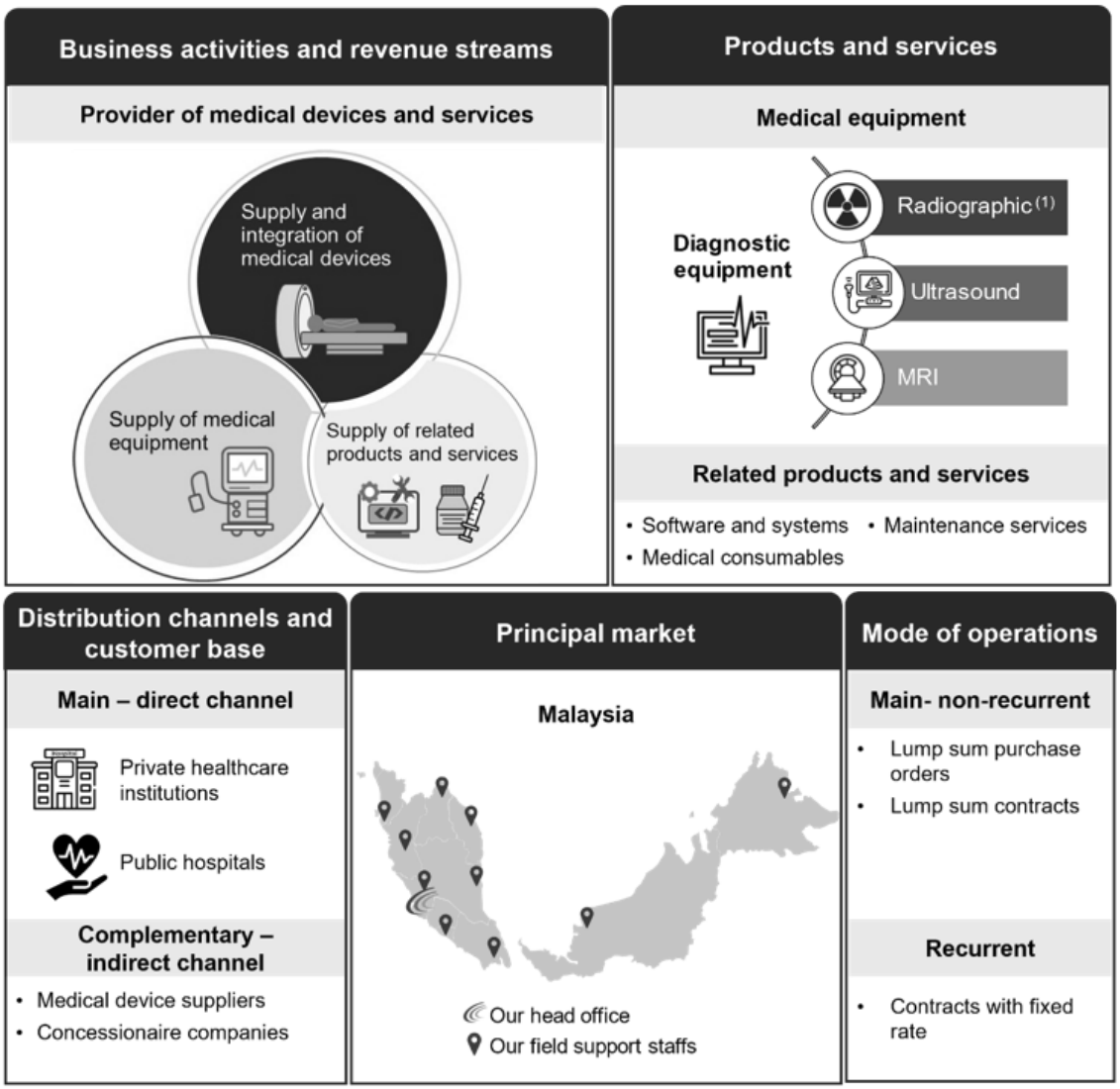
7. BUSINESS OVERVIEW

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:

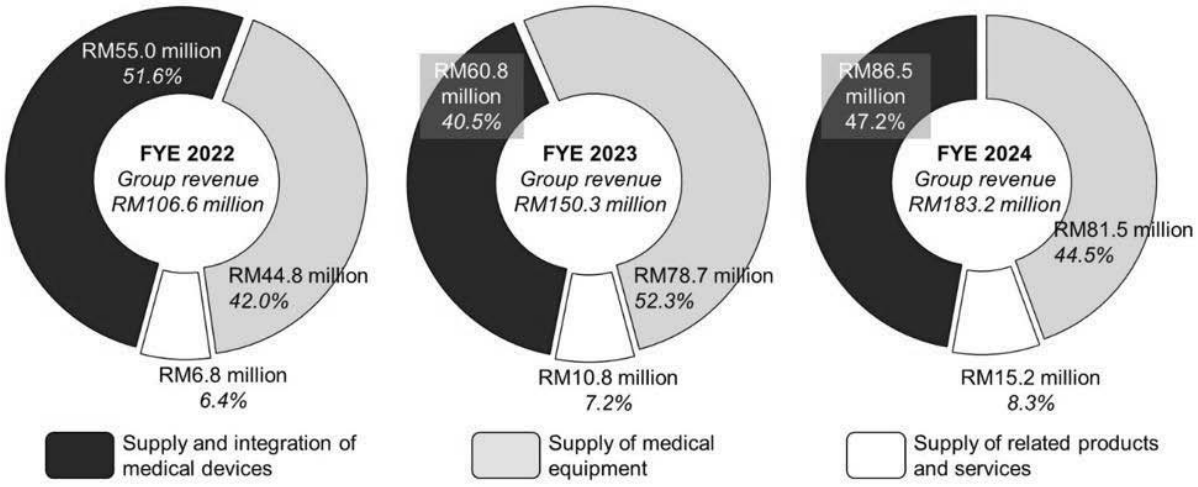
(1) As at the LPD, the renewal of the distributorship with Epson Malaysia Sdn Bhd is in progress.

(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
• *Central region*(1)	*68,273*	*64.0*	*89,401*	*59.5*	*89,256*	*48.7*
• *Northern region*(2)	*22,973*	*21.5*	*30,424*	*20.2*	*46,809*	*25.5*
• *Southern region*(3)	*5,068*	*4.8*	*18,136*	*12.0*	*25,993*	*14.2*
• *East coast*(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
	57,475	53.9	99,049	65.8	125,759	68.6
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
	49,169	46.1	51,298	34.2	57,457	31.4
Total revenue	**106,644**	**100.0**	**150,347**	**100.0**	**183,216**	**100.0**

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 affect 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

(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.

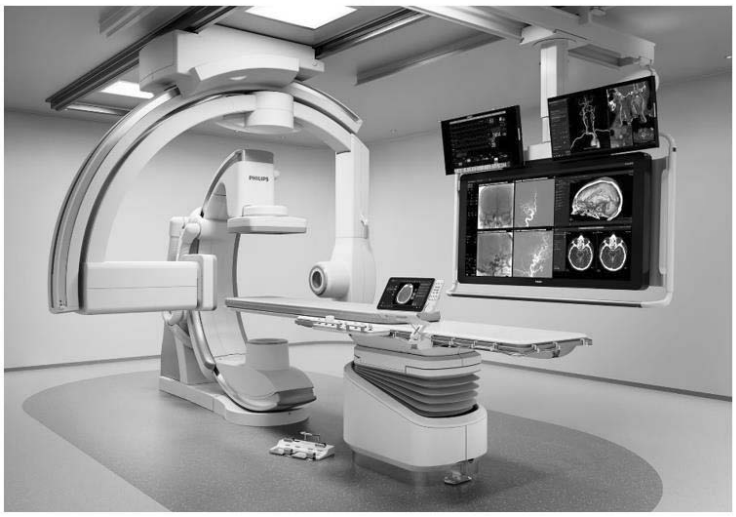
(ii) **Treatment planning and monitoring**: Detailed imaging supports precise treatment planning and ongoing patient monitoring, allowing healthcare professionals to evaluate treatment effectiveness and make necessary adjustments for improved patient care.

(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.

