

4. RISK FACTORS (Cont'd)

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

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

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

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

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

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

4.2.5 Forward-looking statements are subject to uncertainties and contingencies

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

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

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

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

4. RISK FACTORS (Cont'd)

4.2.6 Payment of dividends

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

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

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5. INFORMATION ON OUR GROUP

5.1 INFORMATION ON OUR GROUP

5.1.1 Our Overview and History

Overview of our Group

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

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

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

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

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

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

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

5. INFORMATION ON OUR GROUP (Cont'd)

History: Evolution and Growth of our Business

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

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

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

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

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

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

5. INFORMATION ON OUR GROUP (Cont'd)

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

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

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

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

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

5. INFORMATION ON OUR GROUP (Cont'd)

Awards, Certifications and Recognitions

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

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

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

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

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

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

5. INFORMATION ON OUR GROUP (Cont'd)

5.1.2 Our competitive strengths

Our competitive strengths are as follows:-

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

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

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

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

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

5. INFORMATION ON OUR GROUP (Cont'd)

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

(Source: IMR Report)

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

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

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

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

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

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

5. INFORMATION ON OUR GROUP (Cont'd)

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

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

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

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

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

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

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

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

5. INFORMATION ON OUR GROUP (Cont'd)**(iv) We have exported our products to over 30 countries across six (6) continents**

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

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

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

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

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

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

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

5. INFORMATION ON OUR GROUP (Cont'd)

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

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

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

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

(vii) We have an experienced management team

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

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

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

5. INFORMATION ON OUR GROUP (Cont'd)

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

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

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

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

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

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

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

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

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

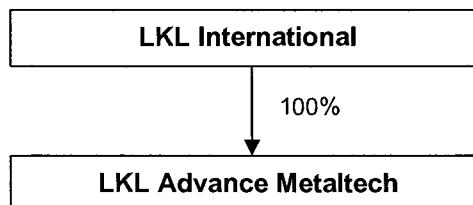
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5. INFORMATION ON OUR GROUP (Cont'd)

5.1.4 Subsidiary

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

Our existing corporate Group structure is as follows:-



Details of our subsidiary are set out below:-

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

Note:-

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

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

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5. INFORMATION ON OUR GROUP (Cont'd)

5.2 INFORMATION ON OUR SUBSIDIARY

5.2.1 LKL Advance Metaltech

(a) Background, history and principal activities

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

(b) Share capital

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

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

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

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

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

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

(c) Substantial shareholder

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

(d) Subsidiary and associate

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

5. INFORMATION ON OUR GROUP (Cont'd)

5.3 LISTING SCHEME

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

(i) Acquisition of LKL Advance Metaltech

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

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

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

(ii) Public Issue

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

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

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

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

5. INFORMATION ON OUR GROUP (Cont'd)

(iii) Listing

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

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5. INFORMATION ON OUR GROUP (Cont'd)

5.4 LOCATION OF OPERATIONS

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

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

Notes:-

* Conversion of original measurement of properties in square meters to sq ft at 1m² = 10.7639ft².

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

5. INFORMATION ON OUR GROUP (Cont'd)

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

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

5. INFORMATION ON OUR GROUP (Cont'd)

5.5 KEY ACHIEVEMENTS/MILESTONES/AWARDS

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

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

5. INFORMATION ON OUR GROUP (Cont'd)

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

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

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

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

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

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

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

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

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

5. INFORMATION ON OUR GROUP (Cont'd)

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

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

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

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

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

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5. INFORMATION ON OUR GROUP (Cont'd)

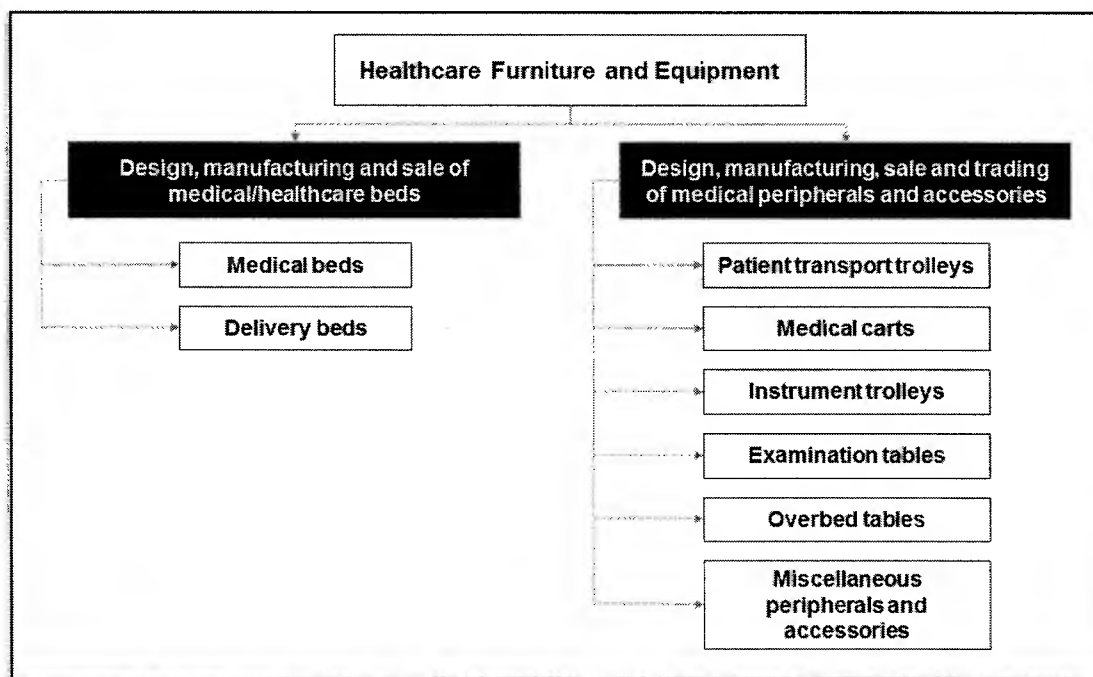
5.7 BUSINESS OVERVIEW

5.7.1 Our principal activities and products/services

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

- (i) Design, manufacturing and sale of medical/healthcare beds which include:-
 - Medical beds; and
 - Delivery beds.

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



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

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

5. INFORMATION ON OUR GROUP (Cont'd)

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

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

Our principal business activities are segmented as follows:-

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

(1) Medical beds

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

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

Our portfolio of medical beds are as follows:-

(i) Standard electric beds

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

(ii) ICU/ CCU electric beds

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

(iii) Hydraulic beds


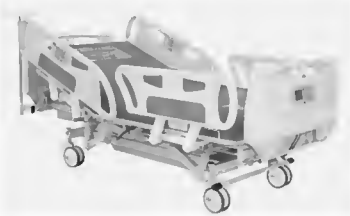

Hydraulic beds are typically used in general wards to house hospitalised patients. A hydraulic bed is fitted with a foot pedal-operated hydraulic jack to enable height adjustments, and a gas spring mechanism to enable back rest and/or knee rest adjustments.

(iv) Manual beds

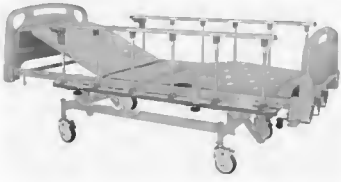
Manual beds are typically used in general wards to house hospitalised patients. These beds are fitted with a manual crank mechanism to enable height, back rest and/or knee rest adjustments.

5. INFORMATION ON OUR GROUP (Cont'd)

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

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

5. INFORMATION ON OUR GROUP (Cont'd)

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




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5. INFORMATION ON OUR GROUP (Cont'd)

(2) Delivery beds

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

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



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

5. INFORMATION ON OUR GROUP (Cont'd)




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

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

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

Product	Description
<p data-bbox="276 573 528 602">Patient transport trolley</p> 	<p data-bbox="774 573 1477 741">Patient transport trolleys are used by healthcare professionals to transport patients within and out of the hospital. These patient transport trolleys are similar in appearance and features to medical beds, such as collapsible side rails, bumpers and IV drip holder. However, patient transport trolleys are narrower to allow for easier mobility.</p> <p data-bbox="774 768 1390 797">Our patient transport trolleys have the following features:-</p> <ul data-bbox="799 797 1374 999" style="list-style-type: none"> • Five (5) castors/wheels • Adjustable height controlled by hydraulic system • Collapsible side rails • PVC bumper guard rails • Push handle • Vertical oxygen tank holder • IV drip holder <p data-bbox="799 1025 1034 1055">Additional features:-</p> <ul data-bbox="799 1055 1477 1424" style="list-style-type: none"> • Patient transfer board (for selected models) • Lateral Patient Transfer Trolley System (for selected models) • Longitudinal Patient Transfer Trolley System (for selected models) • Adjustable height controlled by a foot pedal-operated hydraulic jack • Adjustable back rest and tilting controlled by gas spring • Trendelenburg and reverse Trendelenburg positions, controlled either by a foot pedal-operated hydraulic jack or gas spring mechanism • Full-length or half-length translucent base to allow for X-ray procedures
<p data-bbox="276 1507 472 1536">Examination table</p> 	<p data-bbox="786 1507 1477 1585">Examination tables are flat base medical beds where patients are placed during a medical examination. Examination tables may or may not have a back rest.</p> <p data-bbox="786 1612 1345 1641">Our examination tables have the following features:-</p> <ul data-bbox="799 1641 1445 1760" style="list-style-type: none"> • Knockdown version available • Built-in paper roll holder (for selected models) • Built-in step stool (for selected models) • Back rest with ratchet mechanism (for selected models)

5. INFORMATION ON OUR GROUP (Cont'd)

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

5. INFORMATION ON OUR GROUP (Cont'd)

5.7.2 Our Principal Markets

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

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

5. INFORMATION ON OUR GROUP (Cont'd)

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

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

5. INFORMATION ON OUR GROUP (Cont'd)

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

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

5.7.3 Key types, sources and availability of supplies

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

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

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

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5. INFORMATION ON OUR GROUP (Cont'd)

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

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

Note:-

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

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

5. INFORMATION ON OUR GROUP (Cont'd)

5.7.4 Process flow

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

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

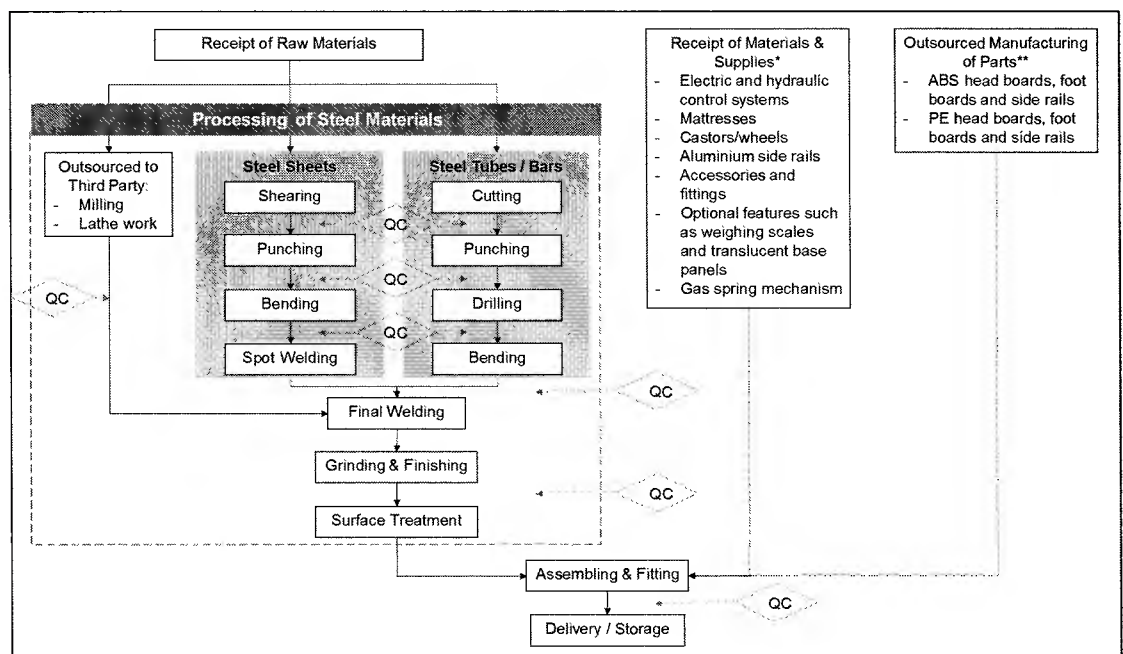
The assembly process involves the assembly of manufactured steel materials with other parts and components to form the finished product. For our medical/healthcare beds and patient transport trolleys, this comprises the following:-

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

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

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

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



Notes:-

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

5. INFORMATION ON OUR GROUP (Cont'd)

(i) Receipt of materials and supplies

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

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

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

After inspection, the steel materials will be processed.

(ii) Processing of steel materials

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

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

Note:-

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

For steel sheets:-

(a) Shearing

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



(b) Punching

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



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

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

**(d) Spot Welding**

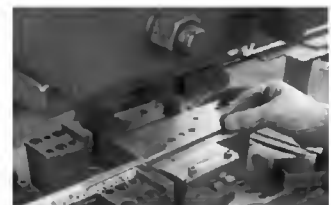
The steel sheets will undergo spot welding using a spot welding machine. Spot welding is typically used to join steel materials together.

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

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

**(b) Punching**

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

**(c) Drilling**

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



5. INFORMATION ON OUR GROUP (Cont'd)

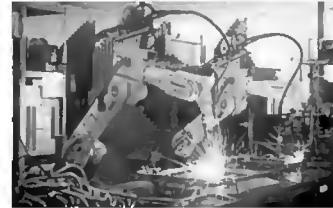
(d) Bending

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



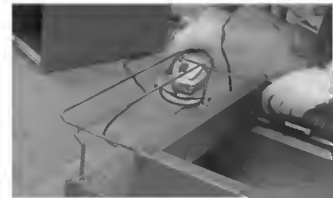
(iii) Final welding

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



(iv) Grinding and finishing

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



(v) Surface treatment

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



(vi) Assembling and fitting

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

(vii) Delivery/storage

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

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

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

5. INFORMATION ON OUR GROUP (Cont'd)

5.7.5 QA and control procedure

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

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

5. INFORMATION ON OUR GROUP (Cont'd)

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

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

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

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

5.7.6 R&D

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

Our R&D strategies are:-

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

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

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

5. INFORMATION ON OUR GROUP (Cont'd)

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

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

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

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

5. INFORMATION ON OUR GROUP (Cont'd)

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

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

Notes:-

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

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5. INFORMATION ON OUR GROUP (Cont'd)

5.7.7 Technology used and to be used

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

(a) Automated robotic welding technology

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

(b) CAD and CAM

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

(c) CNC machinery

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

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

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

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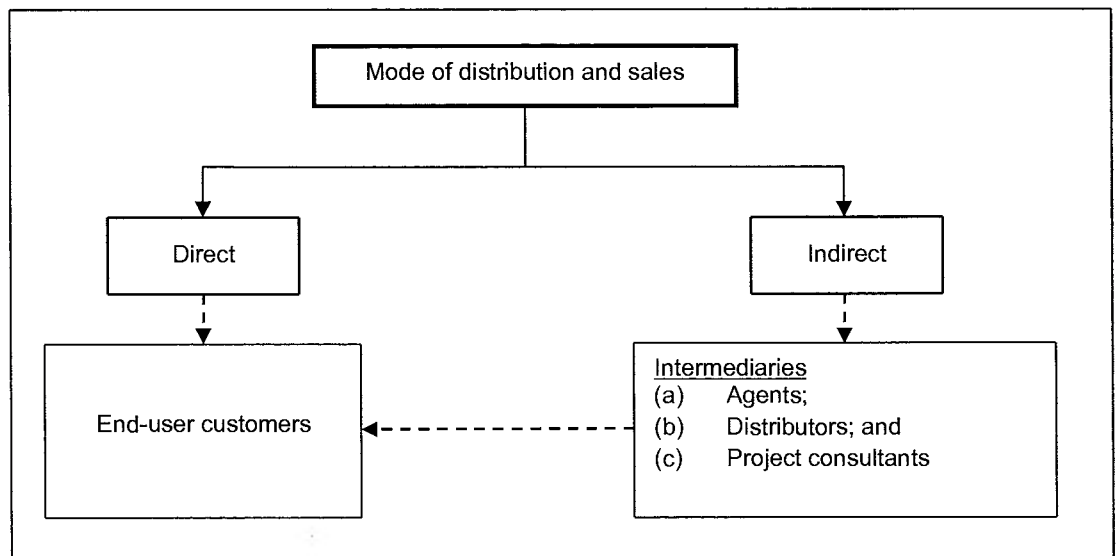
5. INFORMATION ON OUR GROUP (Cont'd)

5.7.8 Modes of marketing, distribution and sales

Our modes of distribution and sales

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

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



(i) Direct via our sales team

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

(ii) Indirect via Agents, Distributors and project consultants

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

(a) Agents

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

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

5. INFORMATION ON OUR GROUP (Cont'd)

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

(b) Distributors

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

(c) Project consultants

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

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5. INFORMATION ON OUR GROUP (Cont'd)

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

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

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

5. INFORMATION ON OUR GROUP (Cont'd)

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

Mode of Distribution	FYE 30 April 2013			FYE 30 April 2014			2015			Six (6)-month FPE 31 October 2015		
	Number of Customers	Total Revenue RM'000	% of Total Revenue	Number of Customers	Total Revenue RM'000	% of Total Revenue	Number of Customers	Total Revenue RM'000	% of Total Revenue	Number of Customers	Total Revenue RM'000	% of Total Revenue
Direct approach[#]	248	9,726	34.64	289	14,225	36.57	332	16,795	43.02	373	8,570	53.37
- Hospital and medical centres	142	8,854	31.53	158	13,509	34.73	175	15,754	40.36	151	7,850	48.89
➢ Local	138	8,330	29.67	151	13,110	33.71	167	14,740	37.76	143	5,078	31.63
➢ Overseas	4	524	1.86	7	399	1.02	8	1,014	2.60	8	2,772	17.26
- Others [^]	106	872	3.11	131	716	1.84	157	1,041	2.66	222	720	4.48
➢ Local	104	791	2.82	130	708	1.82	155	1,036	2.65	220	707	4.40
➢ Overseas	2	81	0.29	1	8	0.02	2	5	0.01	2	13	0.08
Agents, Distributors and consultants[#]	571	18,351	65.36	554	24,668	63.43	564	22,244	56.98	371	7,487	46.63
- Agents	36	3,561	12.68	29	1,320	3.39	41	6,876	17.61	26	2,609	16.25
➢ Local	33	1,478	5.26	28	1,305	3.35	35	4,488	11.50	23	1,871	11.65
➢ Overseas	3	2,083	7.42	1	15	0.04	6	2,388	6.11	3	738	4.60
- Distributors	524	9,518	33.90	508	15,820	40.68	521	15,071	38.61	345	4,878	30.38
➢ Local	487	7,179	25.57	459	8,676	22.31	481	10,797	27.66	313	3,395	21.14
➢ Overseas	37	2,339	8.33	49	7,144	18.37	40	4,274	10.95	32	1,483	9.24
- Project consultants (Local)	11	5,272	18.78	17	7,528	19.36	2	297	0.76	-	-	-
Total	819	28,077	100.00	843	38,893	100.00	896	39,039	100.00	744	16,057	100.00

5. INFORMATION ON OUR GROUP (Cont'd)

Notes:-

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

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

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

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

(i) Trade exhibitions and events

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

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

5. INFORMATION ON OUR GROUP (Cont'd)

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

5. INFORMATION ON OUR GROUP (Cont'd)

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

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

(ii) Advertising

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

(iii) Corporate website

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

5. INFORMATION ON OUR GROUP (Cont'd)

5.7.9 Major approvals, licences and permits obtained

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

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

5. INFORMATION ON OUR GROUP (Cont'd)

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

5. INFORMATION ON OUR GROUP (Cont'd)

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

5. INFORMATION ON OUR GROUP (Cont'd)

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

5. INFORMATION ON OUR GROUP (Cont'd)

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

5. INFORMATION ON OUR GROUP (Cont'd)

Company	Description of licence/approval	Authority	Licence/Reference no.	Date of issuance/commencement/expiry	Major conditions imposed	Status of compliance
LKL Advance Metaltech	Establishment licence issued to LKL Advance Metaltech in accordance to the Medical Device Act 2012 ("MDAct")	MDA	KP2673518215	Issue date: N/A Commencement date: 5 June 2015 Expiry date: 4 June 2018	<p><u>General conditions</u></p> <ol style="list-style-type: none"> The approval is given based on the information received. The Establishment is to provide all information within the time frame set when requested by the MDA. The Establishment must comply with all directions issued by the MDA from time to time. MDA has the right to make visit or audit inspection on the Establishment at any time without prior information. MDA can suspend or cancel the Establishment License or take any legal action if the Establishment fails to comply with any terms of the Establishment License. The Establishment License issued by the MDA cannot be transferred. 	Complied.

5. INFORMATION ON OUR GROUP (Cont'd)

Company	Description of licence/approval	Authority	Licence/Reference no.	Date of issuance/commencement/expiry	Major conditions imposed	Status of compliance
LKL Advance Metaltech	Certificate of fitness of air receiver /vacuum tank (SL PMT 21870) in accordance with Factories and Machinery Act 1967 ("FAMA") and the Factories and Machinery (Notification, Certificate of Fitness and Inspections) Regulations 1970 Location of the machine: Factory Lot No. 3	DOSH	PMT – SL 148321	Issue date: 9 March 2015 Commencement date: N/A Expiry date: 25 May 2016	7. The Establishment License is to be displayed at a location easy to be sighted and is to be presented if asked by any officer with the authority. 8. Establishment is to make an application for license renewal no later than one (1) year before the expiry of the license. 9. Establishment cannot permit the Establishment License to be wrongfully used by any individual/ company in any manner.	Noted.

5. INFORMATION ON OUR GROUP (Cont'd)

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

5. INFORMATION ON OUR GROUP (Cont'd)

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

5. INFORMATION ON OUR GROUP (Cont'd)

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

5. INFORMATION ON OUR GROUP (Cont'd)

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

5. INFORMATION ON OUR GROUP (Cont'd)

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

5. INFORMATION ON OUR GROUP (Cont'd)

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

Note:-

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

5. INFORMATION ON OUR GROUP (Cont'd)

Registration and permits under the MDAAct

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

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


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

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

5. INFORMATION ON OUR GROUP (Cont'd)

5.7.10 Patents, trademarks and registrations

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

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

Note:-

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

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5. INFORMATION ON OUR GROUP (Cont'd)

5.7.11 Contracts/arrangements on which our Group is highly dependent

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

5.7.12 Interruptions to business and operations

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

5.7.13 Seasonality

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

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5. INFORMATION ON OUR GROUP (Cont'd)

5.7.14 Major customers

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

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

Note:-

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

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

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

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

5. INFORMATION ON OUR GROUP (Cont'd)

5.7.15 Major suppliers

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

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

Notes:-

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

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

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

5. INFORMATION ON OUR GROUP (Cont'd)

5.8 FUTURE PLANS, STRATEGIES AND PROSPECTS**5.8.1 Future plans and strategies****(i) We will continue to seek local market opportunities and strengthen our presence in Malaysia**

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

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

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

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

5. INFORMATION ON OUR GROUP (Cont'd)

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

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

Note:-

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

(Source: IMR Report)

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

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

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

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

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

5. INFORMATION ON OUR GROUP (Cont'd)

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

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

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

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

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

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

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

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

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

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

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

5. INFORMATION ON OUR GROUP (Cont'd)

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

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

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

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

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

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

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

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

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

5. INFORMATION ON OUR GROUP (Cont'd)

5.8.2 Prospects

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

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

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

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

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6. INDUSTRY OVERVIEW AND OUTLOOK

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

SMITH ZANDER

07 APR 2016

The Board of Directors

LKL International Berhad
Third Floor, No. 79 (Room A)
Jalan SS21/60
Damansara Utama
47400 Petaling Jaya
Selangor Darul Ehsan

Dear Sirs/Madam,

Executive Summary of the Independent Market Research Report on the Healthcare Industry, Healthcare Services Industry and Medical Bed, Peripheral and Accessory Industry

This Executive Summary of the Independent Market Research Report on the Healthcare Industry, Healthcare Services Industry and Medical Bed, Peripheral and Accessory Industry has been prepared by SMITH ZANDER INTERNATIONAL SDN BHD ("SMITH ZANDER") for inclusion in the Prospectus in conjunction with the listing of LKL International Berhad on the ACE Market of Bursa Malaysia Securities Berhad.

For and on behalf of SMITH ZANDER:



DENNIS TAN
MANAGING PARTNER

1 INTRODUCTION

Objective of the Study

This Executive Summary of the independent market research ("IMR") report has been prepared in conjunction with the listing of LKL International Berhad on the ACE Market of Bursa Malaysia Securities Berhad. The objective of this report is to provide an independent view of the industry(ies) and market(s) which LKL International Berhad operates in and to offer a clear understanding of the industry and market dynamics.

Rationale and Scope of Work

LKL International Berhad is principally involved in the design, manufacturing and sale of medical/healthcare beds, peripherals and accessories, and trading of medical/healthcare peripherals and accessories. The end-users of its products are largely hospitals and medical centres, as well as other healthcare related facilities such as clinics and specialist institutions (i.e. fertility centres, diagnostics centres, eye specialists, orthopaedic centres, chiropractic centres, dialysis centres, confinement centres and nursing centres).

The scope of work for this report will thus address the following three (3) areas:

- (i) The healthcare industry, which is the broader sector in which LKL International Berhad operates;
- (ii) The healthcare services industry, which is the end-user industry served by LKL International Berhad and is a sub-sector of the healthcare industry; and
- (iii) The medical bed, peripheral and accessory industry, which is the specific industry in which LKL International Berhad operates and is also sub-sector of the healthcare industry.

Healthcare-related statistics presented in this report have been segmented by region to highlight the growth potential of LKL International Berhad's key export markets (i.e. developing Asia and developing Middle East and Africa); with statistics on selected developed countries shown as comparison.

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2 INTRODUCTION TO THE HEALTHCARE INDUSTRY

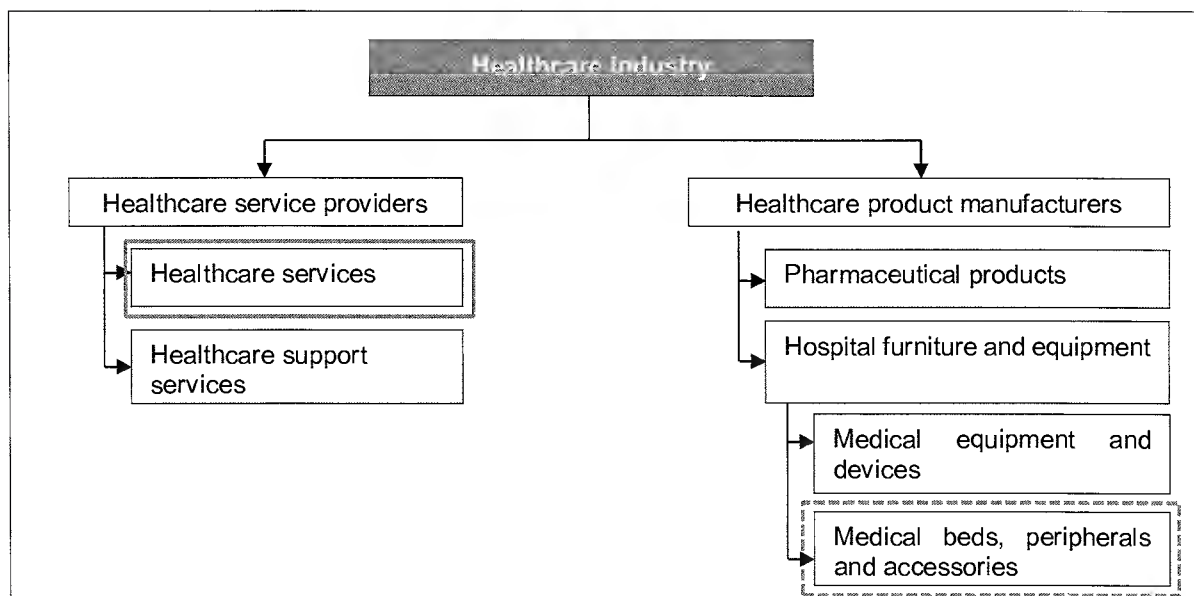
The healthcare industry comprises healthcare service providers and healthcare product manufacturers. Healthcare service providers are involved in the provision of healthcare services and healthcare support services. Healthcare services refer to consultation, diagnostic, patient care and medication services for the prevention or treatment of diseases, ailments, injuries or other physical and psychological health conditions, while healthcare support services refer to the provision of support and management functions that are the back-end operations of healthcare service providers. (Please refer to **Chapter 3 – The Healthcare Services Industry** of this IMR report for further details on the healthcare services industry.)

