



## UMEDIC GROUP BERHAD

Registration No. 202101015347 (1415647-D)  
(Incorporated in Malaysia under the Companies Act 2016)

INITIAL PUBLIC OFFERING ("IPO") IN CONJUNCTION WITH THE LISTING OF UMEDIC GROUP BERHAD ("UMC") ON THE ACE MARKET OF BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES") COMPRISING THE PUBLIC ISSUE OF 97,224,300 NEW ORDINARY SHARES IN UMC ("IPO SHARES") IN THE FOLLOWING MANNER:

- (i) 18,695,500 IPO SHARES AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;
- (ii) 13,086,800 IPO SHARES AVAILABLE FOR APPLICATION BY OUR ELIGIBLE DIRECTORS, EMPLOYEES AND BUSINESS ASSOCIATES WHO HAVE CONTRIBUTED TO THE SUCCESS OF UMC AND ITS SUBSIDIARIES; AND
- (iii) 65,442,000 IPO SHARES BY WAY OF PRIVATE PLACEMENT TO SELECTED INVESTORS

AT AN IPO PRICE OF RM0.32 PER IPO SHARE PAYABLE IN FULL UPON APPLICATION

Principal Adviser, Sponsor, Sole Placement Agent and  
Sole Underwriter



AFFIN HWANG INVESTMENT BANK BERHAD  
(Registration No. 197301000792 (14389-U))  
(A Participating Organisation of Bursa Malaysia Securities Berhad)

THIS PROSPECTUS IS DATED 6 JULY 2022



UMEDIC GROUP BERHAD

PROSPECTUS



### HEADQUARTERS

PMT 790, Jalan Cassia Selatan 5/2  
Taman Perindustrian Batu Kawan  
14110 Bandar Cassia, Penang

TEL : +604-589 9676  
FAX : +604-589 9677  
EMAIL : ir@umedic.com.my

"The images above depict the medical devices distributed and medical consumables manufactured by UMediC Group Berhad. Consent has been obtained from our suppliers/principals to feature the images of the medical devices in this Prospectus."

THE ACE MARKET IS AN ALTERNATIVE MARKET DESIGNED PRIMARILY FOR EMERGING CORPORATIONS THAT MAY CARRY HIGHER INVESTMENT RISK WHEN COMPARED WITH LARGER OR MORE ESTABLISHED CORPORATIONS LISTED ON THE MAIN MARKET. THERE IS ALSO NO ASSURANCE THAT THERE WILL BE A LIQUID MARKET IN THE SHARES OR UNITS OF SHARES TRADED ON THE ACE MARKET. YOU SHOULD BE AWARE OF THE RISKS OF INVESTING IN SUCH CORPORATIONS AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION.

THE ISSUE, OFFER OR INVITATION FOR THE OFFERING IS A PROPOSAL NOT REQUIRING APPROVAL, AUTHORISATION OR RECOGNITION OF THE SECURITIES COMMISSION MALAYSIA ("SC") UNDER SECTION 212(8) OF THE CAPITAL MARKETS AND SERVICES ACT 2007 ("CMSA").

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

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

FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" COMMENCING ON PAGE 187 OF THIS PROSPECTUS.

THIS PROSPECTUS HAS BEEN REGISTERED BY THE SC. THE REGISTRATION OF THIS PROSPECTUS, SHOULD NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS THE OFFERING OR ASSUMES RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENT MADE, OPINION EXPRESSED OR REPORT CONTAINED IN THIS PROSPECTUS. THE SC HAS NOT, IN ANY WAY, CONSIDERED THE MERITS OF THE SECURITIES BEING OFFERED FOR INVESTMENT.

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

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

### **RESPONSIBILITY STATEMENTS**

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

Affin Hwang IB, being our Principal Adviser, Sponsor, Sole Placement Agent and Sole Underwriter, acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning the offering.

### **STATEMENTS OF DISCLAIMER**

Approval has been granted by Bursa Securities for the listing and quotation of our Shares being offered. Admission to the Official List of Bursa Securities is not to be taken as an indication of the merits of our IPO, our Company or our Shares.

Bursa Securities is not liable for any non-disclosure on our part and takes no responsibility for the contents of this Prospectus, makes no representation as to its accuracy or completeness and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Prospectus.

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

### **OTHER STATEMENTS**

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

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

This Prospectus is prepared and published solely in connection with the offering under the laws of Malaysia. Our Shares are offered in Malaysia solely based on the contents of this Prospectus. Our Company, our Promoters and our Principal Adviser, Sponsor, Sole Placement Agent and Sole Underwriter have not authorised anyone to provide you with information which is not contained in this Prospectus.

This Prospectus has not been and will not be made to comply with the laws of any jurisdiction other than Malaysia, and has not been and will not be lodged, registered or approved pursuant to or under any applicable securities or equivalent legislation or with or by any regulatory authority or other relevant body of any jurisdiction other than Malaysia.

The distribution of this Prospectus and the offering are subject to the laws of Malaysia. Our Company, our Promoters and our Principal Adviser, Sponsor, Sole Placement Agent and Sole Underwriter take no responsibility for the distribution of this Prospectus (in preliminary or final form) outside Malaysia. No action has been taken to permit a public offering of the securities of our Company based on this Prospectus or the distribution of this Prospectus outside Malaysia.

This Prospectus may not be used for the purpose of and does not constitute an offer to sell or an invitation to buy the securities offered under the offering in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or is unlawful. This Prospectus shall also not be used to make an offer of or invitation to buy the securities offered under the offering to any person to whom it is unlawful to do so. Our Company, our Promoters and our Principal Adviser require you to inform yourselves of and to observe such restrictions.

We will not, prior to acting on any acceptance in respect of the offering, make or be bound to make any enquiry as to whether you have a registered address in Malaysia and will not accept or be deemed to accept any liability in relation thereto whether or not any enquiry or investigation is made in connection therewith. It shall be your sole responsibility, if you are or may be subject to the laws of any countries or jurisdictions other than Malaysia, to consult your legal and/or other professional advisers as to whether your application for the offering would result in the contravention of any law of such country or jurisdiction which you may be subject to. Neither we nor our Principal Adviser, Sponsor, Sole Placement Agent and Sole Underwriter nor any other advisers in relation to the offering shall accept any responsibility or liability in the event that any application made by you shall become illegal, unenforceable, voidable or void in any such country or jurisdiction.

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

### ELECTRONIC PROSPECTUS

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

You are advised that the internet is not a fully secured medium and that your Internet Share Application may be subject to risks of problems occurring during data transmission, computer security threats such as viruses, hackers and crackers, faults with computer software and other events beyond the control of the Internet Participating Financial Institutions. These risks cannot be borne by the Internet Participating Financial Institutions.

If you are in doubt of the validity or integrity of an electronic Prospectus, you should immediately request from us, our Principal Adviser or our Issuing House, a paper/ printed copy of this Prospectus. In the event of any discrepancies arising between the contents of the electronic Prospectus and the contents of the paper/printed copy of this Prospectus for any reason whatsoever, the contents of the paper/printed copy of this Prospectus, which are identical to the copy of the Prospectus registered with the SC, shall prevail.

In relation to any reference in this Prospectus to third party internet sites (referred to as "**Third Party Internet Sites**") whether by way of hyperlinks or by way of description of the Third Party Internet Sites, you acknowledge and agree that:

- (i) we and our Principal Adviser do not endorse and are not affiliated in any way with the Third Party Internet Sites and are not responsible for the availability of, or the contents or any data, information, files or other material provided on the Third Party Internet Sites. You shall bear all risks associated with the access to or use of the Third Party Internet Sites;
- (ii) we and our Principal Adviser are not responsible for the quality of products or services in the Third Party Internet Sites, particularly in fulfilling any of the terms of any of your agreements with the Third Party Internet Sites. We and our Principal Adviser are also not responsible for any loss or damage or costs that you may suffer or incur in connection with or as a result of dealing with the Third Party Internet Sites or the use of or reliance on any data, information, files or other material provided by such parties; and

- (iii) any data, information, files or other material downloaded from the Third Party Internet Sites is done at your own discretion and risk. We and our Principal Adviser are not responsible, liable or under obligation for any damage to your computer systems or loss of data resulting from the downloading of any such data, information, files or other material.

Where an electronic Prospectus is hosted on the website of the Internet Participating Financial Institutions, you are advised that:

- (i) the Internet Participating Financial Institutions are only liable in respect of the integrity of the contents of an electronic Prospectus, to the extent of the contents of the electronic Prospectus situated on the web server of the Internet Participating Financial Institutions which may be viewed through web browser or other relevant software. The Internet Participating Financial Institutions shall not be responsible for the integrity of the contents of an electronic Prospectus which has been downloaded or otherwise obtained from the web server of the Internet Participating Financial Institutions, and subsequently communicated or disseminated in any manner to you or other parties; and
- (ii) while all reasonable measures have been taken to ensure the accuracy and reliability of the information provided in an electronic Prospectus, the accuracy and reliability of an electronic Prospectus cannot be guaranteed because the internet is not a fully secured medium.

The Internet Participating Financial Institutions shall not be liable (whether in tort or contract or otherwise) for any loss, damage or cost, you or any other person may suffer or incur due to, as a consequence of or in connection with any inaccuracies, changes, alterations, deletions or omissions in respect of the information provided in an electronic Prospectus which may arise in connection with or as a result of any fault or faults with web browsers or other relevant software, any fault or faults on your or any third party's personal computer, operating system or other software, viruses or other security threats, unauthorised access to information or systems in relation to the website of the Internet Participating Financial Institutions, and/or problems occurring during data transmission, which may result in inaccurate or incomplete copies of information being downloaded or displayed on your personal computer.

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**INDICATIVE TIMETABLE**

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The indicative timetable for our IPO is set out below:

<b>Event</b>	<b>Time / date</b>
Opening of application for our IPO Shares	10.00 a.m., 6 July 2022
Closing of application for our IPO Shares	5.00 p.m., 13 July 2022
Balloting of applications for our IPO Shares	18 July 2022
Allotment of our IPO Shares to successful applicants	25 July 2022
Listing	26 July 2022

If there is any change to the timetable, we will advertise the notice of changes in widely circulated English and Bahasa Malaysia daily newspapers within Malaysia and announce it on Bursa Securities' website accordingly.

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## PRESENTATION OF INFORMATION

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All references to “our Company” or “UMC” in this Prospectus are to UMediC Group Berhad. All references to “our Group” or “UMC Group” in this Prospectus are to our Company and our subsidiaries collectively. All references to “we”, “us”, “our” and “ourselves” in this Prospectus are to our Company and where the context otherwise requires, shall include our subsidiaries. Unless the context otherwise requires, references to “Management” in this Prospectus are to our Directors and Key Senior Management as at the date of this Prospectus, and statements to our beliefs, expectations, estimates and opinions are those of our Management.

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

All references to the “LPD” in this Prospectus are to 31 May 2022, being the latest practicable date prior to the registration of this Prospectus with the SC.

Other abbreviations and acronyms used in this Prospectus are defined in the “Definitions” section and technical terms used in this Prospectus are defined in the “Glossary of Technical Terms” section. Words denoting the singular shall, where applicable, include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine and/or neuter genders and vice versa. Any reference to persons shall, where applicable, include companies and corporations.

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

All references to times and dates in this Prospectus are references to times and dates in Malaysia, unless otherwise stated.

Certain amounts and percentage figures included in this Prospectus have been subjected to rounding adjustments. As a result, any discrepancy in the tables or charts between the amounts listed and totals in this Prospectus is due to rounding. Where information is presented in thousands or millions of units, amounts may have been rounded up or down.

This Prospectus includes statistical data provided by us and various third parties and cites third party projections regarding growth and performance of the industry in which we operate as well as our estimated market share in the industry in which we operate. This data is taken or derived from information published by industry sources and from our internal data. In each such case, the source is stated in this Prospectus, provided that where no source is stated, it can be assumed that the information originates from us or is extracted from the Independent Market Researcher Report (“**IMR Report**”) prepared by Protégé Associates Sdn Bhd (“**Protégé**”), an independent market researcher, as included in Section 7 of this Prospectus. In compiling their data for the review, Protégé had relied on its research methodology, industry sources, published materials, their private databanks and direct contacts within the industry. Further, third party projections, including the projections from the IMR Report, cited in this Prospectus are subject to uncertainties that could cause actual data to differ materially from the projected figures. We cannot give any assurance that the projected figures will be achieved and you should not place undue reliance on the statistical data and third party projections cited in this Prospectus.

If there are any discrepancies or inconsistencies between the English and Malay versions of this document, the English version shall prevail. The information on our website or any website, directly or indirectly, linked to such website does not form part of this Prospectus and you should not rely on the information for the purpose of your decision whether or not to invest in our Shares.

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**FORWARD LOOKING STATEMENTS**

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This Prospectus contains forward-looking statements. All statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding our financial position, business strategies and prospects are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or industry results to be materially different from any future result, performance or achievements, or industry result expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance.

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

- (i) the general industry environment, including the demand for and supply of our products;
- (ii) our future overall business development and operations plans;
- (iii) our business strategies, trends and competitive position and the effect of such competition;
- (iv) potential growth opportunities;
- (v) our financial performance and financing plan including future earnings, cash flows and liquidity; and
- (vi) the regulatory environment and the effects of future regulation.

Factors that could cause our actual results, performance or achievements to differ materially from those expressed or implied in the forward-looking statements in this Prospectus include those discussed in Section 8 of this Prospectus on “Risk Factors” and Section 11.3.2 of this Prospectus on “Significant Factors Affecting our Financial Condition and Results of Operations”. We cannot give any assurance that the forward-looking statements made in this Prospectus will be realised. Such forward-looking statements are made based on information available to us as at the LPD and made only as at the LPD.

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

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## DEFINITIONS

Unless the context otherwise requires, the following definitions shall apply throughout this Prospectus:

ACE Market	: ACE Market of Bursa Securities
Acquisitions	: Actimed Acquisition, Evo Medik Acquisition, U Medihealth Acquisition, UMediC Acquisition, UWHC Acquisition and UWHM Acquisition, collectively
Act	: Companies Act 2016
Actimed Acquisition	: The acquisition by UMC of the entire issued share capital of Actimed from Dato' Ng Chai Eng, Lim Taw Seong, Lau Chee Kheong, Lim Suat Gim and Kong Yoen Hoo for a purchase consideration of RM1,498,520, which was satisfied via the issuance of 29,970,400 new Shares at an issue price of RM0.05 per Share. The Actimed Acquisition was completed on 28 September 2021
ADA	: Authorised Depository Agent
Admission	: Admission of our Shares to the Official List
Affin Hwang IB, Principal Adviser, Sponsor, Sole Placement Agent or Sole Underwriter	: Affin Hwang Investment Bank Berhad (Registration No. 197301000792 (14389-U))
Application	: Application for our IPO Shares by way of Application Form, Electronic Share Application or Internet Share Application
Application Form	: Application form for the application of our IPO Shares
ATM	: Automated teller machine
Authorised Financial Institution(s)	: Authorised financial institution(s) participating in the Internet Share Application in respect of the payment for our IPO Shares
Batu Kawan Land	: A double-storey office building annexed with a single-storey factory building on a leasehold land known as PMT 790, Jalan Cassia Selatan 5/2, Taman Perindustrian Batu Kawan, 14110 Bandar Cassia, Pulau Pinang
Board	: Board of Directors of our Company
Bursa Depository	: Bursa Malaysia Depository Sdn Bhd (Registration No. 198701006854 (165570-W))
Bursa Securities	: Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))

**DEFINITIONS (CONT'D)**

BSI	: BSI Assurance UK Limited
By-Laws	: The rules, terms and conditions of the SGS as may be modified, varied and/or amended from time to time
CAGR	: Compound annual growth rate
CCC	: Certificate of completion and compliance
CDS	: Central Depository System
CDS Account	: An account established by Bursa Depository for a depositor to record his deposits or withdrawals of securities and to deal in such securities
CMSA	: Capital Markets and Services Act 2007
Constitution	: Constitution of our Company
COVID-19	: Coronavirus disease 2019
Director(s)	: The director(s) of our Company and shall have the meaning given in Section 2 of the CMSA
EBITDA	: Earnings before interest, taxation, depreciation and amortisation
Electronic Prospectus	: An electronic copy of this Prospectus that has been registered by the SC, which is being issued, circulated, disseminated, stored or hosted on digital platforms or electronic storage mediums, including but not limited to website, mobile application, email, compact disc, thumb drive and cloud-based storage
Electronic Share Application	: Application for our IPO Shares through a Participating Financial Institution's ATMs
Eligible Person(s)	: Eligible Director(s), employee(s) and business associate(s) of our Group who have contributed to the success of our Group
EPS	: Earnings per Share
Evo Medik Acquisition	: The acquisition by UMC of the entire issued share capital of Evo Medik from Kong Yoen Hoo and UMediC for a purchase consideration of RM1,210,470 which was satisfied via the issuance of 24,209,400 new Shares at an issue price of RM0.05 per Share. The Evo Medik Acquisition was completed on 28 September 2021
Financial Periods Under Review	: FPE 2021 and FPE 2022, collectively
Financial Years Under Review	: FYE 2019, FYE 2020 and FYE 2021, collectively

**DEFINITIONS (CONT'D)**

FPE	: Six (6)-month financial period ended 31 January
FYE	: Financial year ended/ending 31 July, as the case may be
GDPMD	: Good Distribution Practices for Medical Devices
GE	: GE Healthcare Sdn Bhd
GP	: Gross profit
Grant Date	: The date on which the Grants are made by the SGS Committee
Grantee(s)	: Eligible Director(s) and employee(s) selected by the SGS Committee to whom the Grants are made pursuant to the By-Laws
Grants	: The grants of the SGS Shares made in writing by the SGS Committee to an eligible Director and employee in accordance with the By-Laws
IMR or Protégé	: Protégé Associates Sdn Bhd (Registration No. 200401037256 (675767-H))
IMR Report	: Independent market research report prepared by Protégé
Internet Participating Financial Institution(s)	: Participating financial institution(s) for the Internet Share Application, as listed in Section 15.6 of this Prospectus
Internet Share Application	: Application for our IPO Shares through an Internet Participating Financial Institution
IPO	: Public Issue of 97,224,300 new Shares
IPO Price	: RM0.32 for each IPO Share
IPO Share(s)	: 97,224,300 new Share(s) to be issued pursuant to the IPO
ISO	: International Organisation for Standardisation
Issuing House	: Malaysian Issuing House Sdn Bhd (Registration No. 199301003608 (258345-X))
Key Senior Management	: Key senior management of our Group including our Executive Director/Chief Executive Officer and those as set out in Section 4.5 of this Prospectus
Listing	: Listing of and quotation for the entire enlarged issued share capital of UMC on the ACE Market
Listing Requirements	: ACE Market Listing Requirements of Bursa Securities
LPD	: 31 May 2022, being the latest practicable date prior to the registration of this Prospectus with the SC
Malaysian Public	: Malaysian citizens, companies, societies, co-operatives and institutions incorporated or organised under the laws of Malaysia
Market Day	: A day on which Bursa Securities is open for trading in securities

**DEFINITIONS (CONT'D)**

MCO	: Movement control order
MDA	: Medical Device Act 2012 (Act 737)
MDA Malaysia	: Medical Device Authority Malaysia
Merit	: Merit Medical Singapore Pte Ltd
MFRS	: Malaysian Financial Reporting Standards issued by the Malaysian Accounting Standards Board
MIDA	: Malaysian Investment Development Authority
Mindray	: Mr Global (HK) Limited
MITI	: Ministry of International Trade and Industry of Malaysia
MNC	: Multinational corporation
MOF	: Ministry of Finance, Malaysia
MOH	: Ministry of Health of Malaysia
MyIPO	: Intellectual Property Corporation of Malaysia
N/A	: Not applicable
NA	: Net assets
NBV	: Net book value
Official List	: A list specifying all securities which have been admitted for listing and have not been removed from Bursa Securities
Participating Financial Institution(s)	: Participating financial institution(s) for the Electronic Share Application, as listed in Section 15.5 of this Prospectus
PAT	: Profit after taxation
PBT	: Profit before taxation
Philips	: Philips Malaysia Sdn Bhd
Pink Form Allocations	: 13,086,800 IPO Shares made available for application by the Eligible Persons
Promoters	: The promoters of UMC, namely UMediC Capital, Dato' Ng Chai Eng, Lim Taw Seong and Lau Chee Kheong, details of which are set out in Section 4.1 of this Prospectus
Prospectus	: This Prospectus dated 6 July 2022 in relation to our IPO
QMS	: Quality management system
R&D	: Research and development



**DEFINITIONS (CONT'D)**

Rules of Bursa Depository	: The rules of Bursa Depository as issued under the SICDA
SC	: Securities Commission Malaysia
Selected Investors	: Being the investors that meet the requirements of Schedule 6 or 7 of the CMSA and subscribe for our IPO Shares through private placement
SGS or Scheme	: Establishment of an employees' share grant scheme of up to 15% of the total number of issued shares of our Company (excluding treasury shares, if any) at any point of time during the SGS Period for the eligible Directors and employees of our Group (excluding subsidiary companies which are dormant)
SGS Committee	: The committee to be established to implement and administer the SGS in accordance with the By-Laws
SGS Period	: The duration of the Scheme in accordance with the By-Laws
SGS Share(s)	: UMC Share(s) granted to the Grantees pursuant to the Grants under the Scheme which will be vested to the Grantees in accordance with the By-Laws
Share Registrar	: Boardroom Share Registrars Sdn Bhd (Registration No. 199601006647 (378993-D))
SICDA	: Securities Industry (Central Depositories) Act 1991 of Malaysia
sq ft	: Square feet
U Medihealth Acquisition	: The acquisition by UMC of the entire issued share capital of U Medihealth from Dato' Ng Chai Eng, Lim Taw Seong, Lau Chee Kheong and Lee Yi Kai, for a purchase consideration RM160,835 which was satisfied via the issuance of 3,216,700 new Shares at an issue price of RM0.05 per Share. The U Medihealth Acquisition was completed on 28 September 2021
UMC Group or Group	: Our Company and subsidiaries, collectively
UMC or Company	: UMediC Group Berhad (Registration No. 202101015347 (1415647-D))
UMC Share(s) or Share(s)	: Ordinary share(s) in our Company
UMediC Acquisition	: The acquisition by UMC of the entire issued share capital of UMediC from Dato' Ng Chai Eng, Lim Taw Seong and Lau Chee Kheong for a purchase consideration of RM6,098,815 which was satisfied via the issuance of 121,976,300 new Shares at an issue price of RM0.05 per Share. The UMediC acquisition was completed on 28 September 2021
UMediC Capital	: UMediC Capital Sdn Bhd (Registration No. 202101023414 (1423714-U))
Underwriting Agreement	: The underwriting agreement dated 3 June 2022 entered into between our Company and our Sole Underwriter for the purpose of the IPO

## DEFINITIONS (CONT'D)

UWHC Acquisition	: The acquisition by UMC of the entire issued share capital of UWHC from Dato' Ng Chai Eng, Lim Taw Seong, Lau Chee Kheong, Ng Chin Aik and Ang Choon Seong for a purchase consideration of RM46,315 which was satisfied via the issuance of 926,300 new Shares at an issue price of RM0.05 per Share. The UWHC Acquisition was completed on 28 September 2021
UWHM Acquisition	: The acquisition by UMC of the entire issued share capital of UWHM from Dato' Ng Chai Eng, Lim Taw Seong, Lau Chee Kheong and Ng Chin Aik, for a purchase consideration of RM4,819,300 which was satisfied via the issuance of 96,386,000 new Shares at an issue price of RM0.05 per Share. The UWHM Acquisition was completed on 28 September 2021

## SUBSIDIARIES OF OUR COMPANY

Actimed	: Actimed Healthcare Sdn Bhd (Registration No. 200301016809 (619229-H))
Evo Medik	: Evo Medik Sdn Bhd (Registration No. 200701026421 (784442-T))
U Medihealth	: U Medihealth Sdn Bhd (Registration No. 201101015786 (943920-K))
UMediC	: UMediC Healthcare Sdn Bhd (Registration No. 200201030512 (598175-W))
UWHC	: UWHC Sdn Bhd (Registration No. 201801027503 (1289529-V))
UWHM	: UWHM Sdn Bhd (Registration No. 201101033860 (961995-K))

## CURRENCIES

CNY	: Chinese yuan renminbi, the lawful currency of the People's Republic of China
Euro	: Euro, the lawful currency of the European Union
RM and sen	: Ringgit Malaysia and sen, the lawful currency of Malaysia
SGD	: Singapore Dollar, the lawful currency of Singapore
USD	: United States Dollar, the lawful currency of the United States of America

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## GLOSSARY OF TECHNICAL TERMS

This glossary contains an explanation of certain terms used throughout this Prospectus in connection with and in the context of our business. The terminologies and their meanings may not correspond to the standard industry usage of these terms.

3D	: Three-dimensional, or an object having three dimensions of length, width and height
3D chest compressor	: An electric-powered medical device used to perform cardiac external chest compression on the go with a purpose of replacing manual compression for cardiopulmonary resuscitation on patient with cardiac arrest without spontaneous breathing
ABS	: Acrylonitrile butadiene styrene, a common thermoplastic used for injection molding applications such as pipe, automotive body parts, wheel covers, enclosures and protective head gear
AED	: Automated external defibrillators, a portable device used to correct abnormal heart rhythm by delivering brief electrical shocks to restore normal heartbeat
Alternating pressure air mattresses	: An air mattress that is placed on top of a regular bed mattress; used to promote skin integrity and prevent skin breakdown. It has air-filled channels that alternately fill and empty to keep bearing weight off bony prominences of immobilised or weak patients who are unable to shift their weight frequently
Capnography	: A monitoring device that measures the concentration of carbon dioxide in exhaled air and displays a numerical readout and waveform tracing
Cardiac	: A term that refers to parts relating to or situated near the heart
Cardiotocography monitor	: An electronic medical device used for monitoring and recording the fetal heartbeat and the uterine contractions during pregnancy
Colposcope	: A surgical instrument used to examine the vagina and the cervix of the uterus
Defibrillators	: An electronic medical device used to correct abnormal heart rhythm by delivering brief electrical shocks to restore normal heartbeat
Demineralisation	: The process of removing mineral salts from water by using the ion exchange process
Dental handpiece	: A hand-held, mechanical instrumental used to perform a variety of common dental procedures, including removing decay, polishing fillings, performing cosmetic dentistry and altering prostheses
Expiration	: The act or process of releasing air from the lungs

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**GLOSSARY OF TECHNICAL TERMS (CONT'D)**


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Gamma sterilisation	: A physical/chemical means of sterilisation to deactivate microorganisms such as bacteria, viruses and other living contaminants
General anaesthesia machine	: An electronic medical device which aids the delivery of drugs that cause unconsciousness to a patient before medical procedures
Healthcare service provider(s)	: Institution or facility involved in providing the reception, hospitalisation, treatment and care of person/patient who suffering from diseases or required medical treatment
Incubator	: An enclosed apparatus in which premature newborn or unusually small babies are placed and provides a controlled and protective warmth environment for their care
Infant radiant warmer	: A body warming device to stabilise the body temperature of a newborn or premature newborn
Infant resuscitation system	: A portable medical device that used to provide neonatal ventilatory support
Inhaler spacer	: A type of medical device that aimed to improve the delivery of asthma medication. It is a tube-like device which is attached to inhaler to assist with the delivery of aerosolised medications
Inspiration	: The inhalation of air into the lungs
LDPE	: Low density polyethylene, a thermoplastic made from the monomer ethylene used for manufacturing of container, dispensing bottles, wash bottles, tubing, plastic parts, molded laboratory equipment and plastic bags
Local anaesthetic delivery system	: A one-time injection of medicine that numbs a small area during dental treatments
Mechanical ventilator	: A breathing machine that gets oxygen into the lung and removes carbon dioxide from the body to help a person breathe easier when they are having surgery or cannot breathe on their own due to a critical illness
Medical bed	: A bed specially designed (having side rails that can be raised or lowered, can be adjusted especially to raise the head end, foot end or middle as required) for hospitalised patients or others in need of some form of health care
Medical cart	: Used by medical professional to temporarily or permanently hold and/or store medical equipment, instruments, consumables and accessories
Medical consumables	: Single-use/disposable medical devices that are used on a day-to-day basis to provide care within a hospital or surgical environment

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**GLOSSARY OF TECHNICAL TERMS (CONT'D)**


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Medical devices	: Any instrument, apparatus, implement, machine, appliance, implant, and in-vitro reagent that is used for the purpose of diagnosing, preventing, monitoring, or treating disease, injuries, ailments, as well as other physical and psychological health conditions
Medical furniture	: Furniture such as medical bed, cart, treatment trolley, examination table, bedside locker, cabinet and drawer, wheelchair, etc that used in hospitals, medical or health care bodies during medical examination of the patients
Microfiltration	: Is one of the processes during water pre-treatment process that utilises physical filtration to physically removing suspended solids from water, usually through a membrane
MRI	: A non-invasive medical imaging technique used in radiology that uses a magnetic field and computer-generated radio waves to produce 3D detailed anatomical images of the body
Obstetrics and gynaecology	: The medical specialty that comprises two (2) distinct fields, obstetrics which involves care during pre-conception, pregnancy, childbirth, and immediately after delivery; gynaecology which involves care of all women's health issues
Patient monitor	: An electronic medical device with a screen display that allowed medical professionals to record and monitor a patient's medical vital signs (i.e. body temperature, blood pressure, pulse rate and respiratory rate) during and after surgery
Phototherapy	: A treatment use of visible light to treat severe jaundice in the neonatal period by lowering the bilirubin levels in newborn
PP	: Polypropylene, a thermoplastic polymer used in a wide variety of applications including moulded parts, electrical insulation, packaging, and fibres for wearing apparels
Prefilled humidifier	: A type of medical consumables filled with sterile water used to humidify the respiratory gas for patient
Prefilled nebuliser	: A type of medical consumables filled with sterile water used for respiratory patients who requiring sterile water for inhalation
Reverse osmosis	: A water purification process that uses a partially permeable membrane to separate ions, unwanted molecules and larger particles from water, and pure usable water is then produced
Shuttle	: An apparatus used to provide better thermoregulation and reduce the risks associated with traditional intra-hospital transport for premature newborn
Sterile water	: Purified, distilled water with no preservatives or additives and no microbial growth

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**GLOSSARY OF TECHNICAL TERMS (CONT'D)**

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Suction unit	: A type of medical device that is primarily used for removing phlegm and mucus fluids from a person's airway
Softening	: Water softening is one of the processes during water pre-treatment process in which the ions of calcium, magnesium and sometimes iron are removed
Sonogram	: A visual image produced from an ultrasound examination
Tee connector	: Used for medical fluid control applications, such as to provide easy access to peripheral intravenous ("IV") catheters and the convenient connection of IV fluid lines
Ultrasound	: A form of medical imaging that uses high-frequency sound waves to capture live images from the inside of the body
Wheelchair	: A manually operated or power-driven device designed primarily for use by an individual with a mobility disability

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**CORPORATE DIRECTORY****BOARD OF DIRECTORS**

<b>Name</b>	<b>Designation</b>	<b>Nationality</b>	<b>Address</b>
Dato' Ng Chai Eng	Non-Independent Non-Executive Chairman	Malaysian	110B-13A-06, Summerton Persiaran Bayan Indah 11900 Bayan Lepas Pulau Pinang
Lim Taw Seong	Executive Director/ Chief Executive Officer	Malaysian	28, Lorong Bukit Minyak 23/1 Taman Sentul Indah 14000 Bukit Mertajam Pulau Pinang
Lau Chee Kheong	Non-Independent Non-Executive Director	Malaysian	1A-39-01, The Jazz Jalan Seri Tanjung Pinang 1 10470 Tanjung Tokong Pulau Pinang
Dr Pakirisamy Baskaran A/L P Thangavelu	Independent Non-Executive Director	Malaysian	19, Jalan Udang Gantung Taman Cuepacs Segambut 52000 Kuala Lumpur
Tan Chye Suan	Independent Non-Executive Director	Malaysian	26, Lebuhraya Bodhi 10400 George Town Pulau Pinang
Lee Yee Wooi	Independent Non-Executive Director	Malaysian	14, Lorong Cermat 7 Taman Cermat 13500 Permatang Pauh Pulau Pinang
Ng Chin Liang	Alternate Director to Dato' Ng Chai Eng	Malaysian	110B-13A-06, Summerton Persiaran Bayan Indah 11900 Bayan Lepas Pulau Pinang

**AUDIT AND RISK MANAGEMENT COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Lee Yee Wooi	Chairman	Independent Non-Executive Director
Dr Pakirisamy Baskaran A/L P Thangavelu	Member	Independent Non-Executive Director
Tan Chye Suan	Member	Independent Non-Executive Director



**CORPORATE DIRECTORY (CONT'D)****NOMINATION COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Dr Pakirisamy Baskaran A/L P Thangavelu	Chairman	Independent Non-Executive Director
Tan Chye Suan	Member	Independent Non-Executive Director
Lee Yee Wooi	Member	Independent Non-Executive Director

**REMUNERATION COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Tan Chye Suan	Chairman	Independent Non-Executive Director
Dr Pakirisamy Baskaran A/L P Thangavelu	Member	Independent Non-Executive Director
Lee Yee Wooi	Member	Independent Non-Executive Director

**COMPANY SECRETARY**

: Ooi Yoong Yoong  
39 Irving Road  
10400 George Town  
Pulau Pinang

Telephone No. : +604 210 9828  
Professional : Malaysian Institute of Chartered Secretaries  
qualification and Administrators ("MAICSA") (MAICSA  
Membership No.: 7020753 / SSM PC. No.:  
202008002042)

**REGISTERED OFFICE**

: 39 Irving Road  
10400 George Town  
Pulau Pinang

Telephone No. : +604 210 9828

**HEAD/MANAGEMENT OFFICE**

: PMT 790, Jalan Cassia Selatan 5/2  
Taman Perindustrian Batu Kawan  
14110 Bandar Cassia  
Pulau Pinang

Telephone No. : +604 589 9676  
Website : [www.umedic.com.my](http://www.umedic.com.my)  
E-mail : [ir@umedic.com.my](mailto:ir@umedic.com.my)

## CORPORATE DIRECTORY (*CONT'D*)

**PRINCIPAL ADVISER,  
SPONSOR, SOLE  
PLACEMENT AGENT  
AND SOLE  
UNDERWRITER** : Affin Hwang Investment Bank Berhad  
27<sup>th</sup> Floor, Menara Boustead  
69 Jalan Raja Chulan  
50200 Kuala Lumpur

Telephone No. : +603 2142 3700

**AUDITORS AND  
REPORTING  
ACCOUNTANTS** : BDO PLT (LLP0018825-LCA & AF 0206)  
Chartered Accountants  
51-21-F, Menara BHL  
Jalan Sultan Ahmad Shah  
10050 Pulau Pinang

Telephone No. : +604 222 0288  
Partner in-charge : Koay Theam Hock  
Approval No. : 02141/04/2023 J  
Professional : Chartered Accountant,  
qualification Malaysian Institute of Accountants  
(Membership no. 6420)

**SOLICITORS** : Wong Beh & Toh  
1<sup>st</sup> Floor, No. 173 & 174  
Jalan Kelab Cinta Sayang  
Taman Ria Jaya  
08000 Sungai Petani  
Kedah Darul Aman

Telephone No. : +604 442 9081

**INDEPENDENT  
MARKET  
RESEARCHER** : Protégé Associates Sdn Bhd  
Suite C-09-12, Plaza Mont' Kiara  
No. 2, Jalan Kiara, Mont' Kiara  
50480 Kuala Lumpur

Telephone No. : +603 6201 9301  
Name of signing partner : Dr Tan Chin How

Professional qualification : • Doctor of Business Administration from  
HELP University  
• Master of Business Administration from  
Charles Sturt University  
• Bachelor of Science in Computing from  
the University of Portsmouth

*(Please refer to Section 7 of this Prospectus for the profile of the firm and signing partner)*

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**CORPORATE DIRECTORY (CONT'D)**

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**SHARE REGISTRAR** : Boardroom Share Registrars Sdn Bhd  
11<sup>th</sup> Floor, Menara Symphony  
No. 5, Jalan Prof. Khoo Kay Kim  
Seksyen 13  
46200 Petaling Jaya  
Selangor Darul Ehsan  
  
Telephone No. : +603 7890 4700

**ISSUING HOUSE** : Malaysian Issuing House Sdn Bhd  
11<sup>th</sup> Floor, Menara Symphony  
No. 5, Jalan Prof. Khoo Kay Kim  
Seksyen 13  
46200 Petaling Jaya  
Selangor Darul Ehsan  
  
Telephone No. : +603 7890 4700

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

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## 1. INTRODUCTION

### 1.1 APPROVALS AND CONDITIONS

#### 1.1.1 Bursa Securities

Bursa Securities had, vide its letter dated 7 April 2022, approved the following:

- (i) our Admission;
- (ii) our Listing; and
- (iii) up to 15% of the total number of issued shares in UMC pursuant to the SGS.

The approval from Bursa Securities is subject to the following conditions:

No.	Conditions	Status of Compliance
1.	Submit the following information in respect of the moratorium on the shareholdings of promoters to Bursa Depository: (i) Name of shareholders; (ii) Number of Shares; and (iii) Date of expiry of the moratorium for each block of Shares.	Complied
2.	Approvals from other relevant authorities have been obtained for implementation of the listing proposal.	Complied
3.	To make the relevant announcements pursuant to Paragraphs 8.1 and 8.2 of Guidance Note 15 of the Listing Requirements.	To be complied
4.	To furnish to Bursa Securities with a copy of the schedule of distribution showing compliance with the public shareholding spread requirements based on the entire issued share capital of UMC on the first day of listing.	To be complied
5.	In relation to the public offering to be undertaken by UMC, to announce at least two (2) market days prior to the listing date, the result of the offering including the following: (i) Level of subscription of public balloting and placement; (ii) Basis of allotment/ allocation; (iii) A table showing the distribution for placement tranche as per the format in Appendix I of Bursa Securities' approval letter; and (iv) Disclosure of placees who become substantial shareholders of UMC arising from the public offerings, if any.  Please be reminded that the overall distribution of UMC's securities is properly carried out to mitigate any disorderly trading in the secondary market.	To be complied
6.	UMC or Affin Hwang IB to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval upon the admission of UMC to the Official List.	To be complied

## 1. INTRODUCTION (CONT'D)

### 1.1.2 SC

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

The SC had, vide its letter dated 23 May 2022, approved the resultant equity structure of our Company pursuant to our Listing under the Bumiputera equity requirements for public listed companies.

The approval from the SC is subject to the following conditions:

No.	Conditions	Status of Compliance
1.	UMC to make available at least 50% of the Shares offered to the Malaysian Public investors via balloting to Bumiputera public investors at the point of Listing.	To be complied
2.	UMC to allocate 12.5% of its enlarged number of issued shares to Bumiputera investors to be approved by the MITI within one (1) year after achieving the profit requirement for companies seeking listing on the Main Market of Bursa Securities or five (5) years after being listed on the ACE Market of Bursa Securities, whichever is earlier (" <b>Compliance Date</b> ");	To be complied
3.	UMC to submit to the SC a proposal to comply with the equity condition stated in paragraph 2 above, at least six (6) months prior to the Compliance Date; and	To be complied
4.	Affin Hwang IB or UMC to submit UMC's equity structure to the SC upon completion of the Listing.	To be complied

## 1.2 MORATORIUM ON OUR SHARES

In accordance with Rule 3.19 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 the entire shareholdings of our Promoters for a period of six (6) months from the date of our Admission ("**First Six (6)-Month Moratorium**");
- (ii) upon the expiry of the First Six (6)-Month Moratorium, our Company must ensure that our Promoters' aggregate shareholdings amounting to at least 45% of our total number of issued Shares (adjusted for any bonus issue or subdivision of Shares) remain under moratorium for another period of six (6) months ("**Second Six (6)-Month Moratorium**"); and
- (iii) upon the expiry of the Second Six (6)-Month Moratorium, subject to the Listing Requirements, our Promoters may sell, transfer or assign up to a maximum of 1/3 per annum (on a straight line basis) of their Shares held under moratorium.

## 1. INTRODUCTION (CONT'D)

The moratorium shall be imposed on our Promoters as set out below:

Promoters	Held under the First Six (6)-Month Moratorium		Held under the Second Six (6)-Month Moratorium	
	No. of Shares	(i)%	No. of Shares	(i)%
UMediC Capital	192,327,220	51.44	168,259,500	45.00
Dato' Ng Chai Eng	20,402,200	5.46	-	-
Lim Taw Seong	20,402,200	5.46	-	-
Lau Chee Kheong	17,754,022	4.75	-	-
<b>Total</b>	<b>250,885,642</b>	<b>67.11</b>	<b>168,259,500</b>	<b>45.00</b>

**Note:**

(i) Based on the enlarged total number of 373,910,000 Shares after our IPO.

Our Promoters have provided written undertakings to Bursa Securities that they will not sell, transfer or assign their respective shares under moratorium during the moratorium period in accordance with Rule 3.19 of the Listing Requirements.

The moratorium shall also apply to the shareholders of UMediC Capital, namely Dato' Ng Chai Eng, Lim Taw Seong, Lau Chee Kheong, Kong Yoen Hoo, Ng Chin Aik, Lim Suat Gim, Lee Yi Kai and Ang Choon Seong, who have collectively provided an undertaking that they will not sell, transfer or assign their respective shares in UMediC Capital during the moratorium period in accordance with Rule 3.19(2) of the Listing Requirements.

The moratorium restriction, which is fully accepted by our Promoters, will be specifically endorsed on the share certificates representing their shareholdings which are under moratorium to ensure that our Share Registrar does not register any sale, transfer or assignment that contravenes with the aforesaid restriction.

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## 2. PROSPECTUS SUMMARY

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

### 2.1 PRINCIPAL DETAILS OF OUR IPO

	No. of IPO Shares
<b>Number of Shares to be issued pursuant to our IPO:</b>	
- For Malaysian Public	18,695,500
- For Pink Form Allocations	13,086,800
- For private placement to the Selected Investors	65,442,000
<b>Total</b>	<b>97,224,300</b>
Enlarged number of issued Shares upon Listing	373,910,000
IPO Price	RM0.32
Market capitalisation upon Listing (based on our IPO Price and enlarged number of issued Shares upon Listing)	RM119,651,200

Please refer to Section 3.3 of this Prospectus for further details of our IPO.

Our Promoters' entire shareholdings will be held under moratorium for six (6) months from the date of our Admission. Thereafter, our Promoters' aggregate shareholdings amounting to 45% of our total number of issued Shares will remain under moratorium for another six (6) months. Our Promoters may sell, transfer or assign up to a maximum of 1/3 per annum (on a straight line basis) of their Shares held under moratorium upon expiry of the Second Six (6)-month Moratorium. Further details on the moratorium on our Shares are set out in Section 1.2 of this Prospectus.

### 2.2 OUR BUSINESS

Our Company was incorporated in Malaysia under the Act on 22 April 2021 as a private company limited by shares under the name of UMediC Group Sdn Bhd. On 28 September 2021, we completed the Acquisitions which resulted in Actimed, Evo Medik, U Medihealth, UMediC, UWHC and UWHM becoming our wholly-owned subsidiaries. Subsequently, on 7 October 2021, our Company was converted to a public limited company to facilitate our Listing.

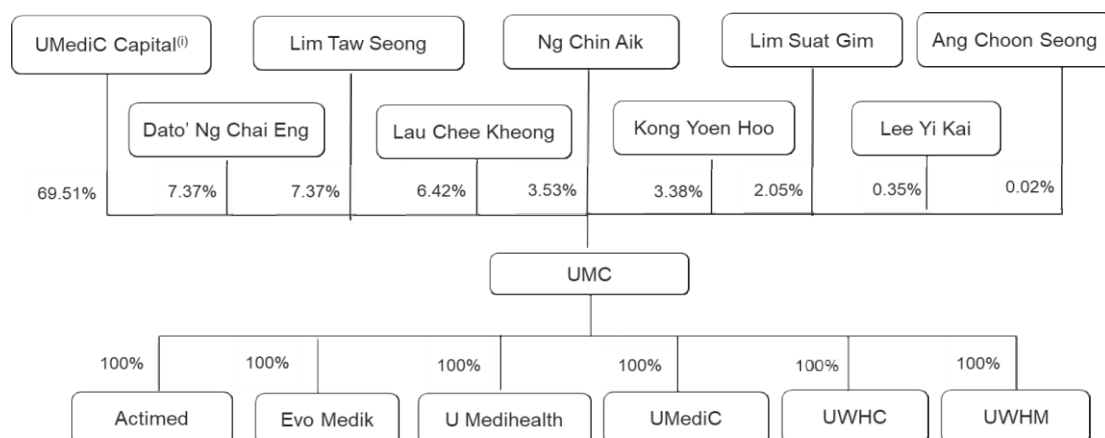
We are an investment holding company. Through our subsidiaries, we are principally involved in marketing and distribution of various branded medical devices and consumables as well as the provision of after-sales service for all our products. We are also involved in developing, manufacturing and marketing of our medical consumables.

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## 2. PROSPECTUS SUMMARY (CONT'D)

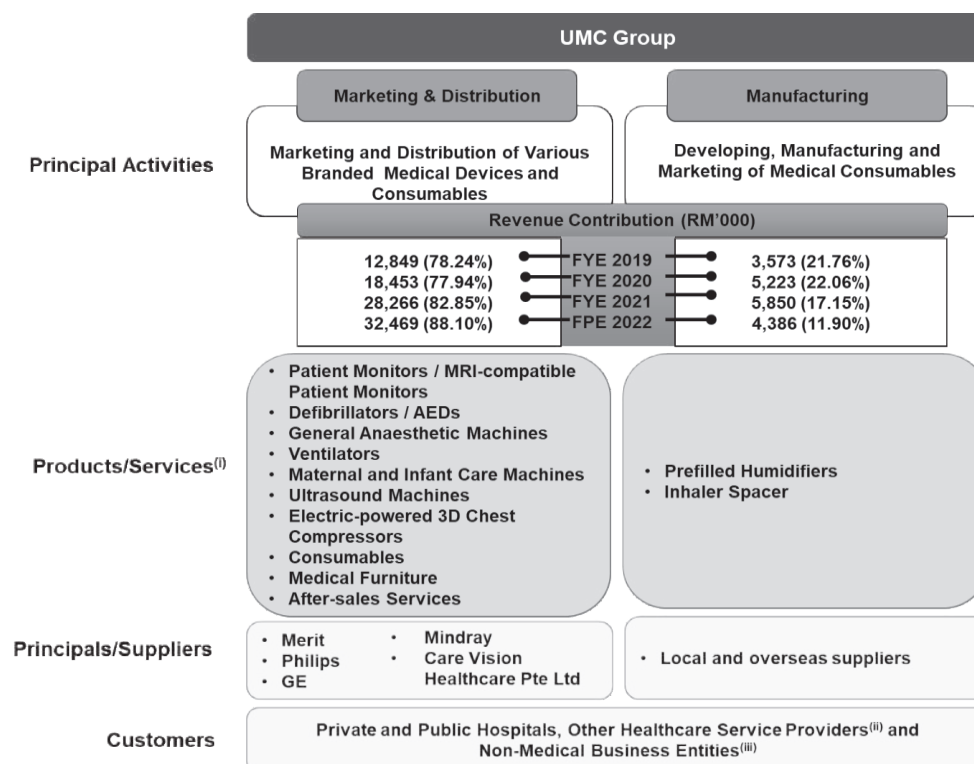
As at the LPD, our Group structure is as follows:



Note:

- i. UMediC Capital is owned by Dato' Ng Chai Eng (29.97%), Lim Taw Seong (29.97%), Lau Chee Kheong (26.02%), Kong Yoen Hoo (5.42%), Ng Chin Aik (5.11%), Lim Suat Gim (2.96%), Lee Yi Kai (0.53%) and Ang Choon Seong (0.02%).

A summary of our business model is as follows:



Notes:

- We have entered into distributorship agreements/arrangement with Philips, Mindray, GE, Merit, Care Vision Healthcare Pte Ltd and E-Medtest (M) Sdn Bhd.
- The other healthcare service providers include public and private health clinics as well as health screening centres.
- Non-medical business entities include government entities such as municipal councils, government agencies, schools, etc, private organisations such as hotels, airports, factories, etc.

## 2. PROSPECTUS SUMMARY (CONT'D)

Malaysia, being our principal market, contributed approximately RM28.56 million or 83.71% of our revenue for FYE 2021, while the remaining revenue of approximately RM5.56 million or 16.29% was generated from the overseas market. For FPE 2022, Malaysia contributed approximately RM32.54 million or 88.29% of our revenue, while the overseas market contributed approximately RM4.32 million or 11.71% of our revenue.

Please refer to Sections 5 and 6 of this Prospectus for further details of our Group and business respectively.

### 2.3 OUR COMPETITIVE STRENGTHS

Our competitive strengths are as follows:

#### (i) Established track record and reputation

With around 20 years of cumulated market presence, and in view of our Group's track record in terms of being able to retain certain repeat customers over the past years, we have established ourselves as a reputable distributor of medical devices and consumables. Our established track record has facilitated the development and growth of our business. Our revenue grew by approximately RM7.25 million or 44.17% from approximately RM16.42 million in FYE 2019 to approximately RM23.68 million in FYE 2020 and by approximately RM10.44 million or 44.10% to approximately RM34.12 million in FYE 2021. Our revenue for the six (6) month period for FPE 2022 was recorded approximately RM36.86 million.

#### (ii) Our ability to develop and produce quality products which meets customers' expectations

With our ability and experience in both the development and manufacture of our own range of medical consumables through our in-house R&D activities, we are able to innovate and respond to customers' needs and requirements in tandem with market demands. We regularly conduct customer surveys in terms of market demand, as well as user experience and product failure analysis, for our medical consumables that are in the market as a means of data collection and evaluation. Based on the feedback received, we will then pursue the necessary product improvement. As such, we are able to discern invaluable insights on customers' needs and requirements through our constant engagements with them, and this enables us to develop high quality products which meet their expectations.

We commenced R&D activities for our HydroX series prefilled humidifiers in 2011 and successfully developed and commercialised it in 2012. For our AirdroX series inhaler spacers, we commenced R&D activities in 2018 and successfully developed it in 2021. These products are mainly used for respiratory treatments and are not developed based on our customers' request. Our Group developed these products as we saw the market opportunity for these products and it is part of our Group's business development and market expansion strategies. In addition, we have another four (4) new products under our product development pipeline. Please refer to Section 6.6.3 of this Prospectus for details of our new product development progress.

Currently, we have commercialised our HydroX series prefilled humidifiers and AirdroX series inhaler spacers.

#### (iii) Wide geographical market coverage

We have established a wide marketing and distribution network that effectively covers public and private hospitals, other healthcare service providers in both the local and overseas markets. We also serve customers from non-medical business entities and sell products such as AEDs, HydroX series prefilled humidifiers and ventilators to them. Our marketing and distribution offices are strategically located in Penang, Kuala

## 2. PROSPECTUS SUMMARY (CONT'D)

Lumpur and Johor. We market our products through our in-house sales representatives in Malaysia. In addition, we have also expanded our customer network to include overseas markets in over 30 countries globally.

Our marketing and distribution network enables us to market our products and serve our customers, both local and overseas, in an efficient and effective manner.

### (iv) **We have an experienced management team**

We have an experienced and capable management team who have been collectively contributing to the growth and development of our Group. Our Executive Director/Chief Executive Officer, Lim Taw Seong, has around 20 years of experience in the medical device industry. He is responsible for the overall strategy and corporate direction of our Group, including sales, marketing initiatives, general management, resources planning and business development. Our Executive Director/Chief Executive Officer is supported by key management team who possesses relevant skills and experience in their respective fields.

As part of our Group's succession plan, we have identified several senior management personnel to facilitate skills transfer so as to ensure smooth running and continuity of the operations of our Group. As such, with our succession plan in place which is intended to further develop the identified personnel for their progression in the senior management team, our Group does not foresee that having one Executive Director poses any key person risk.

Please refer to Section 6.5 of this Prospectus for further details of our competitive strengths.

## 2.4 OUR FUTURE PLANS AND BUSINESS STRATEGIES

Our future plans and business strategies are as follows:

### (i) **Construction of new factory building**

As at the LPD, our current business and manufacturing activities are carried out at our existing owned office and factory building located in Batu Kawan, Penang. Our existing owned office and factory building comprises approximately 8,300 sq ft of production floor space for our manufactured products and approximately 20,300 sq ft of storage area for both our distribution products and manufactured products.

We intend to commence expansion of our premises, which includes building a single storey production floor (with the necessary production machinery) and a storage area with a built-up area of approximately 35,000 sq ft and is to be located adjacent to our existing office and factory building. The purchase of the necessary production machinery will be financed using internally generated funds and/or bank borrowings and the machinery will be sourced from local and/or overseas suppliers.

Upon completion, the new factory building will have approximately 30,000 sq ft of production floor space which can house up to two (2) production lines for new products that may be developed by our Group in the future. The new factory building will also house an additional storage area of approximately 5,000 sq ft in anticipation of a future increase in our inventory level of distribution products from our marketing and distribution segment as well as raw materials and finished goods from our manufacturing segment.

### (ii) **Strengthening our domestic presence and reach**

As at the LPD, our Group operates in our head office in Batu Kawan, Penang and our rented marketing and distribution offices in Bandar Tun Razak, Kuala Lumpur and

## 2. PROSPECTUS SUMMARY (CONT'D)

Johor Bahru, Johor. Our head office in Batu Kawan, Penang includes a showroom which is used to showcase and demonstrate the functionality of our products.

We intend to further strengthen our domestic presence through the setting up of one (1) new marketing and distribution office each in the central area of Kuala Lumpur and Johor Bahru, Johor, through investment in new office units in the said regions. The new marketing and distribution offices will also serve as a showroom for our products. This will enable us to showcase and demonstrate the functionality of our products to our existing and potential customers without having to travel to our head office in Batu Kawan, Penang.

We expect the new marketing and distribution offices to allow us to tap into the potential business opportunities offered in these locations while at the same time enable us to better serve and cater for our customers' needs.

### (iii) Development and commercialisation of new products

We intend to expand our manufacturing segment and also to develop and commercialise more products under our own brand. We have identified the new products to be developed and commercialised based on our assessment of the market demands and the opportunities available. At the same time, the new products will also complement and add to our list of own brand product offerings, and it can be cross-marketed to our existing clientele.

We target to commercialise several new products in the next two (2) years, namely (a) sterile water for inhalation; (b) prefilled nebulisers; (c) digital oxygen flowmeters; and (d) humidifier humidity sensors.

### (iv) Expanding our product portfolio through the development of current and new brand distribution business

The demand for medical devices is expected to continue growing, and we intend to offer a wider and more comprehensive selection of medical devices to our end-customers. As the appointed distributor for international brand owners/manufacturers, namely Philips, Mindray, GE and Merit, we are able to source medical devices in different specifications, price ranges and features directly from them in order to fulfil the different requirements of our end-customers including public and private hospitals, other healthcare service providers as well as non-medical business entities.

We also intend to develop a new brand distribution business by continuing to look out for other suppliers/principals as a means to expanding our brand and product offerings.

Please refer to Section 6.6 of this Prospectus for further details of our future plans and business strategies.

## 2.5 RISK FACTORS

Our business is subject to a number of risk factors which may have a material adverse impact on our business, financial condition and results of operations. The following is a summary of the key risk factors that we face in our business operations:

### (i) Our business is subject to changes in medical device technology

The medical device industry and its related technology are constantly developing and evolving. Advancements in technology could result in the introduction of new products, shorter product life cycles and price competition. Consequently, rapid changes in technology may render older devices obsolete.

## 2. PROSPECTUS SUMMARY (CONT'D)

**(ii) We are dependent on both the local and overseas healthcare industry for our success and growth**

The growth in the healthcare industry depends on various factors, particularly in the number of patient admissions (which are driven by factors such as a rise in incidences of chronic diseases, growing ageing population and increased accessibility to healthcare services due to growth in income and/or uptake of medical insurance), as well as the increase in public and private healthcare expenditure. Should there be any decrease or reduction in public and private healthcare expenditure, this may have an impact on the spending on hospital supplies and equipment and may also affect the business and financial performance of our Group.

**(iii) We are dependent on our Executive Director/Chief Executive Officer and Key Senior Management for continued success**

The continuing success of our Group is dependent, to a significant extent, on the efforts, commitment and abilities of our Executive Director/Chief Executive Officer, Lim Taw Seong and supported by a team of qualified Key Senior Management, who play a significant role in the day-to-day operations as well as implementation of our business strategies. The loss of our Executive Director/Chief Executive Officer and/or any of our Key Senior Management, without any suitable and prompt replacement may have a material adverse effect on our business, financial performance, operations and prospects.

**(iv) Our business may be adversely affected if our licences, permits and approvals are revoked, suspended or not renewed**

Our business operations require certain licences, permits and approvals to be obtained such as the establishment licence, medical device registration certificate and manufacturing licence from relevant regulatory authorities.

The failure to comply with any of the terms and conditions imposed by the relevant authorities (whether due to our Group's past/future actions, activities or operations) can result in the approvals, licences, permits and certificates required for our operations being revoked, suspended or not renewed, which could have a material adverse effect on our business, financial performance, operations and prospects, as well as the possibility of penalties, fines, potential criminal prosecution being imposed/initiated against us and/or our Directors.

**(v) Our business is dependent on the successful development and commercialisation of new products**

We are dependent on the successful development and commercialisation of new products to generate new revenue stream in the future. The development and commercialisation of future new products depends on several factors, including but not limited to, ability to secure working capital funding such as via bank borrowings for our product development on competitive terms, approval of the products from the relevant regulatory authorities and acceptance by customers of the benefit and safety of our new products. Failure in any of the abovementioned factors may impact our financial performance as the sales of the newly developed products may be insufficient to cover our R&D and marketing expenses. Currently, we have successfully developed and commercialised our own products, namely HydroX series prefilled humidifiers and AirdroX series inhaler spacers.

Please refer to Section 8 of this Prospectus for further details of our risk factors.

## 2. PROSPECTUS SUMMARY (CONT'D)

### 2.6 DIRECTORS AND KEY SENIOR MANAGEMENT

Our Directors and Key Senior Management are as follows:

Name	Designation
<b><u>Directors</u></b>	
Dato' Ng Chai Eng	Non-Independent Non-Executive Chairman
Lim Taw Seong	Executive Director/Chief Executive Officer
Lau Chee Kheong	Non-Independent Non-Executive Director
Dr Pakirisamy Baskaran A/L P Thangavelu	Independent Non-Executive Director
Tan Chye Suan	Independent Non-Executive Director
Lee Yee Wooi	Independent Non-Executive Director
Ng Chin Liang	Alternate Director to Dato' Ng Chai Eng
<b><u>Key Senior Management</u></b>	
Ng Hui Hooi	Financial Controller
Kong Yoen Hoo	Sales Vice President
Lim Suat Gim	Sales Vice President
Lee Yi Kai	Sales Vice President
Ng Chin Aik	Manufacturing Vice President
Ng Sze Hui	Legal and Corporate Adviser

Please refer to Sections 4.2 and 4.5 of this Prospectus for further details of our Directors and Key Senior Management.

### 2.7 USE OF PROCEEDS

We expect to use the gross proceeds from our IPO of approximately RM31.11 million in the following manner:

Details of the use of proceeds	Estimated timeframe for the use of proceeds upon our Listing	RM'000	% of total gross proceeds from our IPO
Capital expenditure			
(i) Construction of new factory building	Within thirty (30) months	3,500	11.25
(ii) Setting up new marketing and distribution offices	Within thirty-six (36) months	6,800	21.86
		10,300	33.11
Repayment of bank borrowings <sup>(i)</sup>	Within six (6) months	9,000	28.93
Working capital	Within thirty-six (36) months	8,662	27.84
Estimated listing expenses	Within two (2) months	3,150	10.12
<b>Total</b>		<b>31,112</b>	<b>100.00</b>

**Note:**

- (i) Including lease liabilities owing to financial institutions.

Please refer to Section 3.7 of this Prospectus for further details of the use of proceeds.

## 2. PROSPECTUS SUMMARY (CONT'D)

### 2.8 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

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

Name	Country of incorporation / Nationality	Before our IPO/As at the LPD				After our IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	(i)%	No. of Shares	(i)%	No. of Shares	(ii)%	No. of Shares	(iii)%
<b><u>Promoters and substantial shareholders</u></b>									
UMediC Capital	Malaysia	192,327,220	69.51	-	-	192,327,220	51.44	-	
Dato' Ng Chai Eng	Malaysian	20,402,200	7.37	(iii)192,327,220	69.51	20,402,200	5.46	(iv)192,627,220	51.52
Lim Taw Seong	Malaysian	20,402,200	7.37	(iii)192,327,220	69.51	20,402,200	5.46	(iii)192,327,220	51.44
Lau Chee Kheong	Malaysian	17,754,022	6.42	(iii)192,327,220	69.51	17,754,022	4.75	(iii)192,327,220	51.44

**Notes:**

- (i) Based on the total number of 276,685,700 Shares before our IPO/as at the LPD.
- (ii) Based on the enlarged total number of 373,910,000 Shares after our IPO.
- (iii) Deemed interest by virtue of his interest in UMediC Capital pursuant to Section 8 of the Act.
- (iv) Deemed interest by virtue of his interest in UMediC Capital and the Shares held by his daughter, Ng Sze Hui assuming full subscription of the IPO Shares reserved for our Key Senior Management under the Pink Form Allocations pursuant to Section 8 of the Act.

Please refer to Section 4.1 of this Prospectus for further details of our Promoters and substantial shareholders.

### 2.9 IMPACT OF COVID-19 PANDEMIC ON OUR GROUP

The COVID-19 pandemic was officially declared a health pandemic by the Director General of the World Health Organisation on 11 March 2020. In light of the COVID-19 pandemic, the Government had announced various stages of lockdown measures across different states or localities in the country at different points in time since 18 March 2020 until the LPD namely MCO, conditional MCO, recovery MCO, enhanced MCO, full lockdown MCO ("FMCO") as well as the National Recovery Plan ("NRP").

## 2. PROSPECTUS SUMMARY (CONT'D)

As part of the essential services, UWHM was able to continue its production during MCO period with a 50% workforce capacity after obtaining the approval from the MITI on 21 March 2020 and was required to adhere to the standard operating procedures (“**COVID-19 SOPs**”) set out by the MITI. On 19 April 2020 and 21 April 2020, Evo Medik and UMediC were also allowed to continue its operations during MCO period with a 50% workforce capacity after obtaining the approval from the MITI. On 10 May 2020, Actimed was allowed to resume operations with a 50% workforce capacity after obtaining the approval from the MITI. Our employees in U Medihealth and UWHC were working from home during the MCO periods.

Save for the impact from the COVID-19 pandemic as disclosed below, we do not foresee any further business interruptions moving forward as the MOH had announced the transition to endemic phase of COVID-19 from 1 April 2022, signalling a normalisation of business operations to pre-COVID-19 times.

### Impact of COVID-19 on our supply chain

For our marketing and distribution segment, we experienced shortage of medical devices supplies from our suppliers/principals. During the first (1<sup>st</sup>) half of 2020, we experienced temporary disruptions due to the logistics flow as a result of border closures in Malaysia. This had resulted in delays of up to two (2) weeks in our delivery schedule to local customers. Subsequently, we experienced slight disruptions in the delivery of medical devices to our customers owing to global shortages of pharmaceuticals, critical medical supplies and other products. We had informed our customers of such delay. We have also practised providing our customers loaner units especially ventilators on a temporary basis, should there be any urgent needs.

