations performed	54,794,967	55,586,993	86,177,645
Transfer to trade receivables /amounts billed for unfulfilled performance obligations	(62,503,499)	(58,257,578)	(83,061,689)
Allowance for impairment losses	(134,921)	-	-
At 31 December	<u>(11,373,666)</u>	<u>(14,044,251)</u>	<u>(10,928,295)</u>
Represented by:-			
Contract assets	841,701	2,311,016	3,034,612
Contract liabilities	<u>(12,215,367)</u>	<u>(16,355,267)</u>	<u>(13,962,907)</u>
	<u>(11,373,666)</u>	<u>(14,044,251)</u>	<u>(10,928,295)</u>

- (d) The transaction price allocated to unsatisfied and/or partially unsatisfied performance obligations as at the reporting date are as below:-

	Audited 31 December 2022 RM	Audited 31 December 2023 RM	Audited 31 December 2024 RM
Within 1 year	2,564,422	20,660,897	33,526,595
Between 1 and 3 years	7,382,081	25,495,272	683,000
	<u>9,946,503</u>	<u>46,156,169</u>	<u>34,209,595</u>

The amounts disclosed above do not have variable consideration.

13. ACCOUNTANTS' REPORT (CONT'D)**LAC MED BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****11. AMOUNT OWING BY DIRECTORS**

	Audited 31 December 2022 RM	Audited 31 December 2023 RM	Audited 31 December 2024 RM
<u>Current</u>			
Non-trade balances	49,378	-	139,500

(a) As of 31 December 2022, the non-trade balance represents an unsecured, interest-free advance to a director. The amount is repayable on demand and was settled in cash.

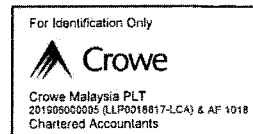
(b) As of 31 December 2024, the non-trade balance represents an amount owing by a director to PT Fairmed for the subscription of a five percent equity interest in PT Fairmed. The amount is repayable on demand and is to be settled in cash.

12. AMOUNTS OWING BY/(TO) RELATED PARTIES

	Audited 31 December 2022 RM	Audited 31 December 2023 RM	Audited 31 December 2024 RM
Amount owing by related parties			
<u>Current</u>			
Non-trade balances	4,710	-	-
Amount owing to related parties			
<u>Current</u>			
Trade balances	(21,620)	(1,000,909)	(3,240)

The non-trade balances represent unsecured interest-free advances which are repayable on demand. The amount owing is to be settled in cash.

The normal trade credit term granted is 30 (31 December 2023 - 30 and 31 December 2022 - 30) days.

13. ACCOUNTANTS' REPORT (CONT'D)**LAC MED BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****13. FIXED DEPOSITS WITH LICENSED BANKS**

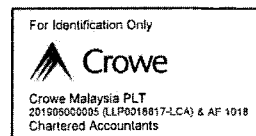
- (a) The fixed deposits with licensed banks of the Group at the end of the reporting period bore effective interest rates ranging from 2.35% to 4.10% (31 December 2023 - 1.60% to 3.05% and 31 December 2022 - 1.60% to 2.80%) per annum. The maturity period of the fixed deposits ranging from 15 to 365 (31 December 2023 - 365 and 31 December 2022 - 365) days for the Group.
- (b) The fixed deposits with licensed banks of the Group at the end of the reporting period was an amount of RM7,805,347 (31 December 2023 - RM9,003,483 and 31 December 2022 - RM8,420,605) which has been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 18 to the financial statements.

14. SHARE CAPITAL

	Audited 31 December 2022	Audited 31 December 2023	Audited 31 December 2024
		Number of shares	
Issued and Fully Paid-Up			
Ordinary Shares			
At 1 January	2,000,000	2,000,000	2,000,000
Issuance of new shares for cash	-	-	20
At 31 December	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,020</u>
	Audited 31 December 2022	Audited 31 December 2023	Audited 31 December 2024
	RM	RM	RM
Issued and Fully Paid-Up			
Ordinary Shares			
At 1 January	2,000,000	2,000,000	2,000,000
Issuance of new shares for cash	-	-	10
At 31 December	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,010</u>

The holders of ordinary shares are entitled to receive dividends as and when declared by the Companies and are entitled to one vote per ordinary share at meetings of the Companies. The ordinary shares have no par value.

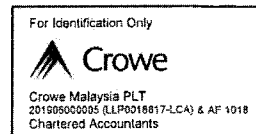
For the purpose of this report, the total number of shares as at 31 December 2022, 31 December 2023 and 31 December 2024 represent the total aggregate number of issued and fully paid-up shares of all combined entities within the Group.

13. ACCOUNTANTS' REPORT (CONT'D)**LAC MED BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****15. FOREIGN EXCHANGE TRANSLATION RESERVE**

The foreign exchange translation reserve arose from the translation of the financial statements of a foreign subsidiary whose functional currency is different from the Group's presentation currency.

16. LEASE LIABILITIES

	Audited 31 December 2022 RM	Audited 31 December 2023 RM	Audited 31 December 2024 RM
At 1 January	62,361	42,108	133,677
Addition	-	163,825	-
Interest expense recognised in profit or loss	3,398	5,918	7,553
Changes due to lease modification	35,149	(7,894)	-
Repayment of principal	(55,402)	(64,362)	(80,447)
Repayment of interest expense	(3,398)	(5,918)	(7,553)
At 31 December	<u>42,108</u>	<u>133,677</u>	<u>53,230</u>
Analysed by:-			
Current liabilities	42,108	80,447	53,230
Non-current liabilities	-	53,230	-
	<u>42,108</u>	<u>133,677</u>	<u>53,230</u>

13. ACCOUNTANTS' REPORT (CONT'D)**LAC MED BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****17. HIRE PURCHASE PAYABLES (SECURED)**

	Audited 31 December 2022 RM	Audited 31 December 2023 RM	Audited 31 December 2024 RM
Minimum hire purchase payments:-			
- not later than 1 year	86,484	78,193	62,328
- later than 1 year and not later than 5 years	244,065	166,208	103,880
	<u>330,549</u>	<u>244,401</u>	<u>166,208</u>
Less: Future finance charges	(29,555)	(17,453)	(9,129)
	<u>300,994</u>	<u>226,948</u>	<u>157,079</u>
Analysed by:-			
Current liabilities	74,237	69,869	56,830
Non-current liabilities	226,757	157,079	100,249
	<u>300,994</u>	<u>226,948</u>	<u>157,079</u>

The hire purchase payables are secured by the motor vehicle as disclosed in Note 4 to the financial statements.

The effective interest rate of the hire purchase payables of the Group as at the end of the reporting year was ranging between 3.35% to 4.30% (31 December 2023 - 3.35% to 4.30% and 31 December 2022 - 3.35% to 4.30%).

18. BORROWINGS

	Audited 31 December 2022 RM	Audited 31 December 2023 RM	Audited 31 December 2024 RM
Non-current			
<u>Secured</u>			
Term loans	<u>2,880,984</u>	<u>2,063,751</u>	<u>1,296,769</u>

13. ACCOUNTANTS' REPORT (CONT'D)**LAC MED BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS**

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Chartered Accountants

18. BORROWINGS (CONT'D)

	Audited 31 December 2022 RM	Audited 31 December 2023 RM	Audited 31 December 2024 RM
Current			
<u>Secured</u>			
Term loans	772,684	815,149	771,035
Bankers' acceptances	9,133,976	2,114,658	-
Invoice financing	1,566,000	-	-
Letter of credit	17,798,150	18,211,686	18,145,481
Promissory note	2,747,360	1,410,498	-
Trade financing	-	695,515	-
	<u>32,018,170</u>	<u>23,247,506</u>	<u>18,916,516</u>

(a) The borrowings of the Group are secured by the following:-

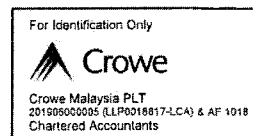
- (i) Fixed deposits of the Group;
- (ii) Joint and several guarantee by directors and a shareholder of the Group;
- (iii) Guarantee by Credit Guarantee Corporation Malaysia Berhad;
- (iv) Guarantee by Syarikat Jaminan Pembiayaan Perniagaan Berhad ("SJPP"); and
- (v) Assignment of Contract Proceeds and Power of Attorney to be executed.

In connection with certain borrowings, the Group has to comply with the following significant covenants:-

- (i) Gearing ratio of not more than 2.25 times;
- (ii) Dividend paid less than 50% of profit after taxation;
- (iii) Channeling percentage of more than 40% of total revenue; and
- (iv) Maintain positive net worth.

(b) The interest rate profile of the borrowings of the Group are summarised below:-

	<i>Interest Rate</i>	Audited 31 December 2022 %	<i>Effective Interest Rate</i> Audited 31 December 2023 %	Audited 31 December 2024 %
Term loans	Fixed	3.50 - 6.00	3.50 - 6.00	3.50 - 6.00
Term loans	Floating	5.67	5.92	5.92
Bankers' acceptances	Floating	3.11 - 4.88	3.62 - 5.20	4.70 - 5.05
Invoice financing	Floating	6.51 - 7.01	7.51 - 7.76	-
Promissory note	Floating	6.67 - 7.42	7.67 - 7.92	-
Trade financing	Floating	-	6.88 - 7.02	-

13. ACCOUNTANTS' REPORT (CONT'D)**LAC MED BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****19. TRADE PAYABLES**

The normal trade credit terms granted to the Group range from 30 to 90 (31 December 2023 - 30 to 90 and 31 December 2022 - 30 to 90) days.

20. OTHER PAYABLES AND ACCRUALS

	Audited 31 December 2022 RM	Audited 31 December 2023 RM	Audited 31 December 2024 RM
Other payables	931,095	573,092	1,797,975
Accruals	1,424,915	4,155,691	3,621,115
Provision for warranties (a)	3,048,646	7,624,105	9,560,605
	5,404,656	12,352,888	14,979,695

(a) Provision for warranties

	Audited 31 December 2022 RM	Audited 31 December 2023 RM	Audited 31 December 2024 RM
At 1 January	1,557,050	3,048,646	7,624,105
Provision made during the financial year	4,297,750	7,054,458	7,079,176
Provision used during the financial year	(1,520,190)	(1,774,303)	(3,850,936)
Provision reversed during the financial year	(1,285,964)	(704,696)	(1,291,740)
At 31 December	3,048,646	7,624,105	9,560,605

The provision for warranties relates to equipment and accessories sold in the past 3 (31 December 2023 - 3 and 31 December 2022 - 3) years. The provision is based on estimates made from historical warranty data of the products sold.