Meanwhile, healthcare product manufacturers can be segmented into manufacturers of pharmaceutical products, and hospital furniture and equipment. Pharmaceutical products refer to prescription drugs, over-the-counter products, health supplements and botanical drugs. On the other hand, hospital furniture and equipment refer to medical equipment and devices, and medical beds, peripherals and accessories. Medical equipment and devices include electronic equipment, instruments, apparatus and material substances used for diagnosis, monitoring, treatment and prevention of diseases, ailments, injuries or other physical and psychological health conditions. On the other hand, medical beds, peripherals and accessories comprise medical beds (such as electric beds, hydraulic beds, manual beds and delivery beds) and medical peripherals and accessories (such as patient transport trolleys, examination tables, medical carts, overbed tables and instrument trolleys). (Please refer to **Chapter 4 – The Medical Bed, Peripheral and Accessory Industry** of this IMR report for further details on medical beds, peripherals and accessories.)

Hospital furniture and equipment, which include medical equipment and devices as well as medical beds, peripherals and accessories, are essential supplies to support the provision of healthcare services.


The segment that is of interest in this report is the segment which LKL International Berhad operates in, i.e. the medical bed, peripheral and accessory industry segment, as well as the key end-user industry to the medical bed, peripheral and accessory industry, i.e. the healthcare services industry.

Segmentation of the healthcare industry, 2015



Notes:

 Denotes the industry which LKL International Berhad is principally involved in.

 Denotes the key end-user industry to the medical bed, peripheral and accessory industry.

Source: SMITH ZANDER

3 THE HEALTHCARE SERVICES INDUSTRY

Definition and Segmentation

The healthcare services industry refers to the provision of consultation, diagnostic, patient care and medication services for the prevention or treatment of diseases, ailments, injuries or other physical and psychological health conditions.

The healthcare services industry consists of:

- **Primary care health centres, clinics and pharmacies:** provide basic healthcare services to the general public, which includes administering first-aid for injuries and dental services. Services are delivered by primary care physicians, nurses or family doctors on an outpatient basis.
- **Secondary care specialist clinics, hospitals and medical centres:** provide consultation by medical specialists to patients, usually upon referral from health centres, clinics or pharmacies. Services may be delivered on an inpatient or outpatient basis, and these facilities allow for diagnostic, inpatient treatment and general surgeries.
- **Tertiary care specialist hospitals and medical centres:** provide specialist consultative care, inpatient care, and advanced treatment or complex surgery such as cardiac surgery, neurosurgery, reconstructive surgery and cancer treatment, and thus these facilities allow for complex medical interventions.

Generally, the healthcare services industry comprises both public and private healthcare sectors:

- **Public healthcare sector:** is the foundation for a country's healthcare service structure. It refers to healthcare services provided by the government, typically through appointed ministries or administrative bodies. The services provided are funded through public sector budgets, national insurance schemes and/or universal healthcare programmes.
- **Private healthcare sector:** comprise both businesses and not-for-profit organisations. Private healthcare funding typically comprise out-of-pocket expenditure or private insurance plans, and in some countries, funds from national or social insurance.

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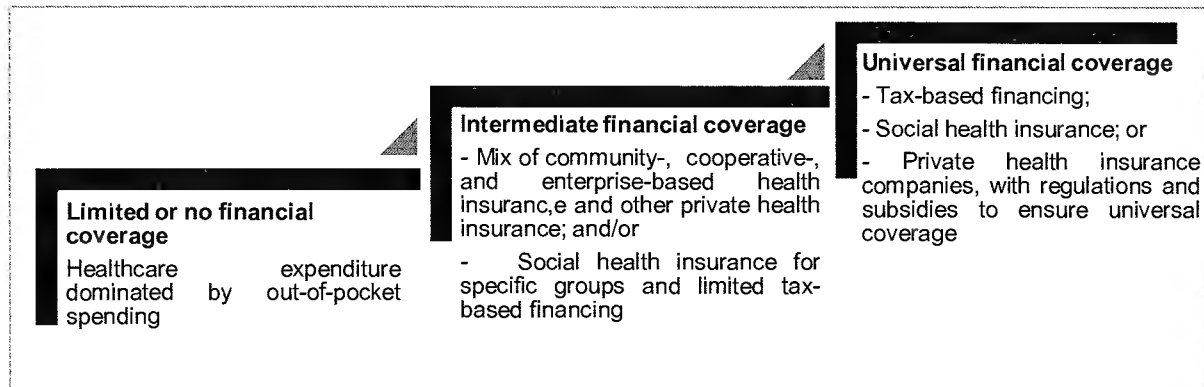
6. INDUSTRY OVERVIEW AND OUTLOOK (Cont'd)

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The healthcare services environment in each country varies in terms of public-private healthcare sector mix, level of healthcare financing and national healthcare policies, due to differences in political and social contexts and values within each country.

The levels of healthcare financing available, and the types of national healthcare policies related to these healthcare financing levels, are as illustrated below:

Level of healthcare financing (Global), 2015



Source: SMITH ZANDER

Generally, under-developed and developing countries such as countries in Asia including Malaysia, Vietnam, the Philippines, India and Pakistan, and countries in Middle East and Africa including Kenya, Ghana, Zimbabwe and Bahrain, fall within the first two (2) levels of healthcare financing; i.e. limited or no financial coverage, or intermediate financial coverage. Developing countries have a higher number of public clinics and hospitals than under-developed countries, and these facilities are usually concentrated in urban or central areas. Developed countries also have a growing number of private clinics and hospitals which are usually targeted at high income level population. In Malaysia specifically, where intermediate financial coverage is offered, specific groups such as public sector employees and their dependents are exempted from all charges, or are charged minimal charges, for healthcare services in public healthcare service facilities. Public healthcare service facilities are nonetheless offered to the whole population, and are highly subsidised through tax collections and other government income, which are mainly channelled to the Ministry of Health (“MOH”) Malaysia through annual budgetary allocations or five (5)-year frameworks.

Meanwhile, developed countries tend to offer universal financial coverage to their citizens, though the national healthcare policies may differ in terms of financing avenues, i.e. tax-based financing, or social health insurance, or through private health insurance companies with regulations and subsidies set out (in order to ensure universal coverage and non-discrimination based on medical history or existing conditions), or a mixture of these policies. In countries which practice tax-based financing, such as the United Kingdom and Canada, all, if not most, healthcare services are financed primarily through general taxation. Meanwhile, countries which practice social health insurance include France and Germany, and these countries have social insurance systems which are financed through employer-employee payroll taxes and central taxes. An example of a country which practices universal financial coverage through private health insurance companies is Switzerland. These countries have different compositions of public and private healthcare service facilities, though most of these countries have a higher composition of public healthcare service providers as compared to private healthcare service providers.

However, it should be noted that not all developed countries offer universal financial coverage to their citizens. The United States of America (“United States”) is an example of this exception, where the country does not have a national healthcare system, but rather a variety of public and private institutions that regulate and deliver healthcare services. While there are national financial coverage for specific groups of the population, a majority of its population are covered via insurances provided by employers.

6. INDUSTRY OVERVIEW AND OUTLOOK (Cont'd)

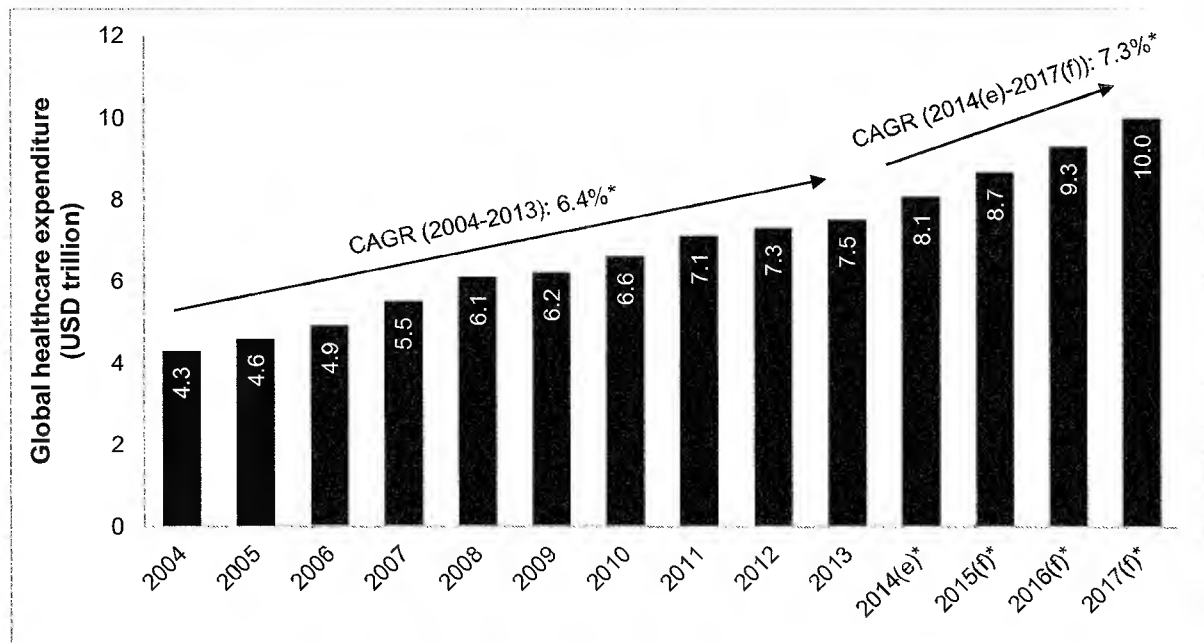
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The Global Healthcare Services Industry

In the context of this report, healthcare expenditure refers to total expenditure on public and private healthcare products and services. Healthcare expenditure has been growing across global regions, illustrating that there is growing accessibility to healthcare services, coupled with a growing need for healthcare services due to increasing standards of living and rising population, the growing ageing population, as well as rising prevalence of chronic diseases.

Overall, the global healthcare services industry grew, in terms of total healthcare expenditure, from USD4.3 trillion (RM16.3 trillion¹) in 2004 to USD7.5 trillion (RM23.6 trillion²) in 2013, registering a healthy Compound Annual Growth Rate ("CAGR") of 6.4% during the period. SMITH ZANDER forecasts global healthcare expenditure to increase from an estimated USD8.1 trillion (RM26.5 trillion³) in 2014 to USD10.0 trillion (RM39.1 trillion⁴) in 2017, at a CAGR of 7.3% during the period.

Healthcare expenditure (Global), 2004-2017(f)



Note:

* CAGRs and forecasts have been computed by SMITH ZANDER.

Source: World Bank,
*SMITH ZANDER analysis

¹ Exchange rate from USD to RM in 2004 was converted based on average annual exchange rates in 2004 extracted from published information from Bank Negara Malaysia at USD1=RM3.800

² Exchange rate from USD to RM in 2013 was converted based on average annual exchange rates in 2013 extracted from published information from Bank Negara Malaysia at USD1=RM3.1511

³ Exchange rate from USD to RM in 2014 was converted based on average annual exchange rates in 2014 extracted from published information from Bank Negara Malaysia at USD1=RM3.2736

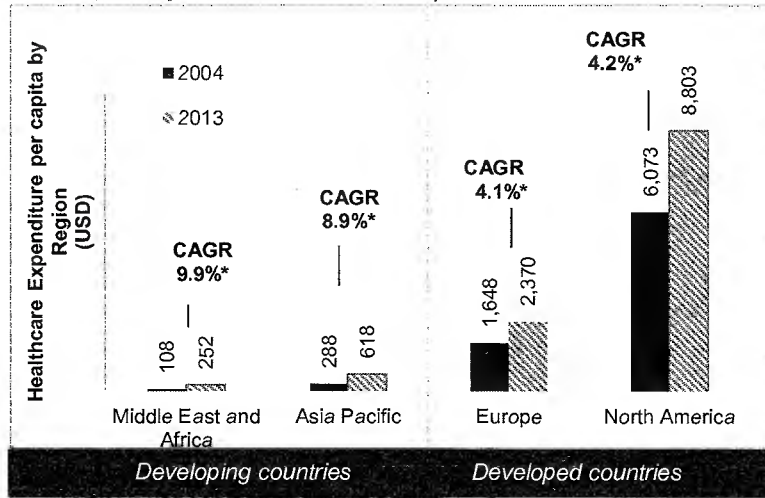
⁴ Exchange rate from USD to RM in 2017 was converted based on average annual exchange rates in 2015 extracted from published information from Bank Negara Malaysia at USD1=RM3.9073

6. INDUSTRY OVERVIEW AND OUTLOOK (Cont'd)

SMITH ZANDER

Regionally, over the last decade, healthcare expenditure per capita in North America increased from USD6,073 (RM23,077⁵) in 2004 to USD8,803 (RM27,739⁶) in 2013, growing at a CAGR of 4.2% over the same time period, while healthcare expenditure per capita in Europe grew from USD1,648 (RM6,262⁵) in 2004 to USD2,370 (RM7,468⁶) in 2013 at a CAGR of 4.1%. Meanwhile, Asia Pacific illustrated a CAGR of 8.9% in terms of total healthcare expenditure per capita, growing from USD288 (RM1,094⁵) in 2004 to USD618 (RM1,947⁶) in 2013. Total healthcare expenditure per capita in the Middle East and Africa also grew, as it increased from USD108 (RM410⁵) in 2004 to USD252 (RM794⁶) in 2013, at a CAGR of about 9.9%.

Healthcare expenditure per capita (Middle East and Africa, Asia Pacific, Europe and North America), 2004 and 2013



Note:

CAGRs pertain to the period between 2004 and 2013

* CAGRs have been computed by SMITH ZANDER.

Source: World Bank,
*SMITH ZANDER analysis

Much of the growth in global healthcare services is attributed to growth from emerging economies in Asia Pacific, Middle East and Africa, as rising standards of living, population and urbanisation rates are prevalent in these economies. The emerging economies have been either largely underserved and are experiencing large capacity building, or actively upgrading their healthcare systems. In these economies, healthcare expenditure is driven by factors such as prevalence of chronic diseases, growing ageing population, increasing accessibility to healthcare services due to growth in income and/or an uptake of medical insurance, as well as national government initiatives to support and promote the growth of the industry.

The accessibility of healthcare services is evidenced by the number of medical beds per 1,000 population, as well as the number of healthcare professionals per 10,000 population:

Number of Medical Beds per 1,000 Population

The *world average* for medical beds is 3.0 beds per 1,000 population. In general, the *developed country average* is higher than the *developing country average* for the number of medical beds per 1,000 population. In 2013, the *developed country average* for medical beds per 1,000 population was 5.6 beds while the *developing country average* for medical beds per 1,000 population was 2.2 beds.

Most of the developed and mature countries such as Japan, Republic of Korea ("Korea") and Germany have over 3.0 beds per 1,000 population, with 13.7, 10.3 and 8.2 beds per 1,000 population respectively. In comparison, developing countries like Brunei, Vietnam, Malaysia, the Philippines, Bangladesh, Kuwait, Saudi Arabia, Botswana, Kenya, United Arab Emirates ("UAE") and Mozambique have 2.8, 2.0, 1.9, 1.0, 0.6, 2.2, 2.1, 1.8, 1.4, 1.1 and 0.7 beds per 1,000 population respectively, which is a lower ratio than the *world average* for medical beds.

⁵ Exchange rate from USD to RM in 2004 was converted based on average annual exchange rates in 2004 extracted from published information from Bank Negara Malaysia at USD1=RM3.800

⁶ Exchange rate from USD to RM in 2013 was converted based on average annual exchange rates in 2013 extracted from published information from Bank Negara Malaysia at USD1=RM3.1511

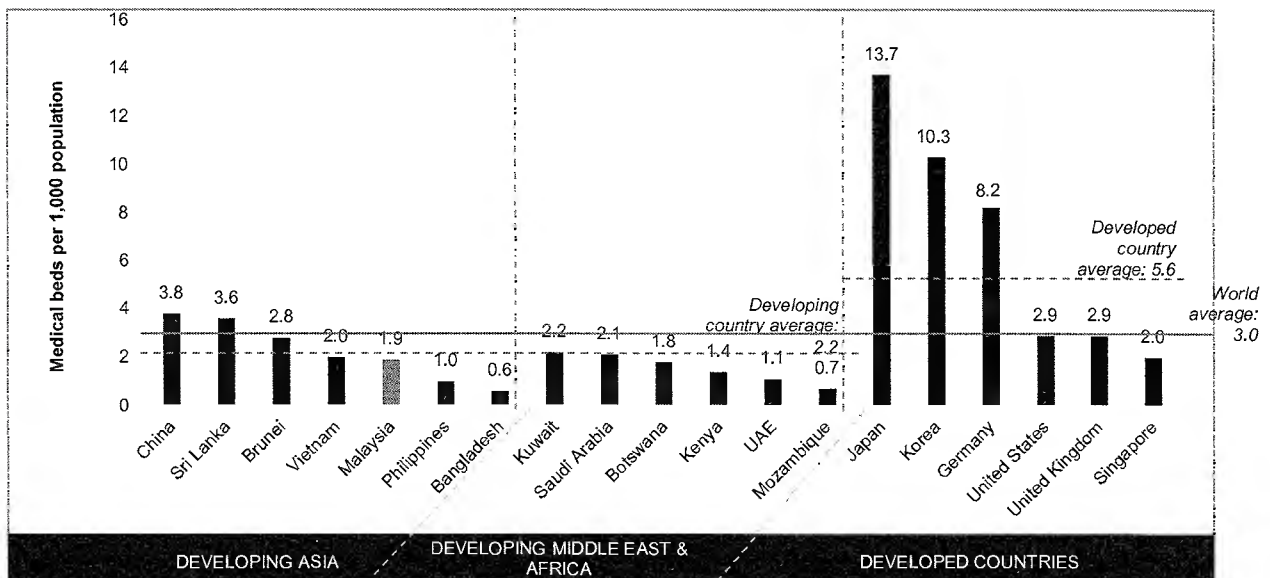
6. INDUSTRY OVERVIEW AND OUTLOOK (Cont'd)

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Developed countries generally have more established and mature healthcare systems, with higher medical beds per capita reflecting greater accessibility to healthcare services as well as higher overall expenditure on healthcare development. A lower ratio of beds per 1,000 population, typically prevalent in developing countries, is indicative of latent demand for additional medical beds, thus reflecting the growth potential for healthcare infrastructure in these countries. Latent demand for medical beds refers to the potential growth in demand, as indicated by the relatively lower number of medical beds per 1,000 population as compared to *world average* or global benchmark standards.

The following chart shows the number of medical beds per 1,000 population data of selected developing countries in Asia, Middle East and Africa, as compared with the *world average*, *developing country average* and *developed country average* in 2013, or latest available year.

Medical beds per 1,000 population (Selected countries, Global), 2013 (or latest available year) *



Notes:

1. Developed country average is based on World Bank's average for high income countries which includes countries such as Australia, Germany, Japan, Iceland, Italy, Norway, Korea, Spain, Singapore, United Kingdom and the United States.
2. Developing country average is based on World Bank's average for middle income countries which mainly includes countries that are located in Asia, Middle East and Africa, such as Bangladesh, Botswana, People's Republic of China ("China"), Kenya, Malaysia, Maldives, Mauritius, the Philippines and Vietnam.

* SMITH ZANDER has collated and selected the data points in the chart above from reports published by World Bank and MOH Malaysia, as well as segregated these data points according to the respective regions, in order to present the data points in an illustrative and informative manner.

Source: World Bank, MOH Malaysia,
*SMITH ZANDER analysis

Number of Healthcare Professionals per 10,000 Population

Healthcare professionals are specialists and general physicians, supported by medical assistants, nurses, midwives and allied health workers. Similar to medical bed ratio statistics, developed countries have more established and mature healthcare systems, translating to a higher number of healthcare professionals per 10,000 population. This is also evidence of greater accessibility to healthcare services as well as higher overall expenditure on the development and provision of healthcare services.

6. INDUSTRY OVERVIEW AND OUTLOOK (Cont'd)

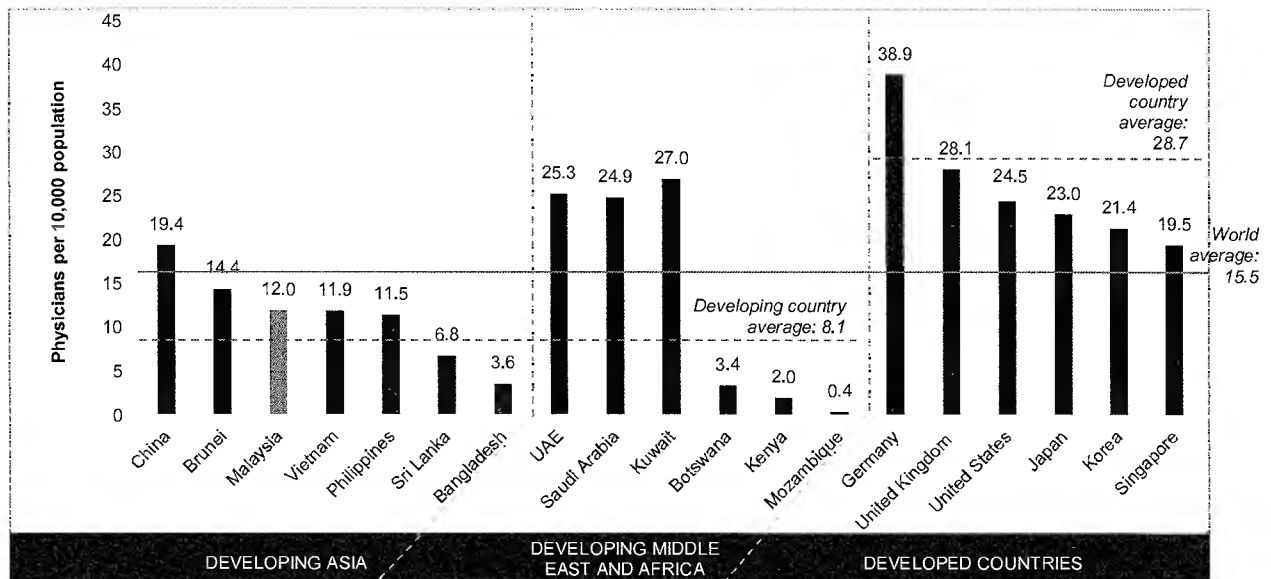
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Developing countries tend to have a lower number of physicians per 10,000 population, and nurses and midwives per 10,000 population when compared with developed countries. The developing country average for the number of physicians per 10,000 population and number of nurses and midwives per 10,000 population was 8.1 and 21.4 respectively in 2013, which is relatively lower than the developed country average for the number of physicians per 10,000 population and number of nurses and midwives per 10,000 population at 28.7 and 88.2 respectively in the same year. Overall, the world average for the number of physicians per 10,000 population and number of nurses and midwives per 10,000 population was 15.5 and 32.8 respectively in 2013.

Developed countries such as Germany, United Kingdom, the United States, Japan, Korea and Singapore have a higher number of physicians per 10,000 population of 38.9, 28.1, 24.5, 23.0, 21.4 and 19.5 respectively, as compared to the world average of 15.5 physicians per 10,000 population. Meanwhile, the number of physicians per 10,000 population in developing countries such as Brunei, Malaysia, Vietnam, the Philippines, Sri Lanka, Bangladesh, Botswana, Kenya and Mozambique are generally lower than the world average of 15.5, with 14.4, 12.0, 11.9, 11.5, 6.8, 3.6, 3.4, 2.0 and 0.4 respectively.

The following chart shows the number of physicians per 10,000 population of selected countries in Asia, Middle East and Africa and selected developed countries, as compared with the world average, developing country average, developed country average in 2013, or latest available year.

Physicians per 10,000 population (Selected countries, Global), 2013 (or latest available year)



Notes:

1. Developed country average is based on World Bank's average for high income countries which includes countries such as Australia, Germany, Japan, Iceland, Italy, Norway, Korea, Spain, Singapore, United Kingdom and the United States.
2. Developing country average is based on World Bank's average for middle income countries which mainly includes countries that are located in Asia, Middle East and Africa such as Bangladesh, Botswana, China, Kenya, Malaysia, Maldives, Mauritius, the Phillipines and Vietnam.

* SMITH ZANDER has collated and selected the data points in the chart above from reports published by World Bank and MOH Malaysia, as well as segregated these data points according to the respective regions, in order to present the data points in an illustrative and informative manner.

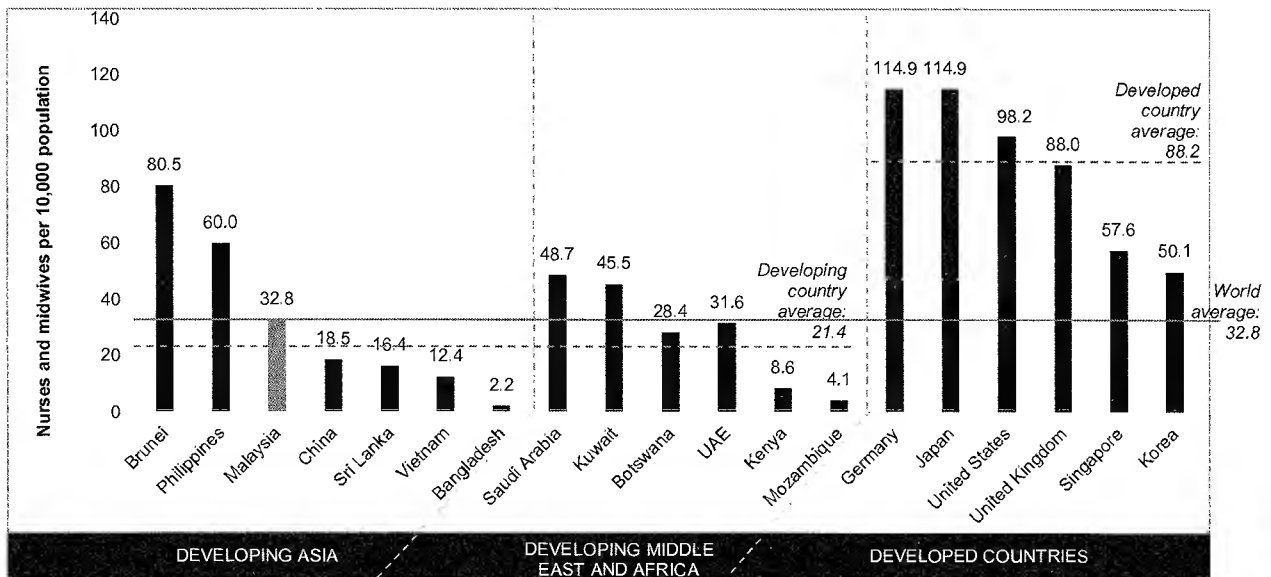
Source: World Health Organisation, World Bank,
*SMITH ZANDER analysis

6. INDUSTRY OVERVIEW AND OUTLOOK (Cont'd)

Similarly, developed countries such as Germany, Japan, the United States, United Kingdom, Singapore and Korea have a higher number of nurses and midwives per 10,000 population of 114.9, 114.9, 98.2, 88.0, 57.6 and 50.1 respectively, as compared to the world average of 32.8 nurses and midwives per 10,000 population. The number of nurses and midwives per 10,000 population in developing countries such as China, Sri Lanka, Vietnam, Bangladesh, Botswana, UAE, Kenya and Mozambique are generally lower than the world average of 32.8, with 18.5, 16.4, 12.4, 2.2, 28.4, 31.6, 8.6 and 4.1 respectively. Malaysia's number of nurses and midwives per 10,000 population of 32.8 meets the world average ratio.

The following chart shows the number of registered nurses and midwives per 10,000 population of selected countries in Asia, Middle East and Africa and selected developed countries, as compared with the world average, developing country average and developed country average in 2013, or latest available year.

Registered nurses and midwives per 10,000 population (Selected countries, Global), 2013 (or latest available year) *



Notes:

1. Developed country average is based on World Bank's average for high income countries which includes countries such as Australia, Germany, Japan, Iceland, Italy, Norway, Republic of Korea, Spain, Singapore, United Kingdom and the United States.
2. Developing country average is based on World Bank's average for middle income countries which mainly includes countries that are located in Asia, Middle East and Africa such as Bangladesh, Botswana, China, Kenya, Malaysia, Maldives, Mauritius, the Philippines and Vietnam.

* SMITH ZANDER has collated and selected the data points in the chart above from reports published by World Bank and MOH Malaysia, as well as segregated these data points according to the respective regions, in order to present the data points in an illustrative and informative manner.