For our manufacturing segment, our suppliers’ operations were also temporarily suspended during the first phase of MCO and FMCO. However, we did not face shortages in raw materials supplies for our manufacturing segment as we have sufficient inventory to meet the production demand. We have been working closely with our suppliers after they resumed operations to ensure there will be a timely delivery manner for our production planning.

### Impact of COVID-19 on our sales

During the MCO periods, we continued to receive orders from our customers in the healthcare industry as they were part of essential services and our sales to overseas customers were not affected as a result of border closures and travel restrictions imposed by authorities. As such, with the increased need for more medical devices during this period, we also benefited and our sales experienced growth.

Due to tightening of border and travel restrictions imposed by the authorities, we faced delays up to two (2) weeks in delivering medical devices to our customers located within Malaysia and overseas during the initial MCO period (i.e. from March 2020 to April 2020). Subsequent to that, our Group has not faced any major delays in delivery. Further, our sales were not affected and we did not experience any cancellation of orders from our customers in Malaysia and overseas. In spite of the delay in delivery of medical devices, it did not materially affect our revenue recognition.

Please refer to Section 6.19 of this Prospectus for further details of impact of COVID-19 pandemic on our Group.

## 2.10 FINANCIAL AND OPERATIONAL HIGHLIGHTS

The following table sets out the key financial and operational highlights of our Group for the Financial Years Under Review and Financial Periods Under Review:



## 2. PROSPECTUS SUMMARY (CONT'D)

	Audited			Unaudited	Audited
	FYE 2019	FYE 2020	FYE 2021	FPE 2021	FPE 2022
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	16,422	23,676	34,116	14,154	36,855
Cost of sales	(10,719)	(16,242)	(21,553)	(8,724)	(23,944)
GP	5,703	7,434	12,563	5,430	12,911
PBT	1,617	3,043	6,554	2,625	6,712
PAT	1,319	2,419	5,087	2,155	4,572
Total equity/ NA	5,278	6,632	15,739	9,587	20,310
Total borrowings (including lease liabilities owing to financial institutions)	2,173	16,305	26,313	20,751	20,179
<b>Key financial ratios:</b>					
GP margin <sup>(i)</sup> (%)	34.73	31.40	36.82	38.36	35.03
PBT margin <sup>(iii)</sup> (%)	9.85	12.85	19.21	18.55	18.21
PAT margin <sup>(iii)</sup> (%)	8.03	10.22	14.91	15.23	12.41
Basic and diluted EPS <sup>(iv)</sup> (sen)	0.35	0.65	1.36	0.58	1.22
Gearing ratio <sup>(v)</sup> (times)	0.41	<sup>(vi)</sup> 2.46	1.67	2.16	0.99

### Notes:

- (i) GP margin is computed based on GP divided by revenue.
- (ii) PBT margin is computed based on PBT divided by revenue.
- (iii) PAT margin is computed based on PAT divided by revenue.
- (iv) For comparative purposes, the basic EPS is computed based on the PAT divided by the enlarged number of issued Shares of 373,910,000 Shares after our IPO. For information purposes, the diluted EPS is equal to the basic EPS as there were no potential dilutive securities in issue during the respective Financial Years Under Review and Financial Periods Under Review.
- (v) Gearing ratio is computed based on total borrowings (including lease liabilities owing to financial institutions) divided by total equity as at the end of the respective financial year and financial periods.
- (vi) The increase in gearing ratio was mainly attributable to the increase in bank borrowings for the acquisition of the Batu Kawan Land and its construction as well as for the working capital purposes. Further details on the gearing ratio are set out in Section 11.4.8(v) of this Prospectus.

Please refer to Section 11 of this Prospectus for further details of our financial information.

### 2.11 DIVIDEND POLICY

Our Company presently does not have any formal dividend policy. However, it is the intention of our Board to retain adequate reserves for our future growth as well as to reward our shareholders with participation in the profits of our Group. As we are an investment holding company, our ability to pay dividends will depend on the dividends or other distributions that we receive from our subsidiaries. Any declarations and payment of dividends in the future will be at the discretion of our Board. No inference should or can be made from any of the statements above as to our actual future profitability and our ability to pay dividends in the future. Our Group does not intend to declare or pay any dividends prior to our Listing.

Please refer to Section 11.8 of this Prospectus for further details of our dividend policy.

### 3. DETAILS OF OUR IPO

#### 3.1 OPENING AND CLOSING OF APPLICATIONS

The application for our IPO Shares will open at 10.00 a.m. on 6 July 2022 and close at 5.00 p.m. on 13 July 2022. Late applications will not be accepted.

#### 3.2 INDICATIVE TIMETABLE

The indicative timetable for our IPO is set out below:

Event	Time / date
Opening of Application	10.00 a.m., 6 July 2022
Closing of Application	5.00 p.m., 13 July 2022
Balloting of Applications	18 July 2022
Allotment of our IPO Shares to successful applicants	25 July 2022
Listing	26 July 2022

If there is any change to the timetable, we will advertise the notice of changes in widely circulated English and Bahasa Malaysia daily newspapers within Malaysia and announce it on Bursa Securities' website accordingly.

#### 3.3 PARTICULARS OF OUR IPO

The IPO Shares are offered at the IPO Price which is payable in full upon application based on the terms and conditions of this Prospectus.

##### 3.3.1 IPO

The IPO Shares of 97,224,300 new Shares, representing approximately 26.00% of our enlarged number of issued Shares, will be allocated in the following manner:

##### (i) Malaysian Public

18,695,500 IPO Shares, representing 5.00% of our enlarged number of issued Shares, will be made available for application by the Malaysian Public by way of balloting process as follows:

- (a) 9,347,750 IPO Shares, representing 2.50% of our enlarged number of issued Shares will be made available to the Bumiputera Malaysian Public; and
- (b) 9,347,750 IPO Shares, representing 2.50% of our enlarged number of issued Shares will be made available to the Malaysian Public.

### 3. DETAILS OF OUR IPO (CONT'D)

#### (ii) Eligible Persons

13,086,800 IPO Shares, representing approximately 3.50% of our enlarged number of issued Shares will be made available for application by the Eligible Persons. The details are as follows:

Eligible Persons	No. of persons	Aggregate no. of Shares allocated
Eligible Directors of our Group <sup>(i)</sup>	3	900,000
Eligible employees and other business associates who have contributed to the success of our Group <sup>(ii)(iii)</sup>	180	12,186,800
<b>Total</b>	<b>183</b>	<b>13,086,800</b>

#### Notes:

- (i) The allocation to eligible Directors is based on, amongst others, their respective roles, responsibilities and anticipated contributions to our Group. The allocation of IPO Shares reserved for the eligible Directors is as follows:

Name	Designation	No. of Shares allocated
Dr Pakirisamy Baskaran A/L P Thangavelu	Independent Non-Executive Director	300,000
Tan Chye Suan	Independent Non-Executive Director	300,000
Lee Yee Wooi	Independent Non-Executive Director	300,000
<b>Total</b>		<b>900,000</b>

- (ii) The criteria of allocation to eligible employees (as approved by our Board) are based on, amongst others, the following:
- (a) the eligible employee must be a full time and confirmed employee of our Group and on our Group's payroll; and
  - (b) seniority, job grade, length of service, past performance and contributions to our Group and any other factors considered relevant by our Board.
- (iii) The criteria of allocation to eligible business associates are based on, amongst others, their current and past contributions and support to our Group and as approved by our Board. This may include, amongst others, our customers, suppliers, distributors and business associates who have contributed to the success of our Group.

Save for the Pink Form Allocations, our Company is not aware as to whether any of our substantial shareholders, Directors or Key Senior Management have the intention to subscribe for our IPO Shares.

### 3. DETAILS OF OUR IPO (CONT'D)

#### (iii) Private placement to Selected Investors

65,442,000 IPO Shares, representing approximately 17.50% of our enlarged number of issued Shares will be made available for application by way of private placement to Selected Investors.

#### 3.3.2 Underwriting and allocation of the IPO Shares

In summary, our IPO Shares will be allocated in the following manner:

	IPO	
	No. of Shares	(i)%
Malaysian Public (via balloting):		
▪ Bumiputera	9,347,750	2.50
▪ Non-Bumiputera	9,347,750	2.50
Eligible Persons:		
▪ Directors of our Group	900,000	0.24
▪ Employees and other business associates who have contributed to the success of our Group	12,186,800	3.26
Private placement to the Selected Investors	65,442,000	17.50
<b>Total</b>	<b>97,224,300</b>	<b>26.00</b>

**Note:**

- (i) Based on the enlarged total number of 373,910,000 Shares after our IPO.

The 18,695,500 IPO Shares made available for application by the Malaysian Public (via balloting) and the 13,086,800 IPO Shares under the Pink Form Allocations are fully underwritten by our Sole Underwriter.

The 65,442,000 IPO Shares made available for application by way of private placement to the Selected Investors are not underwritten. Irrevocable undertakings will be obtained from the Selected Investors to subscribe for our IPO Shares made available under the private placement.

There is no over-allotment or “greenshoe” option that will increase the number of our IPO Shares.

#### 3.3.3 Clawback and reallocation

Our IPO Shares shall be subject to the following clawback and reallocation provisions:

##### (i) Malaysian Public

In the event of under-subscription of our IPO Shares by the Malaysian Public, and subject to a corresponding over-subscription by the Eligible Persons or Selected Investors under the private placement, the remaining portion will be clawed back and reallocated to the Eligible Persons and/or offered to the Selected Investors under the private placement, at the discretion of our Sole Placement Agent and our Board.

### 3. DETAILS OF OUR IPO (CONT'D)

Any further IPO Shares not subscribed for will be subscribed by our Sole Underwriter in accordance with the terms of the Underwriting Agreement.

#### (ii) Eligible Persons

In the event of under-subscription of our IPO Shares by the Eligible Persons under the Pink Form Allocations, the unsubscribed IPO Shares will be reallocated to other Eligible Persons who have applied for excess IPO Shares (if any) ("**Excess Shares**") in addition to their pre-determined allocation. Such Excess Shares will be allocated to the Eligible Persons who have applied for Excess Shares on a fair and equitable basis in the following manner:

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

Our Board reserves the right to allocate to the Eligible Persons who have applied for Excess Shares in addition to their pre-determined allocation at the discretion of our Board in such manner as it deems fit and expedient in the best interest of our Company. Our Board also reserves the right to accept or reject any Excess Shares application, in full or in part, without assigning any reason.

In the event of under-subscription by the other Eligible Persons (after reallocation of Excess Shares to other Eligible Persons), and subject to a corresponding over-subscription by the Malaysian Public or Selected Investors under the private placement, the remaining portion will be clawed back and reallocated to the Malaysian Public and/or offered to the Selected Investors under the private placement, at the discretion of our Sole Placement Agent and our Board.

Thereafter, any remaining IPO Shares not subscribed for will be subscribed by our Sole Underwriter in accordance with the terms of the Underwriting Agreement.

#### (iii) Private placement to the Selected Investors

In the event of under-subscription of the IPO Shares by the Selected Investors under the private placement and subject to a corresponding over-subscription by the Malaysian Public or Eligible Persons, the remaining portion will be clawed back and reallocated to the Malaysian Public and/or offered to the Eligible Persons.

The clawback and reallocation provisions will not apply in the event there is an over-subscription in all of the allocations of our IPO Shares at the closing date of our IPO.

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

To the best of our knowledge and belief, there is no person who intends to subscribe for more than 5.00% of our IPO Shares.

### 3. DETAILS OF OUR IPO (CONT'D)

#### 3.3.4 SGS

In conjunction with our IPO and Listing, our Company will implement a SGS of up to 15% of the total number of issued shares of our Company (excluding treasury shares, if any) at any point of time during the SGS Period for eligible Directors and employees of our Group (excluding subsidiary companies which are dormant).

The SGS will be administered in accordance with the By-Laws by the SGS Committee. The SGS Committee shall be appointed by our Board. The SGS Committee shall comprise not less than three (3) members, which may include a combination of Executive Director, Non-Executive Director and/or senior management.

The actual number of SGS Shares to be allocated to the eligible Directors and employees shall be determined by the SGS Committee at its sole discretion after taking into consideration factors which may include the eligible Directors and employees' position, job performance, seniority, duration of service, potential for future development and contribution to the success and development of our Group.

Under the SGS, no monetary consideration is required to be paid by the Grantees for the acceptance of the Grants and the subsequent vesting of the SGS Shares comprised in the Grants. Once the Grants are accepted by the Grantees, the SGS Shares comprised in the Grants may be vested in tranches to the Grantees, subject to the fulfilment of the vesting conditions stipulated in the Grants. The fair value of the SGS Shares to be granted will be determined based on, amongst others, the market price of the Shares as at or prior to the Grant Date.

For avoidance of doubt, the SGS will not be extended to non-executive Directors of our Group.

The salient terms of the SGS are as follows:

**(i) Maximum number of Shares made available under the SGS**

The maximum number of Shares which may be made available under the Scheme shall not in aggregate exceed 15% of the total number of issued shares of our Company (excluding treasury shares, if any) at any point of time during the SGS Period ("**Maximum SGS Shares**").

Notwithstanding the above, in the event the aggregate number of Shares granted under the SGS exceeded the Maximum SGS Shares at any point of time as a result of our Company purchasing or cancelling our Shares in accordance with the provisions of the Act and/or undertaking any corporate proposal resulting in the reduction of our Company's issued share capital, then such Grants granted prior to the adjustment of the issued share capital of our Company (excluding treasury shares, if any) shall remain valid and exercisable in accordance with the By-Laws. However, in such situation, the SGS Committee shall not make any further Grants until such aggregate number of Shares granted falls below the Maximum SGS Shares.

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### 3. DETAILS OF OUR IPO (CONT'D)

#### (ii) Basis allocation and maximum allowable allotment

The aggregate maximum number of SGS Shares that may be allocated to any one (1) category/designation of the eligible Directors and employees shall be determined by the SGS Committee provided that the allocation to any individual eligible Directors and employees who, either singly or collectively through persons connected with the eligible Directors and employees (as defined in the Listing Requirements), holds 20% or more of the total number of issued shares of our Company (excluding treasury shares, if any), shall not exceed 10% of the Maximum SGS Shares ("**Maximum Allowable Allocation**").

The aggregate maximum number of SGS Shares that may be allocated to the executive Directors and senior management of our Group who are eligible Directors and employees shall not be more than 70% of the Maximum SGS Shares.

Subject to the above and any adjustment which may be made under By-Laws, the actual number of SGS Shares to be allocated to the eligible Directors and employees shall be determined by the SGS Committee at its sole discretion after taking into consideration factors which may include the eligible Directors' and employees' position, job performance, seniority, duration of service, potential for future development and contribution to the success and development of our Group.

No eligible Directors and employees shall participate in any deliberation or discussion on their respective Grants and/or any Grant to persons connected with the eligible Directors and employees, if any, under the SGS.

The SGS Committee may make one (1) or more Grants to any Grantee as the SGS Committee may at its discretion select during the SGS Period. In addition, the SGS Committee may from time to time and at its discretion decide on the performance targets and/or service objectives to be achieved by the Grantee before the SGS Shares granted can be vested.

#### (iii) Eligibility

Executive Directors and employees of our Group who fulfil the following criteria as at the Grant Date shall be eligible for consideration by the SGS Committee to participate in the SGS:

- (a) has attained the age of 18 years and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;
- (b)(i) has been employed by our Group on a full-time basis or serving in a specific designation under an employment contract with our Group for a fixed duration (or any other contract as may be determined by the SGS Committee) and is on the payroll of any corporation within our Group for a continuous period of at least four (4) months in our Group and has not served a notice of resignation or received a notice of termination prior to and up to the Grant Date; or
- (ii) is employed by a corporation which is acquired by our Group during the SGS Period and becomes a subsidiary of our Group upon such acquisition, he/she must have completed a continuous employment service for a period of at least four (4) months in our Group following the date that such company becomes or is deemed to be a subsidiary of our Group and has not served a notice to resign or received a notice of termination prior to and up to the Grant Date;

### 3. DETAILS OF OUR IPO (CONT'D)

- (c) has been confirmed in writing and is not under any probation;
- (d) if he/she is an executive Director of our Company, the Grant awarded by our Company to him/her in his/her capacity as an executive Director of the Company under the Scheme has been approved by the shareholders of our Company at a general meeting of our Company; and
- (e) fulfills any other criteria and/or falls within such category as may be set by the SGS Committee from time to time.

The selection of any eligible Directors and employees for participation in the SGS shall be determined at the sole discretion of the SGS Committee whose decision shall be final and binding.

For the avoidance of doubt, the SGS Committee may determine any other eligibility criteria and/or waive any of the eligibility criteria as set out above, for purposes of selecting eligible Directors and employees from time to time, at the SGS Committee's discretion.

Eligibility for consideration under the Scheme does not confer an eligible Director and employee a claim or right to participate in or any right whatsoever under the Scheme and an eligible Director and employee does not acquire or has any rights over or in connection with the Grants or the SGS Shares comprised in the Grants unless the Grants have been made in writing by the SGS Committee to the eligible Director and employee and the eligible Director and employee have accepted the Grants in accordance with the terms of the Grants and the By-Laws.

#### (iv) Vesting conditions and vesting of SGS Shares

The SGS Shares comprised in a Grant shall be vested to the Grantee on the date(s) after fulfilling the vesting conditions in accordance with the By-Laws. For the avoidance of doubt, the vesting of each Grant may be staggered in several tranches at such times and on such terms as determined by the SGS Committee.

#### (v) Alteration in share capital and adjustment

In the event of any alteration in the capital structure of our Company during the SGS Period, whether by way of a rights issue, bonus issue or other capitalisation issue, subdivision or consolidation of Shares or reduction of capital or any other variations of capital or otherwise howsoever taking place, the SGS Committee shall have the discretion and accordingly assess the practicality of complying with the requirement to cause such corresponding alterations (if any) to be made to:

- (a) the number of unvested SGS Shares comprised in a Grant; and/or
- (b) the method and/or manner in the vesting of the SGS Shares comprised in a Grant.



### 3. DETAILS OF OUR IPO (CONT'D)

#### (vi) Ranking of our Shares pursuant to the SGS

Our Shares to be issued and/or transferred to the Grantees pursuant to the SGS will, rank equally, in all respects with our existing Shares, save and except that the Shares will not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid, where the entitlement date is before the date of issuance and/or transfer of the abovementioned Shares.

#### (vii) Modification, variation and/or amendment of the By-Laws

Subject to the By-Laws and compliance with the Listing Requirements and the approvals of any other authorities (if required), the SGS Committee may at any time and from time to time recommend to the Board any modification, variation and/or amendment of the By-Laws as it shall at its discretion think fit and the Board shall have the power at any time and from time to time by resolution to make any modification, variation and/or amendment of the By-Laws upon such recommendation and subject to the Company submitting the amended By-Laws and a letter of compliance to Bursa Securities (within five (5) market days after the effective date of the modification, variation and/or amendment of the By-Laws or such other period as may be prescribed by Bursa Securities or any other relevant authorities) each time any modification, variation and/or amendment is made, stating that the said modification, variation and/or amendment is in compliance with the provisions of the Listing Requirements pertaining to share issuance schemes and the Rules of Bursa Depository.

The approval of the shareholders of our Company in general meeting shall not be required in respect of the modification, variation and/or amendment of the By-Laws provided that no modification, variation and/or amendment made to the By-Laws which would:

- (a) prejudice any rights which would have accrued to any Grantee without the prior consent or sanction of that Grantee;
- (b) increase the number of Shares available under the Scheme beyond the maximum amount set out in Section 3.3.4(i) of this Prospectus;
- (c) prejudice any rights of the shareholders of our Company; or
- (d) alter to the advantage of an eligible Director and employee and/or Grantee(s) in respect of any matters which are required to be contained in the By-Laws pursuant to the Listing Requirements.

#### (viii) Duration of the SGS

The SGS shall take effect on the date on which the last of the following approvals and/or conditions as set out in the By-Laws have been obtained and/or complied with ("**Effective Date**") and shall continue to be in force for a period of ten (10) years from the Effective Date ("**Date of Expiry**"):

- (a) submission of the final copy of the By-Laws to Bursa Securities together with a letter of compliance pursuant to Rule 2.12 of the Listing Requirements and a checklist showing compliance with Appendix 6E of the Listing Requirements;
- (b) receipt of approval-in-principle from Bursa Securities for the listing of and quotation for the new Shares to be issued under the SGS;

### 3. DETAILS OF OUR IPO (CONT'D)

- (c) receipt of approval of any other relevant regulatory authorities whose approvals are necessary in respect of the SGS; and
- (d) fulfilment or waiver (as the case may be) of all conditions attached to any of the abovementioned approvals (if any).

Subject to compliance with the requirements of Bursa Securities and any other relevant authorities, the Scheme may be terminated by our Company at any time before the Date of Expiry without obtaining the approvals or consents from the Grantees or our Company's shareholders provided that our Company makes an announcement immediately to Bursa Securities on the following:

1. the effective date of termination of the Scheme;
2. the number of Grants or Shares vested; and
3. the reasons and justification for termination of the Scheme.

Notwithstanding anything to the contrary, all unvested SGS Shares comprised in any Grant (whether fully or partially unvested) shall cease to be capable of vesting on the Date of Expiry or the date of the resolution of the termination of the Scheme.

#### (ix) Retention period and transfer restrictions

The SGS Shares to be issued and/or transferred pursuant to the vesting of SGS Shares comprised in any Grant to the Grantees under the SGS may be subject to such retention period or restriction on transfer (if any) which the SGS Committee shall, from time to time and at its own discretion, be entitled to prescribe or impose as it sees fit.

#### (x) Implementation of the SGS

In implementing the SGS, the SGS Committee may, at its absolute discretion, decide that the vesting of the SGS Shares comprised in a Grant be satisfied by any of the following methods:

- (a) issuance of new Shares by our Company;
- (b) acquisition of our existing Shares from the ACE Market;
- (c) transfer of our Company's treasury shares (if any) or any other method as may be permitted by the Act; or
- (d) a combination of any of the above.

In considering the settlement mode of the Grants as referred to in (a) to (d) above, the SGS Committee will take into consideration, amongst others, factors such as the potential cost arising from the granting of the SGS Shares, the dilutive effects of such issuance on the Company's capital base as well as applicable laws and/or regulatory requirements. The method of settlement to be made by UMC to the Grantees shall be at the discretion of the SGS Committee.

### 3. DETAILS OF OUR IPO (*CONT'D*)

For the purpose of facilitating the implementation of the Scheme, our Company and/or the SGS Committee may (but shall not be obliged to) establish a trust to be administered by the trustee to be appointed by our Company from time to time ("**Trustee**") ("**Trust**") in accordance with the trust deed to be executed between the Trustee and our Company ("**Trust Deed**").

The Trustee shall, at such times as the SGS Committee shall direct, subscribe for and/or purchase the necessary number of Shares to accommodate any transfer of SGS Shares to the CDS Account of the Grantees established by Bursa Depository. For this purpose, the Trustee will be entitled from time to time to the extent permitted by law and as set out under the By-Laws to accept funding and/or assistance, financial or otherwise from our Company and/or any companies within our Group. The SGS Committee shall have the discretion to instruct the Trustee to subscribe for new Shares and/or acquire existing Shares at any time and from time to time and also to revoke or suspend any such instruction that has earlier been given to the Trustee.

For the purpose of administering the Trust, if and when the Trust is established, the Trustee shall do all such acts and things and enter into any transaction, agreement, deed, document or arrangement and make rules, regulations or impose terms and conditions or delegate part of its power relating to the administration of the Trust, as the SGS Committee may direct for the implementation and administration of the Trust which are expedient for the purpose of giving effect to and carrying out the powers and duties conferred on the Trustee by the Trust Deed.

#### (xi) Listing of and quotation for the SGS Shares

The new UMC Shares to be issued pursuant to the SGS will be listed and quoted on the ACE Market.

Our Group does not intend to offer any SGS Shares to eligible Directors and employees upon our Listing.

#### 3.3.5 Minimum subscription level

There is no minimum subscription in terms of the amount of proceeds to be raised from our IPO. However, in order to comply with the public spread requirements of the Listing Requirements, the minimum subscription level will be the number of Shares required to be held by public shareholders.

Pursuant to the Listing Requirements, at least 25% of our enlarged number of Shares must be held by a minimum number of 200 public shareholders holding not less than 100 Shares each at the time of our Admission. Prior to our Admission, we will ensure that this requirement is met through the balloting process and the private placement exercise to ensure that a minimum 200 public shareholders holding not less than 100 Shares each is in place and at least 25% of our enlarged number of Shares are held by public shareholders.

If the public spread requirement is not met, we may not be permitted to proceed with the Listing. In such event, monies paid in respect of all applications will be returned in full, without interest or any share of revenue or benefits arising therefrom. If such monies are not returned in full within 14 days after we become liable to do so, the provision of Section 243(2) of the CMSA shall apply accordingly.

### 3. DETAILS OF OUR IPO (CONT'D)

#### 3.4 SHARE CAPITAL, CLASSES OF SHARES AND RANKING

	No. of Shares	RM
Issued share capital as at the LPD	276,685,700	13,834,286
New Shares to be issued pursuant to our IPO	97,224,300	<sup>(i)</sup> 30,487,776
<b>Enlarged issued share capital upon Listing</b>	<b>373,910,000</b>	<b>44,322,062</b>
IPO Price		0.32
Market capitalisation upon Listing (based on our IPO Price and enlarged number of issued Shares upon Listing)		119,651,200

**Note:**

- (i) Calculated based on the IPO Price of RM0.32 per IPO Share and after deducting the estimated listing expenses of RM3,150,000 to be borne by our Company comprise, amongst others, underwriting, placement and brokerage fees, professional fees and miscellaneous expenses, of which RM1,331,000 had been incurred and charged to the statement of profit or loss and other comprehensive income of our Group up to 31 January 2022. A total of RM624,000 is assumed to be directly attributable to our IPO and as such, will be debited against the share capital of our Company and the remaining expenses of RM1,195,000 are assumed to be attributable to our Listing and as such, will be expensed off to the statement of profit or loss and other comprehensive income.

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

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

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

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

### 3. DETAILS OF OUR IPO (*CONT'D*)

#### 3.5 BASIS OF ARRIVING AT THE PRICE OF OUR IPO SHARES

##### 3.5.1 IPO Price

Our Directors, together with our Principal Adviser, Sponsor, Sole Placement Agent and Sole Underwriter, have determined and agreed on the IPO Price of RM0.32 per IPO Share, after taking into consideration the following:

- (i) our EPS of approximately 1.36 sen based on our audited PAT for FYE 2021 of approximately RM5.09 million and our enlarged number of issued Shares of 373,910,000 Shares which translate into a price-to-earnings multiple of approximately 23.53 times;
- (ii) our EPS of approximately 1.22 sen based on our audited PAT for FPE 2022 of approximately RM4.57 million and our enlarged number of issued Shares of 373,910,000 Shares which translate into an annualised price-to-earnings multiple of approximately 13.11 times;
- (iii) our pro forma consolidated NA per Share of RM0.13 as at 31 January 2022 based on our enlarged number of issued Shares of 373,910,000 Shares after our IPO and subsequent to the use of proceeds from our IPO;
- (iv) our business overview and financial performance as described in Sections 6 and 11 of this Prospectus respectively;
- (v) our competitive strengths as set out in Section 6.5 of this Prospectus;
- (vi) our future plans and business strategies as set out in Section 6.6 of this Prospectus; and
- (vii) the overview and outlook of the medical device industry in Malaysia as described in Section 7 of this Prospectus.

You should note that the market price of our Shares upon Listing is subject to the vagaries of market forces and other uncertainties that may affect the price of our Shares. You should form your own views on the valuation of our IPO Shares before deciding to invest in our Shares. You are also reminded to carefully consider the risk factors as set out in Section 8 of this Prospectus before deciding to invest in our Shares.

##### 3.5.2 Expected market capitalisation

Based on the IPO Price of RM0.32 per IPO Share, the total market capitalisation of our Company upon Listing will be approximately RM119.65 million.

#### 3.6 DILUTION

Dilution is the amount by which the price paid by the investors for our IPO Shares exceeds our pro forma NA per Share immediately after our IPO.

Our pro forma NA per Share as at 31 January 2022 before our IPO was approximately RM0.07 per Share.

Pursuant to the issuance of 97,224,300 new Shares under our IPO and after adjusting for the use of proceeds from our IPO, our pro forma NA per Share based on our enlarged number of issued Shares upon Listing of 373,910,000 Shares would be approximately RM0.13 per Share.

### 3. DETAILS OF OUR IPO (CONT'D)

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

	RM
IPO Price	0.32
Pro forma NA per Share as at 31 January 2022 before our IPO	0.07
Pro forma NA per Share as at 31 January 2022 after giving effect to our IPO and the use of proceeds from our IPO	0.13
Increase in pro forma NA per Share to our existing shareholders	0.06
Dilution in pro forma NA per Share to new investors	0.19
Dilution in pro forma NA per Share to new investors as a percentage of the IPO Price	59.38%

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### 3. DETAILS OF OUR IPO (CONT'D)

Save as disclosed below, none of our Directors, Key Senior Management, substantial shareholders or persons connected with them have acquired any securities in our Company, neither have they entered into any transaction which grants them the right to acquire any of our Shares since our incorporation up to the date of this Prospectus.

	No. of Shares held after the Acquisitions and before our IPO	<sup>(i)</sup> No. of Shares from our IPO	Total consideration RM	Effective cost per Share RM
<b><u>Promoter and substantial shareholder</u></b>				
UMediC Capital	192,327,220	-	9,616,361	0.05
<b><u>Promoters, substantial shareholders and Directors</u></b>				
Dato' Ng Chai Eng	20,402,200	-	1,020,110	0.05
Lim Taw Seong	20,402,200	-	1,020,110	0.05
Lau Chee Kheong	17,754,022	-	887,701	0.05
<b><u>Directors</u></b>				
Dr Pakirisamy Baskaran A/L P Thangavelu	-	300,000	96,000	0.32
Tan Chye Suan	-	300,000	96,000	0.32
Lee Yee Wooi	-	300,000	96,000	0.32
<b><u>Key Senior Management</u></b>				
Ng Hui Hooi	-	300,000	96,000	0.32
Kong Yoen Hoo	9,346,098	400,000	595,305	0.06
Lim Suat Gim	5,665,050	400,000	411,253	0.07
Lee Yi Kai	965,010	400,000	176,251	0.13
Ng Chin Aik	9,777,550	400,000	616,878	0.06
Ng Sze Hui	-	300,000	96,000	0.32
<b><u>New investors from our IPO</u></b>	-	97,224,300	31,111,776	0.32

**Note:**

- (i) Assuming all Pink Form Allocations are fully subscribed.

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### 3. DETAILS OF OUR IPO (CONT'D)

#### 3.7 USE OF PROCEEDS

We expect to use the gross proceeds from our IPO of approximately RM31.11 million in the following manner:

Details of the use of proceeds	Estimated timeframe for the use of proceeds upon Listing	RM'000	% of total gross proceeds from the IPO
Capital expenditure			
(i) Construction of new factory building	Within thirty (30) months	3,500	11.25
(ii) Setting up new marketing and distribution offices	Within thirty-six (36) months	6,800	21.86
		10,300	33.11
Repayment of bank borrowings <sup>(i)</sup>	Within six (6) months	9,000	28.93
Working capital	Within thirty-six (36) months	8,662	27.84
Estimated listing expenses	Within two (2) months	3,150	10.12
<b>Total</b>		<b>31,112</b>	<b>100.00</b>

**Note:**

- (i) Including lease liabilities owing to financial institutions.

##### 3.7.1 Capital expenditure

###### (i) Construction of new factory building

As at the LPD, our Group operates on the Batu Kawan Land with a land area and built-up area of 126,852.68 sq ft and 48,487.40 sq ft respectively. Our existing factory on the Batu Kawan Land is used for the manufacturing of our existing product namely the HydroX series prefilled humidifiers. For our AirdroX series inhaler spacers which have been commercialised in June 2022, we engage third-party contract manufacturers to produce the components. Our Group will then assemble the final product in-house. The existing production facilities are sufficient for us to assemble our AirdroX series inhaler spacers. Save for minimal fees incurred in relation to product testing, there will be no additional cost involved to commercialise our AirdroX series inhaler spacers. Please refer to Annexure A of this Prospectus for the details of the Batu Kawan Land.

As part of our business strategies to further expand our product range, we intend to use approximately RM3.50 million for the construction of a new single storey factory building on the Batu Kawan Land. The factory building is estimated to have a built-up area of approximately 35,000 sq ft, which will comprise, amongst others, the following:

- (a) single storey production floor complete with the necessary production machinery for manufacturing of our products. Upon completion, the new factory building will have approximately 30,000 sq ft of production floor space which can house up to two (2) production lines. This is in anticipation of the upcoming commercialisation of our new products such as sterile water for inhalation, digital oxygen flowmeters, prefilled nebulisers and humidifier humidity sensors. We also intend to increase the production capacity of our HydroX series prefilled humidifiers and AirdroX series inhaler spacers. We will manufacture and assemble the said new products above in our new factory building and we may engage third-party contract manufacturers to produce some of the components of our new products; and



### 3. DETAILS OF OUR IPO (CONT'D)

- (b) storage area for distribution products from our marketing and distribution segment as well as raw materials and finished goods from our manufacturing segment in anticipation of an increase in the demand of our products. The storage floor area is estimated to be approximately 5,000 sq ft.

The details of the construction costs for the construction of the new factory building are as follows:

Details	RM'000
Construction works	3,350
Miscellaneous expenses and contingencies <sup>(i)</sup>	150
<b>Total</b>	<b><sup>(ii)</sup>3,500</b>

**Notes:**

- (i) Miscellaneous expenses include consultants' fees for the architect, mechanical, electrical, civil and structural engineers. The contingency costs include construction contingency costs to cater for fluctuations in construction material costs, overtime costs and/or costs due to changes in, amongst others, architectural design for lighting and landscaping.
- (ii) The breakdown of the funds to be used for construction of the new factory building will depend on the finalisation of the layout plan of the new factory building. The estimated construction cost of the new factory building was based on a preliminary quotation requested from a civil and structural construction company for the construction cost for the new factory building. Although the layout plan of the new factory building has yet to be finalised, the quotation was derived at based on the intended floor space and purpose of the new factory building.

As at the LPD, our Group has not incurred any expenses for the construction of the new factory building. The following approvals, licences or certificates will be required prior to commencement of operations of the new factory building:

- (i) building plan approval from Majlis Bandaraya Seberang Perai ("**MBSP**");
- (ii) civil and structural and mechanical and electrical plans approval;
- (iii) permit for land filling and earthworks is required from Jabatan Kerja Raya Pulau Pinang and MBSP; and
- (iv) certificate for completion and compliance for the completed new factory building.

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### 3. DETAILS OF OUR IPO (CONT'D)

The indicative timeline for the construction of our new factory building is as follows:

Timeline	Details
Second (2 <sup>nd</sup> ) half of 2022	<ul style="list-style-type: none"> <li>Finalise the layout plan of the new factory building</li> <li>Submission of building plan to the authorities</li> </ul>
First (1 <sup>st</sup> ) half of 2023	<ul style="list-style-type: none"> <li>Receipt of approved building plan</li> <li>Commencement of construction of the new factory</li> </ul>
First (1 <sup>st</sup> ) half of 2024	<ul style="list-style-type: none"> <li>Completion of construction of the new factory building</li> <li>Purchase of new machinery</li> </ul>
Second (2 <sup>nd</sup> ) half of 2024	<ul style="list-style-type: none"> <li>Installation of new machinery</li> <li>Commencement of operations</li> </ul>

Our Group does not anticipate any delay in the timeline and milestones above. However, should there be any delay, we do not expect a material operational and financial impact to our Group as we will undertake alternative measures which include engaging third party contract manufacturers and/or renting a factory building for our manufacturing and/or storage purposes. The additional costs for alternative measures (i.e. engaging third party contract manufacturers and/or renting a factory building) are not expected to be material as we were planning to utilise the production floor and storage area in our new factory building progressively.

In the event the allocated proceeds are insufficient for the construction of the new factory building, any shortfall will be funded out of the portion allocated for working capital, internally generated funds and/or bank borrowings. Any excess not used for this purpose will be used for our working capital purposes.

#### (ii) Setting up new marketing and distribution offices

As at the LPD, our Group operates in our head office in Batu Kawan, Penang and our rented marketing and distribution offices in Bandar Tun Razak, Kuala Lumpur and Johor Bahru, Johor. Our head office in Batu Kawan, Penang includes a showroom which is used to showcase and demonstrate the functionality of our products.

Our rented marketing and distribution offices in Bandar Tun Razak, Kuala Lumpur and Johor Bahru, Johor serve to carry out our direct distribution network activities as detailed in Section 6.10.2(i) of this Prospectus. As at the LPD, we have 12 and 5 sales representatives in our rented marketing and distribution offices in Bandar Tun Razak, Kuala Lumpur and Johor Bahru, Johor respectively.

Our sales representatives will visit our customers to discuss our product offerings and we will deliver loaner units to our customers' premises upon their request. Should our customers be desirous of viewing our products, they will need to travel to our head office in Batu Kawan, Penang and the setting up of our new marketing and distribution offices will reduce the inconvenience to our customers.

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### 3. DETAILS OF OUR IPO (CONT'D)

The salient term of the tenancy agreement for the marketing and distribution offices in Bandar Tun Razak, Kuala Lumpur and Johor Bahru, Johor are as follows:

Date of Tenancy Agreement	Parties	Premises	Duration	Monthly Rental	Termination
1 August 2020	Tan Poh Eng (landlord) and Evo Medik (tenant)	Suite 16.23A, Level 16 <sup>th</sup> Floor Wisma Zelan, No. 1, Jalan Tasik Permaisuri 2, Bandar Tun Razak, 56000 Kuala Lumpur	1 August 2020 till 31 July 2022 ("Initial Term") with an option to renew for a further term of one (1) year ("Further Term")	<b>Initial Term:</b> 1,500.00 <b>Further Term:</b> At the prevailing market rate to be agreed by both parties provided that the increment shall not exceed 15% of the current rental	If the tenant at any time during the duration of this tenancy elects to terminate this tenancy agreement, the security deposit shall be forfeited to the landlord absolutely and if the landlord elects to terminate this tenancy agreement, then the tenant shall be compensated with an equivalent of two (2) months' rental.
15 March 2022	Lee Meng Teck (landlord) and UMediC (tenant)	C1-05-06, Wisma SP Setia, Jalan Indah 15, Taman Bukit Indah, 81200 Johor Bahru, Johor	15 March 2022 till 14 March 2024 ("Initial Term") with option to renew for another year	<b>Initial Term:</b> 1,900.00	There shall be no termination of the tenancy during the first of twelve months by either party.  Should the tenant or the landlord desire to terminate the tenancy, either of the parties may then give two (2) months' written notice in advance in respect of such termination or two (2) months' rent in lieu thereof ("Termination Notice"). For avoidance of doubt, the monthly rental for the remaining terms of the term of tenancy after the aforementioned Termination Notice shall not be damages for either party. The landlord shall refund the security deposit as specified in the tenancy agreement.

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### 3. DETAILS OF OUR IPO (CONT'D)

As part of our business strategy to cater to the expansion of our business operations, we intend to use approximately RM6.80 million for the setting up of new marketing and distribution offices in the central area of Kuala Lumpur and Johor Bahru, Johor. It is also our intention to house all the marketing and distribution operations in this new marketing and distribution offices. We will not terminate early and will renegotiate the terms of the tenancy agreements (i.e. the duration and/or termination clauses with the respective landlords) before the tenancy agreements expire in 2022 and 2024. Upon moving to our new marketing and distribution offices, we will not maintain our tenancy for the current rented marketing and distribution offices.

Through investment in new offices in the central area of Kuala Lumpur and Johor Bahru, Johor, we will be able to have a permanent address to house our showrooms, which we can renovate and configure to meet our desired needs. This will avoid the risk of us having to move locations and paying rental. In addition, we may also be able to benefit from the appreciation in the properties' value in the future.

The details of the setting up cost for new marketing and distribution offices are as follows:

Details	RM'000
Central area of Kuala Lumpur <sup>(i)</sup>	5,000
Johor Bahru, Johor <sup>(ii)</sup>	1,800
<b>Total</b>	<b>6,800</b>

**Notes:**

- (i) We intend to set up a strategic marketing and distribution office in the central area of Kuala Lumpur. This marketing and distribution office will be used as a showroom for our products and also to serve our customers within the central region of Peninsular Malaysia. Additionally, our new marketing and distribution office will also act as a service centre for our existing customers.

By having a showroom, we will be able to showcase our products and enable our existing and potential customers to enhance their customer experience and understand the functionality of our products without having to travel to our head office in Batu Kawan, Penang. Moreover, we can also store our products, which are generally of high value and large in size, safely at our new office without unnecessarily exposing our products to delivery defects prior to the sales as our products are fragile in nature.

The estimated setting up cost of RM5.00 million covers the purchase of property as well as the cost of renovations and fit-out work. The intended floor area for this marketing and distribution office is approximately 3,500 sq ft.

The estimated purchase price of the property of RM4.00 million was based on the enquiries with property agents on the market value of properties located in the vicinity. As at the LPD, we have not decided on the property to be acquired and we will consider the intended floor area, availability of properties as well as the market prices of commercial space in the geographical locations we intend to set up our marketing and distribution office.

The estimated renovation cost of approximately RM1.00 million was based on a preliminary quotation requested from an interior design company for the renovation cost for the intended floor area of our marketing and distribution office.

### 3. DETAILS OF OUR IPO (CONT'D)

- (ii) We also intend to set up a strategic marketing and distribution office in Johor Bahru, Johor. This marketing and distribution office will be used as a showroom for our products and also to serve our customers within the southern region of Peninsular Malaysia as well as from Singapore. Additionally, our new marketing and distribution office will also act as a service centre for our existing customers.

By having a showroom, we will be able to showcase our products and enable our existing and potential customers to enhance their customer experience and understand the functionality of our products without having to travel to our head office in Batu Kawan, Penang. Moreover, we can also store our products, which are generally of high value and large in size, safely at our new office without unnecessarily exposing our products to delivery defects prior to the sales as our products are fragile in nature.

The estimated setting up cost of RM1.80 million covers the purchase of property as well as the cost of renovations and fit-out work. The intended floor area for this marketing and distribution office is approximately 3,000 sq ft.

The estimated purchase price of the property of RM1.30 million was based on the enquiries with property agents on the market value of properties located in the vicinity. As at the LPD, we have not decided on the property to be acquired and we will consider the intended floor area, availability of properties as well as the market prices of commercial space in the geographical locations we intend to set up our marketing and distribution office.

The estimated renovation cost of approximately RM0.50 million was based on a preliminary quotation requested from an interior design company for the renovation cost for the intended floor area of our marketing and distribution office.

In the event the allocated proceeds are insufficient for setting up new marketing and distribution offices, any shortfall will be funded out of the portion allocated for working capital, internally generated funds and/or bank borrowings. Any excess not used for this purpose will be used for our working capital purposes.

#### 3.7.2 Repayment of bank borrowings

As at the LPD, our total bank borrowings which include lease liabilities owing to financial institutions, amounted to approximately RM20.36 million.

We intend to use approximately RM9.00 million to partially repay our bank borrowings as follows:

Details	Purpose	Interest rate per annum/ Maturity date	Outstanding amount as at the LPD RM'000	Proposed repayment RM'000
Hong Leong Bank Berhad (Term Loan)	To part finance the purchase of machinery and equipment and construction cost of the building on the Batu Kawan Land <sup>(i)</sup>	3.65% (based on 1.25% above the bank's cost of funding rate of 2.40% <sup>(v)</sup> / 14 June 2025	4,628	4,500
Hong Leong Bank Berhad (Term Loan)	To part finance the acquisition of the Batu Kawan Land and the construction cost of the building thereon <sup>(ii)</sup>	3.34% (based on 1.10% above the bank's cost of funding rate of 2.24% <sup>(v)</sup> / 17 June 2037	8,860	3,700
BMW Credit (Malaysia) Sdn Bhd (Hire purchase)	Purchase of machinery and equipment <sup>(iii)</sup>	2.71%/ 11 April 2026	412	400

### 3. DETAILS OF OUR IPO (CONT'D)

Details	Purpose	Interest rate per annum/ Maturity date	Outstanding amount as at the LPD RM'000	Proposed repayment RM'000
Hitachi Capital Malaysia Sdn Bhd (Hire purchase)	Purchase of machinery and equipment <sup>(iv)</sup>	3.20% - 3.25%/ 1 March 2023 - 12 November 2025	469	400
<b>Total</b>			<b>14,369</b>	<b>9,000</b>

**Notes:**

- (i) For the acquisition of three (3) units of machines used in our manufacturing process of medical consumables namely, HydroX series prefilled humidifiers and the construction of our current head office cum factory, which was completed in 2021.
- (ii) For the construction of our current head office cum factory, which was completed in 2021.
- (iii) For the acquisition of one (1) unit of machine used in our manufacturing process of medical consumables namely, HydroX series prefilled humidifiers.
- (iv) For the acquisition of seven (7) units of machines, a server and a forklift used in our manufacturing process of medical consumables namely, HydroX series prefilled humidifiers, utilising nine (9) hire purchase lines.
- (v) Based on the bank's cost of funding rate as at the LPD.

The repayment of the abovementioned bank borrowings is expected to result in an annual interest savings of approximately RM0.31 million based on the prevailing interest rate per annum for each of the banking facilities mentioned above. However, the actual interest savings may vary depending on the applicable interest rate at the time of repayment. Further, the repayment of any such outstanding bank borrowings will not result in any penalty or early repayment cost being incurred by our Group.

#### 3.7.3 Working capital

Our Group's working capital requirement is expected to increase in tandem with our plans to expand our business into new markets and to expand our product range. Hence, we intend to use approximately RM8.66 million to finance the purchase of additional distribution products. The additional distribution products may include patient monitors, defibrillators, ventilators, maternal and infant care machines, ultrasound machines as well as other products which may be requested by our customers.

Distribution products are the main component of our cost of sales which accounted for approximately 69.09%, 68.06%, 79.25% and 85.24% of our Group's total cost of sales for FYEs 2019, 2020, 2021 and FPE 2022 respectively and are expected to increase in line with the expansion of our product range.

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### 3. DETAILS OF OUR IPO (CONT'D)

The price range for our Group's major products for the Financial Years Under Review and FPE 2022 are as follows:

Type of products	Price range			
	FYE 2019 RM	FYE 2020 RM	FYE 2021 RM	FPE 2022 RM
Patient monitor	3,200 – 87,300	4,000 – 106,900	3,500 – 107,600	5,500 – 272,000
Defibrillator/ AED	400 – 16,500	1,400 – 24,800	490 – 36,500	3,100 – 29,980
General anaesthesia machine	-	-	54,000 – 59,000	-
Ventilator	29,500 – 67,000	24,900 – 59,300	29,300 – 64,800	49,950 – 129,875
Maternal and infant care	3,300 – 21,300	2,400 – 34,900	3,000 – 25,800	6,500 – 109,126
Ultrasound machine	-	56,800 – 216,600	53,100 – 254,000	30,000 – 153,000
Medical furniture	4,700 – 16,900	4,700 – 11,400	4,700 – 17,900	979 – 29,350
Medical chest compression device	-	63,000 – 63,000	46,800 – 63,000	-

The price range for our Group's major products for the Financial Years Under Review and FPE 2022 fluctuated according to the different specifications of the products sold to our customers in the respective years. The value of our Group's purchases for distribution products for FYEs 2019, 2020, 2021 and FPE 2022 is approximately RM6.42 million, RM11.76 million, RM20.64 million and RM17.92 million respectively.

As part of our future plans, we intend to strengthen our marketing and distribution segment by increasing our range of products manufactured by reputable international suppliers/principals to our product portfolio. This will allow us to strengthen our product portfolio as well as to meet the changing demands of the industry. Further, the additional working capital will enhance our cash flow position and will enable us to conduct our operations and expansion efficaciously and without being overly dependent on external sources of funding.

#### 3.7.4 Estimated listing expenses

Our listing expenses are estimated to be approximately RM3.15 million, the details of which are as follows:

Details	RM'000
Professional fees	2,000
Underwriting, placement and brokerage fees	650
Printing and advertising expenses	280
Miscellaneous expenses and contingencies <sup>(i)</sup>	220
<b>Total</b>	<b>3,150</b>

**Note:**

- (i) Comprising fees payable to authorities (such as lodgement fees payable to the Registrar of Companies), other incidental or related expenses in connection with our IPO (such as fees to be paid to public or investor relation consultants, related tax and funds reserved for contingency purposes).

In the event the allocated proceeds are insufficient for the listing expenses, any shortfall will be funded out of the portion allocated for working capital and/or internally generated funds. However, any excess not used for this purpose will be used for our working capital purposes.

### 3. DETAILS OF OUR IPO (CONT'D)

Pending the use of proceeds from the IPO, we intend to place the proceeds (including accrued interest, if any) or any balance thereof in interest-bearing accounts with licensed financial institutions in Malaysia and/or in money market instruments.

#### 3.8 BROKERAGE, UNDERWRITING COMMISSION AND PLACEMENT FEES

##### 3.8.1 Brokerage fee

We will pay the brokerage fee for the 18,695,500 IPO Shares made available for application by the Malaysian Public under Section 3.3.1(i) of this Prospectus at the rate of 1.00% (exclusive of any applicable tax) on the IPO Price in respect of all successful applications which bear the stamp of either Affin Hwang IB, the participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association or the Issuing House.

##### 3.8.2 Underwriting commission

Affin Hwang IB, as our Sole Underwriter has agreed to underwrite up to 31,782,300 IPO Shares made available for application by the Malaysian Public and the Eligible Persons under Sections 3.3.1(i) and 3.3.1(ii) of this Prospectus respectively. As stipulated in the Underwriting Agreement, we will pay our Sole Underwriter an underwriting commission at the rate of 2.25% (exclusive of any applicable tax) of the total value of the underwritten Shares.

##### 3.8.3 Placement fee

We will pay our Sole Placement Agent a placement fee at the rate of up to 2.00% (exclusive of any applicable tax) of the value of the 65,442,000 IPO Shares reserved for the private placement to the Selected Investors under Section 3.3.1(iii) of this Prospectus.

#### 3.9 DETAILS OF THE UNDERWRITING ARRANGEMENT

We have entered into the Underwriting Agreement with our Sole Underwriter to underwrite 31,782,300 IPO Shares under Sections 3.3.1(i) and 3.3.1(ii) of this Prospectus ("**Underwritten Shares**"), subject to the clawback and reallocation provisions as set out in Section 3.3.3 of this Prospectus and subject to the terms and conditions of the Underwriting Agreement.

Details of the underwriting commission are set out in Section 3.8.2 of this Prospectus while the salient terms of the Underwriting Agreement are as follows:

##### (i) Conditions precedent for underwriting

The obligations of our Sole Underwriter under the Underwriting Agreement shall be conditional upon the fulfilment and/or satisfaction of the following:

- (a) Bursa Securities' approval of our Listing remaining in full force and effect and that all conditions (except for any which can only be complied with after our IPO has been completed) have been complied with;
- (b) the offer and issuance of the IPO Shares having been approved by the shareholders of our Company;
- (c) the lodging with the Companies Commission Malaysia of a copy of this Prospectus for lodgement in accordance with the requirements of Section 234 of the CMSA;



### 3. DETAILS OF OUR IPO (*CONT'D*)

- (d) the registration with the SC of this Prospectus and the submission to the SC of accompanying documents on or before their issue, circulation or distribution to the public;
- (e) all necessary approvals and consents required in relation to our IPO including but not limited to governmental approvals having been obtained and are in full force and effect and that all conditions to the approvals (except for any which can only be complied with after our IPO has been completed) have been complied with;
- (f) this Prospectus being issued not later than 29 July 2022 or such later date as may be agreed between our Sole Underwriter and our Company in writing;
- (g) our IPO and the offering and subscription of our IPO Shares in accordance with the provisions hereof not being prohibited or impeded by any statute, order, rule, directive or regulation promulgated by any legislative, executive or regulatory body or authority of Malaysia (including Bursa Securities) or any jurisdiction within which such IPO Shares are offered;
- (h) there not being, in the opinion of our Sole Underwriter, on or prior to the last day and time for the acceptance of and payment for our IPO in accordance with this Prospectus and the Application Form or any such date as may be extended from time to time by our Company together with the mutual agreement of our Sole Underwriter in writing, subject to the prior written approval of the relevant authorities, if any ("**Closing Date**"), any material adverse effect in the condition (financial, business, operations or otherwise) of our Group from that set out in this Prospectus which is material in the context of our IPO;
- (i) the delivery to our Sole Underwriter on the Closing Date and date of delivery of the Applications Form(s) together with the remittance of subscription monies payable on the application of the unsubscribed Shares by our Sole Underwriter ("**Settlement Date**"), respectively a certificate in the agreed form of our Company, signed by a duly authorised officer of our Company, dated the Closing Date and the Settlement Date, to the effect that the person who provides such certificate has carefully examined the Underwriting Agreement and that;
  - 1. the representations, warranties and undertakings of our Company are true, accurate and correct and not misleading in all respects on and as of the Closing Date and Settlement Date (as the case may be), as though they had been given and made on the Closing Date and the Settlement Date (as the case may be), and our Company has complied with all the terms of the Underwriting Agreement and satisfied all the conditions on its part under the Underwriting Agreement to be performed and satisfied on or prior to the Closing Date and the Settlement Date (as the case may be);
  - 2. since the date of the Underwriting Agreement, there has been no change or development that may have a material adverse effect;
  - 3. the allotment and issuance of the public issue under our IPO are not being prohibited by any statutes or regulations promulgated or issued by any legislative or regulatory body in Malaysia; and

### 3. DETAILS OF OUR IPO (CONT'D)

4. all the conditions set out in conditions precedent for underwriting of the Underwriting Agreement with respect to our Company have been fulfilled and that no event has occurred with respect to our Company that would give rise to a right for our Sole Underwriter to give notice to our Company to terminate the Underwriting Agreement.

(ii) **Termination by our Sole Underwriter upon the occurrence of adverse changes and consequence thereof**

Notwithstanding anything contained in the Underwriting Agreement, our Sole Underwriter, may by notice in writing to our Company given at any time before the date of our Listing, terminate, cancel and withdraw its underwriting commitment if in the opinion of our Sole Underwriter;

- (a) there is any breach by our Company of any of the obligations, the representations, warranties or undertakings set out in the Underwriting Agreement in any respect; or in the case of any warranties or representations or undertakings which are not qualified by any materiality requirements, in any material respect; and in either event, where such misrepresentation or breach is capable of remedy, the same not being remedied within three (3) Market Days or on such other day which the parties may mutually agree in writing, but in any event no later than the Closing Date from the provision of a written notice to our Company, as the case may be, by our Sole Underwriter;
- (b) our Company withholds any material information from our Sole Underwriter, which, in the opinion of our Sole Underwriter, is likely to have a material adverse effect;
- (c) there shall have occurred, happened or come into effect any event or series of events beyond the control of our Sole Underwriter by reason of Force Majeure (as defined below) which would have or can be expected to have, a material adverse effect on the business, operations, financial condition or prospects of our Group or the success of our IPO or which is likely to have the effect of making any material obligation under the Underwriting Agreement incapable of performance in accordance with its terms or our Company shall sustain any material loss or interference with the business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labour disturbance or dispute or any action, order or decree of any court or arbitrator or governmental or regulatory authority, in each case, that has had or could be expected to have a material adverse effect;

**"Force Majeure"** means causes which are unpredictable and beyond the control of the party claiming force majeure which could not have been avoided or prevented by reasonable foresight, planning and implementation including but not limited to:

1. war, acts of warfare, sabotages, hostilities, invasion, incursion by armed force, act of hostile army, nation or enemy, civil war or commotion, hijacking, terrorism;
2. riot, uprising against constituted authority, civil commotion, disorder, rebellion, organised armed resistance to the government, insurrection, revolt, military or usurped power; or
3. natural catastrophe including but not limited to earthquakes, floods, fire, storm, lightning, tempest, explosions, accident, epidemics or other acts of God.

### 3. DETAILS OF OUR IPO (CONT'D)

- (d) any government requisition or other occurrence of any nature whatsoever which is reasonably likely to have a material adverse effect on the business, operations, financial condition or prospects of our Group or the success of our IPO;
- (e) any material adverse change in national or international monetary, financial and capital markets (including stock market conditions and interest rates), economic conditions or exchange control or currency exchange rates which in the opinion of our Sole Underwriter is likely to have a material adverse effect (whether in the primary market or in respect of dealings in the secondary market). For the avoidance of doubt, if the FTSE Bursa Malaysia KLCI ("**Index**") is, at the close of normal trading on Bursa Securities, on any Market Day:
  - 1. on or after the date of the Underwriting Agreement; and
  - 2. prior to the date of our Listing,
 

lower than 85%, of the level of Index at the last close of normal trading on the relevant exchange on the Market Day immediately prior to the date of the Underwriting Agreement and remains at or below that level for at least three (3) consecutive Market Days, it shall be deemed a material adverse change in the stock market condition;
- (f) trading of all securities on Bursa Securities has been suspended or other material form of general restriction in trading for three (3) consecutive Market Days or more;
- (g) any new law or regulation or change in law, regulation, directive, policy or ruling in any applicable jurisdiction which is reasonably likely to prejudice the success of our Listing or which would have or is likely to have the effect of making it impracticable to enforce contracts to allot and/or to transfer the underwritten Shares or which is reasonably likely to have the effect of making any obligation under the Underwriting Agreement incapable of performance in accordance with its terms;
- (h) any part of the private placement or our IPO is stopped or delayed by our Company or the regulatory authorities for any reason whatsoever (unless such delay has been approved by our Sole Underwriter in writing);
- (i) our Listing does not take place on or before 17 August 2022 or within five (5) Market Days after the Settlement Date, whichever is earlier, or such other extended date as may be agreed by our Sole Underwriter;
- (j) approval for our IPO is withdrawn, modified and/or subject to terms and conditions which is, in the opinion of our Sole Underwriter, not acceptable to our Sole Underwriter;
- (k) the Closing Date does not take place on or before 4 August 2022 or any later date as may be agreed by our Sole Underwriter;

### 3. DETAILS OF OUR IPO (CONT'D)

- (l) any commencement of legal proceedings or action against our Company or any of our Directors which in the opinion of our Sole Underwriter, would have or is likely to have a material adverse effect or make it impracticable to enforce contracts to allot and/or transfer the underwritten Shares;
- (m) any of the approvals as referred in the Underwriting Agreement is revoked, suspended or ceases to have any effect whatsoever, or is varied or supplemented and such revocation, suspension, cessation, variation or supplement upon terms that would have or is likely to have a material adverse effect; or
- (n) any material statements contained in this Prospectus has become or been discovered to be untrue, inaccurate or misleading in any material aspect which would have or is likely to prejudice the success of our Listing or which would have or is likely to have the effect of making it impracticable to enforce contracts to allot and/or transfer the underwritten Shares or making any obligation under the Underwriting Agreement incapable of performance in accordance with its terms.

#### 3.10 TRADING AND SETTLEMENT IN SECONDARY MARKET

Upon Listing, our Shares will be traded through Bursa Securities and settled by book-entry settlement through the CDS, which is operated by Bursa Depository. This will be effected in accordance with the Rules of Bursa Depository and the provisions of the SICDA. Accordingly, our Company will not deliver share certificates to the subscribers or purchasers of our IPO Shares.

Beneficial owners of our Shares are required under the Rules of Bursa Depository to maintain our Shares in CDS Accounts, either directly in their names or through authorised nominees. Persons whose names appear in our Record of Depositors maintained by Bursa Depository will be treated as our shareholders in respect of the number of Shares credited to their respective CDS Accounts.

Transactions in our Shares under the book-entry settlement system will be reflected by the seller's CDS Account being debited with the number of Shares sold and the buyer's CDS Account being credited with the number of Shares acquired. No transfer stamp duty is currently payable for our Shares that are settled on a book-entry basis, although there is a nominal transfer fee of RM10.00 payable for each transfer not transacted on the market.

Shares held in CDS Accounts may not be withdrawn from the CDS except in the following instances:

- (i) to facilitate a share buy-back;
- (ii) to facilitate conversion of debt securities;
- (iii) to facilitate company restructuring process;
- (iv) where a body corporate is removed from the Official List;
- (v) to facilitate a rectification of any error; and
- (vi) in any other circumstances as determined by Bursa Depository from time to time, after consultation with the SC.

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**3. DETAILS OF OUR IPO (CONT'D)**

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Trading of shares of companies listed on Bursa Securities is normally done in “board lots” of 100 shares. Investors who desire to trade less than 100 shares are required to trade under the odd lot market. Settlement and payment of trades done on a “ready” basis on Bursa Securities generally takes place on the second (2<sup>nd</sup>) Market Day following the transaction date.

It is expected that our Shares will commence trading on Bursa Securities about 10 Market Days after the close of our IPO. Subscribers of our Shares will not be able to sell or otherwise deal in our Shares (except by way of a book-entry transfer to other CDS Account in circumstances which do not involve a change in beneficial ownership) prior to the commencement of trading on Bursa Securities.

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#### 4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT

##### 4.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

The Promoters to our IPO are UMediC Capital, Dato' Ng Chai Eng, Lim Taw Seong and Lau Chee Kheong.

##### 4.1.1 Shareholdings of our Promoters and substantial shareholders

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

Name	Country of incorporation / Nationality	Before our IPO/As at the LPD				After our IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	(i)%	No. of Shares	(i)%	No. of Shares	(iii)%	No. of Shares	(iii)%
<b><u>Promoters and substantial shareholders</u></b>									
UMediC Capital	Malaysia	192,327,220	69.51	-	-	192,327,220	51.44	-	
Dato' Ng Chai Eng	Malaysian	20,402,200	7.37	(iii)192,327,220	69.51	20,402,200	5.46	(iv)192,627,220	51.52
Lim Taw Seong	Malaysian	20,402,200	7.37	(iii)192,327,220	69.51	20,402,200	5.46	(iii)192,327,220	51.44
Lau Chee Kheong	Malaysian	17,754,022	6.42	(iii)192,327,220	69.51	17,754,022	4.75	(iii)192,327,220	51.44

**Notes:**

- (i) Based on the total number of 276,685,700 Shares before our IPO/as at the LPD.
- (ii) Based on the enlarged total number of 373,910,000 Shares after our IPO.
- (iii) Deemed interest by virtue of his interest in UMediC Capital pursuant to Section 8 of the Act.
- (iv) Deemed interest by virtue of his interest in UMediC Capital and the Shares held by his daughter, Ng Sze Hui assuming full subscription of the IPO Shares reserved for our Key Senior Management under the Pink Form Allocations pursuant to Section 8 of the Act.

#### 4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (*CONT'D*)

Our Promoters and substantial shareholders do not have different voting rights from other shareholders of our Company as all our Shares before and after our IPO are of the same class.

Save as disclosed above, there is no other person who, directly or indirectly, jointly or severally, exercises control over our Company as at the LPD. There is also no arrangement between our Company and our shareholders with any third party, which may, at a subsequent date, result in a change in control of our Company.