13. ACCOUNTANTS' REPORT (CONT'D)

LAC MED BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS

For Identification Only



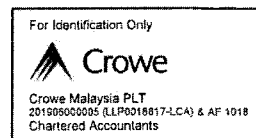
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201800000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

21. REVENUE

	< ----- Audited ----- >		
	< ---- Financial Year Ended 31 December ---- >		
	2022	2023	2024
	RM	RM	RM
Revenue from Contracts with Customers			
<u>Recognised over time</u>			
Supply and integration of medical equipment	54,990,183	60,833,427	86,493,258
Supply of related products and services	1,761,257	2,179,350	2,340,613
	56,751,440	63,012,777	88,833,871
<u>Recognised at a point in time</u>			
Supply of medical equipment	44,817,210	78,664,894	81,535,029
Supply of related products and services	5,075,618	8,669,156	12,846,635
	49,892,828	87,334,050	94,381,664
	106,644,268	150,346,827	183,215,535

- (a) The information about the performance obligations in contracts with customers is summarised below:-

<u>Nature of Goods or Services</u>	<u>Timing and Method of Revenue Recognition</u>	<u>Significant Payment Terms</u>	<u>Variable Considerations</u>	<u>Warranty and Obligation for Returns or Refunds</u>
Supply and integration of medical equipment	When services are rendered using the cost incurred method	Credit period of 30 to 60 days from the invoice date.	A late penalty charge at 0.03% to 0.25%, calculated daily.	Assurance warranties of 1 to 5 years are given to customers.
Supply of related products and services	On a straight-line method over the period of service	Credit period of 30 to 60 days from the invoice date.	Not applicable.	Not applicable.
Supply of related products and services	When the goods and services are accepted by customers	Credit period of 30 to 60 days from the invoice date.	Not applicable.	Not applicable.
Supply of medical equipment	When the goods are delivered and accepted by customers	Credit period of 30 to 60 days from the invoice date.	Not applicable.	Assurance warranties of 1 to 5 years are given to customers.

13. ACCOUNTANTS' REPORT (CONT'D)**LAC MED BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****21. REVENUE (CONT'D)**

(b) The information of the income from other sources is summarised below:-

Interest Income

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

22. NET IMPAIRMENT LOSSES/(REVERSAL OF IMPAIRMENT LOSSES) ON FINANCIAL ASSETS AND CONTRACT ASSETS

	< ----- Audited ----- >		
	< ---- Financial Year Ended 31 December ---- >		
	2022	2023	2024
	RM	RM	RM
Impairment losses:			
- trade receivables	1,421,385	-	384,713
- contract assets	134,921	-	-
Reversal of impairment losses:			
- trade receivables	(7,017)	(2,106,962)	(65,989)
	<u>1,549,289</u>	<u>(2,106,962)</u>	<u>318,724</u>

13. ACCOUNTANTS' REPORT (CONT'D)**LAC MED BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS**

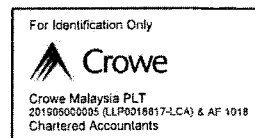
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23. PROFIT BEFORE TAXATION

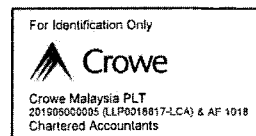
	< ----- Audited ----- >		
	< ---- Financial Year Ended 31 December ---- >		
	2022	2023	2024
	RM	RM	RM
Profit before taxation is arrived at after charging/(crediting):-			
Auditors' remuneration:			
- audit fees	44,000	67,000	83,000
Directors' non-fee emoluments:			
- salaries, bonuses and other benefits	615,469	631,568	647,134
- defined contribution benefits	67,152	69,038	72,101
Material Expenses/(Income)			
Depreciation:			
- property, plant and equipment	124,144	220,378	305,551
- right-of-use assets	55,702	67,739	81,913
Interest expense on lease liabilities	3,398	5,918	7,553
Interest expense on financial liabilities that are not at fair value through profit or loss:			
- bankers' acceptances	298,698	237,016	17,033
- invoice financing	-	15,566	-
- letter of credit	197,982	288,923	257,318
- trade financing	-	26,629	13,308
- promissory note	139,034	261,436	4,432
- hire purchase payables	7,242	12,102	8,614
- term loans	186,104	165,446	130,376
Impairment losses:			
- trade receivables	1,421,385	-	384,713
- contract assets	134,921	-	-
Inventories written down	139,000	-	68,763
Property, plant and equipment written off	-	780	13,650
Provision of warranties	4,297,750	7,054,458	7,079,176
Realised loss on foreign exchange	14,011	-	-
Staff costs:			
- short-term employee benefits	5,839,531	8,670,637	10,969,164
- defined contribution benefits	674,653	1,158,777	1,229,481
- others	481,280	732,550	872,386
Gain on modification of leases	-	(405)	-
Reversal of impairment losses on trade receivables	(7,017)	(2,106,962)	(65,989)
Reversal of inventories previously written down	-	(284,000)	-
Reversal of provision for warranties	(1,285,964)	(704,696)	(1,291,740)
Realised gain on foreign exchange	-	(135,250)	(82,841)
Interest income on financial assets measured at amortised cost	(209,262)	(176,448)	(500,680)

13. ACCOUNTANTS' REPORT (CONT'D)**LAC MED BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****24. INCOME TAX EXPENSE****Income Tax Expenses Recognised in Profit or Loss**

	< ----- Audited ----- >		
	< --- Financial Year Ended 31 December --- >		
	2022	2023	2024
	RM	RM	RM
Current tax expense	4,538,593	5,657,257	7,165,000
Under/(Over)provision in the previous financial year	336,996	(202,928)	13,030
	<u>4,875,589</u>	<u>5,454,329</u>	<u>7,178,030</u>
Deferred tax:			
- origination and reversal of temporary differences	(757,925)	(501,528)	(531,196)
- overprovision in the previous financial year	(3,100)	-	-
	<u>(761,025)</u>	<u>(501,528)</u>	<u>(531,196)</u>
Total income tax expense	<u>4,114,564</u>	<u>4,952,801</u>	<u>6,646,834</u>

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 ----- >		
	< --- Financial Year Ended 31 December --- >		
	2022	2023	2024
	RM	RM	RM
Profit before taxation	17,179,340	25,696,585	27,042,646
Tax at the statutory tax rate of 24%	4,123,042	6,167,180	6,490,235
Tax effects in respect of:-			
Non-deductible expenses	415,551	207,348	674,765
Non-taxable income	-	(717,271)	-
Deferred tax assets recognised in respect of deductible temporary differences	(757,925)	(501,528)	(531,196)
Under/(Over) provision of current tax in the previous financial year	336,996	(202,928)	13,030
Overprovision of deferred tax in the previous financial year	(3,100)	-	-
	<u>4,114,564</u>	<u>4,952,801</u>	<u>6,646,834</u>

13. ACCOUNTANTS' REPORT (CONT'D)**LAC MED BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****25. EARNINGS PER SHARE**

	< ----- Audited ----- >		
	< --- Financial Year Ended 31 December --- >		
	2022	2023	2024
Profit after taxation attributable to owners of the Company (RM)	13,064,776	20,743,784	20,398,707
Weighted average number of ordinary shares in issue	2,000,000	2,000,000	2,000,002
Basic earnings per share (sen)	653	1,037	1,020

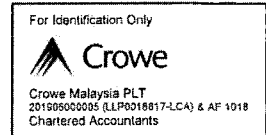
The Group has not issued any potential dilutive ordinary shares and hence, the diluted earnings per share is equal to the basic earnings per share.

26. DIVIDENDS

Detail of dividends for each financial year are as follows:

(a) In respect of the financial year ended 31 December 2022:

Company	Dividend per ordinary share RM	Audited 31 December 2022 RM
CVS Medical Sdn Bhd	1.50	1,500,000
LAC Medical Supplies Sdn Bhd	2.50	2,500,000
		<u>4,000,000</u>

13. ACCOUNTANTS' REPORT (CONT'D)**LAC MED BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****26. DIVIDENDS (CONT'D)**

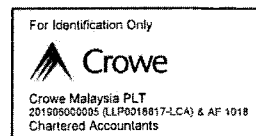
Detail of dividends for each financial year are as follows: (Cont'd)

(b) In respect of the financial year ended 31 December 2023:

Company	Dividend per ordinary share RM	Audited 31 December 2023 RM
CVS Medical Sdn Bhd	3.00	3,000,000
LAC Medical Supplies Sdn Bhd	3.00	3,000,000
		6,000,000

(c) In respect of the financial year ended 31 December 2024:

Company	Dividend per ordinary share RM	Audited 31 December 2024 RM
CVS Medical Sdn Bhd	9.50	9,500,000
LAC Medical Supplies Sdn Bhd	3.00	3,000,000
		12,500,000

13. ACCOUNTANTS' REPORT (CONT'D)**LAC MED BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****27. CASH FLOW INFORMATION**

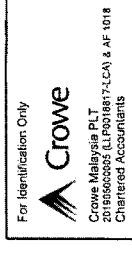
- (a) The cash disbursed for the purchase of property, plant and equipment and the addition of right-of-use assets are as follows:-

	Audited 31 December 2022 RM	Audited 31 December 2023 RM	Audited 31 December 2024 RM
Property, plant and equipment			
Cost of property, plant and equipment purchased	506,878	894,318	501,153
Less: Acquired through hire purchase arrangements	(280,000)	-	-
	<u>226,878</u>	<u>894,318</u>	<u>501,153</u>
Right-of-use assets			
Cost of right-of-use assets acquired	-	163,825	-
Less: Additions of new lease liabilities	-	(163,825)	-
	<u>-</u>	<u>-</u>	<u>-</u>

13. ACCOUNTANTS' REPORT (CONT'D)

LAC MED BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS



27. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows:-

Audited
31 December 2022

At 1 January

Changes in Financing Cash Flows

Proceeds from drawdown
Repayment of principal
Repayment of interests

Other Changes

Addition of hire purchase payables
Modifications of leases
Interest expense recognised in profit or loss

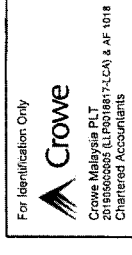
At 31 December

Term Loans RM	Bankers' Acceptances RM	Invoice Financing RM	Letter of Credit RM	Promissory Note RM	Lease Liabilities RM	Hire Purchase Payables RM	Total RM
4,397,830	2,825,000	-	14,548,076	-	62,361	72,696	21,905,963
- (744,162) (186,104)	27,801,929 (21,492,953) (298,698)	1,566,000 - -	21,590,930 (18,340,856) (197,982)	7,532,357 (4,784,997) (139,034)	- (55,402) (3,398)	- (51,702) (7,242)	58,491,216 (45,470,072) (832,458)
(930,266)	6,010,278	1,566,000	3,052,092	2,608,326	(58,800)	(58,944)	12,188,686
-	-	-	-	-	-	280,000	280,000
-	-	-	-	-	35,149	-	35,149
186,104	298,698	-	197,982	139,034	3,398	7,242	832,458
186,104	298,698	-	197,982	139,034	38,547	287,242	1,147,607
3,653,668	9,133,976	1,566,000	17,798,150	2,747,360	42,108	300,994	35,242,256