Source: World Health Organisation, World Bank,
*SMITH ZANDER analysis

6. INDUSTRY OVERVIEW AND OUTLOOK (Cont'd)

SMITH ZANDER

The Healthcare Services Industry in Malaysia

Malaysia is a newly industrialised country with a growing economy and increasing wealth. The country is supported by a large productive population (aged 15-64 years) and a high employed population, which contributes to the increasing wealth of the population and a growing middle income group. Its Gross Domestic Product ("GDP") per capita is higher than in most Southeast Asian countries with the exception of Singapore and Brunei.

Socioeconomic indicators (Malaysia), 2008 and 2015

Indicators	2008	2015
Population (million)	27.6	31.0
0-14 years (%)	28.7	25.0
15-64 years (%)	66.6	69.1
65 years and above (%)	4.8	5.9
Crude Birth Rate ¹ (per 1,000 people)	17.9	16.3
Infant Mortality Rate ¹ (per 1,000 births)	6.4	6.5
Crude Mortality Rate ¹ (per 1,000 population)	4.6	4.7
Life Expectancy – Female (Years)	76.4	77.4
Life Expectancy – Male (Years)	71.6	72.5
Total Employed (million) ²	10.7	13.5
Household Income Distribution ²:		
RM2,999 and below	24.3%	
RM3,000- RM7,999	54.1%	
RM8,000 and above	21.6%	

Notes:

¹ The only publicly available data is as at 2013.

² The only publicly available data is as at 2014.

Source: Department of Statistics Malaysia

services, thus benefitting the healthcare industry. Furthermore, as the country develops further, its disposable income will further increase, and this would inevitably increase the purchasing power of Malaysians, including the demand for healthcare services.

According to the MOH Malaysia, total healthcare expenditure in Malaysia, comprising public and private healthcare expenditure, steadily increased from RM17.8 billion in 2004 to RM41.0 billion in 2013, at a CAGR of 9.7%. SMITH ZANDER projects that the total healthcare expenditure in Malaysia will reach RM59.0 billion by 2017, and will grow at a CAGR of 9.5%.

The public healthcare system is highly subsidised and public healthcare expenditure consists of Government spending on healthcare operational costs, capacity building and the procurement of pharmaceuticals and medical supplies. The funds originate from tax collections and other government income, and are mainly channelled to the MOH Malaysia through annual budgetary allocations.

Malaysia has a smaller population as compared to other Southeast Asian countries but is nonetheless growing. However, according to the Department of Statistics Malaysia, individuals age 65 years and above comprise around 5.9% of the total population, which is an increase from 4.8% in 2008. Meanwhile, the percentage of individuals that are younger than 14 years old in the country has decreased from 28.7% in 2008 to 25.0% in 2015. Life expectancies for males and females have also increased from 71.6 and 76.4 years respectively in 2008 to 72.5 and 77.4 years respectively in 2015. The increasing percentage of the older population and the longer life expectancy of the population indicates that Malaysia has a growing ageing population.

With an increasing ageing population and decreasing younger population segment, there is a greater risk of illnesses and diseases such as cardiovascular diseases, cancers and other age-related diseases. The increased cases of illnesses and diseases within the country is expected to lead to a greater demand for healthcare

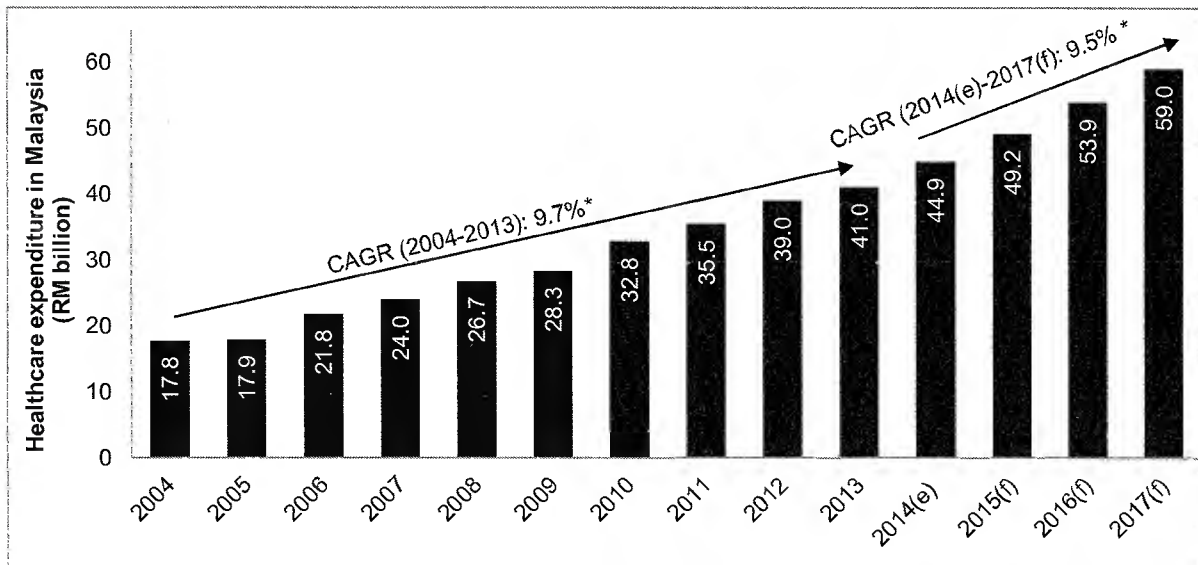
6. INDUSTRY OVERVIEW AND OUTLOOK (Cont'd)

SMITH ZANDER

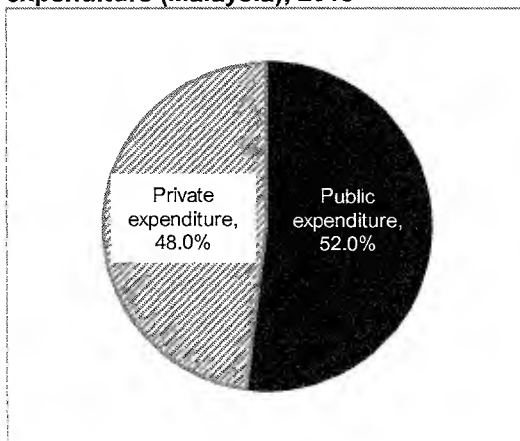
Private healthcare expenditure comprises out-of-pocket expenditure incurred by individuals or corporates for healthcare bills, including expenditure covered by private or corporate health insurance plans, purchase of pharmaceuticals and disbursements made by private insurers for medical expenses. Private healthcare expenditure indicates spending incurred in both public and private healthcare facilities, as well as spending on over-the-counter medication/pharmaceuticals.

In 2013, public healthcare expenditure was estimated to comprise 52.0% of total healthcare expenditure, while private healthcare expenditure comprised the remaining 48.0% of total healthcare expenditure in that year.

Healthcare expenditure (Malaysia), 2004-2017(f)



Breakdown of public and private healthcare expenditure (Malaysia), 2013



Notes:

1. Latest available information for total healthcare expenditure is in 2013.
2. Latest available information for the breakdown of public and private healthcare expenditure is in 2013.

* CAGRs and forecasts were computed by SMITH ZANDER.

Source: MOH Malaysia, World Bank,
*SMITH ZANDER analysis

6. INDUSTRY OVERVIEW AND OUTLOOK (Cont'd)

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Public hospitals are Government-owned hospitals operating under public funding by the MOH Malaysia. Many of the major private hospitals are part of networks of hospitals operated by several major private healthcare groups such as IHH Healthcare Berhad, KPJ Healthcare Berhad, Sime Darby Healthcare Sdn Bhd and Columbia Asia Sdn Bhd.

In 2014, there were 334 hospitals in Malaysia, comprising 184 private hospitals and 150 public hospitals. Public hospitals saw an increase from 143 hospitals in 2008 to 150 hospitals in 2014, while private hospitals declined from 209 hospitals in 2008 to 184 hospitals in 2014. The decline in number of hospitals in 2014 is attributed to the difference in tabulation of number of private hospitals by the MOH, where in 2013 all private hospitals that were licensed or in operations were included; but in 2014 only private hospitals licensed (or had their licenses renewed) as at 31 December 2014 were included. Hence, the method of tabulating the number of private hospitals differed in 2013 and 2014.

Notwithstanding the reason above, there may also have been closures of smaller private hospitals in 2014 as a result of rising costs of operations.

Number of public and private hospitals (Malaysia), 2008-2014

	2008	2009	2010	2011	2012	2013	2014
Public Hospitals	143	144	145	146	147	149	150
Private Hospitals	209	209	217	220	209	214	184
Total Hospitals*	352	353	362	366	341	363	334

Note:

* Total number of hospitals were computed by SMITH ZANDER.

Source: MOH Malaysia,
*SMITH ZANDER analysis

Thus, this decline in hospitals in 2014 appears to be due to factors other than demand for healthcare services, as demand for healthcare services has demonstrated an increase, as evidenced by the rise in hospital admissions in Malaysia from 3,323,000 in 2013 to 3,696,800 in 2014, a growth of 11.2%.

Between 2010 and 2014, the number of hospital admissions grew by a CAGR of 4.2%, from approximately 3.1 million patients in 2010 to 3.7 million patients in 2014. Meanwhile, outpatient attendees grew from 49.9 million persons in 2010 to 61.8 million persons in 2014, at a CAGR of 5.5%.

Hospital admissions and outpatient attendees in public and private hospitals and medical centres (Malaysia), 2010-2014

	2010	2011	2012	2013	2014	CAGR 2010- 2014*
Hospital admissions ('000)	3,132.2	3,185.9	3,423.3	3,323.0	3,696.8	4.2%
Outpatient attendees ('000)	49,939.5	52,517.5	55,448.4	58,870.1	61,834.1	5.5%

Note:

* CAGRs were computed by SMITH ZANDER.

Source: MOH Malaysia,
*SMITH ZANDER analysis

6. INDUSTRY OVERVIEW AND OUTLOOK (Cont'd)**SMITH ZANDER**

Moving forward, the number of hospitals in Malaysia is expected to increase, as witnessed by new and upcoming developments such as the KPJ Bandar Dato' Onn Specialist Hospital, Iskandariah Hospital and a public hospital in Pasir Gudang which are to be developed in Iskandar, Johor; public hospital in Pendang, Kedah; KPJ Perlis Specialist Hospital and Padang Besar Hospital which are to be developed in Perlis; Seri Iskandar Hospital and a private medical education facility in Meru, Perak; public hospitals in Dungun and Kemaman, Terengganu; KPJ Pahang Specialist Hospital and a public hospital in Maran in Pahang; UCSI University Hospital in Bandar Springhill in Negeri Sembilan; as well as University of Malaya Health Metropolis ("UMHM") and a public hospital in Cyberjaya in Selangor.

Selected upcoming hospitals (Malaysia), 2015 onwards

Location	Name of hospital	Public/ Private
Johor	KPJ Bandar Dato' Onn Specialist Hospital (a project of KPJ Healthcare Berhad)	Private
	Iskandariah Hospital (a project of TMC Life Sciences Berhad)	Private
	Public hospital in Pasir Gudang	Public
Kedah	Public hospital in Pendang	Public
Perlis	Padang Besar Hospital	Public
	KPJ Perlis Specialist Hospital (a project of KPJ Healthcare Berhad)	Private
Perak	Seri Iskandar Hospital	Public
	Medical education facility (a project of QI Group)	Private
Terengganu	Public hospital in Dungun	Public
	Public hospital in Kemaman	Public
Pahang	KPJ Pahang Specialist Hospital (a project of KPJ Healthcare Berhad)	Private
	Public hospital in Maran	Public
Negeri Sembilan	UCSI University Hospital	Private
Selangor	UMHM	Public
	Public hospital in Cyberjaya	Public

Source: SMITH ZANDER

Key Demand Drivers**Increasing incidences of chronic diseases leading to greater demand for healthcare services**

There is increasing incidences of chronic diseases mainly attributable to more stressful lifestyles, consumption of processed foods which generally have higher saturated fat content and lower nutritional values, and a more sedentary lifestyle with lack of regular exercise. As a result, there has been an increase in chronic diseases such as ischaemic heart diseases, hypertensive diseases, asthma, and cancer.

In Malaysia, the number of discharge rates for patients with chronic diseases, or non-communicable diseases, such as heart diseases, stroke and cancer increased from approximately 69,599 patients in 2003 to 142,184 patients in 2014. Mortality rates of patients suffering from malignant neoplasm (cancer) in Government hospitals, also grew from 6.07 per 100,000 population in 2003 to 18.15 per 100,000 population in 2014.

Furthermore, the increase in the intake of high calorie, processed foods and fast foods, and a sedentary lifestyle has led the nation, adult and children alike, to be overweight. The fourth National Health and Morbidity Survey conducted in 2011 ("NHMS 2011") estimated the prevalence of obesity at 27.2% (4.4 million) for adults above 18 years old and 3.9% (0.3 million) for children below 18 years old. This survey raises much concern because the number of overweight adults had grown by almost seven (7) fold in the past 15 years, from 4.0% in 1996 to 14.0% in 2006 and to 27.2% in 2011. Furthermore, the NHMS 2011

6. INDUSTRY OVERVIEW AND OUTLOOK (Cont'd)

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also reported a further 33.3% of adults were on the verge of becoming overweight. The increase in obesity is alarming as it is an indicator of future increases in incidences of chronic diseases, such as hypertension, diabetes and cancer. This can be seen from the increase in prevalence of diabetes, as reported by the National Diabetes Registry, from 6.3% for adults over the age of 30 in 1986, to 15.2% amongst adults above 18 years old in 2011.⁷

The consequences of obesity and chronic diseases ranges from an adverse impact on the quality of life to an increased risk of premature death, consequently resulting in higher healthcare expenditure and a greater demand for healthcare services.

An ageing society in Malaysia is expected to drive the demand for healthcare

The demographic in Malaysia is shifting, as depicted by the decreasing younger population and increasing older population over the years. Malaysia's percentage of population below 14 years of age in the country has decreased from 28.7% of the total population in 2008 to 25.0% of the total population in 2015, while the percentage of population above 65 years old of age has increased from 4.8% of the total population in 2008 to 5.9% of the total population in 2015. It is estimated that the number of older population will increase to 3.4 million in the year 2020 (representing 9.9% of the total population).

An ageing population is defined as a shift in the distribution of a country's population towards an older age group, which is mainly caused by the ageing of baby boomers⁸, who are moving into retirement age. This is further exacerbated by low birth rates, low mortality rates and improved life expectancy. A low birth rate is mainly the result of increasing urbanisation which is associated with increased living costs and a busy lifestyle, both of which are less conducive to family building.

A low mortality rate and improved life expectancy are primarily the result of better living conditions from increased wealth, access to better nutrition, healthcare and sanitation, as well as overall economic and political stability in countries. An ageing population is expected to lead to an increase in the demand for healthcare services due to:

- higher occurrence of chronic diseases such as cardiovascular diseases as well as cancer and age-related diseases such as arthritis and diabetes;
- higher requirement for diagnosis and hospital-based inpatient and outpatient treatment; and
- longer duration of care.

The increasing demand for healthcare services will ultimately drive the growth of the healthcare services industry.

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⁷ Latest available data is as at 2011

⁸ The baby boomers refer to those born during the 1940s -1960s

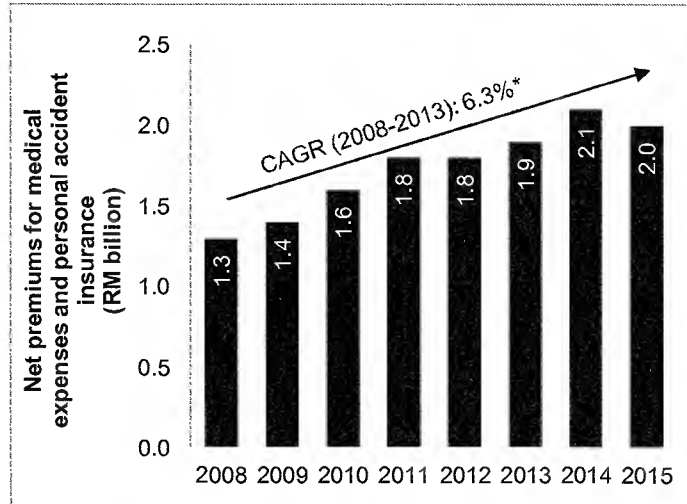
6. INDUSTRY OVERVIEW AND OUTLOOK (Cont'd)

SMITH ZANDER

Increased accessibility to healthcare services due to growth in income and/or uptake of medical insurance continues to drive the healthcare services industry

Over the years, medical insurance have increasingly become more attainable to individuals in Malaysia. This is illustrated through the rise in medical and personal accident insurance premiums, from RM1.3 billion in 2008 to RM2.0 billion in 2015, at a CAGR of 6.3%, indicating that the increasing affluence and rising income of the population has led to greater uptake in medical insurance plans. This increase in the uptake of medical insurance has resulted in a greater affordability in attaining healthcare services, particularly from the private healthcare sector. Thus, as affordability increases, this will drive the healthcare services industry.

Malaysia is an upper-middle income developing economy with aspirations to achieve developed status by the year 2020. GDP per capita grew at a CAGR of 6.3% from approximately RM19,651 in 2004 to RM36,165 in 2014, while purchasing power parity ("PPP") per capita income increased at a CAGR of 5.2% during the same period, from approximately USD15,106 (RM57,403⁹) in 2004 to USD25,145 (RM82,315¹⁰) in 2014. This increase in GDP and PPP per capita is evidence of a rise in a more affluent population that has greater spending power, creating demand for basic necessities and non-essential products, including healthcare services.

Net premiums for medical expenses and personal accident insurance (Malaysia), 2008-2015

Note:

* CAGRs were computed by SMITH ZANDER.

Source: Bank Negara Malaysia,
*SMITH ZANDER analysis

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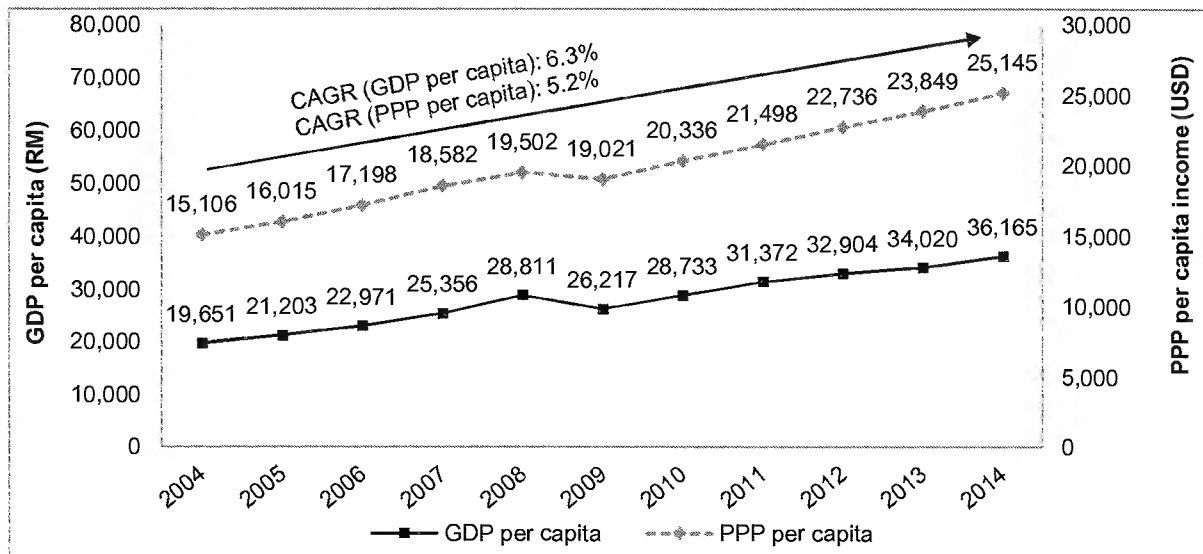
⁹ Exchange rate from USD to RM in 2004 was converted based on average annual exchange rates in 2004 extracted from published information from Bank Negara Malaysia at USD1=RM3.800

¹⁰ Exchange rate from USD to RM in 2014 was converted based on average annual exchange rates in 2014 extracted from published information from Bank Negara Malaysia at USD1=RM3.2736

6. INDUSTRY OVERVIEW AND OUTLOOK (Cont'd)

SMITH ZANDER

Growth in disposable income (Malaysia), 2004-2014



Source: International Monetary Fund

Government initiatives to promote the healthcare services industry

The Government of Malaysia has launched various national plans and programmes to support the growth of the healthcare services industry. The national initiatives implemented by the Government support various segments of the healthcare industry, from the provision of medicines to the construction of healthcare facilities. Among these plans and programmes include:

a) National Strategic Plan for Non-Communicable Diseases (or Chronic Diseases)

The MOH Malaysia released a "National Strategic Plan for Non-Communicable Diseases" ("NSP-NCD") to address the increasing prevalence of these diseases more efficiently and effectively. The strategies of the NSP-NCD include, amongst others, preventing chronic diseases, equipping healthcare professionals with appropriate knowledge, and equipping healthcare facilities with minimum clinical equipment and tools required to diagnose and treat these diseases. This plan will increase the population's awareness of non-communicable diseases or chronic diseases, boosting the overall healthcare services industry.

b) Economic Transformation Programme ("ETP")

The healthcare sector of the ETP, driven by the Performance Management Delivery Unit ("PEMANDU"), aims to further grow the overall healthcare sector, with a broad coverage on areas such as medical devices, aged-care services and clinical research. Collectively, the 17 Entry Point Projects ("EPPs") under the ETP are projected to create 26,966 jobs and generate an income of RM6.59 billion by 2020.

6. INDUSTRY OVERVIEW AND OUTLOOK (Cont'd)

SMITH ZANDER

Specific to the healthcare sector, EPPs that further boost the demand for healthcare are as listed below:

EPP	Impact	2020 Gross National Income ("GNI") (millions)
EPP 4: Reinvigorating healthcare travel	Increase in patient volume through marketing and cross-border alliances, offering better patient care and experience, upgrading of infrastructure and increasing the number of healthcare specialists. The establishment of medical healthcare travel has allowed for increased foreign patients, as depicted by the increase in revenue of RM683.92 million generated from medical healthcare travel in 2013.	4,294.4
EPP 6: Developing a health metropolis	UMHM will comprise a 320-bed hospital, a 338-healthcare hotel, a medical research centre and other supporting healthcare facilities. UMHM will be the launching pad of a larger series of healthcare ecosystem in various locations in Malaysia. UMHM is expected to be operational by 2017.	986.2
EPP 15: Mobile healthcare services	Love On Wheels Healthcare Services Sdn Bhd leads this EPP through its "Kasih Atas Sumbangan Ikhlas dan Hemat" project. This project enables senior citizens in Malaysia to have accessibility to nursing and rehabilitation services through mobile healthcare services.	211.9
EPP 16: Institutional aged care	Econ Healthcare Group will build the first retirement village complete with nursing home facilities in Cheras. The retirement village will comprise a 200-bed nursing home and other nursing home facilities, to cater for the elderly who require medical assistance.	83.0
EPP 17: Retirement villages	Eden-On-The-Park Sdn Bhd is building the first Integrated Senior Active Lifestyle and Care Residence Resort in Kuching, Sarawak. It will be the prototype of future retirement villages in Malaysia when it is completed in 2016.	1,194.0

Source: PEMANDU

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6. INDUSTRY OVERVIEW AND OUTLOOK (Cont'd)

SMITH ZANDER

In addition to the ETP national plans and programmes, the Government of Malaysia also announced several measures to drive the growth in the healthcare services industry under the 2015 Budget and the 2016 Budget. The measures are:

Measure	Impact
Developing healthcare facilities	The construction of two (2) hospitals, 20 health clinics and four (4) dental clinics to increase the number of Government healthcare facilities.
Establishing 1Malaysia clinics	There are plans to establish 30 additional 1Malaysia clinics in Budget 2015. Under Budget 2016, RM52 billion has been allocated to cover the operations of existing 1Malaysia clinics and to establish an additional 33 1Malaysia clinics. This will increase the total number of Government healthcare facilities and healthcare support staff.
Replacing haemodialysis machines in Government hospitals and clinics	Healthcare services in Government hospitals and clinics will be improved, leading to patients having greater access to better care.
Providing medication for patients undergoing haemodialysis treatment	Patients will have increased access to medication for haemodialysis.
Providing tax relief for chronic diseases	Patients of chronic diseases will be entitled to a tax relief of up to RM6,000 for expenses. This tax relief is opened to the tax payer, spouse and children.
Providing complimentary dengue test kits	The 55,000 dengue test kits distributed free of charge to private clinics is expected to contain the dengue fever epidemic as it would expedite the detection of dengue fever.
Construction and redevelopment of healthcare facilities	<ul style="list-style-type: none"> The construction of five (5) new hospitals in Pasir Gudang, Kemaman, Pendang, Maran and Cyberjaya. The redevelopment of Kajang Hospital. <p>The construction and upgrading works of various rural clinics, health clinics and dental clinics located nationwide.</p>
Supply of medical goods	The Government has allocated RM4.6 billion for the supply of medicines, consumables, vaccines and reagents to all Government hospitals and clinics.
Medical charges on non-citizens	Beginning 1 January 2016, the Government will impose full medical charges on non-citizens.

Source: Ministry of Finance Malaysia

Furthermore, Khazanah National Berhad, the strategic investment fund of the Government of Malaysia, also announced in September 2015 that IHH Healthcare Berhad had committed to a capital expenditure of RM670 million for the expansion of existing hospitals and construction of new hospitals in Medini Iskandar, Johor; Kuala Lumpur, Wilayah Persekutuan; Klang, Selangor; Malacca; and Kota Kinabalu, Sabah. Khazanah National Berhad also announced its intention to invest approximately RM100 million in an in-patient rehabilitation hospital business over the next two (2) years. The in-patient rehabilitation hospital business will be a collaboration between Khazanah National Berhad and a foreign technical operator and equity partner.

4 MEDICAL BED, PERIPHERAL AND ACCESSORY INDUSTRY IN MALAYSIA

Definitions and Segmentation

Medical beds, peripherals and accessories are essential supplies to hospitals and medical centres as patients require the usage of medical beds, peripherals and/or accessories during the time they are hospitalised and/or are attended to.

The medical bed, peripheral and accessory industry can be broadly segmented into the following:

(i) Medical beds

Medical beds refer to beds specially designed for hospitalised patients or individuals in need of any form of healthcare services. Medical beds have different features from ordinary beds (such as adjustable height, backrest, kneerest and footrest, and mobility) for the purpose of providing comfort and for the well-being of the patient, as well as for the convenience of healthcare professionals (i.e. doctors and nurses) during the provision of healthcare services.

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

There are various types of medical beds, generally categorised into manual beds, hydraulic beds, electric beds and delivery beds. Manual beds are beds where adjustment for height, backrest, kneerest and footrest are operated manually. Meanwhile, height, backrest, kneerest and footrest adjustments are controlled using a hydraulic mechanism for hydraulic beds, and an electrical system for electric beds. Manual beds are commonly used in developing countries due to the substantial difference in pricing between manual beds, and hydraulic and electric beds. Furthermore, developing countries with less established energy infrastructure are also more inclined towards the use of manual beds due to frequent power outages and/or fluctuations in electrical current. Hydraulic and electric beds are more prevalent in developed countries as well as in private hospitals and medical centres in developing countries.

Delivery beds, on the other hand, are specially-designed beds to provide support for mothers during labour, delivery and/or after-delivery stages.

