FOR RESTRICTED CIRCULATION ONLY

nova pharma solutions

Designing for Healthier Future

NOVA PHARMA SOLUTIONS BERHAD

(Company No: 34608-K)
(Incorporated in Malaysia)

INFORMATION MEMORANDUM

EXCLUDED ISSUE OF 12,300,000 NEW ORDINARY SHARES TO SELECTED SOPHISTICATED INVESTORS WITHIN THE MEANING OF SECTIONS 229 AND 230 OF THE CAPITAL MARKETS AND SERVICES ACT 2007, AT AN ISSUE PRICE OF RM0.20 PER ORDINARY SHARE IN CONJUNCTION WITH OUR PROPOSED LISTING ON THE LEAP MARKET OF BURSA MALAYSIA SECURITIES BERHAD

APPROVED ADVISER, CONTINUING ADVISER AND PLACEMENT AGENT

TA SECURITIES
A MEMBER OF THE TA GROUP

TA SECURITIES HOLDINGS BERHAD (14948-M)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

THIS INFORMATION MEMORANDUM IS NOT TO BE DISTRIBUTED OUTSIDE MALAYSIA.

THE LEAP MARKET HAS BEEN POSITIONED AS A MARKET DESIGNED TO ACCOMMODATE CORPORATIONS WITH HIGHER INVESTMENT RISK THAN CORPORATIONS LISTED ON THE ACE MARKET AND MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD. LEAP MARKET IS A QUALIFIED MARKET MEANT FOR SOPHISTICATED INVESTORS (AS DEFINED HEREIN) ONLY. ONLY EXISTING SHAREHOLDERS AND SOPHISTICATED INVESTORS ARE ALLOWED TO PARTICIPATE IN CORPORATE EXERCISES UNDERTAKEN BY US. SOPHISTICATED INVESTORS SHOULD BE AWARE OF THE POTENTIAL RISK OF INVESTING IN US AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER DUE AND CAREFUL CONSIDERATION.

This Information Memorandum is dated 2 February 2018

IMPORTANT NOTICE

RESPONSIBILITY STATEMENTS

THE BOARD OF DIRECTORS ("**BOARD**") AND PROMOTERS OF OUR COMPANY HAVE SEEN AND APPROVED THIS INFORMATION MEMORANDUM. OUR BOARD AND PROMOTERS, HAVING MADE ALL REASONABLE ENQUIRIES AND TO THE BEST OF THEIR KNOWLEDGE, INFORMATION AND BELIEF, COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF ALL THE INFORMATION AND STATEMENTS CONTAINED IN THIS INFORMATION MEMORANDUM, AND CONFIRM THAT THIS INFORMATION MEMORANDUM CONTAINS ALL RELEVANT INFORMATION WITH REGARDS TO OUR COMPANY WHICH IS MATERIAL IN THE CONTEXT OF OUR EXCLUDED ISSUE (AS DEFINED HEREIN) AND PROPOSED LISTING (AS DEFINED HEREIN). AS AT THE DATE HEREOF, THE INFORMATION CONTAINED IN THIS DOCUMENT IS TRUE AND ACCURATE IN ALL MATERIAL RESPECTS AND IS NOT MISLEADING. AS AT THE DATE HEREOF, THE OPINIONS AND INTENTIONS OF OUR COMPANY EXPRESSED HEREIN ARE HONESTLY HELD, AND THAT THERE ARE NO FALSE OR MISLEADING STATEMENTS OR OTHER MATERIALS FACTS WHICH, IF OMITTED, WOULD MAKE ANY STATEMENT IN THIS INFORMATION MEMORANDUM FALSE OR MISLEADING.

TA SECURITIES HOLDINGS BERHAD ("**TA SECURITIES**"), BEING THE APPROVED ADVISER, CONTINUING ADVISER AND PLACEMENT AGENT TO OUR PROPOSED LISTING ACKNOWLEDGES THAT, BASED ON ALL AVAILABLE INFORMATION, AND TO THE BEST OF ITS KNOWLEDGE, THIS INFORMATION MEMORANDUM CONSTITUTES A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS CONCERNING OUR PROPOSED LISTING AND EXCLUDED ISSUE.

STATEMENTS OF DISCLAIMER

THIS INFORMATION MEMORANDUM HAS BEEN DRAWN UP IN ACCORDANCE WITH THE LEAP MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD ("**BURSA SECURITIES**") ("**LISTING REQUIREMENTS**") FOR OUR PROPOSED LISTING AND EXCLUDED ISSUE AND IS NOT A PROSPECTUS AND HAS NOT BEEN REGISTERED, NOR WILL IT BE REGISTERED AS A PROSPECTUS UNDER THE CAPITAL MARKETS AND SERVICES ACT 2007 ("**CMSA**"). OUR EXCLUDED ISSUE CONSTITUTES AN EXCLUDED OFFER AND EXCLUDED ISSUE WITHIN THE MEANINGS OF SECTION 229 AND SECTION 230 OF THE CMSA.

THIS INFORMATION MEMORANDUM HAS BEEN PREPARED IN THE CONTEXT OF SECURITIES OFFERING UNDER THE LAWS OF MALAYSIA. IT DOES NOT COMPLY WITH THE LAWS OF ANY JURISDICTION OTHER THAN MALAYSIA, AND HAS NOT AND WILL NOT BE LODGED, REGISTERED OR APPROVED PURSUANT TO OR UNDER ANY APPLICABLE SECURITIES OR EQUIVALENT LEGISLATION OR BY ANY REGULATORY AUTHORITY OF ANY JURISDICTION OTHER THAN MALAYSIA.

A COPY OF THIS INFORMATION MEMORANDUM HAS BEEN DEPOSITED WITH THE SECURITIES COMMISSION MALAYSIA ("**SC**").

THE SC AND BURSA SECURITIES TAKE NO RESPONSIBILITY FOR THE CONTENTS OF THIS INFORMATION MEMORANDUM, MAKE NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIM ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS INFORMATION MEMORANDUM. THE SC AND BURSA SECURITIES DO NOT MAKE ANY ASSESSMENT ON THE SUITABILITY, VIABILITY OR PROSPECTS OF OUR COMPANY. SOPHISTICATED INVESTORS ARE EXPECTED TO MAKE THEIR OWN ASSESSMENT ON OUR COMPANY OR SEEK APPROPRIATE ADVICE BEFORE MAKING THEIR INVESTMENT DECISIONS. TA SECURITIES, AS OUR APPROVED ADVISER, HAS ASSESSED THE SUITABILITY OF OUR COMPANY FOR ADMISSION TO THE LEAP MARKET OF BURSA SECURITIES AS REQUIRED UNDER RULE 4.10 OF THE LISTING REQUIREMENTS.

IMPORTANT NOTICE *(CONT'D)*

AN APPLICATION HAS BEEN MADE TO BURSA SECURITIES FOR THE ADMISSION OF OUR COMPANY AND THE LISTING OF AND QUOTATION FOR THE ENTIRE ORDINARY SHARE CAPITAL OF OUR COMPANY ON THE LEAP MARKET OF BURSA SECURITIES. NO MONIES SHALL BE COLLECTED FROM SOPHISTICATED INVESTORS FOR THE SUBSCRIPTION OF THE ISSUE SHARES (AS DEFINED HEREIN), AND NO NEW ORDINARY SHARES IN OUR COMPANY ("**SHARES**") SHALL BE ALLOTTED PURSUANT TO OUR EXCLUDED ISSUE UNTIL BURSA SECURITIES HAS GRANTED ITS APPROVAL FOR THE ADMISSION OF OUR COMPANY TO THE LEAP MARKET OF BURSA SECURITIES. APPROVAL FROM BURSA SECURITIES OF THE SAME IS NOT AN INDICATION OF THE MERITS OF OUR PROPOSED LISTING, EXCLUDED ISSUE, OUR COMPANY AND OUR SHARES. THIS INFORMATION MEMORANDUM CAN BE VIEWED OR DOWNLOADED FROM BURSA SECURITIES' WEBSITE AT www.bursamalaysia.com.

THE LEAP MARKET OF BURSA SECURITIES HAS BEEN POSITIONED AS A MARKET DESIGNED TO ACCOMMODATE CORPORATIONS TO WHICH A HIGHER INVESTMENT RISK MAY BE ATTACHED THAN OTHER CORPORATIONS LISTED ON BURSA SECURITIES. IT IS A QUALIFIED MARKET WHICH IS MEANT MAINLY FOR SOPHISTICATED INVESTORS ONLY. ONLY EXISTING SECURITIES HOLDERS AND SOPHISTICATED INVESTORS ARE ALLOWED TO PARTICIPATE IN CORPORATE EXERCISES UNDERTAKEN BY OUR COMPANY. SOPHISTICATED INVESTORS SHOULD BE AWARE OF THE POTENTIAL RISKS OF INVESTING IN SUCH CORPORATIONS, AND SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF AN INVESTMENT IN OUR COMPANY AND MAKE THE DECISION TO INVEST AFTER DUE AND CAREFUL CONSIDERATIONS AND, IF APPROPRIATE, CONSULTATION WITH STOCKBROKER, MANAGER, SOLICITOR, ACCOUNTANT AND OTHER PROFESSIONAL ADVISERS.

THERE ARE CERTAIN RISK FACTORS WHICH SOPHISTICATED INVESTORS SHOULD CONSIDER. PLEASE REFER TO THE "RISK FACTORS" AS SET OUT IN SECTION 6 OF THIS INFORMATION MEMORANDUM.

SOPHISTICATED INVESTORS SHOULD NOTE THAT THEY MAY SEEK RECOURSE UNDER SECTIONS 248, 249 AND 357 OF THE CMSA FOR BREACHES OF SECURITIES LAWS AND REGULATIONS INCLUDING ANY STATEMENT IN THE INFORMATION MEMORANDUM THAT IS FALSE, MISLEADING, OR FROM WHICH THERE IS A MATERIAL OMISSION, OR FOR ANY MISLEADING OR DECEPTIVE ACT IN RELATION TO THE INFORMATION MEMORANDUM. THIS INFORMATION MEMORANDUM OR ANY DOCUMENT DELIVERED UNDER OR IN RELATION TO THE ISSUE, OFFER AND SALE OF OUR SHARES IS NOT AND SHOULD NOT BE CONSTRUED AS A RECOMMENDATION BY US AND/OR THE APPROVED ADVISER TO SUBSCRIBE FOR OR PURCHASE OUR SHARES.

THE PURPOSE OF THIS INFORMATION MEMORANDUM IS TO PROVIDE INFORMATION ON THE BUSINESS AND AFFAIRS OF OUR COMPANY. THIS INFORMATION MEMORANDUM DOES NOT CONSTITUTE OR FORM PART OR ANY OFFER OR INVITATION TO SUBSCRIBE FOR OR PURCHASE, OR SOLICITATION OF ANY OFFER TO SUBSCRIBE FOR OR PURCHASE OF OUR SHARES, NOR IS IT INTENDED TO INVITE OR PERMIT THE MAKING OF OFFERS BY THE PUBLIC TO SUBSCRIBE FOR OR PURCHASE OUR SHARES.

THIS INFORMATION MEMORANDUM IS NOT A SUBSTITUTE FOR AND SHOULD NOT BE REGARDED AS AN INDEPENDENT EVALUATION AND ANALYSIS AND DOES NOT PURPORT TO BE ALL INCLUSIVE. EACH SOPHISTICATED INVESTOR SHOULD PERFORM AND IS DEEMED TO HAVE MADE ITS OWN INDEPENDENT INVESTIGATION, ASSESS THE MERITS AND RISKS OF THE INVESTMENT AND ANALYSIS OF OUR COMPANY AND ALL OTHER RELEVANT MATTERS.

THIS INFORMATION MEMORANDUM IS INTENDED FOR CIRCULATION ONLY TO PERSONS WHOM AN INVITATION TO SUBSCRIBE FOR OR PURCHASE SECURITIES OR AN ISSUE OF SECURITIES WOULD CONSTITUTE AN EXCLUDED OFFER AND EXCLUDED ISSUE WITHIN THE MEANING OF SECTION 229 AND SECTION 230 OF THE CMSA.

IMPORTANT NOTICE *(CONT'D)*

THIS INFORMATION MEMORANDUM, IF FURNISHED TO YOU, IS STRICTLY FOR YOUR OWN USE AND IS NOT TO BE CIRCULATED TO ANY OTHER PARTY. INFORMATION IN THIS DOCUMENT IS SUBJECT TO CHANGE FROM TIME TO TIME AS WE AND/OR TA SECURITIES SHALL DEEM FIT.

WE AND/OR TA SECURITIES DO NOT ASSUME ANY FIDUCIARY RESPONSIBILITIES OR LIABILITY FOR ANY CONSEQUENCES, FINANCIAL OR OTHERWISE, ARISING FROM THE SUBSCRIPTION OR ACQUISITION OF OUR SHARES.

MODE OF COMMUNICATION

In accordance with our Constitution, we may send notices and documents to our securities holders ("**Holders**") by electronic means to the Holders' registered email address last maintained with either our Company Secretary or Bursa Malaysia Depository Sdn Bhd ("**Bursa Depository**"), as the case may be. Our Holders have a right to request for a hard copy of such notices and documents should they wish to do so. In such event, we will forward a hard copy of the notices and documents to the Holders, as soon as reasonably practicable after the receipt of the request, free of charge by ordinary mail to the Holders' registered Malaysian address last maintained with either our Company Secretary or Bursa Depository, as the case may be, at their own risk.

We may also publish notices and documents on our website as a form of electronic communication with our Holders. In such event, we will separately and immediately notify our Holders through the following:

(i) ordinary mail;

(ii) electronic means to the Holders' registered email address;

(iii) advertisement in an English daily newspaper in Malaysia; and/or

(iv) announcement on Bursa Securities.

TERMS AND CONDITIONS BINDING ALL RECIPIENTS

By accepting this Information Memorandum, you agree and undertake to be bound by the following terms and conditions:

(i) This Information Memorandum is issued by our Company and distributed by us as well as TA Securities as our Approved Adviser and Placement Agent. The distribution of this Information Memorandum shall be in paper/printed copy and/or electronic copy upon request by interested recipient, free of charge. This Information Memorandum is distributed to interested recipient for information purposes only and upon the express understanding that such recipients will use it only for the purposes set forth below.

(ii) The information contain in this Information Memorandum, including any statement or fact or opinion is solely for use by a limited number of prospective Sophisticated Investors for the purpose of evaluating their interest in investing in our Company ("**Proposed Investment**"). Nothing contained herein shall be taken as a recommendation or invitation by us and/or TA Securities to undertake the Proposed Investment or as a commitment on our part to accept your Proposed Investment.

(iii) You are solely responsible for your investment decision and are advised to seek independent financial, legal, tax or such other professional advice at your own cost and expense when making your independent appraisal, assessment, review and evaluation of our business, financial position, financial performance and prospects, the rights and obligations attaching to our Shares, the merits of investing in our Shares, and the extent of the risk involved in doing so.

IMPORTANT NOTICE *(CONT'D)*

(iv) This Information Memorandum may include certain statements provided by us or on our behalf with respect to the anticipated future performance of our Company. These statements, although believed to be reasonable, are based on estimates and assumptions made by us that are subject to risks and uncertainties that may cause actual events and our future results to be materially different from that expected or indicated by such statements or estimates and no assurance can be given that any of such statements or estimates will be realised. In light of these and other uncertainties, the inclusion of forward-looking statements in this Information Memorandum should not be regarded as a representation or warranty by TA Securities or us that our plans and strategies as disclosed herein will be achieved.

(v) We and TA Securities each reserve the right (without notice or recourse) to alter, amend, terminate or suspend the process in respect of the Proposed Investment ("**Investment Process**") without providing any reason therefor. All costs incurred by you during the Investment Process are for your account only and under no circumstances will we or TA Securities be responsible for any part of such costs, notwithstanding any alteration, amendment, termination or suspension of the Investment Process or the reason thereof.

(vi) Any document in relation to the Excluded Issue and Proposed Listing published or issued from time to time after the date hereof shall be deemed to form part of this Information Memorandum.

(vii) Subject to the provisions of any law, regulations and guidelines ("**Applicable Laws**"), we and TA Securities each reserve the right to negotiate with one or more prospective Sophisticated Investors at any time. Subject to the Applicable Laws, we and TA Securities each also reserve the rights (without notice or recourse) to terminate, at any time, further participation in the Investment process by all or any recipients without assigning any reasons thereof.

(viii) You shall not copy, reproduce, distribute, summarise, excerpt from, publicly refer to or pass on any part of this Information Memorandum to any person at any time without the prior written consent of TA Securities. You shall at all times keep confidential all information contained herein or any other information relating to the Proposed Investment, whether written, oral or in a visual or an electronic form, transmitted or made available to you in the course of your evaluation of the Proposed Investment. In the event that you do not undertake the Proposed Investment for any reason whatsoever, you shall upon request return all materials received from us or TA Securities, including this Information Memorandum, without retaining any copy.

(ix) TA Securities is acting as our Approved Adviser and Placement Agent and will not be responsible to any person other than our Company. Neither the receipt of this Information Memorandum by any recipient nor any information made available in connection with the Proposed Investment is to be taken as constituting the giving of investment advice by TA Securities. TA Securities shall not advise you on the merits or risks of the Proposed Investment or potential valuation for the Proposed Investment.

(x) This Information Memorandum will not be distributed in any jurisdiction outside Malaysia except in accordance with the legal requirements applicable in such jurisdiction. No recipient in any jurisdiction outside Malaysia may take any action upon this Information Memorandum if, in the relevant jurisdiction, such action cannot be taken by the recipient without contravention of any relevant legal requirements. It is the sole responsibility of any recipient wishing to take any action upon this Information Memorandum to satisfy themselves as to the full observance of the law of the relevant jurisdiction and/or Malaysia in connection therewith, including without limitation, the receipt of our Shares or cash payment upon the sale of our Shares by the recipient, the repatriation of any money by the recipient out of Malaysia, the obtaining of any governmental, exchange control or other consents which may be required, and the payment of any tax or duty due in such jurisdiction. Such recipients shall be responsible for the payment of any tax or other requisite payment due in such jurisdiction, and we and TA Securities shall be entitled to be fully indemnified by such recipients for any tax or payment as the recipient may be required to pay.

IMPORTANT NOTICE *(CONT'D)*

(xi) This Information Memorandum had not been made and will not be made to ensure that our Excluded Issue complies with the laws of any jurisdiction other than Malaysia. We and TA Securities, shall not accept any responsibility or liability in the event that any action taken by any recipient in any jurisdiction outside Malaysia is or shall become illegal, unenforceable, voidable or void in such jurisdiction. Such recipients shall therefore immediately consult their professional advisers in relation to the observance of the relevant legal requirements, and shall be responsible for the payment of any tax or other requisite payment due in such jurisdiction, and shall keep us and TA Securities fully indemnified for the payment of such taxes or payments.

PRESENTATION OF INFORMATION

All references to "our Company" and "Nova Pharma" in this Information Memorandum are to Nova Pharma Solutions Berhad, while references to "we", "us", "our" and "ourselves" are to our Company. Unless the context otherwise requires, references to "Management" are to our Executive Directors and our key management as disclosed in this Information Memorandum and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

Certain abbreviations, acronyms and technical terms used are defined in the "Definitions" section of this Information Memorandum. Words denoting the singular will, where applicable include the plural and vice versa and words denoting the masculine gender will, where applicable, include the feminine and neuter genders and vice versa. Reference to persons will include companies and corporations.

Unless otherwise stated, any reference to dates and times in this Information Memorandum are references to dates and times in Malaysia.

In particular, certain information in this Information Memorandum is extracted or derived from the report prepared by Protégé Associates Sdn Bhd, an independent market research consulting firm. We believe that the statistical data and projections cited in this Information Memorandum are useful in helping you to understand the major trends in the industry in which we operate. However, neither we nor our advisers have independently verified these data. Neither we nor our advisers make any representation as to the correctness, accuracy or completeness of such data and accordingly, you should not place undue reliance on the statistical data cited in this Information Memorandum. Similarly, third party projections cited in this Information Memorandum are subject to significant uncertainties that could cause actual data to differ materially from the projected figures. We give no assurance that the projected figures will be achieved and you should not place undue reliance on the third party projections cited in this Information Memorandum.

You should not rely on the information on our website or any website directly or indirectly linked to our website as it does not form part of this Information Memorandum.

This Information Memorandum contains forward-looking statements, which include all statements other than those of historical facts including, among others, those regarding our financial position, business strategies, prospects, plans and objectives of our Management for future operations. Some of these statements can be identified by the use of forward-looking terminology such as the words "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast" or similar expressions. Such forward-looking statements involve known or unknown risks, uncertainties and other important factors beyond our control that could cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. As such, we cannot assure you that the forward-looking statements in this Information Memorandum will be realised.

Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we operate. Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to those discussed in Section 6 - Risk Factors and Section 10 - Management Discussion and Analysis of this Information Memorandum. We cannot give any assurance that the forward-looking statements made in the Information Memorandum will be realised.

IMPORTANT NOTICE *(CONT'D)*

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

You will be deemed to have read and understood the descriptions of the assumptions and uncertainties underlying the forward looking statements that are contained in this Information Memorandum.

PRIVACY NOTICE

The Personal Data Protection Act 2010 ("**PDPA**") was introduced to regulate the processing of personal data in commercial transactions. The PDPA requires us to inform you of your rights in respect of your personal data that is to be collected and processed by us.

Consequently, please be informed that the personal data and other information (collectively, "**Personal Data**") that you provide will be used and processed by us in connection with our Excluded Issue only ("**Purpose**"), and not for any other purpose.

If required for the Purpose, you hereby give consent that your Personal Data may be disclosed to our advisers who provide services to us, including our Placement Agent. Save for the foregoing, your Personal Data will not be knowingly disclosed to any other third party.

Without prejudice to the Terms and Conditions of our Excluded Issue as contained in this Information Memorandum, you may at any time hereafter make inquiries, complaints and upon payment of a prescribed fee, request in writing to access to, or correction of, your Personal data or limit the processing of your Personal Data by submitting such request to the following:

Postal address : Nova Pharma Solutions Berhad
c/o Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

Kindly be informed that we will assume that you have consented and we will continue to process your Personal Data in accordance with this Privacy Notice unless we hear otherwise from you. You may exercise your rights in respect of your rights in respect of your Personal Data in the manner described above.

This Privacy Notice may be amended from time to time and would be in effect on the date as determined by us. Any amendment to this Privacy Notice shall be published on any medium as we deem fit.

INDICATIVE TIMETABLE

The indicative timing of our Excluded Issue and events leading up to the listing of and quotation for our entire enlarged issued share capital on the LEAP Market of Bursa Securities are set out below:

Events	**Tentative date**
Issuance of Information Memorandum	2 February 2018
Allotment of Issue Shares to selected Sophisticated Investors	By end February 2018*
Listing on the LEAP Market of Bursa Securities	By early March 2018 *

Note:

* *Subject to receipt of approval-in-principle from Bursa Securities for our Proposed Listing. An announcement for the key relevant dates will be made after obtaining Bursa Securities' approval-in-principal for our Proposed Listing.*

[The rest of this page has been intentionally left blank]

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Information Memorandum and the accompanying appendices:

"Act"	:	Companies Act, 2016 as amended from time to time and any re-enactment thereof
"Agreement"	:	Teaming Agreement dated 1 April 2015 entered into between NNE and our Company and letter dated 22 November 2017 for the extension of time up to 31 December 2018 based on the same terms and conditions of the Teaming Agreement
"Board"	:	Our Board of Directors
"Bonus Issue"	:	Bonus issue of 2,000,000 Shares on the basis of 2 bonus shares for every 1 Nova Pharma Share which was completed on 8 November 2017
"Bursa Securities"	:	Bursa Malaysia Securities Berhad
"CAGR"	:	Compounded annual growth rate
"CCC"	:	Certificate of Completion and Compliance
"CMSA"	:	Capital Markets and Services Act 2007
"Constitution"	:	Constitution of our Company
"Director"	:	A natural person who holds a directorship in our Company and shall have the meaning given in Section 2 of the Act and Section 2(1) of the CMSA
"EBITDA"	:	Earnings before interest, tax, depreciation and amortisation
"EPS"	:	Earnings per Share
"Excluded Issue"	:	Proposed issue of 12,300,000 Issue Shares at the Issue Price to Sophisticated Investors within the meanings of Sections 229 and 230 of the CMSA
"FYE"	:	Financial year ended / ending
"Hermansen"	:	Hermansen Holding 2016 Aps
"IMR Report"	:	Independent market research report on the strategic analysis of the engineering solutions market that targets pharmaceuticals and biotechnology industries dated 16 January 2018 prepared by Protégé Associates
"Information Memorandum"	:	This Information Memorandum dated 2 February 2018 in relation to our Excluded Issue and Proposed Listing
"Issue Price"	:	RM0.20 per Issue Share
"Issue Shares"	:	New shares to be issued pursuant to the Excluded Issue
"JcbNext"	:	JcbNext Berhad
"Listing Requirements"	:	LEAP Market Listing Requirements issued by Bursa Securities

DEFINITIONS *(CONT'D)*

"LPD"	:	15 January 2018, being the latest practicable date prior to the date of this Information Memorandum
"MBO"	:	Management buyout of the entire equity interests in our Company by Khoo Boo Wie and Ter Leong Tah via the acquisition of shares from our previous shareholder, which was completed on 31 March 2015
"MDEC"	:	Malaysia Digital Economy Corporation
"MIDA"	:	Malaysian Investment Development Authority
"MOF"	:	Ministry of Finance
"MSC"	:	Multimedia Super Corridor
"NNE"	:	NNE Pharmaplan A/S
"Nova Pharma" or "Company"	:	Nova Pharma Solutions Berhad
"Nova Pharma Shares" or "Shares"	:	Our ordinary shares
"NTD"	:	New Taiwan Dollar
"Official List"	:	The list specifying all securities listed on Bursa Securities
"PAT"	:	Profit after taxation
"PBT"	:	Profit before taxation
"Promoters"	:	Khoo Boo Wie and Ter Leong Tah
"Proposed Listing"	:	Proposed admission to the Official List and the listing of and quotation for our entire enlarged share capital of 149,009,507 Shares on the LEAP Market of Bursa Securities
"Protégé Associates"	:	Protégé Associates Sdn Bhd
"Public"	:	All persons or members of the public but excluding Directors of our Company, our substantial shareholders and persons associated with them (as defined in the Listing Requirements)
"R&D"	:	Research and development
"RM" and "sen"	:	Ringgit Malaysia and sen, respectively, being the lawful currency of Malaysia
"Share Split"	:	Share split involving the subdivision of every 1 Nova Pharma Share after the Bonus Issue into 40 subdivided shares which was completed on 15 November 2017
"Sophisticated Investors"	:	Any person who falls within any of the categories of investors set out in Part I of Schedule 6 or Part I of Schedule 7 of the CMSA
"TA Securities"	:	TA Securities Holdings Berhad
"USD"	:	United States Dollar