##### 4.1.2 Profiles of our Promoters and substantial shareholders

The profiles of our Promoters and substantial shareholders are as follows:

###### (i) UMediC Capital

UMediC Capital was incorporated in Malaysia on 6 July 2021 under the Act as a private limited company. The principal activity of UMediC Capital is investment holding.

As at the LPD, the issued capital of UMediC Capital is RM1,001 comprising 100,000 ordinary shares.

As at the LPD, the director is Lim Taw Seong. The details of the shareholders and their respective shareholdings in UMediC Capital are as follows:

Name	Nationality	Direct		Indirect	
		No. of shares	%	No. of shares	%
Dato' Ng Chai Eng	Malaysian	29,964	29.97	-	-
Lim Taw Seong	Malaysian	29,964	29.97	-	-
Lau Chee Kheong	Malaysian	26,023	26.02	-	-
Kong Yoen Hoo	Malaysian	5,423	5.42	-	-
Ng Chin Aik	Malaysian	5,112	5.11	-	-
Lim Suat Gim	Malaysian	2,962	2.96	-	-
Lee Yi Kai	Malaysian	528	0.53	-	-
Ang Choon Seong	Malaysian	24	0.02	-	-
<b>Total</b>		<b>100,000</b>	<b>100.00</b>	-	-

Save for Ng Chin Aik who is the nephew of Dato' Ng Chai Eng and cousin of Lim Taw Seong, there is no other relationship between the other shareholders of UMediC Capital and Dato' Ng Chai Eng, Lim Taw Seong and Lau Chee Kheong.

###### (ii) Dato' Ng Chai Eng, a Malaysian aged 59, is our Promoter and substantial shareholder.

He is also our Non-Independent Non-Executive Chairman. His profile is set out in Section 4.2.2(i) of this Prospectus.

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**4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)**

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- (iii) **Lim Taw Seong**, a Malaysian aged 44, is our Promoter and substantial shareholder.

He is also our Executive Director/Chief Executive Officer. His profile is set out in Section 4.2.2(ii) of this Prospectus.

- (iv) **Lau Chee Kheong**, a Malaysian aged 59, is our Promoter and substantial shareholder by virtue of his shareholding in UMediC Capital.

He is also our Non-Independent Non-Executive Director. His profile is set out in Section 4.2.2(iii) of this Prospectus.

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#### 4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

##### 4.1.3 Changes in our Promoters' and substantial shareholders' shareholdings in our Company

The changes in our Promoters' and substantial shareholders' shareholdings in our Company since the date of our incorporation on 22 April 2021 up to the LPD and after our IPO are as follows:

Name	As at 22 April 2021 (date of incorporation)				After the Acquisitions and as at the LPD			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	(i)%	No. of Shares	(i)%
<b><u>Promoters and substantial shareholders</u></b>								
UMediC Capital	-	-	-	-	192,327,220	69.51	-	-
Dato' Ng Chai Eng	-	-	-	-	20,402,200	7.37	(ii)192,327,220	69.51
Lim Taw Seong	1	100.00	-	-	20,402,200	7.37	(ii)192,327,220	69.51
Lau Chee Kheong	-	-	-	-	17,754,022	6.42	(ii)192,327,220	69.51

Name	After our IPO			
	Direct		Indirect	
	No. of Shares	(iii)%	No. of Shares	(iii)%
<b><u>Promoters and substantial shareholders</u></b>				
UMediC Capital	192,327,220	51.44	-	-
Dato' Ng Chai Eng	20,402,200	5.46	(iv)192,627,220	51.52
Lim Taw Seong	20,402,200	5.46	(ii)192,327,220	51.44
Lau Chee Kheong	17,754,022	4.75	(ii)192,327,220	51.44

#### 4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (*CONT'D*)

**Notes:**

- (i) Based on the total number of 276,685,700 Shares after the Acquisitions and as at the LPD.
- (ii) Deemed interest by virtue of his interest in UMediC Capital pursuant to Section 8 of the Act.
- (iii) Based on the enlarged total number of 373,910,000 Shares after our IPO.
- (iv) Deemed interest by virtue of his interest in UMediC Capital and the Shares held by his daughter, Ng Sze Hui assuming full subscription of the IPO Shares reserved for our Key Senior Management under the Pink Form Allocations pursuant to Section 8 of the Act.

##### 4.1.4 Benefits paid or intended to be paid or given to our Promoters or substantial shareholders

Save for the following, there is no other amount or benefit that has been paid or intended to be paid or given to our Promoters or substantial shareholders within the two (2) years preceding the date of this Prospectus:

- (i) the distribution of dividends of approximately RM1.27 million for FYE 2020 to our Promoters and/or substantial shareholders are as follows:

	FYE 2020 RM'000
<b>Promoters and substantial shareholders</b>	
Dato' Ng Chai Eng	390
Lim Taw Seong	390
Lau Chee Kheong	336

No dividend was paid to our Promoters and substantial shareholders for the FYE 2021 and FPE 2022.

- (ii) issuance of our Shares as consideration pursuant to the Acquisitions as set out in Section 5.1.1 of this Prospectus.
- (iii) aggregate remuneration and benefits paid and proposed to be paid for services rendered to our Group in all capacities as set out in Section 4.2.4 of this Prospectus.

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#### 4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

##### 4.2 BOARD OF DIRECTORS

##### 4.2.1 Shareholdings of our Directors

The details of our Directors and their respective shareholdings in our Company as at the LPD and after our IPO (assuming each of our Directors subscribe in full for their respective entitlements under the Pink Form Allocations as set out in Section 3.3.1(ii) of this Prospectus) are as follows:

Name	Before our IPO/As at the LPD				After our IPO			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	(i)%	No. of Shares	(i)%	No. of Shares	(ii)%	No. of Shares	(ii)%
Dato' Ng Chai Eng	20,402,200	7.37	(iii)192,327,220	69.51	20,402,200	5.46	(iv)192,627,220	51.52
Lim Taw Seong	20,402,200	7.37	(iii)192,327,220	69.51	20,402,200	5.46	(iii)192,327,220	51.44
Lau Chee Kheong	17,754,022	6.42	(iii)192,327,220	69.51	17,754,022	4.75	(iii)192,327,220	51.44
Dr Pakirisamy Baskaran A/L P Thangavelu	-	-	-	-	300,000	0.08	-	-
Tan Chye Suan	-	-	-	-	300,000	0.08	-	-
Lee Yee Wooi	-	-	-	-	300,000	0.08	-	-
Ng Chin Liang	-	-	-	-	-	-	-	-

**Notes:**

- (i) Based on the total number of 276,685,700 Shares before our IPO/as at the LPD.
- (ii) Based on the enlarged total number of 373,910,000 Shares after our IPO.
- (iii) Deemed interest by virtue of his interest in UMediC Capital pursuant to Section 8 of the Act.
- (iv) Deemed interest by virtue of his interest in UMediC Capital and the Shares held by his daughter, Ng Sze Hui assuming full subscription of the IPO Shares reserved for our Key Senior Management under the Pink Form Allocations pursuant to Section 8 of the Act.

None of our Directors are representatives of any corporate shareholders.

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#### 4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

##### 4.2.2 Profiles of our Directors

The profiles of our Directors are as follows:

- (i) **Dato' Ng Chai Eng**, a Malaysian aged 59, is our Non-Independent Non-Executive Chairman. He was appointed to our Board on 7 October 2021.

He completed his secondary education at Sekolah Menengah St. Mark in Butterworth, Penang in 1981. He was awarded a Certificate in Administrative Management and a Certificate in Production and Quality Control Management from the Centre for Business Studies (London), where he completed the courses in 1990. He was appointed as a committee member of the management council of Penang Skills Development Centre in 2017 and a member of the Machinery and Equipment Investment Advisory Panel of MIDA in 2018. In 2021, he was elected as the chairman of the board of directors in Sekolah Jenis Kebangsaan (C) Beng Teik (Pusat).

He began his career in 1982 with Mattel (Malaysia) Sdn Bhd as an apprentice electrician in the company's maintenance department. He left Mattel (Malaysia) Sdn Bhd in 1983 to further his studies and subsequently obtained his certification as an electrician after completing the Malaysian Skills Certificate Level 1 (formerly known as Sijil Kecekapan Ketukangan Peringkat Asas) and Level 2 (formerly known as Sijil Kecekapan Ketukangan Peringkat Pertengahan) in 1983 and 1985 respectively. In 1985, he joined GUH Electrical Appliances Sdn Bhd (formerly known as Leader Electrical Appliances Manufacturing Sdn Bhd) as Senior Technician. He was subsequently promoted to Plant Manager in 1990, before he left Leader Electrical Appliances Manufacturing Sdn Bhd in the same year to start the business operations of UWC Holdings Sdn Bhd (now a subsidiary company of UWC Berhad) which he co-founded along with Lau Chee Kheong in August 1990. In 2020, he was appointed as an adviser in the Federation of Malaysian Foundry and Engineering Industries Associations (FOMFEIA) and the Penang Foundry and Engineering Industries Association (PENFEIA).

Dato' Ng Chai Eng is a co-founder of our Group as an investor and he is not involved in our business operations.

As at the LPD, Dato' Ng Chai Eng also sits on the board of UWC Berhad as an Executive Director/Group Chief Executive Officer and several private limited companies as disclosed in Section 4.2.3 of this Prospectus. Save as disclosed in Section 4.7 of this Prospectus, there are no other relationships between Dato' Ng Chai Eng and our Directors and Key Senior Management.

- (ii) **Lim Taw Seong**, a Malaysian aged 44, is our Executive Director/Chief Executive Officer. He was appointed to our Board on 22 April 2021. He is responsible for the overall strategy and corporate direction of our Group, including sales, marketing initiatives, general management, resources planning and business development.

He graduated from Universiti Teknologi Malaysia, with a Bachelor of Engineering (Mechanical) degree in 2003.

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**4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)**


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He began his career in 2002 with UMediC (formerly known as UWC Healthcare Sdn Bhd) as a Sales Executive, where he was responsible for managing sales and marketing activities including liaising with our existing and prospective customers. In 2004, he was promoted to Sales Manager where he was responsible for leading a sales team as well as managing, maintaining, initiating and developing our Group's client portfolio.

Subsequently, he became our Director in 2006. He was mainly responsible for the sales, operations and marketing aspects of our Group's business including identifying business opportunities and sales trends as well as initiating and implementing new operational policies and strategies.

During his two decades with our Group, he has played an instrumental role in the growth and development of our Group. He has secured distributorships from multiple established international medical device companies including Philips, Mindray, GE and Merit. Throughout the years, he charted the overall strategic direction of our Group including setting up of R&D division as well as manufacturing of our own brand medical consumables. In addition, he has also successfully expanded our customer network to include the overseas market. In 2021, he was appointed as Executive Director/Chief Executive Officer and assumed his current responsibilities.

As at the LPD, Lim Taw Seong also sits on the board of several private limited companies as disclosed in Section 4.2.3 of this Prospectus. Save as disclosed in Section 4.7 of this Prospectus, there are no other relationships between Lim Taw Seong and our Directors and Key Senior Management.

- (iii) **Lau Chee Kheong**, a Malaysian aged 59, is our Non-Independent Non-Executive Director. He was appointed to our Board on 7 October 2021.

In 1979, he completed his secondary education at Sekolah Menengah Jenis Kebangsaan Hua Lian in Taiping, Perak. In 1980, he was hired by Tekskill Component Sdn Bhd as Technical Supervisor in the manufacturing department, where he was involved in quality control activities and staff training. He subsequently left Tekskill Component Sdn Bhd in 1984 to join Toriki Metal Engineering Sdn Bhd as a Production Supervisor where he was responsible for overseeing the company's production activities.

He then left Toriki Metal Engineering Sdn Bhd in 1986 and joined Leader Electrical Appliances Manufacturing Sdn Bhd (now known as GUH Electrical Appliances Sdn Bhd) in 1986 as Assistant Factory Manager, where he was responsible for the planning, coordination and control of the manufacturing processes. He subsequently left Leader Electrical Appliances Manufacturing Sdn Bhd in 1991 to focus on UWC Holdings Sdn Bhd (now a subsidiary company of UWC Berhad) which he co-founded with Dato' Ng Chai Eng in August 1990.

Lau Chee Kheong is a co-founder of our Group as an investor and he is not involved in our business operations.

As at the LPD, Lau Chee Kheong also sits on the board of UWC Berhad as an Executive Director/Group Chief Operating Officer, and several private limited companies as disclosed in Section 4.2.3 of this Prospectus. He does not have any relationship with our Directors and Key Senior Management.

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**4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)**


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- (iv) **Dr Pakirisamy Baskaran A/L P Thangavelu**, a Malaysian aged 60, is our Independent Non-Executive Director. He was appointed to our Board on 7 October 2021.

He graduated from the University of Madras, India, with a Bachelor of Medicine and Surgery in 1989. In 1998, he obtained a Master's of Obstetrics and Gynaecology from University of Malaya. He was gazetted as a subspecialist in Maternal Fetal Medicine in 2004.

He began his career in 1990 with the Ministry of Health where he was placed in Hospital Sultanah Aminah, Johor Bahru as a House Officer. In 1991, he was posted to Queen Elizabeth Hospital, Kota Kinabalu, where he served as a Medical Officer in the Paediatric Surgical Unit of the Department of Surgery. In 1993, he moved on to University Hospital Kuala Lumpur to do his Post Graduation in Obstetrics and Gynaecology. Upon obtaining his Master's degree, he has then posted as a Junior Specialist in the Maternity Hospital, Kuala Lumpur. From 1998 to 2016 he moved up from Junior Specialist to Senior Consultant. He served the Ministry of Health for 25 years and at the time of his optional retirement, he was the head of the Maternal Fetal Medicine Unit and the Deputy Head of Department of Obstetrics and Gynaecology, Hospital Kuala Lumpur.

Since 2016, he has been in private practice as a Consultant Obstetrician and Gynaecologist and a Maternal Fetal Medicine Specialist. Currently, he is a resident consultant in Gleneagles Hospital Kuala Lumpur and a visiting consultant in Subang Jaya Medical Centre, Damai Service Hospital (HQ) as well as in several other hospitals in the Klang Valley.

As at the LPD, Dr Pakirisamy Baskaran A/L P Thangavelu also sits on the board of several private limited companies as disclosed in Section 4.2.3 of this Prospectus. He does not have any relationship with our Directors and Key Senior Management.

- (v) **Tan Chye Suan**, a Malaysian aged 54, is our Independent Non-Executive Director. She was appointed to our Board on 7 October 2021.

She graduated with a Bachelor of Laws (Hons) from University of Malaya in 1992 and was admitted as an advocate and solicitor in the High Court of Malaya in 1993.

She is a member of the Disciplinary Committee of the Advocates' & Solicitors' Disciplinary Board and the Board of Governors of Convent Light Street Primary School. She is also a life member of Women Centre for Change and Federation of Women's Lawyers.

She began her career in 1993 with Messrs Ban Eng, Anual & Foong as an advocate and solicitor where she was providing legal services in relation to litigation and conveyancing matters. She then left to join Messrs Lim Huck Aik & Co as a Partner in 1995. She was responsible for providing legal services in relation to conveyancing, corporate and estate matters. In 1999, she co-founded Messrs See, Ramsun & Tan. Currently, she is the managing partner of the firm where she is specialising in conveyancing, corporate, estate and adoption matters.

Tan Chye Suan does not have any relationship with our Directors and Key Senior Management.

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**4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)**


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- (vi) **Lee Yee Wooi**, a Malaysian aged 50, is our Independent Non-Executive Director. He was appointed to our Board on 7 October 2021.

He graduated with a Bachelor of Accounting (Hons) from University of Malaya in 1997. He is a registered member of the Malaysia Institute of Accountants since 2000.

He began his career in 1997 with Ernst & Young as a Tax Assistant, where he was tasked with various accounting, taxation and auditing matters. Subsequently in 1999, he was promoted to the position of Tax Consultant where his work encompassed various accounting, taxation and auditing functions for clients ranging from small and medium enterprises to multinationals. He then left Ernst & Young in 2002 to join Smart Modular Technologies Sdn Bhd as a Finance Analyst where he was responsible for preparing monthly financial statement and analysis. After a few months with Smart Modular Technologies Sdn Bhd, he left to join Scope Manufacturers (M) Sdn Bhd to serve as Accounts/Finance Manager where he was in charge of preparing monthly financial statement and analysis. In 2004, he was promoted as the Financial Controller following the listing of Scope Industries Berhad on the Mesdaq Market (now known as the ACE Market) of Bursa Securities. He was responsible for financial management, budget planning, preparation of management accounts and financial reports, costing, as well as internal and credit control of the group. He then left in 2009 and co-founded Transform Electrical Industry Sdn Bhd, where he served as the Finance Director and was mainly responsible for overseeing all financial activities and operations. In 2014, he disposed his equity stake in Transform Electrical Industry Sdn Bhd to his partner.

In 2013, he founded Income Sector Sdn Bhd, a company involved in the number forecast business, where he assumed his role as the director and was mainly responsible for the overall business operations and project management as well as the strategic planning, formulation and implementation of the strategies of the business. Subsequently, in 2016, Income Sector Sdn Bhd disposed of its business and is now principally involved in investment holding in property. He later founded sole proprietorship and various companies including Manicum Enterprise, Amanpuri Leisure Sdn Bhd, Prestij Gemilang Sdn Bhd and Tarzan Travel (M) Sdn Bhd. Please refer to Section 4.2.3 of this Prospectus for further details on these companies. He is also the Director of the said companies and mainly responsible for the overall business operations and project management of these companies. On 26 January 2022, he disposed of his shares in Prestij Gemilang Sdn Bhd and resigned as a director of Prestij Gemilang Sdn Bhd. At the same time, he is also providing management consultancy services to Biochem Laboratories Sdn Bhd since 2019 on yearly contract basis.

As at the LPD, Lee Yee Wooi also sits on the board of Heng Huat Resources Group Berhad as an Independent Non-Executive Director, and several private limited companies as disclosed in Section 4.2.3 of this Prospectus. He does not have any relationship with our Directors and Key Senior Management.

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**4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)**


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- (vii) **Ng Chin Liang**, a Malaysian aged 30, is our Alternate Director to Dato' Ng Chai Eng. He was appointed to our Board on 7 October 2021.

He graduated from the University of Exeter, United Kingdom with a Bachelor of Arts with Honours in Accounting and Finance in 2014. In 2015, he obtained a Master of Science in Accounting and Finance under a scholarship from the same university. He has been a member of the Association of Chartered Certified Accountants and the Malaysian Institute of Accountants since 2017. He is also a member of the Industry Advisory Committee of Politeknik Seberang Perai since 2018, a member of the Institute-Industry Management Board of Institut Latihan Perindustrian Arumugam Pillai Nibong Tebal since 2011, and a committee member of Federation Malaysia Manufacturer (Penang branch) since 2019. He was appointed as the President of Junior Chamber International Bayan in 2019 and promoted to an adviser in 2021. He has been elected as the Vice-Chairman of Penang Skills Development Centre in 2021. He was admitted a fellow of the Association of Chartered Certified Accountants in 2022.

He began his career in 2015 with Deloitte PLT as an Audit Associate, where he was tasked with conducting audit work. He left Deloitte PLT in 2016 and joined UWC Holdings Sdn Bhd (now a subsidiary company of UWC Berhad) as Assistant Finance Manager, assisting in cost controls and monitoring supplier payments as well as liaising with government officials in respect of tax incentives and government grants. He was promoted to the Head of Corporate Affairs and Communications of UWC Berhad in 2018, where he was responsible for developing and maintaining effective communication with internal and external stakeholders. He is also the main liaison with government agencies such as MIDA for UWC Berhad. He was appointed as the alternate director to Dato' Ng Chai Eng cum Deputy Group Chief Executive Officer of UWC Berhad in 2019.

As at the LPD, Ng Chin Liang also sits on the board of UWC Berhad as an alternate director to Dato' Ng Chai Eng and several private limited companies as disclosed in Section 4.2.3 of this Prospectus. Save as disclosed in Section 4.7 of this Prospectus, there are no other relationships between Ng Chin Liang and our Directors and Key Senior Management.

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#### 4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

##### 4.2.3 Involvement of our Directors in other principal business activities outside our Group

The principal business activities performed by our Directors outside our Group as at the LPD and their present directorships in companies outside our Group and in the past five (5) years preceding the LPD are as follows:

##### (a) Dato' Ng Chai Eng

Name	Company name	Principal business activities	Designation	Involvement in principal business activities other than as a director
Dato' Ng Chai Eng	<u>Present involvement:</u>			
	• Adcord Concept Sdn Bhd	Investment holding in property	Director	Shareholder with 70.00% equity interest
	• Atnesis Sdn Bhd	Manufacturing of access control electromagnetic locks and supply of all kinds of power generation from renewable energy resources	Director	Shareholder with 25.50% equity interest
	• Boang Management Sdn Bhd	Investment holding in property	Director	Shareholder with 50.00% indirect equity interest by virtue of his shareholding in Venture Boang Sdn Bhd pursuant to Section 8 of the Act
	• C Max Manufacturing Sdn Bhd	Provision of sheet metal fabrication (a 70% owned subsidiary of UWC Berhad)	Director	Shareholder with 70.00% indirect equity interest by virtue of his shareholding in UWC Berhad pursuant to Section 8 of the Act
	• Dale Innovation Sdn Bhd	Investment holding in property	Director	Shareholder with 50.00% equity interest

**4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)**

Name	Company name	Principal business activities	Designation	Involvement in principal business activities other than as a director
	<ul style="list-style-type: none"> <li>D Premier Residence Bayan Mutiara Berhad</li> </ul>	Collection, disbursement and management agent of property maintenance fees	-	Shareholder with approximately 1.30% equity interest
	<ul style="list-style-type: none"> <li>Empire Castle Sdn Bhd</li> </ul>	Manufacturer, assembler, installer, seller, sub-contractor, exporter in all kinds of engineering works and machinery for all kinds of industry, manufacturer and producer, exporter, importer, dealer, wholesaler, retailer and agent in all kinds of plastic packaging bags and related products for household and investment holding	Director	Shareholder with 30.00% equity interest
	<ul style="list-style-type: none"> <li>Future Management Development Sdn Bhd</li> </ul>	investment holding in property	Director	Shareholder with 90.00% equity interest
	<ul style="list-style-type: none"> <li>Influx Valley Sdn Bhd</li> </ul>	Property management	Director	Shareholder with 25.00% equity interest
	<ul style="list-style-type: none"> <li>KCNN Venture Capital Sdn Bhd</li> </ul>	Investment holding (investment in property) and investment advisory services	Director	Shareholder with 10.00% equity interest
	<ul style="list-style-type: none"> <li>KW Innovation Sdn Bhd</li> </ul>	Investment holding in property	Director	Shareholder with 50.00% equity interest
	<ul style="list-style-type: none"> <li>Lockset Sdn Bhd</li> </ul>	Air conditioning and electronic and electrical engineering services, and property investment holding	Director	Shareholder with 25.50% equity interest

**4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)**

Name	Company name	Principal business activities	Designation	Involvement in principal business activities other than as a director
	<ul style="list-style-type: none"> <li>Merbau Sejati Sdn Bhd</li> </ul>	Property development	Director	Shareholder with 50.00% indirect equity interest by virtue of his shareholding in Future Management Development Sdn Bhd pursuant to Section 8 of the Act
	<ul style="list-style-type: none"> <li>NCB Manufacturing Sdn Bhd</li> </ul>	Investment holding in property	Director	Shareholder with 50.00% indirect equity interest by virtue of his shareholding in Ng Capital Sdn Bhd pursuant to Section 8 of the Act
	<ul style="list-style-type: none"> <li>Ng Capital Sdn Bhd</li> </ul>	Investment holding in property	Director	Shareholder with 20.00% equity interest and 80.00% indirect equity interest by virtue of his spouse and children pursuant to Section 8 of the Act
	<ul style="list-style-type: none"> <li>Ng Capital Limited</li> </ul>	Investment holding in assets	Director	Shareholder with 51.00% equity interest and 49.00% indirect equity interest by virtue of his spouse and children pursuant to Section 8 of the Act
	<ul style="list-style-type: none"> <li>PCG Management Sdn Bhd</li> </ul>	Investment holding (investment in a company which is principally involved in property investment)	Director	Shareholder with 30.00% equity interest
	<ul style="list-style-type: none"> <li>PPBK Resources (M) Sdn Bhd</li> </ul>	Investment holding in property	Director	Shareholder with 50.00% equity interest
	<ul style="list-style-type: none"> <li>Sungai Jawi Resources Sdn Bhd</li> </ul>	Investment holding in property	Director	Shareholder with 40.00% equity interest

#### 4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Name	Company name	Principal business activities	Designation	Involvement in principal business activities other than as a director
	<ul style="list-style-type: none"> <li>Surfplate Technology Sdn Bhd</li> </ul>	Investment holding in property	Director	Shareholder with 50.00% equity interest
	<ul style="list-style-type: none"> <li>Swiss Confiserie Land Sdn Bhd</li> </ul>	Investment holding in property	Director	Shareholder with 30.00% equity interest
	<ul style="list-style-type: none"> <li>Tekun Ehsan Sdn Bhd</li> </ul>	Investment holding in property	Director	Shareholder with 50.00% direct equity interest and 25.00% indirect equity interest by virtue of his children pursuant to Section 8 of the Act
	<ul style="list-style-type: none"> <li>UMediC Capital</li> </ul>	Investment holding (holding shares of our Company)	-	Shareholder with approximately 29.97% equity interest
	<ul style="list-style-type: none"> <li>Uplus Solutions Sdn Bhd</li> </ul>	Provision of engineering, designing, manufacturing and assembling for automation solutions (a 60% owned subsidiary of UWC Berhad)	Director	Shareholder with 60.00% indirect equity interest by virtue of his shareholding in UWC Berhad pursuant to Section 8 of the Act
	<ul style="list-style-type: none"> <li>Usurface Technology Sdn Bhd</li> </ul>	Manufacturing of machinery and provision of sheet metal fabrication and finishing treatment (a 51% owned subsidiary of UWC Berhad)	Director	Shareholder with 51.00% indirect equity interest by virtue of his shareholding in UWC Berhad pursuant to Section 8 of the Act
	<ul style="list-style-type: none"> <li>UVC Technology Sdn Bhd</li> </ul>	Investment holding in property	Director	Shareholder with 50.00% equity interest
	<ul style="list-style-type: none"> <li>UWC Automation Sdn Bhd</li> </ul>	Provision of precision machined components (a wholly owned subsidiary of UWC Berhad)	Director	Shareholder with 100.00% indirect equity interest by virtue of his shareholding in UWC Holdings Sdn Bhd and UWC Berhad pursuant to Section 8 of the Act

#### 4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Name	Company name	Principal business activities	Designation	Involvement in principal business activities other than as a director
	<ul style="list-style-type: none"> <li>UWC Berhad</li> </ul>	Investment holding (a public listed company which holds 100% shareholding in UWC Holdings Sdn Bhd, UWC Industrial Sdn Bhd, UWC Automation, 70% in C Max Manufacturing Sdn Bhd, 60% shareholding in Uplus Solutions Sdn Bhd, 51% in Usurface Technology Sdn Bhd and 30% shareholding in Weplus Greentech Sdn Bhd)	Director	Shareholder with approximately 8.04% direct equity interest and approximately 52.55% indirect equity interest by virtue of his shareholding in UWC Capital Sdn Bhd and his son, Ng Chin Liang, pursuant to Section 8 of the Act
	<ul style="list-style-type: none"> <li>UWC Capital Sdn Bhd</li> </ul>	Investment holding (holding shares of UWC Berhad)	Director	Shareholder with approximately 48.21% equity interest
	<ul style="list-style-type: none"> <li>UWC Holdings Sdn Bhd</li> </ul>	Provision of precision sheet metal fabrication and value-added assembly (a wholly owned subsidiary of UWC Berhad)	Director	Shareholder with 100.00% indirect equity interest by virtue of his shareholding in UWC Berhad pursuant to Section 8 of the Act
	<ul style="list-style-type: none"> <li>UWC Industrial Sdn Bhd</li> </ul>	Provision of precision sheet metal, fabrication and value-added assembly services, contract manufacturing of automated test equipment (a wholly owned subsidiary of UWC Berhad)	Director	Shareholder with 100.00% indirect equity interest by virtue of his shareholding in UWC Berhad pursuant to Section 8 of the Act
	<ul style="list-style-type: none"> <li>UWC Vietnam Co. Ltd</li> </ul>	Manufacturing of ropes used in the fishing industry	-	Shareholder with 26.00% equity interest and 19.00% indirect equity interest by virtue of his spouse pursuant to Section 8 of the Act

**4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)**

Name	Company name	Principal business activities	Designation	Involvement in principal business activities other than as a director
	<ul style="list-style-type: none"> <li>Venture Boang Sdn Bhd</li> </ul>	Investment holding in property	Director	Shareholder with 80.00% equity interest
	<ul style="list-style-type: none"> <li>Vest Leaders Sdn Bhd</li> </ul>	Property development	-	Shareholder with 25.00% equity interest
	<ul style="list-style-type: none"> <li>Veto Aset Sdn Bhd</li> </ul>	Investment holding in property	Director	Shareholder with 50.00% indirect equity interest by virtue of his shareholding in Ng Capital Sdn Bhd pursuant to Section 8 of the Act
	<ul style="list-style-type: none"> <li>Weplus Greentech Sdn Bhd</li> </ul>	Provision of designing, manufacturing and engineering of related components for green technology (a 30% associated company of UWC Berhad)	Director	Shareholder with 30.00% indirect equity interest by virtue of his shareholding in UWC Berhad pursuant to Section 8 of the Act
	<u>Previous involvement:</u>			
	<ul style="list-style-type: none"> <li>Alliance Events &amp; Exhibitions Services Sdn Bhd</li> </ul>	Events, exhibitions services, event planning, event support services and organising, show promotion and public relations	Director (ceased directorship on 14 August 2017)	-
	<ul style="list-style-type: none"> <li>Alliance Media Sdn Bhd (Dissolved on 12 June 2019)</li> </ul>	Dormant	Director (ceased directorship on 28 December 2016)	-
	<ul style="list-style-type: none"> <li>Golden Virtue Sdn Bhd</li> </ul>	Property development	Director (ceased directorship on 15 December 2017)	Shareholder with 28.68% equity interest

#### 4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Name	Company name	Principal business activities	Designation	Involvement in principal business activities other than as a director
	<ul style="list-style-type: none"> <li>IR Industrial Resources Sdn Bhd</li> </ul>	Fabrication of precision plastic parts and components	Director (ceased directorship on 23 November 2020)	-
	<ul style="list-style-type: none"> <li>Key Share Sdn Bhd</li> </ul>	Investment holding (Previously involved in hotel management services)	Director (ceased directorship on 12 June 2019)	-
	<ul style="list-style-type: none"> <li>Life Auto Sdn Bhd (struck-off on 26 March 2021)</li> </ul>	Car dealer	Director	-
	<ul style="list-style-type: none"> <li>MCTEC Resources Sdn Bhd</li> </ul>	Manufacture of machinery parts	Director (ceased directorship on 30 May 2017)	-
	<ul style="list-style-type: none"> <li>Medik Healthcare Sdn Bhd (Dissolved on 23 October 2020)</li> </ul>	Trading and distributing all kinds of medical equipment, accessories and related pharmaceutical products	Director	-
	<ul style="list-style-type: none"> <li>Meditech Scientific Sdn Bhd ("Meditech")</li> </ul>	Trading and servicing of medical equipment and component <sup>(i)</sup>	Director (ceased directorship on 22 September 2021)	-
	<ul style="list-style-type: none"> <li>Micro Circuit Solution Sdn Bhd</li> </ul>	Designing, manufacturing and sales of electronic products	Director (ceased directorship on 29 August 2017)	-
	<ul style="list-style-type: none"> <li>OST Integration Sdn Bhd</li> </ul>	Design, assemble, manufacture and trade semi-automated machinery and equipment (previously involved in investment in property)	Director (ceased directorship on 12 April 2019)	-

**4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)**

Name	Company name	Principal business activities	Designation	Involvement in principal business activities other than as a director
	<ul style="list-style-type: none"> <li>Terminal Hotel Management Sdn Bhd (Dissolved on 11 October 2019)</li> </ul>	Dormant (never commenced its intended business of hotel operation and management)	Director	-
	<ul style="list-style-type: none"> <li>Thean Hwa Resources (M) Sdn Bhd</li> </ul>	Manufacturing and trading in wire harness machinery and parts	Director (ceased directorship on 17 November 2020)	-
	<ul style="list-style-type: none"> <li>United Wellcare Sdn Bhd (Dissolved on 5 July 2021)</li> </ul>	Investment holding in property	Director	-
	<ul style="list-style-type: none"> <li>UWHE Sdn Bhd (Dissolved on 3 March 2022)</li> </ul>	Ceased business (previously involved in manufacturing of other components for electronic applications)	Director	-
	<ul style="list-style-type: none"> <li>Wein Management Sdn Bhd</li> </ul>	Operation of restaurant business	Director (ceased directorship on 30 December 2020)	Shareholder with 30.00% indirect equity interest by virtue of his children pursuant to Section 8 of the Act

**Note:**

- (i) Although Meditech is involved in the trading and servicing of medical equipment and components, however, they are only acting as tendering agents. Meditech does not hold any distributorships and does not sell any products. As such, Meditech is not deemed to be a competitor of our Group.



**4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)**

**(b) Lim Taw Seong**

Name	Company name	Principal business activities	Designation	Involvement in principal business activities other than as a director
Lim Taw Seong	<u>Present involvement:</u>			
	• Dale Innovation Sdn Bhd	Investment holding in property	Director	Shareholder with 20.00% equity interest
	• UMediC Capital	Investment holding (holding shares of our Company)	Director	Shareholder with approximately 29.97% equity interest
	<u>Previous involvement:</u>			
	• Medik Healthcare Sdn Bhd (Dissolved on 23 October 2020)	Trading and distributing all kinds of medical equipment, accessories and related pharmaceutical products	Director	-
	• Meditech	Trading and servicing of medical equipment and component <sup>(i)</sup>	Director (ceased directorship on 22 September 2021)	-
	• UWC Medihealth (partnership expired and ceased business on 27 April 2017)	Supply of hospital medical equipment & hospital disposable appliances	Partner	-

#### 4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Name	Company name	Principal business activities	Designation	Involvement in principal business activities other than as a director
	<ul style="list-style-type: none"> <li>UWHE Sdn Bhd (Dissolved on 3 March 2022)</li> </ul>	Ceased business (previously involved in manufacturing of other components for electronic applications)	-	-

**Note:**

- (i) Although Meditech is involved in the trading and servicing of medical equipment and components, however, they are only acting as tendering agents. Meditech does not hold any distributorships and does not sell any products. As such, Meditech is not deemed to be a competitor of our Group.

**(c) Lau Chee Kheong**

Name	Company name	Principal business activities	Designation	Involvement in principal business activities other than as a director
Lau Chee Kheong	<u>Present involvement:</u> <ul style="list-style-type: none"> <li>Atnesis Sdn Bhd</li> <li>C Max Manufacturing Sdn Bhd</li> <li>Dale Innovation Sdn Bhd</li> </ul>	<p>Manufacturing of access control electromagnetic locks and supply of all kinds of power generation from renewable energy resources</p> <p>Provision of sheet metal fabrication (a 70% owned subsidiary of UWC Berhad)</p> <p>Investment holding in property</p>	<p>Director</p> <p>Director</p> <p>Director</p>	<p>Shareholder with 25.50% equity interest</p> <p>Shareholder with 70.00% indirect equity interest by virtue of his shareholding in UWC Berhad pursuant to Section 8 of the Act</p> <p>Shareholder with 30.00% equity interest</p>

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**4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)**


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Name	Company name	Principal business activities	Designation	Involvement in principal business activities other than as a director
	<ul style="list-style-type: none"> <li>• Empire Castle Sdn Bhd</li> </ul>	Manufacturer, assembler, installer, seller, sub-contractor, exporter in all kinds of engineering works and machinery for all kinds of industry, manufacturer and producer, exporter, importer, dealer, wholesaler, retailer and agent in all kinds of plastic packaging bags and related products for household and investment holding	Director	Shareholder with 20.00% equity interest
	<ul style="list-style-type: none"> <li>• KW Innovation Sdn Bhd</li> </ul>	Investment holding in property	Director	Shareholder with 50.00% equity interest
	<ul style="list-style-type: none"> <li>• Lockset Sdn Bhd</li> </ul>	Air conditioning and electronic and electrical engineering services, and property investment holding	Director	Shareholder with 25.50% equity interest
	<ul style="list-style-type: none"> <li>• PCG Management Sdn Bhd</li> </ul>	Investment holding (investment in a company which is principally involved in property investment)	Director	Shareholder with 30.00% equity interest
	<ul style="list-style-type: none"> <li>• Surfplate Technology Sdn Bhd</li> </ul>	Investment holding in property	Director	Shareholder with 50.00% equity interest
	<ul style="list-style-type: none"> <li>• UMediC Capital</li> </ul>	Investment holding (holding shares of our Company)	-	Shareholder with approximately 26.02% equity interest

#### 4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Name	Company name	Principal business activities	Designation	Involvement in principal business activities other than as a director
	<ul style="list-style-type: none"> <li>Uplus Solutions Sdn Bhd</li> </ul>	Provision of engineering, designing manufacturing and assembling for automation solutions (a 60% owned subsidiary of UWC Berhad)	Director	Shareholder with 60.00% indirect equity interest by virtue of his shareholding in UWC Berhad pursuant to Section 8 of the Act
	<ul style="list-style-type: none"> <li>Usurface Technology Sdn Bhd</li> </ul>	Manufacturing of machinery and provision of sheet metal fabrication and finishing treatment (a 51% owned subsidiary of UWC Berhad)	Director	Shareholder with 51.00% indirect equity interest by virtue of his shareholding in UWC Berhad pursuant to Section 8 of the Act
	<ul style="list-style-type: none"> <li>UVC Technology Sdn Bhd</li> </ul>	Investment holding in property	Director	Shareholder with 50.00% equity interest
	<ul style="list-style-type: none"> <li>UWC Automation Sdn Bhd</li> </ul>	Provision of precision machined components (a wholly owned subsidiary of UWC Berhad)	Director	Shareholder with 100.00% indirect equity interest by virtue of his shareholding in UWC Holdings Sdn Bhd and UWC Berhad pursuant to Section 8 of the Act
	<ul style="list-style-type: none"> <li>UWC Berhad</li> </ul>	Investment holding (a public listed company which holds 100% shareholding in UWC Holdings Sdn Bhd, UWC Industrial Sdn Bhd, UWC Automation, 70% in C Max Manufacturing Sdn Bhd, 60% shareholding in Uplus Solutions Sdn Bhd, 51% in Usurface Technology Sdn Bhd and 30% shareholding in Weplus Greentech Sdn Bhd)	Director	Shareholder with 7.99% direct equity interest and 52.47% indirect equity interest by virtue of his shareholding in UWC Capital Sdn Bhd pursuant to Section 8 of the Act

#### 4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Name	Company name	Principal business activities	Designation	Involvement in principal business activities other than as a director
	<ul style="list-style-type: none"> <li>UWC Capital Sdn Bhd</li> </ul>	Investment holding (holding shares of UWC Berhad)	Director	Shareholder with 48.25% equity interest
	<ul style="list-style-type: none"> <li>UWC Holdings Sdn Bhd</li> </ul>	Provision of precision sheet metal fabrication and value-added assembly (a wholly owned subsidiary of UWC Berhad)	Director	Shareholder with 100.00% indirect equity interest by virtue of his shareholding in UWC Berhad pursuant to Section 8 of the Act
	<ul style="list-style-type: none"> <li>UWC Industrial Sdn Bhd</li> </ul>	Provision of precision sheet metal, fabrication and value-added assembly services, contract manufacturing of automated test equipment (a wholly owned subsidiary of UWC Berhad)	Director	Shareholder with 100.00% indirect equity interest by virtue of his shareholding in UWC Berhad pursuant to Section 8 of the Act
	<ul style="list-style-type: none"> <li>UWC Vietnam Co. Ltd</li> </ul>	Manufacturing of ropes used in the fishing industry	-	Shareholder with 25.00% equity interest
	<ul style="list-style-type: none"> <li>Vuz Holdings Sdn Bhd</li> </ul>	Investment in property	Director	Shareholder with 52.00% equity interest
	<u>Previous involvement:</u>			
	<ul style="list-style-type: none"> <li>Key Share Sdn Bhd</li> </ul>	Investment holding (Previously involved in hotel management services)	Director (ceased directorship on 5 June 2018)	-
	<ul style="list-style-type: none"> <li>MCTEC Resources Sdn Bhd</li> </ul>	Manufacture of machinery parts	Director (ceased directorship on 30 May 2017)	-

#### 4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Name	Company name	Principal business activities	Designation	Involvement in principal business activities other than as a director
	<ul style="list-style-type: none"> <li>Meditech</li> </ul>	Trading and servicing of medical equipment and component <sup>(i)</sup>	Director (ceased directorship on 22 September 2021)	-
	<ul style="list-style-type: none"> <li>Micro Circuit Solution Sdn Bhd</li> </ul>	Designing, manufacturing and sales of electronic products	Director (ceased directorship on 29 August 2017)	-
	<ul style="list-style-type: none"> <li>OST Integration Sdn Bhd</li> </ul>	Design, assemble, manufacture and trade semi-automated machinery and equipment (previously involved in investment in property)	Director (ceased directorship on 12 April 2019)	-
	<ul style="list-style-type: none"> <li>Thean Hwa Resources (M) Sdn Bhd</li> </ul>	Manufacturing and trading in wire harness machinery and parts	Director (ceased directorship on 17 November 2020)	-
	<ul style="list-style-type: none"> <li>UWHE Sdn Bhd (Dissolved on 3 March 2022)</li> </ul>	Ceased business (previously involved in manufacturing of other components for electronic applications)	-	-

**Note:**

- (i) Although Meditech is involved in the trading and servicing of medical equipment and components, however, they are only acting as tendering agents. Meditech does not hold any distributorships and does not sell any products. As such, Meditech is not deemed to be a competitor of our Group.

#### 4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

##### (d) Dr Pakirisamy Baskaran A/L P Thangavelu

Name	Company name	Principal business activities	Designation	Involvement in principal business activities other than as a director
Dr Pakirisamy Baskaran A/L P Thangavelu	<u>Present involvement:</u>			
	• Klinik KJ Sdn Bhd	General medical services	Director	Shareholder with 100.00% equity interest
	• Kannaltec Berhad	Investment holding (investment in a group of companies which are principally involved in research, development, and provision of the maintenance of shipping containers monitoring solutions) and provision of management services	-	Shareholder with approximately 0.85% equity interest
	• Sunray Medical Sdn Bhd	Export and import of medical diagnostic preparation	-	Shareholder with 50.00% equity interest
	<u>Previous involvement:</u>			
	• Klinik Bistari Sdn Bhd (Dissolved on 3 March 2022)	General medical services	Director	-

#### 4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

##### (e) Tan Chye Suan

Name	Company name	Principal business activities	Designation	Involvement in principal business activities other than as a director
Tan Chye Suan	<u>Present involvement:</u> <ul style="list-style-type: none"> <li>Messrs See, Ramsun &amp; Tan</li> </ul>	Provision of legal services	Managing Partner	-

##### (f) Lee Yee Wooi

Name	Company name	Principal business activities	Designation	Involvement in principal business activities other than as a director
Lee Yee Wooi	<u>Present involvement:</u> <ul style="list-style-type: none"> <li>Amanpuri Leisure Sdn Bhd</li> <li>Gohco Office Enterprise</li> </ul>	Rental of pleasure boats with crew for sea and coastal water transport (e.g. for fishing cruise), other reservation services and related activities operation of recreational transport facilities (e.g. marinas)  Office rental, accounting and secretary services	Director  -	Shareholder with 30.00% equity interest  Sole proprietor with 100.00% equity interest



#### 4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Name	Company name	Principal business activities	Designation	Involvement in principal business activities other than as a director
	<ul style="list-style-type: none"> <li>Heng Huat Resources Group Berhad</li> </ul>	Investment holding (a public listed company where its subsidiaries are principally involved in the manufacturing and trading of biomass material and value-added products, focusing on oil palm empty fruit bunch fibre, coconut fibre and value added products)	Director	Shareholder with approximately 0.01% equity interest
	<ul style="list-style-type: none"> <li>Income Sector Sdn Bhd</li> </ul>	Investment holding in property (previously involved in carrying on business as retailers and general trading; to carry on business as selling agents for four-digit numbers forecast betting and other games; to acquire and hold for investment holdings)	Director	Shareholder with 40.00% equity interest
	<ul style="list-style-type: none"> <li>Lee AL Trading</li> </ul>	Trading of kitchenware	-	Sole proprietor with 100.00% equity interest
	<ul style="list-style-type: none"> <li>Manicum Enterprise</li> </ul>	Dormant (previously involved as selling agent for four-digit numbers forecast betting)	-	Sole proprietor with 100.00% equity interest
	<ul style="list-style-type: none"> <li>Tarzan Travel (M) Sdn Bhd</li> </ul>	Travel agency activities	Director	Shareholder with 100.00% equity interest

**4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)**

Name	Company name	Principal business activities	Designation	Involvement in principal business activities other than as a director
	<u>Previous involvement:</u> <ul style="list-style-type: none"> <li>Konsortium Asas Sdn Bhd</li> <li>Prestij Gemilang Sdn Bhd</li> </ul>	<p>Investment holding in property</p> <p>Wholesale of petrol, diesel and lubricants</p>	<p>Director (ceased directorship on 1 April 2022)</p> <p>Director (ceased directorship on 26 January 2022)</p>	<p>-</p> <p>-</p>

**(g) Ng Chin Liang**

Name	Company name	Principal business activities	Designation	Involvement in principal business activities other than as a director
Ng Chin Liang	<u>Present involvement:</u> <ul style="list-style-type: none"> <li>Ion Manufacturing Sdn Bhd</li> <li>Merbau Sejati Sdn Bhd</li> <li>NCB Manufacturing Sdn Bhd</li> </ul>	<p>Manufacturing of plastic and non-metallic products</p> <p>Property development</p> <p>Investment holding in property</p>	<p>Director</p> <p>Director</p> <p>-</p>	<p>Shareholder with 50.00% equity interest</p> <p>-</p> <p>Shareholder with indirect 50.00% equity interest by virtue of his interest in Ng Capital Sdn Bhd pursuant to Section 8 of the Act</p>

#### 4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Name	Company name	Principal business activities	Designation	Involvement in principal business activities other than as a director
	<ul style="list-style-type: none"> <li>Ng Capital Sdn Bhd</li> </ul>	Investment holding in property	Director	Shareholder with 20.00% equity interest
	<ul style="list-style-type: none"> <li>Ng Capital Limited</li> </ul>	Investment holding in assets	-	Shareholder with 12.00% equity interest
	<ul style="list-style-type: none"> <li>Tekun Ehsan Sdn Bhd</li> </ul>	Investment holding in property	-	Shareholder with 25.00% equity interest
	<ul style="list-style-type: none"> <li>UWC Berhad</li> </ul>	Investment holding (a public listed company which holds 100% shareholding in UWC Holdings Sdn Bhd, UWC Industrial Sdn Bhd, UWC Automation, 70% in C Max Manufacturing Sdn Bhd, 60% shareholding in Uplus Solutions Sdn Bhd, 51% in Usurface Technology Sdn Bhd and 30% shareholding in Weplus Greentech Sdn Bhd)	Alternate Director to Dato' Ng Chai Eng	Shareholder with 0.03% equity interest
	<ul style="list-style-type: none"> <li>Web Projects (Penang) Sdn Bhd</li> </ul> <p><u>Previous involvement:</u></p>	Computer programming activities	Director	Shareholder with 50.00% equity interest
	<ul style="list-style-type: none"> <li>Key Share Sdn Bhd</li> </ul>	Investment holding (Previously involved in hotel management services)	Director (ceased directorship on 12 June 2019)	-

#### 4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Name	Company name	Principal business activities	Designation	Involvement in principal business activities other than as a director
	<ul style="list-style-type: none"> <li>PPBK Resources (M) Sdn Bhd</li> </ul>	Investment holding in property	Director (ceased directorship on 22 April 2021)	-
	<ul style="list-style-type: none"> <li>Wein Management Sdn Bhd</li> </ul>	Operation of restaurant business	Director (ceased directorship on 9 April 2021)	-

The involvement of Lim Taw Seong, being our Executive Director/Chief Executive Officer, in other business activities outside our Group is not expected to require a significant amount of his time or attention as he is not involved in the management and day-to-day operations of those businesses, other than attending meetings of the board of directors on which he serves. As such, his involvement in those business activities outside our Group will not affect his ability to perform his roles and responsibilities as well as his contributions to our Group.

The involvement of our non-executive Directors in other business activities outside our Group, will not affect their contributions to our Group as the non-executive Directors' involvement in our Company are to the extent of attending meetings and discharging their responsibilities as non-executive directors.

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#### 4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

##### 4.2.4 Remuneration and material benefits-in-kind of our Directors

The aggregate remuneration and material benefits-in-kind (including any contingent or deferred remuneration) paid and proposed to be paid to our Directors for services rendered to us in their capacities to our Group for FYEs 2021 and 2022 are as follows:

##### FYE 2021 (Actual):

Name	Directors' fees RM'000	Salaries RM'000	Bonuses RM'000	Allowances and benefits-in-kind RM'000	Other emoluments <sup>(ii)</sup> RM'000	Total RM'000
Dato' Ng Chai Eng	89	-	-	-	-	89
Lim Taw Seong	61	178	60	101	22	422
Lau Chee Kheong	53	-	25	-	-	78
Dr Pakirisamy Baskaran A/L P Thangavelu	-	-	-	-	-	-
Tan Chye Suan	-	-	-	-	-	-
Lee Yee Wooi	-	-	-	-	-	-
Ng Chin Liang	-	-	-	-	-	-

##### FYE 2022 (Proposed):

Name	Directors' fees RM'000	Salaries RM'000	Bonuses <sup>(i)</sup> RM'000	Allowances and benefits-in-kind RM'000	Other emoluments <sup>(ii)</sup> RM'000	Total RM'000
Dato' Ng Chai Eng	20	-	-	-	1	21
Lim Taw Seong	-	228	18	67	28	341
Lau Chee Kheong	10	-	-	-	1	11
Dr Pakirisamy Baskaran A/L P Thangavelu	10	-	-	-	1	11
Tan Chye Suan	10	-	-	-	1	11
Lee Yee Wooi	10	-	-	-	1	11
Ng Chin Liang	-	-	-	-	-	-

##### Notes:

- (i) The final bonus will be determined later based on the individual's performance as well as our Group's business performance and cash flows at the time of assessment.
- (ii) These comprise contributions to employees' provident fund, social security organisation and employee insurance scheme.

#### 4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (*CONT'D*)

The remuneration of our Directors must be considered and recommended by our Remuneration Committee and subsequently be approved by our Board. Our Directors' fees must be further approved/endorsed by our shareholders at a general meeting.

#### 4.3 BOARD PRACTICES

Our Board is responsible in leading and managing our Company in an effective and responsible manner and all our Directors have an equal responsibility for our operations and corporate accountability.

With the limit set by our Constitution, our Board is responsible for the governance and management of our Company, which include reviewing and adopting a strategic plan and direction for our Group, overseeing the conduct and performance of our Group's businesses to evaluate whether our businesses are being properly managed, identifying our Group's principal risks and ensuring the implementation of appropriate internal controls and mitigation measures, establishing a succession plan for our senior management, as well as reviewing the adequacy and the integrity of the management information and internal controls system of our Group.

##### 4.3.1 Term of office of our Board

The details of our Directors, all of whom are Malaysians, the expiration of each of their current term of office and the period they have served in office as at the LPD are as follows:

Name	Age	Designation	Date of appointment	Date of expiration of the current term of office	Approximate no. of years in office up to the LPD
Dato' Ng Chai Eng	59	Non-Independent Non-Executive Chairman	7 October 2021	Shall retire at our third (3 <sup>rd</sup> ) annual general meeting ("AGM") to be held in 2024	Less than one (1) year
Lim Taw Seong	44	Executive Director/Chief Executive Officer	22 April 2021	Shall retire at our second (2 <sup>nd</sup> ) AGM to be held in 2023	One (1) year
Lau Chee Kheong	59	Non-Independent Non-Executive Director	7 October 2021	Shall retire at our fourth (4 <sup>th</sup> ) AGM to be held in 2025	Less than one (1) year
Dr Pakirisamy Baskaran A/L P Thangavelu	60	Independent Non-Executive Director	7 October 2021	Shall retire at our second (2 <sup>nd</sup> ) AGM to be held in 2023	Less than one (1) year
Tan Chye Suan	54	Independent Non-Executive Director	7 October 2021	Shall retire at our third (3 <sup>rd</sup> ) AGM to be held in 2024	Less than one (1) year

#### 4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (*CONT'D*)

Name	Age	Designation	Date of appointment	Date of expiration of the current term of office	Approximate no. of years in office up to the LPD
Lee Yee Wooi	50	Independent Non-Executive Director	7 October 2021	Shall retire at our fourth (4 <sup>th</sup> ) AGM to be held in 2025	Less than one (1) year
Ng Chin Liang	30	Alternate Director to Dato' Ng Chai Eng	7 October 2021	-	Less than one (1) year

Pursuant to Clause 165 of our Constitution, at the first annual general meeting of our Company, all our Directors shall retire from office, and at the AGM in every subsequent year, 1/3 of our Directors, or if their number is not 3 or a multiple of 3, then the number nearest to 1/3 shall retire from office once every 3 years but shall be eligible for re-election. A retiring director shall be eligible for re-election and shall retain office until the close of the meeting at which he retires.

Our Board acknowledges and takes cognisance of the Malaysian Code on Corporate Governance ("MCCG") which contains best practices and guidance for listed companies to improve upon or to enhance their corporate governance as it forms an integral part of their business operations and culture.

Our Board believes that our current Board composition provides an appropriate balance in terms of skills, knowledge and experience to promote the interest of all shareholders and to govern our Group effectively.

Our Board is committed to achieving and sustaining high standards of corporate governance and we have considered the additional best practices and guidance set out in the MCCG such as to have at least 30% women directors on our Board. We shall use all our best endeavour to seek, observe and identify suitable women candidate(s) to the Board and ensure that the composition of the Board comprises at least 30% of women directors within two (2) years from the date of our Listing.

##### 4.3.2 Audit and Risk Management Committee

Our Audit and Risk Management Committee was formed by our Board on 7 October 2021. The members of our Audit and Risk Management Committee consists of the following:

Name	Designation	Directorship
Lee Yee Wooi	Chairman	Independent Non-Executive Director
Dr Pakirisamy Baskaran A/L P Thangavelu	Member	Independent Non-Executive Director
Tan Chye Suan	Member	Independent Non-Executive Director

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#### 4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (*CONT'D*)

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Our Audit and Risk Management Committee undertakes, amongst others, the following functions:

##### **External audits**

- (i) To review with the external auditors, the audit report, the nature and scope of their audit plan and report the same to the Board;
- (ii) To review with the external auditors, their audit report and evaluation of accounting policies and systems of internal controls and report the same to the Board;
- (iii) To review internal audit findings and the management's responses or action plans, including the status of the previous audit recommendations;
- (iv) To make recommendations concerning the appointment of the external auditors and their remuneration to the Board;
- (v) To review the non-audit fees paid or payable to the external auditors, or a firm or corporation affiliated to the external auditors' firm; and
- (vi) To assess the suitability, objectivity and independence of the external auditor, taking into consideration:
  - (a) the competence, audit quality and resource capacity of the external auditor in relation to the audit;
  - (b) the nature and extent of the non-audit fees rendered and the appropriateness of the level of fees; and
  - (c) obtaining assurance from the external auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the term of all relevant profession and regulatory requirements.

##### **Internal audits**

- (i) To review and report to the Board the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;
- (ii) To review the internal audit plan, processes, the results of the internal audit assessments, investigation undertaken and whether or not appropriate action is taken by management on the recommendations;
- (iii) To review any appraisal or assessment of the performance of members of the internal audit function; and
- (iv) To ensure the person responsible for the internal audit reports directly to the Audit and Risk Management Committee.



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**4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)**


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**Financial reporting**

- (i) To review quarterly results and year-end financial statements prior to the approval of the Board, focusing particularly on:
  - (a) changes in or implementation of major accounting policy changes;
  - (b) significant matters highlighted including financial reporting issues, significant judgements made by management, significant and unusual events or transactions, and how these matters addressed; and
  - (c) compliance with accounting standards and other legal requirements.

**Others**

- (i) To review any related party transactions and conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- (ii) To review and verify the allocation of options to employees under employees share option scheme;
- (iii) To report any breach of listing requirements, which have not been satisfactory resolved to Bursa Securities;
- (iv) To determine that there is a robust process in place for identifying, managing, and monitoring critical risks; oversee execution of that process; and ensure it is continuously improved as the business environment changes;
- (v) To provide timely input to management on critical risk issues;
- (vi) To engage management in an ongoing risk appetite dialogue as conditions and circumstances change and new opportunities arise;
- (vii) To oversee the conduct, and review the results, of company-wide risk assessments, including the identification and reporting of critical risks;
- (viii) To oversee the management of certain risks, with regard to the complexity and significance of these risk exposures;
- (ix) To provide advice to the Board on risk strategies and coordinate the activities of the various standing board committees for risk oversight;
- (x) To promote a healthy risk culture and watch for dysfunctional behaviour that could undermine the effectiveness of the risk management process (e.g. excessive risk-taking due to misaligned key performance indicators and remuneration schemes);
- (xi) To review the Company's internal control and risk management framework, strategic, policies, processes, responsibilities and actions;
- (xii) To identify, assess and monitor the key business risk and management's action plan and assess whether risks are managed adequately and effectively;

#### 4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (*CONT'D*)

- (xiii) To conduct an annual review and periodic testing of the Company's internal control and risk management framework and make necessary changes to the framework arising from the review;
- (xiv) To solicit feedback on the adequacy and effectiveness of risk management and internal control from the Executive Director, management, internal auditors and external auditors at least annually;
- (xv) To review and ensure that risk disclosure in the annual report are made in compliance with the provisions of the authority;
- (xvi) To ensure the inclusion of corruption risk as one of the risks assessed in the Group's risk register; and
- (xvii) To review the Anti-Bribery & Corruption Policy and Whistleblowing Policy at least once every three (3) years and to make recommendations to the Board thereon.

##### 4.3.3 Nomination Committee

Our Nomination Committee was formed by our Board on 7 October 2021. The members of our Nomination Committee consist of the following:

Name	Designation	Directorship
Dr Pakirisamy Baskaran A/L P Thangavelu	Chairman	Independent Non-Executive Director
Tan Chye Suan	Member	Independent Non-Executive Director
Lee Yee Wooi	Member	Independent Non-Executive Director

Our Nomination Committee undertakes, amongst others, the following functions:

- (i) to propose, consider and recommend to the Board suitable persons for appointment as Directors of the Company;
- (ii) to recommend to the Board, candidates to fill the seats on Board committees;
- (iii) to assist the Board to review on an annual basis the required mix of skills, independence and experiences and other qualities, including core competencies, which non-executive directors should bring to the Board;
- (iv) to assess on an annual basis on the effectiveness of the Board as a whole, the committees of the Board and contribution of each individual director including chairman of the Board, independent Non-Executive Directors, as well as the Chief Executive Officer and the Chief Operating Officer. All assessment and evaluations carried out by the Committee in the discharge of all its functions should be properly documented;
- (v) to review the tenure of each director with an aim to ensure that the composition of the Board is refreshed periodically;

#### 4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (*CONT'D*)

- (vi) to lead the succession planning and oversee the development of a diverse pipeline for the Board and management succession, including the future chairman of the Board, Executive Directors and Chief Executive Officer;
- (vii) to assess the skill gaps of the Directors and recommend appropriate training and development programmes for the Directors; and
- (viii) to review the term of office and performance of the Audit and Risk Management Committee and each of its members annually to determine whether the Audit and Risk Management Committee and members have carried out their duties in accordance with their terms of reference.

##### 4.3.4 Remuneration Committee

Our Remuneration Committee was formed by our Board on 7 October 2021. The members of our Remuneration Committee consist of the following:

Name	Designation	Directorship
Tan Chye Suan	Chairman	Independent Non-Executive Director
Dr Pakirisamy Baskaran A/L P Thangavelu	Member	Independent Non-Executive Director
Lee Yee Woi	Member	Independent Non-Executive Director

Our Remuneration Committee undertakes, amongst others, the following functions:

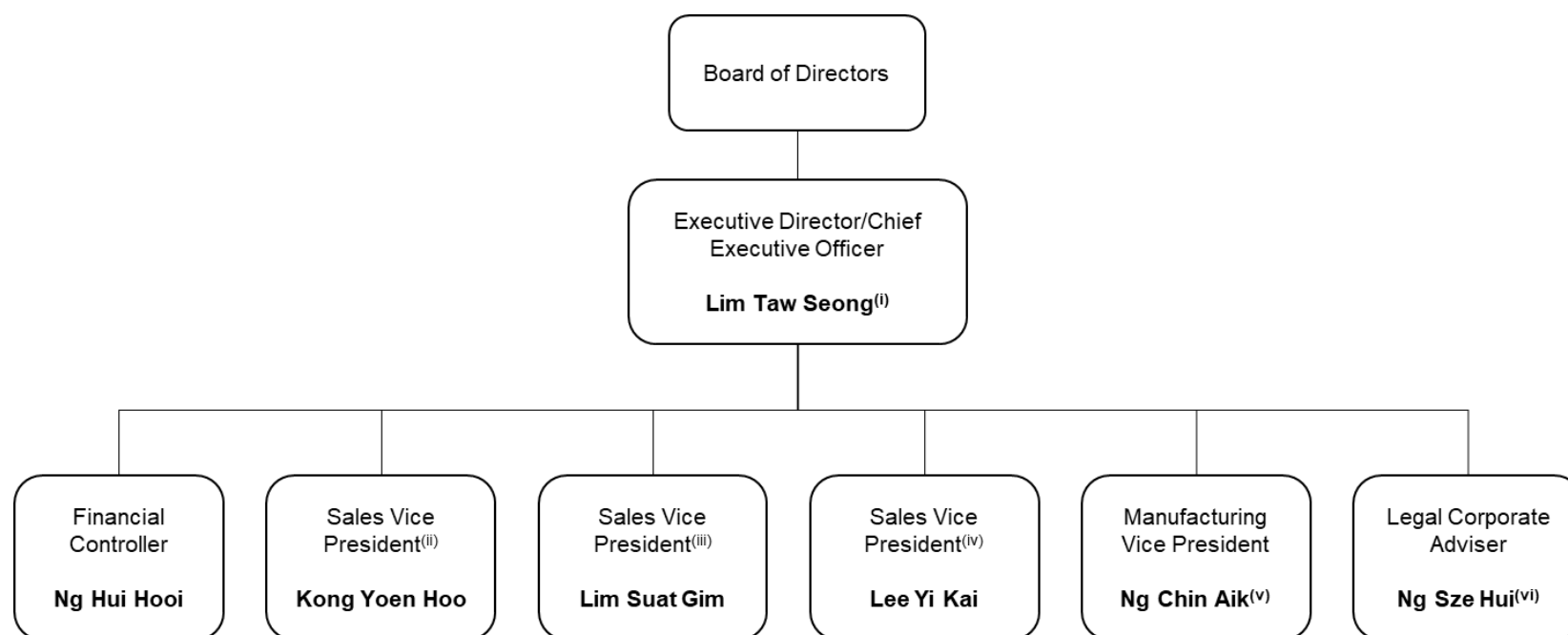
- (i) to set, review, recommend and advise the policies and procedures on all elements of the remuneration of the Directors and Key Senior Management;
- (ii) to review and recommend to the Board the remuneration packages of Executive Directors and key senior management including, where appropriate, bonuses, incentive, benefits-in-kind, severance payments, any grant of entitlement under share scheme based on the merit, qualification and competence while having regard to the operating results, individual performance and comparable market statistics;
- (iii) to review and recommend to the Board the remuneration packages of Non-Executive Directors, which shall subject to shareholders' approval at the annual general meeting, based on the level of expertise, commitment and responsibilities undertaken; and
- (iv) to review and assess the adequacy and relevance of the remuneration policies and procedures annually and recommend any changes it considers necessary to the Board.