13. ACCOUNTANTS' REPORT (CONT'D)

LAC MED BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS



27. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows:- (Cont'd)

Audited
31 December 2023

At 1 January 3,653,668 9,133,976 1,566,000 17,798,150 - 2,747,360 42,108 300,994 35,242,256

Changes in Financing Cash

Flows

Proceeds from drawdown
Repayment of principal
Repayment of interests

-	15,811,929	-	26,842,231	3,255,228	12,476,250	-	-	-	58,385,638
(774,768)	(22,831,247)	(1,566,000)	(26,428,695)	(2,559,713)	(13,813,112)	(64,362)	(74,046)	(68,111,943)	
(165,446)	(237,016)	(15,566)	(288,923)	(26,629)	(261,436)	(5,918)	(12,102)	(1,013,036)	
(940,214)	(7,256,334)	(1,581,566)	124,613	668,886	(1,598,298)	(70,280)	(86,148)	(10,739,341)	

Other Changes

Acquisition of new leases
Modifications of leases
Interest expense
recognised in profit or loss

-	-	-	-	-	-	163,825	-	163,825	
-	-	-	-	-	-	(7,894)	-	(7,894)	
165,446	237,016	15,566	288,923	26,629	261,436	5,918	12,102	1,013,036	
165,446	237,016	15,566	288,923	26,629	261,436	161,849	12,102	1,168,967	

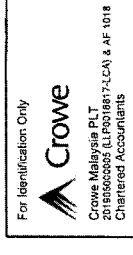
At 31 December

2,878,900 2,114,658 - 18,211,686 695,515 1,410,498 133,677 226,948 25,671,882

13. ACCOUNTANTS' REPORT (CONT'D)

LAC MED BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS



27. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows:- (Cont'd)

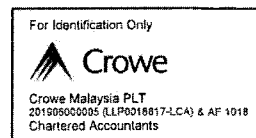
Audited
31 December 2024

	Term Loans RM	Bankers' Acceptances RM	Letter of Credit RM	Trade Financing RM	Promissory Note RM	Lease Liabilities RM	Purchase Payables RM	Hire Total RM
At 1 January	2,878,900	2,114,658	18,211,686	695,515	1,410,498	133,677	226,948	25,671,882
Changes in Financing Cash Flows								
Proceeds from drawdown	-	7,387,000	49,763,638	-	-	-	-	57,150,638
Repayment of principal	(811,096)	(9,501,658)	(49,829,843)	(695,515)	(1,410,498)	(80,447)	(69,869)	(62,398,926)
Repayment of interests	(130,376)	(17,033)	(257,318)	(13,308)	(4,432)	(7,553)	(8,614)	(438,634)
	(941,472)	(2,131,691)	(323,523)	(708,823)	(1,414,930)	(88,000)	(78,483)	(5,686,922)
Other Changes								
Interest expense recognised in profit or loss	130,376	17,033	257,318	13,308	4,432	7,553	8,614	438,634
	130,376	17,033	257,318	13,308	4,432	7,553	8,614	438,634
At 31 December	2,067,804	-	18,145,481	-	-	53,230	157,079	20,423,594

13. ACCOUNTANTS' REPORT (CONT'D)**LAC MED BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****27. CASH FLOW INFORMATION (CONT'D)**

(c) The cash and cash equivalents comprise the following:-

	Audited 31 December 2022 RM	Audited 31 December 2023 RM	Audited 31 December 2024 RM
Fixed deposits with licensed banks	8,420,605	9,003,483	30,097,211
Cash and bank balances	23,828,032	30,453,853	15,843,630
	<u>32,248,637</u>	<u>39,457,336</u>	<u>45,940,841</u>
Less: Fixed deposits place with licensed banks with tenure of more than 3 months	-	-	(10,000,000)
Fixed deposits pledged with licensed banks	(8,420,605)	(9,003,483)	(7,805,347)
	<u>23,828,032</u>	<u>30,453,853</u>	<u>28,135,494</u>

13. ACCOUNTANTS' REPORT (CONT'D)**LAC MED BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****28. KEY MANAGEMENT PERSONNEL COMPENSATION**

The key management personnel of the Group include executive directors and non-executive directors of the Group and certain members of senior management of the Group.

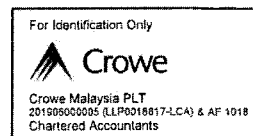
The key management personnel compensation during the financial year are as follows:-

(a) Directors

	< ----- Audited ----- >		
	< --- Financial Year Ended 31 December --- >		
	2022	2023	2024
	RM	RM	RM
Directors of the Group			
Short-term employee benefits:			
- salaries, bonuses and other benefits	615,469	631,568	647,134
- defined contribution benefits	67,152	69,038	72,101
Total directors' remuneration	<u>682,621</u>	<u>700,606</u>	<u>719,235</u>

(b) Other Key Management Personnel

	< ----- Audited ----- >		
	< --- Financial Year Ended 31 December --- >		
	2022	2023	2024
	RM	RM	RM
Short-term employee benefits:			
- salaries, bonuses and other benefits	599,586	647,841	1,164,638
- defined contribution benefits	68,838	74,632	135,985
Total compensation for other key management personnel	<u>668,424</u>	<u>722,473</u>	<u>1,300,623</u>

13. ACCOUNTANTS' REPORT (CONT'D)**LAC MED BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****29. RELATED PARTY DISCLOSURES****(a) Identities of Related Parties**

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, corporate shareholder, related parties and entities within the same group of companies.

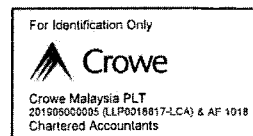
(b) Significant Related Party Transactions and Balances

In addition to the related party transactions information disclosed in the combined financial statements, the Group also carried out the following significant transactions with the related parties during the financial year:-

	< ----- Audited ----- >		
	< --- Financial Year Ended 31 December --- >		
	2022	2023	2024
	RM	RM	RM
<u>Related parties</u>			
- Sales	-	531,000	47,000
- Purchases	(1,156,752)	(1,910,304)	(807,268)
- Administrative charges	(44,636)	(60,846)	-
- Backend operation support	(120,000)	(73,000)	-
- Deposits paid	-	-	(13,200)
- Payment on behalf by	(10,500)	-	(981)
- Payment on behalf for	80,930	57,960	44,736
- Rental expenses	(24,000)	(81,500)	(165,750)
- Rental income	12,000	-	-
<u>Directors</u>			
Repayment from directors	730,500	49,378	-

The significant outstanding balances of the related parties together with their terms and conditions are disclosed in the respective notes to the combined financial statements.

The related party transactions described above were entered into in the normal course of business carried out based on negotiated terms and conditions and are mutually agreed with respective parties.

13. ACCOUNTANTS' REPORT (CONT'D)**LAC MED BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****30. OPERATING SEGMENTS**

Operating segments are prepared in a manner consistent with the internal reporting provided to the Board of Directors as its chief operating decision maker in order to allocate resources to segments and to assess their performance on a quarterly basis.

30.1 BUSINESS SEGMENT AND GEOGRAPHICAL INFORMATION

Business segment information has not been prepared as the Group's business is principally engaged in the business of supply and integration of medical services, and related products and services.

The Group operates predominantly in one business segment in Malaysia. Accordingly, the information by business and geographical segments is not presented.

30.2 MAJOR CUSTOMERS

The following are major customers with revenue equal to or more than 10% of the Group's total revenue.

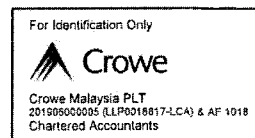
	< ----- Audited ----- >		
	< --- Financial Year Ended 31 December --- >		
	2022	2023	2024
	RM	RM	RM
Customer # 1	12,036,280	15,088,262	34,572,505
Customer # 2	16,956,849	-	22,677,189
Customer # 3	15,182,309	-	-
Customer # 4	14,478,537	-	-

31. CAPITAL COMMITMENTS

The Group had no significant capital commitments as at 31 December 2022, 31 December 2023 and 31 December 2024.

32. CONTINGENT LIABILITIES

The Group had no contingent liabilities as at 31 December 2022, 31 December 2023 and 31 December 2024.

13. ACCOUNTANTS' REPORT (CONT'D)**LAC MED BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****33. FINANCIAL INSTRUMENTS**

The activities of the Group are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

33.1 FINANCIAL RISK MANAGEMENT POLICIES

The policies in respect of the major areas of treasury activity are as follows:-

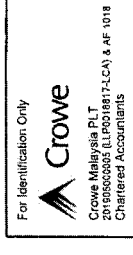
(a) Market Risk**(i) Foreign Currency Risk**

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the functional currency of entities within the Group. The currencies giving rise to this risk are primarily Currency of European Union ("EUR"), Indonesian Rupiah ("IDR") and United States Dollar ("USD"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

13. ACCOUNTANTS' REPORT (CONT'D)

LAC MED BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS



33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

The exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

Foreign Currency Exposure

**Audited
31 December 2022**

Financial Assets

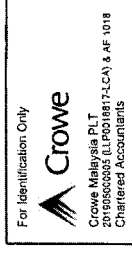
Trade receivables	-	-	50,115,334	50,115,334
Other receivables	-	-	286,841	286,841
Amount owing by directors	-	-	49,378	49,378
Amount owing by related parties	-	-	4,710	4,710
Fixed deposits with licensed banks	-	-	8,420,605	8,420,605
Cash and bank balances	-	4,580	23,823,452	23,828,032
	-	4,580	82,700,320	82,704,900

EUR RM USD RM Ringgit Malaysia RM Total RM

13. ACCOUNTANTS' REPORT (CONT'D)

LAC MED BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS



33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

Audited
31 December 2022 (Cont'd)

Financial Liabilities

Trade payables
Other payables and accruals
Amount owing to related parties
Hire purchase payables
Borrowings
Dividend payable

	EUR RM	USD RM	Ringgit Malaysia RM	Total RM
300,293	3,778,770	15,177,732	19,256,795	
-	-	2,356,010	2,356,010	
-	-	21,620	21,620	
-	-	300,994	300,994	
-	-	34,899,154	34,899,154	
-	-	4,000,000	4,000,000	
300,293	3,778,770	56,755,510	60,834,573	
(300,293)	(3,774,190)	25,944,810	21,870,327	
-	-	(25,944,810)	(25,944,810)	
(300,293)	(3,774,190)	-	(4,074,483)	

Net financial (liabilities)/assets

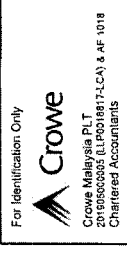
Less: Net financial liabilities denominated in the respective
entities' functional currencies

Currency Exposure

13. ACCOUNTANTS' REPORT (CONT'D)

LAC MED BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS



33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

Audited
31 December 2023

Financial Assets

Trade receivables	-	-	66,419,510	66,419,510
Other receivables	-	-	381,767	381,767
Fixed deposits with licensed banks	-	-	9,003,483	9,003,483
Cash and bank balances	-	65,230	30,388,623	30,453,853
	-	65,230	106,193,383	106,258,613