DEFINITIONS *(CONT'D)*

Glossary of technical terms

"Black and building utilities"	:	Utilities such as water, steam, electricity and air that are needed in the process of producing pharmaceutical and/or biotechnology products but are not in contact with the pharmaceutical and/or biotechnology products to be produced
"Biosafety Level 2"	:	A biosafety level is a set of biocontainment precautions required to isolate dangerous biological agents in an enclosed laboratory or facility. Biosafety Level 2 is suitable for work involving agents that pose moderate hazards to personnel and the environment
"GMP"	:	Good Manufacturing Practice is a system for ensuring that products are consistently produced and controlled according to quality standards. It is designed to minimise the risks involved in any pharmaceutical production that cannot be eliminated through testing the final product
"High potent injectable plant"	:	A plant that handle or produces the sterile injectable forms of highly potent substances / medicines
"Modular Approach"	:	An approach to the design where independently prepared and self-contained units, or modules, are combined to form the final product
"Monoclonal Antibodies (Mab) Facility"	:	Facility that produces monoclonal antibodies, antibodies which were produced by one type of immune cell and are all clones of a single parent cell
"Oral solid dosage"	:	Medicine that comes in the form of tablet or capsule for oral consumption
"Vaccine fill and finish plant"	:	A plant that produce a range of vaccines into its final dosage form

[The rest of this page has been intentionally left blank]

TABLE OF CONTENTS

TABLE OF CONTENTS *(CONT'D)*

Company No. 34608-K

1. CORPORATE DIRECTORY

BOARD OF DIRECTORS	:	Khoo Boo Wie *(Executive Director and Chief Executive Officer)* Ter Leong Tah *(Executive Director and Chief Technical Officer)* Tan Hong Eng *(Executive Director)*
COMPANY SECRETARY	:	Leong Sue Ching (MAICSA 7040814) c/o CAREsec Advisory Sdn Bhd 9A Jalan Medan Tuanku Medan Tuanku 50300 Kuala Lumpur
REGISTERED OFFICE	:	9A Jalan Medan Tuanku Medan Tuanku 50300 Kuala Lumpur
HEAD / MANAGEMENT OFFICE	:	Suite C-05-01 & 02 Sky Park One City Jalan USJ 25/1 47650 Subang Jaya Selangor Darul Ehsan Website: www.novapharmasolutions.com Email address: admin@novapharms.com
AUDITORS AND REPORTING ACCOUNTANTS	:	Siew Boon Yeong & Associates (AF 0660) Wisma SBY 9-C Jalan Medan Tuanku Medan Tuanku 50300 Kuala Lumpur
SHARE REGISTRAR	:	Tricor Investor & Issuing House Services Sdn Bhd Unit 32-01, Level 32, Tower A Vertical Business Suite, Avenue 3 Bangsar South No. 8, Jalan Kerinchi 59200 Kuala Lumpur
PRINCIPAL BANKER	:	OCBC Al-Amin Bank Berhad 89, 91 & 93 Jalan 21/60 Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan

1. CORPORATE DIRECTORY *(CONT'D)*

SOLICITORS FOR OUR PROPOSED LISTING	:	Olivia Lim & Co 43-3 Plaza Damansara Jalan Medan Setia 1 Bukit Damansara 50490 Kuala Lumpur
APPROVED ADVISER, CONTINUING ADVISER AND PLACEMENT AGENT	:	TA Securities Holdings Berhad 32nd Floor, Menara TA One 22, Jalan P. Ramlee 50250 Kuala Lumpur
INDEPENDENT MARKET RESEARCHER	:	Protégé Associates Sdn Bhd Suite C-06-06 Plaza Mont' Kiara 2 Jalan Kiara Mont' Kiara 50480 Kuala Lumpur
LISTING SOUGHT	:	LEAP Market of Bursa Securities

[The rest of this page has been intentionally left blank]

2. INFORMATION SUMMARY

2.1 Overview

Our Company is principally involved in the provision of engineering solutions for the pharmaceutical and biotechnology industries focusing on the initial design and building phase of pharmaceutical and/or biotechnology plants. We are capable of providing engineering solutions ranging from pre-design (feasibility study and site selection) to design (conceptual design, basic design and detailed design) to post-design (tendering, procurement and site supervision) to other supporting activities (GMP documents review and gap analysis and assessment). Some of the pharmaceutical and biotechnology plants that we have been involved in include oral solid dosage, biopharmaceutical manufacturing, vaccine filling and finishing as well as ophthalmic manufacturing. As a lead consultant, our Company works with a number of selected qualified service providers that focus on providing civil, structural, mechanical and electrical services which are not the core services of our Company.

Currently, our principal markets are in Malaysia and Taiwan.

Our revenue streams are grouped into design fee, post-design fee and other support fee. The design fee includes the work done for pre-design.

Further details of our Company and business overview are set out in Sections 4 and 5 of this Information Memorandum, respectively.

2.2 Competitive strengths

Our Directors believe that our business sustainability and growth is built on the following competitive strengths:

(i) Experienced key management team;

(ii) Established track record;

(iii) Wide spectrum of services; and

(iv) Regional knowledge with local presence.

Further details of our competitive strengths are set out in Section 5.4 of this Information Memorandum.

2.3 Future plans

Our future plans are as follows:

(i) New office establishment in overseas; and

(ii) Further expansion through undertaking of turnkey projects.

Further details of our future plans are set out in Section 5.16 of this Information Memorandum.

2. INFORMATION SUMMARY *(CONT'D)*

2.4 Financial highlight

The summary of our financial information is as follows:

	<----------Audited ---------->		Unaudited
	FYE 31 December 2015 RM'000	**FYE 31 December 2016 RM'000**	**9-month period ended 30 September 2017 RM'000**
Revenue	4,871	7,372	5,549
Gross profit	2,345	3,905	3,495
PBT	1,668	2,827	2,133
PAT	1,635	2,820	2,126

	As at 31 December 2015 RM'000	**As at 31 December 2016 RM'000**	**As at 30 September 2017 RM'000**
Cash and cash equivalent	1,171	3,683	4,715
Total assets	3,002	7,099	7,927
Total liabilities	1,250	3,628	2,579
Total equity	1,752	3,471	5,348

Further details on our financial information and management discussion and analysis of our financial are set out in Sections 9 and 10 of this Information Memorandum, respectively.

2.5 Share capital

	No. of Shares	**RM**
Issued share capital as at the date of this Information Memorandum	136,709,507	5,525,000
Shares to be issued pursuant to the Proposed Listing	12,300,000	2,460,000
Enlarged issued share capital upon Proposed Listing	149,009,507	7,985,000
Issue Price		0.20
Gross proceeds to be raised		2,460,000
Market capitalisation at the Issue Price upon Proposed Listing		29,801,901.40

Further details on our share capital are set out in Section 3.3 of this Information Memorandum.

2.6 Utilisation of proceeds

Based on the issue price of RM0.20 per Share, the Excluded Issue is expected to raise gross proceeds of RM2.46 million to be used for our future business expansion, working capital and to defray the estimated listing expenses incidental to our Proposed Listing.

Further details on the utilisation of proceeds are set out in Section 3.5 of this Information Memorandum.

2. INFORMATION SUMMARY *(CONT'D)*

2.7 Risk factors

Before investing in our Shares, you should carefully consider, along with other matters in this Information Memorandum, the risk factors in particular risks relating to our business and operations as set out in Section 6 of this Information Memorandum, which are summarised below:

(i) Risks relating to our industry:

(a) Competition from existing competitors and new entrants;
(b) We may be adversely affected by factors beyond our control, which includes political, economic and government policies; and
(c) Inherent business risk associated with pharmaceutical and biotechnology industries in Malaysia and Taiwan;

(ii) Risks relating to our business and operations:

(a) Experienced Directors, key management and skilled personnel are pivotal to our success;
(b) We do not have long term contract with our customers;
(c) Our engineering solutions business is exposed to project risks;
(d) Exposure to fluctuations in foreign currency exchange rates; and
(e) Credit risk and default payment by customers; and

(iii) Risks relating to investment in our Shares:

(a) We may not be able to proceed with our Proposed Listing or our Proposed Listing may be delayed;
(b) No prior trading for our Shares;
(c) Trading and performance of our Shares; and
(d) Our Promoters can exercise significant control over our Company.

Further details of the risks on our industry, business and operation as well as risks relating to investment in our Shares are set out in Section 6 of this Information Memorandum.

[The rest of this page has been intentionally left blank]

3. DETAILS OF OUR PROPOSED LISTING

3.1 Particulars of our Proposed Listing

Our Company is offering 12,300,000 Shares at the Issue Price, representing approximately 8.25% of the enlarged issued share capital of our Company, to be allocated and allotted to selected Sophisticated Investors.

(i) TA Securities had obtained a waiver from Bursa Securities from compliance with Rule 3.10(1) of the Listing Requirements where all monies received from investors pursuant to subscription of the Issue Shares will be deposited into a trust account operated by TA Securities. As such, all monies received from investors pursuant to subscription of the Issue Shares will be held in trust by TA Securities;

(ii) our Company and TA Securities undertake that all monies held in trust by TA Securities will not be withdrawn until the listing date; and

(iii) our Company undertakes to forthwith repay without interest all monies received from the investors if:

(aa) the listing of our Company does not take place within 6 months from the date of Bursa Securities' approval for our listing on the LEAP Market or such further extension of time as Bursa Securities may allow ("**Period**"); or

(bb) our Company aborts the listing on the LEAP Market.

In such event, the monies will be repaid within 14 days from the end of the Period or the date when we notify Bursa Securities of our decision to abort our Proposed Listing. Should we fail to do so, in addition to our Company's liabilities, our Board shall be jointly and severally liable to repay such money with interest at the rate of 10% per annum from the end of the Period or such other rate as Bursa Securities may prescribe.

3.2 Purposes of our listing

The purposes of our listing are as follows:

(i) to enable us to tap into the capital market for future fundraising to pursue future growth opportunities as and when the need arises, through other forms of capital raising avenue;

(ii) to gain recognition and enhance the stature of our Company with a listing status as well as increase market awareness of our products and services so as to assist us in expanding our customers base; and

(iii) to provide an opportunity for investors to participate in our equity and continuing growth.

[The rest of this page has been intentionally left blank]

3. DETAILS OF OUR PROPOSED LISTING *(CONT'D)*

3.3 Share capital

	No. of Shares	RM
Issued share capital as at the date of this Information Memorandum	136,709,507	5,525,000
Shares to be issued pursuant to the Proposed Listing	12,300,000	2,460,000
Enlarged issued share capital upon Proposed Listing	149,009,507	7,985,000
Issue Price		0.20
Gross proceeds to be raised		2,460,000
Market capitalisation at the Issue Price upon Proposed Listing		29,801,901.40

Based on the Issue Price and our enlarged issued share capital of 149,009,507 Nova Pharma Shares, we will have a market capitalisation upon Proposed Listing of RM29.80 million. The board lot size of our share capital upon Proposed Listing will be standardised at 100 units per board lot.

As at the LPD, our Company has a single class of shares, namely ordinary shares.

Our Shares rank *pari passu* in all respects with one another including voting rights and rights to all dividends and other distributions that may be declared.

Subject to any special rights attaching to any Shares which we may issue in the future, our shareholders shall, in proportion to the capital on the Shares held by them, be entitled to share in whole of the profits paid out by us in the form of dividends and other distributions. In the event of our liquidation, our shareholders shall be entitled to any surplus in proportion to the capital at the commencement of the liquidation, in accordance with our Constitution and the provisions of the Act.

At any general meeting of our Company, each shareholder shall be entitled to vote in person, by proxy or by attorney. On a poll, each present shareholder either in person, by proxy, by attorney or other duly authorised representative shall have 1 vote for each Share held.

There are no limitations on the right to own securities, including limitations on the right of non-resident or foreign shareholders to hold or exercise voting rights on the securities imposed by law or by the constituent documents of our Company.

3.4 Basis of arriving at the price of the Shares

The Issue Price was determined after taking into consideration, amongst others, the following factors:

(i) our financial performance and operating history as described in Section 10 of this Information Memorandum;

(ii) our NA per Share of approximately 2.33 sen, computed based on our Company's NA of RM3.47 million as at 31 December 2016 after taking into consideration the Excluded Issue and our enlarged issued share capital of 149,009,507 Shares;

(iii) our net EPS of approximately 1.89 sen, computed based on our Company's audited PAT of RM2.82 million for the FYE 31 December 2016 and our enlarged issued share capital, translating to a PE Multiple of approximately 10.58 times based on our issue price of RM0.20 per Share;

3. DETAILS OF OUR PROPOSED LISTING *(CONT'D)*

(iv) our competitive strengths as set out in Section 5.4 of this Information Memorandum;

(v) our future plans as set out in Section 5.16 of this Information Memorandum; and

(vi) the prospects of our Company and the prevailing outlook of our industry as set out in Section 5.17 and Section 7 of this Information Memorandum.

The market price of our Shares upon and subsequent to the Proposed Listing is subject to the vagaries of market forces and other uncertainties, which may affect the price of our Shares being traded. You are reminded to consider the risk factors as set out in Section 6 of this Information Memorandum and form your own views on the valuation of our Shares before deciding on whether to invest in our Shares.

3.5 Utilisation of proceeds

Based on the issue price of RM0.20 per Share, the Excluded Issue is expected to raise gross proceeds of RM2.46 million to be utilised as follows:

Utilisation purposes	**Notes**	**(RM'000)**	**Expected time frame for the utilisation of proceeds (from the date of listing of our Shares)**
Future business expansion	(i)	500	Within 24 months
Working capital	(ii)	960	Within 12 months
Estimated expenses in relation to the Proposed Listing	(iii)	1,000	Within 2 weeks
Total estimated proceeds		**2,460**	

Notes:

(i) The future business expansion include the setting up of offices in Taiwan and Indonesia as follows:

	Estimated costs of setting up a new office in Taiwan RM	***Estimated costs of setting up a new office in Indonesia RM***
Computer and relevant software	*50,000*	*50,000*
Other office equipment	*20,000*	*20,000*
Renovation	*150,000*	*150,000*
Other expenses	*30,000*	*30,000*
Total	***250,000***	***250,000***

(ii) Including wages, and contribution to the Employees' Provident Fund and Social Security Organisation for our employees.

(iii) To defray the estimated listing expenses incidental to our Proposed Listing including professional fees, fees payable to authorities and other miscellaneous expenses. Any variation to the actual amount of expenses for the Proposed Listing will be adjusted accordingly against the allocation for our working capital.

Prior to being utilised, the proceeds will be placed in deposits with financial institutions or short-term money market instruments, as our Board may deem fit. Any interest income earned from such deposits or instruments will be used as working capital of our Company.

3. DETAILS OF OUR PROPOSED LISTING *(CONT'D)*

3.6 Dividend policy

Our Company does not have any formal dividend policy presently. Upon listing, our Board intends to adopt a stable and sustainable dividend policy to reward our shareholder for participating in our growth, while maintaining an optimal capital structure and ensuring sufficient funds for our future growth. In this regard, we envisage a dividend pay-out ratio of not less than 20% of our future net profit to our shareholders in each financial year.

Our ability to pay future dividend to our shareholders is subject to various factors, including but not limited to our financial performance, cash flow requirements, availability of distributable reserves and capital expenditure plan.

However, you should take note that this dividend policy merely describes our present intention and shall not constitute legally binding statements in respect of our future dividend which may be subject to modification in our Board's absolute discretion.

We had declared and paid the following dividend for the FYE 31 December 2015 to FYE 31 December 2017:

In respect of the FYE	**Total dividend declared (RM'000)**	**% of PAT**	**Total dividend paid (RM'000)**
31 December 2015	2,200	134.56	2,200
31 December 2016	1,100	39.01	500
31 December 2017	1,800	84.67*	2,400^

Notes:

* *Based on the PAT for the 9-month period ended 30 September 2017 of RM2.13 million.*

^ *Inclusive of RM600,000 declared in FYE 31 December 2016.*

[The rest of this page has been intentionally left blank]

4. INFROMATION ON OUR COMPANY

4.1 History of business

Our Company is in the provision of engineering solutions including technical documentation, validation and project execution for the pharmaceutical and biotechnology industries.

Our Company was incorporated under the Companies Act, 1965 on 27 September 1977, under the name of Jebsen and Jessen Engineering (M) Sdn Bhd and was principally involved in the trading of turbines for the palm oil industry then. We subsequently changed our name to Jebsen & Jessen Engineering (M) Sdn Bhd on 11 September 1989 and Jebsen & Jessen Process Engineering (M) Sdn Bhd on 26 June 2001.

In 2005, our holding company, Jebsen & Jessen (SEA) Pte Ltd formed a joint-venture with Pharmaplan International GmbH. Pursuant to this, our Company ceased the trading of turbines for the palm oil industry and commenced our engineering solutions services for the pharmaceutical and biotechnology industries in 2005 and subsequently changed our name to JJ-Pharmaplan Engineering (M) Sdn Bhd on 17 April 2006.

In 2007, Novo Nordisk Engineering A/S acquired Pharmaplan GmbH. As a result of this acquisition, JJ-Pharmaplan Engineering (M) Sdn Bhd in Malaysia was renamed as NNE Pharmaplan Sdn Bhd on 3 August 2007 as part of a rebranding exercise.

Our Company completed 2 turnkey projects in Malaysia, namely a Monoclonal Antibodies (MAb) Facility with Modular Approach in Nilai, Negeri Sembilan in 2008 and a R&D Herbal Laboratory in Glenmarie, Selangor in 2011.

In 2012, our Company had its first project execution in Taiwan involving Monoclonal Antibodies (MAb) Facility. From 2012 to 2014, we successfully completed some notable projects located in Taiwan and Malaysia. These projects include conceptual design and basic engineering for a new Biosafety Level 2 cell culture plant, a high potent injectable plant and conceptual design study for a vaccine fill and finish plant.

On 10 November 2014, we were granted MSC Malaysia Status under the Knowledge Process Outsourcing category by Multimedia Development Corporation (now known as MDEC). We were also granted the Pioneer Status by MIDA for a period of 5 years starting from 10 November 2014 to 9 November 2019 and renewable for another 5 years up to 9 November 2024. With the Pioneer Status, we are able to enjoy 100% exemption on taxable statutory income in respect of promoted activity or promoted product during the validity period.

Subsequently in March 2015, our Promoters, namely Khoo Boo Wie and Ter Leong Tah completed the MBO of the entire equity interest in our Company and subsequently changed our name to 'Nova Pharma Solutions Sdn Bhd' on 10 April 2015. Khoo Boo Wie was a General Manager in our Company since 2007 until June 2017.

Post MBO in 2015, we had entered into the Agreement with NNE whereby we shall have a conditional first right of refusal in case NNE plans to provide services to customers in Malaysia, Indonesia, Taiwan, Vietnam, Thailand and the Philippines. In addition, NNE and our Company are entitled to make reference to each other as business/cooperation partner within Malaysia, Indonesia, Taiwan, Vietnam, Thailand and the Philippines.

From 2015 to 2017, we have secured new contracts from one of our major customer, namely Duopharma (M) Sdn Bhd. These include a contract to set up an oral solid dosage plant ("**K3**") from conceptual, basic and detailed design up to obtaining CCC as well as engineering design up to obtaining CCC for its warehouse and parking facility ("**K6**") in March 2016. In May 2016, we secured another contract for interior design services for K3 and K6. We also assist to set up a new biotechnology facility in 2017 where the scope of work includes civil structure, mechanical and electrical design, local authorities submission, procurement support and construction phase monitoring up to obtaining CCC.

4. INFROMATION ON OUR COMPANY *(CONT'D)*

In 2017, we completed a project in Taiwan involving conceptual design and basic engineering for a biopharmaceutical manufacturing plant. In the same year, we had our first project execution for a Malaysian Government agency, Malaysian Rubber Board. We are the supporting GMP consultant for their bioprocess research facility.

We were converted into a public limited company on 22 January 2018 to facilitate our Proposed Listing.

4.2 Key milestones and achievements

Our key milestones and achievements are as follows:

Year	Events
2008	Completion of a turnkey project in Monoclonal Antibodies (MAb) Facility with Modular Approach for Inno Biologics Sdn Bhd at Nilai, Negeri Sembilan
2011	Completion of a turnkey project in R&D Herbal Laboratory for Biotropics Malaysia Berhad at Glenmarie, Selangor
2012	First project execution in Taiwan - conceptual design review involving Monoclonal Antibodies (MAb) Facility for PharmaEssentia Corporation Completion of conceptual design and basic engineering for a new Biosafety Level 2 cell culture plant for Adimmune Corporation, Taiwan
2013	Completion of conceptual design and basic engineering for a high potent injectable plant for ScinoPharm Taiwan Ltd, Taiwan
2014	Granted MSC Malaysia Status and Pioneer Status Completion of conceptual design study for a vaccine fill and finish plant for AJ Biologics Sdn Bhd, Malaysia
2015	Completion of the MBO by Khoo Boo Wie and Ter Leong Tah Changed name to Nova Pharma Solutions Sdn Bhd
2016	Secured a contract from Duopharma (M) Sdn Bhd in assisting to set up an oral solid dosage plant (K3) and warehouse and parking facility (K6) in March 2016 Secured another contract from Duopharma (M) Sdn Bhd for interior design services for K3 and K6 in May 2016
2017	Assist to set up a new biotechnology facility for Duopharma (M) Sdn Bhd Completion of conceptual design and basic engineering for a biopharmaceutical manufacturing plant for TaiMed Biologics Inc, Taiwan Secured a project from Malaysian Rubber Board, to become their supporting GMP consultant for bioprocess research facility

4. INFROMATION ON OUR COMPANY *(CONT'D)*

4.3 Shareholding structure

Our shareholding structure before and after our Proposed Listing are as follows:

	Before Proposed Listing		After Proposed Listing	
	No. of Shares	**%**	**No. of Shares**	**%**
Promoters / Director and substantial shareholder	123,524,507	90.36	123,524,507	82.90
Existing Public shareholders	13,185,000	9.64	13,185,000	8.85
New Public shareholders	-	-	12,300,000	8.25
Total	**136,709,507**	**100.00**	**149,009,507**	**100.00**

As at the LPD, our Company does not have any outstanding warrants, options, convertible securities or uncalled capital.

4.4 Cost of investments

Details of the cost of investment of our shareholders for the past 1 year are as follows:

Shareholders	**Date**	**Cost of investment per Share (RM)**	**No. of Shares (as at the LPD)**	**%**[(1)]
Lim Foo Seng	7 November 2017	2.3158[(2)]	4,560,000	3.34
Koh Khee Peng	7 November 2017	2.3200[(3)]	6,000,000	4.39
JcbNext	29 December 2017	0.1420	14,084,507	10.30
Hermansen	11 January 2018	0.2000	2,625,000	1.92

Notes:

(1) Based on existing issued Shares.

(2) Based on 38,000 Nova Pharma Shares held prior to the Bonus Issue and Shares Split.

(3) Based on 50,000 Nova Pharma Shares held prior to the Bonus Issue and Shares Split.

4.5 Subsidiary and associate company

We do not have any subsidiary or associate company as at the LPD.

[The rest of this page has been intentionally left blank]

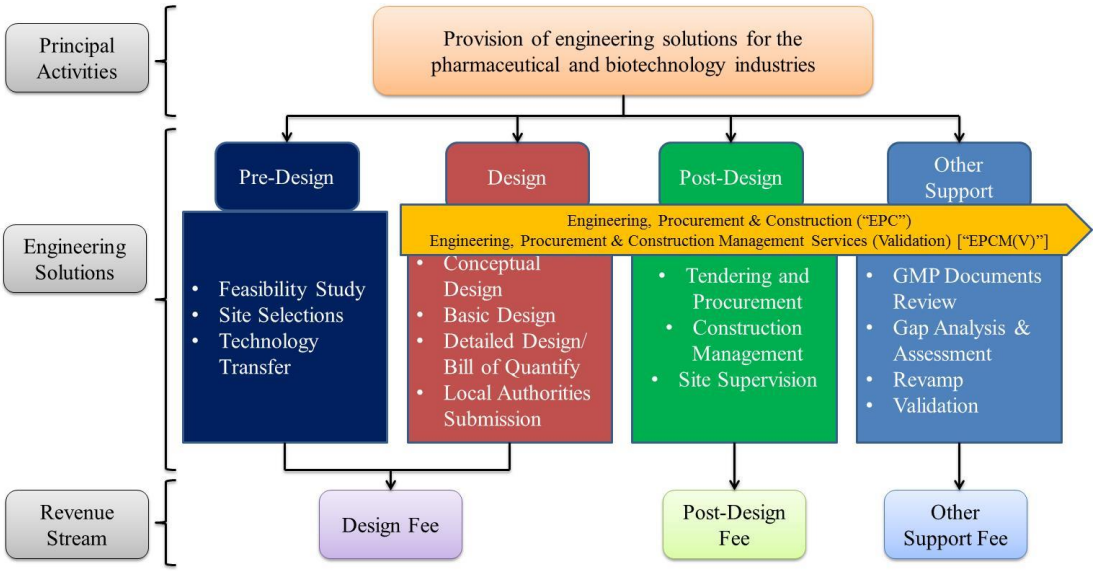
5. BUSINESS OVERVIEW

5.1 Principal activities

Our Company is principally involved in the provision of engineering solutions for the pharmaceutical and biotechnology industries focusing on the initial design and building phase of pharmaceutical and/or biotechnology plants. We are capable of providing engineering solutions ranging from pre-design (feasibility study and site selection) to design (conceptual design, basic design and detailed design) to post-design (tendering, procurement and site supervision) to other supporting activities (GMP documents review and gap analysis and assessment). Some of the pharmaceutical and biotechnology plants that we have been involved in include oral solid dosage, biopharmaceutical manufacturing, vaccine filling and finishing as well as ophthalmic manufacturing. As a lead consultant, our Company works with a number of selected qualified service providers that focus on providing civil, structural, mechanical and electrical services which are not the core services of our Company.

Currently, our principal markets are in Malaysia and Taiwan.

5.2 Business model

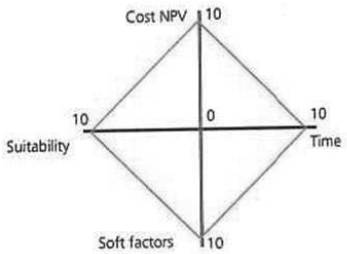


Our engineering solutions can be grouped in the following categories:

(a) Pre-design

We will analyse and evaluate the project feasibility from commercial and technical perspectives to find the solution that best fit the customers' business. This also provides a broader picture for our customers, including assessments on the required investment. The following depicts the four key elements for evaluation, namely Cost Net Present Value ("**Cost NPV**") (investment estimates, manufacturing cost analysis, tax and depreciations), time factors (time from conceptual design to operation, realistic detailed design and construction time), suitability factors (safety and local GMP business environment) and soft factors (workforce flexibility, infrastructure and overall risks):

5. BUSINESS OVERVIEW *(CONT'D)*



Pre-design may also involve technology and process know-how sourcing where we will assist our customers to establish the strategic partnerships with suitable service providers.