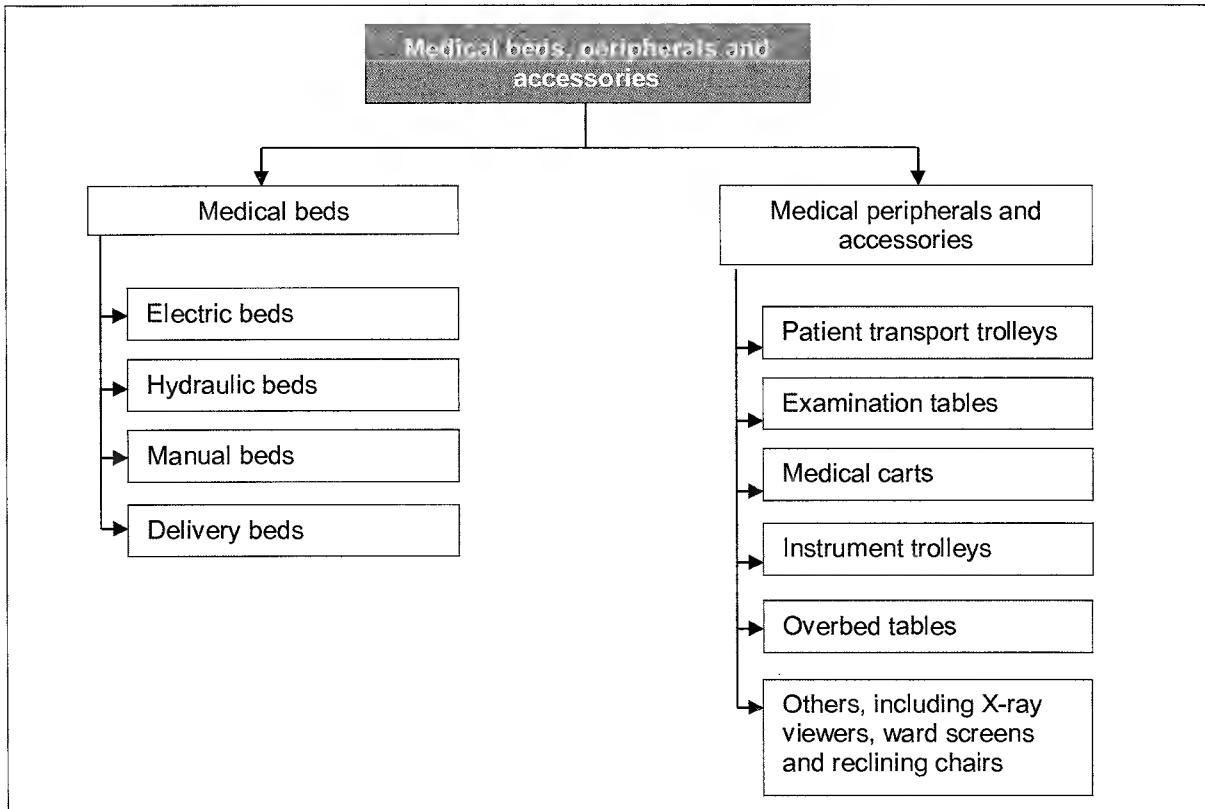
(ii) Medical peripherals and accessories

Medical peripherals and accessories include products such as patient transport trolleys, examination tables, medical carts and instrument trolleys. These products are not typically used as a measure of capacity to determine the number of patients a facility can support. Instead, they are nonetheless important items used in the course of the daily operations of a hospital or medical centre.

Patient transport trolleys are used to transport patients within and out of the hospital, and are typically narrower than medical beds to allow for easier mobility. Examination tables are flat based medical beds which patients are placed upon during a medical examination. On the other hand, medical carts are typically used by healthcare professionals to temporarily or permanently hold and/or store medical equipment, instruments and accessories, while instrument trolleys are designed for healthcare professionals to hold medical instruments during the time they are examining or performing an operation on a patient.

6. INDUSTRY OVERVIEW AND OUTLOOK (Cont'd)

Segmentation of the medical bed, peripheral and accessory industry, 2015



Note:

This list is not exhaustive.

Source: SMITH ZANDER

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Key Demand Drivers

Growth in demand for healthcare services is expected to drive the medical bed, peripheral and accessory industry

The demand for healthcare services has been increasing over the years due to the changes in lifestyle, leading to higher incidences of chronic diseases, the demographic shift to an ageing population, the increased accessibility or uptake of medical insurance, as well as Government initiatives in driving the healthcare services industry. The increasing demand for healthcare services has consequently led to a growth in healthcare facilities, thereby increasing demand for additional medical beds, peripherals and accessories, in order to furnish and equip new healthcare facilities.

(Please refer to **Chapter 3 - The Healthcare Services Industry** of this IMR report for further details on the increase in demand for healthcare services.)

Government initiatives to promote the medical bed, peripheral and accessory industry

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

The ETP (2011-2020) was launched in 2010 with the goal of promoting Malaysia into an inclusive and sustainable high-income country by the year 2020. The ETP is a comprehensive initiative comprising 131 high impact projects under 12 economic focus areas that have the potential to stimulate economic growth. The healthcare sector is a key driver of domestic consumption and plays a significant role in promoting economic growth. Among some of the initiatives highlighted under the ETP, which will boost the growth of the medical bed, peripheral and accessory industry, are as listed below:

(i) EPP 11: Orchestration of a Medical Equipment Supply Chain

UWC Holdings Sdn Bhd have been identified and selected to lead this initiative through the construction of an 80,000 square feet medical equipment manufacturing facility in Penang. The facility will manufacture medical beds, peripherals, accessories and equipment such as medical beds, trolleys, stretchers, immobilisers and pre-filled humidifiers. This project is estimated to bring in RM1.0 billion in GNI by 2020.

(ii) EPP 13: Building a Medical Hardware and Furniture Cluster

LKL Advance Metaltech Sdn Bhd, a subsidiary of LKL International Berhad, was identified to spearhead this project of developing the medical bed, peripheral and accessory sector. This project is estimated to bring in a total of RM380 million in GNI by 2020.

Furthermore, IHH Healthcare Berhad's commitment to expand its existing hospitals and build several new hospitals in Johor, Kuala Lumpur, Selangor, Malacca, and Sabah, as well as Khazanah National Berhad's intention to invest in an in-patient rehabilitation hospital business will contribute to higher demand for medical beds, peripherals and accessories.

6. INDUSTRY OVERVIEW AND OUTLOOK (Cont'd)

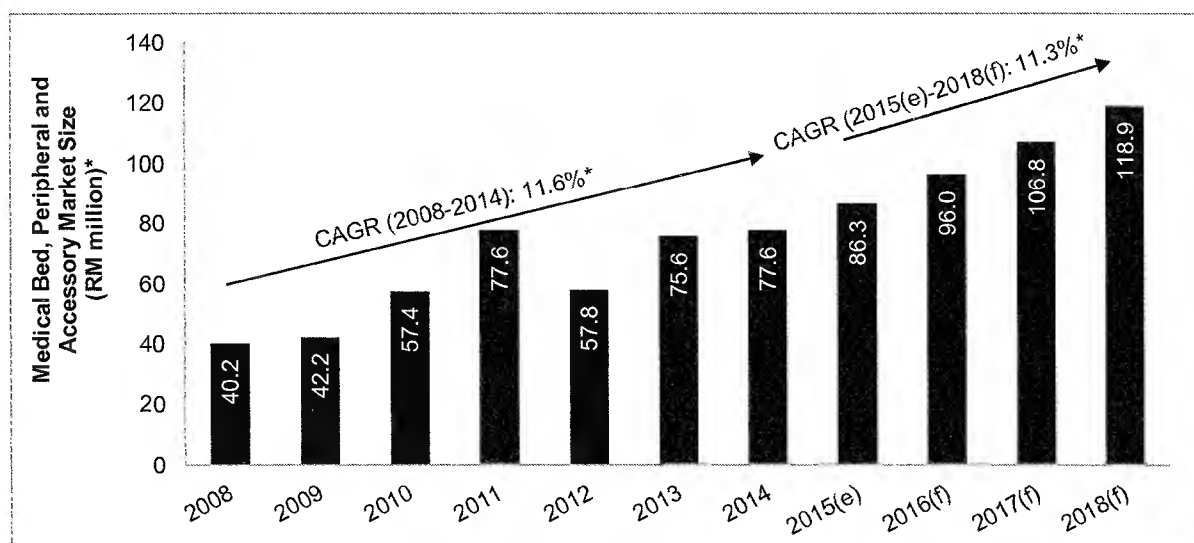
Market Size and Growth Prospects

The medical bed, peripheral and accessory market size in Malaysia is defined as the sum of local industry manufacturers' revenues, and imports of medical beds, peripherals and accessories, net of exports by local industry players. Thus, it denotes consumption of medical beds, peripherals and accessories in the country. The local industry players include both manufacturers, and agents and distributors. Manufacturers are companies which are involved in the manufacturing of their in-house house brand of medical beds, peripherals and accessories and/or contract manufacturing of these products, while agents and distributors are companies which market and distribute local as well as imported medical bed, peripheral and accessory brands. (Please refer to **Chapter 4 – Medical Bed, Peripheral and Accessory Industry (Competitive Overview)** of this IMR report for further details on these industry players.)

The market size for medical beds, peripherals and accessories has demonstrated positive growth, increasing from approximately RM40.2 million in 2008 to approximately RM77.6 million in 2014, at a CAGR of 11.6%. The market size in 2014 is the latest available data as the financial year end ("FYE") 2014 is the latest year where financial information of the identified local manufacturers are available.

Moving forward, SMITH ZANDER forecasts the medical bed, peripheral and accessory market size to grow from an estimated RM86.3 million in 2015 to RM118.9 million in 2018, at a CAGR of 11.3%. This is expected to be driven by the growing healthcare services industry and Government-driven initiatives to promote the medical bed, peripheral and accessory industry. (Please refer to **Chapter 4 – Medical Bed, Peripheral and Accessory Industry (Key Demand Drivers)** of this IMR report for further details on key demand drivers).

Medical bed, peripheral and accessory market size (Malaysia), 2008-2018(f) *



Note:

* CAGRs and forecasts were computed by SMITH ZANDER. The market size for medical beds, peripherals and accessories was also computed by SMITH ZANDER based on revenues of local manufacturers' and imports of medical beds, peripherals and accessories, net of exports by local industry players.

Source: Suruhanjaya Syarikat Malaysia ("SSM"), United Nations Comtrade Database, *SMITH ZANDER analysis

6. INDUSTRY OVERVIEW AND OUTLOOK (Cont'd)

SMITH ZANDER

In 2014, there were 57,571 medical beds available in hospitals and medical centres in Malaysia, of which 43,822 medical beds were in public hospitals and medical centres, while 13,749 medical beds were in private hospitals and medical centres.

Over the last six (6) years, medical beds grew by a CAGR of 1.3%, growing from 53,414 medical beds in 2008 to 57,571 medical beds in 2014. Much of this growth was driven by medical beds in private hospitals and medical centres, as depicted by the relatively higher CAGR during this period of 2.1% as compared to the CAGR of medical beds in public hospitals and medical centres of 1.0%. The growth in the number of medical beds in private hospitals and medical centres were mostly attributed to the growth from hospitals, nursing homes and hospices. Nevertheless, it should be noted that the number of medical beds in public hospitals and medical centres are substantially higher than the number of medical beds in private hospitals and medical centres in Malaysia, with public hospitals and medical centres holding about three (3) quarters of the total number of medical beds in Malaysia.

Number of medical beds in public and private hospitals and medical centres (Malaysia), 2008-2014

	2008	2009	2010	2011	2012	2013	2014	CAGR 2008- 2014*
Total	53,414	54,316	55,193	55,923	56,973	58,145	57,571	1.3%
Public hospitals and medical centres	41,249	41,580	41,483	41,716	42,707	43,437	43,822	1.0%
MOH hospitals	33,004	33,083	33,211	33,812	34,078	34,576	35,318	1.1%
MOH special medical institutions	5,000	4,974	4,582	4,582	4,900	5,152	4,942	-0.2%
Non-MOH hospitals	3,245	3,523	3,690	3,322	3,729	3,709	3,562	1.6%
Private hospitals and medical centres	12,165	12,736	13,710	14,207	14,266	14,708	13,749	2.1%
Hospitals	11,689	12,216	13,186	13,568	13,667	14,033	13,038	1.8%
Nursing homes	274	273	263	362	364	444	513	11.0%
Maternity Homes	174	102	97	105	96	87	57	-17.0%
Hospices	28	28	30	38	38	38	38	5.2%
Ambulatory care centres	NA	108	125	125	101	96	103	0.9% ^{^*}
Community mental health care centres	NA	9	9	9	-	10	0	-100% ^{^*}

Notes:

1. NA denotes data is not available.
2. ^{^*}CAGRs pertain to period between 2009 and 2014.
* CAGRs were computed by SMITH ZANDER.

Source: MOH Malaysia,
*SMITH ZANDER analysis

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6. INDUSTRY OVERVIEW AND OUTLOOK (Cont'd)

SMITH ZANDER

In terms of the annual increase in the number of medical beds, public hospitals and medical centres saw a rise of 233 beds between 2010 and 2011, followed by increases of 991 beds in 2012, 730 beds in 2013 and 385 beds in 2014. Private hospitals and medical centres recorded increases of 571 beds between 2008 and 2009, and 974 beds, 497 beds, 59 beds and 442 beds in 2010, 2011, 2012 and 2013 respectively. In 2014, private hospitals and medical centres recorded a decrease of 959 beds, in line with the decline in the number of private hospitals and medical centres.

The decline in the total number of medical beds in 2014 of 574 beds is in line with the decrease in number of hospitals in Malaysia in the same year. The decline in number of hospitals in 2014 is attributed to the different method of tabulating the number of private hospitals in 2013 and 2014, as highlighted in **Chapter 3- The Healthcare Services Industry (The Healthcare Services Industry in Malaysia)**. Notwithstanding this, there may also have been closures of smaller private hospitals in 2014 as a result of rising costs of operations. Thus, the decline in hospitals appears to be due to factors other than demand for healthcare services, as demand for healthcare services has demonstrated an increase, as evidenced by the rise in hospital admissions in Malaysia from 3,323,000 in 2013 to 3,696,800 in 2014, a growth of 11.2%.

Annual increase/decrease in medical beds in public and private hospitals and medical centres (Malaysia), 2009-2014*

	2009	2010	2011	2012	2013	2014
Total	902	877	730	1,050	1,172	-574
Public hospitals and medical centres	331	-97	233	991	730	385
MOH hospitals	79	128	601	266	498	742
MOH special medical institutions	-26	-392	0	318	252	-210
Non-MOH hospitals	278	167	-368	407	-20	-147
Private hospitals and medical centres	571	974	497	59	442	-959
Hospitals	527	970	382	99	366	-995
Maternity Homes	-72	-5	8	-9	-9	-30
Nursing homes	-1	-10	99	2	80	69
Hospices	0	2	8	0	0	0
Ambulatory care centres	NA	17	0	-24	-5	7
Community mental health care centres	NA	0	0	-9	10	-10

Notes:

1. The annual increase/decrease in beds do not include replacement beds. (Please refer to **Chapter 4 – Medical Bed, Peripheral and Accessory Industry in Malaysia (Market Size and Growth Prospects)** (page 26) of this IMR report for a detailed explanation).
2. NA denotes data is not available.

* The annual increase/ decrease in medical beds were computed by SMITH ZANDER, based on the total number of medical beds in Malaysia each year.

Source: MOH Malaysia,
*SMITH ZANDER analysis

As stated earlier in this IMR report, Malaysia's medical bed ratio of 1.9 beds per 1,000 population in 2014 remains below both the *developing country average* and *world average* of 2.2 and 3.0 beds respectively. (Please refer to chart illustrating the medical beds per 1,000 in selected countries worldwide in **Chapter 3 – Healthcare Services Industry (The Global Healthcare Services Industry)** of this IMR report). The latent demand for medical beds in Malaysia is reflected by these statistics. As healthcare expenditure and infrastructure continue to rise in Malaysia, the number of medical beds per 1,000 population in Malaysia

6. INDUSTRY OVERVIEW AND OUTLOOK (Cont'd)

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will edge closer to the *world average*, signifying potential for growth in the number of medical beds in the country. Malaysia had 57,571 medical beds available in public and private hospitals and medical centres in 2014.

In order to estimate the potential for growth in the number of medical beds, SMITH ZANDER has assumed the following:

Assumption 1: The population in Malaysia is forecast to grow by 9.2% from 30.1 million persons in 2014 to reach 32.9 million persons by 2020.

Year	Population ('000)	Year-on-year Growth (%)*
2014	30,098	-
2020	32,856	9.2

Source: World Bank,
*SMITH ZANDER analysis

Assumption 2: Malaysia is expected to achieve a medical bed ratio of 2.3 beds per 1,000 population, in line with the target stated in the 11th Malaysia Plan. (Please refer to **Chapter 4 – Medical Bed, Peripheral and Accessory Industry (Key Demand Drivers)** of this IMR report for further details).

Assumption 3: The number of medical beds available when Malaysia meets the target stated in the 11th Malaysia Plan and *world average* for medical beds per 1,000 population of 2.3 and 3.0 beds, respectively, have been calculated based on a population of 32.9 million persons.

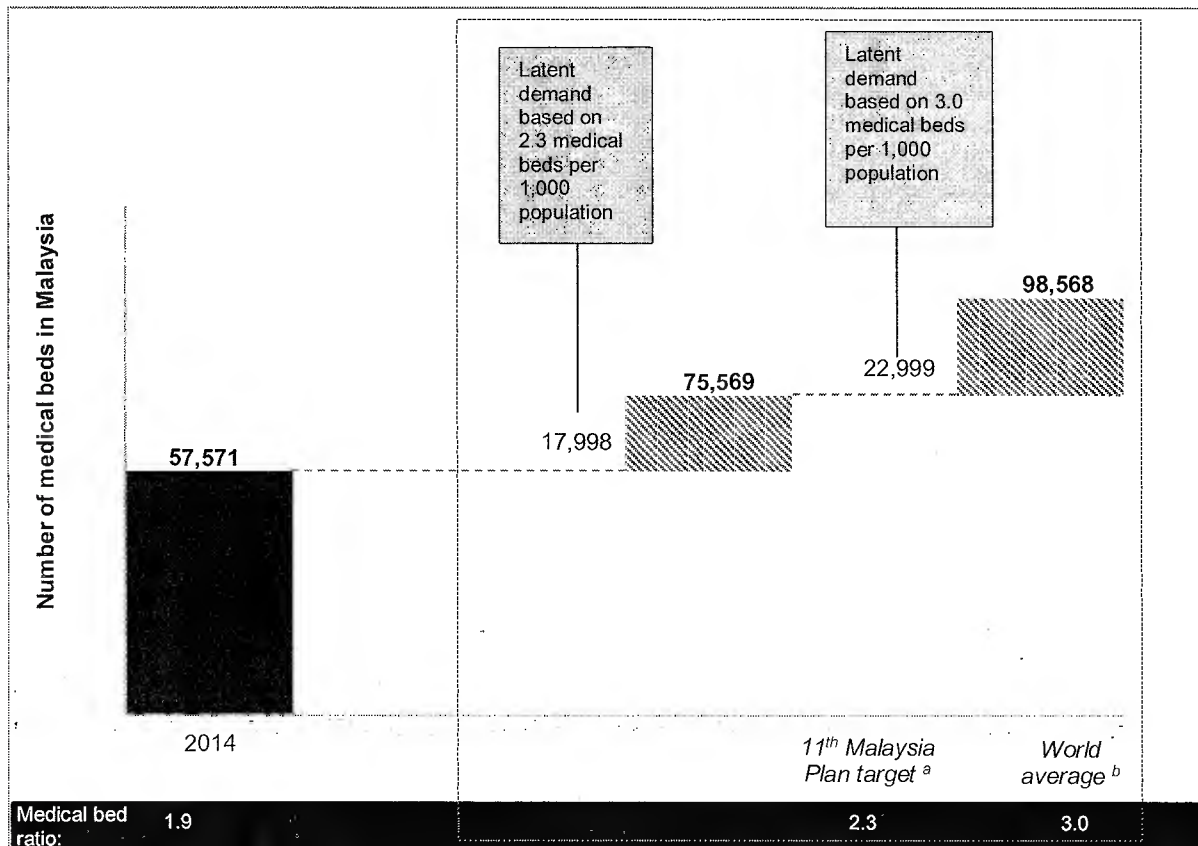
According to the 11th Malaysia Plan, the Government of Malaysia announced its aim to achieve universal access to quality healthcare, and in doing so aims to increase the medical bed ratio to 2.3 beds per 1,000 population. If Malaysia meets this target, Malaysia has the potential to grow its net increase of new medical beds by another 17,998 medical beds to 75,569 medical beds in the future.

Over the longer term, should Malaysia continue to grow and if the country meets the *world average* of 3.0 beds per 1,000 population, the estimated net increase of new medical beds in the country is expected to grow by a further 22,999 medical beds to 98,568 medical beds.

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6. INDUSTRY OVERVIEW AND OUTLOOK (Cont'd)

Growth potential for medical beds (Malaysia), 2014*



Notes:

^a The number of medical beds available in Malaysia, should Malaysia have a medical bed ratio of 2.3 beds per 1,000 population as per the 11th Malaysia Plan target.

^b The number of medical beds available in Malaysia, should Malaysia reach a medical bed ratio equal to the current world average of 3.0 beds per 1,000 population.

Source: World Bank,
*SMITH ZANDER analysis

It is also important to note that the abovementioned growth in medical beds are net increases, which do not take into account the annual growth of replacement medical beds in public and private hospitals and medical centres in Malaysia. On average, the useful lifespan for medical beds is approximately 10 years, and hospitals and medical centres typically replace a medical bed at the end of its useful lifespan. The presence of replacement medical beds thus signifies that the overall growth in demand for medical beds is realistically higher.

6. INDUSTRY OVERVIEW AND OUTLOOK (Cont'd)

SMITH ZANDER

As an illustration, LKL International Berhad's annual medical bed sales in Malaysia has been consistently higher than the annual increase/decrease of registered medical beds in Malaysia between 2011 and 2014, indicating that the statistics on the annual increase/decrease of registered medical beds in Malaysia does not include the annual number of replacement of medical beds. Even though the total number of medical beds declined in 2014, LKL International Berhad's annual medical bed sales in Malaysia continued to illustrate growth, as shown below:

	2011	2012	2013	2014
Net annual increase/decrease of medical beds in public and private hospitals and medical centres in Malaysia (units)*	730	1,050	1,172	-574
LKL International Berhad's annual medical bed sales volume in Malaysia (units)	3,200	2,201	4,021	4,431

Notes:

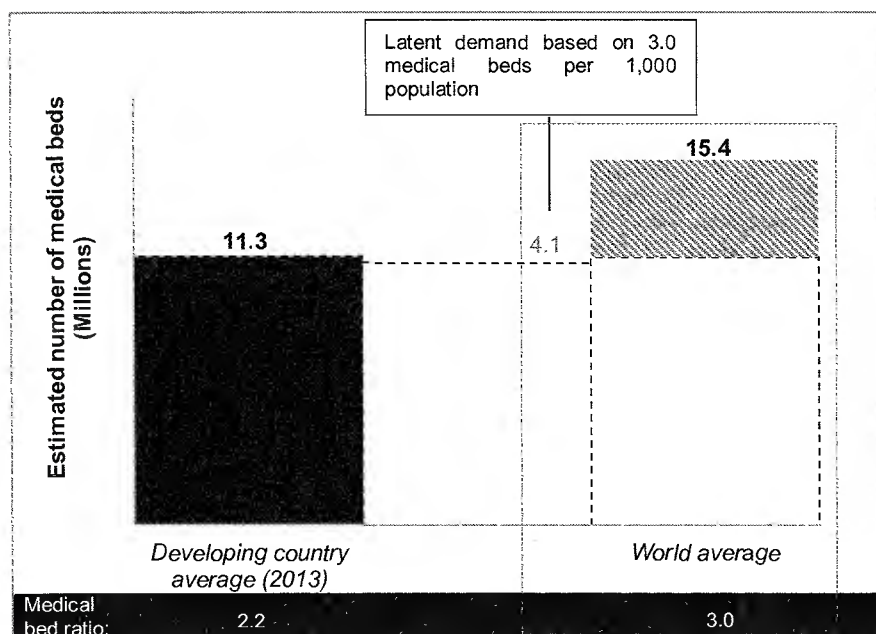
1. LKL International Berhad's annual medical bed sales volume refers to the number of electric, hydraulic, manual and delivery beds sold during the respective calendar year.

* The annual increase/decrease in medical beds were computed by SMITH ZANDER, based on the total number of medical beds in Malaysia each year.

Source: LKL International Berhad, MOH Malaysia, *SMITH ZANDER analysis

The growth potential for medical bed, peripheral and accessory industry players in Malaysia is not limited to the demand from within the domestic market, as industry players may also tap into the latent demand present in international markets. As illustrated earlier, there is a latent demand for medical beds in most developing countries, particularly in Asia, Middle East and Africa, and this is indicated by the lower *developing country average* for medical beds per 1,000 population of 2.2 beds relative to the *world average* of 3.0 beds. With 2.2 medical beds per 1,000 population, developing countries are estimated to collectively have 11.3 million medical beds in 2013. Assuming that the developing countries are able to meet the *world average* of 3.0 medical beds per 1,000 population in the future, the total number of medical beds in developing countries could reach 15.4 million medical beds, indicating a latent demand of 4.1 million medical beds. This potential increase of 4.1 million medical beds signifies the vast opportunities present in developing countries in Asia, Middle East and Africa.

Growth potential for medical beds (Developing countries: Asia, Middle East and Africa) *



Note:

* The number of medical beds available in developing countries was computed by SMITH ZANDER based on medical bed ratio and population data in developing countries.

Source: World Bank, *SMITH ZANDER analysis

6. INDUSTRY OVERVIEW AND OUTLOOK (Cont'd)

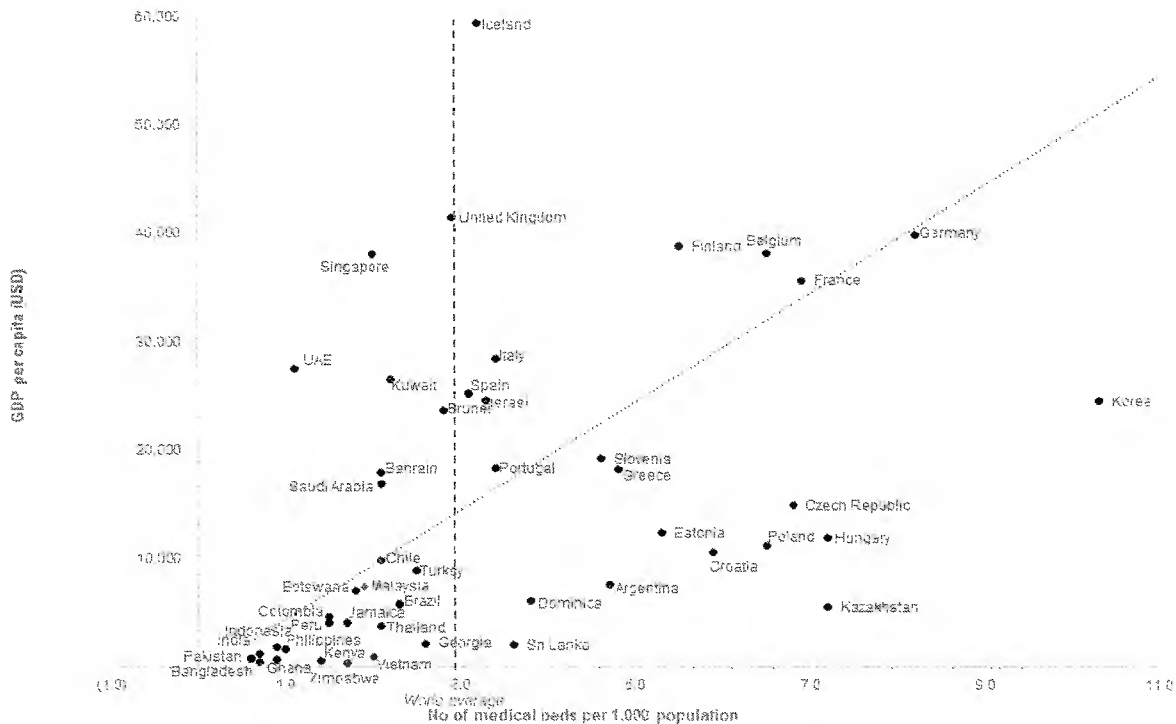
To further illustrate the growth potential for medical beds in Malaysia and other developing countries in Asia, Middle East and Africa, SMITH ZANDER has drawn a correlation between GDP per capita and medical bed ratios of selected countries worldwide.

Based on global trends, the medical beds per 1,000 population is correlated with the economic development of a country. The growth of medical beds and its correlation to economic development can be seen across developed countries that exhibit relatively high GDP per capita, as well as in developing countries with lower GDP per capita. This correlation suggests higher medical bed ratios as countries develop and the per capita income of a country rises.

In general, developed countries such as Finland, Germany, Belgium, France and Spain, among others, with GDP per capita in excess of USD25,000, recorded medical bed ratios of 3.0 beds per 1,000 population and above, which is higher than the *world average*. Likewise, developing countries including countries in Asia such as Bangladesh, Malaysia, Vietnam and India, and countries in Middle East and Africa such as Botswana, Bahrain, Kenya, Ghana and Saudi Arabia with GDP per capita of USD25,000 and below, registered medical bed ratios that was lower than the *world average* of 3.0 beds per 1,000 population.

Thus, this signifies that as Malaysia and other developing countries continue to show economic growth, and drawing from the above correlation, the demand for medical beds, peripherals and accessories would be expected to grow in tandem.