Financial Liabilities

Trade payables	40,298	1,196,674	35,293,406	36,530,378
Other payables and accruals	-	-	4,728,783	4,728,783
Amount owing to related parties	-	-	1,000,909	1,000,909
Hire purchase payables	-	-	226,948	226,948
Borrowings	-	-	25,311,257	25,311,257
Dividend payable	-	-	6,000,000	6,000,000

	40,298	1,196,674	72,561,303	73,798,275
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13. ACCOUNTANTS' REPORT (CONT'D)

LAC MED BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS



33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

Audited
31 December 2023 (Cont'd)

Net financial (liabilities)/assets

Less: Net financial liabilities denominated in the respective entities' functional currencies

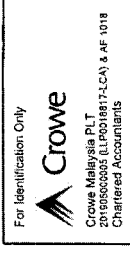
Currency Exposure

EUR RM	USD RM	Ringgit Malaysia RM	Total RM
(40,298)	(1,131,444)	33,632,080	32,460,338
-	-	(33,632,080)	(33,632,080)
(40,298)	(1,131,444)	-	(1,171,742)

13. ACCOUNTANTS' REPORT (CONT'D)

LAC MED BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS



33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

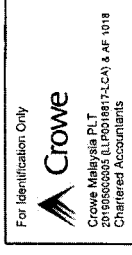
Audited
31 December 2024

Financial Assets	EUR RM	USD RM	IDR RM	Ringgit Malaysia RM	Total RM
Trade receivables	-	-	-	35,705,563	35,705,563
Other receivables	-	-	-	282,324	282,324
Amount owing by directors	-	-	139,500	-	139,500
Fixed deposits with licensed banks	-	-	-	30,097,211	30,097,211
Cash and bank balances	-	88,610	-	15,755,020	15,843,630
	-	88,610	139,500	81,840,118	82,068,228
Financial Liabilities					
Trade payables	12,036	1,939,044	-	26,793,057	28,744,137
Other payables and accruals	-	-	10,336	5,408,754	5,419,090
Amount owing to related parties	-	-	-	3,240	3,240
Hire purchase payables	-	-	-	157,079	157,079
Borrowings	-	-	-	20,213,285	20,213,285
	12,036	1,939,044	10,336	52,575,415	54,536,831
Net financial (liabilities)/assets	(12,036)	(1,850,434)	129,164	29,264,703	27,531,397

13. ACCOUNTANTS' REPORT (CONT'D)

LAC MED BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS



33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

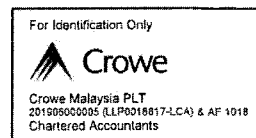
Foreign Currency Exposure (Cont'd)

Audited
31 December 2024 (Cont'd)

Less: Net financial liabilities
denominated in the respective
entities' functional currencies

Currency Exposure

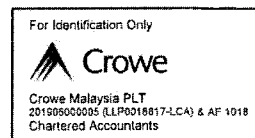
EUR RM	USD RM	IDR RM	Ringgit Malaysia RM	Total RM
-	-	(129,164)	(29,264,703)	(29,393,867)
(12,036)	(1,850,434)	-	-	(1,862,470)

13. ACCOUNTANTS' REPORT (CONT'D)**LAC MED BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****33. FINANCIAL INSTRUMENTS (CONT'D)****33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(a) Market Risk (Cont'd)****(i) Foreign Currency Risk (Cont'd)***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:-

	< ----- Audited ----- >		
	< --- Financial Year Ended 31 December --- >		
	2022	2023	2024
	RM	RM	RM
Effects on Profit After Taxation			
EUR/RM - strengthened by 5%	(11,411)	(1,531)	(457)
- weakened by 5%	11,411	1,531	457
USD/RM - strengthened by 5%	(143,419)	(42,995)	(70,316)
- weakened by 5%	143,419	42,995	70,316

There is no impact on the Group's equity

13. ACCOUNTANTS' REPORT (CONT'D)**LAC MED BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****33. FINANCIAL INSTRUMENTS (CONT'D)****33.1 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 exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group adopt a policy of obtaining the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

The fixed rate debt instruments of the Group are not subject to interest rate risk since neither carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

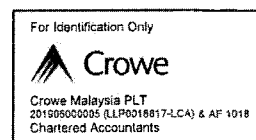
The exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Note 18 to the financial statements.

Interest Rate Risk Sensitivity Analysis

Any reasonably possible change in the interest rates of floating rate borrowings at the end of the reporting period does not have a material impact on the profit after taxation and equity of the Group and hence, no sensitivity analysis is presented.

(iii) Equity Price Risk

The Group does not have any quoted investments and hence, is not exposed to equity price risk.

13. ACCOUNTANTS' REPORT (CONT'D)**LAC MED BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****33. FINANCIAL INSTRUMENTS (CONT'D)****33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(b) Credit Risk**

The exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manage their exposures to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including quoted debt investments, cash and bank balances and derivatives), the Group minimise credit risk by dealing exclusively with high credit rating counterparties.

(i) Credit Risk Concentration Profile

The Group does not have any significant credit risk related to any individual customer or counterparty.

(ii) Maximum Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the combined statement of financial position of the Group after deducting any allowance for impairment losses (where applicable).

(iii) Assessment of Impairment Losses

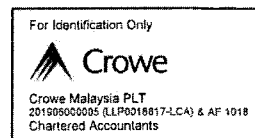
The Group has an informal credit policy in place and the exposure to credit risk is monitored on an on-going basis through periodic review of the ageing of the trade receivables. The Group closely monitors the trade receivables' financial strength to reduce the risk of loss.

At each reporting date, the Group assesses whether any of the financial assets at amortised cost and contract assets are credit impaired.

The gross carrying amounts of financial assets are written off against the associated impairment, if any, when there is no reasonable expectation of recovery despite the fact that they are still subject to enforcement activities.

A financial asset is credit impaired when any of following events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred:

- Significant financial difficulty of the receivable;
- A breach of contract, such as a default or past due event;
- Restructuring of a debt in relation to the receivable's financial difficulty;
- It is becoming probable that the receivable will enter bankruptcy or other financial reorganisation.

13. ACCOUNTANTS' REPORT (CONT'D)**LAC MED BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****33. FINANCIAL INSTRUMENTS (CONT'D)****33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(b) Credit Risk (Cont'd)****(iii) Assessment of Impairment Losses (Cont'd)****Trade Receivables and Contract Assets**

The Group consider a receivable to be in default when the receivable is unlikely to repay its debt to the Group in full or is more than 90 days past due unless the Group have reasonable and supportable information to demonstrate that a more a lagging default criterion is more appropriate.

The Group applies the simplified approach to measure expected credit losses using a lifetime expected credit loss allowance for all trade receivables and contract assets.

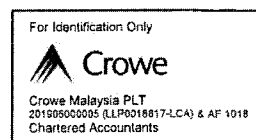
Inputs, Assumptions and Techniques used for Estimating Impairment Losses

To measure the expected credit losses, trade receivables (including related parties) and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. Therefore, the Group concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The Group measures the expected credit losses of certain major customers, trade receivables that are credit impaired and trade receivables with a high risk of default on individual basis.

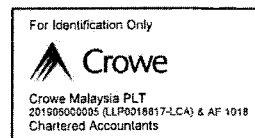
The expected loss rates are based on the payment profiles of sales over 12 months (2023 - 12 months, 2022 - 12 months) before the reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates were not adjusted to reflect forward-looking information on macroeconomic factors affecting the ability of the trade receivables to settle their debts as the Group has not identified any forward-looking assumptions which correlate to the historical loss rates.

There are no significant changes in the estimation techniques and assumptions as compared to the previous financial year.

13. ACCOUNTANTS' REPORT (CONT'D)**LAC MED BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****33. FINANCIAL INSTRUMENTS (CONT'D)****33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(b) Credit Risk (Cont'd)****(iii) Assessment of Impairment Losses (Cont'd)**Trade Receivables and Contract Assets (Cont'd)*Allowance for Impairment Losses*

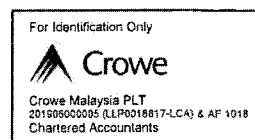
The information about the credit exposure and loss allowances recognised for trade receivables and contract assets are as follows:-

	Gross Amount RM	Lifetime Individual Allowance RM	Lifetime Collective Allowance RM	Carrying Amount RM
Audited 31 December 2022				
Current (not past due)	46,432,460	-	(959,811)	45,472,649
1 to 30 days past due	1,865,942	-	(74,175)	1,791,767
31 to 60 days past due	1,793,479	-	(27,064)	1,766,415
61 to 90 days past due	447,325	-	(23,708)	423,617
91 to 120 days past due	63,316	-	(13,091)	50,225
More than 120 days	2,047,662	-	(1,437,001)	610,661
Credit impaired	755,211	(755,211)	-	-
Trade Receivables	53,405,395	(755,211)	(2,534,850)	50,115,334
Contract Assets	976,622	-	(134,921)	841,701
	54,382,017	(755,211)	(2,669,771)	50,957,035

13. ACCOUNTANTS' REPORT (CONT'D)**LAC MED BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****33. FINANCIAL INSTRUMENTS (CONT'D)****33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(b) Credit Risk (Cont'd)****(iii) Assessment of Impairment Losses (Cont'd)**Trade Receivables and Contract Assets (Cont'd)*Allowance for Impairment Losses (Cont'd)*

	Gross Amount RM	Lifetime Individual Allowance RM	Lifetime Collective Allowance RM	Carrying Amount RM
Audited				
31 December 2023				
Current (not past due)	39,180,785	-	(121,186)	39,059,599
1 to 30 days past due	17,365,482	-	(99,576)	17,265,906
31 to 60 days past due	1,592,550	-	(29,033)	1,563,517
61 to 90 days past due	1,449,377	-	(32,789)	1,416,588
91 to 120 days past due	399,950	-	(37,019)	362,931
More than 120 days	6,941,639	-	(190,670)	6,750,969
Credit impaired	672,826	(672,826)	-	-
Trade Receivables	67,602,609	(672,826)	(510,273)	66,419,510
Contract Assets	2,445,937	-	(134,921)	2,311,016
	70,048,546	(672,826)	(645,194)	68,730,526

	Gross Amount RM	Lifetime Individual Allowance RM	Lifetime Collective Allowance RM	Carrying Amount RM
Audited				
31 December 2024				
Current (not past due)	22,077,957	-	(166,560)	21,911,397
1 to 30 days past due	4,391,796	-	(56,684)	4,335,112
31 to 60 days past due	3,827,595	-	(81,318)	3,746,277
61 to 90 days past due	2,493,580	-	(64,636)	2,428,944
91 to 120 days past due	306,668	-	(13,811)	292,857
More than 120 days	3,502,953	-	(511,977)	2,990,976
Credit impaired	606,837	(606,837)	-	-
Trade Receivables	37,207,386	(606,837)	(894,986)	35,705,563
Contract Assets	3,169,533	-	(134,921)	3,034,612
	40,376,919	(606,837)	(1,029,907)	38,740,175

13. ACCOUNTANTS' REPORT (CONT'D)**LAC MED BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****33. FINANCIAL INSTRUMENTS (CONT'D)****33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(b) Credit Risk (Cont'd)****(iii) Assessment of Impairment Losses (Cont'd)**Trade Receivables and Contract Assets (Cont'd)Allowance for Impairment Losses (Cont'd)

The movement in the loss allowances in respect of trade receivables and contract assets is disclosed in Note 8 and Note 10 to the combined financial statements.