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#### 4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(CONT'D)*

##### 4.4 MANAGEMENT REPORTING STRUCTURE

The following chart illustrates the management reporting structure of our Group:



**Notes:**

- (i) He is nephew of Dato' Ng Chai Eng as well as cousin of Ng Chin Liang, Ng Chin Aik and Ng Sze Hui.
- (ii) He is responsible for managing the day-to-day sales and operations activities and in charge of the project sales for the central and east coast regions of Peninsular Malaysia.
- (iii) She is responsible for managing the day-to-day sales and operations activities and in charge of the project sales for the southern region of Peninsular Malaysia and Sarawak state.

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**4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (*CONT'D*)**

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- (iv) He is responsible for managing the day-to-day sales and operations activities and in charge of the project sales for the northern region of Peninsular Malaysia and Sabah state.
- (v) He is nephew of Dato' Ng Chai Eng as well as cousin of Lim Taw Seong, Ng Chin Liang and Ng Sze Hui.
- (vi) She is daughter of Dato' Ng Chai Eng, sister of Ng Chin Liang as well as cousin of Lim Taw Seong and Ng Chin Aik,

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#### 4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

##### 4.5 KEY SENIOR MANAGEMENT

##### 4.5.1 Shareholdings of our Key Senior Management

Save for Lim Taw Seong, our Executive Director/Chief Executive Officer's shareholding set out in Section 4.2.1 of this Prospectus, the details of our Key Senior Management and their respective shareholdings in our Company as at the LPD and after our IPO (assuming each of our Key Senior Management subscribe in full for their respective entitlements under the Pink Form Allocations as set out in Section 3.3.1(ii) of this Prospectus) are as follows:

Name	Designation	Before our IPO/As at the LPD				After our IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	(i)%	No. of Shares	(i)%	No. of Shares	(ii)%	No. of Shares	(ii)%
Ng Hui Hooi	Financial Controller	-	-	-	-	300,000	0.08	-	-
Kong Yoen Hoo	Sales Vice President	9,346,098	3.38	-	-	9,746,098	2.61	-	-
Lim Suat Gim	Sales Vice President	5,665,050	2.05	-	-	6,065,050	1.62	-	-
Lee Yi Kai	Sales Vice President	965,010	0.35	-	-	1,365,010	0.37	-	-
Ng Chin Aik	Manufacturing Vice President	9,777,550	3.53	-	-	10,177,550	2.72	-	-
Ng Sze Hui	Legal and Corporate Adviser	-	-	-	-	300,000	0.08	-	-

**Notes:**

(i) Based on the total number of 276,685,700 Shares before our IPO/as at the LPD.

(ii) Based on the enlarged total number of 373,910,000 Shares after our IPO.

None of our Key Senior Management are representatives of any corporate shareholders.

#### 4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (*CONT'D*)

##### 4.5.2 Profiles of our Key Senior Management

The profiles of our other Key Senior Management are as follows:

- (i) **Ng Hui Hooi**, a Malaysian aged 46, is our Financial Controller. She is responsible for our Group's accounting and finance functions.

She graduated from Deakin University in Australia in 2000 with a degree in Bachelor of Commerce, majoring in Accountancy and obtained her Certified Practising Accountant (CPA), Australia from CPA Australia in 2003. She has been a member of the Malaysian Institute of Accountants since 2004.

She began her career in 2000 with an audit firm, Wong Liu & Partners as a Junior Auditor. She left the firm in 2004 as Senior Auditor to join Sin Tiong Lee Food Industry Sdn Bhd, where she oversaw the company's accounting and tax matters.

Thereafter, she left the company in 2004 and joined Wangsaga Industries Sdn Bhd (a subsidiary of Tek Seng Holdings Berhad), as Accounts Manager, where her responsibilities included the preparation of financial statements, quarterly and annual reports of its holding company and management reporting. She left the company in 2007 and joined Texchem Resources Berhad as Assistant Finance Manager. In 2008, she joined UWC Holdings Sdn Bhd (now a subsidiary company of UWC Berhad) as Finance Manager, where her responsibilities included overseeing the accounting and financial matters such as treasury functions, credit control, budgeting and taxation. In 2018, she was promoted as the Financial Controller of UWC Berhad. In 2021, she joined our Group and assumed her current position.

As at the LPD, Ng Hui Hooi does not hold any directorship in any other public listed companies or private limited companies.

- (ii) **Kong Yoen Hoo**, a Malaysian aged 44, is the Sales Vice President. He is responsible for managing the day-to-day sales and operations activities and in charge of the project sales for the central and east coast regions of Peninsular Malaysia.

He obtained a Bachelor of Engineering (Mechanical) from Universiti Teknologi Malaysia in 2003.

He began his career in 2003 with Zama Corporation Ltd, a Hong Kong based company, where he served as an Engineer and was responsible for overseeing the engineering drafting department. He left Zama Corporation Ltd in 2006 to join DPL Holdings Ltd, a Hong Kong based company, in the same year. In DPL Holdings Ltd, he served as a Project Engineer and was responsible for the management of projects from the design phase up to the production stage.

Subsequently, he left DPL Holdings Ltd in 2007 and co-founded Evo Medik. Initially, he worked as our Branch Manager (East Coast Region) and was responsible for expanding and managing sales and marketing activities for the east coast region of Peninsular Malaysia. In 2012, he became our Branch Manager (Central and East Coast region) where he was responsible for various functions, including amongst others, setting up a sales team, business development as well as overseeing the operations of our marketing and distribution offices in located in Kota Bharu, Kelantan.

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**4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)**


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In 2014, our Group decided to consolidate the east coast region's sales and operations into our marketing and distribution offices in located in Kuala Lumpur. He then became our Branch Manager for our marketing and distribution offices in located in Kuala Lumpur where he was responsible for overseeing the sales and operations of central and east coast regions of Peninsular Malaysia. He was promoted to his current position in 2021.

As at the LPD, Kong Yoen Hoo does not hold any directorship in any other public listed companies or private limited companies.

- (iii) **Lim Suat Gim**, a Malaysian aged 38, is the Sales Vice President. She is responsible for managing the day-to-day sales and operations activities and in charge of the project sales for the southern region of Peninsular Malaysia and Sarawak state.

She obtained a Bachelor of Science degree with Honours in Biochemistry from Universiti of Malaya in 2007.

She began her career in 2007 with Public Packages (NT) Sdn Bhd as a Quality Assurance Executive, where she was responsible for the development and implementation of inspection activities, inspection and testing of processes and procedures, and coordinating the investigation of quality issues with customers and suppliers. In the same year, she left Public Packages (NT) Sdn Bhd to join UMediC (formerly known as UWC Healthcare Sdn Bhd) as the Sales Executive. She was responsible for managing the sales and marketing activities for the southern region of Peninsular Malaysia as well as providing after-sales and service support.

In 2010, she was promoted to our Branch Manager (Southern region and Sarawak state). She is responsible for various functions, including amongst others, setting up a sales team, business development as well as overseeing the operations of our marketing and distribution offices located in Johor Bahru, Johor. In addition, she is also responsible for overseeing the sales and operations for Sarawak state. She was promoted to her current position in 2021.

As at the LPD, Lim Suat Gim does not hold any directorship in any other public listed companies or private limited companies.

- (iv) **Lee Yi Kai**, a Malaysian aged 44, is the Sales Vice President. He is responsible for managing the day-to-day sales and operations activities and in charge of the project sales for the northern region of Peninsular Malaysia and Sabah state.

He obtained a Bachelor of Engineering degree with Honours in Mechanical Engineering from Royal Melbourne Institute of Technology, Australia in 2001.

He began his career in 2002 with Teco Industry (M) Sdn Bhd as a Mechanical Engineer, where he was responsible for designing and modifying electric motor engineering drawings. Subsequently, he left Teco Industry (M) Sdn Bhd in 2005 and joined SMC Automation (M) Sdn Bhd in the same year as a Sales and Service Engineer, where his responsibilities included the sales and marketing of the company's products as well as providing after-sales support. He left SMC Automation (M) Sdn Bhd in 2009.



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**4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)**


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Thereafter, he joined our Group as a Sales Executive in 2009, where he was responsible for managing sales and marketing activities for Perak and Sabah states as well as providing after-sales and service support. In 2016, he was promoted to our Sales Manager where he was responsible for overseeing the sales and operations for the northern region of Peninsular Malaysia and Sabah state. He was promoted to his current position in 2021.

As at the LPD, Lee Yi Kai does not hold any directorship in any other public listed companies or private limited companies.

- (v) **Ng Chin Aik**, a Malaysian aged 37, is our Manufacturing Vice President. He is responsible for product design and development including generating and evaluating product development ideas and activities as well as overseeing our manufacturing operations.

He graduated from Universiti Kebangsaan Malaysia, with a Bachelor of Science with Honours in Physics in 2008. In 2019, he obtained a Master of Business Administration from the University of Science Malaysia. He also obtained his good clinical practice certificate from the Clinical Research Center, Ministry of Health and Medtech Regulatory Compliance from the Association of Malaysian Medical Industries (“AMMI”) in 2018. He was also appointed to be part of the Regulatory Affairs Committee (since 2016), Government Affairs Committee (since 2020) and Operational Excellence Committee (since 2020) of AMMI.

He began his career in 2008 with UWC Technology Sdn Bhd as a Marketing Engineer, where he was responsible for customer liaison and costing requirements. In 2011, he was appointed as Operating Manager of UWHM (formerly known as UWC Healthcare Mfg (M) Sdn Bhd), where he was responsible for developing new medical devices, maximising profitability of the company, ensuring compliance with regulatory requirements and other manufacturing related activities. He was promoted to his current position in 2021.

As at the LPD, Ng Chin Aik does not hold any directorship in any other public listed companies or private limited companies.

- (vi) **Ng Sze Hui**, a Malaysian aged 26, is our Legal and Corporate Adviser. She is responsible for handling legal and corporate affairs of our Group. She also manages the communication with internal and external stakeholders of our Group.

She graduated from the London School of Economics and Political Science with a Bachelor of Laws in 2018. Subsequently, she completed her Master of Laws and Bar Professional Training Course at City, University of London in 2019. She was admitted to the Bar of England and Wales by the Honourable Society of the Middle Temple in the same year. In 2020, she was admitted as an Advocate and Solicitor of the High Court of Malaya. In 2021, she became a member of the Inns of Court Malaysia (ICM) and the Young Lawyers Committee of Kuala Lumpur Bar Committee. In 2022, she became a registered trademark agent and she will be responsible for our Group's intellectual property matters such as the registration of our Group's future trademarks and the implementation of strategies to protect our intellectual properties.

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**4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (*CONT'D*)**

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She began her legal career with Wong & Partners, a member firm of Baker McKenzie International in 2020 and later she joined Azmi & Associates, a member of Terralex Worldwide. During her tenure in the aforementioned law firms, she was involved in a range of corporate and commercial legal matters which include setting up new businesses, handling merger and acquisition transactions, advising on cross-border transactions and drafting various agreements and policies. She has also been involved in advising corporations on the adoption of best practices in relation to the Malaysian Code of Corporate Governance issued by the SC and compliance with Bursa Securities' listing requirements. In 2021, she joined our Group and assumed her current position. Since joining our Group, she has been actively involved in advising and managing our Group's legal and regulatory processes in the healthcare industry.

As at the LPD, Ng Sze Hui also sits on the board of a private limited company as disclosed in Section 4.5.3 of this Prospectus.

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#### 4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

##### 4.5.3 Involvement of our Key Senior Management in other principal business activities outside our Group

Save for the involvement of Lim Taw Seong, our Executive Director/Chief Executive Officer which have been set out in Section 4.2.3 of this Prospectus, the principal business activities performed by our Key Senior Management outside our Group as at the LPD and their present directorships in companies outside our Group and in the past five (5) years preceding the LPD are as follows:

##### (a) Kong Yoen Hoo

Name	Company name	Principal business activities	Designation	Involvement in principal business activities other than as a director
Kong Yoen Hoo	<u>Present involvement:</u>  • UMediC Capital	Investment holding (holding shares of our Company)	-	Shareholder with approximately 5.42% equity interest
	<u>Previous involvement:</u>  • Meditech	Trading and servicing of medical equipment and component <sup>(i)</sup>	Director (ceased directorship on 24 September 2018)	-

**Note:**

- (i) Although Meditech is involved in the trading and servicing of medical equipment and components, however, they are only acting as tendering agents. Meditech does not hold any distributorships and does not sell any products. As such, Meditech is not deemed to be a competitor of our Group.

#### 4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

##### (b) Lim Suat Gim

Name	Company name	Principal business activities	Designation	Involvement in principal business activities other than as a director
Lim Suat Gim	<u>Present involvement:</u> <ul style="list-style-type: none"> <li>UMediC Capital</li> </ul>	Investment holding (holding shares of our Company)	-	Shareholder with approximately 2.96% equity interest

##### (c) Lee Yi Kai

Name	Company name	Principal business activities	Designation	Involvement in principal business activities other than as a director
Lee Yi Kai	<u>Present involvement:</u> <ul style="list-style-type: none"> <li>UMediC Capital</li> </ul> <u>Previous involvement:</u> <ul style="list-style-type: none"> <li>UWC Medihealth (partnership expired and ceased business on 27 April 2017)</li> </ul>	Investment holding (holding shares of our Company)  Supply of hospital medical equipment & hospital disposable appliances	-  Partner	Shareholder with approximately 0.53% equity interest  -

#### 4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

##### (d) Ng Chin Aik

Name	Company name	Principal business activities	Designation	Involvement in principal business activities other than as a director
Ng Chin Aik	<u>Present involvement:</u>			
	<ul style="list-style-type: none"> <li>UMediC Capital</li> </ul>	Investment holding (holding shares of our Company)	-	Shareholder with approximately 5.11% equity interest
	<u>Previous involvement:</u>			
	<ul style="list-style-type: none"> <li>OST Industries Sdn Bhd</li> </ul>	Design, assemble, manufacture and trade semi-automated machinery and equipment	Director (ceased directorship on 5 October 2020)	-
	<ul style="list-style-type: none"> <li>UWHE Sdn Bhd (Dissolved on 3 March 2022)</li> </ul>	Ceased business (previously involved in manufacturing of other components for electronic applications)	Director	-

**4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)**

**(e) Ng Sze Hui**

Name	Company name	Principal business activities	Designation	Involvement in principal business activities other than as a director
Ng Sze Hui	<u>Present involvement:</u>			
	<ul style="list-style-type: none"> <li>• Ng Capital Sdn Bhd</li> <li>• Ng Capital Limited</li> </ul>	<p>Investment holding in property</p> <p>Investment holding in assets</p>	<p>Director</p> <p>-</p>	<p>Shareholder with 20.00% equity interest</p> <p>Shareholder with 12.00% equity interest</p>

The involvement of our Key Senior Management in other business activities outside our Group is not expected to require a significant amount of their time or attention as they are not involved in the management and day-to-day operations of those businesses as those businesses are managed by their respective management teams. As such, their involvement in those business activities outside our Group will not affect their ability to perform their roles and responsibilities as well as their contributions to our Group.

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#### 4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(CONT'D)*

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

Save for the aggregate remuneration and material benefits-in-kind paid and proposed to be paid to Lim Taw Seong, our Executive Director/Chief Executive Officer which have been set out in Section 4.2.4 of this Prospectus, the aggregate remuneration and material benefits-in-kind (including any contingent or deferred remuneration) paid and proposed to be paid to our other Key Senior Management for services rendered to us in their capacities to our Group for FYEs 2021 and 2022 are as follows:

Name	Remuneration band	
	FYE 2021 (Actual)	FYE 2022 (Proposed)
	RM'000	RM'000
Ng Hui Hooi	0 to 50 <sup>(i)</sup>	101 to 150
Kong Yoen Hoo	251 to 300	201 to 250
Lim Suat Gim	201 to 250	151 to 200
Lee Yi Kai	101 to 150	101 to 150
Ng Chin Aik	151 to 200	151 to 200
Ng Sze Hui	0 to 50 <sup>(ii)</sup>	51 to 100

**Notes:**

- (i) Ng Hui Hooi joined our Group in April 2021.
- (ii) Ng Sze Hui joined our Group in July 2021.

#### 4.6 SERVICE CONTRACTS

As at the LPD, we do not have any existing or proposed service contract with our Directors or Key Senior Management, which provides for benefits upon termination of employment.

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#### 4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (*CONT'D*)

##### 4.7 ASSOCIATIONS OR FAMILY RELATIONSHIPS BETWEEN OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT

Save as disclosed below, there is no association or family relationship between any of our Promoters, substantial shareholders, Directors and Key Senior Management as at the LPD:

Name	Position	Relationship
Dato' Ng Chai Eng	Non-Independent Non-Executive Chairman	<ul style="list-style-type: none"> <li>• He is father of Ng Chin Liang, our Alternate Director to Dato' Ng Chai Eng</li> <li>• He is father of Ng Sze Hui, our Key Senior Management</li> <li>• He is uncle of Lim Taw Seong, our Executive Director/Chief Executive Officer</li> <li>• He is uncle of Ng Chin Aik, our Key Senior Management</li> </ul>
Lim Taw Seong	Executive Director/Chief Executive Officer	<ul style="list-style-type: none"> <li>• He is nephew of Dato' Ng Chai Eng, our Non-Independent Non-Executive Chairman</li> <li>• He is cousin of Ng Chin Liang, our Alternate Director to Dato' Ng Chai Eng</li> <li>• He is cousin of Ng Chin Aik, our Key Senior Management</li> <li>• He is cousin of Ng Sze Hui, our Key Senior Management</li> </ul>
Ng Chin Liang	Alternate Director to Dato' Ng Chai Eng	<ul style="list-style-type: none"> <li>• He is son of Dato' Ng Chai Eng, our Non-Independent Non-Executive Chairman</li> <li>• He is brother of Ng Sze Hui, our Key Senior Management</li> <li>• He is cousin of Lim Taw Seong, our Executive Director/Chief Executive Officer</li> <li>• He is cousin of Ng Chin Aik, our Key Senior Management</li> </ul>
Ng Chin Aik	Manufacturing Vice President	<ul style="list-style-type: none"> <li>• He is nephew of Dato' Ng Chai Eng, our Non-Independent Non-Executive Chairman</li> <li>• He is cousin of Ng Chin Liang, our Alternate Director to Dato' Ng Chai Eng</li> <li>• He is cousin of Lim Taw Seong, our Executive Director/Chief Executive Officer</li> <li>• He is cousin of Ng Sze Hui, our Key Senior Management</li> </ul>



#### 4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (*CONT'D*)

Name	Position	Relationship
Ng Sze Hui	Legal and Corporate Adviser	<ul style="list-style-type: none"> <li>She is daughter of Dato' Ng Chai Eng, our Non-Independent Non-Executive Chairman</li> <li>She is sister of Ng Chin Liang, our Alternate Director to Dato' Ng Chai Eng</li> <li>She is cousin of Lim Taw Seong, our Executive Director/Chief Executive Officer</li> <li>She is cousin of Ng Chin Aik, our Key Senior Management</li> </ul>

#### 4.8 DECLARATION BY OUR PROMOTERS, DIRECTORS AND KEY SENIOR MANAGEMENT

None of our Promoters, Directors and Key Senior Management are or have been involved in any of the following events (whether in or outside Malaysia) as at the LPD:

- (i) in the last ten (10) years, a petition under any bankruptcy or insolvency laws was filed (and not struck out) against such person or any partnership in which he or she was a partner or any corporation of which he or she was a director or member of key senior management;
- (ii) such person was disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- (iii) in the last ten (10) years, such person was charged or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;
- (iv) in the last ten (10) years, any judgment was entered against such person, or finding of fault, misrepresentation, dishonesty, incompetence or malpractice on his or her part, involving a breach of any law or regulatory requirement that relates to the capital market;
- (v) in the last ten (10) years, such person was the subject of any civil proceeding, involving an allegation of fraud, misrepresentation, dishonesty, incompetence or malpractice on his or her part that relates to the capital market;
- (vi) such person was the subject of any order, judgment or ruling of any court, government or regulatory authority or body temporarily enjoining him or her from engaging in any type of business practice or activity;
- (vii) in the last ten (10) years, such person has been reprimanded or issued any warning by any regulatory authority, securities or derivatives exchange, professional body or government agency; and
- (viii) any unsatisfied judgment against such person.

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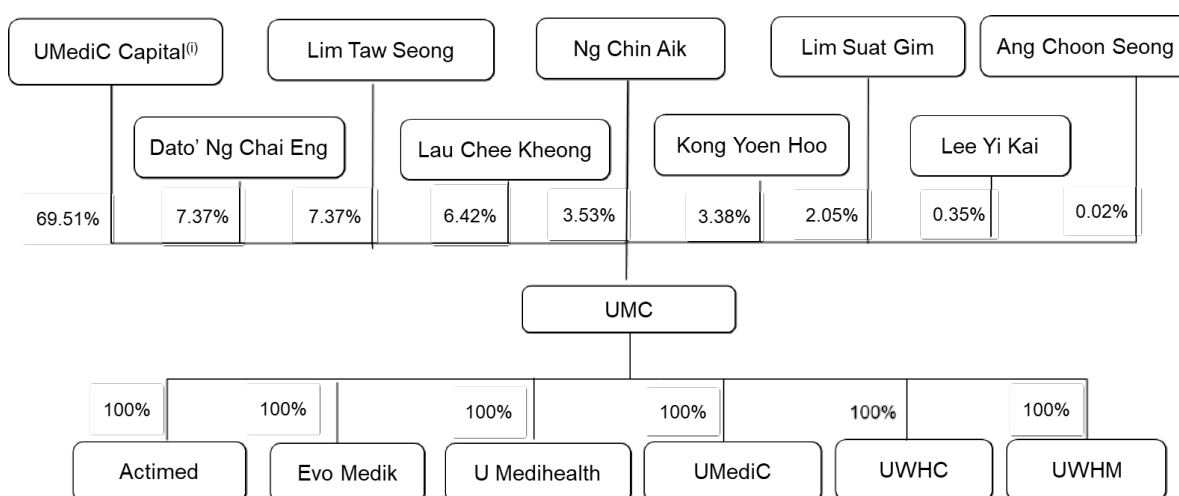
## 5. INFORMATION ON OUR GROUP

### 5.1 OUR COMPANY

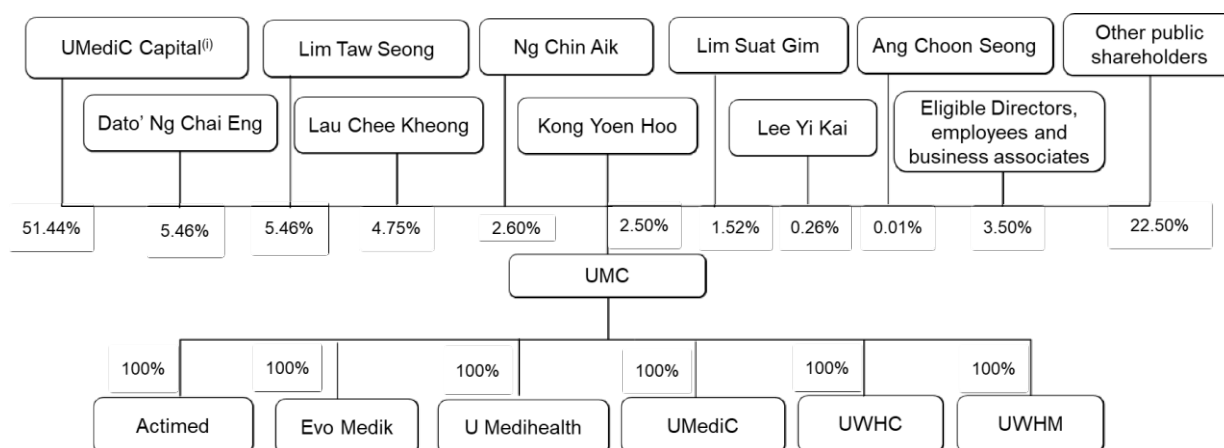
UMC was incorporated in Malaysia under the Act on 22 April 2021 as a private company limited by shares under the name of UMediC Group Sdn Bhd. On 28 September 2021, we completed the Acquisitions which resulted in Actimed, Evo Medik, U Medihealth, UMediC, UWHC and UWHM becoming our wholly-owned subsidiaries. Subsequently, on 7 October 2021, our Company was converted to a public limited company to facilitate our Listing.

We are an investment holding company. Through our subsidiaries, we are principally involved in marketing and distribution of various branded medical devices and consumables as well as the provision of after-sales service for all our products. We are also involved in developing, manufacturing and marketing of our medical consumables.

As at the LPD, our Group structure is as follows:



Upon Listing, our Group structure is as follows:



**Note:**

- (i) UMediC Capital is owned by Dato' Ng Chai Eng (29.97%), Lim Taw Seong (29.97%), Lau Chee Kheong (26.02%), Kong Yoen Hoo (5.42%), Ng Chin Aik (5.11%), Lim Suat Gim (2.96%), Lee Yi Kai (0.53%) and Ang Choon Seong (0.02%).

Please refer to Section 5.2 of this Prospectus for further details on our subsidiaries.

## 5. INFORMATION ON OUR GROUP (CONT'D)

### 5.1.1 Acquisitions

In conjunction with, and as an integral part of our Listing, the details of the Acquisitions are as follows:

#### (i) Actimed Acquisition

On 28 September 2021, our Company acquired the entire issued share capital in Actimed comprising 10,000 ordinary shares from the vendors for a purchase consideration of RM1,498,520. The purchase consideration was wholly satisfied via the issuance of 29,970,400 new Shares at an issue price of RM0.05 per Share to the following vendors (who then novated a portion of their shares to a holding company, UMediC Capital) as follows:

	Shareholding in Actimed		Purchase Consideration RM	No. of new Shares issued
	No. of shares	%		
Lim Suat Gim <sup>(i)</sup>	3,000	30.00	449,556	5,665,050
Dato' Ng Chai Eng	1,967	19.67	294,759	1,532,746
Lim Taw Seong	1,967	19.67	294,759	1,532,746
Lau Chee Kheong	1,967	19.67	294,759	1,532,746
Kong Yoen Hoo	1,099	10.99	164,687	3,293,748
UMediC Capital	-	-	-	<sup>(ii)</sup> 16,413,364
<b>Total</b>	<b>10,000</b>	<b>100.00</b>	<b>1,498,520</b>	<b>29,970,400</b>

#### Notes:

- (i) Lim Suat Gim is not a related party to our Promoters, substantial shareholders, Directors and Key Senior Management.
- (ii) The following vendors novated a total of 16,413,364 new Shares, issued to them pursuant to Actimed Acquisition, to UMediC Capital as follows:

	No. of new Shares novated to UMediC Capital
Lim Suat Gim	3,326,070
Dato' Ng Chai Eng	4,362,431
Lim Taw Seong	4,362,431
Lau Chee Kheong	4,362,432
<b>Total</b>	<b>16,413,364</b>

## 5. INFORMATION ON OUR GROUP (CONT'D)

The purchase consideration of Actimed of RM1,498,520 was arrived at on a willing-buyer willing-seller basis, after taking into consideration the audited NA of Actimed as at 31 July 2021 of RM1,498,523. The Actimed Acquisition was completed on 28 September 2021 and thereafter, Actimed has become our wholly-owned subsidiary.

### (ii) Evo Medik Acquisition

On 28 September 2021, our Company acquired the entire issued share capital in Evo Medik comprising 100,000 ordinary shares from the vendors for a purchase consideration of RM1,210,470. The purchase consideration was wholly satisfied via the issuance of 24,209,400 new Shares at an issue price of RM0.05 per Share to the following vendors (who then novated a portion of their shares to a holding company, UMediC Capital) as follows:

	Shareholding in Evo Medik		Purchase Consideration RM	No. of new Shares issued
	No. of shares	%		
UMediC	75,000	75.00	907,852	(i)-
Kong Yoen Hoo	25,000	25.00	302,618	6,052,350
Dato' Ng Chai Eng	-	-	-	(i)1,652,291
Lim Taw Seong	-	-	-	(i)1,652,291
Lau Chee Kheong	-	-	-	(i)1,416,249
UMediC Capital	-	-	-	(i)(ii)13,436,219
<b>Total</b>	<b>100,000</b>	<b>100.00</b>	<b>1,210,470</b>	<b>24,209,400</b>

#### Notes:

- (i) UMediC distributed a total of 18,157,050 new Shares, issued to it pursuant to the Evo Medik Acquisition, to Dato' Ng Chai Eng, Lim Taw Seong and Lau Chee Kheong in proportion to their shareholdings in UMediC by way of dividend-in-specie.
- (ii) The following shareholders of UMediC novated a total of 13,436,219 new Shares, issued to them pursuant to the Evo Medik Acquisition, to UMediC Capital as follows:

	No. of new Shares novated to UMediC Capital
Dato' Ng Chai Eng	4,702,677
Lim Taw Seong	4,702,677
Lau Chee Kheong	4,030,865
<b>Total</b>	<b>13,436,219</b>

## 5. INFORMATION ON OUR GROUP (CONT'D)

The purchase consideration of Evo Medik of RM1,210,470 was arrived at on a willing-buyer willing-seller basis, after taking into consideration the audited NA of Evo Medik as at 31 July 2021 of RM1,210,473. The Evo Medik Acquisition was completed on 28 September 2021 and thereafter, Evo Medik has become our wholly-owned subsidiary.

### (iii) U Medihealth Acquisition

On 28 September 2021, our Company acquired the entire issued share capital in U Medihealth comprising 2,500 ordinary shares from the vendors for a purchase consideration of RM160,835. The purchase consideration was wholly satisfied via the issuance of 3,216,700 new Shares at an issue price of RM0.05 per Share to the following vendors (who then novated a portion of their shares to a holding company, UMediC Capital) as follows:

	Shareholding in U Medihealth		Purchase Consideration RM	No. of new Shares issued
	No. of shares	%		
Lee Yi Kai	750	30.00	48,251	965,010
Lim Taw Seong	700	28.00	45,034	234,175
Dato' Ng Chai Eng	525	21.00	33,775	175,631
Lau Chee Kheong	525	21.00	33,775	175,631
UMediC Capital	-	-	-	<sup>(i)</sup> 1,666,253
<b>Total</b>	<b>2,500</b>	<b>100.00</b>	<b>160,835</b>	<b>3,216,700</b>

#### Note:

- (i) The following vendors novated a total of 1,666,253 new Shares, issued to them pursuant to the U Medihealth Acquisition, to UMediC Capital as follows:

	No. of new Shares novated to UMediC Capital
Lim Taw Seong	666,501
Dato' Ng Chai Eng	499,876
Lau Chee Kheong	499,876
<b>Total</b>	<b>1,666,253</b>

The purchase consideration of U Medihealth of RM160,835 was arrived at on a willing-buyer willing-seller basis, after taking into consideration the audited NA of U Medihealth as at 31 July 2021 of RM160,836. The U Medihealth Acquisition was completed on 28 September 2021 and thereafter, U Medihealth has become our wholly-owned subsidiary.

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## 5. INFORMATION ON OUR GROUP (CONT'D)

### (iv) UMediC Acquisition

On 28 September 2021, our Company acquired the entire issued share capital in UMediC comprising 2,400,000 ordinary shares from the vendors for a purchase consideration of RM6,098,815. The purchase consideration was wholly satisfied via the issuance of 121,976,300 new Shares at an issue price of RM0.05 Share to the following vendors (who then novated a portion of their shares to a holding company, UMediC Capital) as follows:

	Shareholding in UMediC		Purchase Consideration RM	No. of new Shares issued
	No. of shares	%		
Dato' Ng Chai Eng	840,000	35.00	2,134,585	9,976,478
Lim Taw Seong	840,000	35.00	2,134,585	9,917,334
Lau Chee Kheong	720,000	30.00	1,829,645	8,566,755
UMediC Capital	-	-	-	<sup>(i)</sup> 93,515,733
<b>Total</b>	<b>2,400,000</b>	<b>100.00</b>	<b>6,098,815</b>	<b>121,976,300</b>

**Note:**

- (i) The following vendors novated a total of 93,515,733 new Shares, issued to them pursuant to the UMediC Acquisition, to UMediC Capital as follows:

	No. of new Shares novated to UMediC Capital
Dato' Ng Chai Eng	32,715,227
Lim Taw Seong	32,774,371
Lau Chee Kheong	28,026,135
<b>Total</b>	<b>93,515,733</b>

The purchase consideration of UMediC of RM6,098,815 was arrived at on a willing-buyer willing-seller basis, after taking into consideration the adjusted audited NA of UMediC (after disposing its 75% owned subsidiary, Evo Medik and distributing of all the said consideration shares to its existing shareholders in proportion to their shareholdings by way of dividend-in-specie) as at 31 July 2021 of RM6,023,817. The UMediC Acquisition was completed on 28 September 2021 and thereafter, UMediC has become our wholly-owned subsidiary.

### (v) UWHC Acquisition

On 28 September 2021, our Company acquired the entire issued share capital in UWHC comprising 50,000 ordinary shares from the vendors for a purchase consideration of RM46,315. The purchase consideration was wholly satisfied via the issuance of 926,300 new Shares at an issue price of RM0.05 per Share to the following vendors (who then novated a portion of their shares to a holding company, UMediC Capital) as follows:

**5. INFORMATION ON OUR GROUP (CONT'D)**

	Shareholding in UWHC		Purchase Consideration RM	No. of new Shares issued
	No. of shares	%		
Ng Chin Aik	15,000	30.00	13,895	138,950
Dato' Ng Chai Eng	10,000	20.00	9,263	48,154
Lim Taw Seong	10,000	20.00	9,263	48,154
Lau Chee Kheong	10,000	20.00	9,263	48,155
Ang Choon Seong	5,000	10.00	4,631	46,350
UMediC Capital	-	-	-	<sup>(i)</sup> 596,537
<b>Total</b>	<b>50,000</b>	<b>100.00</b>	<b>46,315</b>	<b>926,300</b>

**Note:**

- (i) The following vendors novated a total of 596,537 new Shares, issued to them pursuant to the UWHC Acquisition, to UMediC Capital as follows:

	No. of new Shares novated to UMediC Capital
Ng Chin Aik	138,940
Dato' Ng Chai Eng	137,106
Lim Taw Seong	137,106
Lau Chee Kheong	137,105
Ang Choon Seong	46,280
<b>Total</b>	<b>596,537</b>

The purchase consideration of UWHC of RM46,315 was arrived at on a willing-buyer willing-seller basis, after taking into consideration the audited NA of UWHC as at 31 July 2021 of RM46,315. The UWHC Acquisition was completed on 28 September 2021 and thereafter, UWHC has become our wholly-owned subsidiary.

**(vi) UWHM Acquisition**

On 28 September 2021, our Company acquired the entire issued share capital in UWHM comprising 4,420,000 ordinary shares from the vendors for a purchase consideration of RM4,819,300. The purchase consideration was wholly satisfied via the issuance of 96,386,000 new Shares at an issue price of RM0.05 per Share to the following vendors (who then novated a portion of their shares to a holding company, UMediC Capital) as follows:

**5. INFORMATION ON OUR GROUP (CONT'D)**

	Shareholding in UWHM		Purchase Consideration RM	No. of new Shares issued
	No. of shares	%		
Dato' Ng Chai Eng	1,237,600	28.00	1,349,404	7,016,900
Lim Taw Seong	1,237,600	28.00	1,349,404	7,016,900
Lau Chee Kheong	1,060,800	24.00	1,156,632	6,014,486
Ng Chin Aik	884,000	20.00	963,860	9,638,600
UMediC Capital	-	-	-	<sup>(i)</sup> 66,699,114
<b>Total</b>	<b>4,420,000</b>	<b>100.00</b>	<b>4,819,300</b>	<b>96,386,000</b>

**Note:**

- (i) The following vendors novated a total of 66,699,114 new Shares, issued to them pursuant to the UWHM Acquisition, to UMediC Capital as follows:

	No. of new Shares novated to UMediC Capital
Dato' Ng Chai Eng	19,971,180
Lim Taw Seong	19,971,180
Lau Chee Kheong	17,118,154
Ng Chin Aik	9,638,600
<b>Total</b>	<b>66,699,114</b>

The purchase consideration of UWHM of RM4,819,300 was arrived at on a willing-buyer willing-seller basis, after taking into consideration the audited NA of UWHM as at 31 July 2021 of RM4,819,303. The UWHM Acquisition was completed on 28 September 2021 and thereafter, UWHM has become our wholly-owned subsidiary.

**5.1.2 Share capital**

As at the LPD, our issued share capital is RM13,834,286 comprising 276,685,700 Shares.

The changes in our issued share capital since the date of our incorporation up to the LPD are as follows:

Date of allotment	No. of Shares allotted	Consideration	Cumulative issued share capital RM
22 April 2021	1	Cash	1
28 September 2021	<sup>(i)</sup> 599	Cash	31
28 September 2021	276,685,100	Other than cash pursuant to the Acquisitions	13,834,286



## 5. INFORMATION ON OUR GROUP (CONT'D)

### Note:

- (i) 599 Shares were issued and allotted to Lim Taw Seong on 28 September 2021.

None of our Shares were issued at a discount, on special terms or based on instalment payment terms.

Upon completion of our IPO, our enlarged issued share capital will increase to RM44,322,062 comprising 373,910,000 Shares.

As at the LPD, we do not have any outstanding warrant, option, convertible security or uncalled capital in respect of our Shares.

## 5.2 OUR SUBSIDIARIES

As at the LPD, the details of our subsidiaries are as follows:

Name and registration no.	Date and place of incorporation	Issued share capital RM	Our effective equity interest	Principal activities
Actimed (200301016809 (619229-H))	20 June 2003/ Malaysia	10,000	100.00%	Marketing and distribution of medical devices
Evo Medik (200701026421 (784442-T))	13 August 2007/ Malaysia	100,000	100.00%	Marketing and distribution of medical devices
U Medihealth (201101015786 (943920-K))	10 May 2011/ Malaysia	2,500	100.00%	Marketing and distribution of medical devices
UMediC (200201030512 (598175-W))	8 November 2002/ Malaysia	2,400,000	100.00%	Marketing and distribution of medical devices as well as the provision of after-sales service
UWHC (201801027503 (1289529-V))	31 July 2018/ Malaysia	50,000	100.00%	Holding of intellectual property rights
UWHM (201101033860 (961995-K))	28 September 2011/ Malaysia	4,420,000	100.00%	Developing, manufacturing and marketing of medical devices

As at the LPD, we do not have any joint venture or associated company.

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## 5. INFORMATION ON OUR GROUP (CONT'D)

The incorporation of Actimed, Evo Medik, U Medihealth and UMediC was to manage and focus our Group's marketing and distribution activities in the different regions of Malaysia as follows:

Name of company	Regions covered
Actimed	Southern region and Sarawak
Evo Medik	Central and east coast region
U Medihealth	Perak and Sabah
UMediC	Northern region (excluding Perak)

### 5.2.1 Actimed

#### (i) History and business

Actimed was incorporated in Malaysia under the Companies Act 1965 on 20 June 2003 as a private company limited by shares under the name of QS Education Toys Sdn Bhd. On 20 September 2004, the company changed its name to QS Educational Supplies Sdn Bhd. Subsequently, the company further changed its name to Actimed Healthcare Sdn Bhd on 16 March 2007.

The principal place of business of Actimed is PMT 790, Jalan Cassia Selatan 5/2, Taman Perindustrian Batu Kawan, 14110 Bandar Cassia, Pulau Pinang. It is currently principally involved in marketing and distribution of medical devices. Its activities cover the southern region of Peninsular Malaysia and Sarawak state.

#### (ii) Share capital

As at the LPD, the issued share capital of Actimed is RM10,000.00 comprising 10,000 ordinary shares.

There is no change in the issued share capital of Actimed for the past three (3) FYEs 31 July 2019 to 2021 and up to the LPD.

None of the ordinary shares of Actimed were issued at a discount, on special terms or based on instalment payment terms.

As at the LPD, Actimed does not have any outstanding warrant, option, convertible security or uncalled capital in respect of its shares.

#### (iii) Shareholder

Actimed is a wholly-owned subsidiary of our Company.

#### (iv) Subsidiary and associated company

As at the LPD, Actimed does not have any subsidiary or associated company.

### 5.2.2 Evo Medik

#### (i) History and business

Evo Medik was incorporated in Malaysia under the Companies Act 1965 on 13 August 2007 as a private company limited by shares under the name of UWC Medicare Sdn Bhd. On 3 August 2018, the company changed its name to Evo Medik Sdn Bhd.

## 5. INFORMATION ON OUR GROUP (CONT'D)

The principal place of business of Evo Medik is PMT 790, Jalan Cassia Selatan 5/2, Taman Perindustrian Batu Kawan, 14110 Bandar Cassia, Pulau Pinang. It is currently principally involved in marketing and distribution of medical devices. Its activities cover the central and east coast regions of Peninsular Malaysia.

### (ii) Share capital

As at the LPD, the issued share capital of Evo Medik is RM100,000 comprising 100,000 ordinary shares.

There is no change in the issued share capital of Evo Medik for the past three (3) FYEs 31 July 2019 to 2021 and up to the LPD.

None of the ordinary shares of Evo Medik were issued at a discount, on special terms or based on instalment payment terms.

As at the LPD, Evo Medik does not have any outstanding warrant, option, convertible security or uncalled capital in respect of its shares.

### (iii) Shareholder

Evo Medik is a wholly-owned subsidiary of our Company.

### (iv) Subsidiary and associated company

As at the LPD, Evo Medik does not have any subsidiary or associated company.

## 5.2.3 U Medihealth

### (i) History and business

U Medihealth was incorporated in Malaysia under the Companies Act 1965 on 10 May 2011 as a private company limited by shares under the name of Teroi Serimas Sdn Bhd. On 4 August 2016, the company changed its name to UWC Medihealth Sdn Bhd. Subsequently, the company further changed its name to U Medihealth Sdn Bhd on 13 June 2018.

The principal place of business of U Medihealth is PMT 790, Jalan Cassia Selatan 5/2, Taman Perindustrian Batu Kawan, 14110 Bandar Cassia, Pulau Pinang. It is currently principally involved in marketing and distribution of medical devices. Its activities cover Perak and Sabah states.

### (ii) Share capital

As at the LPD, the issued share capital of U Medihealth is RM2,500 comprising 2,500 ordinary shares.

There is no change in the issued share capital of U Medihealth for the past three (3) FYEs 31 July 2019 to 2021 and up to the LPD.

None of the ordinary shares of U Medihealth were issued at a discount, on special terms or based on instalment payment terms.

As at the LPD, U Medihealth does not have any outstanding warrant, option, convertible security or uncalled capital in respect of its shares.

## 5. INFORMATION ON OUR GROUP (CONT'D)

### (iii) Shareholder

U Medihealth is a wholly-owned subsidiary of our Company.

### (iv) Subsidiary and associated company

As at the LPD, U Medihealth does not have any subsidiary or associated company.

#### 5.2.4 UMediC

### (i) History and business

UMediC was incorporated in Malaysia under the Companies Act 1965 on 8 November 2002 as a private company limited by shares under the name of UWC Health Care Sdn Bhd. The company changed its name to UWC Healthcare Sdn Bhd on 24 December 2002. Subsequently, the company further changed its name to UMediC Healthcare Sdn Bhd on 6 June 2018.

The principal place of business of UMediC is PMT 790, Jalan Cassia Selatan 5/2, Taman Perindustrian Batu Kawan, 14110 Bandar Cassia, Pulau Pinang. It is currently principally involved in marketing and distribution of medical devices as well as the provision of after-sales service. Its activities cover the northern region of Peninsular Malaysia excluding Perak.

### (ii) Share capital

As at the LPD, the issued share capital of UMediC is RM2,400,000 comprising 2,400,000 ordinary shares.

The changes in the issued share capital of UMediC for the past three (3) FYEs 31 July 2019 to 2021 and up to the LPD are as follows:

Date of allotment	No. of shares allotted	Consideration	Cumulative issued share capital RM
10 June 2019	800,000	Other than cash pursuant to capitalisation of amount owing to the shareholders	1,200,000
13 June 2019	1,200,000	Other than cash pursuant to bonus issue	2,400,000

None of the ordinary shares of UMediC were issued at a discount, on special terms or based on instalment payment terms.

As at the LPD, UMediC does not have any outstanding warrant, option, convertible security or uncalled capital in respect of its shares.

## 5. INFORMATION ON OUR GROUP (*CONT'D*)

### (iii) Shareholder

UMediC is a wholly-owned subsidiary of our Company.

### (iv) Subsidiary and associated company

As at the LPD, UMedic does not have any subsidiary or associated company.

## 5.2.5 UWHC

### (i) History and business

UWHC was incorporated in Malaysia under the Act on 31 July 2018 as a private company limited by shares under the name of UWHC Sdn Bhd.

The principal place of business of UWHC is PMT 790, Jalan Cassia Selatan 5/2, Taman Perindustrian Batu Kawan, 14110 Bandar Cassia, Pulau Pinang. It is currently principally involved in holding of intellectual property rights.

### (ii) Share capital

As at the LPD, the issued share capital of UWHC is RM50,000 comprising 50,000 ordinary shares.

There is no change in the issued share capital of UWHC for the past three (3) FYEs 31 July 2019 to 2021 and up to the LPD.

None of the ordinary shares of UWHC were issued at a discount, on special terms or based on instalment payment terms.

As at the LPD, UWHC does not have any outstanding warrant, option, convertible security or uncalled capital in respect of its shares.

### (iii) Shareholder

UWHC is a wholly-owned subsidiary of our Company.

### (iv) Subsidiary and associated company

As at the LPD, UWHC does not have any subsidiary or associated company.

## 5.2.6 UWHM

### (i) History and business

UWHM was incorporated in Malaysia under the Companies Act 1965 on 28 September 2011 as a private company limited by shares under the name of UWC Healthcare MFG (M) Sdn Bhd. On 1 October 2018, the company changed its name to UWHM Sdn Bhd.

The principal place of business of UWHM is PMT 790, Jalan Cassia Selatan 5/2, Taman Perindustrian Batu Kawan, 14110 Bandar Cassia, Pulau Pinang. It is currently principally involved in developing, manufacturing and marketing of medical devices.

## 5. INFORMATION ON OUR GROUP (CONT'D)

### (ii) Share capital

As at the LPD, the issued share capital of UWHM is RM4,420,000 comprising 4,420,000 ordinary shares.

The changes in the issued share capital of UWHM for the past three (3) FYEs 31 July 2019 to 2021 and up to the LPD are as follows:

Date of allotment	No. of shares allotted	Consideration	Cumulative issued share capital RM
29 May 2020	200,000	Cash	400,000
28 September 2020	600,000	Cash	1,000,000
24 December 2020	200,000	Other than cash pursuant to capitalisation of amount owing to the shareholders <sup>(i)</sup>	1,200,000
31 July 2021	3,220,000	Other than cash pursuant to capitalisation of amount owing to the shareholders <sup>(ii)</sup>	4,420,000

#### Notes:

- (i) The total sum of RM200,000, being the advances, has been capitalised by way of allotment of 200,000 ordinary shares at an issue price of RM1.00 per share to the following persons:

Name	Advances RM	No. of shares allotted
Dato' Ng Chai Eng	56,000	56,000
Lau Chee Kheong	48,000	48,000
Lim Taw Seong	56,000	56,000
Ng Chin Aik	40,000	40,000
<b>Total</b>	<b>200,000</b>	<b>200,000</b>

- (ii) The total sum of RM3,220,000, being the advances, has been capitalised by way of allotment of 3,220,000 ordinary shares at an issue price of RM1.00 per share to the following persons:

Name	Advances RM	No. of shares allotted
Dato' Ng Chai Eng	901,600	901,600
Lau Chee Kheong	772,800	772,800
Lim Taw Seong	901,600	901,600
Ng Chin Aik	644,000	644,000
<b>Total</b>	<b>3,220,000</b>	<b>3,220,000</b>

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**5. INFORMATION ON OUR GROUP (CONT'D)**

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None of the ordinary shares of UWHM were issued at a discount, on special terms or based on instalment payment terms.

As at the LPD, UWHM does not have any outstanding warrant, option, convertible security or uncalled capital in respect of its shares.

**(iii) Shareholder**

UWHM is a wholly-owned subsidiary of our Company.

**(iv) Subsidiary and associated company**

As at the LPD, UWHM does not have any subsidiary or associated company.

As at the LPD, neither our Company nor our subsidiaries are involved in any bankruptcy, receivership or similar proceedings.

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## 6. BUSINESS OVERVIEW

### 6.1 OVERVIEW AND HISTORY

We are an investment holding company. Through our subsidiaries, we are principally involved in marketing and distribution of various branded medical devices and consumables as well as the provision of after-sales service for all our products. We are also involved in developing, manufacturing and marketing of our medical consumables.

Our history dates back to 8 November 2002 through the incorporation of UMediC (formerly known as UWC Healthcare Sdn Bhd) by Dato' Ng Chai Eng (our Promoter and Non-Independent Non-Executive Chairman), Lau Chee Kheong (our Promoter and Non-Independent Non-Executive Director) and another business partner (who had ceased to be a director and shareholder in 2006) and was principally involved in the marketing and distribution of medical supplies and dental-related products and devices such as dental handpieces and local anaesthetic delivery systems. For this purpose, we set up two (2) marketing and distribution offices located in Bukit Minyak, Penang and Kuala Lumpur to serve the dental clinics within the northern and central regions of Peninsular Malaysia respectively.

In 2003, we diversified our marketing and distribution business to include medical devices for hospital settings in light of its growing potential and demand for such products. We distributed imported alternating pressure air mattresses and wheelchairs to both the public and private healthcare service providers within the Peninsular Malaysia. We mainly sourced the said medical devices from overseas suppliers in Taiwan and the UK. In the same year, we became an authorised distributor for Goldway (US) Inc ("**Goldway**") which allowed us to market and distribute Goldway branded patient monitors to our customers in the local healthcare industry.

In 2004, we extended our product offerings to include ambulance and paramedic equipment such as emergency stretchers, trauma kits, stand treatment trolleys as well as medical consumables namely wound care/management supplies. We did not secure any authorised distributorship for ambulance and paramedic equipment, medical devices and consumables. Hence, we sourced such items from local and overseas (i.e. Taiwan) suppliers.

In 2005, we expanded our medical devices and consumables range to include bedside locker, overbed table, medical bed and medical suction apparatuses which offered to both the general ward, and accident and emergency departments.

In 2006, we ceased the marketing and distribution of dental-related products and devices and focused solely on the marketing and distribution of medical devices and consumables. This enabled us to concentrate on expanding our medical devices and consumables product offerings at a time when the industry was showing strong growth and good future prospects.

In 2007, Evo Medik was incorporated to manage the marketing and distribution activities in the east coast region of Peninsular Malaysia.

In 2009, we set up a marketing and distribution office located in Kota Bharu, Kelantan and the office was subsequently consolidated into our office in the central region of Peninsular Malaysia in 2014. During the same year, we became an authorised distributor of Philips Goldway branded patient monitors and colposcopes after the acquisition of Goldway by Philips. Later in 2014, we were appointed as an authorised distributor of Philips Goldway branded cardiotocography monitors.

In 2010, we set up a marketing and distribution office located in Johor Bahru, Johor as we expanded to the southern region of Peninsular Malaysia through Actimed (which was incorporated in 2003 and subsequently changed its principal activity to the marketing and distribution of medical devices in 2009). Further, in the same year, we also expanded to Sarawak state through Actimed by sending our sales representatives to conduct marketing and promotional activities and also to work with local tendering agents, if required. During the same year, we were appointed as an authorised distributor by Philips to distribute its manual defibrillators for the hospital settings.



## 6. BUSINESS OVERVIEW (CONT'D)

Subsequently, we were appointed as an authorised distributor by Philips to distribute (i) clinically advanced patient monitors (i.e. Efficia CM Series patient monitors) in 2014; (ii) AEDs for the non-medical business entities such as government entities, private organisations, hotels, airports, factories etc. in 2015; (iii) MRI-compatible patient monitors, medical consumables and sensors equipment in 2017; and (iv) ultrasound machines in 2020.

Given our numerous engagements with multiple clients throughout the years, including both the public and private hospitals and other healthcare service providers, we have accumulated invaluable insights into their expectations and requirements for certain medical consumables. In particular, we saw an opportunity to innovate and improve upon existing prefilled humidifiers – which we believe will have a sizeable market demand. Hence in 2011, we made a strategic decision to venture into the R&D and manufacturing of our own brand medical consumables, namely HydroX series prefilled humidifiers, through the incorporation of UWHM (formerly known as UWC Healthcare MFG (M) Sdn Bhd). U Medihealth (formerly known as UWC Medihealth Sdn Bhd) was also incorporated in the same year to serve our customers based in Perak and Sabah states.

In 2012, we developed and commercialised our first HydroX series prefilled humidifiers. Within the same year, we further expanded our growing list of product offerings to include medical trolley and medical carts.

In 2013, UWHM's QMS was assessed and accredited with ISO 9001:2008 and ISO 13485:2003 under the scope of "manufacture of prefilled humidifier content with sterile purified water" from BSI. These accreditations were subsequently updated to ISO 9001:2015, ISO 13485:2016 and EN ISO 13485:2016 in 2019, in compliance with "design and manufacture of prefilled humidifier and nebuliser content with sterile water for inhalation and respiratory gases, asthma inhaler space or holding chamber, humidity sensor". We also received the Halal certification for our prefilled humidifiers from Majlis Agama Islam Pulau Pinang in 2013. In the same year, we successfully ventured into Thailand by supplying HydroX series prefilled humidifiers to the healthcare industry in the said country.

In 2014, we successfully marketed our HydroX series prefilled humidifiers to Indonesia and Philippines markets.

In 2015, UMediC and Evo Medik received GDPMD certification issued by BSI. UWHM was also granted a certificate of EC registration from BSI, under the scope of "the scope manufacture of sterile prefilled humidifier for respiratory gases (class IIa)", which certifies that our manufactured medical consumables comply with the European Commission health, safety and environment protection legislation, under the European Commission 93/42/EEC. In recognition of our outstanding contribution to the sales of Philips' medical products, we were awarded the Best Country Order Growth, Patient Care and Monitoring Solutions by Philips for year 2015. In the same year, we successfully ventured into Jordan and Saudi Arabia by supplying HydroX series prefilled humidifiers to the healthcare industry in the said countries.

In 2016, we were awarded the Best Channel Partner Performance, Value Segment for Patient Monitors by Philips during the year for extending the company's sales reach for patient monitors. We established an in-house microbiology and chemical laboratory in order to improve our house brand R&D activities. During the year, we supplied our HydroX series prefilled humidifiers to India, Mauritius and Sri Lanka, to further expand our market coverage internationally.

In 2017, we entered into South Africa, Chile, Ecuador and South Korea by supplying HydroX series prefilled humidifiers to the healthcare industry in the said countries. In the same year, we commenced the development of sterile water for inhalation. As at the LPD, we have yet to commercialise sterile water for inhalation and expect to commercialise it in the first (1<sup>st</sup>) quarter of 2023.

## 6. BUSINESS OVERVIEW (CONT'D)

In 2018, we secured authorised distributorship rights from E-Medtest (M) Sdn Bhd to distribute for a Denmark based anaesthesia machines manufacturer, Dameca branded general anaesthetic machines. In the same year, we also commenced the development of HydroX series prefilled nebulisers. As at the LPD, we have yet to commercialise HydroX series prefilled nebulisers and expect to commercialise it in the fourth (4<sup>th</sup>) quarter of 2023. We also ventured into Czech Republic, Myanmar, Pakistan, Kuwait, Moldova and Romania by supplying HydroX series prefilled humidifiers to these countries during the year. Also in 2018, UWHC<sup>1</sup> was incorporated to commence new product development activities namely, AirdroX series inhaler spacers.

In 2019, we were appointed as an authorised distributor by Mindray and GE, which enabled us to distribute their ventilators and maternal and infant care products respectively. We were also appointed as an authorised distributor of Merit branded critical care consumables in the same year. During the same year, we began the construction of our new office and factory building that includes an ISO Class 7 cleanroom that enable us to undertake production activities – which require restriction in the concentration of airborne particles permitted – on the Batu Kawan Land with a built up area of approximately 48,487.40 sq ft to better facilitate our business growth. UMediC's QMS was assessed and accredited with ISO 13485:2016 under the scope of “manufacture of hospital stretchers, beds, carts and accessories” and “distribution, installation, testing and commissioning, maintenance, calibration of defibrillators, patient monitors and MRI patient monitoring system and accessories” from BSI. We further expanded our overseas market coverage by supplying HydroX series prefilled humidifiers to Croatia, Singapore and the United Arab Emirates in the same year.

In 2020, we secured authorised distributorship rights from Care Vision Healthcare Pte Ltd which allowed us to distribute SunLife Science branded electric-powered 3D chest compressors. In the same year, we received an appreciation award – Rising Star Award from Mindray. Our AirdroX series inhaler spacers have registered with the Belgian Federal Agency for Medicines and Health Products. We also won the Gold Award under Best Innovation Award category, Malaysia Technology Expo 2020 Special Edition – COVID-19 International Innovation Awards for our AirdroX series inhaler spacer and facemask (an anaesthetic facemask that connects to the inhaler spacer and is not intended to be sold separately). The recognition was given for the prototype of the AirdroX series inhaler spacers. In the same year, we successfully marketed our HydroX series prefilled humidifiers to other countries including Costa Rica, Italy, Japan, Kenya and Netherlands. Also in 2020, we commenced the development of digital oxygen flowmeters and humidifier humidity sensors.

In 2021, we relocated our operations to our new office and factory building on the Batu Kawan Land. We expanded our ventilator offerings to include Mindray's neonatal ventilators in response to increasing demand due to the COVID-19 pandemic. In the same year, we expanded our overseas market coverage by supplying HydroX series prefilled humidifier to Bahrain and Brazil. We have completed the development of our AirdroX series inhaler spacers during the same year.

In June 2022, we have commercialised our AirdroX series inhaler spacers. We have yet to receive orders for AirdroX series inhaler spacers. However, we have been selling the prototype of AirdroX series inhaler spacers prior to its commercialisation. Please refer to Section 6.4.1 of this Prospectus for further details on the sales of the prototype of AirdroX series inhaler spacers for the Financial Years Under Review and Financial Periods Under Review. We have also completed the development of our sterile water for inhalation and intend to commercialise our sterile water for inhalation in the first (1<sup>st</sup>) quarter of 2023. Please refer to Section 6.6.3 of this Prospectus for further details on the development of our sterile water for inhalation.

<sup>1</sup> As at the LPD, the principal activity of UWHC is holding of intellectual property rights.

## 6. BUSINESS OVERVIEW (CONT'D)

In the same year, we further expanded our overseas market coverage by supplying HydroX series prefilled humidifiers to Germany and Spain.

The table below sets out whether our sale of HydroX series prefilled humidifiers was one-off sale or repeated orders from the following countries:

Country	One-off sale <sup>(i)</sup>	Repeated orders
Thailand		√
Indonesia		√
Philippines		√
Jordan		√
Saudi Arabia		√
India		√
Mauritius		√
Sri Lanka	√	
South Africa		√
Chile		√
Ecuador		√
South Korea		√
Czech Republic		√
Myanmar		√
Pakistan		√
Kuwait	√	
Moldova		√
Romania		√
Croatia		√
Singapore		√
United Arab Emirates		√
Costa Rica	√	
Italy		√
Japan		√
Kenya		√
Netherlands		√
Bahrain	√	
Brazil	√	
Spain		√
Germany	√	

**Note:**

- (i) Represents one-time transaction as of now. However, there may be repeated orders from existing and/or potential customers in the future.

Over the years, our Group has evolved from being involved in marketing and distribution of medical devices and consumables to performing R&D and product development as well as manufacturing of our own brand medical consumables. Currently, we have a presence in Malaysia with coverage in every state. In addition, we have also expanded our customer network to include overseas markets in over 30 countries.

**6. BUSINESS OVERVIEW (CONT'D)**

As at the LPD, our Group has entered into the following agreements with the following suppliers/principals:

<b>Suppliers/ Principals</b>	<b>Type/ Date of the agreements</b>	<b>Territory/ Exclusivity</b>
Merit	Distributorship Agreement/ 14 January 2021	Malaysia/ Non-exclusive
Philips	Partner Agreement/ 1 January 2022	West Malaysia/ Non-Exclusive
GE	Dealer Agreement/ 1 March 2022	Malaysia/ Non-Exclusive
Mindray	Exclusive Distribution and Supply Agreement/ 1 January 2022	Malaysia hospital system <sup>(i)</sup> nationwide (excluding private sector within state of Penang/Kedah) and hospital market including public/private/teaching <sup>(ii)</sup> / Exclusive
Care Vision Healthcare Pte Ltd	Distribution Agreement/ 1 September 2020	Malaysia/ Exclusive
E-Medtest (M) Sdn Bhd	Letter of Authorisation <sup>(iii)</sup> 16 April 2021	Malaysia Non-Exclusive

**Notes:**

- (i) Malaysia hospital system refers to all government healthcare institutions including government hospital, health institution and agency, MOH training institute, public health laboratory, state health department, district health office, government health clinic, community clinic and government dental clinic.
- (ii) Teaching refers to healthcare education institutions.
- (iii) The authorisation shall remain in effect until E-Medtest (M) Sdn Bhd's notification to the MDA in writing either by postal mail, e-mail or facsimile transmission, that the authorisation is revoked subject to any conditions imposed by MDA.