Relationship between number of medical beds per 1,000 population and GDP per capita (Selected countries, Global), 2013 (or latest available year) *



Note:

* SMITH ZANDER has selected and collated the data points (i.e. GDP per capita and number of medical/ healthcare beds per 1,000 population) from World Bank, and plotted the correlation of the data points in the chart above, including computing the dotted correlation line.

Source: World Bank,
*SMITH ZANDER analysis

6. INDUSTRY OVERVIEW AND OUTLOOK (Cont'd)

SMITH ZANDER

Product Substitution

Medical beds, peripherals and accessories are essential supplies to hospitals and medical centres as patients require the usage of these products during the time they are hospitalised. As such, there is no effective product substitutes to medical beds, peripherals and accessories.

Supply Conditions and Dependencies

Availability of labour and equipment for the manufacturing of medical beds, peripherals and accessories

Medical bed, peripheral and accessory manufacturing requires human labour and in most cases the use of equipment. Equipment utilised in the manufacturing of medical beds, peripherals and accessories include, amongst others, welding machinery, laser-cutting machinery, as well as punching, drilling and bending machinery and equipment. As many industry players typically manufacture more than one (1) type of product in accordance to the needs of their customers, human labour is still required to transfer the materials from one equipment to another, and to assemble the different components and parts to form the final product. Both equipment and labour required in the manufacturing of medical beds, peripherals and accessories are readily available, with equipment available for purchase from local or foreign suppliers and manufacturers, and domestic and foreign workers hired as labour for the manufacturing process.

Availability of raw materials and supplies

The raw materials and supplies used in the manufacturing of medical beds, peripherals and accessories are primarily steel materials such as steel sheets, tubes and bars. Components and parts such as plastic materials, digital or electronic products (e.g: digital weighing scales, X-ray equipment, and monitoring or inspection sensors), as well as castors and wheels are also essential to the manufacturing of medical beds, peripherals and accessories.

Most of these raw materials and supplies are generally readily available, and medical bed, peripheral and accessory manufacturers source these raw materials and supplies from local suppliers and as well as foreign distributors or manufacturers. However, medical bed, peripheral and accessory manufacturers must ensure the quality of these raw materials and supplies as the products manufactured must meet the expectations and safety requirements set out by their customers.

Reliance and Vulnerability to Imports

Total imports of medical beds, peripherals and accessories¹¹ in Malaysia was estimated to be about USD10.5 million (RM35.0 million¹²) in 2008 and USD9.6 million (RM31.4 million¹³) in 2014. While imports constituted more than 87.1% of the medical bed, peripheral and accessory market size in Malaysia in 2008, the percentage of imports has since reduced by almost half of the market, i.e. 40.5%. This demonstrates a decreasing reliance on imports of these products, and illustrates that the domestic market is increasingly becoming more receptive towards domestic players and brands. The higher levels of product quality and after-sales service of locally manufactured products are increasingly shifting the balance towards domestic industry players as customers and end-users (i.e. local public and private hospitals and medical centres) increasingly purchase medical beds, peripherals and accessories from local players.

¹¹ Includes medical, surgical, dental or veterinary furniture (e.g.: operating tables, examination tables, medical beds with mechanical fittings, dentists' chairs)

¹² Exchange rate from USD to RM in 2008 was converted based on average annual exchange rates in 2008 extracted from published information from Bank Negara Malaysia at USD 1=RM3.800

¹³ Exchange rate from USD to RM in 2014 was converted based on average annual exchange rates in 2014 extracted from published information from Bank Negara Malaysia at USD 1=RM3.2736

6. INDUSTRY OVERVIEW AND OUTLOOK (Cont'd)

SMITH ZANDER

Medical bed, peripheral and accessory market size and imports of medical beds, peripherals and accessories (Malaysia), 2008-2014

	2008	2009	2010	2011	2012	2013	2014
Imports (USD million)	10.5	8.8	11.9	15.8	11.3	10.9	9.6
Imports (RM million)*	35.0	31.0	38.2	48.3	34.8	34.3	31.4
Market size* (RM million)	40.2	42.2	57.4	77.6	57.8	75.6	77.6
Percentage imports over market size*	87.1%	73.5%	66.6%	62.2%	60.2%	45.2%	40.5%

Notes:

* Market size and percentage imports over market size were computed by SMITH ZANDER.

Conversions from USD to RM were computed by SMITH ZANDER based on the following exchange rates which were extracted from Bank Negara Malaysia:

2008: USD 1 = 3.3319

2009: USD1 = 3.5236

2010: USD1 = 3.2105

2011: USD1 = 3.0572

2012: USD1 = 3.0785

2013: USD1 = 3.1511

2014: USD1 = 3.2736

Source: United Nations Comtrade Database, SSM,
*SMITH ZANDER analysis

Relevant Laws and Regulations**Medical Device Act 2012**

This Act stipulates that a medical-related product must be registered with the Medical Device Authority ("MDA"), through a web-based system called the Medical Device Centralised Online Application System ("MEDCAST"), before it can be imported, exported or placed in the market. For locally-manufactured medical-related products, the manufacturer has the responsibility to ensure that the medical product is registered, while the responsibility for the registration of imported medical products falls on the authorised importer or manufacturer's representative. Failure to register a medical product will lead to a fine not exceeding RM200,000 or an imprisonment term of not more than three (3) years, or both.

This Act also stipulates that an establishment (i.e. which refers to either the manufacturer or the authorised manufacturer representative) must hold a valid establishment license in order to import, export or place a medical-related product in the market. Failure to register an establishment will lead to a fine not exceeding RM200,000 or an imprisonment term of not more than three (3) years, or both.

Medical Device Regulations 2012

For the purpose of the registration of medical devices, the classification and grouping of medical devices are specified in the First Schedule and Second Schedule of this Regulation, respectively. All medical devices must conform to the requirements as set out in the Third Schedule of this Regulation, and medical devices are subject to conformity assessment.

As stipulated in the Fifth Schedule of this Regulation, the registration of medical devices involves application fees ranging from RM100 to RM750 and registration fees ranging from RM1,000 to RM5,000, in accordance to its classification or grouping. The application for an establishment license is subject to an application fee of RM250 and a licensing fee of either RM2,000 or RM4,000 (depending on the type of establishment, as stipulated in the Fifth Schedule of this Regulation). The renewal of an establishment license and the application for export permits are also subject to fees as stipulated in the Fifth Schedule of this Regulation.

6. INDUSTRY OVERVIEW AND OUTLOOK (Cont'd)

SMITH ZANDER

The Sixth Schedule of this Regulation stipulates the mandatory labelling requirements for medical devices, such as the contents, format and language of the label, and the location of the label on a medical device.

Employment Act 1955

The Employment Act 1955 stipulates the rights and welfare benefits that employees are entitled to, and rules and regulations which all employers are required to comply. This Act also states that an employer is required to obtain a license to hire legal foreign workers under the contract of services, and ensure their welfare and rights are fulfilled in terms of their wages, hours of work, rest days, as well as sick and annual leaves. The Ministry of Human Resource is responsible for monitoring and ensuring that companies are in compliance with the Act and protects the welfare of employees.

Industrial Co-ordination Act 1975

The Industrial Co-ordination Act 1975 is an Act introduced with the objective of maintaining the coordination, orderly development and growth in Malaysia's manufacturing sector. The Act requires manufacturing companies in Malaysia with shareholders' funds of RM2.50 million and above or with 75 or more full-time employees to apply for a manufacturing license for approval by Ministry of International Trade and Industry ("MITI").

Applications for manufacturing license are to be submitted to the Malaysian Industrial Development Authority ("MIDA"), and this license will subsequently be approved and issued by MITI. The licenses are non-transferable unless with prior approval obtained from MITI.

Competitive Overview

The competitive landscape of the medical bed, peripheral and accessory industry in Malaysia comprises local medical bed, peripheral and accessory manufacturers; foreign manufacturers with local presence in Malaysia; and agents and distributors.

(i) Manufacturers

Manufacturers include companies involved in the design, manufacturing and assembly of medical beds, peripherals and accessories, and these activities are performed at their in-house manufacturing facilities. These manufacturers may either have their in-house brand(s) of medical beds, peripherals and accessories, or may be performing contract manufacturing for other medical bed, peripheral and accessory brands.

A list of identified manufacturers in Malaysia is shown as follows:

Company Name*	Products and Services*	Latest FYE	Revenue (RM '000)	PAT (RM '000)
LKL International Berhad	Medical beds, peripherals and accessories	30 April 2015**	39,039	5,962
Malaysian Hospital Equipment Sdn Bhd	Medical beds, peripherals, accessories and medical disposables (such as drapes, masks, and syringes)	30 Sep 2009	754	100
Meditron Furniture Sdn Bhd	Medical beds, peripherals, and accessories	31 Dec 2014	7,776	886
Piyatech Sdn Bhd	Medical beds	30 Sep 2014	3,947	(72)
UMMI Medical Life Sciences Sdn Bhd	Medical beds, peripherals and accessories	31 Dec 2014	1,428	153

6. INDUSTRY OVERVIEW AND OUTLOOK (Cont'd)

SMITH ZANDER

Company Name*	Products and Services*	Latest FYE	Revenue (RM '000)	PAT (RM '000)
UWC Healthcare Mfg (M) Sdn Bhd (subsidiary of UWC Holdings Sdn Bhd)	Medical beds, peripherals, accessories and equipment	31 Dec 2014	330	(364)
Victor Steel Equipment Sdn Bhd	Medical beds, peripherals and accessories	31 Dec 2014	5,249	38
WTK Technologies Sdn Bhd and WTK Manufacturing Sdn Bhd	Medical devices, equipment, beds, peripherals and accessories	31 December 2014	17,157	1,489

Notes:

1. Represents industry players involved in the design, manufacturing and assembly of medical beds, peripherals and accessories that were identified by SMITH ZANDER, and may not be exhaustive.
2. The above list is in alphabetical order.
3. Does not include companies whose core activities are as agents, traders and distributors of third party products.
4. Information on products and services are based on SMITH ZANDER's secondary or desktop research on information made publicly available as at 11 March 2016.
5. Latest available financials filed with SSM as at 11 March 2016.

* SMITH ZANDER has carried out research and analysis to identify the above companies, and their products and services

** The revenues for LKL International Berhad are for the FYE 30 April 2015 as it was deemed the most comparable time period due to the fact that the latest FYE available for most other industry players were either as at 30 September 2014 or 31 December 2014.

Source: SSM, various company websites, LKL International Berhad, SMITH ZANDER analysis

(ii) Foreign manufacturers with local presence

Foreign medical bed, peripheral and accessory manufacturers are largely based in the United States, Sweden, Australia, Japan, China and India.

Many of these foreign medical bed, peripheral and accessory manufacturers do not have manufacturing facilities in Malaysia, and are represented through local agents and/or distributors in the domestic market. For example, Paramount Bed Co Ltd, a medical bed, peripheral and accessory manufacturer, distributes their products in Malaysia through Malaysian Healthcare Sdn Bhd.

Stryker Corporation is a manufacturer of medical beds, peripherals, accessories, devices and equipment based in the United States, with a local sales office in Petaling Jaya, Malaysia, through Stryker Corporation (M) Sdn Bhd. Stryker Corporation (M) Sdn Bhd does not have a manufacturing facility in Malaysia.

Company Name*	Products and Services*	Latest FYE	Revenue (RM '000)	PAT (RM '000)
Stryker Corporation (M) Sdn Bhd	Medical beds, peripherals, accessories, devices and equipment	31 December 2012	348	(1,015)

Note:

* SMITH ZANDER has carried out research and analysis to identify the above companies, and their products and services

Source: SSM, Stryker Corporation's website

6. INDUSTRY OVERVIEW AND OUTLOOK (Cont'd)

SMITH ZANDER

(iii) Agents and distributors

Local medical bed, peripheral and accessory manufacturers, to some extent, also compete with local agents and distributors of medical beds, peripherals and accessories. Agents and distributors refer to companies involved in the distribution of third party brands of medical beds, peripherals and accessories to local public and private hospitals and medical centres, and some of these brands may be imported from foreign countries.

Examples of identified medical bed, peripheral and accessory agents and distributors include:

Company Name*	Products and Services*
Antah Sri Radin Sdn Bhd (part of the Antah Healthcare Group)	<ul style="list-style-type: none"> • Medical beds, peripherals and accessories • Medical disposables (such as drapes, masks, and syringes) • Medical devices and equipment • Servicing and maintenance
Esco Marketing Services (M) Sdn Bhd	<ul style="list-style-type: none"> • Medical beds, peripherals and accessories • Medical disposables (such as drapes, masks, and syringes) • Medical devices and equipment • Repair and servicing
Hospimetrix Sdn Bhd	<ul style="list-style-type: none"> • Medical beds, peripherals and accessories • Medical disposables (such as drapes, masks, and syringes) • Medical devices and equipment • Servicing, maintenance and equipment calibration • Installation, testing and commissioning • Leasing, loan and rental services
IDS Medical Systems Sdn Bhd	<ul style="list-style-type: none"> • Medical beds, peripherals and accessories • Medical disposables (such as drapes, masks, and syringes) • Medical devices and equipment • Servicing, maintenance and equipment calibration • Installation, testing and commissioning • Leasing, loan and rental services • Project management and installation
Lifeline Innovators Sdn Bhd	<ul style="list-style-type: none"> • Medical beds, peripherals and accessories • Medical devices and equipment • Exercise equipment
Malaysian Healthcare Sdn Bhd	<ul style="list-style-type: none"> • Medical beds, peripherals and accessories • Medical disposables (such as drapes, masks, and syringes) • Medical devices and equipment • Servicing and calibration • Installation • Home delivery services • Home therapy services (such as acute or chronic back or neck pain management, stroke and neuro rehabilitation, paediatric rehabilitation)
Mikromedik Sdn Bhd	<ul style="list-style-type: none"> • Medical beds, peripherals and accessories • Medical disposables (such as drapes, masks, and syringes) • Medical devices and equipment • Hospital apparel, blanket and underbed covers • Medical stainless steel ware (such as feeding cups, catheter trays, bedpans and dental trays)

6. INDUSTRY OVERVIEW AND OUTLOOK (Cont'd)

SMITH ZANDER

Company Name*	Products and Services*
Pinang Medical Supplies (PMS) Sdn Bhd	<ul style="list-style-type: none"> • Medical beds, peripherals and accessories • Medical disposables (such as drapes, masks, and syringes) • Medical devices and equipment • Medical stainless steel ware (such as feeding cups, catheter trays, bedpans and dental trays) • Exercise equipment

Notes:

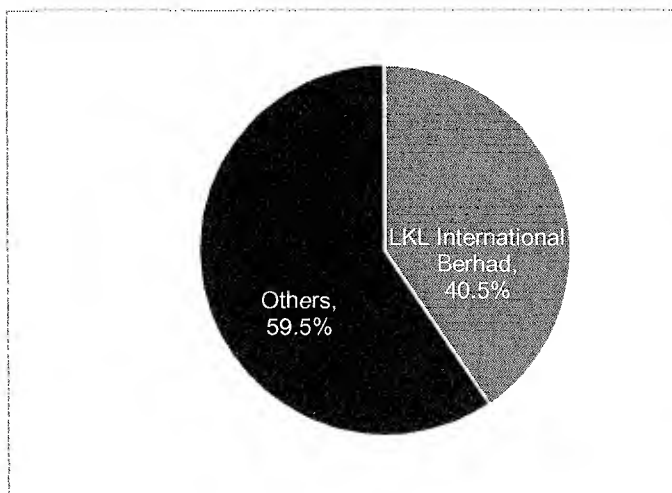
1. Represents examples of agents and distributors of medical beds, peripherals and accessories that were identified by SMITH ZANDER, and is not exhaustive. These agents and distributors were selected on the basis that sufficient information on their business and financials were attainable in order for SMITH ZANDER to qualify them as a medical bed, peripheral and accessory agent or distributor.
2. The above list is in alphabetical order.
3. Does not include companies whose core activities are in the manufacturing of medical beds, peripherals and accessories.
4. Information on products and services are based on SMITH ZANDER's secondary or desktop research on information made publicly available as at 11 March 2016.

* SMITH ZANDER has carried out research and analysis to identify the above companies, and their products and services

Source: Various company websites,
*SMITH ZANDER analysis

Market Share

In 2014, the medical bed, peripheral and accessory market size in Malaysia, which is defined as the sum of local industry manufacturers' revenues, and imports of medical beds, peripherals and accessories, net of exports by local industry players, was approximately RM77.6 million. LKL International Berhad, via its subsidiary LKL Advance Metaltech Sdn Bhd, garnered a market share of 40.5% in 2014, based on its revenue contribution from Malaysia of RM31.4 million for the FYE 30 April 2015.

Market share (Malaysia), 2014***Notes:**

* Market share in 2014 was computed by SMITH ZANDER, based on LKL International Berhad's revenues and the medical bed, peripheral and accessory market size in Malaysia.

1. Latest available data is as at 2014 as 2014 is the latest year where financial information of most of the identified industry players are available.
2. LKL International Berhad's revenues were taken as at FYE 2015 as LKL International Berhad's FYE is as at 30 April while the latest FYE available for most other industry players were either as at 30 September 2014 or 31 December 2014.
3. Based on LKL International Berhad's revenue contribution from Malaysia.

Source: SSM, LKL International Berhad,
*SMITH ZANDER analysis

5 PROSPECTS AND OUTLOOK FOR LKL INTERNATIONAL BERHAD

The prospects for growth in the medical bed, peripheral and accessory industry in Malaysia are positive as the industry is expected to continue being driven by the growth in demand for healthcare services globally as well as domestically. Global healthcare expenditure has demonstrated strong positive growth over the last decade, from USD4.3 trillion (RM16.3 trillion¹⁴) in 2004 to USD7.5 trillion (RM23.6 trillion¹⁵) in 2013, representing a CAGR of 6.4% during the period. Meanwhile, total healthcare expenditure in Malaysia also grew from RM17.8 billion in 2004 to RM41.0 billion in 2013, at a CAGR of 9.7%. In 2013, public healthcare expenditure comprised 52.0% of total healthcare expenditure, while private healthcare expenditure comprised the remaining 48.0% of total healthcare expenditure in that year. Healthcare expenditure is expected to continue to be driven by the prevalence of chronic diseases, growing ageing population, increasing accessibility to healthcare services due to growth in income and/or an uptake of medical insurance, as well as national government initiatives to support and promote the growth of the healthcare services industry. In addition, Government initiatives to promote the medical bed, peripheral and accessory industry is also expected to boost the growth of the industry in Malaysia.

In 2008, the medical bed, peripheral and accessory industry in Malaysia had a market size of approximately RM40.2 million, and this grew to approximately RM77.6 million in 2014, at a CAGR of 11.6%. Moving forward, the industry is estimated to grow, in terms of market size, from RM86.3 million in 2014 to RM118.9 million in 2018, at a CAGR of 11.3%.

There is a latent demand for medical beds in Malaysia when comparing against global benchmark standards. Malaysia's number of medical beds per 1,000 population was 1.9 in 2014, which was lower than the *developing country average* of 2.2 medical beds per 1,000 population and the *world average* of 3.0 beds per 1,000 population. This denotes that there is a need for more medical beds in Malaysia, indicating the potential for growth in the industry.

According to the 11th Malaysia Plan, the Government of Malaysia announced its aim to achieve universal access to quality healthcare, and in doing so aims to increase the medical bed ratio to 2.3 beds per 1,000 population. If Malaysia meets this target, Malaysia has the potential to grow its net increase of new medical beds by another 17,998 medical beds to 75,569 medical beds in the future. Over the longer term, should Malaysia continue to grow and if the country meets the *world average* of 3.0 beds per 1,000 population, the estimated net increase of new medical beds in the country is expected to grow by a further 22,999 beds to 98,568 medical beds.

The growth potential for medical bed, peripheral and accessory industry players in Malaysia is not just limited to the demand from within the domestic market, as industry players may tap into the latent demand present in international markets as well. There is a latent demand for medical beds in most developing countries, particularly in Asia, Middle East and Africa, and this is indicated by the lower *developing country average* of 2.2 medical beds per 1,000 population relative to the *world average* of 3.0 beds per 1,000 population. With 2.2 medical beds per 1,000 population, developing countries are estimated to collectively have 11.3 million medical beds in 2013. If the average number of medical beds per 1,000 population in developing countries is able to meet the *world average* of 3.0 medical beds per 1,000 population in the future, the total number of medical beds in developing countries could reach 15.4 million beds, indicating a latent demand of 4.1 million medical beds. This potential increase of 4.1 million medical beds signifies the vast opportunities present in developing countries in Asia, Middle East and Africa.

¹⁴ Exchange rate from USD to RM in 2004 was converted based on average annual exchange rates in 2004 extracted from published information from Bank Negara Malaysia at USD1=RM3.800

¹⁵ Exchange rate from USD to RM in 2013 was converted based on average annual exchange rates in 2013 extracted from published information from Bank Negara Malaysia at USD1=RM3.1511

6. INDUSTRY OVERVIEW AND OUTLOOK (Cont'd)

SMITH ZANDER

LKL International Berhad, as one of the key industry players in the medical bed, peripheral and accessory industry in Malaysia, shows potential to gain from the growing domestic and international demand. In 2014, LKL International Berhad's market share in Malaysia was 40.5% based on its revenue contribution from Malaysia of RM31.4 million for the FYE 30 April 2015. With their track record and technical capabilities, as well as their strong position in the domestic market, LKL International Berhad is poised to increase its presence in the local medical bed, peripheral and accessory industry, as well as capture opportunities in the export markets, particularly in the developing countries in Asia, Middle East and Africa.

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7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT

7.1 PROMOTERS AND/OR SUBSTANTIAL SHAREHOLDERS

7.1.1 Promoters' shareholdings

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

Promoters	Nationality	Before the IPO			After the IPO [^]				
		<-----Direct-----> No. of Shares	% [@]	<-----Indirect-----> No. of Shares	<-----Direct-----> No. of Shares	%	<-----Indirect-----> No. of Shares		
Lim Kon Lian	Malaysian	110,003,745	34.83	177,374,265*	56.17	110,003,745	25.65	177,824,265*	41.47
Mok Mei Lan	Malaysian	110,003,725	34.83	177,374,285*	56.17	110,003,725	25.65	177,824,285*	41.47
Lim Pak Hong	Malaysian	33,685,270	10.67	-	-	33,885,270	7.90	-	-
Lim Ming Chang	Malaysian	-	-	-	-	300,000	0.07	-	-
Elaine Lim Sin Yee	Malaysian	33,685,270	10.67	-	-	33,935,270	7.92	-	-
Tan Lee Ching	Malaysian	-	-	-	-	100,000	0.02	-	-

Notes:-

[@] Based on our issued and paid-up share capital of 315,800,000 Shares after Acquisition of LKL Advance Metaltech but before Public Issue.

[#] Based on our enlarged issued and paid-up share capital of 428,800,000 Shares after the IPO.

[^] Assuming that all Pink Form Allocations are fully subscribed.

* Deemed interested by virtue of his/her spouse and children's direct shareholdings in our Company pursuant to Section 134 of the Act.

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

7.1.2 Substantial shareholders' shareholdings

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

Substantial shareholders	Nationality	Before the IPO			After the IPO [^]		
		Direct No. of Shares	Indirect No. of Shares	% [@]	Direct No. of Shares	Indirect No. of Shares	% [#]
Lim Kon Lian	Malaysian	110,003,745	177,374,265*	34.83	110,003,745	177,824,265*	25.65
Mok Mei Lan	Malaysian	110,003,725	177,374,285*	34.83	110,003,725	177,824,285*	25.65
Lim Pak Hong	Malaysian	33,685,270	-	10.67	33,885,270 ^{@@}	-	7.90
Elaine Lim Sin Yee	Malaysian	33,685,270	-	10.67	33,935,270 ^{##}	-	7.92
Tan Chuan Hock	Malaysian	28,421,990	-	9.00	28,771,990 ^{^^}	-	6.71

Notes:-

- [@] Based on our issued and paid-up share capital of 315,800,000 Shares after Acquisition of LKL Advance Metaltech but before Public Issue.
[#] Based on our enlarged issued and paid-up share capital of 428,800,000 Shares after the IPO.
[^] Assuming that all Pink Form Allocations are fully subscribed.
^{*} Deemed interested by virtue of his/her spouse and children's direct shareholdings in our Company pursuant to Section 134 of the Act.
^{@@} Include 200,000 Shares arising from Pink Form Allocations.
^{##} Include 250,000 Shares arising from Pink Form Allocations.
^{^^} Include 350,000 Shares arising from Pink Form Allocations.

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

7.1.3 Profile of Promoters and/or substantial shareholders

(i) Promoters and substantial shareholders

Lim Kon Lian

Promoter, substantial shareholder and Managing Director

Please refer to Section 7.2.2 of this Prospectus for his profile.

Mok Mei Lan

Promoter, substantial shareholder, Executive Director and Procurement Director

Please refer to Section 7.2.2 of this Prospectus for her profile.

Lim Pak Hong

Promoter, substantial shareholder and Group General Manager

Please refer to Section 7.4.2 of this Prospectus for his profile.

Elaine Lim Sin Yee

Promoter, substantial shareholder and Human Resource and Administration Manager

Please refer to Section 7.4.2 of this Prospectus for her profile.

(ii) Promoters

Lim Ming Chang

Promoter and General Manager - Operations

Please refer to Section 7.4.2 of this Prospectus for his profile.

Tan Lee Ching

Promoter

Tan Lee Ching (“TLC”), Malaysian, aged 27, is our Sales Operations Manager. She received a Bachelor of Arts in Business Administration from University of Hertfordshire after having completed her education with INTI International College in 2010. Upon graduation, she joined our Group in 2011 as a Sales Coordinator and was promoted to her current role as Sales Operations Manager in 2015.

As our Sales Operations Manager, TLC manages our Group’s sales operations support team, and is responsible for ensuring the seamless integration of our sales and manufacturing activities, where she oversees our operations process cycle from the confirmation of customer orders to material planning and through to production planning and scheduling. She is tasked with ensuring the optimal management of sales commitment from our customers and available resources in our manufacturing team.

(iii) Substantial shareholder

Tan Chuan Hock

Substantial shareholder and Non-Independent Non-Executive Director

Please refer to Section 7.2.2 of this Prospectus for his profile.

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

7.1.4 Changes in our Promoters' and/or substantial shareholders' shareholdings

The changes in our Promoters' and/or substantial shareholders' shareholdings in our Company since incorporation to the LPD are as follows:-

Promoters and/or substantial shareholders	As at 13 April 2015 (Date of incorporation)				As at the LPD			
	Direct No. of Shares	%	Indirect No. of Shares	%	Direct No. of Shares	% [@]	Indirect No. of Shares	% [@]
Sat Wai Chu	10	10.00	-	-	-	-	-	-
Lim Kon Lian	50	50.00	40*	40.00	110,003,745 [^]	34.83	177,374,265*	56.17
Mok Mei Lan	40	40.00	50*	50.00	110,003,725	34.83	177,374,285*	56.17
Lim Pak Hong	-	-	-	-	33,685,270	10.67	-	-
Elaine Lim Sin Yee	-	-	-	-	33,685,270	10.67	-	-
Lim Ming Chang	-	-	-	-	-	-	-	-
Tan Lee Ching	-	-	-	-	-	-	-	-
Tan Chuan Hock	-	-	-	-	28,421,990	9.00	-	-

Notes:-

[@] Based on our issued and paid-up share capital of 315,800,000 Shares after Acquisition of LKL Advance Metaltech but before Public Issue.

* Deemed interested by virtue of his/her spouse's direct shareholdings in our Company pursuant to Section 134 of the Act.

[^] Includes ten (10) Shares that were transferred from our Company's previous shareholder, Sat Wai Chu.

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

7.1.5 Promoters and/or substantial shareholders' remuneration and benefits

Save for the issuance of LKL International Shares by our Company as consideration pursuant to the Acquisition of LKL Advance Metaltech and dividends to be paid (if any) to Lim Pak Hong, Elaine Lim Sin Yee, Lim Ming Chang and Tan Lee Ching, and the aggregate remuneration and benefits paid and proposed to be paid to our Promoters and/or substantial shareholders as set out in the table below for services rendered to our Group in all capacities for the FYE 30 April 2015 and 2016, no other amounts or benefits has been paid or intended to be paid to the Promoters and/or substantial shareholders within two (2) years preceding the date of this Prospectus:-

	Remuneration Band	
	FYE 30 April 2015 (RM'000)	Proposed for FYE 30 April 2016 (RM'000)
<u>Promoters and substantial shareholders</u>		
Lim Pak Hong	100 – 150	100 – 150
Elaine Lim Sin Yee	50 – 100	100 – 150
<u>Promoters</u>		
Lim Ming Chang	100 – 150	150 – 200
Tan Lee Ching	50 – 100	100 – 150

The remuneration and benefits of our other Promoters and/or substantial shareholders i.e. Lim Kon Lian, Mok Mei Lan and Tan Chuan Hock are disclosed in the Directors' remunerations and benefits as set out in Section 7.2.6 of this Prospectus.