(b) Design

(i) Conceptual design

The primary task for the design stage first involves conceptual design, a design execution that supports customers' decision process and creates a clear picture of the task for the next project phase. It may be carried out based on the feasibility study in pre-design stage.

Upon discussion with our customer, we will prepare a One Page Strategy that contains the project mission, objectives, strategies, key assumptions and focus area. This enables both our customer and us to have same understanding on the project.

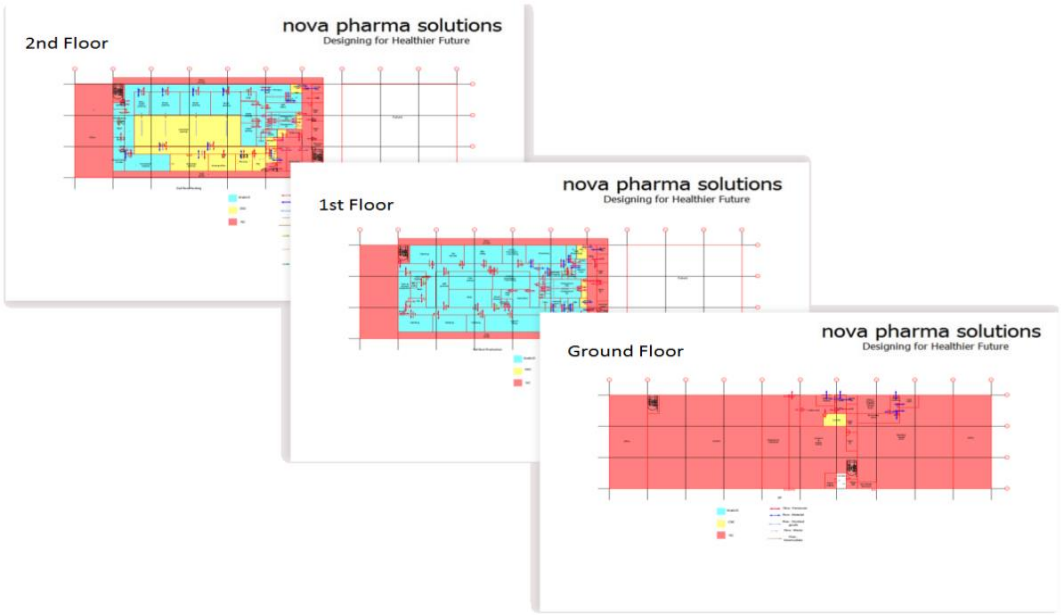
We will proceed to prepare the following documentations after understanding our customer's needs. Alternative solutions are also conceived, defined and compared with our customer's needs, including the investment cost, implementation time, complexity, risks, space requirement and regulatory impact.

The following are documentations typically prepared in conceptual design:

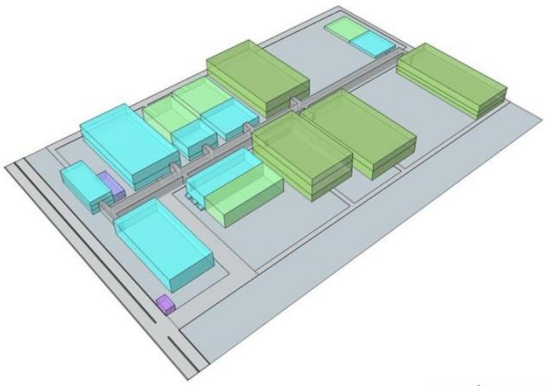
• Capacity analyses and process scheduling • Process description • Process module diagram • Process flow diagram • Process piping and instrumentation diagram ("**P&ID**") • Utilities concept	• Heating, ventilation and air conditioning ("**HVAC**") and building management system ("**BMS**") concept • Lab concept • Modular cleanroom panel concept • Building concept • Personal, material & waste flow layout

5. BUSINESS OVERVIEW *(CONT'D)*

The following depicts a sample layout concept where arrangement of the facility is presented:



The following depicts the sample of building concept that includes different components such as production floor, office, technical department and storage department:



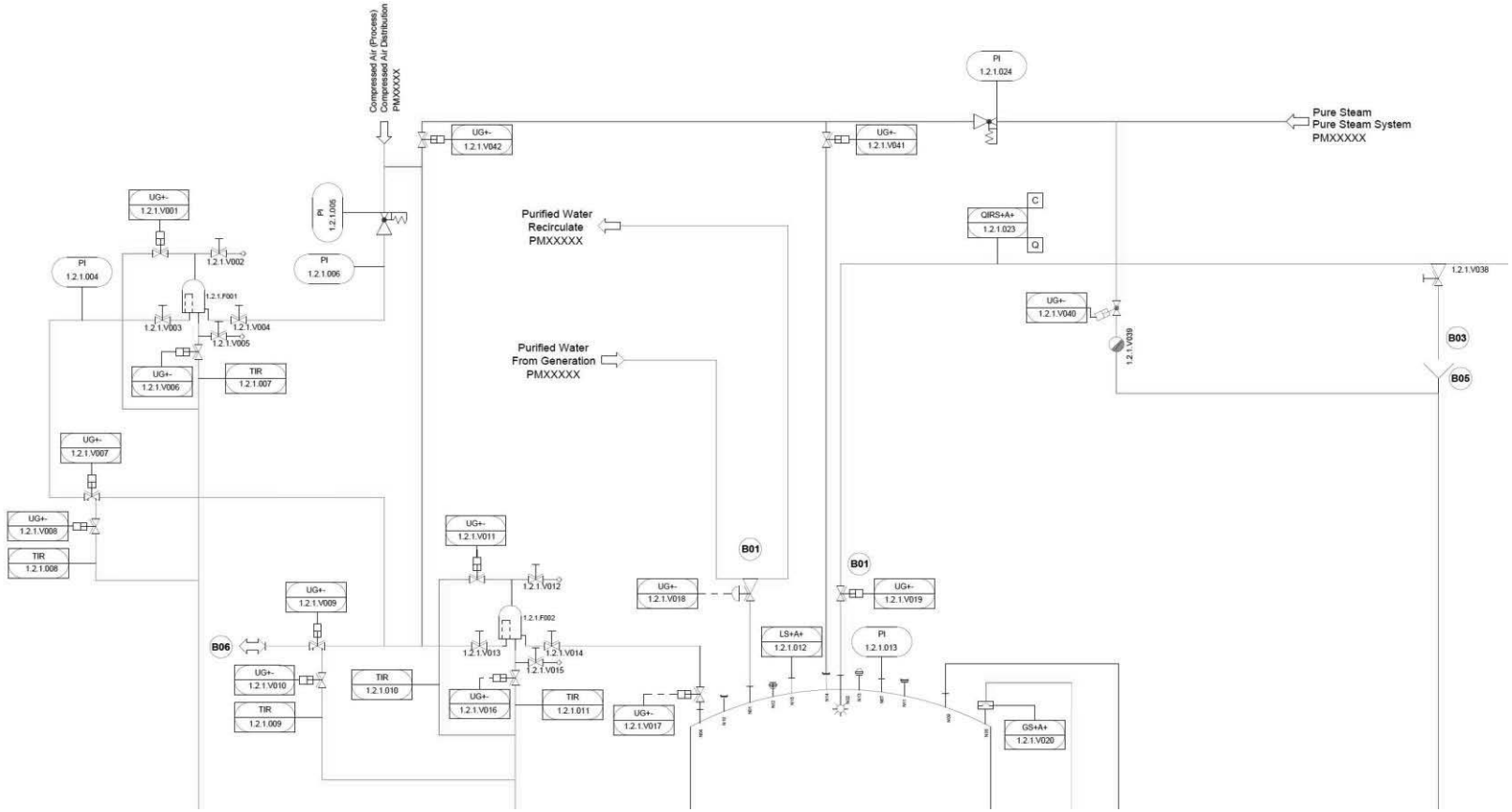
In this stage, we are able to estimate the total investment cost needed, where the accuracy (percent error) will be approximately +/- 30% of the real cost. The total investment cost estimation will be based on main components required for the plant such as architectural and structural work, HVAC and BMS, black and building utilities, electrical, clean utilities and process equipment.

(ii) Basic design

Once conceptual design is completed, basic design will be carried out based on conceptual design material where the preliminary designs are further detailed. Each component in the preliminary design is dimensioned and valued. It may involve other disciplines depending on the objectives and may include automation and instrumentation, building and architectural, electrical, mechanical, process and utility as well as health, safety and environmental consideration. This is important for space management where space is allocated for equipment and ease of installation or maintenance.

5. BUSINESS OVERVIEW *(CONT'D)*

The following depicts a sample of basic design for P&ID:



5. BUSINESS OVERVIEW *(CONT'D)*

We will also discuss with our customers on the available options provided in conceptual design, where the most suitable option will be chosen. The detailed information enables our customer to make decisions in order to proceed to the detailed design and execution of the project.

The basic design stage is able to estimate the cost of the plant or a project where the accuracy (percent error) is +/- 15% of the actual cost expected. Estimation of cost will be based on previous and current project experience as well as quotation from suppliers. During this stage, necessary documents are produced in order to commence the purchasing of critical equipment and components which require longer delivery times.

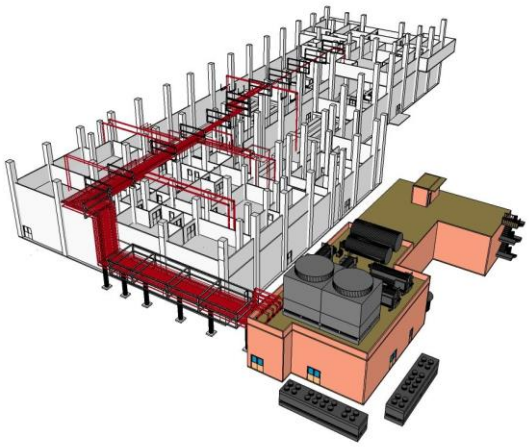
(iii) Detailed design

Detailed design is carried out based on basic design after it is approved by our customers. Detailed design further specifies and details the design that is decided based on the basic design. Detailed design specification is finalised and approved by customers before it is included in the tender documentation. It acts as a basis for the next stages such as tendering and construction as well as detailed time schedule.

In detailed design, additional information on the following will be provided or decided by us:

- Technical tender specifications of main equipment and systems
- Detailed P&IDs
- Tender documentation
- Design qualifications

The following depicts a sample of pipe routing prepared by our Company as part of a space management planning in the detailed design stage:



In addition, we will ensure the design and layout complies with GMP and local regulations during the end of the design stage. Our Company, through the qualified civil and structural engineer will assist to submit the documentation to relevant authorities, including obtaining the planning permission as well as applications for building plan, earthwork plan, road and drainage plan and landscape plan.

5. BUSINESS OVERVIEW *(CONT'D)*

In this stage, we take into consideration our customer's specific process and production method as well as building design and arrangement, in order to design the most suitable layout typology. We also analyse the environmental impact and sustainability factors for each design. The design driver may include flexibility and changeability facilities as well to support the changes in research and equipment. This enables fewer rebuilds, increased facility utilisation rate and reduced maintenance and operational costs.

We adopt the Modular Approach in the design stage for plants that required in large scale productions, where the facility design can be broken down into logical modules. Each module is designed to be self-contained as possible, include automation system and installation. Each module is documented consistently into one package from concept to validation. Modular Approach enables multiple parallel activities, allowing flexibility in projects where changes are more feasible, as the effect of change can be isolated and controlled.

(c) Post-design

Post-design primarily commences with the contract set-up stage involving tendering and procurement process. This stage also involves the construction of the plant, where our roles vary according to the types of contracts, including site supervision and construction management.

(d) Other support

Other support services include assisting customers in the GMP documents review as well as gap analysis and assessment. Documentation is an essential part of the quality assurance system for a GMP-compliant customer. Reviews shall be performed regularly by customers to ensure the information documented is correct and accurate. Gap analysis and assessment is a process to identify the requirements to close the gap between current level of performance utilising existing resource allocations and its potential performance based on optimum allocation and integration of resources.

We will also assist our customers in third party validation, commissioning and qualification to comply with required standards such as GMP, if required. Examples of validation carried out include Installation Qualification, Operational Qualification and Performance Qualification. Installation Qualification ensures that equipment is received and installed as designed and specified, Operation Qualification demonstrates that equipment will function according to its operational specification in the selected environment while Performance Qualification demonstrates that equipment consistently performs according to a specification appropriate to its routine use.

We also have experiences in analysing upgrade needs of a pharmaceutical/ biotechnology plant and defining the revamp scope for the production and planning the sequence of shutting down of pharmaceutical/ biotechnology plants which intend to cease operations.

[The rest of this page has been intentionally left blank]

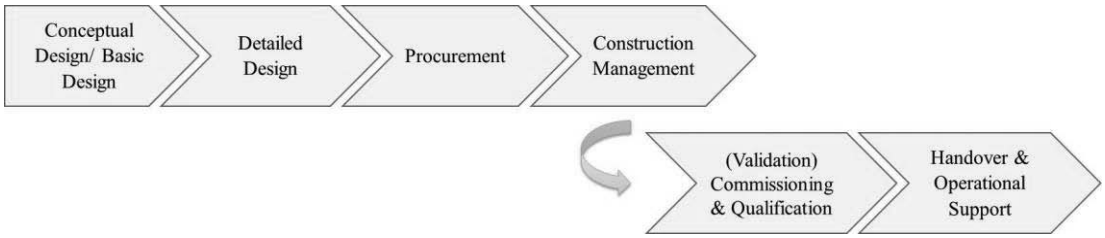
5. BUSINESS OVERVIEW *(CONT'D)*

Generally, we undertake two types of contracts, namely engineering, procurement and construction as well as engineering, procurement and construction management services (validation).

(i) Engineering, procurement and construction

Under engineering, procurement and construction, we carry out complete engineering services while ensuring coordination and managing interfaces based on GMP requirements between the different parties (equipment supplier, local contractor and local authorities) involved in the project. We will assess the pre-qualification of local contractors to ensure competency and quality of work. We will also prepare a procurement strategy to source and procure the equipment and construction work as a tender package, with full involvement of our customers in terms of input, procurement activities and approval. The construction site shall be managed by the customer while we supervise the GMP compliance requirements.

(ii) Engineering, procurement and construction management services (validation)



Under the engineering, procurement and construction management services (validation), our role extends to include undertaking construction management activities to managing the overall construction site of the facilities. These activities include overall management of a construction site such as training courses related to site safety provided by us to the site personnel including customer or contractor, and coordination with authorities and complying with local environment requirements.

Validation works are also performed where various aspects of the system process such as design, installation, operational and performance parts of the whole system are assessed and validated to ensure the system performs as intended.

5.3 Revenue stream

Our revenue streams are grouped into design fee, post-design fee and other support fee. The design fee includes the work done for pre-design.

[The rest of this page has been intentionally left blank]

5. BUSINESS OVERVIEW *(CONT'D)*

5.4 Competitive strengths

Our Directors believe that our business sustainability and growth is built on the following competitive strengths:

(i) Experienced key management team

Our success is supported by our experienced Chief Executive Officer, Khoo Boo Wie and Chief Technical Officer, Ter Leong Tah, with both individuals possessing more than 15 years of experience in the engineering field of pharmaceutical and biotechnology industries. Their extensive knowledge and experiences enables our Company to identify new opportunities to grow our business. Our Chief Executive Officer, Chief Technical Officer and key management team are actively involved in the daily operations of our Company. As such, they are able to react in a timely manner to any operational issues, hence maintain close relationship with our customers.

Our Chief Executive Officer and Chief Technical Officer are supported by a committed key management team of which majority of the key management personnel are in engineering fields. Among the key management, 2 of the lead engineers have more than 10 years of experience in the pharmaceutical industry while another has approximately 9 years of experience in the pharmaceutical industry. In addition, we encourage our employees to attend trainings and courses to enhance their technical knowledge and keep up to date with the latest developments in the pharmaceutical and biotechnology industries.

(ii) Established track record

We have been involved in the engineering solutions business for more than 10 years. We have built an established reputation through our management experience, technical know-how and industry knowledge. We have also established good working relationships with our suppliers and customers within Malaysia and Taiwan. Our ability to provide quality and reliable services has been instrumental in attracting new and recurring customers. Our customers consist of established pharmaceutical and biotechnology industry players, such as Duopharma (M) Sdn Bhd in Malaysia and TaiMed Biologics Inc in Taiwan.

In addition, our Company was granted with MSC Status under Knowledge Process Outsourcing services category in 2014 which is a recognition of our expertise in the engineering solutions business.

(iii) Wide spectrum of services

Our engineering solutions encompass pre-design stage to post-design stage for various pharmaceutical and biotechnology plants. In order to set up a plant, customers may need a lead consultant to advise them on various areas which include floor plan layout, recommendation of suitable equipment and machineries as well as suppliers for the equipment and machineries.

The focus of pharmaceutical and biotechnology production concerns not only the products and processes, but along with other supporting functions such as compliance, critical utilities, environmental measures, safety, logistics, quality control and information system. The offering of wide spectrum of services allows us to cater to the demands and requirements of existing and new customers in pharmaceutical and biotechnology industries. We adopt a systematic approach in our design methodology where we take into consideration feasibility studies and user requirement specifications, which enable us to execute the project efficiently, thus drive cost effectiveness for our customers. The wide spectrum of service offerings also reduces our reliance on a single stage of engineering solutions.

5. BUSINESS OVERVIEW *(CONT'D)*

(iv) Regional knowledge with local presence

Our customers are located in various countries such as Malaysia, Indonesia, Taiwan and Thailand during the financial years/periods under review. Some of our customers have been with us for more than 5 years. We focus on delivering quality services to our customers by following up closely with the latest requirements/development trend in the pharmaceutical and biotechnology industries.

We apply regional knowledge to resolve our customers' requirements as we inherited systematic engineering design and practices, approaches and case studies from NNE. Post MBO in 2015, we continue to enjoy good working relationships with NNE.

5.5 Quality control procedures

In order to ensure the delivery of projects and achieve the quality level expected by our customers, we closely monitor the project execution by having regular project status meetings. Furthermore, we conduct internal reviews for all designs prior sending it to our customers. We also have a document management system that manages the creation, storage and control of design documents. We also conduct assessment of our services by seeking feedback from our customers.

Additionally, our Company is in the midst of implementing the knowledge management based on Organisational Knowledge clause in ISO 9001:2015 as part of the preparation for ISO 9001:2015. The knowledge will be maintained and made available to the extent necessary which our employees can access it through our internal server. The knowledge is based on internal and external sources. The internal sources include knowledge from previous projects while the external sources include industry journals and industrial guidelines. This is important as we provide recommendation of suitable equipment and machineries or suitable technology partners for our customers.

5.6 Marketing strategy

Our Company's marketing activities are led by Khoo Boo Wie and supported by a marketing staff. Our marketing strategies are as follows:

(i) Leveraging on established track record and business networks

Our established track record has earned our Company many recurring customers over the years while gaining new ones through referrals from existing customers and contractors. We work closely with our customers in order to provide our engineering solutions to their new plants. The familiarity gain from collaboration in past projects creates synergy that leads to work effectiveness and efficiency over the project period. The track record and goodwill from past projects help us to generate greater business opportunities through recurring business and/or recommendations to other prospective customers.

In addition, our Company continuously seeks to explore new business opportunities by leveraging on the established network of business contacts that our Directors and key management have developed over the years. In addition, we are also able to leverage on NNE's global networking in Malaysia, Indonesia, Taiwan, Vietnam, Thailand and the Philippines.

(ii) Sales communication through cold calls and emails

We also approach prospective customers through cold calls and emails. Our marketing personnel will make phone calls and/or email to our potential customers in the pharmaceutical or biotechnology industries. These approaches help us to build new networks and establish a follow up system with them closely.

5. BUSINESS OVERVIEW *(CONT'D)*

(iii) Collaboration with equipment supplier

We work closely with an equipment supplier in Taiwan, namely Chain Home Biotech Ltd who has the relevant knowledge in the industry in Taiwan. The company assists us in reaching potential customers in Taiwan.

(iv) Conference or road-show

Our Company participates in industry-related conferences and road shows as means to meet potential customers and to keep abreast with latest developments in the industry. This enables us to provide recommendations of suitable equipment and machineries or suitable technology partners for our customers.

We usually partner with machine suppliers for the pharmaceutical and biotechnology industries in these conference or road-show. The table below highlights some of the conferences/road shows that we have participated in the past:

Year	Conference/ Road-show	Organiser	Location
May 2016	Stay Ahead of the Competition In the Asian Economic Community By Increasing Productivity, Flexibility & Efficiency	Matcon Limited	The Philippines, Indonesia and Malaysia
August 2016	GMP Talk	Nova Pharma	Malaysian Rubber Board, Sungai Buloh

(v) Online presence

We have established our corporate website at www.novapharmasolutions.com which provides immediate searchable information on our Company 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 connected world, enhancing our potential market reach and exposure.

5.7 R&D

Due to the nature of our business, we do not have any R&D policies over the financial years/periods under review. Thus, there was no expenditure incurred for R&D activities.

Nevertheless, we keep abreast with the latest development on related technology and knowledge for pharmaceutical and biotechnology industries through knowledge from projects as well as industry journals and industrial guidelines.

5.8 Technology used

We purchased a set of project execution tools from our former ultimate holding company namely, NNE. The project execution tools are a set of reference documents, samples and templates that widely include design guides for different components of a plant, procurement, cost estimation as well as approved standards and guidelines. These project execution tools allow us to ensure the consistency in the way of handling projects and interaction with our customers. These project execution tools ensure good engineering practice and make sure projects are managed efficiently.

5. BUSINESS OVERVIEW *(CONT'D)*

We rely on software sourced from third party to sustain our operation. The main software used is 'AutoCAD' – which facilitates the engineering design development stages through 2-dimension computer aided design platform. Other software used includes Microsoft Project and Microsoft Visual Studio.

5.9 Interruptions to business

Our Company has not experienced any interruption to our business which had a significant effect on our operations during the past 12 months preceding the LPD.

5.10 Seasonality

We do not experience any material seasonality in our business, as our business operations are relatively stable throughout the year.

5.11 Major customers

The revenue contributions from our customers are derived from design fee, post-design fee and other support fee. Our major customers who have contributed 10% or more of our revenue in the FYE 31 December 2015 and FYE 31 December 2016 as well as 9-month period ended 30 September 2017 are as follows:

Customers	**FYE 31 December 2015**	**FYE 31 December 2016**	**9-month period ended 30 September 2017**	**Length of business relationship (Years)**
Duopharma (M) Sdn Bhd	17.49%	53.00%	30.91%	8
China Ecotek Corporation*	-	29.40%	-	5
Oriental Mace Sdn Bhd	-	-	10.78%	1
Medigen Vaccine Biologics Corporation	18.00%	-	-	6
A pharmaceutical company in Indonesia	45.80%	-	-	5
TaiMed Biologics Inc	-	-	33.45%	1
PharmaEssentia Corporation	-	-	10.57%	4
Total Contribution *(% of revenue)*	**81.29%**	**82.40%**	**85.71%**	

Note:

* *China Ecotek Corporation was the main contractor while we were the sub-contractor for a biotechnology plant project in Taiwan.*

The number of customers served by our Company for the FYE 31 December 2015, FYE 31 December 2016 and 9-month period ended 30 September 2017 was 10, 10 and 8, respectively. Our Board believes that our Company is not reliant on any of our major customers as revenue generated in each financial year is largely dependent on the stage of completion of each of the contract for various customers during the financial years. Nevertheless, as disclosed in Section 5.4 of this Information Memorandum, we have established good working relationships with our customers, and our ability to provide quality and reliable services has been instrumental in attracting recurring customers for our Company.

5. BUSINESS OVERVIEW *(CONT'D)*

5.12 Major suppliers

Our engineering solutions cater towards initial design of pharmaceutical and biotechnology plant up to the building phase of the plant. As a lead consultant with core strength in designs, we work with a number of selected local and foreign support service providers that specialise in the provision of civil, structural, mechanical and electrical services. In addition, we also procure foreign expertise that has in-depth knowledge in the pharmaceutical and biotechnology industry in order to meet requirements of customers, specifically in terms of new development in products and technological processes.

Our major suppliers who have contributed 10% or more of our purchases in the FYE 31 December 2015 and FYE 31 December 2016 as well as 9-month period ended 30 September 2017 are as follows:

Suppliers	**FYE 31 December 2015**	**FYE 31 December 2016**	**9-month period ended 30 September 2017**	**Length of business relationship (Years)**
NNE[(1)]	79.27%	34.00%	-[(2)]	12
Jurunding Asapp Sdn Bhd[(3)]	-	37.60%	41.71%	2
Hermansen Consulting Aps[(1)(4)]	-	-	24.65%	1
Total contribution *(% of purchases)*	**79.27%**	**71.60%**	**66.36%**	

Notes:

(1) *The pharmaceutical and biotechnology industries are evolving and progressing rapidly, especially in developed countries whereby up-to-date new products and technological process knowledge is crucial to meet new requirements of our customers. As such, we collaborate with foreign experts who have acquired in-depth expertise and know-hows particularly biotechnology processes involving the production of vaccine and monoclonal antibodies for their input in our design works.*

Prior to the MBO, we procured foreign expertise through NNE. Subsequently, we procured other foreign expertise from Hermansen Consulting Aps who also has in-depth knowledge in the biotechnology industry. Generally, the foreign experts' job scopes include carrying out due diligence works during feasibility studies stage and/or review of documentation for various stages of design works.

(2) *Despite we had on 22 November 2017 renewed and extended the Agreement with NNE up to 31 December 2018, the reliance on NNE in securing new customers and/or projects is minimal in the recent year, as NNE mainly focuses on large international pharmaceutical companies in countries such as China, United States of America and European countries, while our clientele focus is mainly located in emerging markets of pharmaceutical and biotechnology industries such as Malaysia and Taiwan, as well as other countries in South East Asia. Hence, we may procure services from NNE if its expertise is relevant to the projects secured by us on a case-to-case basis. However, there are no services procured from NNE during the 9-month period ended 30 September 2017.*

(3) *Our engineering solutions cater towards the initial design of pharmaceutical and/or biotechnology plant up to the building phase of the plant. The building of pharmaceutical and/or biotechnology plant may include other scope of work such as civil, structural, mechanical and electrical services which are not our core business. Our Company as a lead consultant for our customers will procure such services from our suppliers such as Jurunding Asapp Sdn Bhd (i.e., a qualified civil and structural engineer) and collaborate with the other relevant suppliers to complete the construction of pharmaceutical and/or biotechnology plant.*

(4) *Hermansen Consulting Aps is a limited liability company incorporated in Denmark on 2 May 2016.*

Hermansen Consulting Aps is principally engaged in the provision of consultancy services with a focus on business development and facility design for pharmaceutical and biotechnology companies primarily in Asia and Europe.

As at the LPD, the issued share capital of Hermansen Consulting Aps is 50,000 Danish Krone. Hermansen Consulting Aps is wholly-owned by Klaus Hermansen via Hermansen, who is also a director of Hermansen Consulting Aps.