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## 6. BUSINESS OVERVIEW (CONT'D)

### 6.2 OUR KEY BUSINESS MILESTONES

The following table highlights our key business milestones:

Year	Key milestone
2002	<ul style="list-style-type: none"> <li>Incorporation of UMediC and was principally involved in the marketing and distribution of medical supplies and dental-related products and devices</li> </ul>
2003	<ul style="list-style-type: none"> <li>Diversified our marketing and distribution to include imported medical devices</li> <li>Secured authorised distributorship rights from Goldway and commenced distribution of Goldway branded patient monitors</li> </ul>
2004	<ul style="list-style-type: none"> <li>Commenced distribution of ambulance and paramedic equipment as well as medical consumables</li> </ul>
2005	<ul style="list-style-type: none"> <li>Commenced distribution of medical devices and consumables to general ward, and accident and emergency departments</li> </ul>
2006	<ul style="list-style-type: none"> <li>Ceased the marketing and distribution of dental-related products and devices</li> </ul>
2007	<ul style="list-style-type: none"> <li>Incorporation of Evo Medik to manage the marketing and distribution activities in the east coast region of Peninsular Malaysia</li> </ul>
2009	<ul style="list-style-type: none"> <li>Setting up a marketing and distribution office located in Kota Bharu, Kelantan</li> <li>Commenced distribution of Philips Goldway branded patient monitors and colposcope</li> </ul>
2010	<ul style="list-style-type: none"> <li>Setting up a marketing and distribution office located in Johor Bahru, Johor through Actimed</li> <li>Further expanded to Sarawak state through Actimed by sending our sales representatives to conduct marketing and promotional activities and also to work with local tendering agents, if required</li> <li>Secured authorised distributorship rights from Philips and commenced distribution of Philips branded manual defibrillators</li> </ul>
2011	<ul style="list-style-type: none"> <li>Ventured into the R&amp;D and manufacturing of our own brand medical consumables via the incorporation of UWHM</li> <li>Incorporation of U Medihealth to manage the marketing and distribution activities in Perak and Sabah states</li> </ul>
2012	<ul style="list-style-type: none"> <li>Developed and commercialised our first HydroX series prefilled humidifiers</li> </ul>
2013	<ul style="list-style-type: none"> <li>UWHM's QMS was assessed and accredited with ISO 9001:2008 and ISO 13485:2003 under the scope of "manufacture of prefilled humidifier content with sterile purified water" from BSI</li> <li>Received the Halal certification for our prefilled humidifiers from Majlis Agama Islam Pulau Pinang</li> <li>Ventured into Thailand market</li> </ul>

**6. BUSINESS OVERVIEW (CONT'D)**

Year	Key milestone
2014	<ul style="list-style-type: none"> <li>Commenced distribution of Philips Goldway branded cardiotocography monitors</li> <li>Commenced distribution of Philips branded clinically advanced patient monitors</li> <li>Ventured into Indonesia and Philippines markets</li> </ul>
2015	<ul style="list-style-type: none"> <li>Commenced distribution of Philips branded AEDs for the non-medical business entities</li> <li>UMediC and Evo Medik received GDPMD certification from BSI</li> <li>UWHM granted a certificate of EC registration from BSI under the European Commission 93/42/EEC</li> <li>Received the Best Country Order Growth, Patient Care and Monitoring Solutions appreciation award by Philips for year 2015</li> <li>Ventured into Jordan and Saudi Arabia markets</li> </ul>
2016	<ul style="list-style-type: none"> <li>Received the Best Channel Partner Performance, Value Segment for Patient Monitors appreciation award by Philips</li> <li>Established an in-house microbiology and chemical laboratory</li> <li>Ventured into India, Mauritius and Sri Lanka markets</li> </ul>
2017	<ul style="list-style-type: none"> <li>Commenced distribution of Philips branded MRI-compatible patient monitors, medical consumables and sensors equipment</li> <li>Ventured into the South Africa, Chile, Ecuador and South Korea markets</li> <li>Commenced the development of sterile water for inhalation</li> </ul>
2018	<ul style="list-style-type: none"> <li>Secured authorised distributorship rights from E-Medtest (M) Sdn Bhd and commenced distribution of Dameca branded general anaesthetic machines</li> <li>Ventured into Czech Republic, Myanmar, Pakistan, Kuwait, Moldova and Romania markets</li> <li>Commenced the development of our AirdroX series inhaler spacers and HydroX series prefilled nebulisers</li> </ul>
2019	<ul style="list-style-type: none"> <li>Secured authorised distributorship rights from Mindray and commenced distribution of Mindray branded ventilators</li> <li>Secured authorised distributorship rights from GE and commenced distribution of GE branded maternal and infant care products</li> <li>Secured authorised distributorship rights from Merit and commenced distribution of Merit branded critical care consumables</li> <li>Commenced construction of our new office and factory building on the Batu Kawan Land</li> <li>UMediC's QMS was assessed and accredited with ISO 13485:2016 under the scope of "manufacture of hospital stretchers, beds, carts and accessories" and "distribution, installation, testing and commissioning, maintenance, calibration of defibrillators, patient monitors and MRI patient monitoring system and accessories" from BSI</li> <li>Ventured into Croatia, Singapore and the United Arab Emirates markets</li> </ul>

**6. BUSINESS OVERVIEW (CONT'D)**

Year	Key milestone
2020	<ul style="list-style-type: none"> <li>Commenced distribution of Philips branded ultrasound machines</li> <li>Secured authorised distributorship rights from Care Vision Healthcare Pte Ltd and commenced distribution of SunLife Science branded electric-powered 3D chest compressors</li> <li>Received an appreciation award – Rising Star Award from Mindray</li> <li>Our AirdroX series inhaler spacers have registered with the Belgian Federal Agency for Medicines and Health Products</li> <li>Our AirdroX series inhaler spacer and facemask won Gold Award under Best Innovation Awards category, Malaysia Technology Expo 2020 Special Edition – COVID-19 International Innovation Awards</li> <li>Ventured into Costa Rica, Italy, Japan, Kenya and Netherlands markets</li> <li>Commenced the development of digital oxygen flowmeters and humidifier humidity sensors</li> </ul>
2021	<ul style="list-style-type: none"> <li>Relocated our operations to our new office and factory building on the Batu Kawan Land</li> <li>Commenced distribution of Mindray branded neonatal ventilators</li> <li>Ventured into Bahrain and Brazil markets</li> <li>Developed our AirdroX series inhaler spacers</li> </ul>
2022	<ul style="list-style-type: none"> <li>Commercialised our AirdroX series inhaler spacers</li> <li>Developed our sterile water for inhalation</li> <li>Ventured into Germany and Spain markets</li> </ul>

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## 6. BUSINESS OVERVIEW (CONT'D)

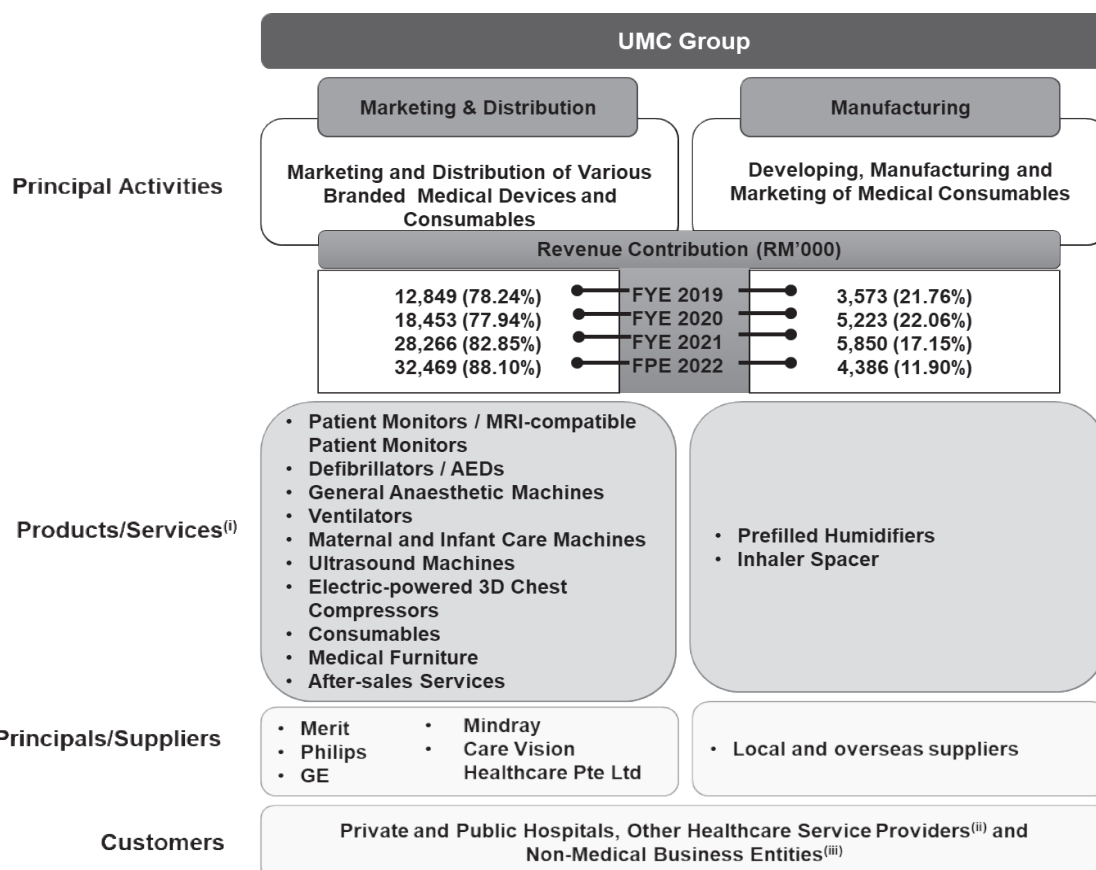
### 6.3 OUR PRINCIPAL ACTIVITIES

We are principally involved in the marketing and distribution of various branded medical devices and consumables. We are the authorised distributor of multiple established international medical device companies including Philips, Mindray, GE and Merit. We are also involved in the developing, manufacturing and marketing of medical consumables, namely HydroX series prefilled humidifiers.

For FYE 2021, we market and distribute our products to more than 400 customers comprising public and private hospitals, other healthcare service providers as well as non-medical business entities.

Malaysia, being our principal market, contributed approximately RM28.56 million or 83.71% of our revenue for FYE 2021, while the remaining revenue of approximately RM5.56 million or 16.29% was generated from the overseas market. For FPE 2022, Malaysia contributed approximately RM32.54 million or 88.29% of our revenue, while the overseas market contributed approximately RM4.32 million or 11.71% of our revenue.

The diagram below summarises our Group's business model:



#### Notes:

- We have entered into distributorship agreements/arrangement with Philips, Mindray, GE, Merit, Care Vision Healthcare Pte Ltd and E-Medtest (M) Sdn Bhd.
- The other healthcare service providers include public and private health clinics as well as health screening centres.
- Non-medical business entities include government entities such as municipal councils, government agencies, schools, etc, private organisations such as hotels, airports, factories, etc.





## 6. BUSINESS OVERVIEW (CONT'D)

### 6.3.1 Marketing and distribution segment




Our Group markets and distributes various branded medical devices and consumables. We are the authorised distributor of established, international medical device companies including Philips, Mindray, GE and Merit. We distribute and supply locally to both public and private hospitals, and other healthcare service providers as well as non-medical business entities.

To complement our range of product offerings, we also engage third-party contract manufacturers to manufacture and we market various types of medical furniture in accordance to customers' specifications, including medical beds and carts. In addition, we also provide after-sales service for our medical devices which include maintenance services and technical support, sale of spare parts as well as training on equipment and for our medical consumables which include clinical training.





The table below sets out the products that our Group markets and distributes:

Product	Description
<p><b><u>Medical Devices</u></b></p> <p><b>(i) Patient monitor / MRI-compatible patient monitor</b></p>  <p><b>(ii) Defibrillator / AED</b></p> 	<ul style="list-style-type: none"> <li>• A patient monitor is a device that accurately keeps track of a patient's condition and state of health during and after surgery.</li> <li>• A MRI-compatible patient monitor is a device for use in magnetic resonance environments in the magnetic resonance imaging room and enable users to print certain information.</li> <li>• Featured with wireless oxygen saturation ("SpO2") and electrocardiogram modules, anaesthesia gas monitoring options and pre-configurable parameter selection such as invasive blood pressure, central venous pressure for selected models.</li> <li>• We distribute patient monitors/MRI-compatible patient monitors from Philips.</li> </ul> <ul style="list-style-type: none"> <li>• A defibrillator is used to restore normal rhythm to the heart in the event of life-threatening situations such as cardiac arrest.</li> <li>• Featured with pre-configurable parameters options such as SpO2, carbon dioxide, non-invasive blood pressure and pacing.</li> <li>• A defibrillator can be used as a patient monitor.</li> </ul>



## 6. BUSINESS OVERVIEW (CONT'D)

Product	Description
	<ul style="list-style-type: none"> <li>• An AED is a portable electronic device that automatically identifies life threatening cardiac rhythm and is able to treat patients through defibrillation which is an application of electricity to stop the arrhythmia and allow the heart to re-establish an effective rhythm.</li> <li>• An AED can be used for an adult or child.</li> <li>• It is ideal for outdoor, hospital and public areas.</li> <li>• We distribute defibrillators/AEDs from Philips.</li> </ul>
<p><b>(iii) General anaesthesia machine</b></p> 	<ul style="list-style-type: none"> <li>• A device to provide an accurate and continuous supply of medical gases to maintain a proper level of anaesthesia to a patient during an operation procedure.</li> <li>• Partial electrical gas mixer and MRI-compatible.</li> <li>• Wide patient range - adults, children and neonates.</li> <li>• We distribute Dameca branded general anaesthesia machines.</li> </ul>
<p><b>(iv) Ventilator</b></p> 	<ul style="list-style-type: none"> <li>• A ventilator assists or replaces spontaneous breathing by getting oxygen into the lungs and removing carbon dioxide from the body to help patients breathe easier.</li> <li>• Mobile, compact, small and lightweight. Can be used for "intra-hospital" patient transfer.</li> <li>• Equipped with invasive, non-invasive and oxygen therapy ventilation.</li> <li>• Wide patient range – adult, children and neonates.</li> <li>• We distribute ventilators from Mindray.</li> </ul>




## 6. BUSINESS OVERVIEW (CONT'D)

Product	Description
<p><b>(v) Maternal and infant care</b></p> <p>Phototherapy system</p> 	<ul style="list-style-type: none"> <li>It is a blanket version of phototherapy system with a selective pads size used for treatment of indirect hyperbilirubinemia in newborns.</li> <li>Using blue light-emitting diode light.</li> <li>We distribute phototherapy systems from GE.</li> </ul>
<p>Cardiotocography monitor</p> 	<ul style="list-style-type: none"> <li>A device to perform antepartum foetal monitoring by accurately and noninvasively tracking baby's heart rate for non-stress tests.</li> <li>A device used for monitoring and recording the foetal heartbeat and the uterine contractions during pregnancy.</li> <li>We distribute cardiotocography monitors from Philips.</li> </ul>
<p>Baby incubator</p> 	<ul style="list-style-type: none"> <li>A device used to provide a stable thermal or environment which converts an open bed warmer to a closed incubator at the touch of a button to premature or sick newborns.</li> <li>Equipped with humidifier and oxygen.</li> <li>Featured with adjustable height, patented 360 degree rotating pressure diffusing mattress, double wall technology preventing heat loss and reducing noise pollution.</li> <li>We distribute baby incubators from GE.</li> </ul>
<p>Shuttle</p> 	<ul style="list-style-type: none"> <li>A device used to provide better thermoregulation and reduce the risks associated with traditional intra-hospital transport from the labour room to the neonatal intensive care unit (NICU) for premature newborns.</li> <li>We distribute shuttles from GE.</li> </ul>




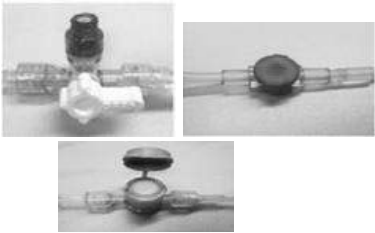
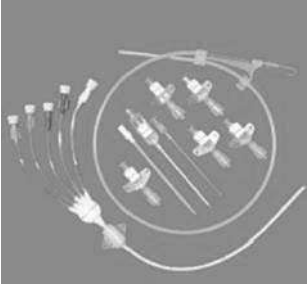
## 6. BUSINESS OVERVIEW (CONT'D)

Product	Description
<p>Infant radiant warmer</p> 	<ul style="list-style-type: none"> <li>A device creates a stable and thermoregulated environment by generating heat from the Calrod® heater which is evenly distributed to enable fast, easy access to the baby.</li> <li>Hourglass warming technology that prevents heat from being distributed to the users</li> <li>Featured with: <ul style="list-style-type: none"> <li>Lullaby warmer - manual and baby safety mode and equipped with X-ray tray;</li> <li>Panda warmer - Hourglass Heat Profile that bathes the baby in soothing warmth, with uniform coverage across the mattress and (optional) integrated resuscitation system for quick and decisive management;</li> <li>Giraffe warmer - patented 360 degrees rotating mattress which is pressure diffusing and (optional) integrated resuscitation system for quick and decisive management.</li> </ul> </li> <li>We distribute infant radiant warmers from GE.</li> </ul>
<p>Infant resuscitation system</p> 	<ul style="list-style-type: none"> <li>It is a portable resuscitation with integrated suction system/ integrated air blender used to provide neonatal ventilatory support (ensure adequate pressure delivery and oxygenation) in order to treat birth asphyxia.</li> <li>Ideal for labour, delivery to NICU and delivery to the well-baby nursery.</li> <li>We distribute infant resuscitation systems from GE</li> </ul>






## 6. BUSINESS OVERVIEW (CONT'D)

Product	Description
<p><b>(vi) Ultrasound machine</b></p> 	<ul style="list-style-type: none"> <li>• Ultrasound is an imaging modality that utilises high-frequency sound waves to provide cross-sectional images of the body so that organs inside the body can be examined.</li> <li>• The full specification model with many types of transducers to choose from and used for obstetrics and gynaecology.</li> <li>• We distribute ultrasound machines from Philips.</li> </ul>
<p><b>(vii) Electric-powered 3D chest compressor</b></p> 	<ul style="list-style-type: none"> <li>• A device used to perform cardiac external chest compression on the go with a purpose of replacing manual compression for cardiopulmonary resuscitation on patient with cardiac arrest without spontaneous breathing.</li> <li>• We distribute SunLife Science branded electric-powered 3D chest compressors.</li> </ul>
<p><b>(viii) Furniture</b></p> <p>Medical bed</p> 	<ul style="list-style-type: none"> <li>• Medical bed refers to bed that is specially designed for the comfort and well-being of the hospitalised patients or individual in need of some form of medical care.</li> <li>• Types of medical bed that we are offering include electric medical bed, electric paediatric bed, intensive care unit bed, neonate electric bed and trauma stretcher.</li> <li>• We engage third-party contract manufacturers to manufacture medical beds.</li> </ul>





## 6. BUSINESS OVERVIEW (CONT'D)

Product	Description
<p>Medical cart</p>  <p><b><u>Medical Consumables</u></b></p> <p><b>(i) Pressure transducer kit</b></p>  <p><b>(ii) Arterial cannulation</b></p>  <p><b>(iii) Arterial blood sampling systems</b></p>  <p><b>(iv) Central venous catheter</b></p> 	<ul style="list-style-type: none"> <li>Medical cart is designed to use at the general wards and clinics to store daily drugs and different types of drug administration devices as well.</li> <li>There are also bins for the user to discard used items accordingly.</li> <li>We engage third-party contract manufacturers to manufacture medical carts.</li> <li>Pressure transducer kit is used when monitoring central venous lines or arterial blood pressure.</li> <li>We distribute pressure transducer kits from Merit.</li> <li>Used when an arterial line is needed to monitor the arterial blood pressure.</li> <li>We distribute arterial cannulations from Merit.</li> <li>Arterial blood sampling systems with a safe-draw system to reduce unnecessary blood discard and spillage.</li> <li>We distribute arterial blood sampling systems from Merit.</li> <li>Used when a central venous line is needed.</li> <li>We distribute central venous catheters from Merit.</li> </ul>

## 6. BUSINESS OVERVIEW (CONT'D)



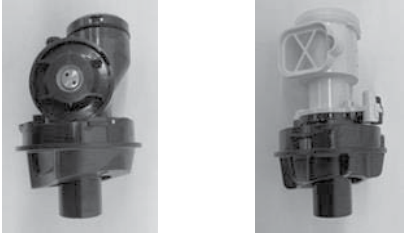

Product	Description
<b>(v) Disposable breathing circuit</b> 	<ul style="list-style-type: none"> <li>Used with a mechanical ventilator to deliver oxygen and remove carbon dioxide.</li> <li>We distribute disposable breathing circuits from Mindray.</li> </ul>
<b>(vi) Bacteria filter</b> 	<ul style="list-style-type: none"> <li>An accessory used in ventilators with breathing circuits to protect patients, equipment and the environment from viruses and bacteria.</li> <li>We distribute bacteria filters from Mindray.</li> </ul>
<b>(vii) Heat moisture exchange</b> 	<ul style="list-style-type: none"> <li>An accessory used to provide humidification and warming of the inspiratory gases to prevent complication of drying respiratory mucosa.</li> <li>We distribute heat moisture exchanges from Mindray.</li> </ul>
<b>(viii) Non-invasive ventilation mask</b> 	<ul style="list-style-type: none"> <li>To deliver oxygen via mechanical ventilator or related device via a face mask and therefore eliminating the need for an endotracheal airway by reducing the work of breathing and improving gas exchange.</li> <li>We sell Fisher &amp; Paykel branded non-invasive ventilation masks.</li> </ul>
<b>(ix) High flow nasal cannula</b> 	<ul style="list-style-type: none"> <li>To use with a heated and humidified system that allows prescribed fraction of inspired oxygen levels to be delivered at very high flow rates to improve ventilation and oxygenation through the application of a positive pressure environment.</li> <li>We sell Fisher &amp; Paykel branded high flow nasal cannulas.</li> </ul>

## 6. BUSINESS OVERVIEW (CONT'D)

Product	Description
<p><b>(x) Ventilator nebuliser set</b></p> 	<ul style="list-style-type: none"> <li>A set of accessories used with a mechanical ventilator to quickly provide medication into patient lungs.</li> <li>We sell VADI branded ventilator nebuliser sets.</li> </ul>
<p><b>Others</b></p>	
<p><b>(i) SpO2 sensor</b></p> 	<ul style="list-style-type: none"> <li>It delivers high signal quality to provide continuous measurement of oxygen saturation.</li> <li>We distribute SpO2 sensors from Philips.</li> </ul>
<p><b>(ii) Non-Invasive blood pressure cuff</b></p> 	<ul style="list-style-type: none"> <li>Used for intermittent non-invasive blood pressure measurement.</li> <li>We distribute non-Invasive blood pressure cuffs from Philips.</li> </ul>
<p><b>(iii) Electrocardiogram cables</b></p> 	<ul style="list-style-type: none"> <li>Used to connect with monitoring devices and/or defibrillators, and allow for non-invasive monitoring of electrical impulses generated by the heart over a period of time, resulting in an electrocardiogram.</li> <li>We distribute electrocardiogram cables from Philips.</li> </ul>



## 6. BUSINESS OVERVIEW (CONT'D)

Product	Description
<p><b>(iv) Capnography supplies</b></p> 	<ul style="list-style-type: none"> <li>Used with capnography measurement server extension in combination with patient monitor and defibrillator, and to be used with reusable airway adapter to measure the exchange of carbon dioxide through a patient's respirations.</li> <li>We distribute capnography supplies from Philips.</li> </ul>
<p><b>(v) Oxygen sensor</b></p> 	<ul style="list-style-type: none"> <li>Used to monitor the partial pressure of oxygen in anaesthesia machine, critical care, neonatal incubators, and general oxygen monitors as well as mechanical ventilator.</li> <li>We sell oxygen sensors manufactured by EnviteC-Wismar GmbH.</li> </ul>
<p><b>(vi) Inspiration valve/ Expiratory valve</b></p>  <p>Inspiration valve      Expiratory valve</p>	<ul style="list-style-type: none"> <li>Inspiration valve prevents backflow through the inspiratory limb during expiration</li> <li>Expiratory valve prevents backflow through the expiratory limb during inspiration</li> <li>We distribute inspiration valves/ expiratory valves from Mindray.</li> </ul>
<p><b>(vii) Ultrasound transducer</b></p> 	<ul style="list-style-type: none"> <li>A device that produces sound waves that bounce off body tissues and make echoes.</li> <li>The transducer also receives the echoes and sends them to a computer that uses them to create a picture called a sonogram.</li> <li>We distribute ultrasound transducers from Philips.</li> </ul>

**6. BUSINESS OVERVIEW (CONT'D)**

There is no specific timeframe for our customers to replace or purchase the medical devices. However, the replacement or purchase of the medical devices generally depends on the rate of usage of the medical devices by the respective healthcare institutions where higher utilisation rates are expected to lead to more frequent replacement and/or higher capital expenditure budget of the healthcare institutions. The demand for our products is mainly driven by the expansion plans of our customers, the replacement of obsolete or defective medical devices as well as the acquisition of new customers.

The breakdown of our revenue contribution from the distribution of medical devices and consumables sourced from the respective suppliers/principals as well as medical furniture manufactured by the third-party contract manufacturers for Financial Years Under Review and FPE 2022 is as follows:

Type of products	Suppliers/ Principals	FYE 2019	FYE2020	FYE 2021	FPE 2022
		RM'000	RM'000	RM'000	RM'000
Patient monitors, defibrillators and ultrasound machines	Philips	6,064	10,643	10,982	8,350
Ventilators	Mindray	359	1,720	10,078	17,124
Maternal and infant care	GE	456	1,659	723	984
Critical care consumables	Merit	-	-	-	-
SunLife Science branded electric-powered 3D chest compressors	Care Vision Healthcare Pte Ltd	-	75	137	-
Dameca branded general anaesthesia machines	E-Medtest (M) Sdn Bhd	26	52	302	-
Medical furniture	Supplier A	2,117	1,507	1,088	3,389
Others <sup>(i)</sup>	-	1,799	1,785	3,356	1,966
<b>Total</b>		<b>10,821</b>	<b>17,441</b>	<b>26,666</b>	<b>31,813</b>

**Note:**



- (i) Include medical consumables supplied by other suppliers (other than our principals).

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## 6. BUSINESS OVERVIEW (CONT'D)

### 6.3.2 Manufacturing segment

We develop and manufacture our own medical consumables, namely HydroX series prefilled humidifiers and AirdroX series inhaler spacers as illustrated in the table below:

Product	Description
<b>Prefilled humidifier</b> 	<ul style="list-style-type: none"> <li>Prefilled humidifier with sterile water is used to humidify the respiratory gas for patient and mostly used in oxygen therapy such as oxygen concentrators, gas cylinder or wall gas outlets via a mask or cannula in homecare, hospital, extended care facilities or hospital environment.</li> </ul>
<b>Inhaler spacer</b> 	<ul style="list-style-type: none"> <li>Inhaler spacer is a device intended to be used with metered dose inhaler that comprised of reservoir into which an aerosol medication is dispensed.</li> <li>Inhaler spacer is intended to minimise the delivery of large aerosolised particles by holding drugs after aerosolisation which would otherwise deposit in the mouth, throat, or upper airway thereby increasing the percentage of inhaled medication that reaches the lower airways.</li> </ul>

We also provide after-sales service for our medical consumables which include clinical training. In FYE 2020, due to the COVID-19 pandemic, we saw an opportunity to leverage on our existing facilities to manufacture sanitizers and disinfectants. Our Group only manufactured sanitizers and disinfectants in FYE 2020 and our Group is currently selling the remaining stocks manufactured in FYE 2020. Moving forward, our Group does not intend to manufacture sanitizers and disinfectants.

Our production facility conforms to the highest standards required by the relevant authorities. We are assessed and accredited with the ISO 9001:2015 and ISO 13485:2016 and EN ISO 13485:2016. Meanwhile, we have also received the GDPMD certification and the Halal certification for our HydroX series prefilled humidifiers. In addition, we were also accredited with a certificate of EC registration from BSI, which certifies that our manufactured medical consumables comply with the European Commission health, safety and environment protection legislation, under the European Commission 93/42/EEC.

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## 6. BUSINESS OVERVIEW (CONT'D)

### 6.4 OUR BUSINESS SEGMENTS AND PRINCIPAL MARKETS

#### 6.4.1 Our business segments

The table below sets out our revenue by business segments for the Financial Years Under Review and Financial Periods Under Review:

	Audited						Unaudited		Audited	
	FYE 2019		FYE 2020		FYE 2021		FPE 2021		FPE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
<b>Marketing and distribution</b>										
Medical devices	7,893	48.06	14,805	62.53	23,921	70.12	9,950	70.30	30,249	82.08
Medical consumables	2,928	17.83	2,636	11.13	2,745	8.04	1,331	9.40	1,564	4.24
Others <sup>(i)</sup>	2,028	12.35	1,012	4.28	1,600	4.69	599	4.23	656	1.78
	12,849	78.24	18,453	77.94	28,266	82.85	11,880	83.93	32,469	88.10
<b>Manufacturing</b>										
Medical consumables <sup>(ii)</sup>	3,573	21.76	5,223	22.06	5,850	17.15	2,274	16.07	4,386	11.90
<b>Total</b>	<b>16,422</b>	<b>100.00</b>	<b>23,676</b>	<b>100.00</b>	<b>34,116</b>	<b>100.00</b>	<b>14,154</b>	<b>100.00</b>	<b>36,855</b>	<b>100.00</b>

#### Notes:

- (i) Comprises maintenance services and technical support, sale of spare parts as well as training on equipment. The breakdown of our revenue for maintenance services and technical support, sale of spare parts as well as training on equipment is as follows:

	FYE 2019	FYE 2020	FYE 2021	FPE 2021	FPE 2022
	RM'000	RM'000	RM'000	RM'000	RM'000
Maintenance services and technical support	536	150	588	198	82
Sales of spare parts	710	756	928	363	557
Training on equipment	782	106	84	38	17
<b>Total</b>	<b>2,028</b>	<b>1,012</b>	<b>1,600</b>	<b>599</b>	<b>656</b>

- (ii) The breakdown of the medical consumables under our manufacturing segment for the Financial Years Under Review and Financial Periods Under Review is as follows:

	FYE 2019	FYE 2020	FYE 2021	FPE 2021	FPE 2022
	RM'000	RM'000	RM'000	RM'000	RM'000
Prefilled humidifiers	3,573	4,329	5,574	2,183	4,226
Sanitizers and disinfectants	-	839	192	41	52
Prototype of AirdroX series inhaler spacers	-	55	84	50	108
<b>Total</b>	<b>3,573</b>	<b>5,223</b>	<b>5,850</b>	<b>2,274</b>	<b>4,386</b>

## 6. BUSINESS OVERVIEW (CONT'D)

### 6.4.2 Our principal markets

The table below sets out our revenue by principal markets for the Financial Years Under Review and Financial Periods Under Review:

	Audited						Unaudited		Audited	
	FYE 2019		FYE 2020		FYE 2021		FPE 2021		FPE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
<b>Local</b>	12,890	78.49	19,341	81.69	28,560	83.71	11,940	84.36	32,540	88.29
<b>Overseas<sup>(i)</sup></b>										
Asia Pacific <sup>(ii)</sup>	2,192	13.35	3,098	13.08	3,417	10.02	1,470	10.39	3,179	8.63
Americas <sup>(iii)</sup>	493	3.00	571	2.41	773	2.27	123	0.87	395	1.07
Europe <sup>(iv)</sup>	430	2.62	352	1.49	876	2.57	415	2.93	558	1.51
Middle East <sup>(v)</sup>	331	2.02	247	1.04	298	0.87	125	0.88	-	-
Africa <sup>(vi)</sup>	86	0.52	67	0.29	192	0.56	81	0.57	94	0.26
Oceania <sup>(vi)</sup>	-	-	-	-	-	-	-	-	89	0.24
	3,532	21.51	4,335	18.31	5,556	16.29	2,214	15.64	4,315	11.71
<b>Total</b>	<b>16,422</b>	<b>100.00</b>	<b>23,676</b>	<b>100.00</b>	<b>34,116</b>	<b>100.00</b>	<b>14,154</b>	<b>100.00</b>	<b>36,855</b>	<b>100.00</b>

#### Notes:

- (i) The total number of customers our Group serves in the overseas market is 16, 19 and 25 for FYEs 2019, 2020 and 2021 respectively as well as 18 for FPE 2022. All of them are non-medical business entities.
- (ii) Comprises countries such as Brunei, India, Indonesia, Jordan, Myanmar, Philippines, South Korea and Thailand.
- (iii) Comprises countries such as Ecuador and Chile.
- (iv) Comprises countries such as Romania and the Czech Republic.
- (v) Comprises countries such as Saudi Arabia and the United Arab Emirates.
- (vi) Comprises countries such as South Africa.
- (vii) Comprises countries such as Australia.

## 6.5 OUR COMPETITIVE STRENGTHS

### 6.5.1 Established track record and reputation

With around 20 years of cumulated market presence, and in view of our Group's track record in terms of being able to retain certain repeat customers over the past years, we have established ourselves as a reputable distributor of medical devices and consumables. Our established track record has facilitated the development and growth of our business. Our revenue grew by approximately RM7.25 million or 44.17% from approximately RM16.42 million in FYE 2019 to approximately RM23.68 million in FYE 2020 and by approximately RM10.44 million or 44.10% to approximately RM34.12 million in FYE 2021. Our revenue for the six (6) month period for FPE 2022 was recorded approximately RM36.86 million.

## 6. BUSINESS OVERVIEW (CONT'D)

We are able to endear ourselves to our customers through the provision of good quality products and services. Given our longstanding presence in the industry, we have attained strong understanding of our customers' needs and requirements. Accordingly, this enabled us to continuously source the right products that meet their evolving demands. Meanwhile, our in-house sales representatives, distributors and tendering agents are trained to provide quick and efficient response to customers' requests. In addition, as part of our after-sales service, we provide 24/7 emergency call outs, clinical training, servicing and repair services on medical devices we supply. Further, we are able to provide replacement (loaner) units in times of emergency or breakdown to reduce downtime for our customers. Concomitantly, the resulting high level of customers' satisfaction has helped spur the establishment of many loyal customers among our Group's clientele. Certain of our customers have been our customers for approximately 16 years through repeats orders. Please refer to Section 6.17 of this Prospectus for further details on our major customers. Their loyalty and trust in our Group significantly reduce the likelihood of them switching suppliers. The goodwill generated among these loyal and satisfied customers translated into more business opportunities through their recommendations to other prospective customers.

We have continuously demonstrated our capability in successfully marketing various medical devices and consumables for our suppliers/principals. This has led to more established, international medical device companies appointing us as their authorised distributors. From our first distributorship rights with Goldway (now known as Philips) in 2003, we have since then expanded to include Mindray (2019), GE (2019) and Merit (2019). These suppliers/principals are based in Malaysia and they are subsidiaries of multinational corporations based abroad. At the same time, we have also received awards from some of these companies including the Best Country Order Growth, Patient Care and Monitoring Solutions (2015) and Best Channel Partner Performance, Value Segment for Patient Monitors (2016) from Philips, and Rising Star Award (2020) from Mindray. The expanding list of distributorships with many established, international medical device companies is testament to our reputation as a reputable distributor of medical devices and consumables.

### 6.5.2 Our ability to develop and produce quality products which meets customers' expectations

One of our core competencies is with our ability and experience in both the development and manufacture of our own range of medical consumables through our in-house R&D activities. As at the LPD, our R&D team is led by Ng Chin Aik, our Manufacturing Vice President, who has over 10 years of experience in product design and development including generating and evaluating product development ideas and activities.

The ability to design and develop our own products enables us to innovate and respond to customers' needs and requirements in tandem with the market demands. We regularly conduct customer surveys in terms of market demand, as well as user experience and product failure analysis, for our medical consumables that are in the market as a means of data collection and evaluation. Based on the feedback received, we will then pursue the necessary product improvement. As such, we are able to discern invaluable insights on customers' needs and requirements through our constant engagements with them, and this enables us to develop high quality products which meet their expectations.

We commenced R&D activities for our HydroX series prefilled humidifiers in 2011 and successfully developed and commercialised it in 2012. For our AirdroX series inhaler spacers, we commenced R&D activities in 2018 and successfully developed it in 2021. These products are mainly used for respiratory treatments and are not developed based on our customers' request. Our Group developed these products as we saw the market opportunity for these products and it is part of our Group's business development and market expansion strategies. In addition, we have another four (4) new products under our product development pipeline. Please refer to Section 6.6.3 of this Prospectus for details of our new product development progress.

## 6. BUSINESS OVERVIEW (CONT'D)

Currently, we have commercialised our HydroX series prefilled humidifiers and AirdroX series inhaler spacers. We engage third-party contract manufacturers to produce the components of our AirdroX series inhaler spacers. Our Group will then assemble the final product in-house. The existing production facilities are sufficient for us to assemble our AirdroX series inhaler spacers.

Our revenue generated from the sales of prefilled humidifiers and prototype of AirdroX series inhaler spacers for the Financial Years Under Review and Financial Periods Under Review is as follows:

	FYE 2019	FYE 2020	FYE 2021	FPE 2021	FPE 2022
	RM'000	RM'000	RM'000	RM'000	RM'000
Prefilled humidifiers	3,573	4,329	5,574	2,183	4,226
Prototype of AirdroX series inhaler spacers	-	55	84	50	108

We believe that providing high quality products is vital in ensuring both customer and end user satisfaction. Our production facility conforms to the highest standards required by the relevant authorities. We are assessed and accredited with the ISO 9001:2015, ISO 13485:2016 and EN ISO 13485:2016. Meanwhile, we have also received the GDPMD certification and the Halal certification for our prefilled humidifiers. In addition, we were also accredited with a certificate of EC registration from BSI, which certifies that our manufactured medical consumables comply with the European Commission health, safety and environment protection legislation, under the European Commission 93/42/EEC. In addition, our AirdroX series inhaler spacers have registered with the Belgian Federal Agency for Medicines and Health Products. We also won the Gold Award under Best Innovation Award category, Malaysia Technology Expo 2020 Special Edition – COVID-19 International Innovation Awards for AirdroX series inhaler spacer and facemask.

### 6.5.3 Wide geographical market coverage

We have established a wide marketing and distribution network that effectively covers public and private hospitals, other healthcare service providers in both the local and overseas markets. We also serve customers from non-medical business entities and sell products such as AEDs, HydroX series prefilled humidifier and ventilators to them. For the FYE 2021, the total number of our customers by category is as follows:

Category	Number of customers
Public and private hospitals	175
Other healthcare service providers	33
Non-medical business entities	246
<b>Total</b>	<b>454</b>

For our local market, our marketing and distribution offices are strategically located in Penang, Kuala Lumpur and Johor. We market our products through our in-house sales representatives in Malaysia. Our presence in these areas enables us to have better understanding and localised insights into the market conditions. Additionally, we are able to quickly respond and better serve our customers in a timely manner, particularly in providing effective and efficient after-sales service, which leads to higher levels of customer satisfaction. In addition, we also work with distributors and/or tendering agents to sell our distribution products and manufactured products. Our after-sales service includes providing maintenance services and technical support as well as equipment training to our customers.

## 6. BUSINESS OVERVIEW (CONT'D)

For our overseas market, we sell our manufactured products (i.e. HydroX series prefilled humidifiers) through direct inquiries and/or distributors. We have granted exclusive distributorships to our distributors in Thailand, Indonesia, Jordan, Mauritius, South Africa, South Korea, Czech Republic, Myanmar, Singapore, Italy, Netherlands and Japan and non-exclusive distributorships to our distributors in Philippines, Saudi Arabia, India, Brunei, Ecuador, Chile, Pakistan, Romania, the United Arab Emirates, Croatia, Moldova, Costa Rica, Bahrain and Brazil. There were no commissions paid to any of the distributors and we are not dependent on any of them. The nature of our distributorships (whether it is exclusive or non-exclusive) is determined on a case-by-case basis and after taking into account the purchase quantities that the distributors can commit to us as well as the potential market size in the relevant countries.

We have also expanded our customer network to include overseas markets in over 30 countries, including amongst others, South Korea, Thailand, Indonesia, India, Chile, Saudi Arabia, Czech Republic, South Africa and the United Arab Emirates.

Our marketing and distribution network enables us to market our products and serve our customers, both local and overseas, in an efficient and effective manner.

### 6.5.4 We have an experienced management team

We have an experienced and capable management team who has been collectively contributing to the growth and development of our Group. Our Executive Director/Chief Executive Officer, Lim Taw Seong, has around 20 years of experience in the medical device industry. He is responsible for the overall strategy and corporate direction of our Group, including sales, marketing initiatives, general management, resources planning and business development.

Our Executive Director/Chief Executive Officer is supported by a key management team which comprises:

- Ng Hui Hooi, our Financial Controller with more than 20 years of experience in related field, is responsible for all the accounting and finance functions of our Group.
- Kong Yoen Hoo, our Sales Vice President, with more than 10 years of experience in related field, is responsible for managing the day-to-day sales and operations activities and in charge of the project sales for the central and east coast regions of Peninsular Malaysia.
- Lim Suat Gim, our Sales Vice President, with more than 10 years of experience in related field, is responsible for managing the day-to-day sales and operations activities and in charge of the project sales for the southern region of Peninsular Malaysia and Sarawak state.
- Lee Yi Kai, our Sales Vice President, with more than 10 years of experience in related field, is responsible for managing the day-to-day sales and operations activities and in charge of the project sales for the northern region of Peninsular Malaysia and Sabah state.
- Ng Chin Aik, our Manufacturing Vice President with more than 10 years of experience in related field, is responsible for product design and manufacturing operations.
- Ng Sze Hui, our Legal and Corporate Adviser, is responsible for handling legal and corporate affairs of our Group. She also manages the communication with internal and external stakeholders of our Group. Her previous experience in legal practice and within our Group would allow her to support our Group's future plans in ensuring that the strategic direction of our business is within the legal framework. The healthcare industry is a highly regulated industry and we believe she can provide our Group with relevant input for the future growth and development of our Group. With the appointment of Ng Sze Hui, the legal functions of our Group, which were previously outsourced, will now be handled by her.



## 6. BUSINESS OVERVIEW (CONT'D)

We believe that the combination of experience and knowledge of our Key Senior Management team will drive our Group's continued growth in the medical device industry.

Further details on the experience of our Executive Director/Chief Executive Officer and Key Senior Management are set out in Sections 4.2.2 and 4.5.2 of this Prospectus respectively.

Further, our management recognises the importance of succession planning in our business, and maintaining the level of our competencies and competitiveness in the industry. In view thereof, we have taken the appropriate steps to ensure the implementation of succession planning in our Group.

Our Board is involved in the process of reviewing the potential successor's readiness, and in identifying key competencies and requirements for managerial and key senior positions for our succession planning. As part of our Group's succession plan, we have identified several senior management personnel to facilitate skills transfer so as to ensure smooth running and continuity of the operations of our Group. As such, with our succession plan in place which is intended to further develop the identified personnel for their progression in the senior management team, our Group does not foresee that having one Executive Director poses any key person risk.

In addition, we encourage our senior management to train the lower and middle management staff to gradually assume more responsibilities. Further, the middle management are continually involved in various operations of the company, and actively participate in the discussions for decision-making to ensure better understanding of the operations and to equip themselves with the necessary knowledge and skills to succeed in senior management roles. This forms part of our employees' career development plan.

### 6.6 OUR FUTURE PLANS AND BUSINESS STRATEGIES

Our future plans and business strategies are as follows:

#### 6.6.1 Construction of new factory building

As at the LPD, our current business and manufacturing activities are carried out at our existing owned office and factory building located in Batu Kawan, Penang. Our existing owned office and factory building comprises approximately 8,300 sq ft of production floor space for our manufactured products and approximately 20,300 sq ft of storage area for both our distribution products and manufactured products. For FYE 2021 and FPE 2022, our production capacity utilisation rate is approximately 73.30% and 75.18% respectively. The storage floor space utilisation varies during the course of the year depending on the level of activities for both our marketing and distribution and manufacturing segments.

We intend to commence expansion of our premises, which includes building a single storey production floor (with the necessary production machinery) and a storage area with a built-up area of approximately 35,000 sq ft and is to be located adjacent to our existing office and factory building. The purchase of the necessary production machinery will be financed using internally generated funds and/or bank borrowings and the machinery will be sourced from local and/or overseas suppliers.

Upon completion, the new factory building will have approximately 30,000 sq ft of production floor space which can house up to two (2) production lines for new products that may be developed by our Group in the future. The new factory building will also house an additional storage area of approximately 5,000 sq ft in anticipation of a future increase in our inventory level of distribution products from our marketing and distribution segment as well as raw materials and finished goods from our manufacturing segment.

## 6. BUSINESS OVERVIEW (CONT'D)

To achieve this, we have allocated the sum of RM3.50 million from our IPO proceeds as the construction costs for the construction of the new factory building as detailed below:

Details	RM'000
Construction works	3,350
Miscellaneous expenses and contingencies <sup>(i)</sup>	150
<b>Total</b>	<b>(ii) 3,500</b>

### Notes:

- (i) Miscellaneous expenses include consultants' fees for the architect, mechanical, electrical, civil and structural engineers. The contingency costs include construction contingency costs to cater for fluctuations in construction material costs, overtime costs and/or costs due to changes in, amongst others, architectural design for lighting and landscaping.
- (ii) The breakdown of the funds to be used for construction of the new factory building will depend on the finalisation of the layout plan of the new factory building. The estimated construction costs of the new factory building were based on a preliminary quotation requested from a civil and structural construction company for the construction cost for the new factory building. Although the layout plan of the new factory building has yet to be finalised, the quotation was derived based on the intended floor space and purpose of the new factory building.

The indicative timeline for the construction of our new factory building is as follows:

Timeline	Details
Second (2 <sup>nd</sup> ) half of 2022	<ul style="list-style-type: none"> <li>Finalise the layout plan of the new factory building</li> <li>Submission of building plan to the authorities</li> </ul>
First (1 <sup>st</sup> ) half of 2023	<ul style="list-style-type: none"> <li>Receipt of approved building plan</li> <li>Commence the construction of new factory building</li> </ul>
First (1 <sup>st</sup> ) half of 2024	<ul style="list-style-type: none"> <li>Completion of construction of new factory building</li> <li>Purchase of new machinery</li> </ul>
Second (2 <sup>nd</sup> ) half of 2024	<ul style="list-style-type: none"> <li>Installation of new machinery</li> <li>Commencement of operations</li> </ul>

### 6.6.2 Strengthening our domestic presence and reach

As at the LPD, our Group operates in our head office in Batu Kawan, Penang and our rented marketing and distribution offices in Bandar Tun Razak, Kuala Lumpur and Johor Bahru, Johor. Our head office in Batu Kawan, Penang includes a showroom which is used to showcase and demonstrate the functionality of our products.

We intend to further strengthen our domestic presence through the setting up of one (1) new marketing and distribution office each in the central area of Kuala Lumpur and Johor Bahru, Johor, through investment in new office units in the said regions. The new marketing and distribution offices will also serve as a showroom for all our products. This will enable us to showcase and demonstrate the functionality of our products to our existing and potential customers without having to travel to our head office in Batu Kawan, Penang.

## 6. BUSINESS OVERVIEW (CONT'D)

Currently, we undertake our marketing and distribution activities in rented offices in Bandar Tun Razak, Kuala Lumpur and Johor Bahru, Johor and these rented offices do not have showrooms. Upon moving to our new marketing and distribution offices, we will not maintain our tenancy for the current rented marketing and distribution offices.

We expect the new marketing and distribution offices to allow us to tap into the potential business opportunities offered in these locations such as the new establishment of healthcare institutions and potential medical and pharmaceutical trade shows to be held while at the same time enable us to better serve and cater for our customers' needs. We are currently in the process of identifying suitable office units and locations in these areas to realise our plan.

Based on our observations, we note that there are new establishments of healthcare institutions in the Klang Valley and southern part of the Peninsular Malaysia. For example, three (3) hospitals in Selangor and one (1) hospital in Kuala Lumpur in the next three (3) years from 2022<sup>1</sup> as well as the construction of the Hospital Pasir Gudang which is expected to be completed by 2024<sup>2</sup>. In addition, based on the article dated 18 March 2021 published by MIDA and the annual reports of IHH Healthcare Berhad, KPJ Healthcare Berhad and Sunway Berhad, we also noted that there are plans to construct and open new hospitals. Among these include KPJ Healthcare Berhad's Kinrara Health Centre and Damansara II Specialist Hospital and Sunway Berhad's Seberang Jaya Medical Centre.

Some of the upcoming medical and pharmaceutical tradeshow are to be held in Kuala Lumpur and Singapore are as follows:

Name of exhibition/ trade shows	Organiser	Location	Expected date to be held
28 <sup>th</sup> Congress of the Perinatal Society Malaysia	Perinatal Society of Malaysia	Wilayah Persekutuan, Kuala Lumpur	Third (3 <sup>rd</sup> ) quarter of 2022
Emergency Medicine Annual Scientific Meeting	Academy of Medicine of Malaysia	Wilayah Persekutuan, Kuala Lumpur	Third (3 <sup>rd</sup> ) quarter of 2022
14 <sup>th</sup> International Exhibition on Hospital, Diagnostic, Pharmaceutical, Medical and Rehabilitation Equipment and Supplies	Messe Duesseldorf Asia Pte Ltd	Marina Bay Sands, Singapore	Third (3 <sup>rd</sup> ) quarter of 2022
Annual Scientific Meeting on Intensive Care	Malaysian Society of Intensive Care	Wilayah Persekutuan, Kuala Lumpur	Fourth (4 <sup>th</sup> ) quarter of 2022

Our Group intends to finance the purchase price by using RM6.80 million from our IPO proceeds. The breakdown of the utilisation is detailed belows:

Details	RM'000
Purchase price of properties	5,300
Renovation costs	1,500
<b>Total</b>	<b>6,800</b>

<sup>1</sup> As extracted from Selgate Corporation Sdn Bhd's ("Selgate") website. Selgate is a wholly-owned subsidiary of Selangor State Development Corporation's (PKNS) which is a state development corporation in Selangor.

<sup>2</sup> As extracted from the official portal of Pasir Gudang City Council.

## 6. BUSINESS OVERVIEW (CONT'D)

### 6.6.3 Development and commercialisation of new products

We intend to expand our manufacturing segment and also to develop and commercialise more products under our own brand. We have identified the new products to be developed and commercialised based on our assessment of the market demands and the opportunities available. At the same time, the new products will also complement and add to our list of own brand product offerings, and it can be cross-marketed to our existing clientele. Please refer to Section 6.9.2 of this Prospectus for the description of processes from development to commercialisation of new products.

We target to commercialise several new products in the next two (2) years, namely (a) sterile water for inhalation; (b) prefilled nebulisers; (c) digital oxygen flowmeters; and (d) humidifier humidity sensors as detailed below:

New Products	Description	Commencement of research	Status/ stage of development as at the LPD	Actual/expected research completion/ actual/targeted commercialisation
Sterile water for inhalation	<ul style="list-style-type: none"> <li>For reusable heated nebuliser, incubator and ventilator</li> <li>A product for patient who needs respiratory therapy</li> <li>Packaged with a flexible plastic bag as well as single port at the base and is prefilled with sterile water</li> <li>Intended to provide supply of sterile water to humidification chamber, which is under passive humidification system</li> </ul>	Fourth (4 <sup>th</sup> ) quarter of 2017	Research completed	Second (2 <sup>nd</sup> ) quarter of 2022/ First (1 <sup>st</sup> ) quarter of 2023
Prefilled nebuliser	<ul style="list-style-type: none"> <li>Prefilled nebuliser with sterile water used for respiratory patients, especially patients requiring sterile water for inhalation</li> </ul>	Fourth (4 <sup>th</sup> ) quarter of 2018	In the process of laboratory and clinical testing	Fourth (4 <sup>th</sup> ) quarter of 2022/ Fourth (4 <sup>th</sup> ) quarter of 2023
Digital oxygen flowmeter	<ul style="list-style-type: none"> <li>Designed for oxygen therapy applications in the hospital</li> <li>Providing precise measurement of amount of oxygen a patient is receiving</li> </ul>	Second (2 <sup>nd</sup> ) quarter of 2020	In the research and design phase	Third (3 <sup>rd</sup> ) quarter of 2022/ Third (3 <sup>rd</sup> ) quarter of 2023

**6. BUSINESS OVERVIEW (CONT'D)**

New Products	Description	Commencement of research	Status/ stage of development as at the LPD	Actual/expected research completion/ actual/targeted commercialisation
Humidifier humidity sensor	<ul style="list-style-type: none"> <li>Designed to be used with prefilled humidifier to detect the water level of prefilled humidifier and improve the quality of patient care</li> <li>Featured with alarm buzzer to notify and alert the medical professional when the relative humidity ("RH") drops below 50% RH indicating that it is time to change the prefilled humidifier</li> </ul>	Second (2 <sup>nd</sup> ) quarter of 2020	In the research and design phase	Fourth (4 <sup>th</sup> ) quarter of 2022/ Fourth (4 <sup>th</sup> ) quarter of 2023

The research period undertaken is subject to amongst others, product type, complexity and resources available. The commercialisation of the product after the research completion is expected to take up to one (1) year. This is to enable our Group to plan production, obtain the necessary approvals and plan the marketing strategy prior to the commercialisation of the product. It generally takes between three (3) to six (6) years from commencement of research to product commercialisation.

Our Group expects to incur approximately RM1.13 million for the commercialisation of the abovementioned new products in the next two (2) years and shall be funded via internally generated funds.

**6.6.4 Expanding our product portfolio through the development of current and new brand distribution business**

As we continue to grow, we intend to offer a wider and more comprehensive selection of medical devices to our end-customers, we have ventured into importation and distribution of international brands. As at the LPD, we were appointed as the local distributor for international brand owners/manufacturers, namely Philips, Mindray, GE and Merit.

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## 6. BUSINESS OVERVIEW (CONT'D)

Our length of relationship/ distributorship with the respective international brand owners/ manufacturers are as follows:

Brand owner/ manufacturer	Length of relationship up to the LPD (years)
Merit	3
Philips	13
GE	3
Mindray	4
Care Vision Healthcare Pte Ltd	2
E-Medtest (M) Sdn Bhd	4

The demand for medical devices is expected to continue growing, and we intend to capitalise on the market's growth by offering innovative medical devices that are to be sourced from our existing suppliers/principals and/or looking for new suppliers/principals. As the appointed distributor for the abovementioned suppliers/principals, we are able to source medical devices in different specifications, price ranges and features directly from them in order to fulfil the different requirements of our end-customers including public and private hospitals, other healthcare service providers as well as non-medical business entities.

We also intend to develop a new brand distribution business by continuing to look out for other suppliers/principals as a means to expanding our brand and product offerings. As at the LPD, we have identified and are in the midst of discussion with several suppliers/principals to expand our brand and product offerings.

### 6.7 PROSPECTS OF OUR GROUP

According to the IMR report, the market size of the medical device industry in Malaysia was estimated at RM12.11 billion in 2021, increasing by 20.0% from RM10.09 billion in 2020 due to strong demand from the healthcare industry as a result of the COVID-19 pandemic. Going forward, the industry is expected to continue growing as a result of the demand from the healthcare industry along with support from the Government and continued domestic and foreign investments.

The medical device industry in Malaysia is expected to be driven by the on-going COVID-19 pandemic and the resulting demand for healthcare services, especially in the short term. Demand for medical devices is also anticipated to come from the increased need for healthcare services as a result of population growth and an ageing population, more people seeking medical care, and the increasing incidence of NCDs in the Malaysian population. In addition, Malaysia's borders has since reopened beginning 1 April 2022 and it is expected that healthcare tourism will return, which will lead to a demand for healthcare services and as such, the need for more medical devices.

On the supply side, the industry is likely to receive continued support from the Government through various incentives and tax allowances. The Government is also working together with the AMMI to ensure that Malaysia will continue to produce skilled and knowledgeable employees in the medical device industry. The AMMI is an association representing leading medical device manufacturing companies in the medical technology industry in Malaysia. It seeks to promote and strengthen manufacturing and services operational excellence in Malaysia through various strategic pillars which amongst others include talent development. The Human Resource Development Corporation, an entity under the purview of the Ministry of Human Resources, Malaysia, has collaborated with the AMMI to develop medical technology certification programmes to raise the skills and knowledge of local employees. Additionally, the upgrading of existing and establishment of new healthcare facilities that will require medical devices will help to drive the industry during this forecast period from 2022 to 2026. The industry will also be supported by domestic as well as foreign medical device companies who continue to build new factories or expand their existing factories in Malaysia. Protégé has forecasted the medical device industry in Malaysia to grow at a CAGR of 12.1% from RM12.11 billion in 2021 to RM21.41 billion in 2026.

## 6. BUSINESS OVERVIEW (CONT'D)

We believe that our competitive strengths and future plans and business strategies as set out in Sections 6.5 and 6.6 of this Prospectus respectively, would enable us to capitalise on the growth opportunities within the medical device industry in Malaysia going forward.

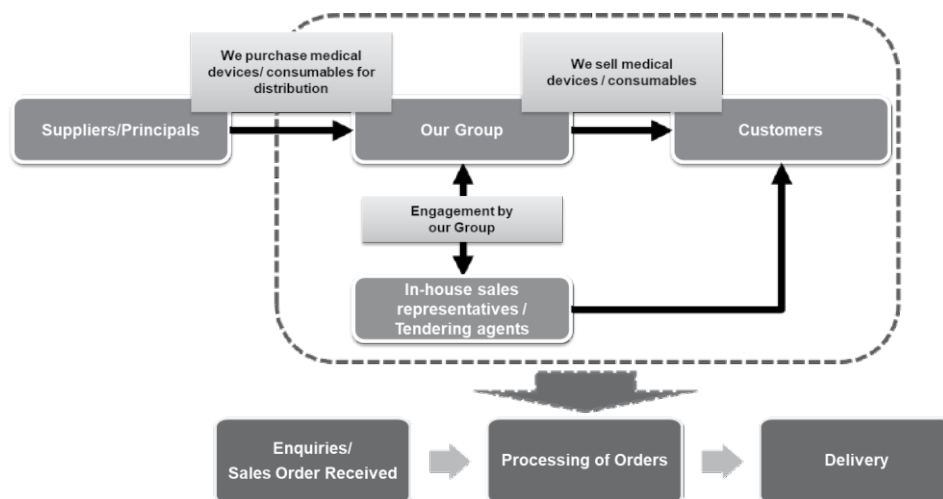
### 6.8 SEASONALITY

Our Group's business is not subject to any cyclical or seasonal trends.

### 6.9 OUR BUSINESS AND OPERATIONS PROCESS

#### 6.9.1 Marketing and distribution segment

The key stages of our business and operations process for our marketing and distribution segment are as follows:



#### (i) Enquiries/sales orders received

For our marketing and distribution segment, direct enquiries and sales orders are received and handled by our in-house sales representatives under our sales and marketing team. We do not engage external sales representatives/ distributors for our marketing and distribution segment.

For the public sector, we would identify potential public tender opportunities and participate in the tender process by working with our in-house sales representatives and/or tendering agents. For certain public hospital tenders, it is stated in the tender/quotation documents that tenders/quotations have to be submitted through tendering agents. Therefore, our Group will engage tendering agents when their role is required for submission of certain public hospital tenders. Tendering agent is a person or firm that participates in the tendering process to supply medical device(s) and does not carry out activities as manufacturer, authorised representative, distributor, or importer of the medical device(s). The timeframe from submission of a tender until the tender results are obtained typically takes about one (1) month.

## 6. BUSINESS OVERVIEW (CONT'D)

### (ii) Processing of orders

Upon receiving a direct purchase order and/or successfully securing a tender, we will proceed to check our inventory and prepare the internal order fulfilment form. For the products that are currently out of stock, we will then place an order with our suppliers/principals/contract manufacturers. Generally, our suppliers/principals/contract manufacturers will take between four (4) to eight (8) weeks for delivery. We generally keep a certain level of inventory in order to shorten overall lead time for delivery of products to our customers.

In addition, we constantly obtain feedback from our customers to better understand their product demands and will source for the relevant medical devices and consumables from the most suitable and favourable suppliers/principals.

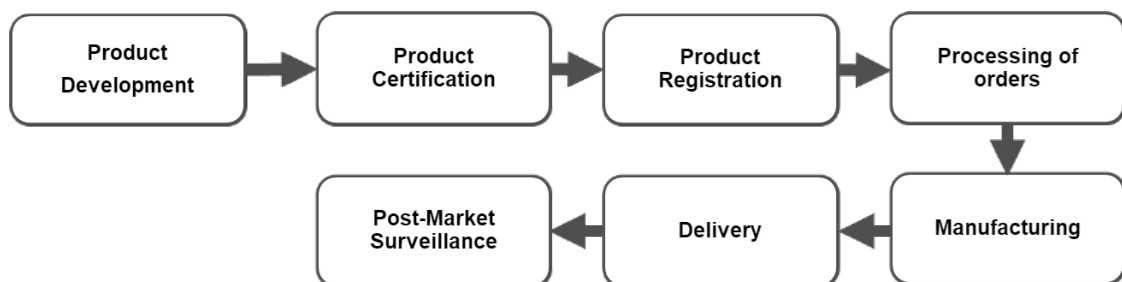
### (iii) Delivery

After the delivery order is created and approved, the products are packed according to the purchase order and then delivered to our customers. Product warranty of up to 12 months (upon product testing and commissioning by our team and customers' acceptance) is provided by our suppliers/principals to our customers. Upon expiry of the product warranty, our customers may opt to enter into service agreement where we will provide the after-sales service, which includes maintenance services and technical support, sale of spare parts as well as training on equipment, to our customers under the said agreement. As at the LPD, there are a total of 13 service agreements entered into between our Group and our customers. The tenure of the service agreements ranges between one (1) to five (5) years.

Depending on the availability of the products, the complete process from enquiries/sales order received to delivery will typically take between three (3) to five (5) days. However, if the product is not in stock, this could be extended to between five (5) to nine (9) weeks.

### 6.9.2 Manufacturing segment

The key stages of our business and operations process for our manufacturing segment are as follows:



The business and operations process above depicts the key stages of the business and operations process for our Group's existing and future manufactured products except for the "Manufacturing" stage (5<sup>th</sup> box) which is specific to HydroX series prefilled humidifiers (i.e. a different product will have a different manufacturing process).

We had, since 2012, commercialised our HydroX series prefilled humidifiers, which contain pharmaceutical grade sterile water, and are classified as Class B (low-moderate risk) products. The manufacturing process of our HydroX series prefilled humidifiers is subject to a stringent process as it may be exposed to contamination risks.



## 6. BUSINESS OVERVIEW (CONT'D)

After taking into consideration the low-moderate risk nature of our HydroX series prefilled humidifiers and the risk of contamination during the manufacturing process, our Group has taken the decision to manufacture our HydroX series prefilled humidifiers to mitigate the risks above.

For our AirdroX series inhaler spacers, we engage third-party contract manufacturers to produce the components. Our Group will then assemble the final product in-house. The existing production facilities are sufficient for us to assemble our AirdroX series inhaler spacers.

We had recently, in June 2022, commercialised our AirdroX series inhaler spacers which are classified as Class A (low risk) products. Before embarking on a capital investment for manufacturing machines, our Group would want to gauge the demand for our AirdroX series inhaler spacers in the near future. At this point in time, after taking into consideration that the recent commercialisation and low risk nature of our AirdroX series inhaler spacers, it is more cost-efficient to engage third-party contract manufacturers to produce the components.

### (i) Product development

Our Group's R&D team will undertake new product development based on the customers' feedback/requirements, market trends and/or new technologies arising in terms of costing, available technology product features, functionality, quality and raw material requirement. The product development process may take up to four (4) years to complete depending on the product's complexity.

Firstly, we will begin with the research and design of the products. Next, we will source for suppliers and parts. Here, we may also engage the service of third-party contract manufacturers to handle certain aspects of our manufacturing activities, if needed. We will then perform a pilot production of the new product and manufactures the prototype in the pilot production process. Once completed, the new product will be sent for laboratory and clinical testing to assess its quality prior to submitting an application to the relevant authorities for approvals. If the product does not meet the quality during the laboratory and clinical testing, we will improve the product quality based on the feedback and undergo further laboratory and clinical testing. Finally, mass production and commercialisation will commence once the necessary approvals are obtained.