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

7.2 DIRECTORS

7.2.1 Our Board comprises the following members:-

Name	Age	Nationality	Date of Appointment	Designation
Tan Sri Datuk Adzmi Bin Abdul Wahab (M)	73	Malaysian	23 July 2015	Independent Non-Executive Chairman
Lim Kon Lian (M)	62	Malaysian	13 April 2015	Managing Director
Mok Mei Lan (F)	61	Malaysian	13 April 2015	Executive Director
Tan Chuan Hock (M)	55	Malaysian	23 July 2015	Non-Independent Non-Executive Director
Tevanaigam Randy Chitty (M)	48	Malaysian	23 July 2015	Senior Independent Non-Executive Director
Selma Enolil Binti Mustapha Khalil (F)	45	Malaysian	23 July 2015	Independent Non-Executive Director

Notes:-

(M) Male.
(F) Female.

7.2.2 Profiles

The profiles of the Directors of our Group are as follows:-

Tan Sri Datuk Adzmi Bin Abdul Wahab
Independent Non-Executive Chairman

Tan Sri Datuk Adzmi Bin Abdul Wahab ("**Tan Sri Datuk Adzmi**"), Malaysian, aged 73, is our Independent Non-Executive Chairman and was appointed to the Board on 23 July 2015 and is a Member of the Audit Committee.

Tan Sri Datuk Adzmi holds a Master in Business Administration from University of Southern California. He is the Chairman of four (4) other public listed companies, namely Magna Prima Berhad (appointed on 2 May 2006), Dataprep Holdings Berhad (appointed on 21 December 2006), Lebtch Berhad (appointed on 28 February 2014) and Grand-Flo Berhad (appointed on 1 July 2010), and director for several private companies involved in various industries, such as information technology, construction, property development, manufacturing, trading and tertiary education.

Tan Sri Datuk Adzmi served the Malaysian Administrative and Diplomatic Service in the following capacities from 1967 to 1982: Central Procurement and Contract Management in Ministry of Finance; Investment Promotion in Pahang Tenggara Development Authority; Public Enterprise Management in Implementation Coordination Unit (Prime Minister's Department); and Regional Planning in Klang Valley Planning Secretariat (Prime Minister's Department). From 1982 to 1985, he was a Manager of the Corporate Planning Division of HICOM Holdings Berhad and was responsible for the development of heavy industry projects. From 1985 to 1992, he served in Proton Holdings Berhad and he served his last position there as Director/Corporate General Manager of the Administration and Finance division in 1992.

In 1992, Tan Sri Datuk Adzmi was appointed as Managing Director of Edaran Otomobil Nasional Berhad ("**EON Berhad**"), where he served until his retirement in 2005, and he is the longest serving Managing Director of EON Berhad. In 2003, he was conferred Malaysia Chief Executive Officer ("**CEO**") of the Year by American Express and Business Times and Most PR Savvy CEO by Institute of Public Relations Malaysia.

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

Lim Kon Lian

Promoter, substantial shareholder and Managing Director

Lim Kon Lian ("**Mr. Lim**"), Malaysian, aged 62, is our Co-Founder and Managing Director. He was appointed to our Board on 13 April 2015 and is a Member of the Remuneration Committee. He is responsible for overseeing the strategic business planning, development and operations of our Group.

Mr. Lim attended SJK (C) Salak South from 1961 to 1966. In order to support his family financially, he took on part-time jobs mostly as a general worker for several years. In 1969, he was hired as an apprentice in a metal fabrication business in Kuala Lumpur. During this apprenticeship, he learned the trade of metalworking, and honed his skills in metal and steel fabrication. In 1974, he moved to Singapore, and continued to work in metal fabrication as a freelance sub-contractor.

Mr. Lim returned to Malaysia in 1977 and was involved in general trading before he founded Victor Company in 1981, a sole proprietorship involved in the manufacturing of steel and wooden furniture, which included hospital furniture and accessories, leveraging on the metalworking skills he had acquired over the years. He subsequently co-founded Victor Steel Equipment Supplies in 1983, a business partnership set up for the trading and supply of steel and wooden furniture, including hospital furniture and accessories. It was during these years when he fine-tuned his expertise in the manufacturing of healthcare furniture and equipment, as well as acquiring knowledge and understanding of the medical and healthcare industry. In 1987, he withdrew from Victor Steel Equipment Supplies and continued his focus on the operations of Victor Company. In 1993, he co-founded our wholly-owned subsidiary, LKL Advance Metaltech together with our Procurement Director, Mok Mei Lan.

Mok Mei Lan

Promoter, substantial shareholder, Executive Director and Procurement Director

Mok Mei Lan ("**Ms. Mok**"), Malaysian, aged 61, is our Co-Founder and Procurement Director. She was appointed to our Board on 13 April 2015 and is presently responsible for overseeing the procurement functions of our Group.

Ms. Mok attended Methodist Girls School in Melaka from 1962 to 1972. She began her career in 1973 as an Administrative Clerk, where she managed the administrative functions of an assemblyman in her role as an elected representative of the constituency she served. In 1976, she joined Klinik Thurai in Sungai Besi, Kuala Lumpur as an Assistant Nurse, a role which required her to, amongst others, manage the operations of the clinic and assist the physician in patient examination.

After a break in her career from 1981 to 1988, Ms. Mok co-founded Victory Supplies in 1988, a business partnership involved in the trading and supply of hospital furniture, accessories, and steel and wooden furniture and fittings, with Lim Kon Khoon, the brother of Lim Kon Lian. In 1993, she co-founded our wholly-owned subsidiary, LKL Advance Metaltech together with our Managing Director, Lim Kon Lian.

7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)**Tan Chuan Hock**

Substantial shareholder and Non-Independent Non-Executive Director

Tan Chuan Hock ("**Mr. Tan**"), Malaysian, aged 55, is our Non-Independent Non-Executive Director. He was appointed to our Board on 23 July 2015 and is a Member of the Audit Committee, Remuneration Committee and Nomination Committee.

Mr. Tan is the executive proprietor and founder of Tan Chuan Hock & Co (now known as William C.H. Tan & Associates), a Chartered Accountant firm based in Selangor in 1989. He is a member of the Malaysian Institute of Accountants ("**MIA**") and Chartered Tax Institute of Malaysia, and a Fellow member of the Association of Chartered Certified Accountants. He started his career in 1983 when he joined Chan & Folk as an Audit Assistant and later in 1985, he joined Kiat & Associates as an Audit Senior. In 1986, he joined Paul Chuah & Co as an Audit Senior and he then advanced to the position of Audit Manager in 1988.

Mr. Tan has over 30 years of experience in financial reporting, auditing, taxation and planning, company secretarial as well as corporate management and advisory services. Presently, he holds directorships in three (3) public listed companies, namely Grand-Flora Berhad (appointed on 2 October 2004), EITA Resources Berhad (appointed on 15 January 2010) and Careplus Group Berhad (appointed on 3 July 2010), as well as several private limited companies. He also sits on the board of Simat Technologies Public Company Limited, a public company listed on the Stock Exchange of Thailand.

Tevanaigam Randy Chitty

Senior Independent Non-Executive Director

Tevanaigam Randy Chitty ("**Randy**"), Malaysian aged 48, is our Senior Independent Non-Executive Director. He was appointed to our Board on 23 July 2015 and is the Chairman of both the Audit Committee and Nomination Committee as well as a Member of the Remuneration Committee.

Randy is a member of the Malaysian Institute of Certified Public Accountants. He completed the Malaysian Certified Public Accountants examination in November 1992 and was admitted as a member of Malaysian Institute of Certified Public Accountants in November 1994. He holds a Capital Markets Services Representative's Licence as governed by the SC since 2008. Randy started his career as an Articled Clerk with Ernst & Young in 1989 and his last position there was as Audit Senior. In 1993, he joined the Corporate Finance division of Arab Malaysian Merchant Bank Berhad as an Officer and was promoted to Manager in 1996. In 1997, he joined TA Securities Berhad as a Senior Manager in the Corporate Finance division. Randy continued his career as Group General Manager for Pancaran Ikrab Berhad in 1999. In 2002, he joined the Finance department of Bukit Kiara Properties Sdn Bhd as General Manager. Following that, in 2003 he joined as the Group General Manager of the Finance department at AWC Facility Solutions Berhad (now known as AWC Berhad). In 2008, Randy joined the International Corporate Finance Unit of Kenanga Investment Bank Berhad as a Director/Senior Vice President.

Presently, he is the Director/Principal Consultant of LeadingAdvantage Consulting Sdn Bhd, a position he has held since 2009. Since 2010, he has been an Associate at Sierac Corporate Advisers Sdn Bhd. He has also been the Chief Financial Officer of AWC Berhad since March 2015.

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

Selma Enolil Binti Mustapha Khalil
Independent Non-Executive Director

Selma Enolil Binti Mustapha Khalil ("**Selma**"), Malaysian, aged 45, is our Independent Non-Executive Director. She was appointed to our Board on 23 July 2015 and is the Chairman of the Remuneration Committee as well as a Member of both the Audit Committee and Nomination Committee.

Selma graduated from University of Wales, Aberystwyth with a Bachelor of Laws in 1994. She obtained her Certificate in Legal Practice in 1995 and was called to the Malaysian Bar as an Advocate and Solicitor in 1996. She started her career as an Advocate and Solicitor with Messrs Abu Talib Shahrom & Zahari in 1996. In 1998, she joined TNB Remaco Sdn Bhd as a legal executive. She resumed practicing law as an Advocate and Solicitor with Messrs Raslan Loong in 2000.

In 2003, she co-founded Messrs Enolil Loo, Advocates and Solicitors, in which she is currently a Partner.

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

7.2.3 Directors' shareholdings

The direct and indirect shareholdings of our Directors before and after the IPO are as follows:-

Directors	Nationality	Before the IPO			After the IPO [^]		
		Direct	Indirect	% [@]	Direct	Indirect	%
		No. of Shares	No. of Shares	% [@]	No. of Shares	No. of Shares	%
Tan Sri Datuk Adzmi Bin Abdul Wahab	Malaysian	-	-	-	350,000	-	0.08
Lim Kon Lian	Malaysian	110,003,745	177,374,265*	34.83	110,003,745	177,824,265*	25.65
Mok Mei Lan	Malaysian	110,003,725	177,374,285*	34.83	110,003,725	177,824,285*	25.65
Tan Chuan Hock	Malaysian	28,421,990	-	9.00	28,771,990	-	6.71
Tevanaigam Randy Chitty	Malaysian	-	-	-	350,000	-	0.08
Selma Enolli Binti Mustapha Khalil	Malaysian	-	-	-	350,000	-	0.08

Notes:-

[@] Based on our issued and paid-up share capital of 315,800,000 Shares after Acquisition of LKL Advance Metaltech but before Public Issue.

[#] Based on our enlarged issued and paid-up share capital of 428,800,000 Shares after the IPO.

[^] Assuming that all Pink Form Allocations are fully subscribed.

* Deemed interested by virtue of his/her spouse and children's direct shareholdings in our Company pursuant to Section 134 of the Act.

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

7.2.4 Principal business activities and directorships in other corporations for the past five (5) years

Save as disclosed below, none of our Directors have any principal business activities and directorship in any other corporations for the past five (5) years preceding the LPD:-

Directors	Company	Position Held	Date Appointed as Director	Date Resigned as Director	Direct and Indirect Equity Interest (%)	Principal Activities
Tan Sri Datuk Adzmi Bin Abdul Wahab	ABN Capital Bhd.	Independent Non-Executive Director	27.12.2005	N/A	N/A	Oil and gas industry (Status: creditors' winding up)
	Alaeis Domaine Sdn. Bhd.	Non-Executive Director and Shareholder	16.07.2014	N/A	Direct: 50.00 Indirect: -	Investment Advisory Services
	Cergas Metro Resources Sdn. Bhd.	Non-Executive Director	06.10.2005	18.08.2010	N/A	General trading
	Dataprep Holdings Bhd.	Independent Non-Executive Director	29.08.2006 (Director) and 21.12.2006 (Chairman)	N/A	N/A	Investment holding company and provision of management services to subsidiaries
	MK Precision Castings (M) Sdn Bhd (formerly known as Diayo Die-Casting (M) Sdn. Bhd.)	Non-Executive Director	06.01.2010	04.06.2012	N/A	Manufacturing die-casting products and trading in moulds
	Dropzone (M) Sdn. Bhd.	Shareholder	-	-	Direct: 10.00 Indirect: -	General trading, investment holdings, property investment (Status: creditors' winding up)
	Eastern Infrastructure Development Sdn. Bhd.	Non-Executive Director and Shareholder	22.04.2008	12.01.2011	Direct: 49.99 Indirect: -	Dormant
	Expert Markers Sdn. Bhd.	Non-Executive Director	12.12.2005	N/A	N/A	-

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

Directors	Company	Position Held	Date Appointed as Director	Date Resigned as Director	Direct and Indirect Equity Interest (%)	Principal Activities
Tan Sri Datuk Adzmi Bin Abdul Wahab (Cont'd)	Grand-Flo Berhad	Independent Non-Executive Director	01.07.2010 (Director and Chairman)	N/A	N/A	Providing information technology solution and investment holding
	Great Ocean Petroleum Holding Sdn. Bhd.	Non-Executive Director	16.12.2013	N/A	Direct: 50.00 Indirect: -	Dormant
	High Focus Group Sdn. Bhd.	Non-Executive Director	16.12.2013	N/A	N/A	Activities of holding companies, construction of other engineering projects, real estate activities with own or leased property
	JM Mobile Service Sdn. Bhd.	Executive Director	01.06.2005	N/A	N/A	Motor vehicle repair workshop, service station and supply accessories (Status: Striking off)
	L.S. Associates (Sea) Sdn. Bhd.	Non-Executive Director and Shareholder	27.10.2010	03.06.2011	Direct: 3.00 Indirect: -	Multilevel marketing (MLM), general trading, land development and construction
	Lebtech Berhad	Independent Non-Executive Director	13.12.2007 (Director) and 28.02.2014 (Chairman)	N/A	N/A	Investment holding company
	Magna Prima Berhad	Independent Non-Executive Director	02.05.2006 (Director and Chairman)	N/A	NA	Investment holding
	Mirmas Holding Sdn. Bhd.	Non-Executive Director and Shareholder	02.04.2008	05.06.2015	N/A	Dormant

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

Directors	Company	Position Held	Date Appointed as Director	Date Resigned as Director	Direct and Indirect Equity Interest (%)	Principal Activities
Tan Sri Datuk Adzmi Bin Abdul Wahab (Cont'd)	Smart Wash Sdn. Bhd.	Executive Director	01.06.2005	N/A	N/A	To provide launderer services, launderette franchise
	Trans Asia Energy Sdn. Bhd.	Non-Executive Director and Shareholder	28.01.2015	N/A	Direct: 33.33 Indirect: -	Oil and gas extraction service activities provided on a fee or contract basis, support activities for other mining and quarrying, other architectural and engineering activities and related technical consultancy
	TSA Corporate Advisory Sdn. Bhd.	Non-Executive Director and Shareholder	03.10.2013	N/A	Direct: 50.00 Indirect: -	Dormant
	United Petroleum Energy Consortium Sdn. Bhd.	Non-Executive Director and Shareholder	01.04.2005	N/A	Direct: 50.00 Indirect: -	Striking off
	VDSL Network Sdn. Bhd.	Non-Executive Director	19.05.2005	N/A	N/A	Broadband and telecommunication services
	VDSL TT Frontiers Sdn. Bhd.	Non-Executive Director	19.05.2005	N/A	N/A	Carrying on business in relation to communication, information technology, information technology equipment and investments on information technology and information technology equipment, in the form of providing consultation, advise, management services and other IT-related services

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

Directors	Company	Position Held	Date Appointed as Director	Date Resigned as Director	Direct and Indirect Equity Interest (%)	Principal Activities
Tan Sri Datuk Adzmi Bin Abdul Wahab (Cont'd)	Yasmin Pisma Ventures Sdn. Bhd. Yasmin Ventures Sdn. Bhd.	Executive Director Executive Director	25.11.2013 20.03.2006	N/A N/A	N/A N/A	Textile trading, export of electrical and electronics goods, export of refined palm oils, export and import of fertilizers and agrochemical products Investment holding company and general trading
	ZI Communication Sdn. Bhd. Eastern Explorer (M) Sdn Bhd	Non-Executive Director Non-Executive Director	22.04.2008 18.08.2015	12.01.2011 N/A	N/A Direct: 3.00 Indirect: -	Event management Support activities for other mining and quarrying, support activities for mining, other support services
Lim Kon Lian	LKL Advance Technology Sdn. Bhd. LKL Greentech Sdn. Bhd.	Executive Director and Shareholder Executive Director and Shareholder	30.05.2005 20.06.2012	N/A N/A	Direct: 45.00 Indirect: 15.00 Direct: 31.00 Indirect: 20.00	Dormant Trading and assembly of medical equipment (Ceased operation since September 2013)
Mok Mei Lan	LKL Advance Technology Sdn. Bhd.	Executive Director and Shareholder	30.05.2005	N/A	Direct: 15.00 Indirect: 45.00	Dormant
Tan Chuan Hock	Grand-Flo Berhad	Non-Independent Non-Executive Director and Shareholder	02.10.2004	N/A	Direct: 2.63 Indirect: 2.51	Providing information technology solution and investment holding

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

Directors	Company	Position Held	Date Appointed as Director	Date Resigned as Director	Direct and Indirect Equity Interest (%)	Principal Activities
Tan Chuan Hock (Cont'd)	EITA Resources Berhad	Independent Non-Executive Director and Shareholder	15.01.2010	N/A	Direct: 0.15 Indirect: -	Investment holding company, provision of management services and procurement of contracts including assisting in procurement of contracts
	Careplus Group Berhad	Independent Non-Executive Director and Shareholder	03.07.2010	N/A	Direct: 0.79 Indirect: 0.12	Investment holding
	PCCS Group Berhad	Independent Non-Executive Director	04.11.1998	01.04.2015	N/A	Investment holding and provision of management services
	William C.H. Tan & Associates	Sole Proprietor	N/A	N/A	Direct: 100.00 Indirect: -	Auditing
	William C.H. Tan & Associates Sdn. Bhd.	Executive Director and Shareholder	01.10.1997	N/A	Direct: 99.995 Indirect: 0.005	Dormant
	William C.H. Tan Consultancy Sdn. Bhd.	Executive Director and Shareholder	16.09.1993	N/A	Direct: 70.00 Indirect: 20.00	Tax advisory and consultancy services
	AI Capital Sdn Bhd	Executive Director and Shareholder	25.08.2004	N/A	Direct: 90.00 Indirect: 10.00	Investment holding
	William C.H. Tan Properties Sdn. Bhd.	Executive Director and Shareholder	27.03.1996	N/A	Direct: 50.00 Indirect: 50.00	Property investment
	Venus Victory Sdn. Bhd.	Executive Director and Shareholder	20.05.2008	N/A	Direct: 50.00 Indirect: 50.00	Investment holding

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

Directors	Company	Position Held	Date Appointed as Director	Date Resigned as Director	Direct and Indirect Equity Interest (%)	Principal Activities
Tan Chuan Hock (Cont'd)	Simat Technologies Public Company Limited	Non-Independent Non-Executive Director	31.01.2005	N/A	N/A	Providing total information technologies services including sale of hardware, software development and nationwide maintenance services and to provide high-speed internet through fiber optic network
	Advance Corporate Advisory Limited	Executive Director	03.10.2011	30.11.2011	N/A	Consultancy
	Techbond (Thailand) Limited	Independent Non-Executive Director	17.06.2009	05.08.2011	N/A	Trading (Status: liquidated)
Tevanaigam Randy Chitty	Leading Advantage Consulting Sdn. Bhd.	Executive Director and Shareholder	14.08.2007	N/A	Direct: 10.00 Indirect: 90.00	Providing consultation and training services
	Ikatan Gelombang Sdn. Bhd.	Executive Director	01.12.2014	15.12.2015	N/A	Dormant
	M & C Engineering and Trading Sdn. Bhd. (subsidiary of AWC Berhad)	Executive Director	08.04.2015	N/A	N/A	Installing and trading in air-conditioners and control valves and as engineering contractors
	M & C Engineering and Trading (S) Pte Ltd (subsidiary of AWC Berhad)	Executive Director	17.06.2015	N/A	N/A	Air-conditioning and building automation
	Tribeca Capital Sdn. Bhd.	Executive Director	28.04.2014	06.02.2015	N/A	Provision of consultancy and advisory services and investment holding
	Sukatan Ekonomi Sdn Bhd	Non-Executive Director	15.05.2015	09.06.2015	N/A	Wholesale of a variety of goods without any particular specialisation
	DD Techniche Sdn Bhd (subsidiary of AWC Berhad)	Executive Director	08.10.2015	N/A	N/A	Contracting for mechanical engineering works and trading of specialised water tanks and rainwater harvesting products

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

Directors	Company	Position Held	Date Appointed as Director	Date Resigned as Director	Direct and Indirect Equity Interest (%)	Principal Activities
Tevanaigam Randy Chitty (Cont'd)	Qudotech Sdn Bhd (subsidiary of AWC Berhad) Qudotech (JB) Sdn Bhd (subsidiary of AWC Berhad)	Executive Director Executive Director	08.10.2015 08.10.2015	N/A N/A	N/A N/A	Mechanical and electrical engineering works Mechanical and electrical engineering works
Selma Enoll Binti Mustapha Khalil	Ericson Foundation Addrahouse Sdn. Bhd.	Director Non-Executive Director and Shareholder	27.01.2011 22.11.2010	N/A N/A	N/A Direct: 30.83 Indirect: 2.50	To assist, aid and give relief to the poor and needy subscribe and grant donations to any cause, person, corporation, institution or organization foster, develop and improve education of all kind Manufacture of clothings, manufacture of other clothing accessories, retail sale of articles of clothing, articles of fur and clothing accessories

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

7.2.5 Involvement of our Executive Directors in other businesses/corporations

Saved as disclosed in Section 7.2.4 of this Prospectus, our Executive Directors are not involved in other businesses/corporations. The involvements of our Executive Directors in other businesses/corporations are not expected to affect the operations of our Group as they are principally involved in the day-to-day operations of our Group. Their involvement in the aforesaid companies are minimal as the companies are dormant or have ceased operations, hence this would not be expected to affect their performance in our Group.

7.2.6 Directors' remuneration and benefits

The aggregate remuneration and benefits paid and proposed to be paid to our Directors for services rendered to our Group in all capacities for the FYE 30 April 2015 and 2016 are as follows:-

	Remuneration Band	
	FYE 30 April 2015 (RM'000)	Proposed for FYE 30 April 2016 (RM'000)
Tan Sri Datuk Adzmi Bin Abdul Wahab	N/A	Nil – 50
Lim Kon Lian	550 – 600	650 – 700
Mok Mei Lan	350 – 400	350 – 400
Tan Chuan Hock	N/A	Nil – 50
Tevanaigam Randy Chitty	N/A	Nil – 50
Selma Enolil Binti Mustapha Khalil	N/A	Nil – 50

Save as disclosed above, the issuance of LKL International Shares by our Company as consideration pursuant to the Acquisition of LKL Advance Metaltech to Lim Kon Lian, Mok Mei Lan and Tan Chuan Hock and dividends paid and to be paid (if any) to our shareholders, no other amounts or benefits has been paid or intended to be paid to the aforementioned Promoters, substantial shareholders and/or Directors within two (2) years preceding the date of this Prospectus. The remuneration which includes our Directors' salaries, bonuses, fees and allowances as well as other benefits of our Directors, must be considered and recommended by the Remuneration Committee and subsequently, be approved by our Board. Our Directors' fees must be further approved by our shareholders at a general meeting.

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

7.3 BOARD PRACTICES

7.3.1 Directorship

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

Name	Designation	Date of expiration of the current term of office	Period served
Tan Sri Datuk Adzmi Bin Abdul Wahab	Independent Non-Executive Chairman	At the Second Annual General Meeting to be held in year 2016*	Since 23 July 2015
Lim Kon Lian	Managing Director	At the Second Annual General Meeting to be held in year 2016	Since 13 April 2015
Mok Mei Lan	Executive Director	At the Second Annual General Meeting to be held in year 2016	Since 13 April 2015
Tan Chuan Hock	Non-Independent Non-Executive Director	At the Third Annual General Meeting to be held in year 2017	Since 23 July 2015
Tevanaigam Randy Chitty	Senior Independent Non-Executive Director	At the Third Annual General Meeting to be held in year 2017	Since 23 July 2015
Selma Enolil Binti Mustapha Khalil	Independent Non-Executive Director	At the Fourth Annual General Meeting to be held in year 2018	Since 23 July 2015

Note:-

* *Tan Sri Datuk Adzmi Bin Abdul Wahab, who is over the age of seventy (70) years, shall vacate office pursuant to Section 129(2) of the Act at the conclusion of the second annual general meeting and shall seek re-appointment pursuant to Section 129(6) of the Act to hold office until the conclusion of the following annual general meeting of the Company. In addition, the provisions of the Company's Articles of Association relating to retirement of Directors by rotation shall not apply to a Director who is re-appointed pursuant to this Act.*

In accordance with the Company's Articles of Association, all the Directors shall retire from office and at the first annual general meeting and at each subsequent annual general meeting, at least one third (1/3) of the Directors for the time being, or, if their number is not three (3) or a multiple of three (3), then the number nearest to one third (1/3) shall retire by rotation from office and be eligible for re-election. Accordingly, all our Directors shall retire from office at least once in every three (3) years but shall be eligible for re-election. An election of Directors shall take place every year.

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

7.3.2 Audit Committee

Our Audit Committee was established on 23 July 2015 and its members are appointed by our Board. Our Audit Committee comprises the following members:-

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

The main functions of the Audit Committee include inter-alia, the review of audit plans and audit reports with our external auditors, review of the auditors' evaluation of internal accounting controls and management information systems, review of the scope, functions, competency and resources of the internal audit function of which the internal auditors should report directly to the Audit Committee, review of the quarterly and yearly financial statements, appointment and re-appointment of the external auditors and review of related party transactions.

7.3.3 Remuneration Committee

Our Remuneration Committee was established on 23 July 2015 and its members are appointed by our Board. Our Remuneration Committee comprises the following members:-

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

The main functions of the Remuneration Committee include inter-alia, the recommendation to our Board regarding the remuneration packages of the Executive Directors, assisting our Board in assessing the responsibility and commitment undertaken by our Board members and assisting our Board in ensuring the remuneration of the Executive Directors are reflective of the responsibility and commitment of the Directors concerned.

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

7.3.4 Nomination Committee

Our Nomination Committee was established on 23 July 2015 and its members are appointed by our Board. Our Nomination Committee comprises the following members:-

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

The main functions of the Nomination Committee include inter-alia, the review of all nominations for the appointment or re-appointment of members of our Board and to determine the selection criteria thereof, review of the structure, size and composition of our Board, and to ensure that all our Directors undergo appropriate introduction and training programmes.

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

7.4 KEY MANAGEMENT

7.4.1 Key management shareholdings

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

Key management	Designation	Nationality	Before the IPO				After the IPO [^]			
			Direct		Indirect		Direct		Indirect	
			No. of Shares	% [@]	No. of Shares	% [@]	No. of Shares	% [#]	No. of Shares	% [#]
Lim Kon Lian	Managing Director	Malaysian	110,003,745	34.83	177,374,265*	56.17	110,003,745	25.65	177,824,265*	41.47
Mok Mei Lan	Procurement Director	Malaysian	110,003,725	34.83	177,374,285*	56.17	110,003,725	25.65	177,824,285*	41.47
Lim Pak Hong	Group General Manager	Malaysian	33,685,270	10.67	-	-	33,885,270	7.90	-	-
Lim Ming Chang	General Manager - Operations	Malaysian	-	-	-	-	300,000	0.07	-	-
Wee Chuen Lii	Financial Controller	Malaysian	-	-	-	-	150,000	0.03	-	-
Lee Kah Earmg	Chief Marketing Officer	Malaysian	-	-	-	-	300,000	0.07	-	-
Elaine Lim Sin Yee	Human Resource and Administration Manager	Malaysian	33,685,270	10.67	-	-	33,935,270	7.92	-	-
Lee Kam Weng	Export Manager	Malaysian	-	-	-	-	100,000	0.02	-	-

Notes:-

[@] Based on our issued and paid-up share capital of 315,800,000 Shares after Acquisition of LKL Advance Metaltech but before Public Issue.

[#] Based on our enlarged issued and paid-up share capital of 428,800,000 Shares after the IPO.