Trade receivables and contract assets that are individually determined to be impaired relate to debtors who are in significant financial difficulties and have defaulted on payments. These debtors are not secured by any collateral or credit enhancements. Trade receivables and contract assets that are collectively determined to be impaired relate to expected credit losses measured based on the Group's observed default rates.

Other Receivables and Amount Owing by Related Parties

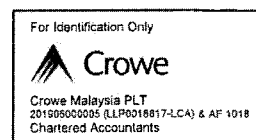
The Group applies the 3-stage general approach to measuring expected credit losses for its other receivables and amount owing by a related parties.

Inputs, Assumptions and Techniques used for Estimating Impairment Losses

Under this approach, the Group assesses whether there is a significant increase in credit risk for receivables by comparing the risk of default as at the reporting date with the risk of default as at the date of initial recognition. The Group considers there has been a significant increase in credit risk when there are changes in contractual terms or delay in payment. Regardless of the assessment, a significant increase in credit risk is presumed if a receivable is more than 30 days past due in making a contractual payment.

The Group uses 3 categories to reflect their credit risk and how the loss allowance is determined for each category:-

Category	Definition of category	Loss Allowance
Performing:	Receivables have a low risk of default and a strong capacity to meet contractual cash flows	12-months expected credit losses
Underperforming:	Receivables for which there is a significant increase in credit risk	Lifetime expected credit losses
Not performing:	There is evidence indicating the receivable is credit impaired or more than 90 days past due	Lifetime expected credit losses

13. ACCOUNTANTS' REPORT (CONT'D)**LAC MED BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****33. FINANCIAL INSTRUMENTS (CONT'D)****33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(b) Credit Risk (Cont'd)****(iii) Assessment of Impairment Losses (Cont'd)**Other Receivables and Amount Owing by Related Parties (Cont'd)*Inputs, Assumptions and Techniques used for Estimating Impairment Losses (Cont'd)*

The Group measures the expected credit losses of receivables having significant balances, receivables that are credit impaired and receivables with a high risk of default on individual basis. Other receivables are grouped based on shared credit risk characteristics and assessed on collective basis.

Loss allowance is measured on either 12-month expected credit losses or lifetime expected credit losses, by considering the likelihood that the receivable would not be able to repay during the contractual period (probability of default, PD), the percentage of contractual cash flows that will not be collected if default happens (loss given default, LGD) and the outstanding amount that is exposed to default risk (exposure at default, EAD).

In deriving the PD and LGD, the Group considers the receivable's past payment status and its financial condition as at the reporting date. The PD is adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the receivable to settle its debts using the linear regressive analysis. The Group have identified the unemployment rate and Gross Domestic Product as the key macroeconomic factors of the forward-looking information.

There are no significant changes in the estimation techniques and assumptions as compared to the previous financial year.

Allowance for Impairment Losses

Based on the assessment performed, the identified impairment loss was immaterial and hence, it is not provided for.

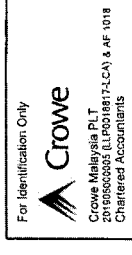
Fixed Deposits with Licensed Banks, Cash and Bank Balances

The Group considers the licensed banks have low credit risks. In addition, some of the bank balances are insured by Government agencies. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

13. ACCOUNTANTS' REPORT (CONT'D)

LAC MED BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS



33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 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.

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities 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):-

Audited
31 December 2022

Non-derivative Financial Liabilities

Trade payables	-	19,256,795	19,256,795	Within 1 Year	1 - 5 Years	Over 5 years
Other payables and accruals	-	2,356,010	2,356,010	RM	RM	RM
Amount owing to related parties	-	21,620	21,620			
Hire purchase payables	3.35 to 4.30	300,994	330,559		244,414	-
Lease liabilities	6.42 to 6.92	42,108	43,280		-	-
Borrowings	3.11 to 7.42	34,899,154	35,541,657		2,576,531	779,426
Dividend payable	-	4,000,000	4,000,000		-	-
		60,876,681	61,549,921	57,949,550	2,820,945	779,426

13. ACCOUNTANTS' REPORT (CONT'D)

LAC MED BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS



33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities 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) (Cont'd):-

**Audited
31 December 2023**

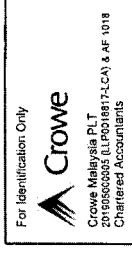
Non-derivative Financial Liabilities

	Contractual Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM	Over 5 years RM
Trade payables	-	36,530,378	36,530,378	36,530,378	-	-
Other payables and accruals	-	4,728,783	4,728,783	4,728,783	-	-
Amount owing to related parties	-	1,000,909	1,000,909	1,000,909	-	-
Hire purchase payables	3.35 to 4.30	226,948	244,414	78,206	166,208	-
Lease liabilities	7.67	133,677	142,600	88,000	54,600	-
Borrowings	3.50 to 7.92	25,311,257	25,786,991	23,357,126	1,900,258	529,607
Dividend payable	-	6,000,000	6,000,000	6,000,000	-	-
		73,931,952	74,434,075	71,783,402	2,121,066	529,607

13. ACCOUNTANTS' REPORT (CONT'D)

LAC MED BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS



33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

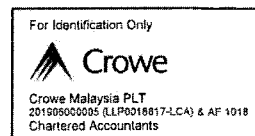
Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities 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) (Cont'd):-

Audited
31 December 2024

Non-derivative Financial Liabilities

	Contractual Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM	Over 5 years RM
Trade payables	-	28,744,137	28,744,137	28,744,137	-	-
Other payables and accruals	-	5,419,090	5,419,090	5,419,090	-	-
Amount owing to related parties	-	3,240	3,240	3,240	-	-
Hire purchase payables	3.35 to 4.30	157,079	166,208	166,208	-	-
Lease liabilities	7.67	53,230	54,600	54,600	-	-
Borrowings	3.50 to 6.00	20,213,285	20,551,472	19,012,237	1,281,998	257,237
		54,590,061	54,938,747	53,399,512	1,281,998	257,237

13. ACCOUNTANTS' REPORT (CONT'D)**LAC MED BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****33. FINANCIAL INSTRUMENTS (CONT'D)****33.2 CAPITAL RISK MANAGEMENT**

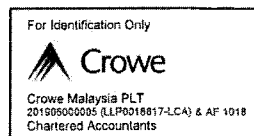
The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic 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 that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes within net debt, loans and borrowings from financial institutions less cash and cash equivalents. The debt-to-equity ratio of the Group at the end of the reporting period was as follows:-

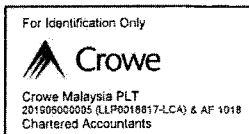
	Audited 31 December 2022 RM	Audited 31 December 2023 RM	Audited 31 December 2024 RM
Lease liabilities	42,108	133,677	53,230
Hire purchase payables	300,994	226,948	157,079
Borrowings	34,899,154	25,311,257	20,213,285
	<u>35,242,256</u>	<u>25,671,882</u>	<u>20,423,594</u>
Less: Cash and cash equivalents	(23,828,032)	(30,453,853)	(28,135,494)
Net debt/(net cash)	<u>11,414,224</u>	<u>(4,781,971)</u>	<u>(7,711,900)</u>
Total equity	<u>25,123,208</u>	<u>39,866,992</u>	<u>47,898,454</u>
Debt-to-equity ratio	<u>0.45</u>	<u>*</u>	<u>*</u>

* Not applicable as the Group's cash and cash equivalents exceed its borrowings.

There was no change in the Group's approach to capital management during the financial years ended 31 December 2024, 31 December 2023 and 31 December 2022.

13. ACCOUNTANTS' REPORT (CONT'D)**LAC MED BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****33. FINANCIAL INSTRUMENTS (CONT'D)****33.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS**

	Audited 31 December 2022	Audited 31 December 2023	Audited 31 December 2024
	RM	RM	RM
Financial Assets			
<u>Amortised Cost</u>			
Trade receivables	50,115,334	66,419,510	35,705,563
Other receivables	286,841	381,767	282,324
Amount owing by directors	49,378	-	139,500
Amount owing by related parties	4,710	-	-
Fixed deposits with licensed banks	8,420,605	9,003,483	30,097,211
Cash and bank balances	23,828,032	30,453,853	15,843,630
	<u>82,704,900</u>	<u>106,258,613</u>	<u>82,068,228</u>
Financial Liabilities			
<u>Amortised Cost</u>			
Trade payables	19,256,795	36,530,378	28,744,137
Other payables and accruals	2,356,010	4,728,783	5,419,090
Amount owing to related parties	21,620	1,000,909	3,240
Hire purchase payables	300,994	226,948	157,079
Borrowings	34,899,154	25,311,257	20,213,285
Dividend payable	4,000,000	6,000,000	-
	<u>60,834,573</u>	<u>73,798,275</u>	<u>54,536,831</u>

13. ACCOUNTANTS' REPORT (CONT'D)**LAC MED BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****33. FINANCIAL INSTRUMENTS (CONT'D)****33.4 NET (LOSSES) OR GAINS ARISING FROM FINANCIAL INSTRUMENTS**

	Audited 31 December 2022 RM	Audited 31 December 2023 RM	Audited 31 December 2024 RM
Financial Assets			
<u>Amortised Cost</u>			
Net (losses)/gains recognised in profit or loss	<u>(1,205,106)</u>	<u>2,283,410</u>	<u>181,956</u>
Financial Liabilities			
<u>Amortised Cost</u>			
Net losses recognised in profit or loss	<u>(829,060)</u>	<u>(1,007,118)</u>	<u>(431,081)</u>

13. ACCOUNTANTS' REPORT (CONT'D)**LAC MED BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****33. FINANCIAL INSTRUMENTS (CONT'D)****33.5 FAIR VALUE INFORMATION**

The fair values of the financial assets and financial liabilities of the Group which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

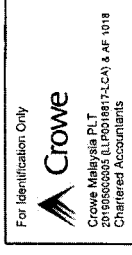
The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting year:-

	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments not Carried at Fair Value			Total Fair Value RM	Carrying Amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM		
Audited								
31 December 2022								
<u>Financial Liabilities</u>								
Hire purchases	-	-	-	-	300,994	-	300,994	300,994
payables	-	-	-	-	3,653,668	-	3,653,668	3,653,668
Term loans								
Audited								
31 December 2023								
<u>Financial Liabilities</u>								
Hire purchases	-	-	-	-	226,948	-	226,948	226,948
payables	-	-	-	-	2,878,900	-	2,878,900	2,878,900
Term loans								

13. ACCOUNTANTS' REPORT (CONT'D)

LAC MED BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS



33. FINANCIAL INSTRUMENTS (CONT'D)

33.5 FAIR VALUE INFORMATION (CONT'D)

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting year (Cont'd):-

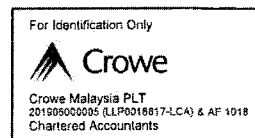
	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments not Carried at Fair Value			Total Fair Value	Carrying Amount
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3		
	RM	RM	RM	RM	RM	RM	RM	RM
Audited								
31 December 2024								
<u>Financial Liabilities</u>								
Hire purchase payables	-	-	-	-	157,079	-	157,079	157,079
Term loans	-	-	-	-	2,067,804	-	2,067,804	2,067,804

Fair Value of Financial Instruments Not Carried at Fair Value

The fair values, which are for disclosure purposes, have been determined using the following basis:-

- (i) The fair value of hire purchase payables that carry fixed interest rates are determined by discounting the relevant future contractual cash flows using current market interest rates for similar instruments at the end of the reporting period.
- (ii) The fair value of the Group's term loans that carry floating interest rate approximated their carrying amount as it is repriced to market interest rate on or near the reporting date.