### (ii) Product certification

Once approval is obtained, our Group's Regulatory Affairs team will extend the scope of the new product into our QMS and ISO certification, as well as register for the CE certificate which generally takes up to two (2) years. Our Regulatory Affairs team is responsible for the product registration, product certification and post market surveillance. The team will report jointly to Ng Chin Aik, our Manufacturing Vice President and Ng Sze Hui, our Legal and Corporate Adviser.

### (iii) Product registration

Our Group's Regulatory Affairs team will work with our overseas customers and/or distributors to register our product in their respective countries which generally takes up to one (1) year for the overall registration process.

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**6. BUSINESS OVERVIEW (CONT'D)**

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**(iv) Processing of orders**

Direct enquiries and sales orders (for local and overseas enquiries and sales orders which we did not grant exclusive distributorships) received are handled by our in-house sales representatives under our sales and marketing team. For overseas enquiries and sales orders which we granted exclusive distributorships, we sell our manufactured products through our authorised distributors.

Once we received the manufacturing order generated from our Enterprise Resource Planning system, our production team will then request materials and supplies needed from the inventory department, such as plastic resins including PP, LDPE, ABS and packaging materials based on the pre-determined material and quantity stated in the bill of material.

We will also engage the service from our approved vendors to handle certain aspects of the production activity if needed, such as Gamma sterilisation service. We are not dependent on any of our approved vendors for Gamma sterilisation service as we have begun to perform in-house steam sterilisation process for our HydroX series prefilled humidifiers in FYE 2021.

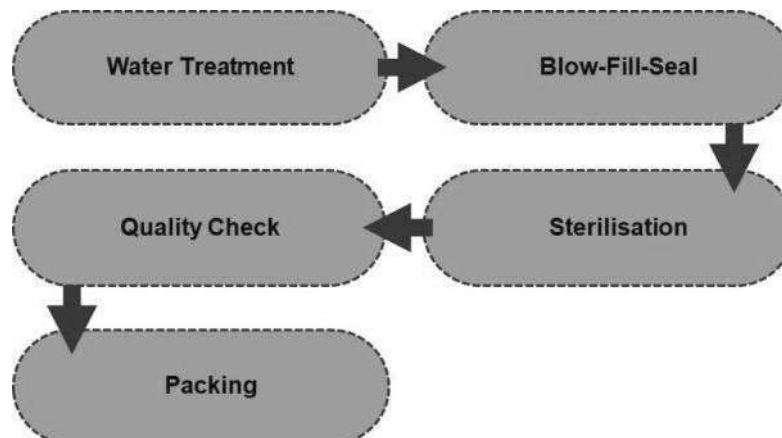
The processing of orders generally takes up to two (2) weeks.

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## 6. BUSINESS OVERVIEW (CONT'D)

### (v) Manufacturing

The typical process flow for our manufacturing process is as follows:



#### Water treatment

The production of sterile purified water, being water for pharmaceutical use, begins with the water treatment process which involved pre-treatment via softening and microfiltration stages, followed by a reverse osmosis stage and a final demineralisation. The water is treated to control its microbiological quality. The entire process is a continuous operation and it is fully automated.

#### Blow-fill-seal

Every bottle begins with the extrusion of a polymer tube within the machine with parison control on the required bottle thickness at each point. Next, the bottle is instantly moulded, filled with filtered water and sealed using a fully automated and continuous cycle blow-fill-seal system.

#### Sterilisation

The bottle will then undergo sterilisation, either steam sterilisation or Gamma sterilisation. Under the steam sterilisation process, the bottle is exposed to direct steam contact at a specific temperature and pressure for a specified time. Meanwhile, the Gamma sterilisation is performed by exposing the bottle to a radiation source. Steam sterilisation is performed in-house while Gamma sterilisation is performed externally by our approved vendors.

#### Quality check

Quality check on finished products including namely leak test and sterility will be performed prior to sending for packing.

Leak tests are performed where a sample prefilled humidifier is placed into a pressurised press jig and checks performed manually to test the seal on the front and back tubes of prefilled humidifier for leakage.

Sterility tests are performed at our microbiology laboratory or any other qualified contract laboratory where a sterilised sample is collected and tested for the presence of micro-organisms. The sample meets the requirements for sterility if there are no presence of micro-organisms after 14 full days of incubation.

## 6. BUSINESS OVERVIEW (CONT'D)

### **Packing**

Sterilised finished products are then sent for the packing processes. Firstly, a bottle of prefilled humidifier will be shrink-wrapped together with the adaptor as an individual packaged unit. Next, 25 such units will be packed together into a corrugated carton box for final packing.

The manufacturing process for a minimum order of 1,000 units generally takes approximately three (3) days to complete. However, the actual manufacturing process time for our products will vary depending on the volume of orders.

### (vi) **Delivery**

Prior to delivery, our logistics team will conduct final checks to ensure that our products are delivered correctly based on customers' requirements. The delivery period for our products to be received by our customers from shipment date will vary depending on the transportation mode and location of our customers.

### (vii) **Post-market surveillance**

Post-market surveillance activities will be carried out on an on-going basis as a means of data collecting and evaluating such as customer complaints, user experience or product failure analysis towards our medical consumables that have been placed on the market.

The evaluation of post-market surveillance is crucial to identify the need to take any action, to ensure our products continue to be safe and well-performing as well as opportunities to improve the product quality.

## 6.10 MARKETING AND DISTRIBUTION NETWORK

### 6.10.1 Marketing strategies

Our Group's sales and marketing efforts are as follows:

#### (i) **Exhibitions and trade shows**

Our Group recognises that participation in exhibitions and trade shows not only can provide valuable insight into our potential customers in both local and overseas markets, but also allow us to create public awareness and promote our products and services. For the past three (3) FYEs 31 July 2019, 2020 and 2021 and up to the LPD, we have participated in numerous exhibitions and trade shows as follows:

Year	Name of exhibition/ trade shows	Organiser	Location
2019	Annual Scientific Meeting on Intensive Care 2019	Malaysian Society of Intensive Care	Wilayah Persekutuan, Kuala Lumpur
2019	National Emergency Critical Care Symposium	Ipoh Emergency Critical Care Society	Ipoh, Perak
2019	KPJ Healthcare Conference	KPJ Healthcare Berhad	Petaling Jaya, Selangor
2019	Borneo Obstetric Anaesthesia Symposium	Persatuan Akademik Kakitangan Anestesiologi Sabah	Kota Kinabalu, Sabah

## 6. BUSINESS OVERVIEW (CONT'D)

Year	Name of exhibition/ trade shows	Organiser	Location
2019	Emergency Medicine Annual Scientific Meeting	Academy of Medicine of Malaysia	Wilayah Persekutuan, Putrajaya
2019	Philips Future of Connected Care Symposium	Philips	Wilayah Persekutuan, Kuala Lumpur
2019	Perlis CPR Competition 2019	Institut Latihan Kementerian Kesihatan Malaysia, Kangar	Kangar, Perlis
2019	Annual APHM International Healthcare Conference & Exhibition	Association of Private Hospitals of Malaysia	Wilayah Persekutuan, Kuala Lumpur
2019	MEDICA International Trade Fair 2019	Messe Düsseldorf GmbH	Düsseldorf, Germany
2019	International Exhibition on Hospital, Diagnostic, Pharmaceutical, Medical & Rehabilitation Equipment & Supplies	Messe Düsseldorf Asia Pte Ltd	Bangkok, Thailand
2021	Online CEO Business Meeting Event for Medical Equipment Industry 2021	Organisation for Small & Medium Enterprises and Regional Innovation, Japan	Virtual
2022	APHM International Healthcare Conference & Exhibition 2022	Association of Private Hospitals of Malaysia	Wilayah Persekutuan, Kuala Lumpur
2022	Annual Scientific Meeting on Intensive Care 2022	Malaysian Society of Intensive Care	Wilayah Persekutuan, Kuala Lumpur
2022	iECG WORKSHOP 2022	Hospital Raja Perempuan Zainab II	Kota Bharu, Kelantan
2022	Paediatric Emergency Medicine (PEM) Made Easy 2.0	Hospital Tuanku Ja'afar Seremban	Seremban, Negeri Sembilan
2022	National Peri-Operative Mortality Review Conference 2022	Peri Operative Mortality Review Committee in Ministry of Health Malaysia	Ayer Keroh, Melaka
2022	Ventilator Workshop	Hospital Raja Permaisuri Bainun	Ipoh, Perak
2022	Ventilator Workshop	Sultanah Aminah Hospital	Johor, Bahru, Johor
2022	Arab Health 2022	Informa Markets	Dubai, United Arab Emirates

By participating in these exhibitions and trade shows, we are able to stay updated on the relevant market trends and technical information, as well as able to interact with stakeholders as a means to expand our business networking within the industry.

## 6. BUSINESS OVERVIEW (CONT'D)

### (ii) Customer referrals

We have been involved in the medical device industry for around 20 years and have established a track record of providing reliable quality products and services. This has in turn resulted in the development and establishment of mutually beneficial relationships with our customers. The goodwill nurtured among these satisfied customers has further been translated into more business opportunities through their recommendations to other prospective customers.

### (iii) Corporate website

We also maintain a corporate website at [www.umedic.com.my](http://www.umedic.com.my), which provides an immediate searchable information on our Group as well as the products that we offer to customers.

The current widespread use of the internet as a source of information has enabled us to cross geographical borders and facilitate access from many parts of the world, enhancing our market reach and exposure.

### 6.10.2 Distribution network

Our distribution network strategy can be categorised as follows:

#### (i) Direct distribution network

The direct distribution network approach is implemented through our in-house sales representatives who sell our products directly to our local customers comprising public and private hospitals, other healthcare service providers as well as non-medical business entities. This strategy enables our Group to work closely with our customers to evaluate and attain better understanding of their objectives and requirements.

Our in-house sales representatives also receive direct inquiries from our overseas customers for our manufactured products.

#### (ii) Indirect distribution network

Under this approach, we work with tendering agents such as Customer A, who are actively participating in local public sector projects. We engage the tendering agents on a non-exclusive basis. There were no commissions paid to any of the tendering agents and we are not dependent on any of them. In addition, we also sell our manufactured products through distributors for our overseas market.

Our Group will provide sales and product training to our in-house sales representatives and end-users. We provide training on product (i.e. product purpose, technical features, technology and clinical use) to our in-house sales representatives. We also conduct monthly sales training for them as well. Meanwhile, for end-users, we will provide product trainings during commissioning. Through the product trainings, technical support training and product preventive maintenance training provided, our in-house sales representatives are equipped with technical knowhow and are able to deliver quick and efficient response towards any faulty medical device reports from end-users.

## 6. BUSINESS OVERVIEW (CONT'D)

### 6.11 MATERIAL MACHINERY AND EQUIPMENT

As at the LPD, the material machinery and equipment used in our manufacturing segment are as follows:

Name	Description of use	No. of units	Average life span (years)	Average age (years)	Average remaining useful life (years)	Audited NBV as at 31 January 2022 RM'000
Adaptor automated assembly line	To insert rubber and cap	2	10	1.7	8.3	549
High precision Good Manufacturing Practice version automated filling sealing machine	To fill seal the bottle	1	10	0.7	9.3	2,377
Blow moulding machine	To produce bottle	2	10	3.2	6.8	1,653
BWT OSMOTRON® PRO	To produce water for inhalation	1	10	0.7	9.3	1,796
Fill seal leak test machine	To fill seal the bottle and perform leaking test	1	10	2.7	7.3	198
OMRON TM collaborative robot system	For assembly, packaging, inspection and logistics	2	10	2.0	8.0	207
Purified water pre-treatment	To remove suspended impurities, solids, colloids and living organisms from raw water	1	10	0.7	9.3	448
Steam air mixture sterilisation	To sterile medical device	1	10	0.7	9.3	2,062

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## 6. BUSINESS OVERVIEW (CONT'D)

### 6.12 TYPES, SOURCES AND AVAILABILITY OF PRINCIPAL RAW MATERIALS AND INPUTS

The table below sets out the raw materials and inputs purchased by our Group for our business operations for the Financial Years Under Review and Financial Periods Under Review:

	FYE						FPE			
	2019		2020		2021		2021		2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Distribution products <sup>(i)</sup>	6,420	71.85	11,756	75.73	20,637	87.57	9,190	87.89	17,924	89.50
Raw materials for manufactured products:										
Plastic resin	633	7.08	616	3.97	1,057	4.49	354	3.39	954	4.76
Injection components	761	8.52	1,382	8.90	941	3.99	552	5.28	442	2.21
Packaging materials <sup>(ii)</sup>	561	6.28	1,021	6.58	920	3.90	352	3.37	684	3.42
Others <sup>(iii)</sup>	560	6.27	748	4.82	12	0.05	8	0.07	22	0.11
<b>Total</b>	<b>8,935</b>	<b>100.00</b>	<b>15,523</b>	<b>100.00</b>	<b>23,567</b>	<b>100.00</b>	<b>10,456</b>	<b>100.00</b>	<b>20,026</b>	<b>100.00</b>

#### Notes:

- (i) The breakdown of the distribution products by countries is as follows:

Country	FYE						FPE			
	2019		2020		2021		2021		2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Malaysia	3,251	50.63	8,447	71.84	10,058	48.73	5,865	63.82	6,829	38.10
China	242	3.77	994	8.46	8,286	40.15	2,601	28.30	8,560	47.76
Taiwan	2,209	34.41	978	8.32	1,176	5.70	268	2.92	2,303	12.85
Singapore	311	4.84	1,141	9.71	703	3.41	228	2.48	13	0.07
Spain	96	1.50	140	1.19	256	1.24	84	0.91	57	0.32
Denmark	19	0.30	35	0.30	134	0.65	128	1.39	155	0.86
USA	4	0.06	21	0.18	24	0.12	16	0.18	7	0.04
Italy	288	4.49	-	-	-	-	-	-	-	-
<b>Total</b>	<b>6,420</b>	<b>100.00</b>	<b>11,756</b>	<b>100.00</b>	<b>20,637</b>	<b>100.00</b>	<b>9,190</b>	<b>100.00</b>	<b>17,924</b>	<b>100.00</b>

- (ii) Comprise carton box, label, pallet and pouch;
- (iii) Comprise the Gamma sterilisation which is performed externally by our approved vendors.

Our Group does not have an inventory policy for maintaining inventories for distribution products and raw materials for manufactured products.



## 6. BUSINESS OVERVIEW (CONT'D)

For our marketing and distribution segment, we do not purchase raw materials but instead purchased the finished products from our suppliers/principals. We generally keep a certain level of inventory in order to shorten overall lead time for delivery of products to our customers as well as to loan to our customers as demonstration units. The medical devices that we distribute are deemed critical medical equipment and any delay in the delivery of such equipment should be kept to a minimum.

The key raw materials that we use for our manufacturing segment are readily available and sourced from local suppliers. We generally take into account our suppliers' product quality, pricing as well as manufacturing capacities and lead times to prevent any interruptions in supply of raw materials. The key raw materials needed for our manufacturing operations include plastic resin, packaging materials and injection components. Plastic resin is a commodity whose price is affected by, amongst others, overall economic performance, demand, production capacity and supply. Any fluctuations in the price of plastic resin will be factored into our manufactured product's pricing. We generally maintain sufficient inventory of raw materials before acceptance of an order. Nonetheless, we have not experienced any major fluctuations in prices of raw materials that have materially affected our financial performance during the Financial Years Under Review and Financial Periods Under Review. We have not experienced any major interruptions in supply of raw materials during the Financial Years Under Review and Financial Periods Under Review, including the periods of various lockdown imposed in Malaysia due to the COVID-19 pandemic.

### 6.13 OPERATING CAPACITIES AND OUTPUT

The table below sets out our Group's operating production capacity and production utilisation rate:

	FYE 2021			FPE 2022 <sup>(ii)</sup>		
	Maximum production capacity (units) <sup>(i)</sup>	Actual production output (units)	Production utilisation rate (%)	Maximum production capacity (units)	Actual production output (units)	Production utilisation rate (%)
Prefilled humidifiers	1,270,800	931,446	73.30	1,808,446	1,359,620	75.18

**Notes:**

- (i) The estimated maximum production capacity is computed based on one (1) machine with a production capacity of one (1) cavity per cycle, maximum production running time of 353 days per year. The maximum production running time is based on two (2) shifts per day, 12 hours per shift and one (1) day per month for maintenance.

In addition, we have another one (1) machine with a production capacity of two (2) cavities per cycle which was used for production testing since February 2021. The additional production output from the said machine is 694,886 during the period of February 2021 up to 31 July 2021. Subsequently, in August 2021, this machine was no longer used for testing and commenced production as an additional production line. The estimated maximum production capacity of this machine is 2,346,092 units based on the maximum production running time of 353 days per year. The maximum production running time is based on two (2) shifts per day, 12 hours per shift and one (1) day per month for maintenance.

- (ii) The estimated maximum production capacity is computed based on the two (2) machines as described in note (i) above.

## 6. BUSINESS OVERVIEW (CONT'D)

The breakdown of the maximum production capacity and actual production output for each machine is as follows:

	FPE 2022		
	Maximum production capacity (units)	Actual production output (units)	Production utilisation rate (%)
Machine 1	635,400	388,112	61.08
Machine 2	1,173,046	971,508	82.92
<b>Total</b>	<b>1,808,446</b>	<b>1,359,620</b>	<b>75.18</b>

The machine used to produce the prefilled humidifiers can also be used to produce other new products in the development stage as well as in the future subject to availability of excess production capacity.

### 6.14 R&D

We recognise the importance of R&D in ensuring our ability to remain competitive in order to sustain the continuous growth of our business. Our R&D team conducts a series of R&D activities including risk management and clinical evaluation in the development of our own medical consumables. The R&D team will document, implement and maintain a set of risk management and clinical evaluation standard operating procedures. For risk management, we will identify, estimate, control and evaluate all risks related to the product being developed. This includes identifying the entire known and foreseeable hazards based on the process (life-cycle phases), intended use, characteristic, misuse, marketing experience and market information of the product that could affect the safety of the product and its defined limits. Meanwhile, for clinical evaluation, we will follow and adhere strictly to the level of clinical evidence that is necessary to demonstrate conformity with the relevant general safety and performance requirements.

We constantly put effort into our R&D activities in order to capitalise on the market growth by offering more technologically advanced products to the market, either through new product introductions or enhancements of current products. As at the LPD, our R&D team is led by Ng Chin Aik, our Manufacturing Vice President, who is responsible for our Group's product research efforts including overseeing our Group's product design, development and manufacturing operations.

Through our in-house R&D team, our Group has currently developed and commercialised our HydroX series prefilled humidifiers and AirdroX series inhaler spacers to the market. We introduce and market our AirdroX series inhaler spacers to our existing customers by sending them the samples and/or arranging an introductory meeting for such product demonstration. In addition, we also undertake the marketing strategies for our AirdroX series inhaler spacers as disclosed in Section 6.10.1 of this Prospectus.

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**6. BUSINESS OVERVIEW (CONT'D)**

The details of our R&D expenses for the Financial Years Under Review and Financial Periods Under Review are as follows:

	FYE						FPE			
	2019		2020		2021		2021		2022	
	RM'000	%	RM'000	(i)%	RM'000	(i)%	RM'000	(i)%	RM'000	(i)%
R&D expenses <sup>(ii)</sup>	-	-	262	1.11	235	0.69	115	0.81	138	0.37

**Notes:**

- (i) Computed based on the revenue of approximately RM23.68 million, RM34.12 million, RM14.15 million and RM36.86 million for FYE 2020, FYE 2021, FPE 2021 and FPE 2022 respectively.
- (ii) R&D expenses consist of staff cost only.

Over the years, we have conducted numerous studies as part of our continuous efforts to improve our products to meet customers' demands. The table below sets out our Group's R&D undertaken over the years:

Year of commencement	Research conducted
2011	Development of prefilled humidifier
2016	Study of safety of prolonged and multi-patient use of prefilled humidifier with Clinical Research Center, Pulau Pinang Hospital
2017	Development of sterile water for inhalation
2018	Development of inhaler spacer
2018	Development of prefilled nebuliser
2019	Enhancement of prefilled humidifier with connector cover to prevent contamination
2019	Development of 100% vision leak test for prefilled humidifier
2020	Development of steam sterilisation process
2020	Integration of Collaborative Robot for automation process
2020	Development of digital oxygen flowmeter
2020	Development of humidifier humidity sensor

In the future, our Group intends to venture into the R&D of digitalising the accessories (for more accurate information and measurement as well as having an automated alert system in place) of our current respiratory medical consumables and adding more solution-based medical products in our products offering by leveraging on our current facilities such as our water treatment system and knowledge in the related field.

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## 6. BUSINESS OVERVIEW (CONT'D)

### 6.15 TECHNOLOGY USED OR TO BE USED

We use various types of technologies to develop and manufacture our own medical consumables as follows:

Technology	Description
<b>Software/Equipment</b>	
Enterprise Resource Planning System	Computer software programme that an organisation in the provision of production-based or distribution business uses to manage day-to-day business activities such as accounting, procurement, order management, supply chain operations and manufacturing with the core function of accounting.
Fill-seal-leak test machine	A fully automated medical product packaging technology that fills, seals and performs a fill leak test on sealed parts to ensure that it is leak tight.
Adaptor automated assembly line	An adaptor assembly line comprises multiple modules including rubber insertion station, cap insertion station and packaging that adapts to the production process.
BWT OSMOTRON® PRO	A skid-mounted system for the production of pharmaceutical water that meets the current United States Pharmacopeia Convention and European Pharmacopoeia requirements.
BWT LOOPO	A system for the distribution, sanitisation, control and monitoring of purified and highly purified water or water-for-injection circulation systems.
Fedegari steam air steriliser	A technology used for the counter pressure sterilisation of aqueous solutions in sealed containers.
Collaborative robot system	A technology designed to share the same workspace with humans and can be easily switched for any task including pick and place processes etc.

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## 6. BUSINESS OVERVIEW (CONT'D)

### 6.16 QUALITY CONTROL PROCEDURES

Our Group places emphasis on the quality of products that we manufacture, with our production activities adhere to stringent international quality standards.

Standard	Scope of certification	Certification holder	Issuing party	Validity period
ISO 9001:2015	Design and manufacture of prefilled humidifier and nebuliser content with sterile water for inhalation and respiratory gases, asthma inhaler spacer or holding chamber, humidity sensor	UWHM	BSI	5 September 2019 - 4 September 2022
ISO 13485:2016/ EN ISO 13485:2016	Design and manufacture of prefilled humidifier and nebuliser content with sterile water for inhalation and respiratory gases, asthma inhaler spacer or holding chamber, humidity sensor	UWHM	BSI	5 September 2019 - 4 September 2022
EC Certificate	Manufacture of sterile prefilled humidifiers for respiratory gases	UWHM	BSI	19 March 2020 - 26 May 2024
GDPMD	Local authorised representative, import, storage and handling, distribution (including transportation), installation, testing & commissioning, maintenance, calibration and documentation (including traceability) of medical devices: a) Anaesthetic and respiratory devices; b) Electro mechanical medical devices; c) Hospital hardware; d) Reusable devices; e) Single-use devices; f) Assistive products for persons with disability; g) Diagnostic and therapeutic radiation devices; h) Healthcare facility products and adaptations; and i) Medical software.	UMediC	BSI	17 April 2021 - 16 April 2024

## 6. BUSINESS OVERVIEW (CONT'D)

### 6.17 MAJOR CUSTOMERS

Our Group's top five (5) major customers, as a percentage of our total revenue, for the Financial Years Under Review and FPE 2022 are as follows:

		Approximate length of relationship as at the LPD	Revenue contribution		
Customers <sup>(i)</sup>	Country		RM'000	<sup>(ii)</sup> %	Products sold
FYE 2019					
Customer A	Malaysia	16	2,120	12.91	Patient monitors, defibrillators, ventilators, medical furniture, maternal and infant care machines and prefilled humidifiers
Customer B group of companies	Malaysia	16	2,102	12.80	Defibrillators, maternal and infant care machines and medical furniture
Customer C	Malaysia	4	1,167	7.11	Medical furniture
Customer D	South Korea	5	848	5.16	Prefilled humidifiers
Customer E	Malaysia	5	781	4.76	Medical furniture
		Total	7,018	42.74	
FYE 2020					
Customer A	Malaysia	16	2,881	12.17	Patient monitors, defibrillators, ventilators, medical furniture, maternal and infant care machines and prefilled humidifiers
Customer B group of companies	Malaysia	16	1,478	6.24	Defibrillators, maternal and infant care machines and medical furniture
Customer F	Malaysia	4	1,245	5.26	Patient monitors and defibrillators
Customer D	South Korea	5	1,219	5.15	Prefilled humidifiers
Customer G group of companies	Malaysia	16	1,041	4.40	Patient monitors and defibrillators
		Total	7,864	33.22	
FYE 2021					
Customer A	Malaysia	16	4,661	13.66	Patient monitors, defibrillators, ventilators, medical furniture, maternal and infant care machines and prefilled humidifiers
Customer H	Malaysia	1	3,060	8.97	Ventilators and defibrillators
Customer D	South Korea	5	1,669	4.89	Prefilled humidifiers
Customer I	Singapore	2	1,585	4.65	Ventilators
Customer J	Thailand	8	1,053	3.09	Prefilled humidifiers
		Total	12,028	35.26	

## 6. BUSINESS OVERVIEW (CONT'D)

Customers <sup>(i)</sup>	Country	Approximate length of relationship as at the LPD	Revenue contribution		Products sold
			RM'000	<sup>(ii)</sup> %	
FPE 2022					
Customer K	Malaysia	2	3,120	8.47	Ventilators, patient monitors and medical furniture
Customer A	Malaysia	16	2,397	6.50	Patient monitors, defibrillators, ventilators, medical furniture, maternal and infant care machines and prefilled humidifiers
Customer H	Malaysia	1	1,838	4.99	Ventilators and defibrillators
Customer L	Malaysia	3	1,376	3.73	Ventilators and medical furniture
Customer M	Malaysia	7	1,329	3.61	Ventilators
Total			10,060	27.30	

### Notes:

- (i) We are unable to disclose the name of the customers as we believe that the information is highly confidential and sensitive, and such disclosure may attract competitions from our competitors thereby affecting our competitive position.

The details of our major customers are as follows:

Name	Description
"Customer A"	Customer A, a private limited company incorporated in Malaysia, which is principally involved in supplying medical equipment and supplies to hospital and others. Customer A is a tendering agent who involves in the procurement in respect of government projects and it operates principally in Malaysia.
"Customer B group of companies"	Customer B, a public company listed on the Main Market of Bursa Securities comprising a group of companies, which is principally involved in the operation of specialist hospitals. Customer B operates principally in Malaysia as well as with market presence in overseas market such as Australia, Indonesia, Thailand and Bangladesh.
"Customer C"	Customer C, a private limited company incorporated in Malaysia, which operates as a medical service center. Customer C operates principally in Malaysia.
"Customer D"	Customer D, a South Korean-based medical provider, which is principally involved in the distribution of medical devices. Customer D operates principally in South Korea. Customer D is the authorised distributor of our Group in South Korea.
"Customer E"	Customer E, a private limited company incorporated in Malaysia, which is principally involved in providing private healthcare services, offering premier care and treatment of women and children. Customer E operates principally in Malaysia.
"Customer F"	Customer F, a private limited company incorporated in Malaysia, which is principally involved in the medical device supply and services. Customer F operates principally in Malaysia.

## 6. BUSINESS OVERVIEW (CONT'D)

Name	Description
"Customer G group of companies"	Customer G, a public company listed on the Main Market of Bursa Securities comprising a group of companies, which operate as medical clinics and are principally involved in the provision of medical and healthcare services. Customer G operates principally in Malaysia as well as with market presence in Malaysia and overseas market such as Singapore, Turkey, India, Germany, Bulgaria and People's Republic of China.
"Customer H"	Customer H, an entity under the MOH and is responsible for medical and health services at the state level. Customer H operates principally in Malaysia.
"Customer I"	Customer I, a Singapore-based independent humanitarian organisation dedicated to relieving human suffering, protecting human life and dignity and responding to emergencies. Customer I operates principally in Singapore.
"Customer J"	Customer J, a private limited company incorporated in Thailand, which is principally involved in the marketing and distribution of drugs and medical devices. Customer J operates principally in Thailand. Customer J is the authorised distributor of our Group in Thailand.
"Customer K"	Customer K, the Malaysian authority that is responsible for Malaysia's healthcare system.
"Customer L"	Customer L, a public hospital located in Sabah.
"Customer M"	Customer M, a public hospital located in Selangor.

- (ii) Computed based on the total revenue of approximately RM16.42 million, RM23.68 million, RM34.12 million and RM36.86 million for FYE 2019, FYE 2020, FYE 2021 and FPE 2022 respectively.

Our major customers contributed approximately 42.74%, 33.22%, 35.26% and 27.30% to our Group's total revenue for the past three (3) FYEs 2019, 2020, 2021 and FPE 2022 respectively. For FYE 2021, we have more than 400 customers. As such, our Group is not dependent on our major customers due to the large customer base that we have acquired throughout the years. We did not enter into any long-term agreements with our major customers. We did not have any material dispute with our major customers in the past. Our Group has maintained good working relationships with our major customers and we expect our major customers to continue contributing to our Group's revenue moving forward.

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## 6. BUSINESS OVERVIEW (CONT'D)

### 6.18 MAJOR SUPPLIERS

Our Group's top five (5) major suppliers, as a percentage of our total purchases, for the Financial Years Under Review and FPE 2022 are as follows:

		Approximate length of relationship as at the LPD	Purchases		Products purchased
Suppliers	Country		RM'000	(i)%	
FYE 2019					
Philips	Malaysia	13	2,208	24.71	Medical devices and consumables
Supplier A <sup>(ii)</sup>	Taiwan	12	2,152	24.09	Medical devices
Supplier B <sup>(ii)</sup>	Malaysia	7	727	8.14	Plastic components
Supplier C <sup>(ii)</sup>	Malaysia	6	633	7.08	Plastic raw materials
Supplier D <sup>(ii)</sup>	Malaysia	10	530	5.93	Sterilisation
		Total	6,250	69.95	
FYE 2020					
Philips	Malaysia	13	7,108	45.79	Medical devices and consumables
GE	Malaysia	3	1,105	7.12	Medical devices and consumables
Supplier B <sup>(ii)</sup>	Malaysia	7	994	6.40	Plastic components
Mindray	Hong Kong, China	4	963	6.20	Medical devices and consumables
Supplier A <sup>(ii)</sup>	Taiwan	12	950	6.12	Medical devices
		Total	11,120	71.63	
FYE 2021					
Mindray	Hong Kong, China	4	8,132	34.51	Medical devices and consumables
Philips	Malaysia	13	7,665	32.52	Medical devices and consumables
Supplier C <sup>(ii)</sup>	Malaysia	6	1,057	4.49	Plastic raw materials
Supplier A <sup>(ii)</sup>	Taiwan	12	1,046	4.44	Medical devices
Supplier E <sup>(ii)</sup>	Malaysia	1	654	2.78	Medical consumables
		Total	18,554	78.74	
FPE 2022					
Mindray	Hong Kong, China	4	8,237	41.13	Medical devices and consumables
Philips	Malaysia	13	5,109	25.51	Medical devices and consumables
Supplier A <sup>(ii)</sup>	Taiwan	12	2,303	11.50	Medical devices
Supplier C <sup>(ii)</sup>	Malaysia	6	865	4.32	Plastic raw materials
GE	Malaysia	3	734	3.67	Medical devices and consumables
			17,248	86.13	

## 6. BUSINESS OVERVIEW (CONT'D)

### Notes:

- (i) Computed based on the total purchase of RM8.94 million, RM15.52 million, RM23.57 million and RM20.03 million for FYE 2019, FYE 2020, FYE 2021 and FPE 2022 respectively.
- (ii) We are unable to disclose the identities of Suppliers A, B, C, D and E as they do not consent to be named in this Prospectus and request to remain anonymous in its business dealing with us.

The details of Suppliers A, B, C, D and E are as follows:

Name	Description
"Supplier A"	Supplier A, a private limited company incorporated in Taiwan, which is principally involved in the manufacturing of medical equipment as well as medical diagnostic and monitoring devices. Supplier A is headquartered in Taiwan.
"Supplier B"	Supplier B, a private limited company incorporated in Malaysia, which is principally involved in manufacturing of mould and plastic products as well as provision of assembly and other related services. Supplier B operates principally in Malaysia.
"Supplier C"	Supplier C, a sole proprietorship in Malaysia, which is principally involved in the distribution of plastic raw materials. Supplier C operates principally in Malaysia.
"Supplier D"	Supplier D, a private limited company incorporated in Malaysia, which is principally involved in providing service of sterilisation of healthcare products. Supplier D operates principally in Malaysia.
"Supplier E"	Supplier E, a private limited company incorporated in Malaysia, which is principally involved in the import of medical and dental instrument and supplies. Supplier E operates principally in Malaysia.

Our major suppliers/principals contributed approximately 69.95%, 71.63%, 78.74% and 86.13% to our Group's total purchases for the past three (3) FYEs 2019, 2020, 2021 and FPE 2022 respectively. Purchases from our suppliers/principals are conducted on a purchase order basis. However, we are not dependent on any single supplier/principals as we are able to procure from various suppliers/principals.

We are not dependent on our major suppliers/principals after taking into consideration of the following:

- (i) The brand of the machine is not a major requirement of our customers

The major requirement of our customers is that the machines distributed by our Group are able to meet their required specifications and this is not dependent on the brand of the machines.

The recurring orders from our customers in the past were mainly due to the quality of machines supplied coupled with good after sales service provided such as a quick response time from our Group and unlimited breakdown call support coupled with the maintenance service and training provided to customers. The quick response time and after sales service rendered by our Group are considered to be the main criteria for customers as the machines used by our Group's customers are critical and used for life-or-death situations on a daily basis.

## 6. BUSINESS OVERVIEW (CONT'D)

- (ii) Distribution products are readily available and can be sourced from various suppliers/principals

There are many non-exclusive distribution products which can be sourced from various suppliers/principals, both existing and new, and these are generally readily available as they are not customised products. With around 20 years of cumulated market presence, our Group has established a wide network in the healthcare industry and should not face major difficulties in sourcing for alternate suppliers/principals in the event there is any disruption on the supply of certain distribution products.

If a distribution/dealer agreement is even remotely in a situation of not being renewed, it is expected that there will be a process of meetings held between our Group and our suppliers/principals to resolve the situation at hand. Our Group will be given ample notice and time to rectify the situation.

If the situation cannot be resolved, our Group is confident that it will be able to source alternative distribution products based on the required specifications from existing or new suppliers/principals, should the need arise.

- (iii) Stringent selection process by our major suppliers/ principals and long term relationship with them

To become a distributor, our Group has to undergo a stringent selection process by our major suppliers/principals.

For example, in order to be an authorised distributor of Philips, our Group has gone through a thorough audit including an independent check on background and financial position. This audit process is to be carried out once every three (3) years. In addition, Phillips has provided products training to our Group's technical team and the technical team has been issued with the qualified certificates by Philips. As such, there is no reason at the present time for Philips to not keep our Group as its distributor and furthermore it may not be easy for Philips to find another comparable distributor for its products given the amount of time and effort Philips has to spend in the process of appointing and training an authorised distributor.

Based on the above, our Group is not subject to the risk of losing customers resulting from customers' preference to maintain the brand of medical devices of Philips, Mindray, GE and Merit.

For our marketing and distribution segment, we have entered into distributorship agreements with few of our major suppliers/principals. As disclosed in Section 6.19 of this Prospectus, we experienced delay in receiving certain products including ventilators, patient monitors, defibrillators and ICU beds due to shortage of supplies on our suppliers'/principals' inventory and disruption in logistic flow.

As for raw materials for our manufacturing segment, our suppliers' operations were also temporarily suspended during the first phase of MCO. We have been working closely with our suppliers to ensure no disruption in supply of raw materials. Moving forward, we do not foresee any disruption in supplies as we have maintained a good working relationship with our major suppliers over the years.

The delay above during MCO and its variations was due to the COVID-19 pandemic and was beyond our Group's and suppliers/principals' control.

Save as disclosed above, we have not experienced any difficulty in obtaining supplies from our suppliers/principals during the Financial Years Under Review and Financial Periods Under Review.

## 6. BUSINESS OVERVIEW (CONT'D)

### 6.19 IMPACT OF COVID-19 PANDEMIC ON OUR GROUP

The COVID-19 pandemic was officially declared a health pandemic by the Director General of the World Health Organisation on 11 March 2020. In light of the COVID-19 pandemic, the Government had announced various stages of lockdown measures across different states or localities in the country at different points in time since 18 March 2020 until the LPD namely MCO, conditional MCO, recovery MCO, enhanced MCO, FMCO as well as the NRP, which is a four (4) phases strategy based on three (3) indicators (i.e. (i) number of symptomatic new hospital admissions; (ii) capability of public healthcare system based on the bed utilisation rate in intensive care unit wards; and (iii) percentage of the population protected against COVID-19, based on the number of people that have received two (2) doses of vaccines).

During the MCO periods, various measures and restrictions have been implemented including all government and private premises (saved for those involved in essential services or industries which had special permission) are required to be closed and to cease all operations, reduce the size of workforce in operations and impose stricter travelling restrictions. As part of the essential services, UWHM was able to continue its production during MCO period with a 50% workforce capacity after obtaining the approval from the MITI on 21 March 2020 and was required to adhere to the COVID-19 SOPs set out by the MITI. On 19 April 2020 and 21 April 2020, Evo Medik and UMediC were also allowed to continue its operations during MCO period with a 50% workforce capacity after obtaining the approval from the MITI and required to adhere to the COVID-19 SOPs set out by the MITI. Our employees in U Medihealth and UWHC were working from home during the MCO period.

We were then given the permission to operate at full capacity from 29 April 2020 onwards after the MITI announced on 28 April 2020 that selected business sectors that have been allowed to operate during the MCO period were allowed to resume full operations and required to adhere to the COVID-19 SOPs set out by the MITI. On 10 May 2020, Actimed was allowed to resume operations with a 50% workforce capacity after obtaining the approval from the MITI.

Save for the impact from the COVID-19 pandemic as disclosed below, we do not foresee any further business interruptions moving forward as the MOH had announced the transition to endemic phase of COVID-19 from 1 April 2022, signalling a normalisation of business operations to pre-COVID-19 times.

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## 6. BUSINESS OVERVIEW (CONT'D)

Subsequently, throughout 2020 and 2021, the Government implemented various stages of the MCO such as conditional MCO, recovery MCO, FMCO as well as the NRP to curb the spread of the COVID-19 pandemic, details of which are set out below together with the implications on our operations:

	Conditional MCO	Recovery MCO	FMCO	NRP Phase 1	NRP Phase 2	NRP Phase 3	NRP Phase 4	Transition to endemic phase of COVID-19
Evo Medik	(a) Allowed to continue business operations with a 100% workforce capacity	(b) However, we implemented internal COVID-19 SOPs allowing not more than 50% of our workforce to operate in our premise at all times. The remainder of our workforce was instructed to work remotely from home		(c) Allowed to continue business operations with a 60% workforce capacity	(e) Allowed to continue business operations with a 80% workforce capacity	(f) We had revised our internal COVID-19 SOPs allowing not more than 80% of our workforce to operate in our premise at all times. The remainder of our workforce was instructed to work remotely from home	(g) Allowed to continue business operations with a 100% workforce capacity	(k) Allowed to continue business operations with a 100% workforce capacity.
UMediC								
UWHM <sup>(i)</sup>								
Actimed	Allowed to resume operations with a 50% workforce capacity after obtaining the approval from the MITI on 10 May 2020	(i) Allowed to continue business operations with a 100% workforce capacity (j) However, we implemented internal COVID-19 SOPs allowing not more than 50% of our workforce to operate in our premise at all times. The remainder of our workforce was instructed to work remotely from home		(d) We had revised our internal COVID-19 SOPs allowing not more than 60% of our workforce to operate in our premise at all times. The remainder of our workforce was instructed to work remotely from home			(h) We had revised our internal COVID-19 SOPs allowing 100% of our workforce to operate in our premise at all times	(l) We continued our internal COVID-19 SOPs allowing 100% of our workforce to operate in our premise at all times.
U Medihealth	Work remotely from home							
UWHC								

### Note:

- (i) Our production floor was operating at full capacity during the various stages of the MCO as well as the NRP.

## 6. BUSINESS OVERVIEW (CONT'D)

### (i) Measures to commence and continue our business operations

Although the MOH had announced the transition to endemic phase of COVID-19 from 1 April 2022, followed by the Government's latest decision in relaxing various health safety SOPs which taken effect from 1 May 2022, we have continued the implementation of our own internal COVID-19 Preventive Policy ("**COVID-19 Policy**"), to safeguard the health and safety conditions of our employees. The COVID-19 SOPs and Policy include the following:

- (a) all employees are required to provide declaration of health conditions and recent travel history;
- (b) ensure all employees and visitors wear face masks at all times in our premises, regularly sanitise their hands and practise social distancing;
- (c) any delivery such as parcels, medical equipment or documents in or out of the premises must be sanitised upon delivery;
- (d) importance of adhering to health protection guidelines and maintaining personal hygiene is communicated and emphasised to every employee; and
- (e) any employee that showing symptoms and have been confirmed to be a COVID-19 patient, they must inform the human resources personnel immediately, refer to the nearest government hospital or clinics and to be home quarantine.

As at the LPD, the total estimated cost for the implementation of COVID-19 SOP is amounting to approximately RM0.03 million. All of our employees have been fully vaccinated under the Program Imunisasi Industri COVID-19 Kerjasama Awam-Swasta ("**PIKAS**").

Since March 2020 and up to the LPD, there has been 15 employees tested positive for COVID-19 and all of our infected employees have since recovered. The affected employees and all employees in contact with COVID-19 positive individuals were instructed to work from home and were only allowed to return to our office after the quarantine period.

In the event that COVID-19 positive case(s)/cluster detected at our premises, we will adopt the following measures based on our COVID-19 SOPs:

- 1. suspension of operations for sanitising activities;
- 2. the employees at the affected department are to be tested for COVID-19 and practise self-quarantine before the employee(s) providing declaration of COVID-19 infection conditions;
- 3. any infected employees will be quarantined based on instructions from the MOH; and
- 4. manufacturing plant, including equipment and machinery, and offices will be disinfected according to the guidelines issued by MOH.

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**6. BUSINESS OVERVIEW (CONT'D)**


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**(ii) Impact of COVID-19 on our supply chain**

For our marketing and distribution segment, as the demand for medical devices in particular ventilators, patient monitors, defibrillators and ICU beds increased during COVID-19 pandemic, we experienced shortage of medical devices supplies from our suppliers/principals. During the first (1<sup>st</sup>) half of 2020, we experienced temporary disruptions due to the logistics flow as a result of border closures in Malaysia. This had resulted in delays of up to two (2) weeks in our delivery schedule to local customers. Subsequently, we experienced slight disruptions in the delivery of medical devices to our customers owing to global shortages of pharmaceuticals, critical medical supplies and other products. We had informed our customers of such delay. We have also practised providing our customers loaner units especially ventilators on a temporary basis, should there be any urgent needs. The loaning of medical devices has been a business practice of our Group. For example, as at FYE 2021, we loaned out 18 units of ventilators to 10 customers for a tenure period of between one (1) to four (4) weeks. We do not impose any loan charges on these units. The absence of loan charges is not expected to have a material impact on our Group's financial performance as this is part of our marketing strategy and the tenure period of loaner units are generally between one (1) to four (4) weeks. We had previously experienced a shortage of one of our medical consumables under the marketing and distribution segment i.e. disposable multifunction pads and such shortage was due to a material supply issue due to the unprecedented demand for such products caused by the COVID-19 pandemic, as informed to us by our principal. Further, the shortage of one of our medical consumables did not have a material impact on our Group's operations as we continued to sell other medical consumables. Currently, we do not experience any shortages of medical devices and/or consumables that we supply.

For our manufacturing segment, the raw materials are mainly sourced from local suppliers. During the first phase of MCO and FMCO, our suppliers' operations were also temporarily suspended. However, we did not face shortages in raw materials supplies for our manufacturing segment as we have sufficient inventory to meet the production demand. Although our Group does not have an inventory policy for maintaining inventories for raw materials for manufactured products, our Group has generally practised two (2) to three (3) months inventory level (minimum reorder level) for all our major raw materials. We have been working closely with our suppliers after they resumed operations to ensure there will be a timely delivery manner for our production planning. As the MOH had announced the transition to endemic phase of COVID-19 effective from 1 April 2022, we do not foresee any supply chain interruption moving forward or the MOH issuing suspension orders to our Group and our suppliers as a result of positive COVID-19 cases detected among employees at the workplace.

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## 6. BUSINESS OVERVIEW (CONT'D)

### (iii) Impact of COVID-19 on our sales

During the MCO periods, we continued to receive orders from our customers in the healthcare industry as they were part of essential services and our sales to overseas customers were not affected as a result of border closures and travel restrictions imposed by authorities. As such, with the increased need for more medical devices during this period, we also benefited and our sales experienced growth. The increase in sales revenue was mainly attributable to sales of medical devices, in particular patient monitors, defibrillators/AEDs, ultrasound machines and ventilators to both public and private hospitals as well as other healthcare service providers. Although the COVID-19 pandemic was one of the contributing factors, this was not the only reason as the revenue contribution was also due to these medical devices being replaced (i.e. when they reached the end of their life cycle) or upgraded (i.e. when higher specification medical devices were required). In addition, these medical devices are not solely used for the COVID-19 pandemic but can also be used for other purposes that are unrelated to the COVID-19 pandemic.

Factors that contribute to our Group's sustainability are as follows:

- expanding our product portfolio for our marketing and distribution segment through existing and/or new suppliers/principals;
- establishment of our new marketing and distribution offices with showrooms in Kuala Lumpur and Johor Bahru, in addition to the showroom located at our head office in Penang, to tap into potential business opportunities offered in these and its surrounding locations;
- expanding our distribution network for our manufactured products by appointing new distributors in overseas countries;
- developing and commercialisation of our new manufactured products such as sterile water for inhalation, prefilled nebulisers, digital oxygen flowmeters and humidifier humidity sensors;
- establishment of new hospitals and healthcare facilities as well as the upgrading of existing hospitals and healthcare facilities; and
- our Group's revenue/business operations are sustainable premised on the factors as disclosed in Section 11.7 of this Prospectus.

Based on the IMR Report, the medical device industry in Malaysia is forecasted to grow at a CAGR of 12.1% from RM12.11 billion in 2021 to RM21.41 billion in 2026. As such, our Group is confident on the prospect of our future sales.

However, due to tightening of border and travel restrictions imposed by the authorities, we faced delays up to two (2) weeks in delivering medical devices to our customers located within Malaysia and overseas during the initial MCO period (i.e from March 2020 to April 2020). Subsequent to that, our Group has not faced any major delays in delivery. Further, our sales were not affected and we did not experience any cancellation of orders from our customers in Malaysia and overseas. In spite of the delay in delivery of medical devices, it did not materially affect our revenue recognition.



## 6. BUSINESS OVERVIEW (CONT'D)

### (iv) Impact of COVID-19 on our business cash flows, liquidity, financial position and financial performance

During the MCO periods, there was no material impact on the collectability of our trade receivables arising from business interruptions as all of our customers are healthcare service providers who are categorised as essential services and allowed to operate during the MCO periods.

As at 31 January 2022, we have:

- (a) cash and bank balances of approximately RM5.61 million; and
- (b) banking facilities of approximately RM32.40 million, of which RM6.50 million has yet to be utilised.

Our Board is confident that, after taking into account our cash flow position and the banking facilities currently available to our Group, our working capital will be sufficient for our capital/operating expenditure and to sustain our business.

We did not receive any claw back or reduction in the banking facilities limit granted to us by our lenders. In addition, we do not anticipate any financial difficulties in meeting our debt obligations in the foreseeable future. We do not expect any material impairment to our assets, inventories or receivables.

Based on the above, we do not expect any material impact to our cash flows, liquidity, financial position and financial performance.

### 6.20 BUSINESS INTERRUPTIONS

We have not experienced any interruptions that had a significant effect on our operations during the past 12 months preceding the LPD.

### 6.21 DEPENDENCY ON CONTRACTS, INTELLECTUAL PROPERTY RIGHTS, LICENCES, PERMITS AND PRODUCTION OR BUSINESS PROCESSES

We are not dependent on any contracts, intellectual property rights and production or business processes that could materially affect our business as at the LPD.

Further, save as disclosed in Annexure B of this Prospectus, we are not dependent on any other licences and permits that could materially affect our business as at the LPD.


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## 6. BUSINESS OVERVIEW (CONT'D)


### 6.22 INTELLECTUAL PROPERTIES

As at the LPD, save for the following, we do not have any other major intellectual property rights registration or application:

#### (i) Trademark<sup>(i)</sup>

Registered owner/ Applicant	Authority	Trademark	Application No./ Registration No.	Filing date/ Expiry date	Class of trademark	Status
UMediC	MyIPO		TM2021026811	28 September 2021 / N/A	Class 10/ Medical apparatus for use in respiration; respiratory gas blending apparatus for medical use; medical devices for assisting respiration; medical devices for implantology; special furniture for medical use; furniture especially made for medical purposes and for medical use; ambulance stretchers; tables (furniture), made of medical purposes; chair lift transporters for transporting patients; instruments for patient rehabilitation; apparatus for the therapeutic treatment of patients; armchairs especially made for medical purposes; dental chairs; beds for use in medical diagnosis; medical mattresses; cushions for medical purposes; test equipment for medical use; apparatus for use in dental laboratories; disposable laboratory apparatus for medical use; scientific apparatus for laboratory purposes (medical diagnosis); machines for use in biological reactions in laboratories (medical); medical therapy apparatus and instruments; apparatus for medical diagnosis; diagnostic instruments for medical uses; diagnostic ultrasound instruments for medical use; apparatus for medical use; articles for medical use;	Accepted and published in Intellectual Property Official Journal but pending registration <sup>(ii)</sup>

## 6. BUSINESS OVERVIEW (CONT'D)

Registered owner/ Applicant	Authority	Trademark	Application No./ Registration No.	Filing date/ Expiry date	Class of trademark	Status
					apparatus for sale in kit form for medical diagnostic purposes; appliances for physical exercise (adapted for medical use); exercise simulating apparatus for medical purposes; humidifiers for use in medical treatment; humidifying machines for medical use; disposable plastic containers especially made for syringes; medical apparatus incorporating lasers; medical gloves; medical hand tools; portable instruments for medical use in monitoring oxygen levels in gaseous mixtures; suction bottles for medical use; casting splints and inflatable appliances (splints) for medical use in holding the limbs	
UWHM	MyIPO		TM2019034887	20 September 2019 / NA	Class 16/ Paper and articles, printed matter, stationery, posters, brochures, catalogues, books, magazines (publications), postcards, greeting cards, envelopes, calendars, paper bags, plastic bags and packaging materials, paper labels and plastic label	It is under appeal for objection raised by MyIPO <sup>(iii)</sup>

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## 6. BUSINESS OVERVIEW (CONT'D)

Registered owner/ Applicant	Authority	Trademark	Application No./ Registration No.	Filing date/ Expiry date	Class of trademark	Status
UWHM	MyIPO	<b>HYDROX</b>	TM2021018438	7 July 2021 / NA	Class 10/ Sterile disposable oxygen humidifier; water bags for medical purposes; oxygen monitors for medical use; nebulisers for administering aerosol medications to a patient's respiratory system; nebulisers for medical purposes; inhalers for administering aerosol medications to a patient's respiratory system; respiratory masks for medical purposes; spacers for inhalers; oxygen inhalers for medical purposes; vaporizers for medical purposes; atomizers for medical use; oxygen concentrators for medical use; oxygen masks for medical use; medical apparatus for facilitating the inhalation of pharmaceutical preparations; oxygen inhalators for therapeutic purposes	It is under appeal for objection raised by MyIPO <sup>(iv)</sup>

### Notes:

- (i) Our Group's trademark upon registration will be valid for ten (10) years from the date of application and may be renewed every 10 years. We are in the process of registering HydroX trademark. As for AirdroX, we are in the midst of working on the registration of the trademark for the product through our in-house trademark agent, Ng Sze Hui and it is expected to be submitted in the fourth (4<sup>th</sup>) quarter of 2022.
- (ii) Expected to obtain registration by third (3<sup>rd</sup>) quarter of 2022. In the event our Group fails to obtain the registration, it is not expected to have a material impact as our Group's business operations do not depend on this trademark and could be replaced by a new trademark.
- (iii) Expected to obtain decision by fourth (4<sup>th</sup>) quarter of 2022. In the event our Group fails in its appeal, this is not expected to have a material impact on our Group's business operations as we do not depend on this trademark and it could be replaced with a new trademark.

MyIPO quoted the following reasons for its objection:

- i. the trademark is not an invented word or words. It does not fulfil the requirement of Section 10(1)(c) of the Trademark Act 1976;
- ii. the trademark is a word having direct reference to the character or quality of the goods or services. It does not fulfil the requirement of Section 10(1)(d) of the Trademark Act 1976;

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## 6. BUSINESS OVERVIEW (CONT'D)

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- iii. the trademark is not a distinctive mark which can distinguish the goods or services of the applicant from others in the course of business. It does not fulfil the requirement of Section 10(1)(e) of the Trademark Act 1976; or
- iv. the trademark is made up by alphabet/number/representation with no special or unique arrangement. It is not right to be monopolised by a specified person(s). Therefore, it is not distinctive in accordance to Section 10(1)(e) of the Trademark Act 1976.

Based on the response from our external trademark agent, there is a fair chance of success for the appeal.

- (iv) Expected to obtain decision by fourth (4<sup>th</sup>) quarter of 2023. In the event our Group fails in its appeal, this is not expected to have a material impact on our Group's business operations as we do not depend on this trademark and it could be replaced with a new trademark.

MyIPO quoted the following reasons for its objection:

- i. The trademark contains or consists of a common word used as or is the name of a chemical element or a single accepted chemical compound, differentiated by a mixture, or declared by the World Health Organisation as a name or that looks almost identical to that name. Therefore, it does not comply with section 23(5)(h) of the Trademark Act 2019.  
Explanation: HYDROX is a chemical formula. It stands for "Hydride Oxidation"
- ii. The trademark is similar to an earlier trademark (The mark "Hidroxx" with application no. 2012002028 under class 5) and is to be registered for goods or services similar to the earlier trademark contrary to Section 23(2)(b) of the Trademark Act 2019.

Based on the response from our external trademark agent, there is a fair chance of success for the appeal.

Our Group is not dependent on the trademarks which are pending registration as our Group will still be able to sell the products should the trademarks not be successfully registered.

The registration of the trademarks is a preventive measure taken by our Group to prevent others from using a similar sign or logo. When dealing with our customers, our customers emphasise on the manufacturer's name (i.e. UWHM) instead of the brand name.

In the event our Group decides to change the brand name on the MDC, only a notification is required to be filed to the MDA Malaysia and the change of brand name can be implemented immediately according to the "Medical Device Guidance Document on Change Notification for Registered Medical Device" issued by the MDA Malaysia under the MOH.

## 6. BUSINESS OVERVIEW (CONT'D)

### (ii) Patent<sup>(i)</sup>

Applicant	Authority	Filing No.	Filing Date.	Validity period	Title of invention	Status
UWHM	MyIPO	PI2019006719	15 November 2019	N/A	Nebuliser	Under substantive examination and pending approval <sup>(ii)</sup>
UWHM	MyIPO	UI2019006720	15 November 2019	N/A	Humidifier	Under substantive examination and pending approval <sup>(ii)</sup>

#### Notes:

- (i) A patent is an exclusive right granted for an invention, which is a product or a process that provides, in general, a new way of doing something, or offers a new technical solution to a problem. There is no patent is submitted for AirdroX series inhaler spacer as our Group is of the view that the registered industrial design for AirdroX series inhaler spacer is expected to provide sufficient protection as the distinguishing feature of the inhaler spacer is the design. Hence, a patent would not be necessary.
- (ii) Expected to obtain decision by fourth (4<sup>th</sup>) quarter of 2022. In the event our Group fails to obtain the approval due to it is not patentable, it is not expected to have a material impact as our Group could continue to sell the product without having the sole and exclusive rights to this patent.

### (iii) Industrial Design<sup>(i)</sup>

Applicant	Authority	Filing No.	Filing Date/ Expiry Date	Class of Article/ Name of Article	Status
UWHC	MyIPO	19-E0210-0101	6 November 2019/ 6 November 2024 <sup>(ii)</sup>	24-04/ Asthma inhaler spacer	Registered
UWHC	European Union Intellectual Property Office	007872858-0001	5 May 2020/ 5 May 2025 <sup>(ii)</sup>	24-04/ Asthma inhaler spacer	Registered

**6. BUSINESS OVERVIEW (CONT'D)**

Applicant	Authority	Filing No.	Filing Date/ Expiry Date	Class of Article/ Name of Article	Status
UWHC	Directorate General of Intellectual Property of Indonesia	A00202001396	5 May 2020/ 5 May 2030	24-04/ Asthma inhaler spacer	Registered

**Notes:**

- (i) An industrial design means features of shape, configuration, pattern or ornament applied to an article by any industrial process which in the finished article appeal to the eye and are judged by the eye. The owner of a registered design has the exclusive right to make, import, sell or hire out any article to which the design has been applied.
- (ii) The validity term is five (5) years from the filing date and the term is renewable for further four (4) terms of five (5)-year periods up to the total term of 25 years.

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## 6. BUSINESS OVERVIEW (CONT'D)

### 6.23 EMPLOYEES

As at the LPD, we have a total workforce of 107 employees, all of which are permanent employees and are Malaysian. We do not have any foreign employees.

The following sets out the number of employees in our Group according to the business function and department as at the LPD:

Category	No. of employees	
	As at 31 January 2022	As at the LPD
Managerial	6	6
Administrative and clerical	23	24
R&D	3	3
Sales, marketing and services	33	36
Production	13	11
Factory worker	26	27
General worker	-	-
<b>Total</b>	<b>104</b>	<b>107</b>

For FYE 2019, FYE 2020 and part of FYE 2021, we provided accommodation for our employees. However, the tenancy arrangement, for the rental of factory and provision of hostel accommodation for our employees, ended on 15 March 2021 upon UWHM moving to our new head office in Batu Kawan, Penang. Since then, we are no longer provide any hostel accommodation for our employees.

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

In addition, the medical device industry is highly regulated due to the product risk to health, and one of the requirements is to establish and maintain a quality management system. Thus, it is our Group's policy to develop and train the employees to improve their skillsets and professionalism in order to enhance operational efficiency. We place great emphasis on our employee training and development programme. As training and development is a continuous process, our Group encourages our employees to continually increase their skillsets and knowledge through internal or external avenues to help them upgrade their knowledge and skills on a periodic basis. These internal and external training programmes and seminars may encompass topics such as medical devices, marketing strategy, and regulatory requirement and compliance in the medical device industry.

The table below sets out the training programmes that were attended by our employees in 2021 and 2022:

No.	Training Subjects
1.	Product (medical devices) trainings: Philips, Mindray, Dameca, Merit and GE
2.	Heartstart intrepid capabilities/COVID-19 (online)
3.	Kaizen Tools and 7 Lean Wastes (online)
4.	How to prepare risk based cleanroom monitoring plan as per ISO 14644-2:2015 (online)
5.	Risk management (ISO 14971:2019) (online)
6.	Philips' solution playbook (online)
7.	General data protection regulation (online)



**6. BUSINESS OVERVIEW (CONT'D)**

No.	Training Subjects
8.	The Ishikawa/ Fishbone quality management method (online)
9.	The 7 Basic Tools of Quality (online)
10.	The 5 Whys QM Method (online)
11.	European Union ("EU") Medical Devices Regulation ("MDR") 2017/745 (online)
12.	Multivac x Sterimed (online)
13.	Software validation, cyber security and CSV (online)
14.	MDR compliance for legacy devices (online)
15.	ISO 13485:2016 internal audit (online)
16.	Preventing downtime with liquid particle counter technology (online)
17.	Introduce a new QMS for the built environment sector (online)
18.	Ensuring product safety with rapid, simplified disinfection control (online)
19.	Using uncertainty in radiation processing to establish process target dose (online)
20.	Improving your Clean-In-Place system (online)
21.	Milli-Q Water for pharmaceutical application (online)
22.	Clinical evaluation report (online)
23.	New EN17141 "biocontamination control" and microbiology in cleanrooms and controlled environments
24.	Radiation sterilisation validation approach – A microbiological perspective (online)
25.	Understanding sterile packaging lifecycle (online)
26.	Software validation requirements and excel spreadsheet validation (online)
27.	Industry expert sharing on bioburden, sterility and bacteriostasis and fungistasis testing for medical devices (online)
28.	Transcutaneous pacing training
29.	Ultrasound principle training (online)
30.	ISO14971:2019 Risk Management of Medical Device (online)
31.	Regulatory observations on process validation for medical device and associated remedies (online)
32.	Thermoregulation in neonates (online)
33.	Neonate resuscitation systems
34.	Acceptance sampling method (online)
35.	The essentials in sterilised packaging (ISO 11607 & the Standard Guide for Accelerated Aging of Sterile Barrier Systems for Medical Devices F1980) (online)
36.	Efficient management of mechanical & heating, ventilation, and air conditioning at the workplace (online)
37.	Jaundice neonates BiliSoft™ LED phototherapy system
38.	Effective root cause analysis (online)
39.	Test method validation (online)
40.	Philips Avalon and Intellispace Perinatal - Fetal Monitoring Solution
41.	Philips Lumify 4.0 New Release - Clinical training
42.	Masimo CAS Training APAC
43.	Philips MR Patient Care - Clinical Webinar
44.	2022 EC Webinar Series: Philips HeartStart Intrepid Monitoring Capabilities
45.	Medical Device Change Control (online)
46.	Failure Modes, Effects and Criticality Analysis (FMECA) for Medical Device Manufacturing (online)
47.	Effective Root Cause Analysis (online)

## 6. BUSINESS OVERVIEW (CONT'D)

No.	Training Subjects
48.	NCR/ CAPA/ Complaint Handling (online)
49.	Medical Device Good Documentation Practices (GDocP) (online)
50.	An Overview of Sterile Barrier Package Validation Testing (online)

### 6.24 GOVERNING LAWS, REGULATIONS, RULES OR REQUIREMENTS

The relevant laws, regulations, rules and requirements governing the conduct of our Group's business and environmental issue which may materially affect our Group's businesses or operations are summarised below. The following does not purport to be an exhaustive description of all relevant laws and regulations of which our business is subject to.

#### (i) Local Government Act 1976

The Local Government Act 1976 ("LGA") is enacted to revise and consolidate the laws relating to local government in Peninsular Malaysia. Every licence or permit granted by the local authority shall be subject to such conditions and restrictions as the local authority may think fit and shall be revocable by the local authority at any time without assigning any reason therefor.

Pursuant to the LGA, a person fails to exhibit or produce his licence on the licensed premises shall be liable to a fine not exceeding RM500 or to imprisonment for a term not exceeding six (6) months or to both.

#### (ii) Medical Device Act 2012 (Act 737)

MDA is enacted to regulate medical devices, the industry and to provide matters connected thereto.