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

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.

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.

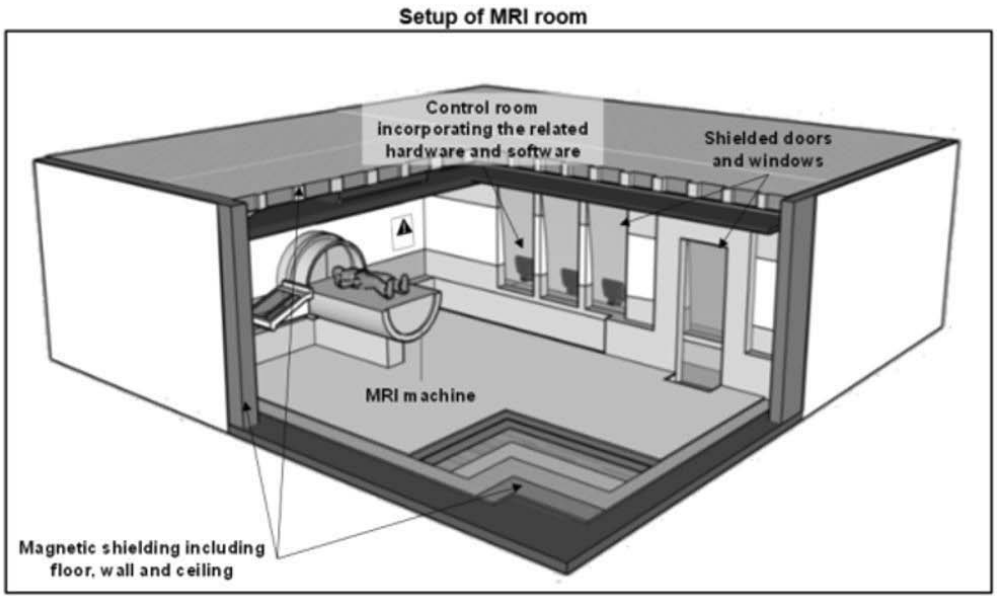
7. BUSINESS OVERVIEW (CONT'D)

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

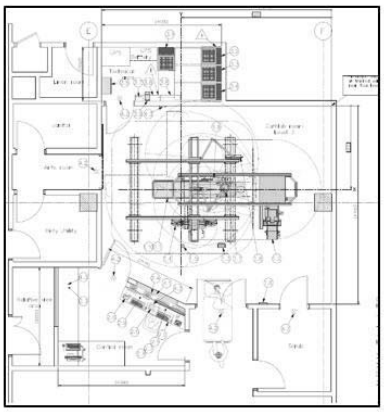
Our first task is to carry out planning and design. Our in-house project engineers perform this process and will cover the following key areas:

(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

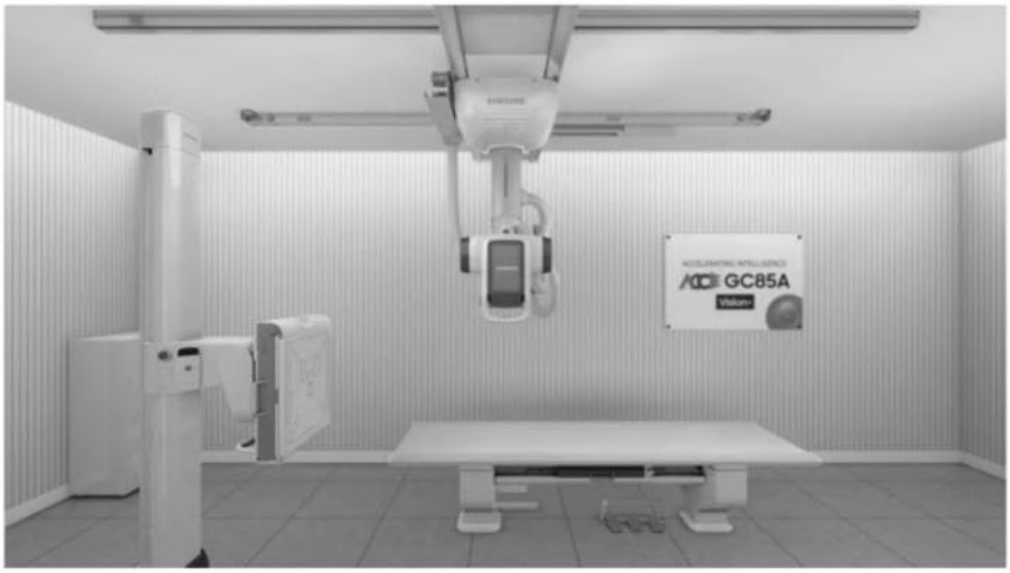
7. BUSINESS OVERVIEW (CONT'D)