5. BUSINESS OVERVIEW *(CONT'D)*

5.13 Employees

As at the LPD, our Company has a total of 17 employees, who are all Malaysian and comprises mainly engineers and technicians:

Category	No. of employees	
	As at 31 December 2016	As at the LPD
Managerial and professional	3	4
Engineers and technician	12	12
Sales and marketing	1	1
Total	**16**	**17**

The employees of our Company can be further segregated into the following categories:

Employees categories	Length of services			Total number of employees
	< 1 year of service	1-5 years of service	> 5 years of service	
Managerial and professional	1	1	2	4
Engineers and technician	5	6	1	12
Sales and marketing	-	1	-	1
Total	**6**	**8**	**3**	**17**

As at the LPD, we have 2 contractual employees but no temporary employees. All of our employees are based in Malaysia.

None of our employees are the members of any trade union. As at the LPD, there is no labour and/or industrial dispute taken against our Company.

(i) Training and development of employees

Our business is supported by our senior personnel with sound industry knowledge and hands-on experience and expertise. We recognise the importance of staff training and development in order to equip our employees with the necessary knowledge and skills to promote an effective and efficient workplace. As we are involved in providing specialised engineering services, we often train and develop our employees' skills and knowledge through a combination of on-the-job training and external training. Additionally, performance reviews are conducted on yearly basis on the individual to ensure and evaluate the effectiveness of all training programs developed. Some of the training courses attended by our employees in 2016 and 2017 are as follows:

Date	Programme	Organiser
12 October 2016	Compresses Air System for the Pharmaceutical Industry	International Society for Pharmaceutical Industry
19 December 2016 to 21 December 2016	International GMP Training – Module 9 Solid Dose Manufacturing Principles and Practices	Malaysian Organisation of Pharmaceutical Industries
15 November 2017	V-Ray for Sketchup 2017	Reliance Design Solutions Sdn Bhd
24 October 2017 to 31 October 2017	Vaccine Production Plant Training in Denmark	Hermansen Consulting Aps

5. BUSINESS OVERVIEW *(CONT'D)*

Additionally, all our engineers are required to attend Safety Induction for Construction Worker courses organised by Construction Industry Development Board Malaysia to understand the Occupational, Safety and Health legislations and regulations, the hazards, risks involved in working in or near construction environment, types of hazards and potential risk, various safety and health prevention methods and introduction to personal protective equipment.

5.14 Properties

Below are the details of properties rented by our Company:

Landlord	Location	Description and existing use	Built-up area	Rental rate (per month)	Rental period
Khoo Boo Wie	Suite C-5-1 & 2, Level 5, Block C, Sky Park, One City, Jalan USJ 25/1, 47650 Subang Jaya	2 units of office located on the 5th floor of a 12-storey tower / Currently used by us as our office to carry out day-to-day operations	2,178 square feet	RM6,098.40	1 September 2016 to 31 August 2019

[The rest of this page has been intentionally left blank]

5. BUSINESS OVERVIEW *(CONT'D)*

5.15 Licences and permits

As at the LPD, we hold the following licences and permits in relation to our operation:

Licence no. / Reference no.	Issuing authority	Subject matter / purpose	Issue / renewal date	Expiry date	Major conditions imposed	Status of compliance
357-02175507	MOF	Registration with MOF to supply the following: • 050101 (hospital equipment and accessories) • 050102 (medical equipment or accessories) • 050301 (disposable medical tools) • 222704 (validation and qualification services)	2 February 2016	1 February 2019	To inform MOF any changes to the information submitted to MOF	To be complied
3456	MDEC	MSC Malaysia status	10 November 2014	9 November 2019*	To inform MDEC of any changes in the equity structure or shareholding structure of Nova Pharma, or such other changes that may affect the direction of operation of Nova Pharma	To be complied
4806	MIDA	Pioneer status	10 November 2014	9 November 2019*	Nil	Not applicable
2120161100156	Subang Jaya Municipal Council	Business license	20 October 2017	14 November 2018	Nil	Not applicable

Note:

* *Renewable for another 5 years up to 9 November 2024.*

5. BUSINESS OVERVIEW *(CONT'D)*

5.16 Future plans

(i) New office establishment in overseas

Our businesses for the past 2 FYEs 31 December 2015 and 31 December 2016 as well as for the 9-month period ended 30 September 2017 are mainly focused in Malaysia, Indonesia and Taiwan. We are of the view that there is a huge potential for the expansion of business in Taiwan as the Taiwanese Government is in the midst of transforming Taiwan into the biotechnology and medical R&D hub in Asia.

In order to facilitate our working relationship with our customers and overseas expansion plan, we intend to set-up offices in countries where we have executed notable projects in the past such as Taiwan and Indonesia in the second half of 2019 which will be financed through our internally-generated funds and proceeds raised from our Excluded Issue. These offices will help to increase awareness of our range of services. We may also consider having offices for other potential countries in South East Asia within 2020 to 2022.

(ii) Further expansion through undertaking of turnkey projects

We intend to venture into the provision of turnkey projects as part of our future plan. We have completed 2 turnkey projects in the past prior to the MBO exercise as set out in Section 4.2 of this Information Memorandum. By venturing into turnkey projects, we will have better control of project implementation from pre-design to commissioning of the plants. We will take full responsibility for a project which is easier for our customer to manage and communicate with one provider. We intend to embark into this business area ideally between 2020 to 2022 while we recruit more skilled technical personnel to manage the turnkey projects effectively. This future plan will be financed through internally-generated funds and/or bank borrowings.

5.17 Prospects of our Company

We have been involved in the provision of engineering solutions for the pharmaceutical and biotechnology industries for more than 10 years, led by an experienced key management team. We offered wide spectrum of engineering solutions, ranging from pre-design to post-design stage to customers mainly located in Malaysia, Indonesia and Taiwan for the past 2 FYEs 31 December 2015 and 31 December 2016 as well as for the 9-month period ended 30 September 2017. Further details on our competitive strengths are set out in Section 5.4 of this Information Memorandum.

Moving forward, our Group's future plans will focus on new office establishment in overseas to increase awareness of our range of services. The barriers to entry in the overseas markets for the pharmaceutical and biotechnology industries include established track records of incumbent market players, technical knowledge as well as understanding of relevant laws, regulations and government policies of overseas markets. We have to compete with established overseas market players who have established track records, offering wide range of engineering solutions, and are familiar with the laws and regulations in the overseas markets.

As track record is essential for us in securing projects in the overseas market, our credential from our past successful completed projects in various countries in South East Asia and Taiwan implies our creditability in managing the projects in overseas markets including complying with the local laws, regulations and government policies. These track records have enabled us to generate business opportunities through recurring business and recommendations to other prospective customers. In order to enhance our working relationships with our customers and facilitate our overseas expansion plan, we intend to set-up offices in countries where we have executed notable projects in the past as set out in Section 5.16(i) of this Information Memorandum. We continue to keep abreast with the latest development in biotechnology and pharmaceutical industries, as well as complying with relevant laws, regulations and government policies in order to offer competitive engineering solutions.

5. BUSINESS OVERVIEW *(CONT'D)*

We also intend to venture into provision of turnkey projects in order to have better control of project implementation from pre-design to commissioning of the plants. Further details of our future plans are set out in Section 5.16 of this Information Memorandum.

According to the IMR Report, the engineering solutions market that targets the pharmaceutical and biotechnology industries in Malaysia and Taiwan are expected to reap benefits from the continuing investments made for setting up and upgrading of pharmaceutical and biotechnology plants. The pharmaceutical and biotechnology industries in Malaysia are projected to expand from RM10.18 billion in 2016 to RM16.62 billion in 2021, representing a CAGR of 10.3 % during the period. On the other hand, the biotechnology industry in Taiwan (including the pharmaceutical, applied biotechnology and medical devices sectors) is projected to expand from NTD315.00 billion in 2016 to NTD424.5 billion in 2021, representing a CAGR of 6.1 % during the period.

We believe that the projected growth in the aforementioned countries bodes well for our future plans of expanding in the segments and markets, given the competitive strengths and future plans which provide us the platform to grow and sustain our business amidst the positive outlook of the engineering solutions market targeting the pharmaceutical and biotechnology industries.

[The rest of this page has been intentionally left blank]

6. RISK FACTORS

NOTWITHSTANDING THE PROSPECTS OF OUR COMPANY AS OUTLINED IN THIS INFORMATION MEMORANDUM, YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS (WHICH MAY NOT BE EXHAUSTIVE) THAT MAY HAVE A SIGNIFICANT IMPACT ON OUR FUTURE PERFORMANCE, IN ADDITION TO OTHER INFORMATION CONTAINED ELSEWHERE IN THIS INFORMATION MEMORANDUM.

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

6.1 Risks relating to our industry

(i) Competition from existing competitors and new entrants

Our Company expects to continue to face competition from current and future competitors which includes listed and non-listed companies in the global market. We generally compete with our competitors on pricing, market reputation, quality control and customer services.

Our Directors are of the view that our competitive strengths listed in Section 5.4 of this Information Memorandum will enable us to compete more effectively. We differentiate ourselves from the other market players as we focus in pharmaceutical and biotechnology industries and we provide regional knowledge due to our past experience and track records.

We will be actively planning and implementing our marketing strategies and future plans to increase our revenue. However, there can be no assurance that we will be able to continue successfully with the other competitors and new entrants, which could have a material adverse effect on our business and financial condition.

(ii) We may be adversely affected by factors beyond our control, which includes political, economic and government policies

Like all other business entities, adverse developments in political, economic and government policies in Malaysia and other countries may materially and adversely affect the results and business prospects of our Company. Amongst the political, economic and government policies are changes in inflation rates, interest rates, war, terrorism activities, riots, expropriations, changes in political leadership and unfavourable changes in the governments' policies such as licensing and environmental regulations.

Our Company strives to continue to take effective measures such as efficient cost control and operating procedures, increasing value added services range, expanding customer and market base and prudent financial management to mitigate such risk. However, there can be no assurance that adverse political, economic and government policies will not materially affect our business in the future.

[The rest of this page has been intentionally left blank]

6. RISK FACTORS *(CONT'D)*

(iii) Inherent business risk associated with pharmaceutical and biotechnology industries in Malaysia and Taiwan

Our Company is principally involved in the provision of engineering solutions to the pharmaceutical and biotechnology industries in Malaysia, Indonesia and Taiwan for the past 2 FYEs 31 December 2015 and 31 December 2016 as well as for the 9-month period ended 30 September 2017. The viability of our business depends on the market conditions that affect the pharmaceutical and biotechnology industries. Some of our customers will distribute the end products to countries such as Europe, United States of America, Middle East, Japan and Korea. The level of demand of pharmaceutical and/or biotechnology products depends on the general economic conditions of respective countries, which affect the decision to build new and/or upgrade pharmaceutical or biotechnology plants.

We take note that the growth of pharmaceutical and biotechnology industries in Malaysia and Taiwan depends on various factors, including ageing population, prevalence of lifestyle diseases, increase in expenditure on healthcare products and services, a growing healthcare tourism industry and growing importance of biotechnology application. The pharmaceutical and biotechnology industries in Malaysia and Taiwan are expected to be boosted by strong government support, the expiration of patents for brand-name drugs or biologics, and active contribution from the private sector.

We will continue to monitor changes in market conditions as well as adopt prudent management and efficient operating procedure to adapt to any negative changes in the pharmaceutical and biotechnology industries.

6.2 Risks relating to our business and operations

(i) Experienced Directors, key management and skilled personnel are pivotal to our success

Our future success depends to a significant extent upon the continued efforts, abilities, experience and networking of our Directors, key management and skilled personnel. The loss of the services of any of these individuals may have a material adverse effect on us.

We recognise the importance of attracting and retaining our Directors, key management and skilled personnel. We believe that we have in place competitive compensation packages and reward schemes. Our management also recognises the importance of succession planning for our business continuity as well as maintaining our competencies and competitiveness in the market. We train and groom the younger members of our management team to gradually take on more responsibilities. Besides, we constantly seek suitable and experienced personnel to enhance our existing management and technical teams.

We believe that by increasing our profile through the Proposed Listing, we will be able to attract capable and qualified personnel to play an active role in our growth. However, there can be no assurance that we will be successful in retaining or recruiting qualified personnel.

(ii) We do not have long term contracts with our customers

As our Company is principally involved in the provision of engineering solutions for the setting-up and/or upgrading of pharmaceutical and biotechnology plants, it has been the norm that our duration of services for each project may span from few months to not more than 36 months, depending on the scale of the projects. There is no assurance that our customers will continue to engage us for our services upon completion of each plant building and/or plant upgrading project which may have material adverse effect on our future financial performance.

6. RISK FACTORS *(CONT'D)*

Nevertheless, our vast experience and engineering know-how in pharmaceutical and biotechnology industries as well as proven track record and quality assurance, we have been able to secure repeat orders and thus mitigate the risk associated with the absence of long-term contracts. As an example, some of our customers have given us repeated orders for new projects despite absence of any long-term contracts with them.

(iii) Our engineering solutions business is exposed to project risks

We are involved in providing engineering services for plant setting-up and plant upgrading for our customers in the pharmaceutical and biotechnology industries. There is a risk that these projects may be delayed or aborted which may materially adversely impact our financial condition. Delays in project completion may be caused by factors beyond our control such as supply deliveries, regulatory approvals, variation orders, funding availability as well as internal factors such as project management issues, loss of key management as well as shortages of engineers.

We will conduct project studies on the complexity and the specification of each project in order to ensure smooth implementation and minimise cost overrun. In addition, the duration of these projects is mainly short (less than 6 months) to medium (less than 24 months) term in nature and thus further mitigates the risk.

(iv) Exposure to fluctuations in foreign currency exchange rates

We may be exposed to foreign currency risk as our revenue from overseas' projects are invoiced in USD while our cost of sales are made in RM and USD. As such any adverse impact of the exchange rates for payment in USD is partially offset by our invoicing in USD to our customers. We believe that we are able to pass on any adverse exchange rates to our overseas customers in our pricing which is billable in USD, in order to maintain our gross profit margin and remain competitive.

However, there can be no assurance that any increase in costs resulting from unfavourable future fluctuation in the foreign currency exchange rates will not have an adverse impact on our financial performance.

(v) Credit risk and default payment by customers

We are exposed to the risk of non-payment as we generally provide a credit term of not more than 60 days to our customers. If there is a default in payment from our customer(s), our operating cash flows, financial conditions and results of operations may be adversely affected. Close monitoring and efficient collection of accounts are being carried out.

However, there can be no guarantee that our customers will be able to fulfil their payment obligations and we will not encounter any collection problems in the future. In the event that there is any default or delay in the collection or payment, it will lead to impairment losses on trade receivables or bad debts which may have material adverse impact on our financial performance.

[The rest of this page has been intentionally left blank]

6. RISK FACTORS *(CONT'D)*

6.3 Risks relating to investment in our Shares

(i) We may not be able to proceed with our Proposed Listing or our Proposed Listing may be delayed

Bursa Securities may not grant an approval-in-principle for our Proposed Listing or if granted, we may not be able to proceed with or experience a delay in our Proposed Listing due to amongst others, the following reasons:

(a) the identified Sophisticated Investors fail to subscribe for the portions of the Issue Shares allotted to them; or

(b) the occurrence of any force majeure events, which are beyond our control, before our Proposed Listing.

Nevertheless, we will endeavour to ensure compliance with the Listing Requirements for our successful listing on the LEAP Market of Bursa Securities.

If our Proposed Listing does not take place within 6 months from the date of the approval-in-principle by Bursa Securities (or such further extension of time as Bursa Securities may allow) or we abort the Proposed Listing on the LEAP Market, Sophisticated Investors will not receive any Shares and we will return in full, without interest, all monies paid in respect of any application for our Shares within 14 days. If we fail to do so, our Directors shall be jointly and severally liable to repay the monies with interest at the rate of 10% per annum or such other rate as may be prescribed by Bursa Securities upon expiration of that period until full refund is made.

If our Proposed Listing is aborted and/or terminated, and our Shares have been allotted to the Sophisticated Investors, the return of monies could only be achieved via cancellation of share capital as provided under the Act and its related rules. Such cancellation will require the sanction of our shareholders by special resolution in a general meeting, consent of our creditors (unless dispensation with such consent has been granted by the High Court of Malaysia) and the confirmation of the High Court of Malaysia. There can be no assurance that such monies can be recovered within a short period of time or at all in such circumstances.

(ii) No prior trading for our Shares

There was no public trading market for our Shares prior to our Proposed Listing. The listing of and quotation of our Shares on the LEAP Market of Bursa Securities does not guarantee that an active market for the trading of our Shares will develop.

There can be no assurance that the Issue Price will correspond to the price at which our Shares will be traded on the LEAP Market of Bursa Securities upon or subsequent to our Proposed Listing. Sophisticated Investors may find it difficult to sell our Shares at an acceptable price. Further, there can be no assurance that an active trading market for our Shares will develop or if such a market develops, that it will be sustained.

If an active trading market does not develop or is not maintained, the liquidity and trading price of our Shares could not be adversely affected and investors may have difficulty selling our Shares and may lose their investment. Any investment in our Shares should be viewed as long-term investment.

(iii) Trading and performance of our Shares

Upon our listing, the trading price of our Shares could be subject to significant fluctuation due to factors specific to our Company or industry which our Company is operating. These factors include, but not limited to, the variations in the results of our operations due to restrictions by the Government, changes in analysts' recommendations or projections or changes in general market conditions and broad market fluctuations.

6. RISK FACTORS *(CONT'D)*

In addition, the performance of securities listed on the regional and global equity market could be affected by external factors such as the performance of the regional and world bourses, the investors' sentiments and the inflow or outflow of foreign funds, which in turn are highly driven by the regulatory, economic and political conditions of the country as well as the growth potential of the various sectors of the economy. These factors invariably contribute to the volatility of trading volumes and prices of securities on Bursa Securities, thus adding risks to the market price of our Shares.

Furthermore, the LEAP Market is limited to Sophisticated Investors only, which in turn limits the potential liquidity level in the market. It may be more difficult for the Sophisticated Investors to realise their investment on the LEAP Market than to realise an investment in a company whose shares are quoted on the Main Market or ACE Market of Bursa Securities.

(iv) Our Promoters can exercise significant control over our Company

Upon listing, our Promoters will collectively hold approximately 73.45% of our enlarged issued share capital. As a result, they will be able to, in the foreseeable future, effectively control the business direction and management of our Company as well as influence the outcome of certain matters requiring the voting of our shareholders, unless our Promoters are required to abstain from voting by law and/ or by the relevant guidelines or regulations.

[The rest of this page has been intentionally left blank]

7. INDEPENDENT MARKET RESEARCH REPORT

PROTEGE ASSOCIATES SDN BHD
SUITE C-05-01, PLAZA MONT KIARA
MONT KIARA, MONT KIARA
50480 KUALA LUMPER, MALAYSIA
TEL +603 6201 9201 FAX +603 6201 9202
www.protege.com.my

Protégé ASSOCIATES
BRAND | FINANCE | MARKET

16 JAN 2018

The Board of Directors
Nova Pharma Solutions Sdn Bhd
Suite C-05-01 & 02,
Sky Park One City,
Jalan USJ 25/1, 47650 Subang Jaya,
Selangor, Malaysia.

Dear Sirs,

Strategic Analysis of the Engineering Solutions Market that Targets Pharmaceuticals and Biotechnology Industries

This 'Strategic Analysis of the Engineering Solutions Market that Targets Pharmaceuticals and Biotechnology Industries' is prepared by Protégé Associates Sdn. Bhd. ("Protégé Associates") for inclusion in the Information Memorandum of Nova Pharma Solutions Sdn Bhd ("Nova Pharma" or the "Company") in relation to the proposed listing of, and quotation for, the entire issued capital of Nova Pharma on the LEAP Market of Bursa Malaysia Securities Berhad.

1 ECONOMIC OVERVIEW

1.1 ECONOMIC OVERVIEW OF MALAYSIA

The Malaysian economy registered a 4.2 percent growth in its real gross domestic product ("GDP") in 2016 as compared to a 5.0 percent growth registered in 2015. The slower pace in the growth of the Malaysian economy can be attributed to an overall moderation in private sector consumption and investment growth in an environment of prolonged uncertainties particularly in the international economic, financial and political landscapes.

The Malaysian real GDP is estimated to grow by between 5.2 percent to 5.7 percent in 2017, and is forecast to expand by 5.0 percent to 5.5 percent in 2018. The services sector is expected to remain the largest contributor to the economy by accounting for more than half of Malaysia's real GDP in 2017 and 2018.

1.2 ECONOMIC OVERVIEW OF TAIWAN

Taiwan's economy registered a 1.5 percent growth in its real GDP in 2016, as compared to a 0.7 percent growth registered in 2015. The economic expansion in 2016 was contributed by higher private consumption and stronger growth registered on external trade in the second half of the year.

Moving forward, Taiwan's economy is projected to grow by 2.1 percent in 2017 and 2.3 percent in 2018, contributed by private consumption and fixed investment. The Taiwanese Government is expected to actively take measures to strengthen infrastructure and implement the '5+2 Industrial Innovation Plan' in order to boost domestic demand and investment growth. However, Taiwan's export growth momentum may be restrained by the possible rise in global trade protectionism and the expanding local supply chain in China.

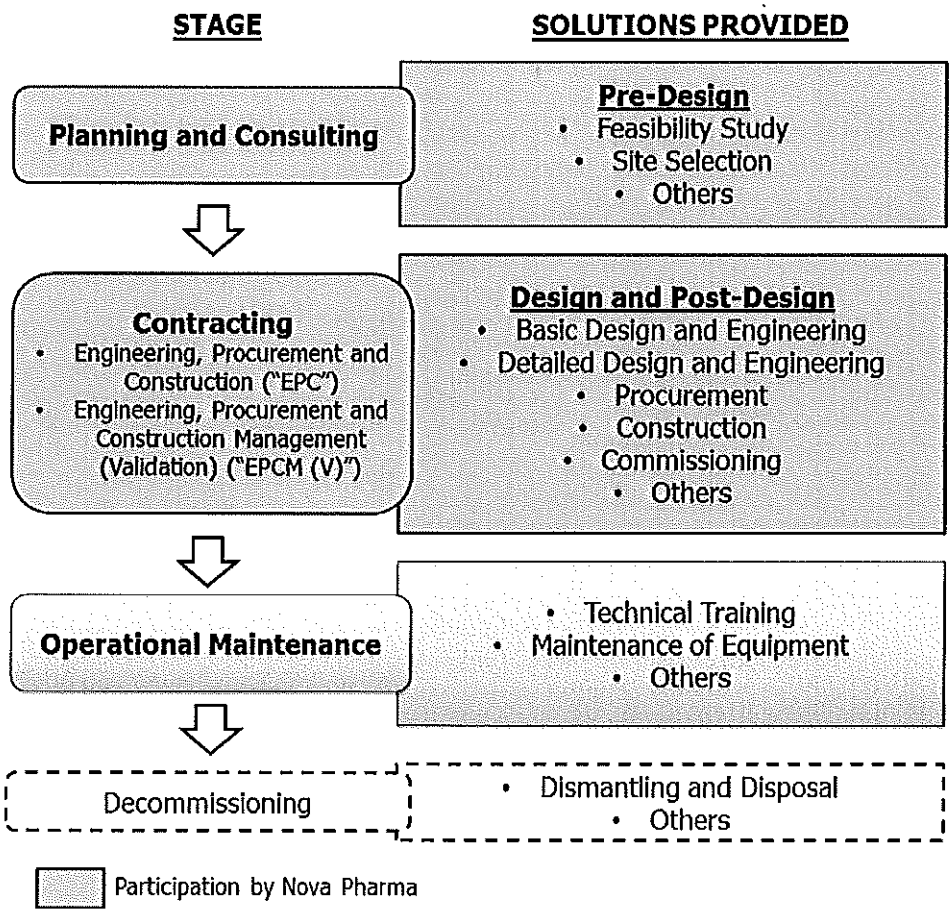
2 STRATEGIC ANALYSIS

Nova Pharma is involved in the provision of engineering solutions for the pharmaceutical and biotechnology industries. It is grouped under the pharmaceutical and biotechnology industries' engineering solutions market. The pharmaceutical and biotechnology industries' engineering solutions market (hereinafter engineering solutions market) is naturally dependent on the pharmaceutical and biotechnology industries. Any growth in the pharmaceutical and biotechnology industries is expected to lead to growth in the engineering solutions market that serves them. In others words, the growth of the pharmaceutical and biotechnology industries serve as a proxy to the overall performance of the engineering solutions market. In view of this, an overarching write-up on the pharmaceutical and biotechnology industries in Malaysia will be provided.

2.1 INTRODUCTION TO ENGINEERING SOLUTIONS MARKET

The market players in the engineering solutions market generally provide a wide array of engineering solutions and help to build plants that are in compliance with statutory regulations and Good Manufacturing Practice ("GMP") requirements. The engineering solutions provided range from the planning and consulting stage up to the operation maintenance stage. Figure 1 depicts the general engineering solutions provided in the engineering solutions market.

Figure 1: General Engineering Solutions Provided in the Engineering Solutions Market



Notes: 1) Example of 'Others' at the planning and consulting stage include process technology and equipment evaluation;

2) Example of 'Others' at the contracting stage include conformation to local environment, safety and other regulations;

3) Example of 'Others' at the operational maintenance stage include process or utility system improvements.

4) Example of 'Others' at the decommissioning stage include risk assessment for dismantling and disposal of the plant.

Source: Protégé Associates

Planning and Consulting

In the planning and consulting stage, feasibility studies are carried out to investigate the business case for the client to operate in the pharmaceutical or biotechnology industry. Feasibility studies may be carried out several times, with focus and consideration given to the investment amount and the business plan of the client. Thereafter, proposals for the plant

concept and its operation will be prepared and sent to the client for discussions and a final decision. Site selection is also carried out in this stage to determine the best location for the plant that will be built.

Contracting

There are different contracting arrangements offered to clients in order to set-up a pharmaceutical or biotechnology plant. Among the common contracts are EPC and EPCM (V). For EPC, the engineering solutions provider handles the project from commencement to final completion of the plant. In contrast, for EPCM (V), the engineering solutions provider is not involved in the construction of the plant but focuses on the project management aspect of the construction only. Validation services such as installation qualification and operational qualification are also part of the engineering solutions offered.

For both EPC and EPCM (V), the basic and detailed designs in all engineering disciplines are carried out. This may include the process, equipment, electrical and civil designs. After that, procurement activities are carried out to obtain required equipment, parts and other construction materials according to the budget, timeline and quality control inspections. Subsequently, the construction or construction management of the plant are provided depending on the contract specifications. Lastly, the validation activity is carried out to verify that all the equipment operates in accordance to the design and project specifications. The services of GMP documentation review may also be provided before the commissioning of the plant.

Operational Maintenance

After a pharmaceutical or biotechnology plant has been commissioned and has begun operations, there will be continuous improvements or upgrades required in addition to the management of the wear and tear of the plant. Some of the engineering solutions provided at this stage include the provision of training to new or existing technical staff, the maintenance of equipment and/or the revamp and expansion of the current plant.