Pursuant to MDA, no medical device shall be imported, exported or placed in the market unless the medical device is registered under MDA. A person who contravenes this requirement commits an offence and shall, on conviction, be liable to a fine not exceeding RM200,000 or to imprisonment for a term not exceeding three (3) years or to both.

In addition, no establishment shall import, export or place in the market any registered medical device unless it holds an establishment licence granted under MDA. Any establishment who contravenes this requirement commits an offence and shall, on conviction, be liable to a fine not exceeding RM200,000 or to imprisonment for a term not exceeding three (3) years or to both.

#### (iii) Medical Device Regulations 2012

Medical Device Regulations 2012 ("MDR") is made under MDA to regulate, among others, conformity assessment procedure, registration of medical device, registration of conformity assessment body, application for establishment licence, application for export permit and labelling requirements.

MDR provides that the label shall not contain any statement to the effect, whether direct or indirectly, that the placement in the market, or usage or operation of the medical device is being promoted or endorsed by the MDA Malaysia or the MOH or any of its organisational bodies. A manufacturer who contravenes this requirement commits an offence and shall, on conviction, be liable to a fine not exceeding RM10,000 or to imprisonment for a term not exceeding three (3) months or to both.

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**6. BUSINESS OVERVIEW (CONT'D)**

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**(iv) Industrial Co-ordination Act 1975**

The Industrial Co-ordination Act 1975 ("**ICA 1975**") requires manufacturing companies with shareholders' funds of RM2.50 million and above or engaging 75 or more full-time paid employees to apply for a manufacturing licence from the MITI. Failure to observe and adhere to the licensing requirements under the ICA 1975 will constitute an offence which is punishable on conviction by a fine not exceeding RM2,000 or to a term of imprisonment not exceeding six (6) months and to a further fine not exceeding RM1,000 per day during which the non-compliance continues.

The licensing officer may also in his discretion revoke a licence if the manufacturer to whom a licence is issued:

- (a) has not complied with any condition imposed in the licence;
- (b) is no longer engaged in the manufacturing activity in respect of which the licence is issued; or
- (c) has made a false statement in his application for the licence.

The licensing officer may also withhold or suspend the revocation of the licence if he is satisfied that the act or omission on the part of the manufacturer under the above situations was due to some cause beyond his control and there is a reasonable prospect of such act or omission being remedied within such period as the licensing officer may direct.

As at the LPD, there is no non-compliance with the aforesaid laws, regulations, rules and requirements.

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## 7. INDUSTRY OVERVIEW

PROTEGE ASSOCIATES SDN BHD (200101015347) (1415647-D)  
SUITE C-09-12, PLAZA MONT' KIARA  
2 JALAN KIARA, MONT' KIARA  
50480 KUALA LUMPUR, MALAYSIA  
GEN +603 6201 9301 FAX +603 6201 7302  
www.protege.com.my

**Protégé**  
ASSOCIATES

BRAND | FINANCE | MARKET

Date: **13 JUN 2022**

The Board of Directors

**UMediC Group Berhad**

PMT 790, Jalan Cassia Selatan 5/2

Taman Perindustrian Batu Kawan

14110 Bandar Cassia

Pulau Pinang

Dear Sirs,

### Strategic Analysis of the Medical Device Industry in Malaysia

Protégé Associates Sdn Bhd ("**Protégé Associates**") has prepared this 'Strategic Analysis of the Medical Device Industry in Malaysia' in relation to the listing of UMediC Group Berhad ("**UMC**") on the ACE Market of Bursa Malaysia Securities Berhad ("**Bursa Securities**").

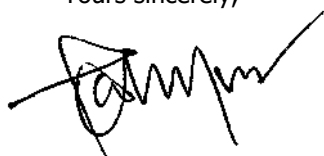
Protégé Associates is an independent market research and business consulting company. Our market research reports provide an in-depth industry and business assessment for companies raising capital and funding in the financial markets; covering their respective market dynamics such as market size, key competitive landscape, demand and supply conditions, government regulations, industry trends and the outlook of the industry.

Dr. Tan Chin How is a Director of Protégé Associates. He has 19 years of experience in consulting and market research for multiple industries ranging from manufacturing, information technology, renewable energy, steel, oil and gas, aquaculture to various other sectors. He has also provided his market research expertise to government agencies such as Malaysian Technology Development Corporation Sdn Bhd, Department of Fisheries Malaysia and Malaysian Green Technology Corporation.

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 balanced, 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,



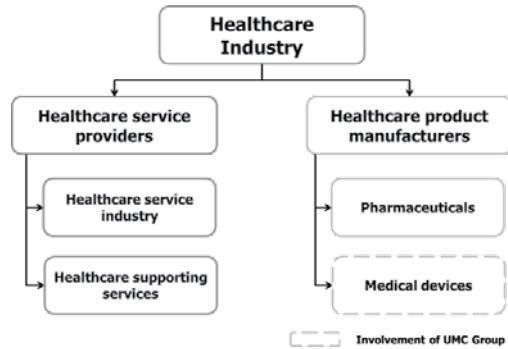
Dr. Tan Chin How  
Director

## 7. INDUSTRY OVERVIEW (CONT'D)



### 1.0 Overview of the Healthcare Industry

Figure 1: Segmentation of the Healthcare Industry



Note: UMC and its subsidiaries ("UMC Group") are dependent on the healthcare service industry.

Source: Protégé Associates

The healthcare industry consists of healthcare service providers and healthcare product manufacturers who are involved in facilitating the provision of healthcare to patients. Healthcare services refer to the provision of consultation, diagnosis, patient care and medication for the prevention and/or treatment of diseases, injuries, ailments as well as other physical and psychological health conditions. On the other hand, healthcare supporting services refer to the provision of support services such as management and medical record keeping to ensure that the healthcare facility can operate optimally. Healthcare service providers include hospitals, medical centres and clinics, amongst others.

Healthcare product manufacturers are businesses that manufacture pharmaceutical products and medical devices that are used during diagnosis and treatment of health conditions. Pharmaceutical products include prescription and over-the-counter ("OTC") drugs, health and food supplements and traditional and complementary medicines. Medical devices refer to any instrument, apparatus, implement, machine, appliance, implant and in-vitro reagent that is used for the purpose of diagnosing, preventing, monitoring, or treating diseases, injuries, ailments as well as other physical and psychological health conditions. Medical devices range from simple devices such as tongue depressors and walking aids to more complex devices such as defibrillators and pacemakers.

**UMC Group is principally involved in the marketing and distribution of various branded medical devices and consumables as well as the provision of after-sales service for all its products. UMC Group is also involved in developing, manufacturing and marketing of its medical consumables. Its products are mainly sold to both private and public hospitals, other healthcare service providers such as medical centres and other healthcare-related facilities as well as non-medical business entities in both local and overseas markets. Accordingly, Protégé Associates will provide the analysis of the medical device industry in the sections below. Protégé Associates will also provide an overview of the healthcare service industry in Malaysia below as it is a key end-user of UMC Group's products.**

#### 1.1 Overview of the Healthcare Service Industry in Malaysia

Healthcare services refer to the provision of consultation, diagnosis, patient care and medication for the prevention and/or treatment of diseases, injuries, ailments as well as other physical and psychological health conditions. Healthcare services are provided by doctors and specialists, nurses and other healthcare professionals. The healthcare services provided can be categorised into different levels of care, as seen in the Figure 2 below.

Figure 2: Levels of Healthcare

Level of care	Definition
Primary care	Primary care is the most basic type of care provided by healthcare professionals such as general practitioners, nurses or dentists to the public when they have a health problem. Primary care is usually provided on an outpatient basis in facilities such as clinics or pharmacies. The primary care provider may refer a patient to more specialised services, if required.
Secondary care	Secondary care refers to services provided by medical specialists who have more expertise in their specific field of medicine (e.g. oncologists for cancer and cardiologists for heart diseases etc.). Secondary care is usually provided in specialist clinics, hospitals and medical centres that have the relevant equipment to provide the necessary diagnosis and treatment. It can be provided in an outpatient or inpatient setting.

## 7. INDUSTRY OVERVIEW (CONT'D)

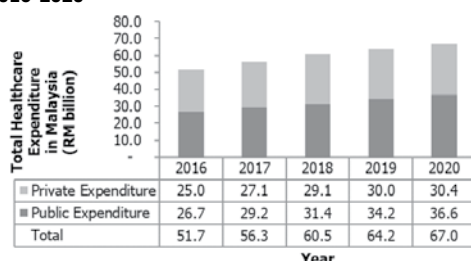


Level of care	Definition
Tertiary care	Tertiary care involves further specialised care that is usually carried out in an inpatient setting in specialised hospitals or medical centres. Healthcare professionals in tertiary care settings usually have access to more specialised devices and equipment to diagnose and treat their patients. Types of services in tertiary care include complex procedures such as coronary surgery, cancer care and neurosurgery.
Quaternary care	Quaternary care is considered to be an extension of tertiary care. It usually involves high-risk and complex surgeries such as organ transplants.

Source: Protégé Associates

The healthcare system in Malaysia is a two-tiered system, namely the public and private healthcare system. The public healthcare system is a government-led and tax-funded system that provides heavily-subsidised healthcare services for Malaysians. The private healthcare system is a fee-for-service system in which patients pay according to the healthcare services provided to them.

**Figure 3: Total Healthcare Expenditure in Malaysia, 2016-2020**



Source: Ministry of Health, Malaysia ("MOH")

The total healthcare expenditure in Malaysia stood at RM67.0 billion in 2020, an increase of 4.4% from RM64.2 billion in 2019. Public healthcare system expenditure accounted for RM36.6 billion (54.6%) of the total healthcare expenditure while the private healthcare system accounted for RM30.4 billion (45.4%) in 2020. The total healthcare expenditure in Malaysia has shown an increasing trend from 2016 to 2020, growing by a compound annual growth rate ("CAGR") of 6.7% from RM51.7 billion in 2016 to RM67.0 billion in 2020. The growth was contributed by both public and private healthcare systems.

There has been an increase in the number of hospitals in Malaysia from 2016 to 2020. In 2016, there were 340 hospitals in Malaysia, of which 153 were public hospitals and 187 were private hospitals. In 2020, the total number of hospitals in Malaysia increased to 358, of which 156 were public hospitals and 202 were private hospitals.

The number of hospital beds in Malaysia has grown in tandem with the increased healthcare expenditure and number of hospitals. The figure below shows the number of hospital beds in Malaysia from 2016 to 2020. Despite the growing number of hospital beds from 2016 to 2020, the bed-to-total population ratio ("BPR") in Malaysia stood at 2.01 beds per 1,000 residents in 2020. Although Malaysia's BPR has increased, it is still low compared to that of other countries such as Germany (2019: 7.9), Japan (2019: 12.8), and Korea (2019: 12.4). This represents an opportunity for continued development in hospitals in Malaysia. In the Twelfth Malaysia Plan ("12MP") that was tabled by the Malaysian Government, the Government is targeting a BPR of 2.08 beds per 1,000 residents by 2025 as part of its efforts to enhance healthcare service delivery in Malaysia through construction of new hospitals or upgrading of existing hospitals and facilities. In addition to the 12MP, the Government plans to allocate RM32.4 billion in Budget 2022 to the MOH for operating and development expenditure to fight COVID-19 and improve the public healthcare system.

**Figure 4: Number of Hospital Beds in Malaysia, 2016-2020**

Year	Number of Hospital Beds (Units)				Total
	Public			Private	
	MOH Hospitals	MOH Special Medical Institutions <sup>1</sup>	Non-MOH Hospitals <sup>2</sup>	Hospitals	
2016	37,293	4,702	3,683	13,957	59,635
2017	37,470	4,832	3,892	14,799	60,993
2018	37,609	4,815	4,187	15,957	62,568
2019	38,131	4,805	4,052	16,469	63,457
2020	44,117	5,574	4,118	17,155	70,964

Notes:

<sup>1</sup> Includes rehabilitation hospital, women & children hospital, National Leprosy Control Centre, Institute of Respiratory Medicine, National Cancer Institute, and psychiatric institutions

<sup>2</sup> Includes army hospitals and university hospitals

Source: MOH

## 7. INDUSTRY OVERVIEW (CONT'D)



### 2.0 The Medical Device Industry in Malaysia

Medical devices refer to any instrument, apparatus, implement, machine, appliance, implant and in-vitro reagent that are used for the purpose of diagnosing, preventing, monitoring or treating diseases, injuries, ailments as well as other physical and psychological health conditions. Malaysia is considered to be a manufacturing hub for medical devices in the region and there are over 200 medical device manufacturers in the country, with around half of them producing medical gloves. Additionally, Malaysia is home to more than 30 multinational companies ("MNCs") who have set up their manufacturing operations in the country through their subsidiaries which include B. Braun Medical Industries Sdn Bhd ("B. Braun"), Boston Scientific Medical Device (Malaysia) Sdn Bhd ("Boston Scientific"), Abbott Medical (Malaysia) Sdn Bhd ("Abbott Medical") and Teleflex Medical Sdn Bhd. Local companies include Ain Medicare Sdn Bhd, Epsilon Medical Devices Sdn Bhd, Vigilenz Medical Devices Sdn Bhd and Ideal Healthcare Sdn Bhd.

Medical devices produced in Malaysia range from simple to complex products. The manufacturers of medical devices in Malaysia have gradually moved up the value chain. The country began as manufacturers of simpler medical devices such as rubber gloves and catheters and has begun making inroads into more sophisticated and complex medical devices such as implantable devices, imaging equipment and monitoring devices. Medical devices can be categorised into disposable products, surgical instruments, therapeutics and diagnostic equipment. Figure 5 below describes each category and provides examples of devices in each category.

**Figure 5: Categories of Medical Devices**

Category	Description and Examples of Devices
Disposable Products	Single-use products and consumables that usually require less medical expertise to produce. Products in this category include tongue depressors, bandages, gloves, catheters, prefilled humidifiers and prefilled nebulisers.
Surgical Instruments	Devices that are used to perform specific actions during surgical procedures. Products in this category include scalpels, scissors, forceps and clamps.
Therapeutics	Devices that are used to treat the patient's medical condition and may include implantable or non-implantable products. Products in this category include pacemakers and prosthetics.
Diagnostic Equipment	Medical devices used in patient monitoring, diagnosis and imaging. Products in this category include magnetic resonance imaging and computed tomography equipment, ultrasound machines and patient monitoring machines.
Others	Medical and surgical furniture such as hospital beds and patient trolleys.

*Source: Protégé Associates*

UMC Group is principally involved in the **marketing and distribution of various branded medical devices and consumables as well as the provision of after-sales service for all its products. UMC Group is also involved in developing, manufacturing and marketing of its medical consumables.** The category of medical devices that UMC Group distributes is diagnostic equipment such as patient monitors and ultrasound machines while the category of medical devices that UMC Group manufactures is disposal products such as prefilled humidifiers and prefilled nebulisers.

Medical devices in Malaysia are regulated by the Medical Device Authority, an agency under the MOH, to ensure the health and safety of the patients and users and to facilitate the trade of medical devices and the industry. Under the Medical Device Act 2012 (Act 737), any medical device is required to be registered before it can be imported, exported or placed on the market by manufacturers of medical devices in Malaysia or authorised representatives appointed by a manufacturer outside of Malaysia. In Malaysia, medical devices are classified into four (4) classes based on the risk associated with the devices. It uses a set of classification rules based on the device's intended use, the duration of use (transient, short-term, long-term), and where it is used on the body (non-invasive or invasive). This helps to safeguard the health and safety of the patients and users when utilising medical devices. Prior to registering a medical device, an establishment (i.e. manufacturer or authorised representative) must classify the device based on the classification rules. Figure 6 below shows the classification of medical devices, its risk level and examples of devices in each classification.

**Figure 6: Classification of Medical Devices**

Class	Risk Level	Device Examples
A	Low	Simple surgical instruments, tongue-depressor, examination light, oxygen mask, stethoscopes, walking aids, hospital beds, simple wound dressing.
B	Low-moderate	Hypodermic needles, suction equipment, aspirator, hearing aids, hydrogel dressings, x-ray films.

## 7. INDUSTRY OVERVIEW (CONT'D)



Class	Risk Level	Device Examples
C	Moderate-high	Lung ventilator, orthopedic implants, baby incubator, deep wound dressing, defibrillator, radiological therapy equipment.
D	High	Pacemakers and their leads, implantable defibrillators, heart valves, intra-uterine contraceptive devices.

Source: Medical Device Authority

In spite of the Coronavirus Disease 2019 ("COVID-19") pandemic and its resulting economic impact, the medical device industry in Malaysia has continued to attract strong investment in 2021. The industry recorded investments worth RM7.7 billion across 38 projects in 2021, an increase of from RM6.1 billion across 51 projects in 2020 and RM4.0 billion across 31 projects in 2019. Of the RM7.7 billion invested in the industry in 2021, RM4.7 billion was invested in 22 new projects while the RM3.0 billion was invested into expansion and/or diversification projects. Domestic investment accounted for 61.0% of the total investment in 2021 while 39.0% was from foreign investment. A notable investment approved in 2021 was a new investment by Menicon Malaysia Sdn Bhd, a wholly-owned subsidiary of a Japanese company that is involved in developing and manufacturing contact lenses and lens care solutions.

### Global Market for Malaysia's Medical Devices

**Figure 7: Export Value of Malaysia's Medical Devices, 2018 - 2020**

Year	2018	2019	2020
Export Value of Medical Devices (RM billion)	23.1	23.9	30.0

Source: Ministry of International Trade and Industry and Malaysia Investment Development Authority

The medical devices manufactured in Malaysia cater for both the domestic and global markets. As seen in Figure 7 Malaysia's export of medical devices has also shown growth from 2018 to 2020. Malaysia's export of medical devices expanded by 25.5% from RM23.9 billion in 2019 to RM30.0 billion in 2020 mainly driven by surgical and examination gloves. Major exports from Malaysia include surgical and examination gloves, medical instruments, catheters, syringes, needles and sutures as well as electro-medical equipment. Malaysia exports to a wide range of countries including Australia, Belgium, China, Singapore, and the United States of America. Going forward, the prospect and outlook of the global medical device industry remains positive and growth is anticipated to be driven by factors such as an ageing population, improving healthcare infrastructure worldwide as well as advancements in technology and digitalisation leading to more smart devices.

### 3.0 Strategic Analysis of the Medical Device Industry in Malaysia

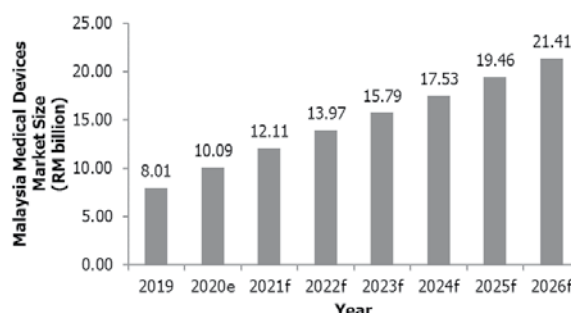
#### 3.1 Historical Market Performance and Growth Forecast

The historical performance and growth forecast of the medical device industry in Malaysia is based on a combination of resources including information from the Department of Statistics Malaysia ("DOSM") and Association of Malaysian Medical Industries as well as other secondary and primary research conducted. The market size of the medical device industry in Malaysia is derived from the aggregate consumption of medical devices (i.e. value of manufactured products and imported products net exported products). The findings are collated, analysed, and/or computed to ascertain the outlook of the medical device industry in Malaysia.

**Figure 8: Historical Market Size (in terms of sales value) and Growth Forecast of the Medical Device Industry in Malaysia, 2019 - 2026f**

Year	Market Size (RM billion)	Growth Rate (%)
2019	8.01	-
2020	10.09	26.0
2021e	12.11	20.0
2022f	13.97	15.4
2023f	15.79	13.0
2024f	17.53	11.0
2025f	19.46	11.0
2026f	21.41	10.0

CAGR (2021-2026) (base year of 2021) = 12.1%  
Note: e denotes estimate, f denotes forecast



Source: Protégé Associates

The medical device industry in Malaysia registered a growth of 26.0% from RM8.01 billion in 2019 to RM10.09 billion in 2020 primarily driven by the COVID-19 pandemic. It is estimated that the industry will grow by 20.0% to reach RM12.11 billion in 2021. The COVID-19 pandemic has shown the need for medical



## 7. INDUSTRY OVERVIEW (CONT'D)



devices to treat patients with COVID-19 as well as diagnosing and testing individuals who are suspected to have COVID-19. As an essential service, medical device manufacturers and traders have not had to cease their operations during the various lockdowns imposed by the Government of Malaysia ("Government") to curb the spread of the virus, and as such, the industry continued to operate to fulfil the demand for medical devices. The Government had allocated additional budget to increase the number of hospital and intensive care unit ("ICU") beds in assigned COVID-19 hospitals nationwide to treat patients with COVID-19. The Government has also had to procure additional medical devices that are used in the diagnosis and treatment of COVID-19 such as ventilators, X-ray machines, breathing apparatus and patient monitors.

In the immediate term (2022-2023), the industry is expected to continue to be driven primarily by the COVID-19 pandemic. Malaysia has fully-vaccinated more than 95% of its adult population, more than 90% of its adolescent (12 to 17 years old) population, and is currently vaccinating children between the ages of 5 and 11, which will ease the COVID-19 burden on the healthcare industry. Nevertheless, demand for healthcare services is expected to remain high due to the incidence of non-communicable diseases ("NCDs") in Malaysia. Additionally, there is likely to be pent-up demand from locals who previously postponed medical care such as elective surgeries during the COVID-19 pandemic. There is also expected to be demand from medical tourists as Malaysia has reopened its borders to tourists beginning 1 April 2022. Malaysia's growing and ageing population is also a factor in the increased demand for medical care. On the supply side, Malaysia's medical device industry is anticipated to grow as a result of the Government's support and continued investment from domestic and foreign medical device market players.

In the medium to long-term (2024-2026), the local medical device industry is expected to be boosted by the demand from the healthcare industry and the control of COVID-19. The Government will eventually shift its healthcare focus from containing the virus to improving the country's public healthcare system through building new healthcare facilities as well as upgrading existing facilities. Similarly, private healthcare providers are also anticipated to open new hospitals and expand the capacity of their existing hospitals. In addition, Malaysia's reopening of its borders are expected to boost the growth in healthcare tourism in Malaysia from the demand that was unfulfilled during the COVID-19 pandemic, thereby driving the growth in the healthcare industry and accordingly, the demand for medical devices. Growth during this period is also anticipated to be underpinned by the increasing ageing population in Malaysia who are more likely to require medical care. Furthermore, there is high incidence of NCDs and a rising obesity rate in the Malaysian population, which is also expected to facilitate demand for medical care. The medical device industry in Malaysia is projected to be robust in the long term and register a CAGR of 12.1% from RM12.11 billion in 2021 to RM21.41 billion in 2026.

### 3.2 Competitive Analysis

The medical device industry in Malaysia is fragmented in nature and consists of market players such as local manufacturers, subsidiaries of MNCs, as well as distributors. Local manufacturers of medical devices are involved in the design and development of medical devices. They may manufacture their own brand of medical devices or perform contract manufacturing activities for other brands. MNCs such as B. Braun and Boston Scientific have established operations in Malaysia. Some of the Malaysian subsidiaries of MNCs are also involved in manufacturing of medical devices while some are sales offices to distribute their own brand of products in the country. Distributors of medical devices usually distribute medical devices from third-party brands which may be local or foreign brands.

The market players may also be involved in manufacturing and distributing their own products, manufacturing their own products as well as distributing third-party products, or solely distributing third-party products. They may also manufacture or trade one type of medical devices or multiple types of medical devices. The market players may also be involved in business activities aside from the manufacturing and distribution of medical devices.

Some of the companies involved in the manufacturing and distribution of medical devices in Malaysia are as listed below:

- B. Braun
- Boston Scientific
- Diptech Industries Sdn Bhd
- Ideal Healthcare Sdn Bhd
- Prodelcon Sdn Bhd
- Straits Orthopaedics (Mfg) Sdn Bhd
- UMC Group
- Worldwide Medivest Sdn Bhd

*Note:*

*The list of companies, in alphabetical order, is non-exhaustive and is used for illustration purposes only.*

## 7. INDUSTRY OVERVIEW (CONT'D)



### 3.2.1 Comparable Market Players

UMC Group is principally involved in the **marketing and distribution of various branded medical devices and consumables as well as the provision of after-sales service for all its products** to healthcare service providers such as government hospitals, private hospitals, and other healthcare centres. **UMC Group is also involved in developing, manufacturing and marketing of its medical consumables.** For the financial year ended 31 July 2021, UMC Group recorded revenue of approximately RM34.1 million.

For comparison purposes, Protégé Associates has identified the industry players which are deemed to be similar to UMC Group in terms of revenue and principal activities of business entity. These industry players have been selected based on the following criteria:

- Involved in the marketing, distribution, or manufacturing of medical devices;
- Recorded revenue between RM15 million and RM45 million based on their respective latest publicly available financial information.

Accordingly, Protégé Associates has selected Insan Damai Sdn Bhd, Schiller Asia Pacific Sdn Bhd, Stryker Corporation (Malaysia) Sdn Bhd, and Teepham Medical Sdn Bhd. It needs to be highlighted that the list of industry players used for comparison purpose is not exhaustive and only serves as a reference for readers.

**Figure 9: Comparison between UMC Group and Selected Industry Players in the Medical Device Industry in Malaysia**

Company	Principal Activities	Financial Year Ended	Revenue (RM'000)	Gross Profit (RM'000)	Gross Profit Margin <sup>1</sup> (%)	Profit/(Loss) before Taxation (RM'000)	Profit/(Loss) after Taxation (RM'000)	Profit/(Loss) before Taxation Margin <sup>2</sup> (%)	Profit/(Loss) after Taxation Margin <sup>3</sup> (%)
UMC Group	Kindly refer to the paragraph above for the UMC Group's principal activities	31-Jul-21	34,116	12,563	36.8	6,554	5,087	19.2	14.9
Insan Damai Sdn Bhd	Trading in medical and surgical products	31-Dec-20	20,513	6,392	31.2	1,501	1,176	7.3	5.7
Schiller Asia Pacific Sdn. Bhd. <sup>4</sup>	Supplier of medical equipment. Servicing and repairing of medical equipment.	31-Dec-21	22,034	5,393	24.5	1,908	1,439	8.7	6.5
Stryker Corporation (Malaysia) Sdn Bhd <sup>5</sup>	Marketing and selling of medical equipment and medical devices	31-Dec-20	17,396	11,583	66.6	743	579	4.3	3.3
Teepham Medical Sdn Bhd	Manufacturer & distributor of medical equipment and disposables	31-Dec-20	18,459	5,727	31.0	915	689	5.0	3.7

**Notes:**

The above figures only provide an indication and are not considered directly comparable as not all companies carry out activities which are completely similar to each other or in the same geographical area.

<sup>1</sup> Gross Profit Margin = Gross Profit / Revenue

<sup>2</sup> Profit before Taxation Margin = Profit before Taxation / Revenue

<sup>3</sup> Profit after Taxation Margin = Profit after Taxation / Revenue

<sup>4</sup> The company is a subsidiary of Schiller AG, a company headquartered in Switzerland involved in the manufacturing of medical devices.

<sup>5</sup> The company is a subsidiary of Stryker Corporation, an American company listed on the New York Stock Exchange involved in the manufacturing of medical devices.

Sources: UMC and Companies Commission of Malaysia

## 7. INDUSTRY OVERVIEW (CONT'D)



### 3.2.2 UMC Group's Market Share

For FYE 31 July 2021, UMC Group generated revenue of RM28.6 million from the sales of medical devices in Malaysia which is equivalent to approximately 0.2% share of the medical device industry in Malaysia during the year 2021. The market share is calculated based on UMC Group's revenue of RM28.6 million for FYE 31 July 2021 in Malaysia against the market size of the medical device industry in Malaysia of RM12.11 billion in 2021.

### 3.3 Demand Conditions

**Figure 10: Demand Conditions Affecting the Medical Device Industry in Malaysia**

Impact	Demand Condition	Short-Term	Medium-Term	Long-Term
		2022-2023	2024-2025	2026
+	Population growth and an ageing population	High	High	High
+	High incidence of NCDs	High	High	High
+	Increasing number of hospital admissions and attendances	High	High	High
+	On-going COVID-19 pandemic	Medium	Low	Low
+	Growing healthcare tourism in Malaysia	Low	Medium	High

Source: Protégé Associates

#### Population growth and an ageing population

An increasing population indicates a potential increase in demand for healthcare services. The Malaysian population stood at 32.7 million in 2021, compared to 32.6 million in 2020. The population is projected to grow to 41.5 million in 2040. In addition to its growing population, Malaysia's demographic also exhibits the trend of an ageing population. Demand for healthcare services is also expected to rise in tandem with an ageing population. In 2010, those aged over 65 years old made up 5.0% of a population of 28.6 million. In 2021, the age group made up 7.4% of a population of 32.7 million. By 2040, the age group is projected to make up 14.5% of a population of 41.5 million. The elderly is more likely to be susceptible to diseases, ailments and injuries in addition to age-related diseases, and as such are more likely to require medical care. Malaysia's steady population growth and the ageing population are therefore likely to drive the demand for healthcare services in the future, and drive the demand for medical devices in tandem.

#### High incidence of NCDs

NCDs refer to diseases that are not transmissible directly from one person to another and include diseases such as diabetes, hypertension (high blood pressure) and hypercholesterolemia (high blood cholesterol). The increasingly sedentary work environment along with lack of regular exercise, smoking and unhealthy diet has led to an increase in the three (3) aforementioned NCDs in Malaysia. According to the National Health and Morbidity Survey conducted in 2019, Malaysia continues to have high incidences of diabetes, hypertension, and hypercholesterolemia.

**Figure 11: Prevalence of NCDs in Malaysia, 2011, 2015, and 2019**

NCD	2011	2015	2019
	% of Adult Population		
Diabetes	11.1	13.4	18.3
Hypertension	32.6	30.3	30.0
Hypercholesterolemia	35.0	47.7	38.1

Source: MOH

The incidence of obesity has also increased from 2011 to 2019. In 2011, 15.1% of adults were obese compared to 17.7% in 2015 and 19.7% in 2019. The growing percentage of adults with obesity is concerning as it is an indicator of future increases in incidence of NCDs. The high incidence of the aforementioned NCDs and rising prevalence of obesity is likely to lead to an increased demand for healthcare services in the future, and accordingly increase demand for medical devices.

## 7. INDUSTRY OVERVIEW (CONT'D)



### Increasing number of hospital admissions and attendances

**Figure 12: Attendances and Admissions in Hospitals in Malaysia, 2017 - 2020**

Year	Outpatient attendances (million)	Admissions (million)
2017	27.2	3.6
2018	28.0	3.9
2019	28.1	4.1
2020	21.8	3.4

*Note: Hospitals in Malaysia include MOH hospitals, MOH special medical institutions, non-MOH hospitals, and private hospitals. Source: MOH*

There have been a greater number of attendances and admissions recorded in hospitals from 2017 to 2019. The overall growing number of outpatient attendances and admissions in hospitals shows that there are more people seeking medical attention. This represents a growing demand for medical services in Malaysia. However, due to the COVID-19 pandemic, many medical procedures were postponed as Malaysia's healthcare resources were focused on tackling the COVID-19 situation in the country.

This led to a decrease in outpatient attendances and admissions in 2020 to 21.8 million and 3.4 million respectively. Nevertheless, with the country's COVID-19 under better control and adaption to the new normal, there is a need to clear the backlog of postponed medical procedures. In light of this, healthcare facilities are likely to continue upgrading and purchasing medical devices to provide adequate care for their patients. As such, the demand for medical devices is expected to be driven by the increasing number of individuals seeking medical attention.

### On-going COVID-19 pandemic

The Malaysian health authorities began their planning and preparedness to combat the COVID-19 pandemic once several cases of an acute respiratory syndrome in Wuhan, China was reported in December 2019. Government hospitals started emptying hospitals and rerouting physicians to other hospitals to prepare for COVID-19 patients as well as undergo renovations to increase capacity. Additional government hospitals were re-categorised as full COVID-19 hospitals or hybrid hospitals to treat COVID-19 patients. The MOH also increased the number of ventilators available through procurement efforts and mobilisation of ventilators from private healthcare services. Private hospitals were then directed to allocate beds in wards and ICUs to treat COVID-19 patients. On top of the MOH budget allocation, the Government allocated a total of RM1.0 billion for fighting the COVID-19 pandemic, such as for purchasing medical devices including hospital beds. Subsequently in the Pemerkasa Plus stimulus package, a further RM450.0 million was allocated to increase the number of hospital and ICU beds for the treatment of COVID-19 in MOH hospitals and non-MOH public hospitals.

The COVID-19 pandemic has led to an increased demand in healthcare services, especially in treating COVID-19 patients. The country has since undergone multiple waves and the battle against the virus is on-going. There has been an increased demand for medical devices such as ventilators, flowmeters and pulse oximeters which are used in the treatment of COVID-19 patients. Aside from ventilators, oxygen therapy is also used for COVID-19 patients and this has led to an increased demand for consumables such as oxygen and prefilled humidifiers, which are used to humidify the gas for the patient to prevent the membrane in the nose and mouth from drying up and decreasing infection in the lungs.

Owing to the high vaccination rate and decreasing number of COVID-19 patients with severe stages of disease, there has been a decrease in utilisation rate of the COVID-19 allocated beds in wards and ICUs in hospitals across the nation as well as a decrease in the utilisation of ventilators. Nonetheless, Malaysia is still recording COVID-19 cases daily, with some patients requiring hospitalisation and assistance from ventilators. As such, demand for COVID-19 related products will drive the demand for medical devices in the short-term.

### Growing healthcare tourism in Malaysia

Malaysia has been awarded the "Health and Medical Tourism: Destination of the Year" title by the International Medical Travel Journal (IMTJ) Medical Travel Awards four (4) times (2015, 2016, 2017, 2020). The number of healthcare travellers to Malaysia grew from 859,000 travellers in 2015 to 1,220,000 travellers in 2019 at a CAGR of 9.2%. The revenue generated by healthcare travellers has also increased in tandem from RM914.0 million in 2015 to RM1.7 billion in 2019 at a CAGR of 16.8%.

The Malaysian Healthcare Tourism Council ("MHTC") has actively promoted Malaysian healthcare services to consumers in countries such as Indonesia, China, and India through various campaigns. MHTC launched the Malaysia Year of Healthcare Travel 2020 campaign in 2019 in line with the Government's Visit Malaysia

## 7. INDUSTRY OVERVIEW (CONT'D)



2020 campaign. However, the COVID-19 pandemic and resulting border closures and restrictions on international travel have negatively affected healthcare tourism in Malaysia.

The MHTC has since developed a 5-year blueprint to chart out its recovery and rebuilding strategies to continue the development Malaysia's healthcare travel industry. The importance of healthcare tourism can also be seen from the allocation of RM20.0 million to the MHTC in the Budget 2022 to further promote Malaysia as a destination for healthcare tourism. Malaysia has since reopened its borders to tourists beginning 1 April 2022. This is likely to increase the demand for healthcare tourism and is likely to drive the demand for healthcare services, which will result in a growth for the medical device industry in the medium term and the long term.

### 3.4 Supply Conditions

**Figure 13: Supply Conditions Affecting the Medical Device Industry in Malaysia, 2021-2026**

Impact	Supply Condition	Short-Term	Medium-Term	Long-Term
		2022-2023	2024-2025	2026
+	Government support for the medical device industry	High	High	High
+	Continuous domestic and foreign investment in the medical device industry	High	High	High
+	Upgrading of existing and establishment of new healthcare facilities	Medium	Medium	Medium

Source: Protégé Associates

#### Government support for the medical device industry

The Government continues to support the medical device industry and had identified the medical device industry as a high-growth sub-sector under the Eleventh Malaysia Plan as it was expected to have a positive effect on the Malaysian economy. The Government's commitment to improving the industry can be seen in incentives for investment and tax allowances such as the incentives for manufacturing companies, incentives for high technology companies, reinvestment allowance, and automation capital allowance expenditure. These incentives have seen investment in the medical device industry grow year on year, from RM4.0 billion in 2019 and RM6.1 billion in 2020 to RM7.7 billion in 2021. The Government also collaborates with various entities to support the local medical device industry. The Human Resource Development Corporation ("HRDC"), an entity under the purview of the Ministry of Human Resources, Malaysia, has collaborated with the Association of Malaysian Medical Industries ("AMMI") to ensure a sufficient talent pool to support the growth of the Malaysian medical device industry. The AMMI is an association representing leading medical device manufacturing companies in the medical technology industry in Malaysia. It seeks to promote and strengthen manufacturing and services operational excellence in Malaysia through various strategic pillars which amongst others include talent development. The AMMI and the HRDC have collaborated to develop medtech certification programmes to raise the skills and knowledge of local employees. The support from the Government is expected to drive the growth of the Malaysian medical device industry during the forecast period from 2022 to 2026.

#### Continuous domestic and foreign investment in the medical device industry

From 2019 to 2021, the Malaysian medical device industry has seen strong investment through both domestic and foreign investment. In 2019, RM4.0 billion worth of investments were recorded, with foreign investment making up 76.4% of the total investment. In 2020, the total approved investment in the industry increased to RM6.1 billion, with the majority (64.1%) made up of domestic investment. In 2021, the industry recorded investments worth RM7.7 billion, an increase of 26.2% from RM6.1 billion in 2020, in spite of the COVID-19 pandemic and its economic impact. Domestic investment contributed RM4.7 billion while foreign investment contributed RM3.0 billion.

Foreign medical device companies have cited various factors such as the Government's support through business-friendly policies, availability of multilingual and skilled human resource, and strong infrastructure. Entry of foreign players in Malaysia does not only boost the supply of medical devices manufactured in Malaysia. It also encourages transfer of technology and knowledge to local talent who in the future may spearhead innovations in medtech. As such, the continuous investment will drive the medical device industry in Malaysia during the forecast period from 2022 to 2026.

#### Upgrading of existing and establishment of new healthcare facilities

In 2020, there were 156 public hospitals and 2,890 public health clinics in Malaysia. Under the Budget 2020, the Government has allocated funds for the upgrading and expansion of existing hospitals such as

## 7. INDUSTRY OVERVIEW (CONT'D)



Hospital Tengku Ampuan Rahimah in Klang, Hospital Labuan in Labuan, and the cardiology centre at Hospital Queen Elizabeth II in Sabah and the construction of new hospitals such as new hospital was slated for construction to replace the existing Kampar Hospital. Construction and upgrading of health clinics are planned for Sungai Petani, Kedah; Cameron Highlands, Pahang; Setiu, Terengganu; Kudat and Tawau in Sabah; and Long San and Sungai Simunjan in Sarawak.

In light of the COVID-19 pandemic, the plans have been suspended as resources were redirected to tackle the pandemic. Budget 2021 had also announced funds for the Malaysian healthcare system and is focused on expanding the healthcare industry to provide an effective national healthcare system. Funds have been allocated to build new hospitals and clinics, especially in small districts to ensure access to affordable healthcare. In addition, under the 12MP tabled by the Government, the Government is committed to improve the country's healthcare system by undertaking various measures such as establishing new hospitals or upgrading existing hospitals and facilities. In addition, aged healthcare equipment are to be repaired or replaced if obsolete, which should increase demand for medical devices throughout the duration of the 12MP. Meanwhile, the Budget 2022 also details budget allocations for the procurement of medical devices for military hospitals to combat against the COVID-19 pandemic.

In 2020, there were 202 private hospitals in Malaysia. Various private healthcare providers have announced plans for new private hospital development products through the forecast period. Major private healthcare providers such as IHH Healthcare Berhad, KPJ Healthcare Berhad, and Sunway Berhad have plans to construct and open new hospitals. Among those include KPJ Healthcare Berhad's Kinrara Health Centre and Damansara II Specialist Hospital, and Sunway Berhad's Seberang Jaya Medical Centre. The providers have also announced plans to expand the capacity of their existing hospitals.

Furthermore, in response to the COVID-19 pandemic, the Government had also upgraded and established healthcare facilities. The Government established a makeshift hospital and quarantine centre for COVID-19 patients in the Malaysia Agro Exposition Park in 2020 in preparation for the pandemic. Temporary hospitals such as army and field hospitals have been set up to treat patients with non COVID-19 related diseases and ailments to allow hospitals to focus on treating COVID-19 patients. The development of new and upgrading of existing healthcare facilities is expected to drive the demand for medical devices during the forecast period from 2022 to 2026.

### **4.0 Prospects and Outlook of the Medical Device Industry in Malaysia**

The market size of the medical device industry in Malaysia was estimated at RM12.11 billion in 2021, increasing by 20.0% from RM10.09 billion in 2020 due to strong demand from the healthcare industry as a result of the COVID-19 pandemic. Going forward, the industry is expected to continue growing as a result of the demand from the healthcare industry along with support from the Government and continued domestic and foreign investments.

The medical device industry in Malaysia is expected to be driven by the on-going COVID-19 pandemic and the resulting demand for healthcare services, especially in the short term. Demand for medical devices is also anticipated to come from the increased need for healthcare services as a result of population growth and an ageing population, more people seeking medical care, and the increasing incidence of NCDs in the Malaysian population. In addition, Malaysia's borders has since reopened beginning 1 April 2022 and it is expected that healthcare tourism will return, which will lead to a demand for healthcare services and as such, the need for more medical devices.

On the supply side, the industry is likely to receive continued support from the Government through various incentives and tax allowances. The Government is also working together with the AMMI to ensure that Malaysia will continue to produce skilled and knowledgeable employees in the medical device industry. The AMMI is an association representing leading medical device manufacturing companies in the medical technology industry in Malaysia that seeks to promote and strengthen manufacturing and services operational excellence in Malaysia through various strategic pillars which includes talent development. The HRDC, an entity under the purview of the Ministry of Human Resources, Malaysia, has collaborated with the AMMI to develop medtech certification programmes to raise the skills and knowledge of local employees. Additionally, the upgrading of existing and establishment of new healthcare facilities that will require medical devices will help to drive the industry during the forecast period from 2022 to 2026. The industry will also be supported by domestic as well as foreign medical devices companies who continue to build new factories or expand their existing factories in Malaysia. Protégé Associates has forecasted the medical device industry in Malaysia to grow at a CAGR of 12.1% from RM12.11 billion in 2021 to RM21.41 billion in 2026.

## 8. RISK FACTORS

**YOU SHOULD CAREFULLY CONSIDER THE RISK FACTORS SET OUT BELOW ALONG WITH OTHER INFORMATION CONTAINED ELSEWHERE IN THIS PROSPECTUS BEFORE INVESTING IN OUR COMPANY.**

### 8.1 RISKS RELATING TO OUR INDUSTRY

#### 8.1.1 Our business is subject to changes in medical device technology

The medical device industry and its related technology are constantly developing and evolving. Advancements in technology could result in the introduction of new products, shorter product life cycles and price competition. Consequently, rapid changes in technology may render older devices obsolete.

For our manufacturing segment, our Group's future success will depend on our ability to anticipate technology development trends, and identify, develop and commercialise new products based on customers' needs and demands in a timely and cost-effective manner. As such, it is imperative that our Group keeps abreast with the latest technology trends, customers' needs and market demands to integrate into our R&D plans in order to develop and commercialise new products in a timely manner and at a competitive price.

For our marketing and distribution segment, our Group's exposure to the risk of changes in the medical device technology will depend on our ability to source medical devices with the latest technology from suppliers/principals on a timely basis to replace any products that are impacted by technological obsolescence. Although our Group's business is subject to changes in medical device technology, the development of new medical devices technology does not translate to an immediate phasing out of existing products and the inventory levels kept by our Group would not lead to obsolescence of the equipment.

#### 8.1.2 We are dependent on both the local and overseas healthcare industry for our success and growth

We serve the healthcare industry as our end-users are mainly healthcare institutions in the public and private sectors as well as other healthcare-related facilities. The growth in the healthcare industry depends on various factors, particularly in the number of patient admissions (which are driven by factors such as a rise in incidences of chronic diseases, growing ageing population and increased accessibility to healthcare services due to growth in income and/or uptake of medical insurance), as well as the increase in public and private healthcare expenditure.

The public and private healthcare expenditure comprises healthcare services operational costs, capacity building and procurement of pharmaceuticals and medical supplies and equipment. Should there be any decrease or reduction in public and private healthcare expenditure, this may have an impact on the spending on hospital supplies and equipment and may also affect the business and financial performance of our Group. In private hospitals, the purchase of our products could be reduced due to lowering or tightening of hospital budgets. In addition, any cutbacks on public healthcare expenditure could also negatively impact the sales of our products.

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## 8. RISK FACTORS (CONT'D)

### 8.1.3 We operate in a competitive environment

We face competition from existing competitors both locally and overseas. The competition in the medical device industry is mainly on company recognition and loyalty, product price and quality, as well as the ability to identify and fulfil the latest industry needs. According to the IMR Report, the medical device industry in Malaysia is fragmented in nature and consists of market players such as local manufacturers, subsidiaries of MNCs, as well as distributors. Local manufacturers of medical devices are involved in the design and development of medical devices. They may manufacture their own brand of medical devices or perform contract manufacturing activities for other brands. Some of the Malaysian subsidiaries of MNCs are also involved in the manufacturing of medical devices while some others sales offices to distribute their own brand of products in the country. Distributors of medical devices usually distribute medical devices from third-party brands. These brands may be local or foreign brands. The market players may also be involved in manufacturing and distributing their own products, manufacturing their own products as well as distributing third-party products, or solely distributing third-party products. They may also manufacture or trade one type of medical device or multiple types of medical devices. The market players may also be involved in business activities aside from the manufacturing and distribution of medical devices. These market players may have greater financial resources, larger distribution networks, multiple product lines and/or resources available to them.

We could lose market share due to competitive pressure or other factors and this may necessitate us to increase our marketing expenses, lower the prices of our products and/or carry out discounts or promotional campaigns more frequently. Such measures could adversely affect our margins which may have an impact on our operating results and profitability. We strive to increase the level of our competitiveness to keep abreast or stay ahead of our competition. Our Group constantly strives to offer innovative and quality medical devices that are designed and developed to meet customers' specific needs and requirements.

However, there can be no assurance that our Group will be able to compete effectively with the existing and new competitors in the future, in light of the dynamic competitive market environment. If we are unable to remain competitive in the future, this may adversely affect our business and financial performance.

### 8.1.4 We are exposed to political, economic and regulatory risks in Malaysia and other countries in which we currently or may in the future operate and/or transact, as well as the occurrence of force majeure events

Our operations are primarily concentrated in Malaysia. Our local sales accounted for approximately 78.49%, 81.69%, 83.71% and 88.29% whilst our overseas sales accounted for approximately 21.51%, 18.31%, 16.29% and 11.71% of our Group's total revenue for the past three (3) FYEs 2019, 2020 and 2021 as well as FPE 2022 respectively. As we continue to expand our business globally, it is reasonable to expect that our financial performance and business prospects would be dependent on the political, economic and regulatory conditions in the countries that we participate in. Any adverse development or uncertainty in the political, economic and regulatory conditions in Malaysia and other countries could have an adverse impact on our business, financial condition and results of operations.

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## 8. RISK FACTORS (CONT'D)

Amongst the political, economic and regulatory uncertainties that may affect our operations are changes in the political leadership leading to unstable political situation, terrorism activities, changes in interest rates, fluctuation in currency exchange rates, changes in accounting and tax policies, as well as changes in government policies such as introduction of new regulations, import duties and tariffs. There can be no assurance that any adverse political, economic and regulatory changes which have not impacted our business in the past, will not materially affect our business in the future. The occurrence of other force majeure events which are beyond our control, whether globally or in Malaysia could also unfavourably affect our financial condition and business prospects.

### 8.2 RISKS RELATING TO OUR BUSINESS AND OPERATIONS

#### 8.2.1 We are dependent on our Executive Director/Chief Executive Officer and Key Senior Management for continued success

The continuing success of our Group is dependent, to a significant extent, on the efforts, commitment and abilities of our Executive Director/Chief Executive Officer and Key Senior Management who play a significant role in the day-to-day operations as well as implementation of our business strategies.

Our Executive Director/Chief Executive Officer, Lim Taw Seong, who individually has around 20 years of experience in the medical device industry. He has been actively involved in our Group's operations and is directly responsible for the strategic direction, leadership, business planning and development of our Group. He is supported by a team of qualified Key Senior Management, who have over the years gained a vast amount of experience, capability and knowledge in this respective fields of work. Together with our Executive Director/Chief Executive Officer, they play a critical role to our Group's success as well as formulating and implementing our business strategies to drive the future growth of our Group.

Further details on the experience of our Executive Director/Chief Executive Officer and Key Senior Management are set out in Sections 4.2.2 and 4.5.2 of this Prospectus.

Our success and future growth also depend on our ability to identify, hire, train and retain employees who are capable, skilled and qualified in performing their roles and responsibilities. The loss of our Executive Director/Chief Executive Officer and/or any of our Key Senior Management, without any suitable and prompt replacement may have a material adverse effect on our business, financial performance, operations and prospects.

#### 8.2.2 Our business may be adversely affected if our licences, permits and approvals are revoked, suspended or not renewed

Our business operations require certain licences, permits and approvals to be obtained such as the establishment licence, medical device registration certificate and manufacturing licence from relevant regulatory authorities. In general, laws and regulations applicable to the healthcare industry have become more stringent with penalties and potential liabilities increasing over the years. These laws and regulations could change with the implementation of new laws and regulations or a change in the interpretation of existing laws and regulations could result in substantially similar risks. There is no assurance that our operations and business will not be affected by future legislatives or regulatory policy changes including the following:

- (i) implementation of new laws, regulations and policies by the relevant authorities;
- (ii) changes to current laws, regulations and policies; and/or

## 8. RISK FACTORS (CONT'D)

- (iii) imposition of additional conditions to the existing approvals, licences, permits and certificates.

The validity of some of these licences, permits and approvals are subject to periodical renewal and compliance with the relevant requirements and conditions imposed by the relevant regulatory authorities. Further details of our major licences, permits and approvals are set out in Annexure B of this Prospectus.

As at the LPD, our Group has valid establishment licence, medical device registration certificate and manufacturing licence, and has complied with all the terms and conditions imposed. Further, there were no penalties, fines, criminal prosecution that imposed or initiated against our Group or our Directors and we have not experienced any difficulty in renewing and maintaining our licences, permits and approvals. However, there is no assurance that the relevant authorities will renew the same within the anticipated timeframe or at all, and/or without imposing any additional terms and conditions in the future, particularly when there are changes to any requirements, rules and regulations imposed by the relevant authorities.

The failure to comply with any of the terms and conditions imposed by the relevant authorities (whether due to our Group's past/future actions, activities or operations) can result in the approvals, licences, permits and certificates required for our operations being revoked, suspended or not renewed, which could have a material adverse effect on our business, financial performance, operations and prospects, as well as the possibility of penalties, fines, potential criminal prosecution being imposed/initiated against us and/or our Directors. In addition, if there are any changes imposed on the rules and regulations, standards of compliance or conditions imposed by the relevant regulatory authorities, we may incur additional costs to comply with such new or modified standards or conditions.

### 8.2.3 Our business is dependent on the successful development and commercialisation of new products

We are dependent on the successful development and commercialisation of new products to generate new revenue stream in the future. The development and commercialisation of future new products depends on several factors, including but not limited to, ability to secure working capital funding such as via bank borrowings for our product development on competitive terms, approval of the products from the relevant regulatory authorities and acceptance by customers of the benefit and safety of our new products. Failure in any of the abovementioned factors may impact our financial performance as the sales of the newly developed products may be insufficient to cover our R&D and marketing expenses. Currently, we have successfully developed and commercialised our own products, namely HydroX series prefilled humidifiers and AirdroX series inhaler spacers.

Our Group keeps abreast of the latest product developments and regulatory requirements to develop new products which are safe and cost competitive to achieve commercial success. There is no assurance that we can achieve any of the above factors and we may face significant delays or fail to successfully develop, obtain regulatory approval and commercialise new products in a timely manner or efficiently. In such event, we may not be able to generate new revenue streams that can further drive our business growth.

### 8.2.4 Our marketing and distribution segment depends on a stable source of supply and our business relationship with our suppliers/principals

Our marketing and distribution segment has contributed approximately 78.24%, 77.94%, 82.85% and 88.10% of our Group's total revenue for the past three (3) FYEs 2019, 2020 and 2021 as well as FPE 2022 respectively.

## 8. RISK FACTORS (CONT'D)

We source our medical devices and consumables from international medical devices suppliers/principals. From our first distributorship rights with Goldway (now known as Philips) in 2003, we have since then expanded to include Mindray (since 2019), GE (since 2019) and Merit (since 2019). As such, our medical devices and consumables under the marketing and distribution segment relies on sufficient and stable supply of medical devices and consumables from our suppliers/principals and any increase in the costs of such products, prolonged shortage of the required products, operational issues or financial constraints of our suppliers/principals to fulfil their obligations towards us, could impede our ability to meet our customers' needs for such products. This in turn could lead to loss of sales and could have an adverse effect on our business, financial performance, operations and prospects.

We maintain a list of reliable manufacturers from whom we can source suitable substitutes or replacement medical devices and consumables. These manufacturers carry a wide range of products which can be used as suitable substitutes or replacement medical devices and consumables. In the event of termination of any distributorship rights, we will be able to source suitable substitutes or replacements from these manufacturers. Notwithstanding the above, there is no assurance that our Group will be able to have a stable supply of such products in the future, thereby affecting our marketing and distribution segment and will have a material and adverse effect on our operations and financial performance.

### 8.2.5 Our performance is affected by adverse movements in foreign currency exchange

Our functional reporting currency is in RM. For FYEs 2019, 2020, 2021, FPEs 2021 and 2022, approximately 21.51%, 18.31%, 16.29%, 15.64% and 11.71% of our sales are transacted in foreign currencies, primarily in USD. In addition, our purchases are transacted in foreign currencies, the breakdown of which are as follows:

	Audited			Unaudited	Audited
	FYE 2019	FYE 2020	FYE 2021	FPE 2021	FPE 2022
	%	%	%	%	%
RM	67.21	84.96	54.50	65.86	43.86
USD	28.29	13.90	41.82	27.78	54.73
Euro	4.50	1.13	1.72	2.03	1.06
SGD	-	-	0.97	2.18	-
CNY	-	0.01	0.99	2.15	0.35
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

As such, we are exposed to adverse movements in foreign currency exchange which are influenced by various factors that are beyond our control, including but not limited to, the political and economic climate in Malaysia and other countries. In such a situation, there is a possibility that we could incur foreign exchange losses.

Certain foreign currency transactions that our Group enters into provide a natural hedge against foreign currency fluctuations, for example, when our sales and purchases are both denominated in USD. We try to minimise our exposure to foreign currency fluctuations by maintaining the receipt from overseas customers in a foreign currency account for payment to overseas suppliers. Nonetheless, a depreciation of RM against foreign currencies can affect our cost of sales and reduce our profit margin. On the other hand, an appreciation of RM against foreign currencies will render our products less price competitive.

## 8. RISK FACTORS (*CONT'D*)

### 8.2.6 We are exposed to product liability claims

The product warranty for our distribution products is provided by our Group's suppliers/principals and we do not provide any product warranty to our customers. Generally, the distributorship agreements with our suppliers/principals have a clause to warrant on the product quality by the suppliers/principals and/or to hold our Group harmless against any manufacturing defects. As such, we are not liable for any product liability. However, as we are involved in the process of installing and commissioning of the distribution products, we could be exposed to product liability claims made by our customers if the products that we distribute are found to be unsafe, defective or contaminated as a result of our Group's installation and commissioning process.

Our Group does not provide any product warranty for our manufactured products to our customers/distributors. Our HydroX series prefilled humidifiers and AirdroX series inhaler spacers are medical consumables and classified as Class B (low-moderate risk) and Class A (low risk) respectively and it is not a requirement for the manufacturer to buy any product liability insurance for the medical devices to be registered with MDA. There is no known industry practice regarding the purchase of product liability insurance. Companies are required to purchase product liability insurance if this is mandated by regulations or when tendering for projects which specify such a requirement. Otherwise, the decision to purchase product liability insurance is subject to the respective companies' risk assessment.

Any defect or contamination of the products distributed and manufactured by our Group, whether actual or alleged, deliberate or accidental, could adversely affect our business operations, damage our reputation and/or suspend our operating/manufacturing licences. While we have not experienced any product liability claims in the past, there is no assurance that we will not be exposed to any product liability claims in the future, which could adversely impact our financial results, branding and reputation in the market.

### 8.2.7 Our business is subject to freight disruptions and fluctuations in freight rates

We are reliant on marine and air freight for our supplies as well as transportation of products to our customers. Hence, we are exposed to shipping and freight disruptions that may arise in the event of, amongst others, adverse weather conditions, political turmoil, pirate attacks, social unrest, port strikes, oil spills, delayed or lost shipments, which in turn may have an adverse impact on our business operations. In addition, any major fluctuation in shipping and freight rates may have a substantial impact on our cost and our gross profit margins if we are unable to pass on such increase in costs to our customers by raising selling prices.

In the first (1<sup>st</sup>) half of 2020, the COVID-19 pandemic has led to lockdowns and tighter border controls were enforced as an effort to contain the spread of the COVID-19 pandemic, which led to suspension of economic activities in various countries. The lower economic activities have resulted in reduced demand for shipping and freight activities, with carriers having reduced their freight capacities. During the first (1<sup>st</sup>) half of 2020, we experienced temporary disruptions due to the logistics flow as a result of border closure in Malaysia. This had resulted in delays of up to two (2) weeks in our delivery schedule to both local and overseas customers.

Subsequently, as economic activities slowly resumed to normal, shipping and freight rates began to rise due to a temporary mismatch between supply capacity and an increasing demand for shipping and freight services. While our Group has yet to experience any major shipping and freight disruption or any major increase in shipping and freight rates, but there can be no assurance that the COVID-19 pandemic can be contained in the near term and not worsen in the future and which can consequently lead to higher shipping and freight rates, while the occurrence of which could in turn, adversely impact our business, financial condition and results of operations. Please refer to Section 6.19 of this Prospectus for further details on impact of COVID-19 pandemic on our Group.

## 8. RISK FACTORS (CONT'D)

### 8.2.8 There is no assurance that our insurance coverage is adequate

We are subject to risks such as fire, flood, accidents as well as public liability. As such, we have purchased insurance policies which include fire and burglary insurance, equipment insurance, group personal accident, public liability insurance, trade credit insurance and all risk insurance, to provide coverage against any unforeseen events. All these insurance policies are subject to exclusions and limitations of liability in both amount and with respect to the insured events. The total insurance coverage by each type of insurance policies taken by our Group are as follows:

Type of insurance	Coverage amount (RM'000)
Fire and burglary	37,866
Equipment insurance	5,296
Group Personal Accident	3,857
Trade credit	6,000
Public liability insurance	1,000
All Risk	610

For the past three (3) FYEs 2019, 2020 and 2021 and up to the LPD, we did not make any insurance claim under our insurance policies. Whilst we have taken the necessary steps to ensure that our insurance coverage is adequate for our operations and assets, it may not be adequate to fully compensate for the loss that we may suffer in the future. If we suffer losses that exceed the coverage provided by the insurance policies, it could have an adverse impact on our business, financial condition and results of operations.

### 8.2.9 We are subject to the credit risks of our customers

Our financial performance and position are dependent, to a certain extent, on the creditworthiness of our customers. If circumstances arise that affect our customer's ability or willingness to pay us, we may experience payment delays or in more severe cases, we may not be able to collect payment from our customers. Accordingly, we would have to make provisions for doubtful debts, or incur debt write-offs, which may have an adverse impact on our profitability.

At present, the credit terms granted to our customers range from 30 to 90 days. Our trade receivables turnover period for the past three (3) FYEs 2019, 2020 and 2021 were 60 days, 59 days and 102 days respectively. The trade receivables turnover period were within the normal credit terms granted to our customers in the FYEs 2019 and 2020 but was higher than the normal credit terms granted to our customers in the FYE 2021. Our trade receivables turnover period for FPE 2022 reduced to approximately 35 days which was within normal credit term granted to our customers. In addition, the normal credit term granted to us by our suppliers/principals typically ranges from 30 days to 90 days. Our trade payables turnover period for the past three (3) FYEs 2019, 2020 and 2021 were 18 days, 39 days and 62 days respectively. Our trade payables turnover period decreased to approximately 20 days for FPE 2022. As such, any delay in collection of payments owed by our customers may impact our operating cash flow and liquidity.

As part of our credit control policy, we closely monitor our trade receivables ageing report and assess the collectability of trade receivables on an individual customer basis regularly. For any trade receivables which have exceeded the normal credit period granted, we will follow up with calls, send reminders and examine the delay in payment with relevant parties. We may also stop supplying products to them, where necessary. Our Group also assesses whether any of the trade receivables are credit impaired and review our customers' credit term on a quarterly basis based on the operating performance of our customers, changes in contractual terms, payment trends and past due information.

## 8. RISK FACTORS (CONT'D)

Our Group has not experienced any instances of significant bad debts for the Financial Years Under Review and Financial Periods Under Review. However, there is no assurance that there will be no default on payments by our customers in the future.

### 8.3 RISKS RELATING TO OUR SHARES AND OUR LISTING

#### 8.3.1 There may not be an active or liquid market for our Shares

Prior to our Listing, there has been no prior public market for our Shares. Hence, we cannot assure you that upon our Listing, an active market for our Shares will develop, or if developed, such a market can be sustained.

Further, as we are seeking listing on the ACE Market, investment in our Shares may be of a higher investment risk as compared to companies listed on the Main Market of Bursa Securities. Hence, there is no assurance that there will be a liquid market for our Shares traded on the ACE Market. Please refer to the cautionary statement disclosed in the cover page of this Prospectus.

Notwithstanding that the IPO Price was determined after taking into consideration of various factors such as our financial and operating history and our business strategies, we cannot assure you that the IPO Price will correspond to the price at which our Shares will trade on the ACE Market upon our Listing and that the market price of our Shares will not decline below the IPO Price.

#### 8.3.2 The trading price and trading volume of our Shares may be volatile

Economic, political conditions and growth potential of the various sectors of the economy as well as external factors such as the performance of regional and global stock exchanges and the inflow or outflow of foreign fund contributes to the volatility of trading volumes on Bursa Securities and this adds risks to the volatility of the market price of our Shares. The market price of our Shares may fluctuate significantly and rapidly due to, amongst others, the following factors, some of which are beyond our control:

- (i) general operational and business risks of our Group;
- (ii) variations in our financial results and operations;
- (iii) success or failure of our Executive Director and Key Senior Management in implementing business and growth strategies;
- (iv) additions or departures of our Key Senior Management;
- (v) changes in securities analysts' recommendations, perceptions or estimates of our financial performance;
- (vi) changes in market valuations of listed shares in general or share prices of companies with similar businesses to our Group;
- (vii) changes in conditions affecting the industry, the general economic conditions or stock market sentiments or other related events or factors;
- (viii) fluctuation in stock market prices and volume;
- (ix) changes in government policy, legislation or regulation; and/or
- (x) involvement in claims, litigation, arbitration or other form of dispute resolution.

## 8. RISK FACTORS (*CONT'D*)

Accordingly, there is no assurance that the market price of our Shares will not be subject to volatility or trade at prices below the IPO Price.