(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:

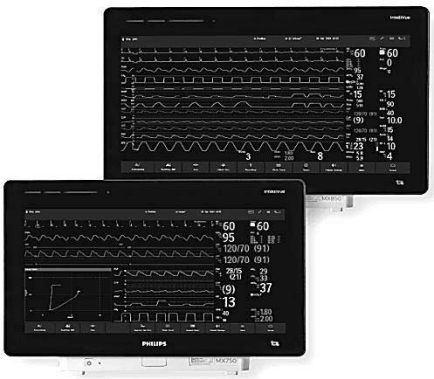
(i) **Ultrasound machines**: These devices use high-frequency sound waves to generate real-time images of the internal body. The sound waves travel through the body, reflecting off tissues, organs, bones and fluids. The returning echoes are then processed to create detailed ultrasound images. This technology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

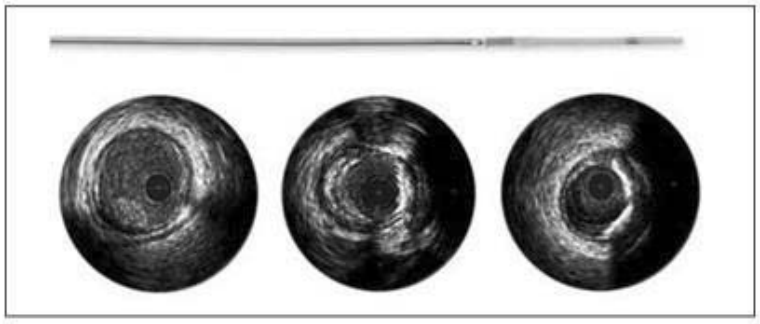
(i) Medical consumables and accessories

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.

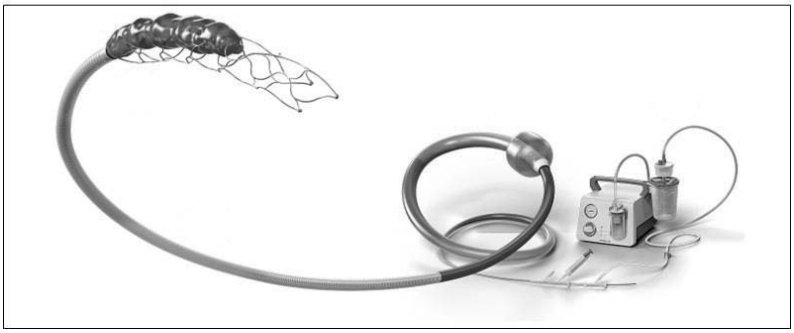
IVUS catheter



(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.

Neurovascular devices



(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

(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;

(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:

	As at 31 December 2024		
Machinery and equipment	**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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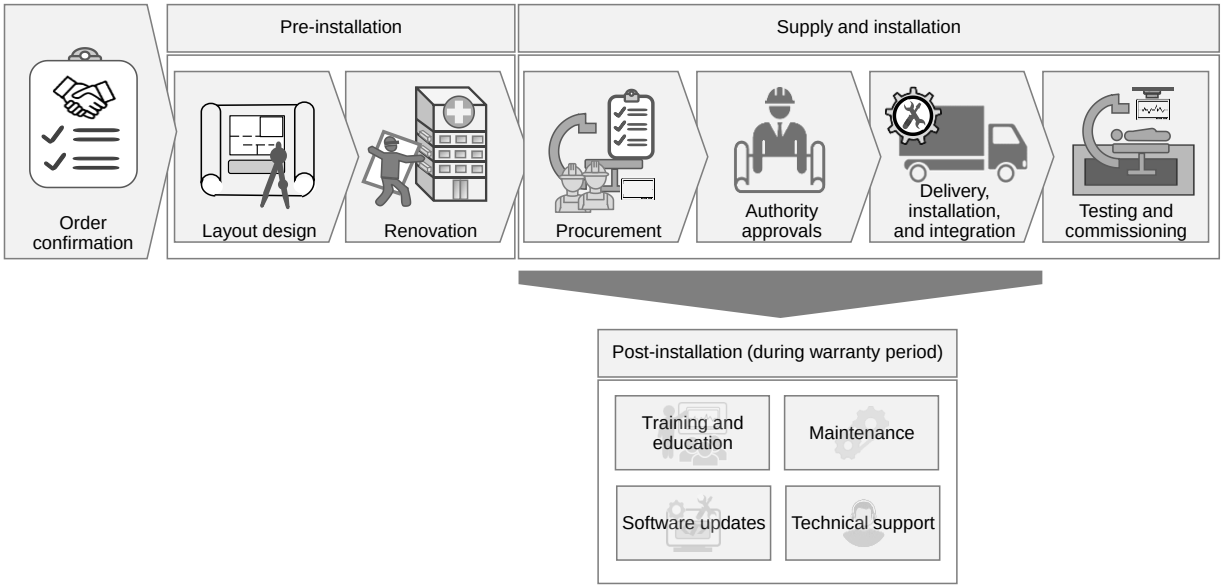
7. BUSINESS OVERVIEW (CONT'D)

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.

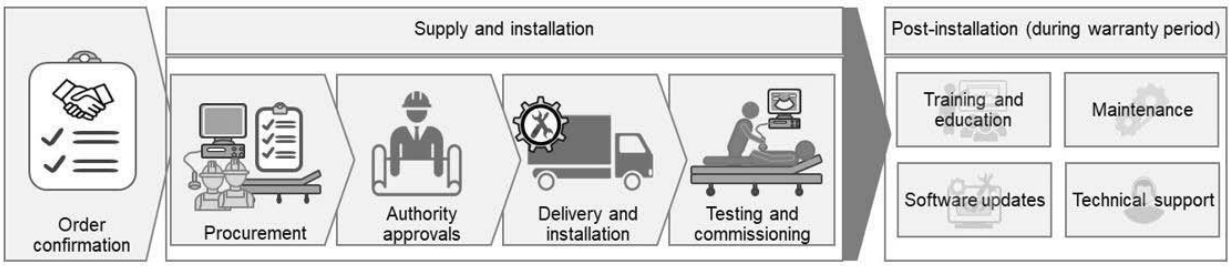
As part of the handover, we will train the medical personnel on the operations, clinical use, maintenance and basic troubleshooting of the medical equipment. We will also provide all relevant documentation, such as operation and maintenance manuals, system specifications, as-built drawings, and other 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
	58,389	79.9	80,799	78.2	111,658	76.7
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
	13,488	18.5	16,880	16.3	27,007	18.5
Subcontracted works	1,145	1.6	5,624	5.5	6,998	4.8
Total purchases	**73,022**	**100.0**	**103,303**	**100.0**	**145,663**	**100.0**

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:

	Number of employees					
	As at 31 December 2024			As at the LPD		
Categories	**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 1st half of 2026
Execution of sale and purchase agreement for the property	By 2nd half of 2026
Vacant possession	By 1st half of 2027
Completion of renovation works	By 2nd half of 2027
Completion of relocation	By 2nd 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
1st half of 2026	• 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
2nd half of 2026	• 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	[●]	1st half of 2026
Investment in digital infrastructure	[●]	1st half of 2026
Hiring of technical support team	[●]	1st half of 2026
Marketing expenses	[●]	2nd 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
1st half of 2026	• Purchase of medical equipment and software • Setting up digital infrastructure including purchase of ICT hardware, software and system
2nd half of 2026	• 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	[●]	1st half of 2026
Investment in digital infrastructure	[●]	1st half of 2026
Maintenance of equipment	[●]	2nd half of 2027
Hiring of technical support team	[●]	2nd 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
3rd quarter of 2025	• Securing regulatory approvals for operations as a medical device distributor • Finalisation of distributorship agreement for ultrasound equipment and commencement of commercial operations
2nd half of 2026	• Establishment of branch office in Sumatra • Establishment of branch office in Surabaya
2nd half of 2027	• 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	(i) Partner Agreement dated 27 March 2025 entered into between LAC Medical and Philips Malaysia; and (ii) Partner Agreement dated 27 March 2025 entered into between CVS Medical and Philips Malaysia
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	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. 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.
Delivery condition	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. 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.