Decommission

There might also be decommissioning or divestiture of a plant that involves the engineering solutions provider, should a plant be no longer fit for its original purpose. This process may include dismantle and disposal of the plant or shifting the plant to another location.

2.2 INTRODUCTION TO PHARMACEUTICAL AND BIOTECHNOLOGY INDUSTRIES

Generally, a pharmaceutical product is defined as any pharmaceutical or biological product which is intended to be used on the prescription of, or under the supervision of, a healthcare professional, and is intended for use in the diagnosis, treatment or prevention of disease in humans, or to affect the structure or any function of the human body. The pharmaceutical industry is defined as an industry that is involved with the manufacture or production of pharmaceutical products.

As for biotechnology, it is defined as an application of science and technology to living organisms, as well as parts, products and models thereof, to alter living or non-living materials for the production of goods, provision of services and cultivating knowledge. The biotechnology industry primarily uses living organisms, or molecular and cellular techniques to provide chemicals, foods and services that meet human needs. Biotechnology is widely applicable in medical science, agriculture and other industrial activities.

There is some overlap between the pharmaceutical industry and the biotechnology industry. Both industries are related to the production of medicines/ drugs. Pharmaceutical companies produce chemical compound drugs that use chemical ingredients to create drugs. Chemical compound drugs can be further divided into brand-name drugs and generic drugs. A brand-name drug is a medication marketed under a proprietary, trademark-protected name. On the other hand, a generic drug is copy of brand-name drug and is the same as that brand name drug in dosage form, safety, efficacy, route of administration, quality, performance characteristics and intended use.

Biotechnology companies use living organisms to manufacture drugs which are known as biologics. Biologics can be composed of sugars, proteins, or nucleic acids or complex combinations of these substances, or may be living entities such as cells and tissues. Biologics also can be further divided to patented biologics and biosimilars. Biosimilars are the generic versions of biotechnology drugs for which patent protections have expired.

2.3 OVERVIEW OF THE GLOBAL PHARMACEUTICAL AND BIOTECHNOLOGY INDUSTRIES

2.3.1 Overview of the Global Pharmaceutical Industry

The global pharmaceutical industry was valued at United States Dollar ("USD") 1.10 trillion in 2016. The global pharmaceutical industry is projected to grow at a compound annual growth rate ("CAGR") of 5.9 percent for the period of 2016 to 2021. The size of the global pharmaceutical industry is projected to reach USD1.47 trillion in 2021.

Globally, the factors driving the demand for pharmaceutical products include ageing populations, the rise of chronic diseases and advent of innovative and frequently expensive treatments (such as those used to treat cancer and Hepatitis C), while the challenges facing the industry include the expirations of patents and on-going consolidation within the industry.

Currently, the North American region is dominating the global pharmaceutical industry. Some of the factors driving the growth of the pharmaceutical industry there include growth in specialty medicines in hepatitis and oncology, early detection and diagnosis of diseases, roll-out of biosimilars and expansion of government health programmes. Meanwhile, the performance of the pharmaceutical industry in the Latin American region is not encouraging. The growth of the pharmaceutical industry there has been dampened by the weak economic situation of the region, the decline of the value of currencies and the restrictions imposed on the import of pharmaceutical products.

In the Asia and Australasia region, India and Indonesia are likely to experience fast growing sales of pharmaceutical products. The rising incidences of chronic diseases and increasing demand for advanced medicines are among the factors that are driving the growth of the pharmaceutical industry in these countries.

The demand for generic drugs is also expected to gain further traction globally. The continuing expiration of the patents of registered brand-name drugs is expected to drive the production of cheaper generic drugs. This may potentially lead to a higher consumption rate. Supportive policies such as the pro-generic drug policies introduced in the Western Europe region can help to further spur more demand for generic drugs.

2.3.2 Overview of the Global Biotechnology Industry

The size of the global biotechnology industry has expanded from USD263.7 billion in 2010 to USD293.5 billion in 2016. The figure is projected to increase to USD314.7 billion in 2020.

The global biotechnology industry is driven by the increasing application of biotechnology and its products in medical science. The use of biotechnology drugs including vaccines and biologics is gaining traction. Biotechnology drugs are mainly used to treat various diseases or medical conditions such as Alzheimer's disease, cardiovascular disease, diabetes, multiple sclerosis, human immunodeficiency virus ("HIV")/ Acquired Immune Deficiency Syndrome ("AIDS"), oncology (tumours or cancers) and arthritis.

Currently, there is growing proliferation of biosimilars, the generic versions of biotechnology drugs for which their patent protections have already expired although biologics have been increasingly difficult to be duplicated.

The global biotechnology industry is also growing in line with demand for food, along with population growth and limited availability of non-renewable resources. The favourable regulatory environment and policies supporting biotechnology research and development ("R&D") and applications are also expected to provide the growth catalyst to drive the industry. However, the industry faces challenges such as overcoming ethical issues associated with clinical trials and long R&D lead time that may dampen growth.

European countries and the United States ("US") are still dominating the growth in the biotechnology industry despite the slower economic growth experienced in both Europe and the US in the past few years. In developed economies, there are likely to be more commercialisation of biotechnological drugs expected to cater for an ageing population. In addition, countries such as India, China, Brazil and other emerging economies are anticipated to contribute to the growth of the global biotechnology industry in tandem with higher living standards and improvements in access to healthcare in these countries. The global biotechnology industry is also expected to be spurred by more incoming investments particularly in emerging economies.

2.4 OVERVIEW OF THE PHARMACEUTICAL AND BIOTECHNOLOGY INDUSTRIES IN SOUTHEAST ASIA

2.4.1 Overview of the Pharmaceutical Industry in Southeast Asia

The pharmaceutical industry in Southeast Asia has been expanding in recent years. The pharmaceutical industry in Southeast Asia is driven by the rise in household income and consumer health awareness. The growing incidences of chronic diseases such as cardiovascular diseases and diabetes have also boosted the demand for pharmaceutical products. In addition, the growth of medical tourism has also spurred the growth of the pharmaceutical industry in the region.

Southeast Asia today has an improving health infrastructure, increasing health budgets and universal healthcare programmes. Examples of the universal health programmes implemented in the region include the Healthy Indonesia Card programme in Indonesia, the National Health Insurance Programme in the Philippines and the state health insurance scheme in Vietnam. However, some countries such as Laos and Cambodia still have a lack of basic healthcare infrastructure that pose challenges for patients who need to access proper healthcare services including obtaining the required pharmaceutical products. There is also the existence of counterfeit pharmaceutical products that can hamper the growth of the pharmaceutical industry in the region.

In terms of economic liberalisation initiatives, the trade agreements including the Association of Southeast Asian Nations ("ASEAN") Economic Community and Trans-Pacific Partnership ("TPP") are anticipated to facilitate the entry of more foreign healthcare companies. Furthermore, the pharmaceutical harmonisation documents set out in the ASEAN Economic Community including the ASEAN Common Technical Requirement and the ASEAN Common Technical Dossiers brings the submission of application dossiers under a single product registration process.

Within Southeast Asia, Indonesia is home to the largest pharmaceutical industry. There are more than 200 industry players operating there. Pharmaceutical products produced in the

country are mostly low margin generic drugs. There is heavy reliance on imported ingredients. Among the largest exporters of pharmaceutical products to Indonesia were the US, Germany, France, Switzerland and the United Kingdom. With the launching of its universal healthcare programme, Indonesia's healthcare spending reached USD7.8 billion in 2016. The universal healthcare programme is anticipated to drive demand for all categories of medicines, specifically the generic drugs.

Meanwhile, the domestic pharmaceutical companies in Thailand are growing rapidly in tandem with the introduction of the Universal Coverage Scheme in 2010. Thailand is also a popular destination for conducting clinical trials due to the lower cost and large number of patients. Most of the pharmaceutical products imported by Thailand comes from the US, Europe and Canada. Pharmaceutical products produced in Thailand are primarily exported to other countries in Southeast Asia such as Vietnam, Cambodia and Myanmar.

In the Philippines, there are more than 5,450 industry players including 4,800 distributors and 650 importers. Most of the pharmaceutical industry players in Philippines are foreign-owned companies. These companies are mainly owned by their parent companies that are based in the US and Europe. However, the number of local companies has been increasing over the years due to the establishment of government-owned pharmacies.

2.4.2 Overview of the Biotechnology Industry in Southeast Asia

Biotechnology research activities in Southeast Asia initially revolved around efforts to cultivate knowledge or offer products and services that are related to Asian culture, including rice and other tropical crops or herbs, as well as biomedical products related to common diseases faced by Asians. However, in recent years, the development of the biotechnology industry in Southeast Asia is more driven by the bioeconomy vision of ASEAN member countries in the region. The bioeconomy vision addresses key global sustainability challenges including the increasing global population, depletion of fossil fuels and natural resources, and climate changes. Bioeconomy is part of a larger revolution in global industries, commonly known as the fourth industrial revolution. This revolution may lead to changes in biotechnology related activities such as developing organs for transplant or producing clean renewable fuels.

In the Southeast Asian region, biotechnology is widely applied in the agriculture sector in order to increase product yield and quality, reduce cost and increase product value. Examples of such applications include generating crops that are resistant to diseases or pests with further enhancement in nutritional value, and increasing the fertility rate of farm animals.

Another area of focus in biotechnology is on healthcare where affordable medicines are needed for the growing population. Medicinal plants and herbs have become sources of natural remedies which are relatively cheaper. Moreover, vaccines manufacturing is also important as the region has previously faced the challenges of outbreaks of emerging infectious diseases such as influenza A (H1N1) and Severe Acute Respiratory Syndrome (SARS).

Within Southeast Asia, Singapore plays a leading role in the biotechnology industry with its track record in commercialising university and government research works. Singapore also has strong intellectual property laws and trade links to attract substantial investment from global biotechnology companies. Currently, Singapore has seven research institutes and five research consortia in the key fields that include clinical sciences, genomics, bioengineering, molecular/cell biology, medical biology, bio-imaging and immunology. Singapore spends more than SGD1.5 billion on biomedical R&D annually. There are more than 50 biomedical manufacturing plants located in Singapore.

In Thailand, bioeconomy is one of the five new economic growth engines, besides robotics, medical hub, aviation and logistics, and the digital industry. It is expected to draw more than USD11.0 billion in both public and private investments within the next 10 years. As part of Thailand's bioeconomy roadmap, the Thai Government and private sector aim to establish a biorefinery complex in 2018 through public-private partnership initiatives, utilising the upstream production of sugarcane and cassava to create value-added production of biochemicals and bioplastics.

The biotechnology industry is still nascent in some countries across Southeast Asia. Most of the countries in the region face the challenges of getting substantial investments to fund a project, including building stronger infrastructure. Other challenges faced include building human capital and retaining the talents, as well as securing opportunities for international collaboration and networking.

2.5 OVERVIEW OF THE PHARMACEUTICAL AND BIOTECHNOLOGY INDUSTRIES IN MALAYSIA AND TAIWAN

2.5.1 Overview of the Pharmaceutical and Biotechnology Industries in Malaysia

Products manufactured in the Malaysian pharmaceutical industry can be broadly categorised into four categories, namely prescription medicines, over-the-counter ("OTC") products, traditional medicines and health or food supplements. Prescription medicines, also known as ethical drugs, refer to medicines whose sales and transactions are confined to the purview of doctors and pharmacists, while OTC drugs refer to drugs which are used in self-medication and are safe to be used without prescription or treatment from a health professional. Both prescription medicines and OTC drugs can also be divided into patented drugs and generic drugs.

As of 2016, 24,228 pharmaceutical products have been registered with the Drug Control Authority ("DCA") of the Ministry of Health Malaysia. Traditional medicines, prescriptions, non-prescriptions, health supplements and veterinary medicines accounted for 51.5 percent, 28.3 percent, 16.7 percent, 3.8 percent and 0.3 percent of the total pharmaceutical products registered respectively.

About 65 percent to 80 percent of the drugs used in Malaysia are imported. The imported drugs are mainly sourced from Germany, France and the United Kingdom. These imported drugs include new generation antibiotics as well as cholesterol-lowering, anti-diabetics, cardiovascular and anti-cancer drugs.

Malaysia is also an exporter of pharmaceutical products. Export growth of the Malaysian pharmaceutical industry has been steady at 10 percent to 12 percent annually. Examples of pharmaceutical products exported include medicaments, pro-vitamins and antibiotics. These pharmaceutical products are catered for consumers in the Southeast Asian, African and the Middle Eastern regions. The export value of pharmaceutical products stood at RM1.5 billion in 2016.

The pharmaceutical industry players in Malaysia are mainly small- and medium-sized companies. These companies are engaged in the production of generic drugs, traditional medicines and herbal supplements, as well as contract manufacturing for foreign multinational corporations ("MNCs"). As of 2016, 258 manufacturing facilities were registered under the DCA. Figure 2 depicts registered pharmaceutical manufacturing facilities in Malaysia in 2016.

Figure 2: Registered Pharmaceutical Manufacturing Facilities in Malaysia, 2016

Type of Manufacturing Facilities	Total
Traditional Medicines	149
Pharmaceuticals	87
Veterinary Products	11
Traditional Health Supplements	8
Health Supplements	3

Source: Malaysian Investment Development Authority

In the past, the pharmaceutical industry in Malaysia was dominated by local industry players. However, in the recent three years, there has been more participation from foreign industry players setting up in Malaysia. For instance, Oncogen Pharma Sdn Bhd announced the opening of its Active Pharmaceutical Ingredient R&D Centre in Glenmarie, Shah Alam and Roche Holdings AG opened its Global Shared Service Centre in Sunway in 2016. Malaysia's foray into biotechnology is evolving from conventional agriculture biotechnology to complex processes and high value added products, including biosimilars, drug discovery, molecular screening and stem cells.

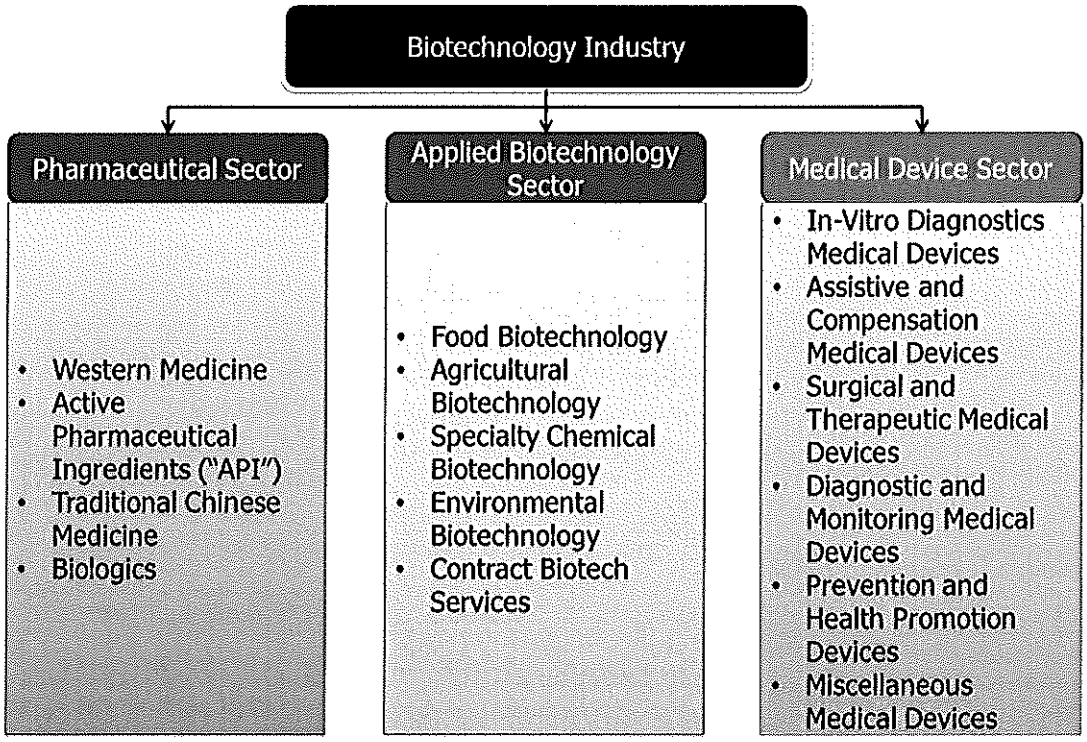
As of September 2017, a total of 286 companies have been awarded the Bionexus status by the Malaysian Bioeconomy Development Corporation (formerly known as Malaysia Biotechnology Corporation) ("Bioeconomy Corporation"). These companies can be categorised into bioagriculture, bioindustry and biomedicine segments. Bionexus status companies are given certain privileges including financial incentives. Among these companies, 37 of them have already penetrated into the global market, mainly with biodegradable products to the Southeast Asian, West Asian and European regions. The number of Bionexus status companies is expected to double by 2025.

Malaysia introduced a framework for national biotechnology development, namely the National Biotechnology Policy in 2005 and the Bioeconomy Transformation Programme in 2012. Since then, the development of bio-based economy or bioeconomy has become a national agenda. The bioeconomy is being earmarked to contribute eight to ten percent of Malaysia's GDP in 2020.

2.5.2 Overview of the Pharmaceutical and Biotechnology Industries in Taiwan

In Taiwan, the pharmaceutical, applied biotechnology and medical device sectors are categorised under the umbrella term 'biotechnology industry'. Figure 3 depicts the scope for each sector under the biotechnology industry in Taiwan.

Figure 3: Scope for Each Sector of the Biotechnology Industry in Taiwan



Source: The Biotechnology & Pharmaceutical Industries Promotion Office, Ministry of Economic Affairs, Taiwan

The development of the pharmaceutical and biotechnology industries in Taiwan can be traced back to 1982 where the Executive Yuan classified biotechnology as one of eight key technologies for future development. Following that, some of the action plans were promulgated, such as the Action Plan for the Biotechnology Industry in 1995, the Taiwan Biotechnology Take-Off Diamond Action Plan in 2009, the Taiwan Biotech Industrialisation Take-Off Action Plan in 2013 and the Taiwan Bioeconomy Industry Development Programme in 2016. These plans have helped to strengthen the position of the pharmaceutical and biotechnology industries in Taiwan.

The biotechnology industry in Taiwan grew steadily over the years. This industry benefited from an increase in domestic market demand and exports to overseas market. Total revenue generated by the biotechnology industry in Taiwan surpassed New Taiwan Dollar ("NTD") 300 billion in 2016. The figure increased by 5.5 percent from NTD298.6 billion in 2015 to NTD315.0 billion in 2016.

On a closer look, the medical device sector recorded the highest revenue with NTD141.5 billion, followed by the applied biotechnology sector (NTD94.0 billion) and pharmaceutical sector (NTD79.5 billion). There were 1,073 companies in the medical device sector, 525 in the applied biotechnology sector and 320 in the pharmaceutical sector in 2016. The export and import value of the biotechnology industry in Taiwan increased to NTD129.5 billion and NTD236.2 billion respectively in 2015.

Figure 4 depicts the performance of the biotechnology industry in Taiwan in 2015 and 2016.

Figure 4: Performance of Biotechnology Industry in Taiwan, 2015 and 2016

Year	Pharmaceutical		Applied Biotechnology		Medical Device		Total	
	2015	2016	2015	2016	2015	2016	2015	2016
Revenue (NTD billion)	77.2	79.5	88.4	94.0	133.0	141.5	298.6	315.0
No. of Companies	320	320	510	525	1,041	1,073	1,871	1,918
Export Value (NTD billion)	26.1	31.1	34.3	37.7	57.3	60.7	117.7	129.5

Year	Pharmaceutical		Applied Biotechnology		Medical Device		Total	
	2015	2016	2015	2016	2015	2016	2015	2016
Import Value (NTD billion)	102.1	111.4	51.9	53.4	70.1	71.4	224.1	236.2
Import: Export Ratio	66:34	61:39	61:39	60:40	57:43	58:42	61:39	59:41

Source: Industrial Development Bureau, Ministry of Economic Affairs, Taiwan

In 2016, total investments in the biotechnology industry in Taiwan stood at NTD50.94 billion. There were 105 pharmaceutical and biotechnology companies being listed on the Taiwan Stock Exchange as at the end of 2016.

For 2017, the Taiwanese Government approved a budget of NTD10.94 billion in order to enhance the five-plus-two innovative industries initiatives and to transform Taiwan into a biotechnology and medical R&D hub in Asia. Other measures planned include establishing a north-south biomedical corridor to enrich the research capabilities of three main science parks in Hsinchu, Taichung and Tainan, tapping the international healthcare market, particularly in ASEAN countries as well as developing precision medicine, specialised clinics and health-related peripheral industries.

2.5.3 Historical Industry Performance and Growth Forecast

Malaysia

The pharmaceutical and biotechnology industries in Malaysia was valued at RM10.18 billion in 2016, representing an increase of 8.6 percent from RM9.38 billion in 2015. The pharmaceutical and biotechnology industries in Malaysia is projected to expand from RM10.18 billion in 2016 to RM16.62 billion in 2021, representing a CAGR of 10.3 percent during the period. Figure 5 shows the historical industry size (revenue) and growth forecast for the pharmaceutical and biotechnology industries in Malaysia from 2015 to 2021.

Figure 5: Historical Industry Size (Revenue) and Growth Forecast for the Pharmaceutical and Biotechnology Industries in Malaysia, 2015-2021

Year	Industry Size (RM billion)	Growth (%)
2015	9.38	-
2016	10.18	8.6
2017	11.19	9.9
2018	12.34	10.3
2019	13.66	10.7
2020	15.06	10.2
2021	16.62	10.4

CAGR (2017-2021): 10.3 percent
Note: Base year is 2016.

Source: Protégé Associates

The growth of the pharmaceutical and biotechnology industries in Malaysia will likely to be mainly driven by an ageing population and prevalence of lifestyle diseases that increase the demand for pharmaceutical and biotechnology products. Other factors driving the growth include the increase in expenditure on healthcare products and services and a growing healthcare tourism industry. On the supply side, strong government support through the rolled-out of healthcare National Key Economic Area ("NKEA") under Economic Transformation Programme ("ETP'), National Biotechnology Plan ("NBP") and the Bionexus Network Initiative, expiring patents of brand-name drugs or biologics and active contribution from the private sector are expected to bolster the revenue of the pharmaceutical industry in Malaysia.

The demand for engineering solutions typically stems from the setting up and upgrading of pharmaceutical and biotechnology plants, which involve substantial capital investments. The size of the engineering solutions market in Malaysia targeting pharmaceuticals and biotechnology industries is dependent on the total approved investment value for new, expansion or diversification projects in both industries.

In 2016, the total approved investment value for projects in the pharmaceutical and biotechnology industries in Malaysia stood at RM1.38 billion. The engineering solutions market that targets the pharmaceutical and biotechnology industries in Malaysia stood at

RM171.7 million in 2016. The market is projected to expand from RM171.1 million in 2016 to RM323.0 million in 2021, representing a CAGR of 13.5 percent during the period. Strong government support and active contribution from private sector growth are expected to be the main catalysts for its growth.

Taiwan

The biotechnology industry in Taiwan (including the pharmaceutical sector) was valued at NTD315.00 billion in 2016, expanded by 5.5 percent from NTD298.60 billion in 2015. The biotechnology industry in Taiwan is projected to expand from NTD315.00 billion in 2016 to NTD424.5 billion in 2021, representing a CAGR of 6.1 percent during the period. Figure 6 shows the historical industry size (revenue) and growth forecast for the biotechnology industry in Taiwan from 2015 to 2021.

Figure 6: Historical Industry Size (Revenue) and Growth Forecast for the Biotechnology Industry in Taiwan, 2015-2021

Year	Industry Size (NTD billion)	Growth (%)
2015	298.6	-
2016	315.0	5.5
2017	333.5	5.9
2018	354.0	6.1
2019	376.3	6.3
2020	400.1	6.3
2021	424.5	6.1

CAGR (2017-2021): 6.1 percent
Note: Base year is 2016.

Source: Protégé Associates

The biotechnology industry Taiwan is expected to remain buoyant with an ageing population and prevalence of lifestyle diseases that increases the demand for pharmaceutical and biotechnology products. The increase in expenditure on healthcare products and services and a growing healthcare tourism industry are also driving the growth of biotechnology industry in Taiwan. On the supply side, strong government support through the Taiwan Bioeconomy Industry Development Programme 2016 and patents expiry of brand-name drugs or biologics,

active contribution of private sectors are expected to bolster the revenue of the pharmaceutical industry in Taiwan.

The total investment value in the biotechnology industry stood at NTD50.94 billion in 2016. On a closer look, the investment value in the pharmaceutical, applied biotechnology and medical devices stood at NTD19.55 billion, NTD11.48 billion and NTD19.91 billion respectively for the year. These investments are expected to provide further impetus for the growth in the demand for engineering solutions in Taiwan. The outlook of its supporting engineering solutions market in Taiwan is favourable moving forward with the expected continuing growth in investment value in the biotechnology industry there.

[THE REMAINDER OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK]

Protégé ASSOCIATES
BRAND | FINANCE | MARKET

2.5.4 Competitive Analysis for the Engineering Solutions Market

In the pharmaceutical industry, there are less than 300 industry players in Malaysia while there are 320 industry players in Taiwan. In terms of the biotechnology industry, there are 286 industry players that are Bionexus status companies in Malaysia. In Taiwan, there are 525 industry players that are involved in applied biotechnology. In the recent years, newer pharmaceutical and biotechnology plant set-ups have been outsourcing their design and planning to external engineering solutions providers to achieve better overall efficiencies for their plants. These engineering solutions providers also bring with them a wealth of experience that can help them to manage the costs for the setting up, upgrading or modification of plants and improve the operational efficiency and standard of the plants involved.

Nova Pharma is involved in the provision of engineering solutions for the pharmaceutical and biotechnology industries. Nova Pharma competes with other engineering solution providers that provide their services to the pharmaceutical and/or biotechnology industry. Depending on complexity and nature of specific plants, some pharmaceutical and biotechnology companies do decide to set up or upgrade plants with their own resources or expertise rather than work with engineering solutions providers.

For comparison purposes, Protégé Associates has selected the following companies that are also in the provision of engineering solutions for the pharmaceutical and/or biotechnology industry and registered annual revenue of at least RM4.0 million.