There were no transfers between level 1 and level 2 during the financial year.

13. ACCOUNTANTS' REPORT (CONT'D)**LAC MED BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****34. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR**

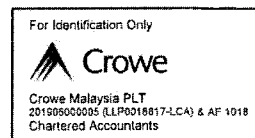
On 4 December 2024, PT Fairmed Imaging Nusajaya ("PT Fairmed") was incorporated with an issued share capital of RM2,790,000 (Indonesian Rupiah 10.0 billion). LAC Med Berhad subscribed 9,500 shares in PT Fairmed for a total consideration of RM2,650,500, representing 95% equity shares in PT Fairmed.

35. SIGNIFICANT EVENT OCCURRING AFTER THE REPORTING PERIOD

LAC Med Berhad has entered into a Share Sale Agreement on 9 April 2025 to acquire the equity interest in the following companies:

- (a) Acquisition of the entire equity interest in LAC Medical Supplies Sdn Bhd for a total purchase consideration of RM34,383,117, to be satisfied via the issuance of 229,220,780 new shares at an issue price of RM0.15 per share;
- (b) Acquisition of the entire equity interest in CVS Medical Sdn Bhd for a total purchase consideration of RM13,455,930, to be satisfied via the issuance of 89,706,200 new shares at an issue price of RM0.15 per share; and
- (c) Acquisition of the entire equity interest in GoCloud Solutions Sdn Bhd for a total purchase consideration of RM1,031,310, to be satisfied via the issuance of 6,875,400 new shares at an issue price of RM0.15 per share.

The acquisitions of the above companies were completed on [.] 2025.

13. ACCOUNTANTS' REPORT (CONT'D)**LAC MED BERHAD****STATEMENT BY DIRECTORS**

We, Liew Yoon Poh and Liew Yoon Kit, being two of the directors of LAC Med Berhad, state that, in the opinion of the directors, the combined financial statements set out on pages 4 to 81 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and Prospectus Guidelines issued by the Securities Commission Malaysia so as to give a true and fair view of the combined financial position of the Group as at 31 December 2022, 31 December 2023 and 31 December 2024 and of its combined financial performance and cash flows for the financial years ended 31 December 2022, 31 December 2023 and 31 December 2024.

Signed in accordance with a resolution of the directors dated **26 MAY 2025**

Liew Yoon Poh

Liew Yoon Kit

14. ADDITIONAL INFORMATION

14.1 EXTRACTS OF OUR CONSTITUTION

The following provisions are extracted from our Constitution and are qualified in its entirety by the remainder provisions of our Constitution and by applicable law.

The words, terms and expressions appearing in the following provisions shall bear the same meanings used in our Constitution unless they are otherwise defined herein or the context otherwise requires.

(i) Transfer of securities

Clause 14 – Transfer of securities

“The transfer of any Deposited Security or class of Deposited Security of the Company, shall be by way of book entry by the Depository in accordance with the Rules and, notwithstanding Sections 105, 106 or 110 of the Act, but subject to Section 148(2) of the Act and any exemption that may be made from compliance with Section 148(1) of the Act, the Company shall be precluded from registering and effecting any transfer of the Deposited Securities.”

(ii) Remuneration of Directors

Clause 84 – Appointment of Managing and Executive Directors

“A Managing Director or an Executive Director shall, subject to the terms of any agreement entered into in any particular case, receive such remuneration (whether by way of salary, bonus, commission, or participation in profits, or partly in one way and partly in another and other benefits) as the Board of Directors may determine.”

Clause 93 – Remuneration of Directors

- “(1) The Company may from time to time by an ordinary resolution passed at a General Meeting, approve the remuneration of the Directors, who hold non-executive office with the Company, for their services as non-executive Directors.
- (2) Subject to Clause 84, the fees of the Directors and any allowance and benefits payable to the Directors shall be subject to annual shareholders’ approval at a General Meeting.
- (3) If the fee, allowance and benefit of each such non-executive Director is not specifically fixed by the Members, then the quantum of fees, allowance and benefit to be paid to each non-executive Director within the overall limits fixed by the Members, shall be decided by resolution of the Board. In default of any decision being made in this respect by the Board, the fees, allowance and benefit payable to the non-executive Directors shall be divided equally amongst themselves and such a Director holding office for only part of a year shall be entitled to a proportionate part of a full year’s fees, allowance and benefit. The non-executive Directors shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover.
- (5) Executive Directors of the Company shall be remunerated in the manner referred to in Clause 84 but such remuneration shall not include a commission on or percentage of turnover.”

14. ADDITIONAL INFORMATION (CONT'D)**(iii) Power of Directors****Clause 95 – Power of Directors**

“Without limiting the generality of Clause 94(1) and (2), the Directors may, subject to the Act and the Listing Requirements, exercise all the powers of the Company to do all or any of the following for any debt, liability, or obligation of the Company or of any third party:

- (1) borrow money;
- (2) mortgage or charge its undertaking, property, and uncalled capital, or any part of the undertaking, property and uncalled capital;
- (3) issue debentures and other Securities whether outright or as security; and/or
- (4)
 - (a) lend and advance money or give credit to any person or company;
 - (b) guarantee and give guarantees or indemnities for the payment of money or the performance of contracts or obligations by any person or company;
 - (c) secure or undertake in any way the repayment of moneys lent or advanced to or the liabilities incurred by any person or company;

and otherwise to assist any person or company.”

(iv) Delegation of powers**Clause 99(1) – Delegation of powers**

“Subject to the applicable laws and/or the Listing Requirements: the Directors may delegate any of their powers to a committee or committees consisting of such their number as they think fit;”

(v) Voting at Board meetings**Clause 118 – Voting at Board meetings**

- “(1) Subject to this Constitution, questions arising at a Board Meeting shall be decided by a majority of votes of Directors present and voting and any such decision shall for all purposes be deemed a decision of the Directors.
- (2) Each Director is entitled to cast one (1) vote on each matter for determination.”

(vi) Casting vote**Clause 119 – Casting vote**

“In the case of an equality of votes, the chairperson of the Board Meeting is entitled to a second or casting vote, except where two (2) Directors form a quorum and only such a quorum is present at the meeting, or at which only two (2) Directors are competent to vote on the question at issue at which the chairperson of a meeting shall not have a casting vote.”

14. ADDITIONAL INFORMATION (CONT'D)**(vii) Alteration of capital****Clause 46 – Alteration of capital**

- “(1) The Company may from time to time by ordinary resolution and subject to other applicable laws or requirements:
- (a) consolidate and divide all or any of its share capital, the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided share is derived; or
 - (b) subdivide its shares or any of them into shares, whichever is in the subdivision; the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided share is derived.”

(viii) Classes of shares**Clause 7 – Classes of shares**

- “(3) Subject to the Act and any applicable laws and any other requirements of Bursa Securities and the SC, any preference shares may with the sanction of an ordinary resolution be issued on the terms that they are liable, or at the option of the Company are liable to be redeemed and the Company shall not issue preference shares ranking in priority over preference shares already issued but may issue preference shares ranking equally therewith.”

(ix) Variation of rights**Clause 8 – Variation of rights**

- “(1) Subject to Section 91 of the Act, if at any time the share capital is divided into different classes of shares, the rights attached to each class of shares (unless otherwise provided by the terms of issue of the shares of that class) may only, whether or not the Company is being wound up, be varied:
- (a) with the consent in writing of the holders holding not less than seventy-five percent (75%) of the total voting rights of the holders of that class of shares; or
 - (b) by a special resolution passed by a separate meeting of the holders of that class of shares sanctioning the variation.
- (3) The rights attached to an existing class of preference shares shall be deemed to be varied by the issue of new preference shares that rank equally with the existing class of preference shares unless such issuance was authorised by:
- (a) the terms of the issue of the existing preference shares; or
 - (b) this Constitution of the Company as in force at the time when the existing preference shares were issued.”

14. ADDITIONAL INFORMATION (CONT'D)**14.2 LIMITATION ON THE RIGHTS TO OWN SECURITIES**

Subject to Clauses 55 and 63 which have been reproduced from our Constitution, 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 voting rights on our Shares:

Clause 55(3) - Subject to the Securities Industry (Central Depositories) (Foreign Ownership) Regulations 1996 (where applicable), a Depositor shall not be regarded as a Member entitled to attend any General Meeting and to speak and vote thereat unless his name appears in the General Meeting Record of Depositors.

Clause 63 - Subject to any rights or restrictions for the time being attached to any class or classes of shares:

- (1) at meetings or class meetings of Members, each Member entitled to vote may vote in person or by a proxy or by Representative of Member;
- (2) on a resolution to be decided on a show of hands, each Member who is present in person or by proxy or Representative of Member has one (1) vote;
- (3) on a vote by way of poll, every Member who is present in person or by proxy or by Representative of Member shall have one (1) vote for each share or stock the Member holds; and
- (4) in the case of Joint Holders, the joint holders shall be considered as one (1) Member.

14.3 DEPOSITED SECURITIES AND RIGHTS OF DEPOSITORS

As our Shares are proposed for quotation on the Official List, such Shares must be prescribed as shares required to be deposited with Bursa Depository. Upon such prescription, a holder of our Shares must deposit his/her Shares with Bursa Depository on or before the date is fixed, failing which our Share Registrar will be required to transfer his Shares to the Minister of Finance and such Shares may not be traded on Bursa Securities.

Dealing in our Shares deposited with Bursa Depository may only be effected by a depositor by means of entries in the securities account of that depositor.