7. BUSINESS OVERVIEW (CONT'D)

Details	Salient terms
Warranty	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. 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.
Termination	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. 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.
Consequences of termination or expiry	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. 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. 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.

(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	The Distributor Agreement shall commence on 15 January 2025 and shall remain in full force and effect (unless terminated earlier) until 31 December 2025. 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.

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	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. If the Distributor Agreement is renewed or extended, new performance goals need to be agreed and amended accordingly.
Warranty period	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. 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.
Termination	The Distributor Agreement may be terminated by either party immediately upon written notice, if the other party: (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)	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: (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	(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.	LACMED LACMED	TM2025010633 / Malaysia	35(1)	LAC	Under substantive examination(6) / 8 April 2025
2.	LAC Medical LAC Medical	TM2025001894 / Malaysia	10(2), 35(3), 37(4) and 42(5)	LAC Medical	Under substantive examination(6) / 20 January 2025
3.	LAC Medical LAC Medical	TM2025001895 / Malaysia	10(2), 35(3), 37(4) and 42(5)	LAC Medical	Under substantive examination(6) / 20 January 2025
4.	CVS MEDICAL CVS MEDICAL	TM2025001896 / Malaysia	10(2) and 35(3)	CVS Medical	Under substantive examination(6) / 20 January 2025
5.	CVS MEDICAL CVS MEDICAL	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: **Grade / Category / Specialisation** G7 / B / B04 G7 / CE / CE21 G7 / ME / E09 E14 M06 M15 Category B : Building CE : Civil Engineering ME : Mechanical and Electrical Engineering	CIDB	0120170712-WP000208	11 August 2022 / 11 August 2022 to 9 August 2025	This certificate is non-transferable.	Noted
						CIDB reserves the right to review the contractor registration grade from time to time.	Noted
						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
		Specialisation B04 : Building construction works - construction works of any building and plant CE21 : Civil engineering construction - construction works, maintenance and repair of any civil engineering construction E09 : Medical equipment mounting systems E14 : Computer network cable M06 : Medical equipment M15 : Miscellaneous mechanical equipment				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
						Contractor must submit any information requested by CIDB from time to time.	Noted
						Contractor must comply with all requirements in the Contractor's Code of Ethics.	Complied
						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	L2540000681777	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.** / **Details** 050101 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.	Noted
						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.	Complied
						The company must submit all information within the prescribed period when requested by the MOF.	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**				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
		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					

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**				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
		060101	Chemicals, Chemical Materials, and Laboratory Equipment / Chemicals / Laboratory Chemicals					
		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 221508 Services / Rental and Management of Hospital and 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
						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.	Noted
						Licensee may apply for renewal of establishment license not later than 90 days prior to expiry of license.	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	L2540000684127	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	L2540000678655	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.	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
						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	L2540000683842	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	1312240070939	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	13122400709390001	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 3900000001	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	**Description** Ground floor of a 3-storey office shoplot **Existing use** 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	**Description** First floor of a 3-storey office shoplot **Existing use** 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	**Description** Second floor of a 3-storey office shoplot **Existing use** 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 shoplot **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 shoplot **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 shoplot **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 shoplot **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)

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
8.	PT Optimus Prima Investama	PT Fairmed	Unit 11.09, Office Tower 3, Ciputra International, Jakarta, Indonesia	**Description** Office unit at an office tower **Existing use** 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

(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 healh 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 MCCG, 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 MCCG 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.