Figure 7: Comparison between Nova Pharma and Selected Market Players in the Engineering Solutions Market in Malaysia

Company	Descriptions	Financial Information
M+W High Tech Projects Malaysia Sdn Bhd	• Incorporated on 16 December 2003 and is the Malaysian unit of M+W Group GmbH, Germany.	**Financial Year End ("FYE")** 31 December 2016 **Revenue** RM209.9 million

Protégé ASSOCIATES
BRAND | FINANCE | MARKET

Company	Descriptions	Financial Information
	• Is involved in the provision of construction, installation of facilities and building services as a contractor. • Serves life sciences (pharmaceutical and biopharmaceutical facilities) and others including advanced technology facilities (semiconductor, photovoltaic, displays and batteries), chemicals, high technology infrastructure (data center, solar, nuclear and defense), cleanroom technologies and controlled environments.	**Profit before tax** RM7.6 million **Profit after tax** RM3.5 million **Gross profit** RM20.7 million **Gross profit margin** 9.9%
Jacobs Engineering Group Malaysia Sdn Bhd	• Incorporated on 20 January 2000 and is the Malaysian office of Jacobs Engineering Group Inc., US. • Is involved in the provision of engineering consultancy services and project management. • Serves pharmaceuticals and biotechnology and others encompass aerospace and defence, automotive and industrial, buildings, mining and minerals, nuclear, upstream oil and gas, petrochemicals and chemicals, power and utilities, pulp, paper and consumer products, refining, telecommunications, transportation, water and wastewater.	**FYE** 2 October 2015 **Revenue** RM85.4 million **Loss before tax** RM7.8 million **Loss after tax** RM6.9 million **Gross profit** RM23.6 million **Gross profit margin** 27.6%
Synertec Asia (M) Sdn Bhd	• Incorporated on 20 October 2008 and is the Malaysian office of Rieckermann GmbH, Germany. • Is involved in engineering; validation; compliance and project management services to companies engaged in the development, support and manufacturer of therapeutic products and devices. • Markets served include pharmaceutical, plastic and converting, food processing, metal processing, graphics, can making, oil and gas, environmental	**FYE** 31 December 2016 **Revenue** RM8.4 million **Loss before tax** RM1.1 million **Loss after tax** RM245,708 **Gross profit** RM1.4 million **Gross profit margin** 16.4%

Protégé ASSOCIATES
BRAND | FINANCE | MARKET

Company	Descriptions	Financial Information
	technologies, cable and wire, building technologies and special technologies.	
Nova Pharma Solutions Sdn Bhd	• Incorporated on 27 September 1977. • Involved in the provision of technical documentation, validation, project execution including engineering solutions for the pharmaceutical and biotechnology industries. • Serves the pharmaceutical and biotechnology industries.	**FYE** 31 December 2016 **Revenue** RM7.4 million **Profit before tax** RM2.8 million **Profit after tax** RM2.8 million **Gross profit** RM3.9 million **Gross profit margin** 52.7%
Intran Technologies Sdn Bhd	• Incorporated on 27 June 2003. • Its nature of business is trading and installation of analytical and process equipment. • Serves the biotechnology industry including green house, bio-manufacturing, stem cell R&D and therapy.	**FYE** 31 December 2015 **Revenue** RM4.4 million **Profit before tax** RM103,225 **Profit after tax** RM73,425 **Gross profit** RM1.7 million **Gross profit margin** 38.3%

Notes: 1. The list of selected industry players above is not exhaustive.

2. The above figures provide an indication of industry players' performance and the data is not directly comparable due to the following reasons:

(a) Not all industry players have the same financial year end;

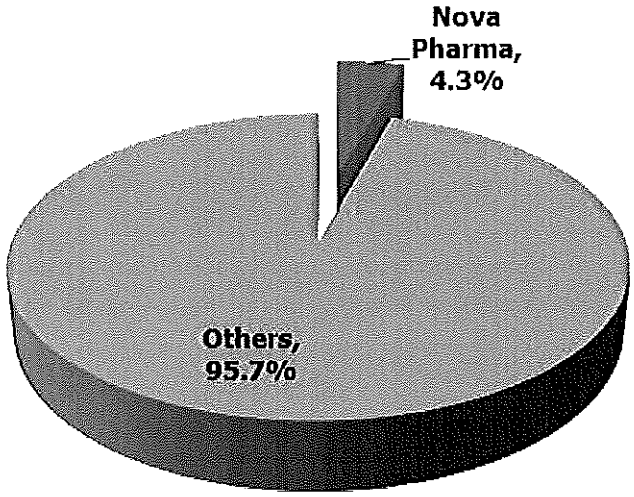
(b) Not all companies carry out activities that are completely similar to each other or in the same geographical area.

Sources: Companies Commission of Malaysia, each respective company's websites and Protégé Associates

Market Share

For the financial year ended 31 December 2016, Nova Pharma's total revenue was RM7.4 million. This is equivalent to 4.3 percent share of the engineering solutions market in Malaysia during the year, as illustrated in Figure 8. This is based on Nova Pharma's total revenue of RM7.4 million against engineering solutions market size in Malaysia of RM171.7 million in 2016.

Figure 8: Nova Pharma's Market Share in Engineering Solutions Market in Malaysia, 2016



Source: Protégé Associates

2.5.5 Demand and Supply Conditions for the Engineering Solutions Market

Demand Conditions

An Ageing Population

Malaysia is expected to become home to an ageing population when the population of Malaysians aged 65 and above reaches 7.2 percent of total population by 2020. By 2040, the population of Malaysians aged 65 and above is projected to reach 14.5 percent of the total population (6.0 million). The median age of the population in Malaysia in 2010 was 26.3 years and this is projected to rise to 38.3 years by 2020.

On the other hand, Taiwan has been a home to an ageing population since 1993. It is projected that Taiwan will have an aged population (14 percent of population aged 65 and above) and super-aged population (20 percent of population aged 65 and above) in 2018 and 2026 respectively. The median age of the population in Taiwan is projected to increase from 39.9 years old in 2015 to 57.0 years old in 2060.

An ageing population is expected to lead to an increase in demand for more medical treatments due to age-related illness. There is likely to be increasing demand for more effective drugs, as well as curative and preventive treatments for age-related illnesses. This development creates demand for pharmaceutical products and fosters the growth of the pharmaceutical and biotechnology industries. This may then translate to higher demand for engineering solutions as more facilities are built or upgraded for the purpose of R&D as well as for the production of effective drugs.

Prevalence of Chronic Lifestyle Diseases

Sedentary lifestyles with lack of regular exercises, unhealthy diet, smoking and excessive consumption of alcohol have resulted in increasing prevalence of chronic lifestyle diseases in Malaysia and Taiwan. These chronic lifestyle diseases (also known as non-communicable diseases) include cardiovascular diseases (like heart attacks and stroke), cancer, chronic respiratory diseases (such as chronic obstructed pulmonary disease and asthma) and diabetes.

In Malaysia, the fifth National Health and Morbidity Survey conducted in 2015 ("NHMS 2015") highlighted the prevalence of obesity 17.7 percent (3.3 million) for adults above 18 years old and 11.9 percent (1.0 million) for children below 18 years old. The number of overweight adults has increased from 27.7 percent in 2011 to 30.0 percent in 2015. The increase in the rate of obesity is alarming as it is an indicator of future increases in incidence of chronic lifestyle diseases.

On the other hand, the Nutrition and Health Survey in Taiwan ("NAHSIT") highlighted that the rate of overweight and obese adults was 44.8 percent for the period of 2013 to 2015, decreasing from 43.4 percent for the period of 2005 to 2008. However, cancer, heart diseases and diabetes are among the top five leading causes of death in Taiwan in 2015.

The prevalence of chronic lifestyle diseases are expected to continue spurring the demand for pharmaceutical and biotechnology related products and services throughout the lifetimes of these patients, who will require constant treatment to manage their disease. This is expected to provide further impetus for pharmaceutical and biotechnology industries. The engineering solutions market is anticipated to grow where more facilities are built or upgraded for the production of pharmaceutical and biotechnology related products, in line with the need of constant treatment for the chronic lifestyle diseases.

Increase in Expenditure on Healthcare Products and Services

Driven by the increasing awareness of health and the availability of more disposable income, Malaysia has experienced a rapid expansion of healthcare expenditure over the last ten years. The per capita spending on health had increased 80.7 percent from RM939 in 2005 to RM1,697 in 2015. In Taiwan, the health expenditure per capita increased from NTD31,389 in 2004 to NTD42,538 in 2014.

The level of expenditure on healthcare products and services in Malaysia and Taiwan persisted on its upward growing trend as a result of the ageing population and increasing cost of healthcare. In response to greater awareness of health, and with the availability of more disposable income, the general population is expected to be more inclined to spend more on healthcare products and services including home-monitors and regular check-ups at clinics and hospitals in order to continually improve their quality of life.

Given the anticipated growth in health expenditure, it is expected that the demand for pharmaceutical and biotechnology products will increase accordingly. Expenditure on supplemental pharmaceutical products, such as health and food supplements is expected to gain substantially from the population's greater willingness to spend on healthcare products and services. These products are no longer thought of as optional, as Malaysia's and Taiwan's overall affluence and the pertinence of health and quality of life increase among its population. This leads to growth of pharmaceutical and biotechnology industries in Malaysia and Taiwan. The engineering solutions market is likely to grow along with expansion or new production facilities that cater the demand for healthcare products.

A Growing Healthcare Tourism Industry

Growth in the healthcare tourism industry creates greater demand for pharmaceutical and biotechnology products as it brings a larger pool of potential consumers from other countries. In 2016, the Malaysian revenue from medical tourism was RM1 billion from estimated 900,000 medical tourists (including students, expatriates, holiday makers and others). The number of medical tourists is projected to increase to one million in 2017 with revenue contribution of RM1.3 billion. Besides that, the Malaysian healthcare tourism industry has also been identified as one of the Entry Point Projects ("EPP") under the healthcare NKEA in ETP. The number of health tourists is expected to reach 1.9 million in 2020 – spurring a higher demand for pharmaceutical products stemming from healthcare tourism demand in Malaysia.

The healthcare tourism industry in Taiwan is also growing in recent years. In 2015, Taiwan received 305,045 medical tourists, an increase of 76.0 percent from 173,311 medical tourists recorded in 2012. In 2015, the healthcare tourism industry output in Taiwan was NTD16 billion. 'International healthcare' was one of the five target activities selected by the Taiwanese Government for intensive development in Taiwan's eight Free Economic Pilot Zones. 'International healthcare' aims to simplify entry procedures for foreigners, set up international medical service centres and establish the International Healthcare Industrial Park. The healthcare tourism industry output in Taiwan was estimated to reach NTD26 billion in 2016.

The pharmaceutical and biotechnology industries in Malaysia and Taiwan as well as their supporting engineering solutions market are poised to ride on the growth in the healthcare tourism industry.

Growing Importance of Biotechnology Application

Biotechnology application has been growing rapidly in recent years, predominantly in the healthcare, agriculture and industrial sectors. Biotechnology application is important in supporting public health, sustainable development and environmental protection while helping to create new jobs and economic growth.

Biotechnology applied in drug development or generally known as biopharmaceuticals, is the largest biotechnology segment. Breakthroughs in biopharmaceuticals have created new medicines, therapies, diagnostics and vaccines. Advances in biotechnology enable the

diagnosis of diseases at relatively low cost while reducing the rate of infectious diseases and drug dosages required for a particular treatment.

For agriculture, biotechnology is the process of intentionally inserting specific genetic material to introduce new traits or characteristics to a plant. This can improve the breeding of plants by making them more resistant to insects, diseases or pests and preserve the nutrients contained in them when consumed. Improving crop yields is becoming a more important task in view of the scarcity of arable land. Biotechnology can also help to drive livestock productivity by improving animal breeding and disease prevention.

Biotechnology can help to facilitate novel manufacturing processes that are more environmental friendly and economically sustainable. Industrial biotechnology uses microbe-based fermentation to produce biofuels and biochemicals that are less harmful to the environment.

Thus, the higher the demand for engineering solutions for biotechnology plants is likely to be driven by the growth in the biotechnology industry in tandem with the growing importance of biotechnology application.

Supply Conditions

Strong Government Support

Both the Malaysian Government and the Taiwanese Government are focusing on the potential of the pharmaceutical and biotechnology industries. In Malaysia, the export of generic drugs has been identified as one of the EPPs under the healthcare NKEA in the ETP. In addition, the Third Industrial Master Plan ("IMP3") which covers the period from 2006 to 2020 spells out seven thrusts to develop the Malaysian pharmaceutical industry. A total of RM6.7 billion has been earmarked for investment in the pharmaceutical industry in Malaysia. Exports of pharmaceutical products are also estimated to achieve a 6.3 percent growth from 2006 to 2020, reaching RM1.2 billion by 2020. For the local biotechnology industry, the main biotechnology initiatives include the National Biotechnology Plan ("NBP") and the Bionexus Network Initiative.

In Taiwan, the government approved the Taiwan Bioeconomy Industry Programme in 2016, focusing on five major fields namely, pharmaceuticals, medical devices, healthcare, food and

agriculture. The Taiwanese Government has also been integrating related measures such as the Productivity 4.0 Development Programme and Aged Society White Paper to develop the local bioeconomy. Besides that, Taiwan aims to build an R&D and innovation based "Asia-Pacific Biotechnology and Pharmaceutical R&D Industry Centre" through global connections and integration of local innovative clusters. This supply condition is expected to augur well for the development of the pharmaceutical and biotechnology industries as well as the engineering solutions market in each respective country.

Expiring Patents of Brand-Name Drugs or Biologics

Malaysian and Taiwanese pharmaceutical companies that are focusing on generic drugs or biosimilars may have more opportunities for growth as more drug patents expire in the coming years. Generally, a new drug is guaranteed patent exclusivity before any generic drugs or biosimilars can be manufactured and marketed. In 2017, some of the patented drugs that lost their patent protection included Novartis AG's Sandosatin LAR, a drug used to treat problems cause by certain types of tumours; Merck & Co Inc.'s Cubicin, an antibiotic drug used to fight bacterial infection and Bristol-Myers Squibb Co.'s Reyataz (atazanavir), which can be used as combination with other drugs as an anti-viral medication. The expiring patents of brand-name drugs or biologics in coming years are likely to be beneficial for the growth of the Malaysian and Taiwanese pharmaceutical companies. This can lead to further growth in the engineering solutions market on the back of potentially more pharmaceutical or biotechnology companies setting up new facilities to undertake the production of generic drugs or biosimilars.

Increasing Competition in the Global Pharmaceutical and Biotechnology Industries

The Malaysian and Taiwanese pharmaceutical and biotechnology industries are facing competition in its export of pharmaceutical and biotechnology products. Other Asian countries like China, India and Korea are recognized as leading manufacturing countries which produce and export a large quantity of pharmaceutical products. In addition, Malaysia and Taiwan also imports genetically engineered crops such as corn and soybeans from the US.

These countries are also expanding their presence in the global pharmaceutical and biotechnology industries. The acquisitions of manufacturing companies by MNCs in other countries also represent a threat to Malaysia's and Taiwan's pharmaceutical and

biotechnology industries in gaining a foothold in the global market. Henceforth, it is vital for Malaysian and Taiwanese pharmaceutical industry to develop their own competitive edge in order to retain or increase its market shares in the global pharmaceutical market. However, the engineering solutions market players might get more job opportunities as acquisitions may also lead to the revamping of current pharmaceutical or biotechnology manufacturing facilities.

Active Contribution from the Private Sector

The business development and operational requirements of pharmaceutical and biotechnology companies require high amounts of investment. There are continuous private investments made in the pharmaceutical and biotechnology industries in Malaysia and Taiwan that spur further growth for both these industries.

In 2016, private investments into the pharmaceutical and biotechnology industries in Malaysia stood at RM1.38 billion as compared to RM2.64 billion recorded in 2015. In Taiwan, private investments into the pharmaceutical and biotechnology industries increased by 5.1 percent from NTD48.49 billion in 2015 to NTD50.94 billion in 2016. The pharmaceutical and biotechnology industries in Malaysia and Taiwan are expected to benefit from the increasing private investments, which can spur more R&D activities and commercialisation of products. Any increase in private investment can only help to drive the growth of the engineering solutions market, as the set-up of new pharmaceutical and biotechnology facilities can spur demand for more engineering solutions.

2.5.6 Relevant Laws, Regulations and Government Policies

Laws and Regulations Governing Malaysia's Pharmaceutical and Biotechnology Industries

- Poison Act 1952 – to regulate the importation, possession, storage or use of the poisons that are listed in its schedules, which includes pharmaceutical compounds.

- Dangerous Drug Act 1952 – stipulates the regulations of the importation, exportation, manufacture, sale and use of opium and of certain other dangerous drugs and substances.

- Sales of Drugs Act 1952 and Control of Drugs and Cosmetics Regulations 1984 – all prescription medicines, OTC drugs including dietary supplements, traditional medicines and cosmetics are required to be registered with DCA before they can be manufactured, imported, sold or supplied.

- Drug Registration Guidance Document ("DRGD") – reference guide for the registration process including quality control, inspection and licensing, and post-registration activities of medicinal products. Under DRGD, compliance to GMP is a pre-requisite for the application of a product registration.

- The Biosafety Act of Malaysia 2007 – to govern and regulate the release and import of living modified organisms and products of such organisms in Malaysia.

- The Protection of New Plant Varieties Act 2004 – grants applicants the exclusive breeder's rights to their registered plant varieties for purposes of breeding, research and commercialisation.

- Patents Act 1983 and Patents Regulations 1986 – governs the protection of patents in Malaysia.

Industry-Related Government Policies in Malaysia

Malaysian National Medicines Policy

The National Medicines Policy was introduced to promote equitable access and rational use of safe, effective and affordable essential medicines of good quality to improve the health outcomes of the people. The National Medicines Policy consists of five main components as listed below:

Main Component	Aim
Governance in medicines	• To have appropriate governance that ensures the provision of safe, effective and affordable medicines within the best practice environment. • To ensure all stakeholders are responsible for conducting themselves in an ethical and professional manner. • To ensure regulations facilitate and support the provision of safe, effective and affordable medicines.
Quality, safety and	• To ensure that medicines marketed for consumers are safe,

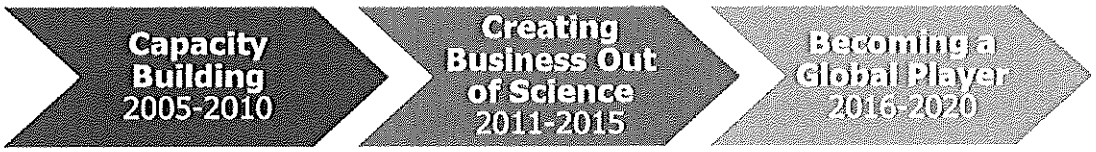
Main Component	Aim
efficacy of medicines	effective and of quality, and to promote quality use of medicines to meet the health needs of the nation.
Access to medicines	• To ensure adequate, continuous and equitable access to medicines of quality, and those that are safe, effective and affordable towards achieving optimal health outcomes.
Quality use of medicines	• To ensure medicines are used judiciously, appropriately, safely and cost-effectively towards promoting better health outcomes.
Partnership and collaboration for the healthcare industry	• To ensure that partnership and collaboration of all relevant stakeholders in the healthcare industry conforms to the best practices and standards pertaining to medicines at the national, regional and international levels.

Source: Ministry of Health

National Biotechnology Policy

The National Biotechnology Policy ("NBP") was launched in 2005 with three main strategic thrusts which include capacity building, creating business out of science and becoming a global player. Figure 9 illustrates the strategic thrusts of the NBP.

Figure 9: Strategic Thrusts of the NBP, 2005-2020



Source: Bioeconomy Corporation

The NBP focuses on developing several focus areas, including traditional complementary medicines, health and food supplements, clinical trials and others. The successful development of focus areas in Malaysia is expected to help reduce the need for imported biotechnology products.

Bionexus Network

In an effort to build Malaysia's biotechnology capabilities and encourage investments in biotechnological R&D, the Bioeconomy Corporation (formerly known as Malaysia Biotechnology Corporation) formed the Bionexus Network of companies. Bionexus Network is a cluster of biotechnology companies that leverage on the existing facilities, infrastructure

and capabilities of research institutions in Malaysia. As a means to incentivise biotechnology companies to invest in R&D, the Bioeconomy Corporation provides various financial incentives to Bionexus status companies including:

- 100 percent tax exemption for 10 years commencing from the first profit making year or Investment Tax Allowance of 100 percent on qualifying capital expenditure within first 5 years
- Tax exemptions on dividends
- Import duty and sales tax exemption for equipment and materials
- Concessionary tax rate of 20 percent on income from qualifying activities for 10 years upon the expiry of the tax exemption period
- Double deduction on expenditure incurred for R&D
- Double deduction on expenditure incurred for the promotion of exports
- Building used solely for the purpose of biotechnology research activities is given Industrial Building Allowance over a period of 10 years
- A company that invests in a Bionexus Status company is eligible for tax deduction equivalent to the amount of investment made.

Laws and Regulations Governing Pharmaceutical and Biotechnology Industries in Taiwan

- Pharmaceutical Affairs Act – the administration of pharmaceutical affairs shall be executed in accordance with the regulations of Pharmaceutical Affairs Act.
- Health Food Control Act – to enhance the management and supervision of matters relating to health food, protect the health of the people of the republic and safeguard the rights and interests of consumers.
- The Rare Disease and Orphan Drug Act – enacted for the prevention of the occurrence of rare diseases; for the early diagnosis of rare diseases; for the intensive care of rare disease patients; for assisting patients in gaining access to specific drugs for the treatment of rare diseases and special nutritional foods essential for the maintenance of

life; and for promoting and ensuring the supply, manufacturing, R&D of such drugs and foods.

- The Plant Variety and Plant Seed Act – to protect rights in plant varieties, facilitate improvements in plant varieties, and implement a plant seed administration system in order to promote farmers' interests and benefit agricultural development.

- Patent Act and Regulations for Ratifying Extension of Patent Term – governs patent protection in Taiwan.

Industry-Related Government Policy in Taiwan

Taiwan Bioeconomy Industry Development Programme

The Taiwan Bioeconomy Industry Development Programme was approved by the Taiwanese Government in 2016. Among its objectives are the introduction, expansion and industrialisation of the biotechnology industry; adding value to the health, agriculture, other industries; development of bioeconomy-related industries; increasing production output and national income; adjusting the structure of innovative industry; improving people's health and well-being. This programme focuses on five development areas namely, drugs, medical devices, healthcare, food and agriculture. It is also linked with the Productivity 4.0 Development Programme and Aged Society White Paper. The following details the action units and biotechnology related items.

Action Unit	Biotechnology Related Items
Academia Sinica Ministry of Science and Technology Ministry of Education	• Basic and innovation research
Ministry of Health and Welfare	• Pharmaceutical policy and regulatory formulation and implementation • Clinical Trials • Public Health • Pharmaceutical review
Ministry of Economic Affairs	• Biotechnology application research and product development • Promoting investment and assisting industries • Promotion of commercialisation, business and industrialisation

Action Unit	Biotechnology Related Items
Council of Agriculture	• Plant seeds • Seed poultry • Aqua cultural seedling • Functional foods • Animal vaccines • Biological pesticide • Biofertilizer • Testing reagent
Atomic Energy Council	• Radiopharmaceutical development
Ministry of National Defence	• Application of national defence science in biotechnology development
National Development Council	• Direct investment • Biotechnology venture capital

Source: The Biotechnology & Pharmaceutical Industries Promotion Office, Ministry of Economic Affairs, Taiwan

International Standards

The following is the non-exhaustive list of standards and requirements relating to engineering solutions market both internationally and in Malaysia.

ASTM E2500 – is a standard guide for specification, design, and verification of pharmaceutical and biopharmaceutical manufacturing systems and equipment by ATSM International. This is applicable to all elements of pharmaceutical and biopharmaceutical manufacturing systems including: facility equipment, process equipment, supporting utilities, associated process monitoring and control systems, and automation systems that have the potential to affect product quality and patient safety. It is applicable throughout the life-cycle of the manufacturing system from concept to retirement. Application of the approach described within this guide is intended to satisfy international regulatory expectations in ensuring that manufacturing systems and equipment are fit for intended use, and to satisfy requirements for design, installation, operation, and performance.

ISA88 or S88 – is an international standard by the International Society of Automation ("ISA") that provides standards and recommended practices as appropriate for the design and specification of batch control systems as used in the process control industries.

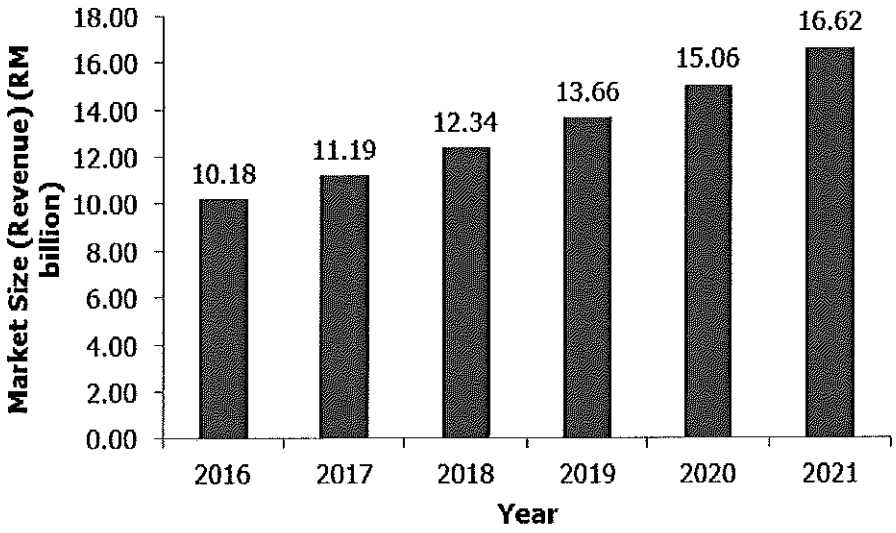
ISA95 or S95 – is an international standard by the ISA that details the enterprise-control system integration. It consists of models and terminology that can be used to determine

which information has to be exchanged between sales, finance and logistics systems and production, maintenance and quality system.

2.5.7 Prospects and Outlook

The pharmaceutical and biotechnology industries in Malaysia was valued at RM10.18 billion in 2016, representing an increase of 8.6 percent from RM9.38 billion in 2015. The steady growth trend is expected to continue during forecast period.

Figure 10: Market Size (Revenue) and Forecast of the Pharmaceutical and Biotechnology Industries in Malaysia, 2016-2021

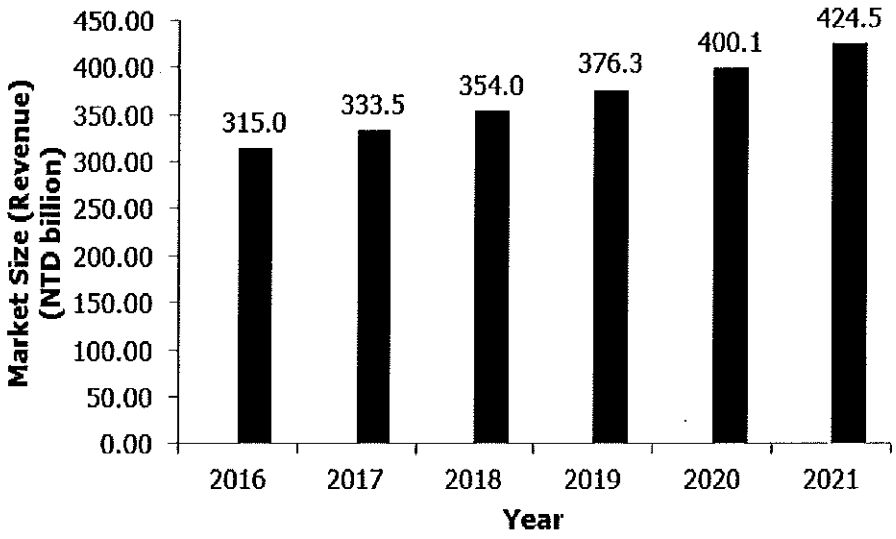


Source: Protégé Associates

Moving forward, the pharmaceutical and biotechnology industries in Malaysia is projected to expand from RM10.18 billion in 2016 to RM16.62 billion in 2021, representing a CAGR of 10.3 percent during the period.