[^] Assuming that all Pink Form Allocations are fully subscribed.

* Deemed interested by virtue of his/her spouse and children's direct shareholdings in our Company pursuant to Section 134 of the Act.

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

7.4.2 Profiles

The profiles of the key management of our Group are as follows:-

Lim Kon Lian

Promoter, substantial shareholder and Managing Director

Please refer to Section 7.2.2 of this Prospectus for his profile.

Mok Mei Lan

Promoter, substantial shareholder, Executive Director and Procurement Director

Please refer to Section 7.2.2 of this Prospectus for her profile.

Lim Pak Hong

Promoter, substantial shareholder and Group General Manager

Lim Pak Hong (“LPH”), Malaysian, aged 30, is our Group General Manager. He assists our Managing Director in managing the overall operations of our Group, with a special focus on R&D. He obtained a diploma in Mechatronics Engineering from INTI University College in 2009. Upon obtaining his diploma, he joined our Group as an intern for four (4) months, where he worked as a machine operator, and assisted in administrative matters of our Group. Following his internship with our Group, he resumed his tertiary education at Asia Pacific University of Technology & Innovation (“APU”) in Kuala Lumpur. As part of the degree programme, he completed a 5-month industrial training attachment, where he served as an engineering intern at EngMech Venture Engineering Sdn Bhd, a steel fabrication company, and was primarily involved in assisting in the preparation of sales quotations and contracts. In 2013, he graduated with a Bachelor of Engineering in Mechatronic Engineering from Staffordshire University.

Upon graduation, LPH joined our Group as a R&D Engineer and was responsible for product design and development, including product customisations as specified by our customers. Among his notable achievements was the design of a Longitudinal Patient Transfer Trolley System, developed for the transferring of patients longitudinally (or lengthwise) as opposed to the conventional lateral (or sideways) transfer, which was useful in narrow hospital corridors and tight spaces. He was promoted to Group General Manager in 2015 and will be an integral part of our Group’s future growth and success. Please refer to Section 7.8 of this Prospectus for further details on our Group’s management succession planning.

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

Lim Ming Chang

Promoter and General Manager – Operations

Lim Ming Chang (“**LMC**”), Malaysian, aged 34, is our General Manager – Operations. He attended Asia Pacific Institute of Information Technology in Kuala Lumpur and obtained a Diploma in Computing and Information Technology in 2002, followed by a Higher Diploma in Software Engineering in 2004. In 2005, he obtained a Bachelor of Science in Computing from Staffordshire University, United Kingdom and began his career at Star Division Sdn Bhd as a Web Design Technician. In the same year, he joined our Group as an IT and Sales Executive. In 2008, he was promoted to Management Information System (“**MIS**”) Manager and was appointed as the Deputy Quality Management Representative of our Group. In 2011, he was promoted to Quality Management Representative.

In 2015, LMC was promoted to his current role as General Manager – Operations. In this role, he oversees our Group’s manufacturing and logistics operations, IT and telecommunications functions, corporate website maintenance, as well as building and facilities management. LMC remains our Quality Management Representative and manages quality control and quality assurance of our operations, as well as operational safety, health and environment.

Wee Chuen Lii

Financial Controller

Wee Chuen Lii (“**WCL**”), a Malaysian, aged 43, is our Financial Controller. He is responsible for overseeing the finance functions of our Group. He obtained a Diploma in Commerce (Financial Accounting) from Tunku Abdul Rahman College in 1996. Thereafter, he obtained the Association of Chartered Certified Accountants certificate in 2000 and became a Fellow member of the Association of Chartered Certified Accountants in 2005. He is a member of the Malaysian Institute of Accountants (“**MIA**”).

WCL started his career as an Accounts Executive with Tasja Sdn Bhd (a wholly-owned subsidiary of Astral Asia Bhd) in 1997. He joined EA Consulting Asia Pacific Sdn Bhd as an Accountant in 2000 and continued his career as an Accountant with Axon Solutions Sdn Bhd in 2006. In 2009, he joined DSC Systems (M) Sdn Bhd (a wholly-owned subsidiary of DSC Solutions Bhd) as their Group Finance Manager. Subsequently, he joined Huawei Technologies (M) Sdn Bhd as their Business Financial Controller in 2012.

In February 2015, he joined our Group as Financial Controller. He brings with him over 15 years of experience in finance and accounting, including experience in public listed firms in Malaysia.

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

Lee Kah Earng *Chief Marketing Officer*

Lee Kah Earng (“**LKE**”), Malaysian, aged 46, is our Chief Marketing Officer. He is responsible for managing overall sales and marketing and business development activities of our Group. He obtained his Sijil Pelajaran Malaysia in 1988. He began his career with Hong Leong Finance Berhad as a Collection Clerk in 1990. In 1993, he joined as a Sales Executive in Great Wall Marketing Sdn Bhd. In 1994, he joined as a Sales Executive in Victory Supplies. In 1996, he joined our Group as a Sales Executive and has been an instrumental part of our Group’s success and growth to-date. He was promoted to Sales Manager in 2003 and subsequently to Senior Sales Manager in 2012. He assumed his present position as our Chief Marketing Officer in 2014.

Over the years, he has been instrumental in the delivery of our products to public hospitals, including Hospital Putrajaya, Hospital Serdang, Hospital Sungai Buloh, Hospital Kota Bharu, Hospital Sungai Petani and Hospital Temerloh. He has also been responsible for leading our Group’s sales initiatives in the private healthcare sector, where amongst others, he has secured sales with Sunway Medical Centre, Prince Court Medical Centre, Tropicana Medical Centre, Columbia Asia group of hospitals in Malaysia, and various Pantai hospitals and Gleneagles hospitals in Malaysia.

With over 25 years of experience and 20 years with our Group, he brings with him extensive domain expertise and industry proficiency, as well as intrinsic knowledge of our Group.

Elaine Lim Sin Yee *Promoter, substantial shareholder and Human Resource and Administration Manager*

Elaine Lim Sin Yee (“**Elaine**”), Malaysian, aged 35, is our Human Resource (“**HR**”) and Administration (“**Admin**”) Manager. She is responsible for overseeing the HR and Admin functions of our Group. She graduated from Royal Melbourne Institute of Technology University in Melbourne, Australia with a Bachelor of Business (Accountancy) in 2005. Upon graduation, she joined our Group as a Personal Assistant to the Managing Director and in 2006 she was promoted to her present position as the HR and Admin Manager.

As HR and Admin Manager, Elaine ensures the smooth running and operations of our Group. She manages our Group’s employment and payroll functions, and oversees security, transportation, dispatch, office management, and the maintenance and upkeep of motor vehicles. She is also responsible for the renewal of all relevant licenses and certifications.

Lee Kam Weng *Export Manager*

Lee Kam Weng (“**LKW**”), Malaysian, aged 28, is our Export Manager. He graduated from INTI International University with a Bachelor of International Business in 2012 and was awarded a Bachelor of Arts from University of Hertfordshire in the same year. He began his career as a Corporate Sales Executive at UNI Strategic Sdn Bhd, a company involved in corporate training and public events, where he was responsible for international sales and marketing, primarily originating and managing sales from the Africa region.

LKW joined our Group in 2012 as Sales and Marketing Executive and was promoted to the Export Manager in 2014. He oversees all sales and marketing activities relating to our overseas Agents, Distributors and hospitals. He is extensively involved in client relationship building and international sales development, as he maintains regular communications with all our overseas stakeholders. Further, he is our Group’s key liaison personnel at international trade shows and exhibitions. LKW’s international sales experience will be vital to our Group’s plans to expand our export business.

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

7.4.3 Involvement of our key management in other businesses/corporations

Save as disclosed below and Section 7.2.4 of this Prospectus for our Executive Directors, Lim Kon Lian and Mok Mei Lan, none of our other key management personnel have any principal business activities and directorship in any other corporations for the past five (5) years preceding the LPD:-

Key Management	Company	Position Held	Date Resigned	Principal Activities
Lim Pak Hong	LKL Greentech Sdn. Bhd.	Director and Shareholder	N/A	Trading and assembly of medical equipment (Ceased operation since September 2013)
	United Multi Medic Sdn. Bhd.	Director and Shareholder	N/A	Trading of hospital and medical furniture (Ceased operation as trader of hospital and medical furniture since March 2015) As at the LPD, United Multi Medic Sdn. Bhd. is a property investment company
Lim Ming Chang	United Multi Medic Sdn. Bhd.	Director and Shareholder	N/A	Trading of hospital and medical furniture (Ceased operation as trader of hospital and medical furniture since March 2015) As at the LPD, United Multi Medic Sdn. Bhd. is a property investment company
	Elan Med Sdn. Bhd.	Shareholder	-	Dormant (Status: Striking off)
Wee Chuen Lii	Sonic Construction Sdn. Bhd.	Director	19.01.2015	Renovation and general contractor
Elaine Lim Sin Yee	LKL Greentech Sdn. Bhd.	Director	N/A	Trading and assembly of medical equipment (Ceased operation since September 2013)

The involvement of our key management in the abovementioned businesses or corporations is minimal as, with respect to United Multi Medic Sdn. Bhd., the company is a property investment company that does not have any day-to-day operations, and, for the other companies, they have ceased operations or dormant, and therefore does not affect his/her contribution to our Group.

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

7.5 DECLARATIONS FROM OUR PROMOTERS, DIRECTORS AND KEY MANAGEMENT

None of our Promoters, Directors and key management is or was involved in any of the following events, whether within or outside Malaysia:-

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

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

7.6 FAMILY RELATIONSHIPS AND ASSOCIATIONS

Save as disclosed below, there are no other family relationships (as defined under Section 122A of the Act) and associations between or amongst our Directors, Promoters, substantial shareholder and key management:-

- (i) Lim Kon Lian is the spouse of Mok Mei Lan, father to Elaine Lim Sin Yee and Lim Pak Hong and father-in-law to Lim Ming Chang and Tan Lee Ching;
- (ii) Mok Mei Lan is the spouse of Lim Kon Lian, mother to Elaine Lim Sin Yee and Lim Pak Hong, mother-in-law to Lim Ming Chang and Tan Lee Ching and aunt to Lee Kah Earng;
- (iii) Elaine Lim Sin Yee is the spouse to Lim Ming Chang, daughter to Lim Kon Lian and Mok Mei Lan, sister to Lim Pak Hong, sister-in-law to Tan Lee Ching and cousin to Lee Kah Earng;
- (iv) Lim Pak Hong is the spouse to Tan Lee Ching, son to Lim Kon Lian and Mok Mei Lan, brother to Elaine Lim Sin Yee, brother-in-law to Lim Ming Chang and cousin to Lee Kah Earng;
- (v) Lim Ming Chang is the spouse of Elaine Lim Sin Yee, son-in-law to Lim Kon Lian and Mok Mei Lan and brother-in-law to Lim Pak Hong;
- (vi) Tan Lee Ching is the spouse of Lim Pak Hong, daughter-in-law to Lim Kon Lian and Mok Mei Lan and sister-in-law to Elaine Lim Sin Yee; and
- (vii) Lee Kah Earng is the nephew of Mok Mei Lan and cousin to Elaine Lim Sin Yee and Lim Pak Hong.

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

7.7 SERVICE AGREEMENTS

As at the LPD, none of our Directors and/or key management has any existing or proposed service agreements with our Group.

7.8 MANAGEMENT SUCCESSION PLAN

We have implemented a management succession plan, where we have put in place a process to groom new management staff to gradually assume the responsibilities of senior management. Our Group's strategy for management continuity is driven by our top management who is responsible for identifying key competencies and requirements of candidates. If the need arises, we will recruit qualified personnel with knowledge and expertise of our business to enhance our operations.

Our Group General Manager, Lim Pak Hong, has been earmarked as the successor to our Managing Director, Lim Kon Lian, and is actively involved in overseeing the management and operations of our Group. He is being groomed to progressively assume greater responsibilities within the Group, including participation in strategic business planning and decision making, under the guidance of Lim Kon Lian. He is thus being equipped with the necessary knowledge and skills to ensure the long term continuity of the management and operations of our Group.

Further, our key management team, comprising Lim Ming Chang, Wee Chuen Lii, Lee Kah Earng, Elaine Lim Sin Yee and Lee Kam Weng, has been carefully planned out, with clearly defined leadership roles and responsibilities within operations, finance, sales and marketing, human resource and administration, and export sales respectively. Our key management team has been set up to provide structured and resilient support to our Executive Directors, namely Lim Kon Lian and Mok Mei Lan, and our Group General Manager, namely Lim Pak Hong, to facilitate the future growth and success of our Group.

7.9 MANAGEMENT AND EMPLOYEES

The number of full time employees in our Group as at the end of the past three (3) FYE 30 April 2013 to 2015, six (6)-month FPE 31 October 2015 and as at the LPD are as follows:-

Department	Total Number of Employees					Average Year(s) of Service as at the LPD			
	FYE 30 April			Six (6)-month FPE 31 October 2015	As at the LPD	<1 Year	1 - 5 Years	> 5 Years	> 10 Years
	2013	2014	2015						
Directors*	3	3	3	7	7	4	-	-	3
Manufacturing	85	98	127	112	101	21	51	12	17
Accounts	5	5	6	6	6	-	2	2	2
Sales and Marketing	23	23	24	24	22	2	10	7	3
Human Resource and Administration	11	10	10	11	12	3	1	5	3
IT	2	2	2	3	3	1	-	1	1
R&D	4	5	6	5	5	-	2	1	2
QA/QC	2	2	2	3	3	1	1	1	-
Total	135	148	180	171	159	32	67	29	31

Note:-

* Includes one (1) Director of our subsidiary.

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

Our manufacturing department consist of 41, 50, 68, 59 and 51 foreign workers who are working on yearly contractual basis in the FYE 30 April 2013 to 2015, six (6)-month FPE 31 October 2015 and as at the LPD respectively. Our foreign workers are currently primarily from Nepal. All the foreign workers employed by us have valid one-year visit pass (temporary employment), which are renewed on a yearly basis and are not in breach of any immigration laws.

None of our employees are members of any union nor have there been any major industrial disputes in the past.

We recognise the importance of human resources as a central element to our success. All new employees are required to undergo in-house orientation conducted by the respective division heads to familiarise themselves with our culture and policies. New technical personnel are also provided training to equip them with the necessary working knowledge and skills in order for them to carry out their job responsibilities efficiently. We hold regular training sessions to ensure that all of our personnel are familiar with the latest technology and market trends as follows:-

Year	Programmes	Organiser	Location
2012	Saudi Arabian Standard Organization certification & requirements	MATRADE	Kuala Lumpur, Malaysia
	"ISO 9001:2008 understanding and internal audit and ISO 13485 understanding and internal audit" training programme	L & P Total Solutions Sdn Bhd	Selangor, Malaysia
2013	Annual enhancement program	MSB Solutions Sdn Bhd	Selangor, Malaysia
	Microsoft Dynamics AX Phase II – training for production modules	MSB Solutions Sdn Bhd	Selangor, Malaysia
	IT support and troubleshooting workshop	Bridge Knowle Events (M) Sdn Bhd	Kuala Lumpur, Malaysia
	Microsoft Dynamics AX Phase II – inventory and production modules training	MSB Solutions Sdn Bhd	Selangor, Malaysia
2014	Microsoft Dynamics AX Phase II – sales order module training	MSB Solutions Sdn Bhd	Selangor, Malaysia
	UBS training programme for payroll	Sage Software Sdn Bhd	Selangor, Malaysia
	Motivating leadership training course	The Chinese Chamber of Commerce and Industry of Kuala Lumpur and Selangor	Kuala Lumpur, Malaysia
	"Understanding Goods and services tax ("GST") Malaysia" training course	Icon Learning & Development Sdn Bhd	Kuala Lumpur, Malaysia
	SolidWorks Essentials training	IME Cadcam Training Centre Sdn Bhd	Selangor, Malaysia

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

Year	Programmes	Organiser	Location
2014 (Cont'd)	Robot training	Engineering Aids Sdn Bhd	Selangor, Malaysia
	National GST conference	IBN Global Networks Sdn Bhd	Kuala Lumpur, Malaysia
	SolidWorks Simulation Basic training	IME Cadcam Training Centre Sdn Bhd	Selangor, Malaysia
	GST awareness programme	L & P Total Solutions Sdn Bhd	Selangor, Malaysia
	Warehouse management training	Novo Quality Services (M) Sdn Bhd	Selangor, Malaysia
	Safety and health awareness at workplace training	SMART Training & Consultancy Sdn Bhd	Selangor, Malaysia
	Employment Act 1955 programme	L & P Total Solutions Sdn Bhd	Selangor, Malaysia
	High performance work team course	Setara Suria Sdn Bhd	Selangor, Malaysia
2015	SolidWorks Essentials training	IME Cadcam Training Centre Sdn Bhd	Selangor, Malaysia
	Small Medium Enterprises C-Level executive management programme	Terra Firma Asia Sdn Bhd	Nagoya, Japan
	GST training	Do Great Sdn Bhd	Selangor, Malaysia
	Safe operation of forklift training	Smart Training & Consultancy Sdn Bhd	Selangor, Malaysia
	Chemical safety management and spillage control procedure	Smart Training & Consultancy Sdn Bhd	Selangor, Malaysia
	Biomedical competency training and certification on electrical safety	NIQ Engineering Sdn Bhd	Selangor, Malaysia

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8. APPROVALS AND CONDITIONS

8.1 APPROVALS FROM RELEVANT AUTHORITIES

Our Listing Scheme is an exempt transaction under Section 212(8) of the CMSA and is therefore not subject to the approval of the SC.

The listing of our Company on the ACE Market of Bursa Securities was approved by the relevant authorities as follows:-

- (i) Bursa Securities vide its letter dated 8 January 2016, for our admission to the Official List and listing of and quotation for our entire enlarged issued and paid-up share capital of LKL International of RM42,880,000, comprising 428,800,000 Shares on the ACE Market of Bursa Securities;
- (ii) The SC vide its letter dated 12 January 2016, under the equity requirement for public companies; and
- (iii) The MITI vide its letter dated 29 January 2016, has taken note of and has no objection to our Listing.

8.2 CONDITIONS ON APPROVALS

The conditions imposed by Bursa Securities in respect of the Listing are as follows:-

Details of conditions imposed	Status of compliance
(i) Tan Chuan Hock's shareholding in LKL International to be placed under moratorium for a period of six (6) months from the date of admission of LKL International to the ACE Market;	Complied.
(ii) Any director of the Company that has not attended the Mandatory Accreditation Programme must do so prior to listing of the Company;	Complied.
(iii) Submit the following information in respect of the moratorium on the shareholdings of the promoters to the Bursa Depository:- (a) Name of shareholders; (b) Number of shares; and (c) Date of expiry of the moratorium for each block of shares.	To be complied prior to Listing.
(iv) Obtain approvals from other relevant authorities for implementation of the listing proposal;	Complied.
(v) Make the relevant announcements pursuant to paragraphs 8.1 and 8.2 of Guidance Notes 15 of Listing Requirements;	To be complied prior to Listing.
(vi) Furnish Bursa Securities with a copy of the schedule of distribution showing compliance with the share spread requirements based on the entire issued and paid-up share capital of LKL International on the first day of listing;	To be complied upon Listing.
(vii) In relation to the public offering to be undertaken by LKL International, please announce at least 2 market days prior to the listing date, the result of the offering including the following:- (a) Level of subscription of public balloting and placement; (b) Basis of allotment/allocation; (c) A table showing the distribution for placement tranche; and (d) Disclosure of placees who become substantial shareholders of LKL International arising from the public offering, if any.	To be complied prior to Listing.

8. APPROVALS AND CONDITIONS (Cont'd)

Details of conditions imposed	Status of compliance
(viii) LKL International/AIBB to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the admission to the Official List on the ACE Market is completed.	To be complied upon Listing.

8.3 MORATORIUM ON SALE OF SHARES

In compliance with the Listing Requirements, a moratorium will be imposed on the sale, transfer or assignment of Shares held by our Promoters as follows:-

- (i) The moratorium applies to our Promoters' entire shareholdings for a period of six (6) months from the date of our admission to the ACE Market of Bursa Securities ("**First 6-Month Moratorium**");
- (ii) Upon the expiry of the First 6-Month Moratorium, we must ensure that our Promoters' aggregate shareholdings amounting to at least 45% of our issued and paid-up ordinary share capital remain under moratorium for a further six (6) months ("**Second 6-Month Moratorium**"); and
- (iii) Upon the expiry of the Second 6-Month Moratorium, our Promoters may sell, transfer or assign up to a maximum of one third per annum (on a straight line basis) of our Shares held under moratorium.

Details of our Shares held by our Promoters[#] and/or substantial shareholders which will be subject to moratorium are as follows:-

Shareholders	Direct shareholdings after the IPO	
	No. of Shares*	% of enlarged issued and paid-up share capital
Lim Kon Lian	110,003,745	25.65
Mok Mei Lan	110,003,725	25.65
Lim Pak Hong [^]	33,885,270	7.90
Lim Ming Chang [^]	300,000	0.07
Elaine Lim Sin Yee [^]	33,935,270	7.92
Tan Lee Ching [^]	100,000	0.02
Tan Chuan Hock [@]	28,771,990	6.71
Total	317,000,000	73.92

Notes:-

* Assuming all Pink Form Allocations is fully taken-up.

[^] Moratorium applicable only for First 6-Month Moratorium.

[@] Pursuant to the condition imposed by Bursa Securities as disclosed in Section 8.2 of this Prospectus, whereby moratorium applies for a period of six (6) months from the date of admission of LKL International to the ACE Market of Bursa Securities.

[#] Our Promoters will collectively hold in aggregate approximately 67.21% of our enlarged issued and paid-up share capital upon Listing.

9. OTHER INFORMATION

9.1 INFORMATION ON MATERIAL LAND AND BUILDINGS

9.1.1 Properties owned

A summary of the material land and buildings owned by our Group for our operations as at the LPD is as follows:-

Registered and Beneficial Owner	Property Address/Title Details	Description and Existing Use	Category of Land Use/Tenure of Property	Restrictions in Interest/ Material Encumbrance(s)	Date of Issuance of Certificate of Fitness or CCC	Gross Built-Up Area/Land Area (sq ft)*	Net book value as at 31 October 2015 RM'000	Date of acquisition
LKL Advance Metaltech	No. 1, Jalan BS7/18, Kawasan Perindustrian Bukit Serdang, Seksyen 7, 43300 Seri Kembangan, Selangor Darul Ehsan/ HSD 202530 PT1385, Mukim Petaling, Daerah Petaling, Selangor Darul Ehsan ("Factory Lot No. 1") [^]	A double-storey detached factory used as an office, manufacturing plant and warehouse	Industry/ Freehold	Nil/ Charged to United Overseas Bank (Malaysia) Berhad	2 May 2014	34,050/43,560	6,266	11 April 2007
LKL Advance Metaltech	No. 3, Jalan BS7/18, Kawasan Perindustrian Bukit Serdang, Seksyen 7, 43300 Seri Kembangan, Selangor Darul Ehsan/ HSD 202531, PT1386, Mukim Petaling, Daerah Petaling, Selangor Darul Ehsan ("Factory Lot No. 3") [^]	A double-storey detached factory with a three (3)-storey office and other ancillary buildings used as an office and manufacturing plant	Industry/ Freehold	Nil/ Charged to United Overseas Bank (Malaysia) Bhd and leased a section of the land to Tenaga Nasional Berhad for a period of 30 years from 14 November 2006 ending 13 November 2036	26 September 2008	57,690/43,560	6,303	12 November 2004

9. OTHER INFORMATION (Cont'd)

Registered and Beneficial Owner	Property Address/Title Details	Description and Existing Use	Category of Land Use/Tenure of Property	Restrictions in Interest/ Material Encumbrance(s)	Date of Issuance of Certificate of Fitness or CCC	Gross Built-Up Area/Land Area (sq ft)*	Net book value as at 31 October 2015 RM'000	Date of acquisition
LKL Advance Metaltech	No. 15, Jalan BS7/20, Taman Perindustrian Bukit Serdang, Sek 7, Seri Kembangan, Selangor Darul Ehsan/ HSD 252834 PT1981 Mukim Pekan Serdang, Daerah Petaling, Selangor Darul Ehsan ("Factory Lot No. 15")	An intermediate semi-detached one and a half (1 1/2)- storey factory used as a manufacturing plant and warehouse	Industry/ Freehold	Nil/ Charged to Public Bank Berhad	22 January 2010	9,720/11,282	4,958	16 April 2015

Notes:-

* Conversion of original measurement of properties in square meters to square feet at $1m^2 = 10.7639ft^2$.

^ In year 2014, LKL Advance Metaltech constructed a single storey metal sheet cladded steel structure extension across Factory Lot No. 1 and Factory Lot No. 3 with a total built-up area of approximately 19,409 sq ft ("**Extension**") for the storage of inventory work-in-progress and finished goods at Factory Lot No. 1 and the storage of moulds at Factory Lot No. 3, which were not in accordance to the approved building plans. Therefore, a CCC for the Extension has yet to be obtained. To enable LKL Advance Metaltech to apply for a CCC, LKL Advance Metaltech is required to amalgamate Factory Lot No. 1 and Factory Lot No. 3 as the Extension is constructed across both these lands ("**Amalgamation**"). LKL Advance Metaltech has appointed a land surveyor on 31 July 2015 to submit the necessary application to the Land Department of Selangor for the Amalgamation.

Prior to making an application for Amalgamation, LKL Advance Metaltech has to refinance its facilities taken for Factory Lot No. 1 and Factory Lot No. 3 under one (1) financier to ensure that both Factory Lot No. 1 and Factory Lot No. 3 are charged to the same financier in order to facilitate the Amalgamation ("**Refinancing**"). As at the LPD, the Refinancing process is completed.

9. OTHER INFORMATION (Cont'd)

Within nine (9) to twelve (12) months from completion of the Refinancing, the land surveyor will submit the application for the Amalgamation. Approval of the application for the Amalgamation is expected to be issued within three (3) to six (6) months from the date of submission of the application for the Amalgamation.

Thereafter, upon completion of the Amalgamation, LKL Advance Metaltech will appoint consultants to submit the necessary applications to Majlis Perbandaran Subang Jaya ("MPSJ") in order to obtain a CCC for the Extension under a rehabilitation programme initiated by MPSJ. The application for a CCC for the Extension to MPSJ would be made within one (1) month from the date that MPSJ commences acceptance of such applications. MPSJ has indicated that presently, it is only accepting rehabilitation programme applications for CCC where the land area in question is less than two (2) acres. MPSJ has informed the architects to await the next phase of the rehabilitation programme for land area that is more than two (2) acres. The time frame for implementation of this next phase of rehabilitation programme is still unknown. As the combined land area of Factory Lot No. 1 and Factory Lot No. 3 is more than two (2) acres, LKL Advance Metaltech can only make an application for CCC upon the commencement of this next phase of rehabilitation programme by MPSJ. It is estimated that a CCC would be obtained within three (3) to six (6) months of the necessary applications being made.

In the event the next phase of rehabilitation programme by MPSJ is not implemented within 18 months from the date of listing, LKL Advance Metaltech will rent (and/or subsequently purchase) other premises (which comply with relevant land rules and building regulations) to carry out the activities currently carried out within the Extension and remove the Extension within two (2) months thereafter. The rental of the new premises and removal of the Extension is expected to cost approximately RM0.025 million per month and RM0.250 million respectively.

The legal implications in the event that the relevant authorities take action in respect of the Extension are, amongst others as follows:-

- (i) For commencing construction of the Extension without having submitted a copy of the detailed structural plans of the Extension together with a legible copy of its structural calculations and any other particulars, documents or reports as may be required by the local authority, LKL Advance Metaltech may be liable on conviction to a fine not exceeding RM50,000 or to imprisonment for a term not exceeding three (3) years or both and shall also be liable to a further fine of RM1,000 for every day during which the offence is continued after conviction;
- (ii) For occupying or permitting to be occupied the Extension or any part thereof without a CCC, LKL Advance Metaltech may also be liable on conviction to a fine not exceeding RM250,000 or to imprisonment for a term not exceeding ten (10) years or both;
- (iii) The local authority may make an application to the Magistrate's Court for a mandatory order requiring LKL Advance Metaltech to alter in any way or demolish the Extension; and
- (iv) In any case where proceedings have not been instituted against LKL Advance Metaltech, LKL Advance Metaltech shall, on the submission of plans and specifications to the relevant local authority, pay to the local authority a sum which shall not be less than five (5) times but not exceeding 20 times the prescribed fees for submission of plans and specification as the State Authority may prescribe.

Subsequent to the amalgamation of Factory Lot No. 1 and Factory Lot No. 3, we intend to utilise the resulting additional space in between the Factory Lot No. 1 and Factory Lot No. 3 to expand our manufacturing plants. With this expansion, we plan to install a conveyor line, to partially automate our epoxy powder coating process as well as to increase our storage area for finished products. Please refer to Section 5.8.1 of this Prospectus for further details on our future plans and strategies.