A depositor whose name appears in the Record of Depositors maintained by Bursa Depository in respect of our Shares shall be deemed to be our shareholder and shall be entitled to all rights, benefits, powers and privileges and be subject to all liabilities, duties and obligations in respect of, or arising from, such Shares.

14.4 SHARE CAPITAL

- (i) Save as disclosed in this Prospectus, no securities will be allotted or issued on the basis of this Prospectus later than 6 months after the date of issue of this Prospectus.
- (ii) As at the date of this Prospectus, we have only 1 class of shares, namely ordinary shares, all of which rank equally with one another. There are no special rights attached to our Shares.
- (iii) Save as disclosed in this Prospectus, no shares, stocks, or debentures of our Company have been issued or proposed to be issued as fully or partly paid-up in cash or otherwise, within 2 years immediately preceding the date of this Prospectus.
- (iv) None of the share capital of our Company or our subsidiaries is under option or agreed conditionally or unconditionally to be put under option as at the date of this Prospectus.

14. ADDITIONAL INFORMATION (CONT'D)

- (v) Save for the Issue Shares reserved for subscription by the Eligible Persons as disclosed in Section 4.1.1(ii) of this Prospectus and subject to our Listing as disclosed in Section 4 of this Prospectus, there is currently no other scheme involving our Directors and employees in the share capital of our Company or our subsidiaries.
- (vi) As at the date of this Prospectus, neither our Company nor our subsidiaries have any outstanding warrants, options, convertible securities or uncalled capital.
- (vii) Save as disclosed in this Prospectus, and save as provided for under our Constitution and the Act, there are no other restrictions upon the holding or voting or transfer of our Shares or the interests in any of our Company or our subsidiaries or upon the declaration or payment of any dividend or distribution thereon.

14.5 PUBLIC TAKE-OVERS

None of the following has occurred during the last financial year up to the LPD:

- (i) public take-over offers by third parties in respect of our Shares; and
- (ii) public take-over offers by us in respect of other company's shares.

14.6 REPATRIATION OF CAPITAL, REMITTANCE OF PROFIT AND TAXATION**14.6.1 Malaysia**

All corporations in Malaysia are required to adopt a single-tier dividend. All dividends distributed by Malaysian resident companies under a single-tier dividend are not taxable. Further, the Government does not levy withholding tax on dividends payment. Therefore, there is no withholding tax imposed on dividends paid to non-residents by Malaysian companies. There is no Malaysian capital gains tax arising from the disposal of listed shares.

14.6.2 Indonesia**(a) Investments repatriation**

Indonesian investment law as regulated under Law No. 25 of 2007 regarding Investment as lastly amended by Law No. 6 of 2023 regarding Stipulation of Government Regulation in Lieu of Law No. 2 of 2022 regarding Job Creation to Become Law ("**Capital Investment Law**") only permits foreign direct investment in Indonesia by establishing an Indonesian limited liability company. Under the Capital Investment Law, an investor may repatriate investments from PT Fairmed in the form of:

- (i) capital;
- (ii) profits, bank interest, dividends, and other income;
- (iii) funds required to:
 - (a) purchasing raw and auxiliary materials, half-finished goods or finished goods; or
 - (b) replacing capital goods to protect the viability of the investment;
- (iv) additional funds required for investment financing;
- (v) royalties or fees payable;

14. ADDITIONAL INFORMATION (CONT'D)

- (vi) income of individual foreign citizens working in the investment company;
- (vii) proceeds from the sales or liquidation of an investment;
- (viii) compensation for losses;
- (ix) compensation for acquisitions;
- (x) payments made in connection with technical assistance, fees payable for technical and management services, payments made under the project contract, and payment of intellectual property rights; and
- (xi) proceeds of sales of assets.

Further, the laws of Indonesia specifically provide that these repatriation rights do not prejudice the government's rights to require reports on the implementation of repatriation activities and compliance with related taxation/royalties regulations. In addition, the repatriation rights do not prejudice the implementation of any law that gives protection to creditors' rights or laws to avoid losses to the government.

(b) Dividend distribution

The applicable tax for the dividend distribution of PT Fairmed is subject to the prevailing Double Tax Agreement between Indonesia and Malaysia. Such dividends paid by PT Fairmed to LAC may be taxed in Indonesia at a rate not exceeding 15.0% of the gross amount of the dividends.

(c) Withholding tax

Dividend payments will be subject to a withholding tax according to the prevailing Double Tax Agreement between Indonesia and Malaysia. PT Fairmed has the obligation to withhold the tax of dividends distribution and pay to the tax authority.

Save as disclosed above, we do not have any other foreign subsidiary or associated company which requires repatriation of capital and remittance of profits by or to our Group.

14.7 MATERIAL CONTRACTS

Save as disclosed below, our Group has not entered into any other material contract, which is not in the ordinary course of our business, during the Financial Years Under Review up to the date of this Prospectus:

- (i) share sale agreement dated 9 April 2025 entered into between LAC with Giam Teck Eng, Liew Yoon Kit, Liew Yoon Poh and Chan Yue Mun for the purchase of the entire equity interest in LAC Medical for a total purchase consideration of RM34,383,117, to be satisfied via the issuance of 229,220,780 new Shares at an issue price of RM0.15 per Share;
- (ii) share sale agreement dated 9 April 2025 entered into between LAC with Giam Teck Eng, Liew Yoon Kit, Liew Yoon Poh and Chan Yue Mun for the purchase of the entire equity interest in CVS Medical for a total purchase consideration of RM13,455,930, to be satisfied via the issuance of 89,706,200 new Shares at an issue price of RM0.15 per Share;
- (iii) share sale agreement dated 9 April 2025 entered into between LAC with Hong Chong Chet and Noor Izwan Fazly Bin Nor Azman for the purchase of the entire equity interest in GoCloud for a total purchase consideration of RM1,031,310, to be satisfied via the issuance of 6,875,400 new Shares at an issue price of RM0.15 per Share; and
- (iv) Underwriting Agreement. Further details of the Underwriting Agreement are set out in Section 4.6 of this Prospectus.

14. ADDITIONAL INFORMATION (CONT'D)**14.8 MATERIAL LITIGATION**

As at the LPD, our Group is not engaged in any material litigation, claim or arbitration, either as plaintiff or defendant, and our Directors confirm that there are no proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially and adversely affect our financial or business position.

14.9 CONSENTS

The written consents of our Principal Adviser, Sole Underwriter, Sole Placement Agent, Solicitors, Issuing House, Share Registrar and Company Secretaries as set out in the Corporate Directory of this Prospectus for the inclusion in this Prospectus of their names and all references thereto in the form and context in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn.

The written consent of our Auditors and Reporting Accountants for the inclusion of their name, Accountants' Report and Reporting Accountants' Report on the Compilation of Pro Forma Combined Statements of Financial Position, and all references thereto 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.

The written consent of our Independent Business and Market Research Consultants for the inclusion of its name, the IMR Report and all references thereto 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.

14.10 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at our registered office at Office Suite No. 603 Block C, Pusat Dagangan Phileo Damansara 1, No. 9, Jalan 16/11, Off Jalan Damansara, 46350 Petaling Jaya, Selangor during normal business hours for a period of at least 6 months from the date of issue of the Prospectus:

- (i) our Constitution;
- (ii) the audited financial statements of LAC Medical, CVS Medical and GoCloud for the Financial Years Under Review;
- (iii) the IMR Report as set out in Section 8 of this Prospectus;
- (iv) the Reporting Accountants' Report on the Compilation of Pro Forma Combined Statements of Financial Position as set out in Section 12.8 of this Prospectus;
- (v) Accountants' Report as set out in Section 13 of this Prospectus;
- (vi) our material contracts referred to in Section 14.7 of this Prospectus; and
- (vii) the letters of consent given by parties as disclosed in Section 14.9 of this Prospectus.

14. ADDITIONAL INFORMATION (CONT'D)

14.11 RESPONSIBILITY STATEMENTS

Our Directors, Promoter and Offerors have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm that there is no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.

RHB Investment Bank, being our Principal Adviser, Sole Underwriter and Sole Placement Agent in relation to our IPO, 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 our IPO.

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15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE

THIS SUMMARY OF PROCEDURES FOR APPLICATION AND ACCEPTANCE DOES NOT CONTAIN THE DETAILED PROCEDURES AND FULL TERMS AND CONDITIONS AND YOU CANNOT RELY ON THIS SUMMARY FOR PURPOSES OF ANY APPLICATION FOR OUR ISSUE SHARES. YOU MUST REFER TO THE DETAILED PROCEDURES AND TERMS AND CONDITIONS AS SET OUT IN THE “DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE” ACCOMPANYING THE ELECTRONIC COPY OF OUR PROSPECTUS ON THE WEBSITE OF BURSA SECURITIES. YOU SHOULD ALSO CONTACT OUR ISSUING HOUSE FOR FURTHER ENQUIRIES.

Unless otherwise defined, all words and expressions used here shall carry the same meaning as ascribed to them in our Prospectus.

Unless the context otherwise requires, words used in the singular include the plural, and vice versa.

15.1 OPENING AND CLOSING OF APPLICATIONS

OPENING OF THE APPLICATION PERIOD: 10.00 A.M., [●] 2025

CLOSING OF THE APPLICATION PERIOD: 5.00 P.M., [●] 2025

Applications for the Issue Shares will open and close at the times and dates stated above.

In the event there is any change to the timetable, we will make an announcement on Bursa Securities' website and advertise the notice of the change in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia.

LATE APPLICATIONS WILL NOT BE ACCEPTED.

15.2 METHODS OF APPLICATION

15.2.1 Retail Offering

Application must accord with our Prospectus and our Constitution. The submission of an Application Form does not mean that the Application will succeed.

Types of Application	Application method
Applications by Malaysian Public:	
(i) Individuals	WHITE Application Form, Electronic Share Application or Internet Share Application
(ii) Non-Individuals	WHITE Application Form only
Applications by Eligible Persons	PINK Application Form only

15.2.2 Institutional Offering

Types of Application	Application method
Applications by selected investors	The Sole Placement Agent will contact the selected investors directly. They should follow the Sole Placement Agent's instructions.
Applications by Bumiputera investors approved by MITI	MITI will contact the Bumiputera investors directly. They should follow MITI's instructions.

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)

Selected investors and Bumiputera investors approved by MITI may still apply for our Issue Shares offered to the Malaysian Public using the White Application Form, Electronic Share Application or Internet Share Application.

15.3 ELIGIBILITY**15.3.1 General**

You must have a CDS account and a correspondence address in Malaysia. If you do not have a CDS account, you may open a CDS account by contacting any of the ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the electronic copy of our Prospectus on the website of Bursa Securities. The CDS account must be in your own name. **Invalid, nominee or third party CDS accounts will not be accepted** for the Applications.