On the other hand, the biotechnology industry in Taiwan (including the pharmaceutical sector) was valued at NTD315.00 billion in 2016, expanded by 5.5 percent from NTD298.60 billion in 2015. The growth trend is likely to continue during forecast period.

Figure 11: The Market Size (Revenue) and Forecast of the Biotechnology Industry in Taiwan, 2016-2021



Note: Biotechnology industry in Taiwan includes pharmaceutical, applied biotechnology and medical device sectors.

Source: Protégé Associates

The biotechnology industry in Taiwan is projected to expand from NTD315.00 billion in 2016 to NTD424.5 billion in 2021, representing a CAGR of 6.1 percent during the period.

The engineering solutions market that targets the pharmaceutical and biotechnology industries in Malaysia and Taiwan are expected to reap benefits from the continuing investments made for setting up and upgrading of pharmaceutical and biotechnology plants. In addition, the positive outlook on the pharmaceutical and biotechnology industries in Malaysia and Taiwan mainly stems from an ageing population, prevalence of lifestyle diseases, increase in expenditure on healthcare products and services, a growing healthcare tourism industry and the growing importance of biotechnology application. On the supply side, the pharmaceutical and biotechnology industries in Malaysia and Taiwan are expected to be boosted by strong government support, the expiration of patents for brand-name drugs or biologics, and active contribution from the private sector.

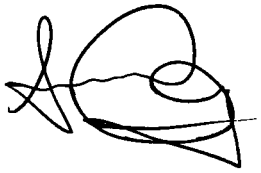
7. INDEPENDENT MARKET RESEARCH REPORT *(CONT'D)*

Protégé
ASSOCIATES
BRAND | FINANCE | MARKET

Protégé Associates has prepared this report in an independent and objective manner and has taken adequate care to ensure the accuracy and completeness of the report. We believe that this report presents a true and fair view of the industry within the boundaries and limitations of secondary statistics, primary research and continued industry movements. Our research has been conducted to present a view of the overall industry and may not necessarily reflect the performance of individual companies in this industry. We are not responsible for the decisions and/ or actions of the readers of this report. This report should also not be considered as a recommendation to buy or not to buy the shares of any company or companies.

Thank you.

Yours Sincerely,



SEOW CHEOW SENG

Managing Director

Protégé Associates Sdn Bhd

8. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT

8.1 Promoters

8.1.1 Profile

The profiles of our Promoters are as follows:

(i) Khoo Boo Wie, Malaysian, aged 48
Promoter, Substantial Shareholder, Chief Executive Officer cum Executive Director

Khoo Boo Wie is our Chief Executive Officer and is responsible for overseeing our Company's operations and strategies.

He graduated with a Diploma in Technology (Mechanical and Manufacturing Engineering) from Tunku Abdul Rahman College (now known as Tunku Abdul Rahman University College) in 1993 and Master Degree in Manufacturing System Engineering from Queen's University Belfast in Northern Ireland, UK in 1994. He started his career as an Engineer for Sharp-Roxy Sdn Bhd, a home appliances manufacturer, from 1994 till 1996 where he was responsible for the engineering and maintenance needs for the plant. Thereafter, he worked with CCM Pharma Sdn Bhd as an Engineering Services Manager from 1996 till 2000, where he acquired the knowledge of concept design and formulation of site master plan for pharmaceutical manufacturing plant and R&D centre.

In year 2000, he joined Pharmaniaga Manufacturing Berhad as an Engineering Manager, being responsible for the on-time preventive maintenance, quality control processes, engineering budget, upgrading works, efficiency and cost effectiveness of the plant, compliances with various requirements by authorities and development and training of the engineering staff. He played instrumental role for the design and re-engineering of Pharmaniaga Cephalosporin Plant, Pharmaniaga Penicillin Plant and Pharmaniaga R&D pilot plant and laboratory, while complying with various international guidelines such as World Health Organisation and United Nations International Children's Emergency Fund guidelines for manufacturing and storage of essential medicines for assuring their quality.

In year 2005, he joined our Company as an Engineering and Project Manager. He was promoted to General Manager in 2007 and was responsible for the profitability of our Company for the South East Asia region and Taiwan. He and Ter Leong Tah embarked on the MBO in year 2015 and upon completion of the MBO, our Company changed its name to Nova Pharma Solutions Sdn Bhd.

(ii) Ter Leong Tah, Malaysian, aged 41
Promoter, Chief Technical Officer cum Executive Director

Ter Leong Tah is our Chief Technical Officer and is responsible for our Company's overall technical aspects.

He graduated with a Degree in Mechanical Engineering from University of Malaya, Kuala Lumpur in 2000. He started his career as a Maintenance Engineer for Upha Pharmaceutical Manufacturing (M) Sdn Bhd in 2000, where he was responsible for the engineering and maintenance functions in the field of pharmaceutical manufacturing and packaging for oral solid dosage, liquid, soft gel, and sterile eye drop products. He was subsequently appointed as a Commissioning Manager for a new oral solid dosage pharmaceutical plant expansion project, where he was responsible for the engineering, commissioning and start-up of the plant process equipment, utilities and site services.

He joined NNE Pharmaplan Sdn Bhd as a Senior Process Engineer in 2008. He had participated in various types of projects locally and overseas including China, Taiwan, Indonesia and Vietnam. The projects involved various engineering works such as conceptual design, basic or detail engineering, equipment process development, and new production facility commissioning and start-up. He was involved in various roles from Project/Process Engineer, Engineering Manager, to Project Manager across different projects. He and Khoo Boo Wie embarked on the MBO in year 2015 and assumed his position as Chief Technical Officer since July 2017.

8. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(CONT'D)*

8.1.2 Shareholdings

The direct and indirect shareholdings of our Promoters in our Company before and after our Proposed Listing are set out below:

	Before Proposed Listing				After Proposed Listing			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Khoo Boo Wie	103,440,000	75.66	-	-	103,440,000	69.42	-	-
Ter Leong Tah	6,000,000	4.39	-	-	6,000,000	4.03	-	-

8.2 Substantial shareholders

8.2.1 Profile

The profiles of our substantial shareholders are as follows:

(i) Khoo Boo Wie

The profile of Khoo Boo Wie is set out in Section 8.1.1 (i) of this Information Memorandum.

(ii) JcbNext

JcbNext was incorporated under the name of JobStreet Corporation Berhad as a public limited company in Malaysia under the Companies Act, 1965, JcbNext is an investment holding company with stakes in associates, namely, 104 Corporation, the largest job site in Taiwan and Innity Corporation Berhad, a provider of interactive online marketing platforms and technologies. In addition, it has quoted investments in Hong Kong and Singapore. Previously, JcbNext was principally involved as the operator of the JobStreet.com online job portal business which has since been sold to SEEK Ltd in November 2014.

JcbNext was listed on the MESDAQ Market of Bursa Securities on 29 November 2004 and transferred to the Main Market of Bursa Securities on 27 December 2007. It subsequently changed and assumed current name on 1 June 2016.

The largest shareholder of JcbNext is Chang Mun Kee who is also an Executive Director, founder and Chief Executive Officer of JcbNext.

8.2.2 Shareholdings

The direct and indirect shareholdings of our substantial shareholders in our Company before and after our Proposed Listing are as follows:

	Before Proposed Listing				After Proposed Listing			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Khoo Boo Wie	103,440,000	75.66	-	-	103,440,000	69.42	-	-
JcbNext	14,084,507	10.30	-	-	14,084,507	9.45	-	-
Chang Mun Kee	-	-	14,084,507[(1)]	10.30	-	-	14,084,507[(1)]	9.45

8. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(CONT'D)*

Note:

(1) Deemed interested by virtue of Section 8(4) of the Act whereby Chang Mun Kee is the controlling shareholder of JcbNext via his shareholding in the company as well as his beneficiaries interest through Voyager Assets Limited's shareholding in JcbNext, an underlying company under a reserved power trust for estate planning purposes for Chang Mun Kee and his family members.

8.3 Directors

8.3.1 Profile

The profiles of our directors are as follows:

(i) Khoo Boo Wie

The profile of Khoo Boo Wie is set out in Section 8.1.1 (i) of this Information Memorandum.

(ii) Ter Leong Tah

The profile of Ter Leong Tah is set out in Section 8.1.1 (ii) of this Information Memorandum.

(iii) Tan Hong Eng, Malaysian, aged 59
Head of Department of Finance, Human Resource and Administration cum Executive Director

Tan Hong Eng is our Head of Department of Finance, Human Resource and Administration and is responsible for our Company's finance and human resource operations, as well as business and project reporting.

She has a London Chamber of Commerce and Industry Diploma and Part Qualified Chartered Institute of Management Accountants holder from Tunku Abdul Rahman College (now known as Tunku Abdul Rahman University College) in 1984. She has over 15 years of working experience in accounts and finance.

She started her career in 1985 as an Audit Assistant in B.K. On & Co. In 1986, she joined Thomson Audio (M) Sdn Bhd, an electronic manufacturing company, as a Costing Assistant responsible for standard cost setting, product costing and cost variance analysis. In year 1990, she joined Carnaud Metalbox Packaging Berhad as an Accounts Executive where she led the cost accounting department. Thereafter, she joined L'oreal Malaysia Sdn Bhd as a Logistic Executive in 1996 where she worked closely with third party logistics provider for inventory control, shipment tracking and storage optimisation. In 2002, she joined Nu Oxy Life (M) Sdn Bhd as a Senior Accounts Executive where she was responsible for handling the full set of accounts, treasury, financial budgeting, inventory control, payroll processing and human resources management. She joined Limkokwing University of Creative Technology as a Senior Accounts Executive in year 2009 where she was responsible for the whole accounting function for Limkokwing University Lesotho.

She joined NNE Pharmaplan Sdn Bhd in September 2012 as a Senior Accounts and Administrative Executive, where she is responsible for controlling and reporting for financial, business and project at country level. Subsequently she was appointed as the Director on 15 December 2012. After NNE Pharmaplan Sdn Bhd changes its name to Nova Pharma Sdn Bhd in 2015, she assumed her position as Senior Accounts and Administrative Executive, She was re-designated to her present position on 1 July 2017.

8. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(CONT'D)*

8.3.2 Shareholdings

The direct and indirect shareholdings of our Directors in our Company before and after our Proposed Listing are as follows:

	Before Proposed Listing				After Proposed Listing			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Khoo Boo Wie	103,440,000	75.66	-	-	103,440,000	69.42	-	-
Ter Leong Tah	6,000,000	4.39	-	-	6,000,000	4.03	-	-
Tan Hong Eng	-	-	-	-	-	-	-	-

8.3.3 Further information on our Directors

None of our Directors:

(i) are undischarged bankrupts nor are they subject to any proceedings under bankruptcy laws;

(ii) have ever been charged with, convicted for or compounded for any offence under securities laws, corporation laws or any other laws involving fraud or dishonesty in a court of law;

(iii) have ever had any action taken against them for any breach for the listing requirements or rules issued by Bursa Securities, for the past 5 years; and

(iv) have been subjected to any inquiry or investigation by any government or regulatory authority or body for the past 5 years.

8.4 Key management

8.4.1 Profile

The profiles of our key management are as follows:

(i) Lim Foo Seng, Malaysian, aged 47
Chief Strategy Officer

Lim Foo Seng is our Chief Strategy Officer and is responsible for overseeing the strategic planning and internal support services departments.

He obtained his professional accounting certification from Malaysian Institute of Certified Public Accountants in 1997. He is a member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants. He started his career in Deloitte Kassim Chan, an international accounting firm, from 1989 till 1995 where he acquired knowledge, experience and exposure in management consultancy, taxation & accounting and auditing standards.

8. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(CONT'D)*

He left to join Arab-Malaysian Corporation Berhad Group ("**Amcorp Group**") in 1995 and was involved in the business planning, venture capital activities, corporate audit, corporate restructuring and monitoring of portfolio companies in his capacity as an Associate Director. He also served as a board member of various portfolio companies of Amcorp Group. He left Amcorp Group in 2003 where his last position with Amcorp Group was a Chief Financial Officer of MCM Technologies Berhad, an IT incubator and a subsidiary of Amcorp that was previously listed on the ACE Market of Bursa Malaysia Securities Berhad in which he played an instrumental role in its initial public offering.

Thereafter, he held various senior management positions and served as a board member of various established private limited and public listed companies in Malaysia. He joined Quest Technology Sdn Bhd in 2003 as a Chief Financial Officer and served as an Executive Director for Envair Holding Berhad, the holding company of Quest Technology Sdn Bhd, from 2005 to 2008. Envair Holding Berhad was involved in cleanroom engineering services and listed on ACE Market of Bursa Securities. From 2008 to 2009, he was an Executive Director of Asia Bioenergy Technologies Berhad ("**Asia Bioenergy**"), a technology incubator listed on ACE Market of Bursa Securities. Thereafter in late 2009, he set up and co-owned an investment holding company, LFS Holdings Sdn Bhd, which holds minority stakes in unquoted shares in few companies in producing parts of electrical and electronic products, in which he subsequently disposed of his stakes and resigned as director in 2011. Subsequently, he embarked into retail industry where he was the Head of Strategic Planning for Aivoria Group Sdn Bhd ("**Aivoria**") and Winn Worldwide Sdn Bhd ("**Winn**") from 2011 to 2013 and 2014 to 2017 respectively. Aivoria and Winn are mainly involved in the retail chain business of cosmetic and fashion segment respectively.

He joined our Company in July 2017 as a Chief Strategy Officer. Currently, he is also an Independent Non-Executive Director of Iskandar Waterfront City Berhad and Knusford Berhad. He was the independent director of Asia Bioenergy from 2012 to 2015.

(ii) **Nor Adilah Bt. Abdul Aziz,** Malaysian, aged 44
Lead Engineer

Nor Adilah Abdul Aziz is our Lead Engineer and is responsible for process engineering and quality management systems.

She graduated with a Degree in Chemical and Process Engineering from The National University of Malaysia in 1997. She has more than 16 years of working experience in the pharmaceutical industry. She began her career as an Assistant Engineer at Hualon Corporation (M) Sdn Bhd from May 1997 to Jun 2001 where she was exposed to the textile industry, people management and process control. Thereafter, she worked as a Production Executive (Technical Service Division) at Pharmaniaga Manufacturing Sdn Bhd from July 2001 to April 2007. As a Production Executive, she was actively involved in validation activity, trouble-shooting of the process lines and ensured continuous improvements for the process and its capability.

From 2007 to 2009, she worked with Xorix Sdn Bhd as a Project Leader/Quality Assurance Manager where she was involved in the setting up of a new galenical plant specialised in liquid and cream products. In 2009, she joined Royce Pharma Manufacturing Sdn Bhd as a Plant Operation Manager and managed the operation team of the pharmaceutical oral solid dosage and topical plant. Subsequently, she was appointed as a Quality Management Manager where she participated in various types of projects including conceptual and basic design of engineering for pharmaceutical plants as well as GMP trainer. She joined LFAsia (M) Sdn Bhd as a Quality Manager from April to July 2012. She was responsible in maintaining the quality management system, food safety and halal compliance. Subsequently, from September 2012 until end of 2013, she continued her career as a freelance GMP consultant especially in the pharmaceutical and biotechnology industries.

8. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(CONT'D)*

From 2014 to 2015, she continued her career as a Halal trainer/consultant by holding the position of Senior Manager – R&D at Persis Management Sdn Bhd where she has acquired knowledge, experience and exposure in halal industry, application and implementation of halal standards including others related standard and guidelines. In 2016, she continued her career as a freelance consultant and GMP training provider.

Thereafter, she joined our Company in December 2016 as Lead Engineer. She had participated in various types of projects locally and overseas. The projects involved various engineering works such as conceptual design, basic or detail engineering, equipment process development and new production facility commissioning and start-up.

(iii) **Nurul Aainaa Bt. Mohtar**, Malaysian, aged 35
Lead Engineer

Nurul Aainaa Mohtar is our Lead Engineer and is responsible for engineering design, specialised in pharmaceutical and biotechnology processes and production systems.

She graduated with a Degree in Chemical Process Engineering from University of Sheffield in England, United Kingdom in 2004. She has more than 10 years of experience as a process engineer in the pharmaceutical industry. She started her career as a Process Engineer at Hovid Berhad in Ipoh in 2005 where she was exposed to the manufacturing environment. As a Process Engineer, she was actively involved in the trouble-shooting of the process lines and ensuring continuous improvements for the production process and its capability. She has acquired knowledge, experience and exposure in validation protocols for primary and secondary manufacturing processes (including solid material handling, tablet press and bottle packing facility).

She joined NNE Pharmaplan Sdn Bhd in 2007 as Process Engineer and participated in various types of projects locally and overseas, involved various engineering works such as conceptual design, basic and detail engineering for pharmaceutical plants. She assumed her position as Lead Engineer on 1 July 2017.

(iv) **Moo Shwu Yi,** Malaysian, aged 32
Lead Engineer

Moo Shwu Yi is our Lead Engineer and is responsible for engineering design, specialised in the GMP clean media systems design.

She graduated with a Degree in Chemical Engineering from University of Malaya in 2008. She has more than 9 years of experience in the area of process engineering. Shortly after graduated, she joined Kinetics Systems Sdn Bhd, a pharmaceutical company as a Chemical Engineer. She was involved in the engineering works of clean utility systems, process waste, and cleaning and sterilisation-in-place system. She had also participated in conceptual design, basic and detail engineering design for various pharmaceutical plants where she acquired knowledge in process design, process and instrumentation diagram, components and material procurement, cost budgeting, project execution, and ISO 9001:2008 implementation.

She joined NNE Pharmaplan Sdn Bhd in 2012 as Process and Validation Engineer and participated in various types of projects locally and overseas, involved various engineering works such as conceptual design, basic and detail engineering for pharmaceutical plants. She assumed her position as Lead Engineer on 1 July 2017.

8. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(CONT'D)*

8.4.2 Shareholdings

The direct and indirect shareholdings of our key management personnel in our Company before and after our Proposed Listing are as follows:

	Before Proposed Listing				After Proposed Listing			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Lim Foo Seng	4,560,000	3.34	-	-	4,560,000	3.06	-	-
Nor Adilah Bt. Abdul Aziz	-	-	-	-	-	-	-	-
Nurul Aainaa Bt. Mohtar	-	-	-	-	-	-	-	-
Moo Shwu Yi	-	-	-	-	-	-	-	-

8.5 Interest outside our Company at present and past 3 years

Save as disclosed below, our Promoters, substantial shareholders, Directors and key management do not have any other principal directorships in other corporations or any principal business activities outside our Company for the past 3 years prior to the LPD:

Name	Companies	Principal activities	Nature of involvement
Khoo Boo Wie	KB Ban Lee Sdn Bhd	Trading of agricultural machineries	Director and Shareholder
	Ban Lee & Company	Trading of machineries spare parts and general agent	Partnership
Lim Foo Seng	Iskandar Waterfront City Bhd	Investment holding	Independent Non-Executive Director
	Knusford Bhd	Investment holding and property investment	Independent Non-Executive Director
JcbNext	Autoworld.com.my Sdn Bhd	Automobile online advertising services	Shareholder
	JcbNext Pte Ltd	Investment holding	Shareholder
	JobStreet.com India Pvt Ltd	Ceased operation	Shareholder
	JS Overseas Holdings Limited	Investment holding	Shareholder
	Greenfield Japan Kabushiki Kaisha	Search selection, staffing and career consultancy	Shareholder

8. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(CONT'D)*

Name	Companies	Principal activities	Nature of involvement
JcbNext *(cont'd)*	Innity Corporation Berhad	Provider of interactive online marketing platforms and technologies for advertisers and publishers	Shareholder
	104 Corporation	Provider of advertising and consultancy services	Shareholder
	Asiatravel.com Holdings Ltd	Provider of online travel solution	Shareholder
	Lion Rock Ltd *(formerly known as 1010 printing Group Ltd)*	Provider of printing and print management services	Shareholder
	Uniplaces Limited	Online marketplace for student accommodation	Shareholder
	JobStreet Recruitment (Thailand) Co. Ltd	Ceased operation	Joint venture

8.6 Related party transactions

Under the Listing Requirements, a 'related party transaction' is a transaction entered into by a listed corporation or its subsidiaries which involves the interest, direct or indirect, of a related party. A 'related party' of a listed corporation is:

(i) a director having the meaning given in Section 2(1) of the CMSA and includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a director of the listed corporation, its subsidiary or holding company or a chief executive of the listed corporation, its subsidiary or holding company; or

(ii) a major shareholder means a person who has an interest or interests in 1 or more voting shares in a corporation and the nominal amount of that shares or the aggregate of the nominal amounts of those shares is:

(a) 10% of the aggregate of the number of all the voting shares in the corporation;

(b) 5% or more of the aggregate of the number of all the voting shares in the corporation where such person is the largest shareholder of the corporation;

and includes any person who is or was within the preceding 6 months of the date on which terms of the transaction were agreed upon, a major shareholder of the listed corporation or any other corporation which is its subsidiary or holding company; or

(iii) a person connected with such director or major shareholder.

8. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(CONT'D)*

8.6.1 Existing and proposed related party transactions

Save as disclosed below, our Board confirms that there are no existing or proposed related party transactions entered into between our Company and our Directors, major shareholders and/or persons connected with them for the FYE 31 December 2016 and subsequent period up to the LPD:

			Actual transaction value	
Transacting parties	**Nature of relationship**	**Nature of transaction**	**FYE 31 December 2016 (RM)**	**1 January 2017 up to the LPD (RM)**
Nova Pharma and Khoo Boo Wie	Khoo Boo Wie, is our Director and major shareholder	Net rental paid for 2 units of our office	24,394	60,984

Our Directors are of the opinion that all the above transaction were carried out on an arm's length basis, on normal commercial terms which are not more favourable to the related parties than those generally available to the public and not to the detriment to our minority shareholders.

8.6.2 Interest in similar businesses and other conflict of interest

None of our Directors, Promoters, substantial shareholders and key management has any interest, direct or indirect in other businesses or corporations carrying on a trade similar to that of our Company, our customers and our suppliers as at the LPD.

8.6.3 Other transaction

There are no transactions that are unusual in nature or conditions, involving goods, services, tangible or intangible assets, to which we were a party during the FYE 31 December 2016 up to the LPD.

There are no outstanding loans, including guarantees of any kind made by our Company to or for the benefit of related parties during the FYE 31 December 2016 up to the LPD.

8.7 Moratorium

In compliance with Rule 3.07 of 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 12 months from the date of our admission to the Official List; and

(ii) Upon expiry of the 12 months period stated above, our Promoters' aggregate shareholdings amounting to at least 45% of the total number of issued Shares shall remain under moratorium for another 36 months.

8. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(CONT'D)*

In addition, the existing shareholders of our Company, namely, Lim Foo Seng, Koh Khee Peng and JcbNext ("**Existing Shareholders**") have agreed to place their Shares amounting to a total of 24,644,507 Shares (representing approximately 16.54% of the enlarged share capital upon our Listing) under moratorium for a period of 12 months from the date of our admission to the Official List of Bursa Securities ("**Exiting Shareholders Moratorium Period**"). The Existing Shareholders have also provided written undertakings that they will not sell, transfer or assign their shareholdings under moratorium during the Existing Shareholders Moratorium Period.

The moratorium shall be imposed as follows:

	Shares under moratorium from the first 12 months upon listing		**Shares under moratorium from the subsequent 36 months**	
Name	**No. of Shares**	**%**	**No. of Shares**	**%**
Promoters				
Khoo Boo Wie	103,440,000	69.42	63,378,058	42.53
Ter Leong Tah	6,000,000	4.03	3,676,221	2.47
Existing Shareholders				
Lim Foo Seng	4,560,000	3.06	-	-
Koh Khee Peng	6,000,000	4.03	-	-
JcbNext	14,084,507	9.45	-	-
Total	**134,084,507**	**89.99**	**67,054,279**	**45.00**

The moratorium, which is fully acknowledged by our Promoters and the Existing Shareholders, is specifically endorsed on our share certificates representing their shareholdings to ensure that our share registrar will not register any sale, transfer or assignment that is not in compliance with the above moratorium.

[The rest of this page has been intentionally left blank]

9. FINANCIAL INFORMATION

9.1 Statements of profit and loss and other comprehensive income

The following table sets out our statements of profit and loss and other comprehensive income for FYE 31 December 2015, FYE 31 December 2016 as well as the 9-month period ended 30 September 2016 and 9-month period ended 30 September 2017.

	Audited		Unaudited	
	FYE 31 December 2015 RM'000	**FYE 31 December 2016 RM'000**	**9-month period ended 30 September 2016 RM'000**	**9-month period ended 30 September 2017 RM'000**
Revenue	4,871	7,372	5,473	5,549
Cost of sales	(2,526)	(3,467)	(2,635)	(2,054)
Gross profit	2,345	3,905	2,838	3,495
Other income	691	207	44	34
Administrative and distribution expenses	(1,367)	(1,226)	(1,051)	(1,396)
Other operating expenses	-	(59)	-	-
Profit from operation	1,669	2,827	1,831	2,133
Finance costs	*Neg*[(1)]	-	-	-
PBT	1,668	2,827	1,831	2,133
Taxation	(33)	(7)	(5)	(7)
PAT	**1,635**	**2,820**	**1,826**	**2,126**
EBITDA	1,840	3,116	2,052	2,184
Basic EPS (sen)[(2)]	1.10	1.89	1.23	1.43
Gross profit margin (%)	48.14	52.97	51.85	62.98
PBT margin (%)	34.24	38.35	33.46	38.44
PAT margin (%)	33.57	38.25	33.36	38.31
Effective tax rate (%)	1.98	0.25	0.27	0.33

Notes:

(1) Negligible as the amount is less than RM1,000.

(2) Computed based on PAT divided by enlarged number of Shares after Excluded Issue.

[The rest of this page has been intentionally left blank]

9. FINANCIAL INFORMATION *(CONT'D)*

9.2 Statements of financial position and pro forma statements of financial position

The following table sets out our statements of financial position as at 31 December 2015, 31 December 2016 as well as 30 September 2016 and 30 September 2017.