Save as disclosed above, there is no breach of any property or land use conditions and/or non-compliance with any regulatory requirement, land rules, building regulations and environmental issue which may materially affect our Group's operation and utilisation of assets in respect of the property owned by our Group for our operations as set out above.

9. OTHER INFORMATION (Cont'd)

9.1.2 Properties rented

A summary of the material land and buildings rented by our Group for our operations as at the LPD is as follows:-

Landlord	Tenant	Property Address	Description and Existing Use	Gross Built-Up Area (sq ft)	Tenure	Rental per annum RM'000
Goh Hang Kim	LKL Advance Metaltech	No. 12, Perindustrian BS 9, Jalan BS 9/10, Taman Bukit Serdang, 43300 Seri Kembangan, Selangor Darul Ehsan	An intermediate double-storey terrace industrial unit used as a manufacturing plant and storage	7,200	26 May 2015 to 25 May 2018	84
Goh Hun Beng	LKL Advance Metaltech	No. 12A, Perindustrian BS 9, Jalan BS 9/10, Taman Bukit Serdang, 43300 Seri Kembangan, Selangor Darul Ehsan	An intermediate double-storey terrace industrial unit used as a manufacturing plant and storage	7,200	26 May 2015 to 25 May 2018	84
Goh Han Eng	LKL Advance Metaltech	No. 16, Perindustrian BS 9, Jalan BS 9/10, Taman Bukit Serdang, 43300 Seri Kembangan, Selangor Darul Ehsan	An intermediate double-storey terrace industrial unit used as a manufacturing plant and storage	7,200	26 May 2015 to 25 May 2018	84
G.B Alliance Sdn Bhd	LKL Advance Metaltech	No. 22, Perindustrian BS 9, Jalan BS 9/10, Taman Bukit Serdang, 43300 Seri Kembangan, Selangor Darul Ehsan	An intermediate double-storey terrace industrial unit used as warehouse	7,200	15 November 2015 to 14 November 2016	90
Chiap Trading Sdn Bhd	LKL Advance Metaltech	No. C-G-13, Jalan BS 14/1, Taman Bukit Serdang, Pusat Perdagangan Bukit Serdang, 43300 Seri Kembangan, Selangor Darul Ehsan	Basement and ground floor of an intermediate three (3)-storey office shoptlot unit used as a warehouse	1,600	16 January 2015 to 15 January 2017	54
Lim Kon Lian and Lim Pak Hong	LKL Advance Metaltech	E-32-1, Lorong Bayan Indah 2, 11900 Bayan Lepas, Penang	Ground floor of an intermediate three (3)-storey office shoptlot unit used as an office and showroom	1,800	1 January 2016 to 31 December 2017	72

9. OTHER INFORMATION (Cont'd)

Landlord	Tenant	Property Address	Description and Existing Use	Gross Built-Up Area (sq ft)	Tenure	Rental per annum RM'000
Yen Chun Wai	LKL Advance Metaltech	No. 17, (Ground Floor), Laluan Tasek Timur 3, Pusat Perdagangan Tasek Indra, 31400 Ipoh, Perak Darul Ridzuan	Ground floor of an intermediate double-storey office shoplot unit used as an office and showroom	1,540	1 June 2015 to 31 May 2017	23

As at the LPD, there is no breach of any property or land use conditions and/or non-compliance with any regulatory requirement, land rules, building regulations and environmental issue which may materially affect our Group's operation and utilisation of assets in respect of the property rented by our Group for our operations as set out above.

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9. OTHER INFORMATION (Cont'd)**9.2 KEY MACHINERY AND EQUIPMENT**

A summary of the key machinery and equipment owned and used by our Group are set out below:-

Key Machinery and Equipment	Description	No. of units	Net book value as at 31 October 2015 RM'000	Estimated average lifespan (years)	Average age (years)
Bending and press machine and equipment	For the bending of steel materials	7	684	15-20	7
Mould and die	For shaping steel and ABS materials	119	249	20	8
Robotic welding machine	For automated welding of steel materials	7	204	15	12
Punching machine and equipment	For punching shapes onto steel materials	8	178	25	8
Shearing/cutting machine and equipment	For shearing/cutting steel materials	7	87	20	9
Welding machine and equipment	For manual welding of steel materials	14	43	10-15	6
Quality control and testing equipment	For testing finished products	3	31	10-15	5
Drilling machine and equipment	For forming holes within steel materials	6	6	10	6
Grinding machine and equipment	For removing fragments on steel surfaces in order to produce a smooth surface finish	3	4	10-12	6
Total		174	1,486		

As set out in Section 5.8.1(iv) and Section 5.8.1(v) of this Prospectus, we intend to acquire new machinery to automate our manufacturing processes and expand our manufacturing plant to cater for the automation and increase our storage area.

We plan to purchase CNC laser shearing machinery, CNC laser cutting machinery and CNC punching machinery at an approximate total cost of RM8.500 million, which we intend to fund via our proceeds from the Public Issue. These machines will allow for high-speed precision shearing, cutting and punching, which will increase our operating efficiencies and process accuracies. We expect these machinery to be installed within nine (9) months of our confirmation of order.

9. OTHER INFORMATION (Cont'd)

We also intend to install a conveyor line to facilitate the epoxy powder coating process of our manufacturing operations at an approximate cost of RM1.500 million. This is expected to be installed subsequent to the amalgamation of our two (2) pieces of properties and resultant expansion of our manufacturing plant, which is expected to cost RM2.500 million. We have initiated the amalgamation exercise in July 2015 and target to complete it by mid 2017. Following the amalgamation, we plan to commence expansion works immediately with a target timeframe to complete by mid 2018, within one (1) year of commencement of expansion works. The conveyor line is expected to be installed within six (6) months thereafter, i.e. end 2018.

Our Group's capital expenditure plans in relation to the installation of conveyor line, amalgamation of our two (2) properties and expansion of our manufacturing plant will be funded via internally generated funds and/or bank borrowings.

As at the LPD, we have not paid for any of the above expenditures.

Please refer to Section 9.3 of this Prospectus for details on our operating capacities and output.

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9. OTHER INFORMATION (Cont'd)**9.3 OPERATING CAPACITIES AND OUTPUT**

Our production facilities are shared across most of our product offerings. We do not have a single production line for each of our product category. For e.g. our bending, punching, cutting, welding, drilling and grinding machine is used in the production of our medical/healthcare beds, patient transport trolleys, medical carts, instrument trolleys, examinations tables, overbed tables etc. Hence, our production capacity and utilisation rate is dependent on the production planned based on our customers' purchase orders.

As at the LPD, our maximum annual production capacity and utilisation rates (computed based on assumptions set out below) of our Group are set out below:-

FYE 30 April 2013

Product Type	Actual Production Output (units sold per year)	Maximum Production Capacity (units per year)	Average Utilisation Rate (%)
Medical/Healthcare Beds			
Electric beds	982	1,791	54.8
Hydraulic beds	654	1,190	55.0
Manual beds	1,383	2,459	56.2
Delivery beds	107	222	48.2
Medical Peripherals and Accessories			
Patient transport trolleys	520	628	82.8
Medical carts	1,370	2,498	54.8
Instrument trolleys	4,127	4,997	82.6
Examination tables	1,684	2,377	70.8
Overbed tables	2,517	4,143	60.8

FYE 30 April 2014

Product Type	Actual Production Output (units sold per year)	Maximum Production Capacity (units per year)	Average Utilisation Rate (%)
Medical/Healthcare Beds			
Electric beds	1,725	2,069	83.4
Hydraulic beds	1,194	1,217	98.1
Manual beds	2,231	2,555	87.3
Delivery beds	206	223	92.4
Medical Peripherals and Accessories			
Patient transport trolleys	364	441	82.5
Medical carts	1,735	2,506	69.2
Instrument trolleys	4,216	4,997	84.4
Examination tables	1,746	2,380	73.4
Overbed tables	3,970	4,164	95.3

9. OTHER INFORMATION (Cont'd)**FYE 30 April 2015**

Product Type	Actual Production Output (units sold per year)	Maximum Production Capacity (units per year)	Average Utilisation Rate (%)
Medical/Healthcare Beds			
Electric beds	1,453	2,063	70.4
Hydraulic beds	378	666	56.8
Manual beds	2,309	2,643	87.4
Delivery beds	185	208	88.9
Medical Peripherals and Accessories			
Patient transport trolleys	694	801	86.6
Medical carts	2,023	2,748	73.6
Instrument trolleys	5,399	6,246	86.4
Examination tables	2,259	2,483	91.0
Overbed tables	3,031	3,290	92.1

FPE 31 October 2015

Product Type	Actual Production Output (units sold per period)	Maximum Production Capacity (units per period)	Average Utilisation Rate (%)
Medical/Healthcare Beds			
Electric beds	782	1,040	75.2
Hydraulic beds	130	336	38.7
Manual beds	783	1,329	58.9
Delivery beds	45	105	42.9
Medical Peripherals and Accessories			
Patient transport trolleys	176	404	43.6
Medical carts	972	1,260	77.1
Instrument trolleys	2,426	2,772	87.5
Examination tables	720	1,249	57.6
Overbed tables	1,655	1,733	95.5

Assumptions:-

1. Maximum production capacity is calculated based on maximum number of units that can be assembled in one (1) hour, number of daily working hours allocated for the particular product, and the number of working days during the year/period;
2. Maximum production capacity calculation is based on the assumption that there are six (6) persons in the assembly team for medical/healthcare beds, patient transport trolleys, examination tables and overbed tables, and nine (9) persons per assembly team for medical carts and instrument trolleys, on the basis of the average sizes of the respective assembly teams;
3. Number of working hours allocated for each product are management estimates based on the following factors:-

9. OTHER INFORMATION (Cont'd)

- (i) Number of units sold for the year;*
- (ii) Availability of raw materials;*
- (iii) Availability of machinery and equipment; and*
- (iv) Availability of floor space;*
- 4. *Number of working days for the respective year/period includes Saturdays and Sundays but excludes public holidays; and*
- 5. *Maximum production capacity for miscellaneous peripherals and accessories cannot be determined as there is a diverse range of products manufactured in lower quantities under this category (as at the LPD, there is a total of 1,802 product codes for miscellaneous peripherals and accessories).*

The utilisation rates shown above represent average utilisation rates of our core activities i.e. medical/healthcare beds, peripherals and accessories. Average utilisation rates for each product differs each year as the actual product output varies in accordance to customer demands in the particular year.

With the acquisition of the new CNC machinery, the number of workers required to perform cutting, shearing, shaping and punching process is expected to be reduced by approximately five (5) persons, from 15 workers presently to ten (10) workers, with the assumption that five (5) of these workers will be reallocated to the assembly team. As such, the maximum annual production capacity for medical/healthcare beds, peripherals and accessories post acquisition of the CNC machinery is expected to increase by approximately 30%.

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10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST

Pursuant to the Listing Requirements, subject to certain exemptions, a "related party transaction" is a transaction entered into by a listed issuer or its subsidiary, which involves the interest, direct or indirect, of a related party. A "related party" is defined as a director, major shareholder or person connected with such director or major shareholder (including a director or major shareholder within the preceding six (6) months before the transaction was entered into). "Major shareholder" means a shareholder with a shareholding of ten percent (10%) or more (or five percent (5%) or more where such person is the largest shareholder in the company) of all the voting shares in the company.

After the Listing, we will be required to seek our shareholders' approval each time we enter into material related party transactions in accordance with the Listing Requirements. However, if the related party transactions can be deemed as recurrent related party transactions, we may seek a general mandate from our shareholders to enter into these transactions without having to seek separate shareholders' approval each time we wish to enter into such related party transactions during the validity period of the mandate. The interested person shall abstain from voting on resolution(s) pertaining to the respective transaction. Under the Listing Requirements, related party transactions may be aggregated to determine its materiality if the transactions occurred within a 12 month period, are entered into with the same party or with parties related to one another or if the transactions involved the acquisition or disposal of securities of interests in one corporation/asset or of various parcels of land contiguous to each other.

10.1 NON-RECURRENT RELATED PARTY TRANSACTIONS

(a) Pursuant to our Group's Acquisition of LKL Advance Metaltech, we have undertaken the following related party transaction:-

Transacting parties	Nature of transaction	Total value of consideration RM'000	Interested related parties
LKL International and Lim Kon Lian, Mok Mei Lan, Elaine Lim Sin Yee, Lim Pak Hong and Tan Chuan Hock	Acquisition of LKL Advance Metaltech	31,580	<p>Lim Kon Lian:-</p> <ul style="list-style-type: none"> • Promoter, Director, substantial shareholder and key management of LKL International; and • Director and indirect substantial shareholder of LKL Advance Metaltech. <p>Mok Mei Lan:-</p> <ul style="list-style-type: none"> • Promoter, Director, substantial shareholder and key management of LKL International; and • Director and indirect substantial shareholder of LKL Advance Metaltech. <p>Elaine Lim Sin Yee:-</p> <ul style="list-style-type: none"> • Promoter, substantial shareholder and key management of LKL International; and • Director and indirect substantial shareholder of LKL Advance Metaltech. <p>Lim Pak Hong:-</p> <ul style="list-style-type: none"> • Promoter, substantial shareholder and key management of LKL International; and • Indirect substantial shareholder of LKL Advance Metaltech. <p>Tan Chuan Hock:-</p> <ul style="list-style-type: none"> • Director and substantial shareholder of LKL International; and • Indirect substantial shareholder of LKL Advance Metaltech.

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

- (b) Save as disclosed below, our Directors have confirmed that there are no other material related party transactions which are non-recurrent in nature that we had entered into with related parties in respect of the past three (3) FYE 30 April 2013 to 2015 and six (6)-month FPE 31 October 2015:-

Transacting Parties	Nature of Transaction	Value for the FYE 30 April			Value for the six (6)-month FPE 31 October 2015 RM'000	Interested related parties
		2013 RM'000	2014 RM'000	2015 RM'000		
LKL Advance Metaltech and William C.H. Tan & Associates	Auditors' remuneration paid by LKL Advance Metaltech	30	35	-	-	<p>Tan Chuan Hock:-</p> <ul style="list-style-type: none"> Executive proprietor of William C.H. Tan & Associates and the auditor for LKL Advance Metaltech for the FYE 30 April 2013 and FYE 30 April 2014; Director (appointed on 23 July 2015) and substantial shareholder of LKL International; and Indirect substantial shareholder of LKL Advance Metaltech. <p>William C.H. Tan & Associates has ceased to be the Auditor of LKL Advance Metaltech with effect from 21 April 2015.</p>
LKL Advance Metaltech and William C.H. Tan Consultancy Sdn. Bhd	Tax advisory fees paid by LKL Advance Metaltech	8	13	73	-	<p>Tan Chuan Hock:-</p> <ul style="list-style-type: none"> Director and shareholder of William C.H. Tan Consultancy Sdn. Bhd. and the tax consultant for LKL Advance Metaltech for the FYE 30 April 2013 to 2015; Director (appointed on 23 July 2015) and substantial shareholder of LKL International; and Indirect substantial shareholder of LKL Advance Metaltech. <p>William C.H. Tan Consultancy Sdn. Bhd. has ceased to be the tax consultant of LKL Advance Metaltech with effect from 26 May 2015.</p>

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

Transacting Parties	Nature of Transaction	Value for the FYE 30 April			Value for the six (6)-month FPE 31 October 2015 RM'000	Interested related parties
		2013 RM'000	2014 RM'000	2015 RM'000		
LKL Advance Metaltech and LKL Greentech Sdn. Bhd. ("LKLG")	Purchase of medical furniture and equipment from LKLG by LKL Advance Metaltech	155	30	-	-	<p>Lim Kon Lian:-</p> <ul style="list-style-type: none"> • Promoter, Director, substantial shareholder and key management of LKL International; • Director and indirect substantial shareholder of LKL Advance Metaltech; and • Director and shareholder of LKLG. <p>Lim Pak Hong:-</p> <ul style="list-style-type: none"> • Promoter, substantial shareholder and key management of LKL International; • Indirect substantial shareholder of LKL Advance Metaltech; and • Director and shareholder of LKLG. <p>Elaine Lim Sin Yee:-</p> <ul style="list-style-type: none"> • Promoter, substantial shareholder and key management of LKL International; • Director and indirect substantial shareholder of LKL Advance Metaltech; and • Director of LKLG. <p>LKLG ceased operations in September 2013.</p>

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

Transacting Parties	Nature of Transaction	Value for the FYE 30 April			Value for the six (6)-month FPE 31 October 2015 RM'000	Interested related parties
		2013 RM'000	2014 RM'000	2015 RM'000		
LKL Advance Metaltech and United Multi Medic Sdn. Bhd. ("UMM")	Purchase of medical furniture and equipment from UMM by LKL Advance Metaltech	-	196	2,346	-	<p>Lim Pak Hong:-</p> <ul style="list-style-type: none"> Promoter, substantial shareholder and key management of LKL International; Indirect substantial shareholder of LKL Advance Metaltech; and Director and shareholder of UMM. <p>Lim Ming Chang:-</p> <ul style="list-style-type: none"> Promoter and key management of LKL International; and Director and shareholder of UMM. <p>UMM ceased operations as trader of hospital and medical furniture and consequently as our intermediary for purchase of supplies in March 2015.</p>

All the above transactions were conducted based on negotiated terms and the Directors of our Company are of the opinion that the above transactions were transacted in the best interests of growing our Group's business.

All the above transactions set out in Section 10.1(b) above have ceased prior to the LPD.

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (Cont'd)**10.2 RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE AND/OR TRADING NATURE**

Details of the recurrent related party transactions which, when aggregated are material to our Group in accordance with the Listing Requirements, entered into in respect of the past three (3) FYE 30 April 2013 to 2015; six (6)-month FPE 31 October 2015 and proposed for the FYE 30 April 2016:-

Transacting Parties	Nature of Transaction	Value for the FYE 30 April			Six (6)-month FPE 31 October 2015 RM'000	Proposed Value for the FYE 30 April 2016 RM'000	Interested related parties
		2013 RM'000	2014 RM'000	2015 RM'000			
LKL Advance Metaltech and Mok Mei Lan	Rental paid by LKL Advance Metaltech to Mok Mei Lan	-	18	18	5	5	Mok Mei Lan:- <ul style="list-style-type: none"> • Promoter, Director, substantial shareholder and key management of LKL International; and • Director and indirect substantial shareholder of LKL Advance Metaltech. The tenancy agreement between LKL Advance Metaltech and Mok Mei Lan was terminated on and effective from 1 August 2015.

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

Transacting Parties	Nature of Transaction	Value for the FYE 30 April			Six (6)-month FPE 31 October 2015 RM'000	Proposed Value for the FYE 30 April 2016 RM'000	Interested related parties
		2013 RM'000	2014 RM'000	2015 RM'000			
LKL Advance Metaltech, Lim Kon Lian and Mok Mei Lan	Rental paid by LKL Advance Metaltech to Elaine Lim Sin Yee	-	14	14	4	4	<p>Lim Kon Lian:-</p> <ul style="list-style-type: none"> Promoter, Director, substantial shareholder and key management of LKL International; and Director and indirect substantial shareholder of LKL Advance Metaltech. <p>Mok Mei Lan:-</p> <ul style="list-style-type: none"> Promoter, Director, substantial shareholder and key management of LKL International; and Director and indirect substantial shareholder of LKL Advance Metaltech. <p>Elaine Lim Sin Yee:-</p> <ul style="list-style-type: none"> Promoter, substantial shareholder and key management of LKL International; and Director and indirect substantial shareholder of LKL Advance Metaltech. <p>The tenancy agreement between LKL Advance Metaltech, Lim Kon Lian and Mok Mei Lan for which rental was payable to Elaine Lim Sin Yee was terminated on and effective from 1 August 2015.</p>

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

Transacting Parties	Nature of Transaction	Value for the FYE 30 April			Six (6)-month FPE 31 October 2015 RM'000	Proposed Value for the FYE 30 April 2016 RM'000	Interested related parties
		2013 RM'000	2014 RM'000	2015 RM'000			
LKL Advance Metaltech, Lim Kon Lian and Lim Pak Hong	Rental paid by LKL Advance Metaltech to Lim Kon Lian and Lim Pak Hong	-	-	-	4	35	Lim Kon Lian:- <ul style="list-style-type: none"> • Promoter, Director, substantial shareholder and key management of LKL International; and • Director and indirect substantial shareholder of LKL Advance Metaltech. Lim Pak Hong:- <ul style="list-style-type: none"> • Promoter, substantial shareholder and key management of LKL International; and • Indirect substantial shareholder of LKL Advance Metaltech.

The Directors of our Company are of the opinion that all the above transactions have been conducted in the ordinary course of business and carried out on an arm's length basis. The Audit Committee will review the terms of the Group's related party transactions moving forward.

We will make disclosures in our annual report of the aggregate value of the recurrent related party transactions entered into by us based on the nature of the transactions made, names of the related parties involved and their relationship with our Group during the financial year and in the annual reports for the subsequent financial years.

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10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (Cont'd)**10.3 TRANSACTIONS THAT ARE UNUSUAL IN NATURE OR CONDITION**

Save as disclosed in Section 10.1 and Section 10.2 of this Prospectus above, our Directors have confirmed that there are no transactions that were unusual in its nature or condition, involving goods, services, tangible or intangible assets, to which we were a party in respect of the past three (3) FYE 30 April 2013 to 2015 and six (6)-month FPE 31 October 2015.

10.4 OUTSTANDING LOANS MADE TO OR FOR THE BENEFIT OF THE RELATED PARTIES

Save as disclosed below, our Directors have confirmed that there are no outstanding loans (including guarantees of any kind) made by us to or for the benefit of the related parties for the past three (3) FYE 30 April 2013 to 2015, six (6)-month FPE 31 October 2015 and up to the LPD:-

Loans made to or for the benefit of	Interested related parties	Nature of transaction	As at 30 April			Six (6)-month FPE 31 October 2015 RM'000	As at the LPD RM'000
			2013 RM'000	2014 RM'000	2015 RM'000		
Lim Kon Lian	<ul style="list-style-type: none"> Promoter, Director, substantial shareholder and key management of LKL International; and Director and indirect substantial shareholder of LKL Advance Metaltech. 	Advances	1,292	1,301	58	-	-
Lim Pak Hong	<ul style="list-style-type: none"> Promoter, substantial shareholder and key management of LKL International; and Indirect substantial shareholder of LKL Advance Metaltech. 	Advances	-	220	-	-	-
Lim Ming Chang	<ul style="list-style-type: none"> Promoter and key management of LKL International. 	Advances	-	100	-	-	-
Elaine Lim Sin Yee	<ul style="list-style-type: none"> Promoter, substantial shareholder and key management of LKL International; and Director and indirect substantial shareholder of LKL Advance Metaltech. 	Advances	45	20	-	-	-

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

Loans made to or for the benefit of	Interested related parties	Nature of transaction	←-----As at 30 April----->			Six (6)-month FPE 31 October 2015 RM'000	As at the LPD RM'000
			2013 RM'000	2014 RM'000	2015 RM'000		
LKL Advance Technology Sdn. Bhd. ("LKLAT")	<p>Lim Kon Lian:-</p> <ul style="list-style-type: none"> • Promoter, Director, substantial shareholder and key management of LKL International; • Director and indirect substantial shareholder of LKL Advance Metaltech; and • Director and shareholder of LKLAT. <p>Mok Mei Lan:-</p> <ul style="list-style-type: none"> • Promoter, Director, substantial shareholder and key management of LKL International; • Director and indirect substantial shareholder of LKL Advance Metaltech; and • Director and shareholder of LKLAT. <p>LKLAT is currently dormant.</p>	Advances	4	16	5	-	-

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

Loans made to or for the benefit of	Interested related parties	Nature of transaction	As at 30 April----->			Six (6)-month FPE 31 October 2015 RM'000	As at the LPD RM'000
			2013 RM'000	2014 RM'000	2015 RM'000		
LKLG	<p>Lim Kon Lian:-</p> <ul style="list-style-type: none"> • Promoter, Director, substantial shareholder and key management of LKL International; • Director and indirect substantial shareholder of LKL Advance Metaltech; and • Director and shareholder of LKLG. <p>Lim Pak Hong:-</p> <ul style="list-style-type: none"> • Promoter, substantial shareholder and key management of LKL International; • Indirect substantial shareholder of LKL Advance Metaltech; and • Director and shareholder of LKLG. <p>Elaine Lim Sin Yee:-</p> <ul style="list-style-type: none"> • Promoter, substantial shareholder and key management of LKL International; • Director and indirect substantial shareholder of LKL Advance Metaltech; and • Director of LKLG. <p>LKLG ceased operations in September 2013.</p>	Advances	14	-	-	-	-

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

Loans made to or for the benefit of	Interested related parties	Nature of transaction	As at 30 April----->			Six (6)-month FPE 31 October 2015 RM'000	As at the LPD RM'000
			2013 RM'000	2014 RM'000	2015 RM'000		
UMM	<p>Lim Pak Hong:-</p> <ul style="list-style-type: none"> • Promoter, substantial shareholder and key management of LKL International; • Indirect substantial shareholder of LKL Advance Metaltech; and • Director and shareholder of UMM. <p>Lim Ming Chang:-</p> <ul style="list-style-type: none"> • Promoter and key management of LKL International; and • Director and shareholder of UMM. <p>UMM ceased operations as trader of hospital and medical furniture and consequently as our intermediary for purchase of supplies in March 2015.</p>	Advances	-	3	-	-	
Ekuiti Nilam Sdn Bhd ("Ekuiti")	<p>Hasnor Amira Bt. Mohamed Hasnan:-</p> <ul style="list-style-type: none"> • Director and shareholder of Ekuiti; and • Hasnor Amira Bt. Mohamed Hasnan is the daughter of LKL Advance Metaltech's director, namely Mohamed Hasnan Che Hussin. <p>Ekuiti was dissolved on 4 June 2014.</p>	Advances	20	8	-	-	

These advances were not made on arm's-length basis as the abovementioned loans made by us to or for the benefit of the related parties were interest-free, unsecured and repayable on demand. As at the LPD, these advances were fully paid. Going forward, our Group will not be providing any such advances (including loans and guarantees of any kind) to or for the benefit of the related parties.

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (Cont'd)**10.5 INTERESTS IN A SIMILAR BUSINESS/CONFLICT OF INTEREST**

Save as disclosed below, none of our Directors and/or substantial shareholders has any other interest, whether direct or indirect, in any businesses or corporations which are carrying on a similar trade as our Group or which are the customers or suppliers of our Group:-

Directors and/or substantial shareholders	Company	Position Held	Principal Activities
Lim Kon Lian	LKLAT	Director and Shareholder	Dormant
	LKLG	Director and Shareholder	Trading and assembly of medical equipment <i>(Ceased operations in September 2013)</i>
Mok Mei Lan	LKLAT	Director and Shareholder	Dormant
Lim Pak Hong	LKLG	Director and Shareholder	Trading and assembly of medical equipment <i>(Ceased operations in September 2013)</i>
	UMM	Director and Shareholder	Trading of hospital and medical furniture <i>(Ceased operations as trader of hospital and medical furniture in March 2015)</i> As at the LPD, UMM is a property investment company
Elaine Lim Sin Yee	LKLG	Director	Trading and assembly of medical equipment <i>(Ceased operations in September 2013)</i>

The involvement of our Directors and/or substantial shareholders in the abovementioned businesses or corporations is minimal as, with respect to UMM, the company is a property investment company that does not have any day-to-day operations, and, for the other companies, they have ceased operations and/or dormant, and therefore does not affect his/her contribution to our Group.

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

10.6 DECLARATION BY ADVISERS ON CONFLICT OF INTEREST

10.6.1 Principal Adviser, Sponsor, Sole Underwriter and Placement Agent

AIBB has confirmed that there is no conflict of interest in its capacity as the Principal Adviser, Sponsor, Sole Underwriter and Placement Agent to our Group in relation to the Listing. The Underwriting Agreement, which certain details are set out in Section 3.10.2 and Section 3.10.4 of this Prospectus, was entered into on arms-length basis and on market terms.

10.6.2 Solicitors for the Listing

Messrs. Cheang & Ariff has confirmed that there is no conflict of interest in its capacity as the Solicitors to our Group in relation to the Listing.

10.6.3 External Auditors and Reporting Accountants

Crowe Horwath has confirmed that there is no conflict of interest in its capacity as the External Auditors and Reporting Accountants to our Group in relation to the Listing.

10.6.4 Independent Market Researcher

Smith Zander has confirmed that there is no conflict of interest in its capacity as the Independent Market Researcher to our Group in relation to the Listing.

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