Only **ONE** Application Form for each category from each applicant will be considered and **APPLICATIONS MUST BE FOR AT LEAST 100 ISSUE SHARES OR MULTIPLES OF 100 ISSUE SHARES.**

MULTIPLE APPLICATIONS WILL NOT BE ACCEPTED UNLESS EXPRESSLY ALLOWED IN THESE TERMS AND CONDITIONS. AN APPLICANT WHO SUBMITS 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 10 YEARS UNDER SECTION 182 OF THE CMSA.

AN APPLICANT IS NOT ALLOWED TO SUBMIT MULTIPLE APPLICATIONS IN THE SAME CATEGORY OF APPLICATION.

15.3.2 Application by the Malaysian Public

You can only apply for our Issue Shares if you fulfil all of the following:

- (a) You must be one of the following:
 - (i) a Malaysian citizen who is at least 18 years old as at the date of the application for our Issue Shares; or
 - (ii) a corporation / institution incorporated in Malaysia with a majority of Malaysian citizens on your board of directors / trustees and if you have a share capital, more than half of the issued share capital, excluding preference share capital, is held by Malaysian citizens; or
 - (iii) a superannuation, co-operative, foundation, provident, pension fund established or operating in Malaysia.
- (b) You must not be a director or employee of the Issuing House or an immediate family member of a director or employee of the Issuing House; and
- (c) You must submit Applications by using only one of the following methods:
 - (i) White Application Form; or
 - (ii) Electronic Share Application; or
 - (iii) Internet Share Application.

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)

15.3.3 Application by Eligible Persons

The Eligible Persons will be provided with Pink Application Forms and letters from us detailing their respective allocation as well as detailed procedures on how to subscribe to the allocated Issue Shares. The Eligible Persons must follow the notes and instructions in the said documents and where relevant, in this Prospectus.

The Eligible Persons may request for a copy of the printed Prospectus from our Company at no cost and are given an option to have the printed Prospectus delivered to them free of charge, or to obtain the printed Prospectus from our Company, the Issuing House, the Principal Adviser, Participating Organisations of Bursa Securities and Members of the Association of Banks in Malaysia or Malaysia Investment Banking Association.

15.4 APPLICATION BY WAY OF APPLICATION FORM

The Application Form must be completed in accordance with the notes and instructions contained in the respective category of the Application Form. Applications made on the incorrect type of Application Form or which do not conform **STRICTLY** to the terms of our Prospectus or the respective category of Application Form or notes and instructions or which are illegible will not be accepted.

The FULL amount payable is RM[•] for each Issue Share.

Payment must be made out in favour of “**ACM SHARE ISSUE ACCOUNT NO. [•]**” and crossed “**A/C PAYEE ONLY**” and endorsed on the reverse side with your name and address.

Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents may be submitted using one of the following methods:

- (a) despatch by **ORDINARY POST** in the official envelopes provided, to the following address:

AscendServ Capital Markets Services Sdn Bhd
(Registration No: 202401031272 (1577121-P))
Office Suite No. 603 Block C
Pusat Dagangan Phileo Damansara 1
No. 9, Jalan 16/11, Off Jalan Damansara
46350 Petaling Jaya, Selangor

- (b) **DELIVER BY HAND AND DEPOSIT** in the drop-in box provided in front of AscendServ Capital Markets Services Sdn Bhd's office, Office Suite No. 603 Block C, Pusat Perdagangan Phileo 1, No. 9, Jalan 16/11, Off Jalan Damansara, 46350 Petaling Jaya, Selangor,

so as to arrive not later than 5.00 p.m. on [•] 2025 or by such other time and date specified in any change to the date or time for closing.

We, together with the Issuing House, will not issue any acknowledgement of the receipt of your Application Forms or Application monies. Please direct all enquiries in respect of the White Application Form to the Issuing House.

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)

15.5 APPLICATION BY WAY OF ELECTRONIC SHARE APPLICATION

Only Malaysian individuals may apply for our Issue Shares offered to the Malaysian Public by way of Electronic Share Application.

Electronic Share Applications may be made through the ATM of the following Participating Financial Institutions and their branches. A processing fee will be charged by the respective Participating Financial Institutions (unless waived) for each Electronic Share Application.

The exact procedures, terms and conditions for Electronic Share Application are set out on the ATM screens of the relevant Participating Financial Institutions.

15.6 APPLICATION BY WAY OF INTERNET SHARE APPLICATION

Only Malaysian individuals may use the Internet Share Application to apply for our Issue Shares offered to the Malaysian Public.

Internet Share Applications may be made through an internet financial services website of the Internet Participating Financial Institutions or Participating Securities Firms. A processing fee will be charged by the respective Internet Participating Financial Institutions or Participating Securities Firms (unless waived) for each Internet Share Application.

The exact procedures, terms and conditions for Internet Share Application are set out on the internet financial services website of the respective Internet Participating Financial Institutions or Participating Securities Firm.

15.7 AUTHORITY OF OUR BOARD AND THE ISSUING HOUSE

The Issuing House, on the authority of our Board, reserves the right to:

- (a) reject Applications which:
 - (i) do not conform to the instructions of our Prospectus, Application Forms, Electronic Share Application and Internet Share Application (where applicable); or
 - (ii) are illegible, incomplete or inaccurate; or
 - (iii) are accompanied by an improperly drawn up or improper form of remittance; or
- (b) reject or accept any Application, in whole or in part, on a non-discriminatory basis without the need to give any reason; and
- (c) bank in all Application monies (including those from unsuccessful / partially successful applicants) which would subsequently be refunded, where applicable (without interest), in accordance with Section 15.9 of this Prospectus.

If you are successful in your Application, our Board reserves the right to require you to appear in person at the registered office of the Issuing House at any time within 14 days of the date of the notice issued to you to ascertain that your Application is genuine and valid. Our Board shall not be responsible for any loss or non-receipt of the said notice nor will it be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)**15.8 OVER / UNDERSUBSCRIPTION**

In the event of oversubscription, our Issuing House will conduct a ballot in the manner approved by our Directors to determine the acceptance of Applications in a fair and equitable manner. In determining the manner of balloting, our Directors will consider the desirability of allotting and allocating our Issue Shares to a reasonable number of applicants for the purpose of broadening the shareholding base of our Company and establishing a liquid and adequate market for our Shares.

The basis of allocation of shares and the balloting results in connection therewith will be furnished by our Issuing House to Bursa Securities, all major Bahasa Malaysia and English newspapers as well as posted on our Issuing House's website at <https://www.ascendserv.com> within 1 Market Day after the balloting event.

Pursuant to the Listing Requirements, we are required to have a minimum of 25% of our Company's issued share capital to be held by at least 1,000 public shareholders holding not less than 100 Shares each upon Listing and completion of our IPO. We expect to achieve this at the point of Listing. In the event the above requirement is not met, we may not be allowed to proceed with our Listing. In the event thereof, monies paid in respect of all Applications will be returned in full (without interest).

In the event of an undersubscription of our Issue Shares by the Malaysian Public and/or eligible Directors and employees of our Group, subject to the underwriting arrangements and reallocation as set out in Section 4.1.4 of this Prospectus, any of the abovementioned Issue Shares not applied for will then be subscribed by the Sole Underwriter based on the terms of the Underwriting Agreement.

15.9 UNSUCCESSFUL / PARTIALLY SUCCESSFUL APPLICANTS

If you are unsuccessful / partially successful in your Application, your Application monies (without interest) will be refunded to you in the following manner.

15.9.1 For applications by way of Application Forms

- (a) The Application monies or the balance of it, as the case may be, will be returned to you through the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful applications) or by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend / distribution) or if you have not provided such bank account information to Bursa Depository, the balance of Application monies will be refunded via banker's draft sent by ordinary / registered post to your last address maintained with Bursa Depository (for partially successful applications) within 10 Market Days from the date of the final ballot at your own risk.
- (b) If your Application is rejected because you did not provide a CDS Account number, your Application monies will be refunded via banker's draft sent by ordinary / registered post to your address as stated in the NRIC or any official valid temporary identity document issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) at your own risk.
- (c) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected or unsuccessful or only partly successful will be refunded (without interest) by the Issuing House as per items (a) and (b) above (as the case may be).

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)

- (d) The Issuing House reserves the right to bank into its bank account all Application monies from unsuccessful applicants. These monies will be refunded (without interest) within 10 Market Days from the date of the final ballot by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend / distribution) or by issuance of banker's draft sent by ordinary/registered post to your last address maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository or as per item (b) above (as the case may be).

15.9.2 For applications by way of Electronic Share Application and Internet Share Application

- (a) The Issuing House shall inform the Participating Financial Institutions or Internet Participating Financial Institutions or Participating Securities Firms of the unsuccessful or partially successful Applications within 2 Market Days after the balloting date. The full amount of the Application monies or the balance of it will be credited without interest into your account with the Participating Financial Institution or Internet Participating Financial Institution or Participating Securities Firms (or arranged with the Authorised Financial Institutions) within 2 Market Days after the receipt of confirmation from the Issuing House.
- (b) You may check your account on the 5th Market Day from the balloting date.
- (c) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected will be refunded (without interest) by the Issuing House by crediting into your account with the Participating Financial Institution or Internet Participating Financial Institutions or Participating Securities Firms (or arranged with the Authorised Financial Institutions) not later than 10 Market Days from the date of the final ballot. For Applications that are held in reserve and which are subsequently unsuccessful or partially successful, the relevant Participating Financial Institution will be informed of the unsuccessful or partially successful Applications within 2 Market Days after the final balloting date. The Participating Financial Institution will credit the Application monies or any part thereof (without interest) within 2 Market Days after the receipt of confirmation from the Issuing House.

15.10 SUCCESSFUL APPLICANTS

If you are successful in your application:

- (a) Our Issue Shares allotted to you will be credited into your CDS Account.
- (b) A notice of allotment will be despatched to you at your last address maintained with the Bursa Depository, at your own risk, before our Listing. This is your only acknowledgement of acceptance of your Application.
- (c) In accordance with Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as Prescribed Securities. As such, our Issue Shares issued / offered through our Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the SICDA and Depository Rules.
- (d) In accordance with Section 29 of the SICDA, all dealings in our Shares will be by book entries through CDS Accounts. No physical share certificates will be issued to you and you shall not be entitled to withdraw any deposited securities held jointly with Bursa Depository or its nominee as long as our Shares are listed on Bursa Securities.

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)**15.11 ENQUIRIES**

Enquiries in respect of the applications may be directed as follows:

Mode of application	Parties to direct the enquiries
Application Form	Issuing House Enquiry Services at 03-7890 0238
Electronic Share Application	Participating Financial Institution
Internet Share Application	Internet Participating Financial Institution or Participating Securities Firms and Authorised Financial Institution

The results of the allocation of Issue Shares derived from successful balloting will be made available to the public at the Issuing House website at <https://www.ascendserv.com>, **1 Market Day** after the balloting date.

You may also check the status of your Application at the above website, **5 Market Days** after the balloting date or by calling your respective ADA during office hours at the telephone number as stated in the list of ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the Electronic Prospectus on the website of Bursa Securities.