	Audited		Unaudited	
	As at 31 December		As at 30 September	
	2015 RM'000	2016 RM'000	2016 RM'000	2017 RM'000
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	447	223	236	154
CURRENT ASSETS				
Trade receivables	681	1,459	1,723	1,290
Other receivables, deposit and prepayments	105	20	63	166
Amount owing by contract customers	435	1,494	972	1,562
Current tax assets	163	220	206	40
Fixed deposits with licensed bank	506	1,026	519	1,051
Cash and bank balances	665	2,657	2,591	3,664
Total current assets	**2,555**	**6,876**	**6,074**	**7,773**
TOTAL ASSETS	**3,002**	**7,099**	**6,310**	**7,927**
EQUITY				
Share capital	1,000	1,000	1,000	1,000
Retained earnings	752	2,471	2,078	4,348
TOTAL EQUITY	**1,752**	**3,471**	**3,078**	**5,348**
LIABILITIES				
CURRENT LIABILITIES				
Trade payables	21	1	174	80
Other payables and accruals	690	2,174	1,369	1,867
Amount owing to contract customers	539	1,453	1,689	632
Total current liabilities	**1,250**	**3,628**	**3,232**	**2,579**
TOTAL EQUITY AND LIABILITIES	**3,002**	**7,099**	**6,310**	**7,927**
No. of shares in issue ('000)	1,000	1,000	1,000	1,000
NA per ordinary share (RM)	1.7520	3.4710	3.0780	5.3480

9. FINANCIAL INFORMATION *(CONT'D)*

The following table set out a summary of the pro forma statements of financial position of our Company based on the financial statements of our Company as at 31 December 2016 to show the events subsequent to 31 December 2016 (i.e, dividend payment, Bonus Issue, Share Split and issuance of new Shares) and the pro forma effects of the Excluded Issue.

	As at 31 December 2016 RM'000	As at 30 September 2017 RM'000	Adjusted for subsequent events[(2)] RM'000	After the Excluded Issue[(5)] RM'000
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	223	154	154	154
CURRENT ASSETS				
Trade receivables	1,459	1,290	1,290	1,290
Other receivables, deposit and prepayments	20	166	166	166
Amount owing by contract customers	1,494	1,562	1,562	1,562
Current tax assets	220	40	40	40
Fixed deposits with licensed bank	1,026	1,051	1,051	1,051
Cash and bank balances	2,657	3,664	4,639	7,099
Total current assets	**6,876**	**7,773**	**8,748**	**11,208**
TOTAL ASSETS	**7,099**	**7,927**	**8,902**	**11,362**
EQUITY				
Share capital	1,000	1,000	5,525	7,985
Retained earnings	2,471	4,348[(1)]	798	798
TOTAL EQUITY	**3,471**	**5,348**	**6,323**	**8,783**
LIABILITIES				
CURRENT LIABILITIES				
Trade payables	1	80	80	80
Other payables and accruals	2,174	1,867	1,867	1,867
Amount owing to contract customers	1,453	632	632	632
Total current liabilities	**3,628**	**2,579**	**2,579**	**2,579**
TOTAL EQUITY AND LIABILITIES	**7,099**	**7,927**	**8,902**	**11,362**
No. of shares in issue ('000)	1,000	1,000	136,710	149,010
NA per ordinary share (RM)	3.4710[(3)]	5.3480[(3)]	0.0463[(4)]	0.0589[(6)]

9. FINANCIAL INFORMATION *(CONT'D)*

Notes:

(1) Messrs. Siew Boon Yeong & Associates as the reporting accountants of our Company has confirmed that our Company has adequate retained earnings for the capitalisation of Bonus Issue based on the latest unaudited financial results of our Company for the 9-month period ended 30 September 2017.

(2) Comprise the following:

(i) Dividend payment of RM1.55 million;

(ii) Capitalisation of RM2.0 million of retained earnings via the bonus issue of 2,000,000 Shares on the basis of 2 bonus shares for every 1 Nova Pharma Share which was completed on 8 November 2017;

(iii) Share split involving the subdivision of every 1 Nova Pharma Share after the Bonus Issue into 40 subdivided shares which was completed on 15 November 2017; and

(iv) Issuance of the following:

Investors	***Date***	***No. of Shares***	***Subscription price (RM)***
JcbNext	*29 December 2017*	*14,084,507*	*2,000,000*
Hermansen	*11 January 2018*	*2,625,000*	*525,000*

(3) Based on number of shares in issue as at 31 December 2016 and 30 September 2017, respectively.

(4) Based on number of shares in issue as at the LPD.

(5) After the issuance of 12,300,000 Nova Pharma Shares but before the utilisation of proceeds.

(6) Based on number of shares in issue after the Proposed Listing.

[The rest of this page has been intentionally left blank]

9. FINANCIAL INFORMATION *(CONT'D)*

9.3 Statements of cash flows

The following table sets out our statements of cash flows for the FYE 31 December 2015, 31 December 2016 as well as 9-month period ended 30 September 2016 and 9-month period ended 30 September 2017.

	Audited		Unaudited	
	FYE 31 December 2015 RM'000	**FYE 31 December 2016 RM'000**	**9-month period ended 30 September 2016 RM'000**	**9-month period ended 30 September 2017 RM'000**
Cash flows from operating activities				
Profit before taxation	1,668	2,827	1,831	2,133
Adjustments for:				
Depreciation of property, plant and equipment	189	316	238	85
Interest expense	Neg[(1)]	-	-	-
Interest income	(17)	(27)	(16)	(34)
Reversal of impairment loss on trade receivables	(256)	-	-	-
Unrealised (gain) / loss on foreign exchange	(238)	(180)	(28)	164
Operating profit before working capital changes	1,346	2,936	2,025	2,348
Decrease / (Increase) in receivables	273	(1,719)	(1,535)	(82)
(Decrease) / Increase in payables	(303)	1,778	1,980	(447)
Cash generated from operations	1,316	2,995	2,470	1,819
Interest received	17	27	16	34
Tax (paid) / refund	(246)	(64)	(48)	173
Net cash generated from operating activities	**1,087**	**2,958**	**2,438**	**2,026**
Cash flows from investing activities				
Purchase of property, plant and equipment	(281)	(92)	(26)	(16)
Net cash used in investing activities	**(281)**	**(92)**	**(26)**	**(16)**
Cash flows from financing activities				
Dividend paid	(2,200)	(500)	(500)	(850)
Interest paid	Neg[(1)]	-	-	-
Repayment of hire purchase payable	(90)	-	-	-
Net cash used in financing activities	**(2,290)**	**(500)**	**(500)**	**(850)**
Net (decrease) / increase in cash and cash equivalents	**(1,484)**	**2,366**	**1,912**	**1,160**
Effect of foreign exchange rate changes	232	146	27	(128)
Cash and cash equivalents at the beginning of the financial year / period	2,423	1,171	1,171	3,683
Cash and cash equivalents at the end of the financial year / period	**1,171**	**3,683**	**3,110**	**4,715**

Note:

(1) Negligible as the amount is less than RM1,000.

10. MANAGEMENT DISCUSSION AND ANALYSIS

The following discussion and analysis of our past financial condition and results of operations should be read in conjunction with the historical financial information as set out in Section 9 of this Information Memorandum.

This discussion and analysis contains forward-looking statements that involve risks and uncertainties. Our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed below or elsewhere in this Information Memorandum, particularly in the section entitled "Risk Factors" set out in Section 6 of this Information Memorandum.

10.1 Overview

We are principally involved in the provision of engineering solutions for the pharmaceutical and biotechnology industries. Please refer to Section 5.1 of this Information Memorandum for further detail of our services.

Geographically, our revenue for the FYE 31 December 2016 and 9-month period ended 30 September 2017 are mainly from Malaysia and Taiwan.

10.2 Revenue

Our revenue is derived mainly from engineering solutions services based on project basis of which each project's duration may span from few months up to not more than 36 months.

Our revenue for the past 2 FYEs 31 December 2015 and 31 December 2016 as well as the 9-month period ended 30 September 2016 and 9-month period ended 30 September 2017 are analysed as follows:

(i) Revenue by business activities

Design fee	Comprise conceptual designs which include user requirement specification, capacity analysis and process scheduling with detailed costing, list of deliverables, details specification of various equipment and processes as well as authorities' compliance requirements.
Post design fee	Comprise tendering and procurement support as well as construction of plant.
Other support fee	Comprise of services to assist customer in the GMP document review and gap analysis and assessment.

	FYE 31 December				9-month period ended 30 September			
	2015		2016		2016		2017	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Design fee	4,794	98.42	6,246	84.73	4,716	86.17	4,240	76.41
Post design fee	-	-	1,104	14.98	735	13.43	1,093	19.70
Other support fee	77	1.58	22	0.29	22	0.40	216	3.89
Total	**4,871**	**100.00**	**7,372**	**100.00**	**5,473**	**100.00**	**5,549**	**100.00**

10. MANAGEMENT DISCUSSION AND ANALYSIS *(CONT'D)*

(ii) Revenue by industry

The table below set forth the breakdown of our revenue by industry:

	FYE 31 December				9-month period ended 30 September			
	2015		2016		2016		2017	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Pharmaceutical	3,435	70.52	4,612	62.56	3,109	56.81	2,260	40.73
Biotechnology	1,436	29.48	2,760	37.44	2,364	43.19	3,289	59.27
Total	**4,871**	**100.00**	**7,372**	**100.00**	**5,473**	**100.00**	**5,549**	**100.00**

(iii) Revenue by geographical location

The table below set forth the breakdown of our revenue by geographical location:

	FYE 31 December				9-month period ended 30 September			
	2015		2016		2016		2017	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Malaysia	991	20.34	4,473	60.68	2,970	54.27	2,492	44.91
Taiwan	1,452	29.81	2,754	37.36	2,358	43.08	2,839	51.16
Indonesia	2,428	49.85	145	1.96	145	2.65	-	-
Thailand	-	-	-	-	-	-	218	3.93
Total	**4,871**	**100.00**	**7,372**	**100.00**	**5,473**	**100.00**	**5,549**	**100.00**

FYE 31 December 2016 as compared to FYE 31 December 2015

Our revenue increased by approximately RM2.50 million or 51.33% from RM4.87 million in the FYE 31 December 2015 to RM7.37 million in the FYE 31 December 2016 due to higher contribution from Malaysia and Taiwan.

The increase of revenue in the FYE 31 December 2016 was mainly due to:

(i) 6 new projects secured in FYE 31 December 2016 and 3 on-going projects which were secured in the FYE 31 December 2015 in Malaysia as compared to 4 projects in the FYE 31 December 2015. The projects secured in the FYE 31 December 2015 were lower as the previous management of our Company was in the midst of finalising the terms and conditions of the MBO which includes the identification of territories for marketing and project execution during the 1st quarter of the FYE 31 December 2015;

(ii) further expansion of our business into Taiwan where we secured 4 new projects subsequent to the MBO, of which majority of the revenue for the projects were recognised in the FYE 31 December 2016 based on the progress billings of the projects; and

(iii) contribution of revenue of approximately RM1.1 million from post design segment which we had started to embark on during the FYE 31 December 2016. The main post design projects undertaken during the FYE 31 December 2016 are pharmaceutical warehousing as well as certification of completion and compliance for an oral solid dosage plant in Malaysia.

Notwithstanding the above, the increase of revenue in the FYE 31 December 2016 was off-set with lower revenue generated from Indonesia as we focused mainly in Malaysia and Taiwan subsequent to the MBO.

10. MANAGEMENT DISCUSSION AND ANALYSIS *(CONT'D)*

9-month period ended 30 September 2017 as compared to 9-month period ended 30 September 2016

Our revenue increased marginally by approximately RM0.08 million or 1.46% from RM5.47 million in the 9-month period ended 30 September 2016 to RM5.55 million in the 9-month period ended 30 September 2017 mainly due to higher contribution from an existing biotechnology project in Taiwan and a new biotechnology project in Thailand.

10.3 Cost of sales

Our cost of sales mainly comprise of consultancy fees which accounted to 74.47%, 67.96%, 70.55% and 66.07% of our cost of sales for financial years/periods under review. The consultancy fees were mainly due the engagement of other engineering services which are not the core area of services provided by our Company such as civil, structural, mechanical and electrical services. As such, the respective service providers will be engaged to complement our services to complete our projects. In addition, we also procure foreign experts who have the relevant expertise in particular biotechnology process to complement our service.

Our staff costs are computed based on the amount of time (i.e., billable hours) our engineers spent in the execution of projects secured.

The table below set forth the breakdown of our cost of sales for the financial years/periods under review:

	FYE 31 December				9-month period ended 30 September			
	2015		2016		2016		2017	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Consultancy fees	1,881	74.47	2,356	67.96	1,859	70.55	1,357	66.07
Travelling and accommodation	102	4.04	70	2.02	80	3.04	90	4.38
Staff cost	533	21.10	1,027	29.62	696	26.41	607	29.55
Others	10	0.39	14	0.40	-	-	-	-
Total	**2,526**	**100.00**	**3,467**	**100.00**	**2,635**	**100.00**	**2,054**	**100.00**

The cost of sales analysis by business activities and geographical locations for the financial years/ periods under review is not presented as we do not maintain such information.

The cost of sales analysis by industry is as follows:

	FYE 31 December				9-month period ended 30 September			
	2015		2016		2016		2017	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Pharmaceutical	2,120	83.93	2,312	66.69	1,511	57.34	1,068	52.00
Biotechnology	406	16.07	1,155	33.31	1,124	42.66	986	48.00
Total	**2,526**	**100.00**	**3,467**	**100.00**	**2,635**	**100.00**	**2,054**	**100.00**

FYE 31 December 2016 as compared to FYE 31 December 2015

Our cost of sales increased by approximately RM0.94 million or 37.15% from RM2.53 million in the FYE 31 December 2015 to RM3.47 million in the FYE 31 December 2016 mainly due to the increase in consultancy fees which is in tandem with the increase in our revenue. In addition, our number of engineers and technician increased from 9 in the FYE 31 December 2015 to 13 in the FYE 31 December 2016 to facilitate the increase in our number of projects.

10. MANAGEMENT DISCUSSION AND ANALYSIS *(CONT'D)*

9-month period ended 30 September 2017 as compared to 9-month period ended 30 September 2016

Our cost of sales decreased by approximately RM0.59 million or 22.35% from RM2.64 million in the 9-month period ended 30 September 2016 to RM2.05 million in the 9-month period ended 30 September 2017 mainly due to lower consultancy fee in the 9-month period ended 30 September 2017 of RM1.36 million (9-month period ended 30 September 2016: RM1.86 million) as a result of discontinuation of the recruitment of foreign expertise from NNE for new projects undertaken subsequent to the MBO. As part of the on-going projects in the 9-month period ended 30 September 2016 were secured prior to the MBO, the consultancy fees for the 9-month period ended 30 September 2016 consist of engineering consultancy fees to NNE. Subsequent to the MBO, we manage to engage other foreign experts which are more cost competitive.

10.4 Gross profit and gross profit margin

The table below set forth the breakdown of our gross profit by industry:

	FYE 31 December				9-month period ended 30 September			
	2015		2016		2016		2017	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Pharmaceutical	1,315	56.08	2,300	58.90	1,598	56.30	1,192	34.11
Biotechnology	1,030	43.92	1,605	41.10	1,240	43.70	2,303	65.89
Total	**2,345**	**100.00**	**3,905**	**100.00**	**2,838**	**100.00**	**3,495**	**100.00**

The table below set forth the breakdown of our gross profit margin by industry:

	FYE 31 December		9-month period ended 30 September	
	2015	2016	2016	2017
	%	%	%	%
Pharmaceutical	38.28	49.87	51.40	52.74
Biotechnology	71.73	58.15	52.45	70.02
Overall	48.14	52.97	51.85	62.98

FYE 31 December 2015 as compared to FYE 31 December 2016

Our gross profit increased by approximately RM1.56 million or 66.38% from RM2.35 million in the FYE 31 December 2015 to RM3.91 million in the FYE 31 December 2016 mainly due to significant increase in our revenue and better cost control such as engagement of new foreign experts which are more cost competitive. Accordingly, our overall gross profit margin improved from 48.14% in the FYE 31 December 2015 to 52.97% in the FYE 31 December 2016. Notwithstanding the above, the gross profit margin from the biotechnology industry decreased from 71.73% in the FYE 31 December 2015 to 58.15% in the FYE 31 December 2016. The higher gross profit margin in the FYE 31 December 2015 was contributed by a project in relation to parenteral drug manufacturing plant with higher margin in Taiwan. The project was completed in the FYE 31 December 2015.

9-month period ended 30 September 2017 as compared to 9-month period ended 30 September 2016

Our gross profit increased by approximately RM0.66 million or 23.24% from RM2.84 million in the 9-month period ended 30 September 2016 to RM3.50 million in the 9-month period ended 30 September 2017 mainly due to:

10. MANAGEMENT DISCUSSION AND ANALYSIS *(CONT'D)*

(i) decrease in cost of sales as a result of discontinuation of foreign expertise from NNE and engagement of other foreign expertise which is more cost competitive for projects secured after the MBO; and

(ii) higher gross profit margin from a sizeable biotechnology project secured in Taiwan with contract value of USD380,000.

The lower gross profit margin for the biotechnology segment for the 9-month period ended 30 September 2016 was mainly due to the outsourcing of certain works for a project in Taiwan to foreign external consultant.

10.5 Other income

The table below set forth the breakdown of our other income for the financial years/periods under review:

	FYE 31 December				9-month period ended 30 September			
	2015		2016		2016		2017	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Interest income	17	2.46	27	13.04	16	36.36	34	100.00
Realised gain on foreign exchange	180	26.05	-	-	-	-	-	-
Unrealised gain on foreign exchange	238	34.44	180	86.96	28	63.64	-	-
Allowance for impairment loss no longer required	256	37.05	-	-	-	-	-	-
Total	**691**	**100.00**	**207**	**100.00**	**44**	**100.00**	**34**	**100.00**

FYE 31 December 2016 as compared to FYE 31 December 2015

Our other income decreased by RM0.48 million or 69.57% from RM0.69 million in the FYE 31 December 2015 to RM0.21 million in the FYE 31 December 2016 mainly due to:

(i) Absent of realised gain on foreign exchange of RM0.18 million;

(ii) Lower unrealised gain on foreign exchange of RM0.06 million; and

(iii) Absent of allowance for impairment loss no longer required of RM0.26 million. The allowance for impairment loss no longer required in the FYE 31 December 2015 was derived from the provision of doubtful debt in the FYE 31 December 2014 which was subsequently recovered in the FYE 31 December 2015.

9-month period ended 30 September 2017 as compared to 9-month period ended 30 September 2016

The higher other income in 9-month period ended 30 September 2016 was mainly due to unrealised gain on foreign exchange.

10. MANAGEMENT DISCUSSION AND ANALYSIS *(CONT'D)*

10.6 Administrative and distribution expenses

The table below set forth the breakdown of our administrative and distribution expenses for the financial years/periods under review:

	FYE 31 December				9-month period ended 30 September			
	2015		2016		2016		2017	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Staff cost	933	68.25	646	52.69	564	53.66	877	62.82
Depreciation	189	13.83	316	25.77	238	22.65	85	6.09
Rental of premises	70	5.12	70	5.71	52	4.95	55	3.94
Other expenses	175	12.80	194	15.83	197	18.74	379	27.15
Total	**1,367**	**100.00**	**1,226**	**100.00**	**1,051**	**100.00**	**1,396**	**100.00**

FYE 31 December 2016 as compared to FYE 31 December 2015

Our administrative and distribution expenses decreased by approximately RM0.14 million or 10.22% from RM1.37 million in the FYE 31 December 2015 to RM1.23 million in the FYE 31 December 2016 mainly due to the decrease in staff cost from RM0.93 million in the FYE 31 December 2015 to RM0.65 million in the FYE 31 December 2016. The staff costs in the FYE 31 December 2016 were lower as the billable hours of engineers and technicians spent on the execution of projects were higher (i.e., higher staff cost classified under cost of sales to facilitate the increase in our number of projects).

9-month period ended 30 September 2017 as compared to 9-month period ended 30 September 2016

For 9-month period ended 30 September 2017, our administrative and distribution expenses increased by RM0.35 million or 32.83% as compared to the 9-month period ended 30 September 2016 mainly due to increase in staff cost as a result of lower billable hours of engineers and technician spent on the execution of projects (i.e., lower staff cost classified under cost of sales).

10.7 PAT and PAT margin

The table below set forth the PAT and PAT margin for the financial years/periods under review:

	FYE 31 December		9-month period ended 30 September	
	2015	2016	2016	2017
	RM'000	RM'000	RM'000	RM'000
PAT	1,635	2,820	1,826	2,126
PAT margin (%)	33.57	38.25	33.36	38.31

FYE 31 December 2016 as compared to FYE 31 December 2015

Our PAT increased by approximately RM1.18 million or 71.95% from RM1.64 million in the FYE 31 December 2015 to RM2.82 million in the FYE 31 December 2016 mainly due to higher revenue and gross profit from pharmaceutical and biotechnology projects as explained above.

9-month period ended 30 September 2017 as compared to 9-month period ended 30 September 2016

Our PAT increased by approximately RM0.30 million or 16.39% from RM1.83 million in the 9-month period ended 30 September 2016 to RM2.13 million in the 9-month period ended 30 September 2017 mainly due to higher revenue and gross profit from the biotechnology projects as well as lower cost of sales as explained above.

10. MANAGEMENT DISCUSSION AND ANALYSIS *(CONT'D)*

10.8 Significant factors affecting our financial position and results of operations

Our Board has observed that based on the revenue and operations of our Group for the past financial years/periods under review, the following trends may continue to affect our business:

(i) Demand for our services

The demand for our services is dependent on the demand for the setting up and upgrading of pharmaceutical and biotechnology plants According to the IMR Report, Protégé Associates projected the pharmaceutical and biotechnology industries in Malaysia to expand from RM10.18 billion in 2016 to RM16.62 billion in 2021, representing a CAGR of 10.3% during the period while the engineering solutions market that targets the pharmaceutical and biotechnology industries in Malaysia is projected to expand from RM171.1 million in 2016 to RM323.0 million in 2021, representing a CAGR of 13.5% during the period. Strong government support and active contribution from private sector growth are expected to be the main catalysts for its growth.

Meanwhile, Protégé Associates projected the biotechnology industry (inclusive of pharmaceutical, applied biotechnology and medical device sector) in Taiwan to expand from NTD315.0 billion in 2016 to NTD424.5 billion in 2021, representing a CAGR of 6.1% during the period. The total investment value in the biotechnology industry stood at NTD50.94 billion in 2016. The investment value in the pharmaceutical, applied biotechnology and medical devices stood at NTD19.55 billion, NTD11.48 billion and NTD19.91 billion respectively, for 2016. These investments are expected to provide further impetus for the growth in the demand for engineering solutions services in Taiwan.

(ii) Competition

Our financial condition and results of operations will be affected by our ability to address the competitive pressures in the industry that we operate in. This in turn is characterised by factors such as the existing competitive intensity among the industry players as well as the threat of new entrants.

Currently, our services focus mainly in the processing engineering segment which is a highly specialise areas of pharmaceutical and biotechnology industries. We have established notable track records in Malaysia, Taiwan and other countries in South East Asia such as Indonesia. Our Company was conferred with MSC status in 2014 which is recognition of our engineering knowledge skills in the pharmaceutical and biotechnology industries.

Further details of our competitive strengths and competitors are set out in Section 5.4 and Section 7 of this Information Memorandum.

(iii) Manpower availability

Our services are largely dependent on the availability of our engineering manpower to carry out the execution of our projects. Any shortage of engineering manpower may interrupt the execution of our projects which ultimately translates to lower revenue as a result of lower billable deliverables.

For the financial years/periods under review, we have not encountered insufficient engineering manpower nor have we experienced any difficulties in the recruitment and retention of experienced staff. Furthermore, it is our long-term policy to train, develop and equip our employees with all the necessary skills and knowledge through continuous training and development.

10. MANAGEMENT DISCUSSION AND ANALYSIS *(CONT'D)*

(iv) Foreign exchange fluctuations

We may be exposed to foreign currency risk as our revenue from overseas' projects are invoiced in USD while our cost of sales are made in RM and USD. As such any adverse impact of the exchange rates for payment in USD is partially offset by our invoicing in USD to our customers. We believe that we are able to pass on any adverse exchange rates to our overseas customers in our pricing which is billable in USD, in order to maintain our gross profit margin and remain competitive.

The breakdown of our revenue and cost of sales denominated in RM and USD for the FYE 31 December 2016 and 9-month period ended 30 September 2017 is as follows:

Revenue	**FYE 31 December 2016**	**9-month period ended 30 September 2017**
RM	60.67%	44.91%
USD	39.33%	55.09%

Cost of sales	**FYE 31 December 2016**	**9-month period ended 30 September 2017**
RM	66.03%	55.92%
USD	33.97%	44.08%

(v) Tax incentive

We were granted with the Pioneer Status by MIDA and is exempted from income tax in respect of promoted activity or promoted products for a period of 5 years from 10 November 2014 to 9 November 2019. This has largely contributed to our relatively low effective tax rate of 1.98%, 0.25%, 0.27% and 0.33% for the FYE 31 December 2015, FYE 31 December 2016, 9-month period ended 30 September 2016 and 9-month period ended 30 September 2017, respectively. The tax expenses incurred during the financial years/periods under review were due to interest income from fixed deposits.

10.9 Order book

We do not enter into long term contract with our customers. Our order may change at any particular point in time as a result of additions, deferral or rescheduling of our services. As such, our order book as at any particular point in time may not be fulfilled and recognised as revenue. As at the LPD, our order book stood at approximately RM10.14 million.

[The rest of this page has been intentionally left blank]

11. OTHER INFORMATION

11.1 Material contracts

There are no contracts which are or may be material (not being contracts entered into in the ordinary course of business) which have been entered by our Company within the 2 years immediately preceding the date of this Information Memorandum.

11.2 Material litigation and contingent liabilities

As at the LPD, we are not engaged in any material litigation, claims or arbitration either as plaintiff or defendant and our Board does not know of any proceeding pending or threatened or of any fact likely to give rise to any proceeding which might materially or adversely affect our position or business.

As at the LPD, there is no contingent liability which, upon becoming enforceable, may have a material impact on our financial position and business.

11.3 Declaration by advisers

(i) TA Securities confirms that there is no existing or potential conflict of interest in relation to its capacity as the Approved Adviser, Continuing Adviser and Placement Agent pursuant to our Proposed Listing.

(ii) Siew Boon Yeong & Associates confirms that there is no existing or potential conflict of interests in its capacity as the Auditors and Reporting Accountants for our Proposed Listing.

(iii) Olivia Lim & Co confirms that there is no existing or potential conflict of interest in relation to its capacity as the Solicitors for our Proposed Listing.

(iv) Protégé Associates Sdn Bhd confirms that there is no existing or potential conflict of interest in relation to its capacity as the Independent Market Researcher.

11.4 Responsibility statements

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

TA Securities, being the Approved Adviser, Continuing Adviser and Placement Agent acknowledge that, based on all available information and to the best of their knowledge and belief, this Information Memorandum constitutes a full and true disclosure of all material facts concerning our Proposed Listing.

[The rest of this page has been intentionally left blank]

APPENDIX I

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS OF NOVA PHARMA SOLUTIONS BERHAD FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

APPENDIX II

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 9-MONTH PERIOD ENDED 30 SEPTEMBER 2017