### 8.3.3 The interest of our Promoters who control our Company may not be aligned with the interest of our shareholders

Our Promoters will collectively hold an aggregate 250,885,642 Shares, representing approximately 67.11% of our enlarged number of issued Shares upon our Listing. As a result, they will be able to effectively control the business direction and management of our Group including the election of Directors, the timing and payment of dividends as well as having substantial voting control over our Group. As such, our Promoters will likely influence the outcome of certain matters requiring the vote of our shareholders, unless they and persons connected with them are required to abstain from voting either by law, relevant guidelines or regulations. Therefore, there is a risk of non-alignment of interests by our Promoters with those of our other shareholders.

### 8.3.4 There may be a delay in or termination of our Listing

Our Listing could be delayed or terminated due to the possible occurrences of certain events, which include the following:

- (i) our Sole Underwriter exercises its rights under the Underwriting Agreement or our Sole Placement Agent exercises its rights under the Placement Agreement (if any) to discharge itself from its obligations thereunder;
- (ii) we are unable to meet the public shareholding spread requirement under the Listing Requirements of having at least 25% of our enlarged number of issued Shares for which our Listing is sought being on the hands of at least 200 public shareholders holding not less than 100 Shares each at the point of our Listing; and/or
- (iii) the revocation of the approvals from the relevant authorities for our Listing for whatever reason.

Where prior to the issuance and allotment or transfer of our IPO Shares:

- (a) the SC issues a stop order under Section 245(1) of the CMSA, the applications for our IPO Shares shall be deemed to be withdrawn and cancelled and we shall repay all monies paid without interest in respect of the applications for our IPO Shares within 14 days of the stop order, failing which we shall be liable to return such monies with interest at the rate of 10% per annum or at such other rate as may be specified by the SC pursuant to Section 245(7)(a) of the CMSA; or
- (b) our Listing is aborted other than pursuant to a stop order by the SC under Section 245(1) of the CMSA, investors will not receive any IPO Share, and all monies paid in respect of all applications for our IPO Shares will be refunded free of interest within 14 days.

Where subsequent to the issuance and allotment of our IPO Shares:

- (1) the SC issues a stop order under Section 245(1) of the CMSA, the issue of our IPO Shares shall be deemed to be void and all monies received from the applicants shall be forthwith repaid without interest and if any such money is not repaid within 14 days of the date of service of the stop order, we shall be liable to return such monies with interest at the rate of 10% per annum or at such other rate as may be specified by the SC pursuant to Section 245(7)(b) of the CMSA; or

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**8. RISK FACTORS (CONT'D)**

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- (2) our Listing is aborted other than pursuant to a stop order by the SC under Section 245(1) of the CMSA, a return of monies to our shareholders could only be achieved by way of a cancellation of our share capital as provided under the Act and its related rules. Such cancellation can be implemented by the sanction of our shareholders by way of special resolution in a general meeting and supported by either (aa) consent by our creditors (unless dispensation with such consent has been granted by the High Court of Malaya) and the confirmation of the High Court of Malaya, in which case there can be no assurance that such monies can be returned within a short period of time or at all under such circumstance; or (bb) a solvency statement from our Directors.

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## 9. RELATED PARTY TRANSACTIONS

### 9.1 RELATED PARTY TRANSACTIONS

#### 9.1.1 Material related party transactions

Save for the Acquisitions and as disclosed below, there are no other material related party transactions entered or to be entered into by our Group for the Financial Years Under Review and FPE 2022 as well as for the period from 1 February 2022 up to the LPD:

No.	Transacting parties	Nature of relationship	Nature of transaction	Transaction value				
				FYE 2019 RM'000	FYE 2020 RM'000	FYE 2021 RM'000	FPE 2022 RM'000	From 1 February 2022 up to the LPD RM'000)
1.	<b>Purchaser</b> Meditech <sup>(i)</sup>  <b>Vendor</b> UMediC	Dato' Ng Chai Eng is our Promoter, Non-Independent Non-Executive Chairman and major shareholder and he is also the director and major shareholder of Meditech.  Lim Taw Seong is our Promoter, Executive Director/ Chief Executive Officer and major shareholder and he is also the director and major shareholder of Meditech.  Lau Chee Kheong is our Promoter, Non-Independent Non-Executive Director and major shareholder and he is also the director and major shareholder of Meditech.	Sale of medical consumables and spare parts as well as provision of technical service.	188 (1.14% of our Group's revenue)	131 (0.55% of our Group's revenue)	187 (0.55% of our Group's revenue)	37 (0.10% of our Group's revenue)	-

# 9. RELATED PARTY TRANSACTIONS (CONT'D)

No.	Transacting parties	Nature of relationship	Nature of transaction	Transaction value				
				FYE 2019 RM'000	FYE 2020 RM'000	FYE 2021 RM'000	FPE 2022 RM'000	From 1 February 2022 up to the LPD RM'000)
2.	<b><u>Landlord</u></b> Atnesis Sdn Bhd ("ASB")  <b><u>Tenant</u></b> UWHM	Dato' Ng Chai Eng is our Promoter, Non-Independent Non-Executive Chairman and major shareholder. He is also the director and major shareholder of ASB.  Lau Chee Kheong is our Promoter, Non-Independent Non-Executive Director and major shareholder. He is also the director and major shareholder of ASB.	Rental of factory and provision of hostel accommodation for our employees via monthly tenancy arrangement.  This tenancy arrangement ended on 15 March 2021 upon UWHM moving to our new head office in Batu Kawan, Penang.	126 (1.18% of our Group's cost of sales)	128 (0.79% of our Group's cost of sales)	81 (0.38% of our Group's cost of sales)	-	-
3.	<b><u>Purchaser</u></b> ASB <sup>(ii)</sup>  <b><u>Vendor</u></b> UWHM	Dato' Ng Chai Eng is our Promoter, Non-Independent Non-Executive Chairman and major shareholder. He is also the director and major shareholder of ASB.  Lau Chee Kheong is our Promoter, Non-Independent Non-Executive Director and major shareholder. He is also the director and major shareholder of ASB.	Sale of medical consumables such as sanitizers and disinfectants for their office internal use.	-	2 (0.01% of our Group's revenue)	6 (0.02% of our Group's revenue)	3 (0.01% of our Group's revenue)	-

# 9. RELATED PARTY TRANSACTIONS (CONT'D)

No.	Transacting parties	Nature of relationship	Nature of transaction	Transaction value				
				FYE 2019 RM'000	FYE 2020 RM'000	FYE 2021 RM'000	FPE 2022 RM'000	From 1 February 2022 up to the LPD RM'000)
4.	<b>Purchaser</b> UMediC  <b>Vendor</b> UWC Holdings Sdn Bhd ("UWC Holdings") <sup>(iii)</sup>	Dato' Ng Chai Eng is our Promoter, Non-Independent Non-Executive Chairman and major shareholder. He is also the director and major shareholder of UWC Berhad, which is the holding company of UWC Holdings.  Lau Chee Kheong is our Promoter, Non-Independent Non-Executive Director and major shareholder. He is also the director and major shareholder of UWC Berhad, which is the holding company of UWC Holdings.	Purchase of sheet metal and precision machined parts.	12 (0.11% of our Group's cost of sales)	-	-	-	-

## 9. RELATED PARTY TRANSACTIONS (CONT'D)

No.	Transacting parties	Nature of relationship	Nature of transaction	Transaction value				
				FYE 2019 RM'000	FYE 2020 RM'000	FYE 2021 RM'000	FPE 2022 RM'000	From 1 February 2022 up to the LPD RM'000)
5.	<b>Landlord</b> Empayar Stabil Sdn Bhd ("Empayar")  <b>Tenant</b> UMediC	Khoo Quee See, who is a director and major shareholder of Empayar, is a person connected with Dato' Ng Chai Eng, our Promoter, Non-Independent Non-Executive Chairman and major shareholder. Khoo Quee See is the spouse of Dato' Ng Chai Eng.  Lim Lee Oh, who is a director and major shareholder of Empayar, is a person connected with Lau Chee Kheong, our Promoter, Non-Independent Non-Executive Director and major shareholder. Lim Lee Oh is the spouse of Lau Chee Kheong.	Rental of factory via monthly tenancy arrangement.  This tenancy arrangement ended on 31 October 2020.	70 (1.84% of our Group's administrative and other expenses)	70 (1.66% of our Group's administrative and other expenses)	9 (0.16% of our Group's administrative and other expenses)	-	-

### Notes:

- (i) As at the LPD, Dato' Ng Chai Eng, Lim Taw Seong and Lau Chee Kheong are no longer a director and shareholder of Meditech. For information purposes, Dato' Ng Chai Eng, Lim Taw Seong and Lau Chee Kheong ceased to be the directors of Meditech on 22 September 2021 and ceased to be the shareholders of Meditech on 30 September 2021.
- (ii) As at the LPD, ASB is no longer our customer. There are no business transactions between ASB and our Group since September 2021 and there will be none moving forward.
- (iii) As at the LPD, UWC Holdings is no longer our supplier. There are no business transactions between UWC Holdings and our Group since March 2019 and there will be none moving forward.

## 9. RELATED PARTY TRANSACTIONS (CONT'D)

Our Directors confirm that the above related party transactions were carried out on an arm's length basis and on normal commercial terms which were not detrimental to our Group nor our minority shareholders.

Our Directors also confirm that there are no other material related party transactions that have been effected after the LPD or entered by our Group but not yet effected up to the date of this Prospectus. Further, the above related party transactions are not expected to recur after our Listing.

After our Listing, we will also be required to seek our shareholders' approval each time we enter into a material related party transaction in accordance with the Listing Requirements. However, if the related party transactions are deemed as recurrent related party transactions, we may seek a general mandate from our shareholders to enter into these transactions without having to seek separate shareholders' approval each time we wish to enter into such related party transactions during the validity period of the mandate.

### 9.1.2 Related party transactions entered into that are unusual in their nature or condition

Our Group has not entered into any transactions that are unusual in their nature or condition, involving goods, services, tangible or intangible assets, with a related party for the Financial Years Under Review and FPE 2022 as well as for the period from 1 February 2022 up to the LPD.

### 9.1.3 Loans made to or for the benefit of a related party

Our Group has not granted any loan to or for the benefit of a related party that is material to our Group for the Financial Years Under Review and FPE 2022 as well as for the period from 1 February 2022 up to the LPD.

### 9.1.4 Financial assistance provided for the benefit of a related party

Our Group has not provided any financial assistance for the benefit of a related party for the Financial Years Under Review and FPE 2022 as well as for the period from 1 February 2022 up to the LPD.

### 9.1.5 Personal guarantee

Dato' Ng Chai Eng, Lau Chee Kheong, Lim Taw Seong and Ng Chin Aik had extended personal guarantees for banking facilities granted to our Group, of which further details are set out below:

Details	Name of parties	Amount guaranteed RM'000
Hong Leong Bank Berhad for facilities granted to UMediC consisting fixed term loans, letters of credit, trust receipt, bankers' acceptance and bank guarantee	<ul style="list-style-type: none"> <li>Dato' Ng Chai Eng</li> <li>Lau Chee Kheong</li> <li>Lim Taw Seong</li> </ul>	17,000

**9. RELATED PARTY TRANSACTIONS (CONT'D)**

Details	Name of parties	Amount guaranteed RM'000
Hong Leong Bank Berhad for facilities granted to UWHM consisting fixed term loans, letters of credit, trust receipt, bankers' acceptance and bank guarantee	<ul style="list-style-type: none"> <li>Dato' Ng Chai Eng</li> <li>Lau Chee Kheong</li> <li>Lim Taw Seong</li> <li>Ng Chin Aik</li> </ul>	9,400
HSBC Bank (M) Berhad for facilities granted to UMediC consisting bank guarantees and import/export lines	<ul style="list-style-type: none"> <li>Dato' Ng Chai Eng</li> <li>Lau Chee Kheong</li> <li>Lim Taw Seong</li> </ul>	6,500
Hitachi Capital Malaysia Sdn Bhd for hire purchase granted to UWHM	<ul style="list-style-type: none"> <li>Dato' Ng Chai Eng</li> <li>Lau Chee Kheong</li> <li>Lim Taw Seong</li> <li>Ng Chin Aik</li> </ul>	937
BMW Credit Malaysia Sdn Bhd for hire purchase granted to UWHM	<ul style="list-style-type: none"> <li>Dato' Ng Chai Eng</li> <li>Lau Chee Kheong</li> <li>Lim Taw Seong</li> <li>Ng Chin Aik</li> </ul>	592

In conjunction with our Listing, our Group has obtained the conditional consents from the financial institutions to discharge the above personal guarantees by substituting the same with a corporate guarantee from our Company upon our successful listing.

**9.1.6 Advances made by a related party**

During the Financial Years Under Review and FPE 2022, the Promoters, substantial shareholders and Directors made the following advances to the Group:

	FYE 2019 RM'000	FYE 2020 RM'000	FYE 2021 RM'000	FPE 2022 RM'000
Dato' Ng Chai Eng	3,626	2,016	-	-
Lim Taw Seong	294	324	-	-
Lau Chee Kheong	2,485	942	-	-

As at the LPD, the advances above have been fully settled.

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## **9. RELATED PARTY TRANSACTIONS (CONT'D)**

### **9.2 MONITORING AND OVERSIGHT OF RELATED PARTY TRANSACTIONS**

#### **9.2.1 Audit and Risk Management Committee's review**

Our Audit and Risk Management Committee reviews related party transactions and conflict of interest situations that may arise within our Group including any transaction, procedure or course of conduct that raises questions of management's integrity.

Our Audit and Risk Management Committee maintains and periodically reviews the adequacy of the procedures and processes set by our Company to monitor related party transactions and conflict of interest. It also sets the procedures and processes to ensure that transactions are carried out in the best interest of our Company, on an arm's length basis and are based on normal commercial terms which are not more favourable to the related party than those generally available to third parties, and are not detrimental to our minority shareholders. Amongst others, the related parties who are in a position of conflict with the interest of our Group will be required to abstain from deliberations and/or votings on the transactions.

All reviews by our Audit and Risk Management Committee are reported to our Board for its further action.

#### **9.2.2 Our Group's policy on related party transactions**

Related party transactions by their very nature, involve conflict of interest between our Group and the related parties with whom our Group has entered into such transactions. As disclosed in this Prospectus, some of our Directors and/or major shareholders are also directors and in some cases, shareholders of the related parties of our Group, and with respect to these related party transactions, may individually and in aggregate have conflict of interest. It is the policy of our Group that all related party transactions must be reviewed by our Audit and Risk Management Committee to ensure that they are negotiated and agreed upon in the best interest of our Company, on an arm's length basis and are based on normal commercial terms which are not more favourable to the related party than those generally available to third parties, and are not detrimental to our minority shareholders.

In addition, we plan to adopt a comprehensive corporate governance framework that meets best practice principles to mitigate any potential conflict of interest situation and this framework will comply with the Listing Requirements and adhere to the best extent possible with the guidance principles set out in the Malaysian Code on Corporate Governance. The procedures which may form part of this framework include the requirement of our Directors to declare any direct or indirect interest that they may have in any business arrangement, whether or not they believe it is a material transaction. Upon such disclosure, the interested Director shall be required to abstain from deliberation and voting on any resolution related to the related party transaction. All existing or potential related party transactions would also be required to be disclosed by the interested party for management reporting. Our management will then propose the transactions to our Audit and Risk Management Committee for evaluation and assessment which would in turn, make the appropriate recommendations to our Board.

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## 10. CONFLICT OF INTEREST

### 10.1 INTEREST IN BUSINESSES AND CORPORATIONS WHICH CARRY ON A SIMILAR TRADE AS THAT OF OUR GROUP OR WHICH ARE OUR CUSTOMERS OR SUPPLIERS

As at the LPD, save as disclosed below, none of our Directors and substantial shareholders have any interest, direct or indirect, in other businesses or corporations which are carrying on a similar trade as that of our Group, or which are the customers or suppliers of our Group:

(i) Dr Pakirisamy Baskaran A/L P Thangavelu

No.	Company	Principal activity	Nature of interest	Nature of conflict
1.	Sunray Medical Sdn Bhd	Export and import of medical diagnostic preparation	Dr Pakirisamy Baskaran A/L P Thangavelu is one of the shareholders of Sunray Medical Sdn Bhd (with 50% equity interest) <sup>(a)</sup> .	Sunray Medical Sdn Bhd is carrying on a similar trade as that of our Group.

**Note:**

- (a) The remaining 50% equity interest in Sunray Medical Sdn Bhd is held by another individual, who is not a person connected with our Directors, Promoters and substantial shareholders.

As at the LPD, Sunray Medical Sdn Bhd had only sold 10 units of a single type of fetal monitoring device to private standalone general practitioner clinics, that provide fetal monitoring services, since the incorporation of Sunray Medical Sdn Bhd in 2016. Sunray Medical Sdn Bhd does not have a marketing team and sells the fetal monitoring devices only upon request from its customers.

In contrast, our Group markets and distributes various medical devices and consumables from Philips, Mindray, GE and Merit, with different specifications from Sunray Medical Sdn Bhd, to a wide range of customers. Please refer to Sections 6.3.1 and 6.5.3 of this Prospectus for further details on our principal products and category of our customers.

Dr Pakirisamy Baskaran A/L P Thangavelu was previously a director of Sunray Medical Sdn Bhd and was not involved in the day-to-day operations of Sunray Medical Sdn Bhd. Further, Dr Pakirisamy Baskaran A/L P Thangavelu had on 15 February 2022 resigned from his position as a director of Sunray Medical Sdn Bhd.

Further, the involvement and interests of Dr Pakirisamy Baskaran A/L P Thangavelu in UMC is that of an Independent Non-Executive Director and he is not involved in the day-to-day management of our Group.

As such, our Board is of the view that the involvement and interests of our Director, as described above, do not give rise to any existing and potential conflict of interest situation.

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**10. CONFLICT OF INTEREST (CONT'D)**


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**10.2 DECLARATION BY ADVISERS ON CONFLICT OF INTEREST**
**10.2.1 Affin Hwang IB**

Affin Hwang IB confirms that there is no situation of conflict of interest that exists or is likely to exist in its capacity as the Principal Adviser, Sponsor, Sole Placement Agent and Sole Underwriter for our IPO.

**10.2.2 BDO PLT**

BDO PLT confirms that there is no situation of conflict of interest that exists or is likely to exist in its capacity as the Auditors and Reporting Accountants for our IPO.

**10.2.3 Wong Beh & Toh**

Wong Beh & Toh confirms that there is no situation of conflict of interest that exists or is likely to exist in its capacity as the Solicitors for our IPO.

**10.2.4 Protégé**

Protégé confirms that there is no situation of conflict of interest that exists or is likely to exist in its capacity as the Independent Market Researcher for our IPO.

**10.2.5 Share Registrar**

Boardroom Share Registrars Sdn Bhd confirms that there is no situation of conflict of interest that exists or is likely to exist in its capacity as the Share Registrar for our IPO.

**10.2.6 Issuing house**

Malaysian Issuing House Sdn Bhd confirms that there is no situation of conflict of interest that exists or is likely to exist in its capacity as the Issuing House for our IPO.

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**11. FINANCIAL INFORMATION**

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**11.1 HISTORICAL FINANCIAL INFORMATION**

Our Company was incorporated under the Act on 22 April 2021. On 28 September 2021, we completed the Acquisitions which resulted in Actimed, Evo Medik, U Medihealth, UMediC, UWHC and UWHM becoming our wholly-owned subsidiaries. As such, the financial statements of our Group comprise:

- (i) the combined statements of financial position as at 31 July 2019, 2020 and 2021;
- (ii) the consolidated statement of financial position as at 31 January 2022;
- (iii) the combined statements of profit or loss and other comprehensive income for FYEs 2019, 2020 and 2021;
- (iv) the consolidated statement of profit or loss and other comprehensive income for FPE 2022;
- (v) the combined statements of changes in equity for FYEs 2019, 2020 and 2021;
- (vi) the consolidated statement of changes in equity for FPE 2022;
- (vii) the combined statements of cash flows for FYEs 2019, 2020 and 2021; and
- (viii) the consolidated statement of cash flows for FPE 2022;

The historical combined financial statements for FYEs 2019, 2020 and 2021 as well as consolidated financial statements for FPE 2022 were prepared as if our Group structure had been in existence throughout the Financial Years Under Review and Financial Periods Under Review. All intra-group transactions and balances have been eliminated on combination and consolidation.

The historical financial information presented below should be read in conjunction with the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” as set out in Section 11.3 of this Prospectus and the Accountants’ Report, together with its accompanying notes as set out in Section 12 of this Prospectus.

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## 11. FINANCIAL INFORMATION (CONT'D)

### 11.1.1 Historical statements of profit or loss and other comprehensive income of our Group

The table below sets out the statements of profit or loss and other comprehensive income of our Group for the financial years indicated:

	Audited			Unaudited	Audited
	FYE 2019	FYE 2020	FYE 2021	FPE 2021	FPE 2022
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	16,422	23,676	34,116	14,154	36,855
Cost of sales	(10,719)	(16,242)	(21,553)	(8,724)	(23,944)
GP	5,703	7,434	12,563	5,430	12,911
Other income	362	<sup>(i)</sup> 723	606	259	<sup>(i)</sup> 282
Marketing expenses	(461)	(449)	(265)	(132)	(391)
Administrative and other expenses	<sup>(ii)</sup> (3,808)	(4,217)	<sup>(ii)</sup> (5,619)	(2,602)	(5,623)
Finance costs	(163)	(445)	(731)	(330)	(467)
Share of loss of an associate, net of tax	(16)	(3)	-	-	-
PBT	1,617	3,043	6,554	2,625	6,712
Taxation	(298)	(624)	(1,467)	(470)	(2,140)
<b>PAT</b>	<b>1,319</b>	<b>2,419</b>	<b>5,087</b>	<b>2,155</b>	<b>4,572</b>
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive income attributable to common controlling shareholders of the combining entities	1,319	2,419	5,087	2,155	4,572
GP margin <sup>(iii)</sup> (%)	34.73	31.40	36.82	38.36	35.03
EBITDA <sup>(iv)</sup> (RM'000)	2,081	4,154	8,096	3,340	7,945
EBITDA margin <sup>(v)</sup> (%)	12.67	17.55	23.73	23.60	21.56
PBT margin <sup>(vi)</sup> (%)	9.85	12.85	19.21	18.55	18.21
PAT margin <sup>(vii)</sup> (%)	8.03	10.22	14.91	15.23	12.41
Basic and diluted EPS <sup>(viii)</sup> (sen)	0.35	0.65	1.36	0.58	1.22

#### Notes:

- (i) Included net gains on impairment of financial assets of approximately RM0.08 million and RM0.01 million for FYE 2020 and FPE 2022.
- (ii) Included net losses on impairment of financial assets of approximately RM0.16 million and RM1,325 for FYE 2019 and FYE 2021 respectively.
- (iii) GP margin is computed based on GP divided by revenue.

## 11. FINANCIAL INFORMATION (CONT'D)

(iv) EBITDA is computed as follows:

	Audited			Unaudited	Audited
	FYE 2019	FYE 2020	FYE 2021	FPE 2021	FPE 2022
	RM'000	RM'000	RM'000	RM'000	RM'000
PAT	1,319	2,419	5,087	2,155	4,572
Add: Taxation	298	624	1,467	470	2,140
Finance costs	163	445	731	330	467
Depreciation and amortisation	332	698	848	406	815
Less: Interest income	(31)	(32)	(37)	(21)	(49)
<b>EBITDA</b>	<b>2,081</b>	<b>4,154</b>	<b>8,096</b>	<b>3,340</b>	<b>7,945</b>

(v) EBITDA margin is computed based on EBITDA divided by revenue.

(vi) PBT margin is computed based on PBT divided by revenue.

(vii) PAT margin is computed based on PAT divided by revenue.

(viii) For comparative purposes, the basic EPS is computed based on the PAT divided by the enlarged number of issued Shares of 373,910,000 Shares after our IPO. For information purposes, the diluted EPS is equal to the basic EPS as there were no potential dilutive securities in issue during the respective Financial Years Under Review and Financial Periods Under Review.

### 11.1.2 Selected historical statements of financial position of our Group

The table below sets out selected financial information from the statements of financial position of our Group as at the end of the financial years and financial periods indicated:

	Audited			Unaudited	Audited
	As at 31 July			As at 31 January	
	2019	2020	2021	2021	2022
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	1,321	7,123	20,332	16,679	20,150
Rights-of-use assets	5,586	6,017	6,275	5,878	6,187
Investment in an associate	53	-	-	-	-
	6,960	13,140	26,607	22,557	26,337
<b>Current assets</b>					
Inventories	3,708	5,590	10,116	8,523	8,603
Trade receivables	2,685	3,827	9,516	2,428	6,930
Other receivables	617	3,731	550	1,889	908
Current tax assets	117	90	376	43	513
Cash and bank balances	1,535	3,501	2,761	1,378	5,609
	8,662	16,739	23,319	14,261	22,563
<b>TOTAL ASSETS</b>	<b>15,662</b>	<b>29,879</b>	<b>49,926</b>	<b>36,818</b>	<b>48,900</b>

## 11. FINANCIAL INFORMATION (CONT'D)

	Audited			Unaudited	Audited
	As at 31 July			As at 31 January	
	2019	2020	2021	2021	2022
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to the owners of parent/ common controlling shareholders of the combining entities</b>					
Share capital/invested equity	2,687	2,888	6,908	3,687	13,834
Reserves	2,591	3,744	8,831	5,900	6,476
<b>TOTAL EQUITY</b>	<b>5,278</b>	<b>6,632</b>	<b>15,739</b>	<b>9,587</b>	<b>20,310</b>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Borrowings	1,638	10,186	14,156	13,038	13,498
Lease liabilities	224	512	828	512	688
Government grant	-	-	135	135	442
Deferred tax liabilities	89	30	131	29	114
	1,951	10,728	15,250	13,714	14,742
<b>Current liabilities</b>					
Trade payables	542	1,745	3,643	3,909	2,643
Other payables	7,530	4,862	3,580	2,130	2,972
Borrowings	107	5,378	11,033	6,942	5,700
Lease liabilities	204	364	312	302	319
Government grant	-	-	15	15	50
Current tax liabilities	10	170	354	219	2,164
	8,393	12,519	18,937	13,517	13,848
<b>TOTAL LIABILITIES</b>	<b>10,344</b>	<b>23,247</b>	<b>34,187</b>	<b>27,231</b>	<b>28,590</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>15,622</b>	<b>29,879</b>	<b>49,926</b>	<b>36,818</b>	<b>48,900</b>

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**11. FINANCIAL INFORMATION (CONT'D)****11.2 CAPITALISATION AND INDEBTEDNESS**

The table below sets out our Group's capitalisation and indebtedness as at 31 May 2022 and the pro forma capitalisation and indebtedness of our Group which has been prepared on the assumption that our IPO and the use of proceeds to be raised from our IPO had occurred on 31 May 2022:

	Unaudited as at 31 May 2022 RM'000	After our IPO and use of proceeds RM'000
<b>Indebtedness:</b>		
<u>Current</u>		
Secured and guaranteed		
- Bankers' acceptance	4,450	4,450
- Term loans	1,753	1,563
Secured and unguaranteed		
- Lease liabilities	300	81
Unsecured and unguaranteed		
- Lease liabilities	40	40
<u>Non-current</u>		
Secured and guaranteed		
- Term loans	13,279	5,269
Secured and unguaranteed		
- Lease liabilities	581	-
Unsecured and unguaranteed		
- Lease liabilities	22	22
<b>Total indebtedness</b>	<b>20,425</b>	<b>11,425</b>
<b>Total equity</b>	<b>21,644</b>	<b>51,221</b>
<b>Total capitalisation and indebtedness</b>	<b>42,069</b>	<b>62,646</b>
Gearing ratio <sup>(i)</sup> (times)	0.94	0.22

**Note:**

(i) Gearing ratio is computed based on total indebtedness divided by total equity.

The above pro forma capitalisation and indebtedness of our Group is provided for illustrative purposes only and does not represent our actual capitalisation and indebtedness as at 31 May 2022 or in the future.

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## 11. FINANCIAL INFORMATION (CONT'D)

### 11.3 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following management's discussion and analysis in respect of the financial condition and results of operations of our Group for the Financial Years Under Review and Financial Periods Under Review should be read in conjunction with the Accountants Report together with its accompanying notes as set out in Section 12 of this Prospectus.

The discussion and analysis contain data derived from our audited combined and consolidated financial statements as well as forward-looking statements that involve risks, uncertainties and assumptions. The actual results may differ significantly from those projected in the forward-looking statements. The factors that may cause future results to differ significantly from those included in the forward-looking statements include, but not limited to, those discussed below and elsewhere in this Prospectus, particularly the risk factors as set out in Section 8 of this Prospectus.

There are no accounting policies which are peculiar to our Group. For further information on the significant accounting policies of our Group, please refer to Section 7 of the Accountants' Report included in Section 12 of this Prospectus.

#### 11.3.1 Overview of our operations

We are an investment holding company. Through our subsidiaries, we are principally involved in following business segments:

##### (i) Marketing and distribution segment

We market and distribute various branded medical devices and consumables. We are the authorised distributor of multiple established, international medical device companies. We also market various types of medical furniture, including medical beds and carts. We engage third-party contract manufacturers for the manufacturing of this medical furniture.

We distribute and supply locally to both the public and private hospitals, and other healthcare service providers such as medical centres and other healthcare-related facilities, as well as non-medical business entities.

In addition, we also provide the after-sales service which include maintenance services and technical support, sale of spare parts as well as training on equipment.

##### (ii) Manufacturing segment

We develop and manufacture our own medical consumables, namely HydroX series prefilled humidifiers.

In FYE 2020, due to the COVID-19 pandemic, we saw an opportunity to leverage on our existing facilities to manufacture sanitizers and disinfectants. In addition, we also developed our AirdroX series inhaler spacers in FYE 2020 and have subsequently commercialised in June 2022.

## 11. FINANCIAL INFORMATION (CONT'D)

Other than FYE 2020, the GP and GP margin for manufacturing segment generally ranged from approximately RM0.26 million to RM1.38 million and approximately 7% to 23% respectively for the Financial Years/Periods Under Review. The GP and GP margin for manufacturing segment for FYE 2020 was approximately RM0.04 million and 0.69% respectively and was mainly due to higher costs incurred during FYE 2020. Please refer to Section 11.3.3(ii)(c) of the Prospectus for further details.

Moving forward, we intend to expand our manufacturing segment and also to develop and commercialise more products under our own brand. We have identified the new products to be developed and commercialised based on our assessment of the market demands and the opportunities available. At the same time, the new products will also complement and add to our list of own brand product offerings, and it can be cross-marketed to our existing clientele.

We target to commercialise several new products in the next two (2) years, namely (a) sterile water for inhalation; (b) prefilled nebulisers; (c) digital oxygen flowmeters; and (d) humidifier humidity sensors. Please refer to Section 6.6.3 of this Prospectus for further details on these new products.

Please refer to Section 6 of this Prospectus for further information on our Group's business overview.

### 11.3.2 Significant factors affecting our financial condition and results of operations

Our financial condition and results of operations have been and are expected to be affected by, amongst others, the following factors:

#### (i) We operate in a competitive environment

We face competition from existing market players both locally and overseas. The competition from medical device industry is mainly on company recognition and loyalty, product price and quality, as well as the ability to identify and fulfil the latest industry needs. According to IMR Report, the medical device industry in Malaysia is fragmented in nature and consists of market players such as local manufacturers, subsidiaries of MNCs as well as distributors. The market players may also be involved in manufacturing and distributing their own products, manufacturing their own products as well as distributing third-party products or solely distributing third-party products. These market players may have greater financial resources, larger distribution networks, multiple product lines and/or resources available to them. As such, we face stiff competition among local and overseas market players, and our financial condition and results of operations would depend on our ability to continue competing effectively against other market players.

Please also refer to Section 8.1.3 for further details on the risk factor relating to our Group operating in a competitive environment.

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**11. FINANCIAL INFORMATION (CONT'D)**


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**(ii) Availability and volatility of prices of our distribution products and raw materials**

For our marketing and distribution segment, the cost of distribution products is the only component of our cost of sales for the Financial Years Under Review and Financial Periods Under Review. Our Group also relies on a steady supply of the distribution products from our suppliers/principals at reasonable costs to us. Hence, any price fluctuations in the distribution products could result in increased cost of sales, thus affecting our financial performance should we fail to pass the increase in cost to our customers. Please also refer to Section 8.2.4 for further details on the risk factor relating to our marketing and distribution segment depends on a stable source of supply and our business relationship with our suppliers/principals.

For our manufacturing segment, the raw materials used is the main component of our cost of sales for the Financial Years Under Review and Financial Periods Under Review. The key raw materials needed for our manufacturing segment include plastic resin, packaging materials and injection components. Plastic resin is a commodity whose price is affected by, amongst others, overall economic performance, demand, production capacity and supply.

As such, our profitability is significantly dependent on and will continue to depend on the availability of distribution products and raw materials as well as the prices of these goods.

**(iii) Our business is subject to or reliant on licences, permits and approvals issued by the relevant Malaysian authorities**

As an authorised distributor or a manufacturer of medical devices and consumables, we are bound by the federal, state and local laws and rules and regulations set by the relevant Malaysian authorities, such as the MDA. Our operations/products are reliant on certain regulatory licences, permits and approvals granted by the relevant authorities and registration with MDA. The validity of some of these licences, permits and approvals are subject to periodical renewal and compliance with the relevant requirements and regulations imposed by the MDA and/or other relevant authorities.

In the event we are unable to comply with any of the terms and conditions imposed by the relevant authorities, the licences, permits and approvals may be revoked, suspended or not renewed, which could have a material adverse effect on our business operation and financial performance. In addition, the relevant authorities may also impose penalties or fines against us and/or our Directors.

Please also refer to Section 8.2.2 for further details on the risk factor relating to our business may be adversely affected if our licences, permits and approvals are revoked, suspended or not renewed.

**(iv) Impact of fluctuation in foreign exchange, interest rate, inflation and government/economic/fiscal/monetary policies**

Please refer to Section 11.3.4 of this Prospectus for further information on the impact of fluctuation in foreign exchange, interest rate, inflation and government/economic/fiscal/monetary policies.

## 11. FINANCIAL INFORMATION (CONT'D)

Please also refer to Section 8.1.4 for further details on the risk factor relating to political, economic and regulatory risks in Malaysia and other countries and Section 8.2.5 for further details on the risk factor relating to adverse movements in foreign currency exchange on our performance.

### 11.3.3 Results of operations

The components of our Group's statements of profit or loss and other comprehensive income as well as the analysis of the results of operations of our Group for the Financial Years Under Review and Financial Periods Under Review are as follows:

#### (i) Revenue

Our primary source of revenue is derived from the marketing and distribution segment where we market and distribute various medical devices and consumables from multiple established, international medical device companies. Our distribution products mainly comprise of patient monitors, defibrillators/AEDs, ventilators, cardiocography and ultrasound machines.

We also develop, manufacture and market our own medical consumables, namely HydroX series prefilled humidifiers. In FYE 2020, due to the COVID-19 pandemic, we saw an opportunity to leverage on our existing facilities to manufacture sanitizers and disinfectants. We also sold the prototype of AirdroX series inhaler spacers that we manufactured and have subsequently commercialised AirdroX series inhaler spacers in June 2022.

To complement our range of product offerings, we also engage third-party contract manufacturers to manufacture and market various types of medical furniture, including medical beds and carts.

In addition, we also provide after-sales service to our customers. Our after-sales service includes maintenance services and technical support, sale of spare parts as well as training on equipment. Most of our after-sales service are provided based on maintenance service agreements entered into between our Group and our customers upon expiry of the warranty period. We also provide maintenance services and technical support and/or sell spare parts to our customers as and when it is needed and without any agreement signed.

Our revenue is recognised upon delivery to and acceptance of our products and services by our customers. During the Financial Years Under Review and Financial Periods Under Review, our revenue is derived from both local and overseas markets. The majority of our sales are derived from local market. Our sales are mainly denominated in RM and USD. For FYEs 2019, 2020, 2021, FPEs 2021 and 2022, approximately 78.49%, 81.69%, 83.71%, 84.36% and 88.29% of our Group's total revenue were denominated in RM respectively.

We do not practise any fixed pricing policy. For the marketing and distribution segment, the selling price of our medical devices and consumables is fixed by our Group. The selling prices of our products and services are determined and negotiated on a case-to-case basis and may vary according to various factors such as, amongst others, volume of order, raw material prices, as well as competitiveness of the pricing to attract new customers or to retain existing customers.

## 11. FINANCIAL INFORMATION (CONT'D)

### (a) Revenue by business segments

The table below sets out our Group's revenue by business segments for the Financial Years Under Review and Financial Periods Under Review:

	Audited						Unaudited		Audited	
	FYE 2019		FYE 2020		FYE 2021		FPE 2021		FPE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
<b>Marketing and distribution</b>										
Medical devices	7,893	48.06	14,805	62.53	23,921	70.12	9,950	70.30	30,249	82.08
Medical consumables	2,928	17.83	2,636	11.13	2,745	8.04	1,331	9.40	1,564	4.24
Others <sup>(i)</sup>	2,028	12.35	1,012	4.28	1,600	4.69	599	4.23	656	1.78
	12,849	78.24	18,453	77.94	28,266	82.85	11,880	83.93	32,469	88.10
<b>Manufacturing</b>										
Medical consumables <sup>(ii)</sup>	3,573	21.76	5,223	22.06	5,850	17.15	2,274	16.07	4,386	11.90
<b>Total</b>	<b>16,422</b>	<b>100.00</b>	<b>23,676</b>	<b>100.00</b>	<b>34,116</b>	<b>100.00</b>	<b>14,154</b>	<b>100.00</b>	<b>36,855</b>	<b>100.00</b>

#### Notes:

- (i) Comprises maintenance services and technical support, sale of spare parts as well as training on equipment.

The breakdown of our revenue for maintenance services and technical support, sale of spare parts as well as training on equipment is as follows:

	FYE 2019	FYE2020	FYE 2021	FPE 2021	FPE 2022
	RM'000	RM'000	RM'000	RM'000	RM'000
Maintenance services and technical support	536	150	588	198	82
Sale of spare parts	710	756	928	363	557
Training on equipment	782	106	84	38	17
<b>Total</b>	<b>2,028</b>	<b>1,012</b>	<b>1,600</b>	<b>599</b>	<b>656</b>

- (ii) The breakdown of the medical consumables under our manufacturing segment for the Financial Years Under Review and Financial Periods Under Review is as follows:

	FYE 2019	FYE 2020	FYE 2021	FPE 2021	FPE 2022
	RM'000	RM'000	RM'000	RM'000	RM'000
Prefilled humidifiers	3,573	4,329	5,574	2,183	4,226
Sanitizers and disinfectants	-	839	192	41	52
Prototype of AirdroX series inhaler spacers	-	55	84	50	108
<b>Total</b>	<b>3,573</b>	<b>5,223</b>	<b>5,850</b>	<b>2,274</b>	<b>4,386</b>

## 11. FINANCIAL INFORMATION (CONT'D)

Our Group's revenue is mainly derived from marketing and distribution segment which contributed approximately 78.24%, 77.94%, 82.85%, 83.93% and 88.10% of our Group's total revenue for FYEs 2019, 2020, 2021, FPEs 2021 and 2022 respectively. Our distributed medical devices mainly comprise of patient monitors, defibrillators/AEDs, ventilators, cardiotocography, ultrasound machines and medical furniture whereas our distributed medical consumables mainly comprise of disposable breathing circuits, bacteria filters, heat and moisture exchangers, non-invasive ventilation masks, high flow nasal cannulas, pressure transducer kit, arterial cannulations, arterial blood sampling systems and central venous catheters.

Over the years, our Group has evolved from being involved in marketing and distribution of medical devices and consumables only, to performing R&D and product development as well as manufacturing of our own brand medical consumables, namely HydroX series prefilled humidifiers. In June 2022, we have also commercialised our AirdroX series inhaler spacers. Our Group's revenue from manufacturing segment has been increasing from approximately RM3.57 million for FYE 2019 to approximately RM5.85 million for FYE 2021. Further, our Group's revenue from manufacturing segment was approximately RM4.39 million for six (6) month period for FPE 2022.

In addition, our revenue from "Others" segment is dependent on the level of after-sales service provided to our customers such as maintenance services and technical support, sale of spare parts as well as training on equipment.

### (b) Revenue by geographical markets

The table below sets out our Group's revenue by geographical markets for the Financial Years Under Review and Financial Periods Under Review:

	Audited						Unaudited		Audited	
	FYE 2019		FYE 2020		FYE 2021		FPE 2021		FPE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
<b>Local</b>	12,890	78.49	19,341	81.69	28,560	83.71	11,940	84.36	32,540	88.29
<b>Overseas</b>										
Asia Pacific <sup>(i)</sup>	2,192	13.35	3,098	13.08	3,417	10.02	1,470	10.39	3,179	8.63
Americas <sup>(ii)</sup>	493	3.00	571	2.41	773	2.27	123	0.87	395	1.07
Europe <sup>(iii)</sup>	430	2.62	352	1.49	876	2.57	415	2.93	558	1.51
Middle East <sup>(iv)</sup>	331	2.02	247	1.04	298	0.87	125	0.88	-	-
Africa <sup>(v)</sup>	86	0.52	67	0.29	192	0.56	81	0.57	94	0.26
Oceania <sup>(vi)</sup>	-	-	-	-	-	-	-	-	89	0.24
	3,532	21.51	4,335	18.31	5,556	16.29	2,214	15.64	4,315	11.71
<b>Total</b>	<b>16,422</b>	<b>100.00</b>	<b>23,676</b>	<b>100.00</b>	<b>34,116</b>	<b>100.00</b>	<b>14,154</b>	<b>100.00</b>	<b>36,855</b>	<b>100.00</b>

#### Notes:

- (i) Comprises countries such as Brunei, India, Indonesia, Jordan, Myanmar, Philippines, South Korea and Thailand.
- (ii) Comprises countries such as Ecuador and Chile.
- (iii) Comprises countries such as Romania and the Czech Republic.

## 11. FINANCIAL INFORMATION (CONT'D)

- (iv) Comprises countries such as Saudi Arabia and the United Arab Emirates.
- (v) Comprises countries such as South Africa.
- (vi) Comprises countries such as Australia.

Malaysia was the main revenue contributor to our Group for the Financial Years Under Review and Financial Periods Under Review, contributing approximately 78.49%, 81.69%, 83.71%, 84.36% and 88.29% of our Group's total revenue for FYEs 2019, 2020, 2021, FPEs 2021 and 2022 respectively. The revenue contribution from Malaysia was mainly derived from our marketing and distribution of medical devices and consumables.

The revenue contribution from overseas market to our Group has been increasing from FYE 2019 to FYE 2021 and six (6) month period for FPE 2022. The revenue contribution from overseas market was derived from our manufacturing segment.

The geographical profile of our Group's revenue contribution varies from year to year according to demand and location of the existing and new customers secured by our Group in a particular year.

### (c) Commentaries on revenue:

#### FYE 2019 as compared to FYE 2020

Our Group's revenue increased by approximately RM7.25 million or 44.17% from approximately RM16.42 million for FYE 2019 to approximately RM23.68 million for FYE 2020.

The increase in our Group's revenue was mainly due to an increase in revenue from marketing and distribution segment by approximately RM5.60 million or 43.61% from approximately RM12.85 million for FYE 2019 to approximately RM18.45 million for FYE 2020.

The increase in revenue from marketing and distribution segment was mainly attributable to the increase of approximately RM6.91 million in sales of medical devices, in particular patient monitors, defibrillators/AEDs, ultrasound machines and ventilators to both public and private hospitals as well as healthcare service providers. The increase in sales of medical devices was mainly due to these medical devices being replaced (i.e. when they reached the end of their life cycle) and higher allocations being given to certain public hospitals to purchase new medical devices. In addition, we also secured new orders during the year through our expanded product offerings such as ventilators, maternal and infant care products, ultrasound machines, SunLife Science branded electric-powered 3D chest compressors.

However, the increase was partially offset by the decrease in revenue from "Others" segment of approximately RM1.02 million. This was mainly due to lesser training conducted by us during the year as our customers have been focusing their expenditure on COVID-19 related medical devices and supplies since the outbreak of COVID-19.

## 11. FINANCIAL INFORMATION (CONT'D)

In addition, there was also a decrease in revenue from the sales of medical consumables of approximately RM0.29 million. This was mainly due to lower selling prices for certain of our medical consumables used for medical devices such as patient monitors/MRI-compatible patient monitors and defibrillators as these medical consumables were sold together with certain of our sales for medical devices in order to gain market share.

In addition, the revenue from manufacturing segment also increased by approximately RM1.65 million. This was mainly attributable to the increase in sales of HydroX series prefilled humidifiers, sanitizers and disinfectants as there was a surge in orders from our customers due to the COVID-19 pandemic. We also sold the prototype of AirdroX series inhaler spacers during the year.

By geographical location, in line with the above increase in revenue from marketing and distribution segment derived from local market, our Group's local market contribution increased by approximately RM6.45 million or 50.05% from approximately RM12.89 million for FYE 2019 to approximately RM19.34 million for FYE 2020.

Our Group's revenue derived from overseas market also increased by approximately RM0.80 million or 22.73% from approximately RM3.53 million for FYE 2019 to approximately RM4.34 million for FYE 2020. This was mainly due to the increase in sales of HydroX series prefilled humidifiers from customers in South Korea, Thailand and Indonesia. However, the increase was partially offset by decrease in sales of HydroX series prefilled humidifiers of approximately RM0.18 million from customers in Romania, the Czech Republic, Saudi Arabia and South Africa.

### **FYE 2020 as compared to FYE 2021**

Our Group's revenue increased by approximately RM10.44 million or 44.10% from approximately RM23.68 million for FYE 2020 to approximately RM34.12 million for FYE 2021.

The increase in our Group's revenue was mainly due to an increase in revenue from marketing and distribution segment by approximately RM9.81 million or 53.18% from approximately RM18.45 million for FYE 2020 to approximately RM28.27 million for FYE 2021.

The increase in revenue from marketing and distribution segment was mainly attributable to the increase of approximately RM9.12 million in sales of medical devices, in particular ventilators, patient monitors, defibrillators/AEDs, mechanical cardiopulmonary resuscitation (CPR) devices and ultrasound machines to both public and private hospitals as well as healthcare service providers as these medical devices were used to treat COVID-19 patients. Although the COVID-19 pandemic was one of the contributing factors, this was not the only reason as the revenue contribution was also due to these medical devices being replaced (i.e. when they reached the end of their life cycle) or upgraded (i.e. when higher specification medical devices were required). There was also an increase in sales from private organisations where they donated these medical devices to public and private hospitals as part of their companies' corporate social responsibility project. In addition, we also received orders amounting to approximately RM0.51 million from a newly opened private hospital in Port Dickson as well as a private hospital which expanded its operations during the year.

## 11. FINANCIAL INFORMATION (CONT'D)

The revenue from "Others" segment also increased by approximately RM0.59 million. This was mainly due to more service maintenance requests from customers for medical devices on an ad-hoc basis and this was partially offset by fewer virtual trainings requested as part of the service agreements entered with our customers during the year.

In addition, there was also an increase in revenue from our sales of medical consumables of approximately RM0.11 million. This was mainly due to the increase in orders for certain of our medical consumables used for medical devices such as patient monitors/MRI-compatible patient monitors and defibrillators.

In addition, the revenue from manufacturing segment also increased by approximately RM0.63 million. This was mainly attributable to the increase in sales of HydroX series prefilled humidifiers, due to higher demand from our customers to increase their inventory levels in order to minimise possible supply disruptions during the COVID-19 pandemic.

By geographical location, in line with the above increase in revenue from marketing and distribution segment derived from local market, our Group's local market contribution increased by approximately RM9.22 million or 47.67% from approximately RM19.34 million for FYE 2020 to approximately RM28.56 million for FYE 2021.

Our Group's revenue derived from overseas market also increased by approximately RM1.22 million or 28.17% from approximately RM4.34 million for FYE 2020 to approximately RM5.56 million for FYE 2021. This was mainly due to the increase in sales of HydroX series prefilled humidifiers from customers in South Korea, Thailand and Ecuador. We generally keep a certain level of inventory in order to shorten lead time for delivery of products to our overseas customers.

### **FPE 2021 as compared to FPE 2022**

Our Group's revenue increased by approximately RM22.70 million or 160.39% from approximately RM14.15 million for FPE 2021 to approximately RM36.86 million for FPE 2022.

The increase in our Group's revenue was mainly due to an increase in revenue from marketing and distribution segment by approximately RM20.59 million or 173.31% from approximately RM11.88 million for FPE 2021 to approximately RM32.47 million for FPE 2022.

The increase in revenue from marketing and distribution segment was mainly attributable to the increase of approximately RM20.30 million in sales of medical devices, in particular ventilators, patient monitors, defibrillators/AEDs and ultrasound machines to both public and private hospitals as well as healthcare service providers. The sales of medical devices during this period increased due to upgrading and expansion of healthcare facilities such as additional orders amounting to approximately RM0.21 million from a private hospital which expanded its operations in FYE 2021. In addition, the COVID-19 pandemic was also one of the contributing factors as the number of COVID-19 patients ventilated and in ICU was higher in FPE 2022 as compared to the previous period.

## 11. FINANCIAL INFORMATION (CONT'D)

There was also an increase in revenue from our sales of medical consumables of approximately RM0.23 million. This was mainly due to the increase in orders for certain of our medical consumables used for medical devices such as patient monitors/MRI-compatible patient monitors and defibrillators.

In addition, the revenue from “Others” segment also increased by approximately RM0.06 million. This was mainly due to an increase in sales of spare parts and this was partially offset by lesser service maintenance requests from our customers for medical devices on an ad-hoc basis and fewer trainings requested as part of the service agreements entered with our customers during the period.

In addition, the revenue from manufacturing segment also increased by approximately RM2.11 million as our Group managed to sell more HydroX series prefilled humidifiers during FPE 2022 due to higher demand from our customers to increase their inventory levels in order to minimise any possible supply disruptions.

By geographical location, in line with the above increase in revenue from marketing and distribution segment derived from local market, our Group's local market contribution increased by approximately RM20.60 million or 172.53% from approximately RM11.94 million for FPE 2021 to approximately RM32.54 million for FPE 2022.

Our Group's revenue derived from overseas market also increased by approximately RM2.10 million or 94.90% from approximately RM2.21 million for FPE 2021 to approximately RM4.32 million for FPE 2022. This was mainly due to the increase in sales of HydroX series prefilled humidifiers from customers in Thailand, Indonesia and South Korea. We generally keep a certain level of inventory in order to shorten lead time for delivery of products to our overseas customers.

### (ii) Cost of sales

Our Group's cost of sales comprises distribution product costs, raw material costs, labour costs and production overheads.

Our Group's purchases are denominated in RM, USD, Euro, SGD and CNY in the following percentages for the Financial Years Under Review and Financial Periods Under Review:

	Audited			Unaudited	Audited
	FYE 2019	FYE 2020	FYE 2021	FPE 2021	FPE 2022
	%	%	%	%	%
<b>Currency</b>					
RM	67.21	84.96	54.50	65.86	43.86
USD	28.29	13.90	41.82	27.78	54.73
Euro	4.50	1.13	1.72	2.03	1.06
SGD	-	-	0.97	2.18	-
CNY	-	0.01	0.99	2.15	0.35
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>



## 11. FINANCIAL INFORMATION (CONT'D)

Our Group's purchases are affected by the fluctuations in the exchange rates of the foreign currencies above.

### (a) Cost of sales by cost components

The table below sets out our Group's cost of sales by cost components for the Financial Years Under Review and Financial Periods Under Review:

	Audited						Unaudited		Audited	
	FYE 2019		FYE 2020		FYE 2021		FPE 2021		FPE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
<b>Marketing and distribution</b>										
Distribution product costs	7,406	69.09	11,055	68.06	17,080	79.25	6,678	76.55	20,409	85.24
<b>Manufacturing</b>										
Raw material costs	1,757	16.39	2,954	18.19	2,228	10.34	1,108	12.70	1,683	7.03
Labour costs	655	6.11	1,248	7.68	896	4.15	393	4.50	759	3.17
Production overheads	901	8.41	985	6.07	1,349	6.26	545	6.25	1,093	4.56
	3,313	30.91	5,187	31.94	4,473	20.75	2,046	23.45	3,535	14.76
<b>Total</b>	<b>10,719</b>	<b>100.00</b>	<b>16,242</b>	<b>100.00</b>	<b>21,553</b>	<b>100.00</b>	<b>8,724</b>	<b>100.00</b>	<b>23,944</b>	<b>100.00</b>

### Distribution product costs

The distribution product costs for our marketing and distribution segment accounted for approximately 69.09%, 68.06%, 79.25%, 76.55% and 85.24% of our Group's total cost of sales for FYEs 2019, 2020, 2021, FPEs 2021 and 2022 respectively.

We source the medical devices and consumables that we distribute from multiple established, international medical device companies. For medical furniture, we engage third-party contract manufacturers to manufacture. The number of third-party contract manufacturers which we have been engaged for the manufacturing of medical furniture and the cost incurred for the Financial Years Under Review and Financial Periods Under Review are as follows:

	FYE 2019	FYE 2020	FYE 2021	FPE 2021	FPE 2022
Number of third-party contract manufacturer	1	1	1	1	1
Third-party contract manufacturers' cost (RM'000)	2,152	950	1,046	535	2,303

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**11. FINANCIAL INFORMATION (CONT'D)**


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**Raw material costs**

The raw material costs for our manufacturing segment accounted for approximately 16.39%, 18.19%, 10.34%, 12.70% and 7.03% of our Group's total cost of sales for FYEs 2019, 2020, 2021, FPEs 2021 and 2022 respectively.

The raw material costs mainly comprise of plastic resin, packaging materials and injection components such as adaptor body and cap, oxygen connector cover and low density polyethylene plastic that are used for the production of our own medical consumables, namely HydroX series prefilled humidifiers. We source these raw materials mainly from local suppliers.

We usually hold quarterly meetings with our customers to review the selling price and to obtain feedback for our products. We will negotiate a higher selling price with our customers when there is an increase in raw material price and we are generally able to partially pass on any increase in cost to our customers.

**Labour costs**

Labour costs accounted for approximately 6.11%, 7.68%, 4.15%, 4.50% and 3.17% of our Group's total cost of sales for FYEs 2019, 2020, 2021, FPEs 2021 and 2022 respectively.

Labour costs mainly comprise of salaries, performance incentives, allowances and other related costs and benefits in relation to production workers as well as indirect staff costs of employees who carry out supervisory and marketing roles and/or are involved in quality assurance, R&D and store-keeping. We also engage contractual workers as and when the need arises.

**Production overheads**

Production overheads accounted for approximately 8.41%, 6.07%, 6.26%, 6.25% and 4.56% of our Group's total cost of sales for FYEs 2019, 2020, 2021, FPEs 2021 and 2022 respectively.

Production overheads mainly comprise of upkeep of machinery and equipment, factory rental, utilities expenses, depreciation on manufacturing related assets (such as plant and machinery and buildings) as well as forwarding and freight charges.

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**11. FINANCIAL INFORMATION (CONT'D)****(b) Cost of sales by business segments**

The table below sets out our Group's cost of sales by business segments for the Financial Years Under Review and Financial Periods Under Review:

	Audited						Unaudited		Audited	
	FYE 2019		FYE 2020		FYE 2021		FPE 2021		FPE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
<b>Marketing and distribution</b>										
Medical devices	5,071	47.31	8,771	54.00	13,800	64.03	5,234	60.00	18,510	77.31
Medical consumables	1,976	18.43	1,889	11.63	2,543	11.80	1,202	13.78	1,477	6.17
Others	359	3.35	395	2.43	737	3.42	242	2.77	422	1.76
	7,406	69.09	11,055	68.06	17,080	79.25	6,678	76.55	20,409	85.24
<b>Manufacturing</b>										
Medical consumables	3,313	30.91	5,187	31.94	4,473	20.75	2,046	23.45	3,535	14.76
<b>Total</b>	<b>10,719</b>	<b>100.00</b>	<b>16,242</b>	<b>100.00</b>	<b>21,553</b>	<b>100.00</b>	<b>8,724</b>	<b>100.00</b>	<b>23,944</b>	<b>100.00</b>

Marketing and distribution segment's cost of sales accounted for approximately 69.09%, 68.06%, 79.25%, 76.55% and 85.24% of our Group's total cost of sales for FYEs 2019, 2020, 2021, FPEs 2021 and 2022 respectively. The component of cost of sales for the marketing and distribution segment only includes costs of distribution products.

Manufacturing segment's cost of sales accounted for approximately 30.91%, 31.94%, 20.75%, 23.45% and 14.76% of our Group's total cost of sales for FYEs 2019, 2020, 2021, FPEs 2021 and 2022 respectively. The main component of cost of sales for the manufacturing segment includes raw material costs, labour costs and production overheads.

**(c) Commentaries on cost of sales:****FYE 2019 as compared to FYE 2020**

Our Group's cost of sales increased by approximately RM5.52 million or 51.53% from approximately RM10.72 million for FYE 2019 to approximately RM16.24 million for FYE 2020. This was in line with the increase in our revenue for FYE 2020.

The increase in the cost of sales was mainly due to the following:

- (i) increase in the cost of sales for the marketing and distribution segment. This was mainly attributable to the increase in the distribution product costs of approximately RM3.65 million which was in line with the increase in sales of medical devices during FYE 2020. However, the increase was partially offset by the decrease in the medical consumable costs of approximately RM0.09 million which is in line with the decrease in sales of medical consumables;

## 11. FINANCIAL INFORMATION (CONT'D)

- (ii) increase in the cost of sales for the manufacturing segment of approximately RM1.87 million which was mainly attributable to the following:

- (a) increase in the overall costs of raw materials of approximately RM1.20 million mainly due to higher raw material costs for our HydroX series prefilled humidifiers as more raw materials such as adaptor caps were used for testing and validation activities for our new mould and automation adaptor assembly line. These adaptor caps used for testing and validation activities were not sold to our customers.

In addition, the unit price of adaptor caps also increased by approximately 16% as compared to the previous year mainly due to a change of material used in the adaptor caps to reduce processing time during the packing stage, after sterilisation is performed;

- (b) increase in the labour costs of approximately RM0.59 million as we increased our production workers from a total of 21 personnel in FYE 2019 to a total of 32 personnel in FYE 2020 to cater for the expansion of our manufacturing segment; and
- (c) increase in the production overheads of approximately RM0.08 million which was mainly due to the increase in utility costs, forwarding and freight charges and depreciation. The increase in depreciation was mainly attributable to new machineries acquired during the year. As a result of new machineries being acquired, there was a decrease in upkeep and maintenance.

### FYE 2020 as compared to FYE 2021

Our Group's cost of sales increased by approximately RM5.31 million or 32.70%, from approximately RM16.24 million for FYE 2020 to approximately RM21.55 million for FYE 2021.

The increase in the cost of sales was mainly due to the increase in the cost of sales for the marketing and distribution segment. This was mainly attributable to the increase in the distribution product costs of approximately RM6.03 million which was in line with the increase in sales of medical devices and consumables during FYE 2021.

However, the increase in the cost of sales was partially offset by the decrease in the cost of sales for the manufacturing segment of approximately RM0.71 million which was mainly attributable to the following:

- (i) decrease in the purchase of raw material costs of approximately RM0.73 million as we began to perform in-house sterilisation process. This sterilisation process was previously performed by our approved vendors and this was recorded under the raw material costs. Currently, we do not engage vendors for the sterilisation process; and
- (ii) decrease in the labour costs of approximately RM0.35 million as we have automated certain production processes. The decrease in labour costs was mainly due to a decrease in overtime claims as well as reduction of contractual production workers from 69 in FYE 2020 to 3 in FYE 2021.

## 11. FINANCIAL INFORMATION (*CONT'D*)

Notwithstanding the above, the decrease was partially offset by the increase in production overheads of approximately RM0.36 million which was mainly attributable to higher utility costs and depreciation. The increase in depreciation was mainly due to the depreciation on the additional machineries acquired in FYE 2020 which was recorded on a full-year basis in FYE 2021 as compared to approximately nine (9) months in FYE 2020. The increase was partially offset by the decrease in forwarding and freight charges and upkeep and maintenance as a result of new machineries acquired.

### **FPE 2021 as compared to FPE 2022**

Our Group's cost of sales increased by approximately RM15.22 million or 174.46%, from approximately RM8.72 million for FPE 2021 to approximately RM23.94 million for FPE 2022.

The increase in the cost of sales was mainly due to the following:

- (i) increase in the cost of sales for the marketing and distribution segment of approximately RM13.73 million. This was in line with the increase in sales of medical devices and consumables during FPE 2022.
- (ii) increase in the cost of sales for the manufacturing segment of approximately RM1.49 million which was mainly attributable to the following:
  - (a) increase in the overall costs of raw materials of approximately RM0.58 million mainly due to higher raw material costs for our HydroX series prefilled humidifiers which was in line with the increase in sales of our HydroX series prefilled humidifiers. In addition, there was an increase in price of plastic resin, which is a commodity, of approximately 34% as compared to the previous period.

However, this was partially offset by a lower average unit price of adaptor body and cap of approximately 69% and 49% respectively as compared to the previous period due to cost efficiencies achieved through the efforts taken by us and our supplier to increase the production efficiency of adaptor body and cap thus reducing the production cost per unit;

  - (b) increase in the labour costs of approximately RM0.37 million as we increased our production workers from a total of 19 personnel in FPE 2021 to a total of 39 personnel in FPE 2022 and engaged more contractual workers to cater for the higher production output during the period; and
  - (c) increase in the production overheads of approximately RM0.55 million which was mainly due to the higher depreciation charged for new machineries acquired during the period as well as higher utilities expenses incurred at our new factory.

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## 11. FINANCIAL INFORMATION (CONT'D)

### (iii) GP and GP margin

#### (a) GP

The table below sets out our Group's GP by business segments for the Financial Years Under Review and Financial Periods Under Review:

GP	Audited						Unaudited		Audited	
	FYE 2019		FYE 2020		FYE 2021		FPE 2021		FPE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
<b>Marketing and distribution</b>										
Medical devices	2,822	49.48	6,034	81.17	10,121	80.56	4,716	86.85	11,739	90.92
Medical consumables	952	16.69	747	10.05	202	1.61	129	2.38	87	0.68
Others	1,669	29.27	617	8.30	863	6.87	357	6.57	234	1.81
	5,443	95.44	7,398	99.52	11,186	89.04	5,202	95.80	12,060	93.41
<b>Manufacturing</b>										
Medical consumables	260	4.56	36	0.48	1,377	10.96	228	4.20	851	6.59
<b>Total</b>	<b>5,703</b>	<b>100.00</b>	<b>7,434</b>	<b>100.00</b>	<b>12,563</b>	<b>100.00</b>	<b>5,430</b>	<b>100.00</b>	<b>12,911</b>	<b>100.00</b>

#### (b) GP margin

The table below sets out our Group's GP margin by business segments for the Financial Years Under Review and Financial Periods Under Review:

GP margin	Audited			Unaudited	Audited
	FYE 2019	FYE 2020	FYE 2021	FPE 2021	FPE 2022
	%	%	%	%	%
<b>Marketing and distribution</b>					
Medical devices	35.75	40.76	42.31	47.40	38.81
Medical consumables	32.51	28.34	7.36	9.69	5.56
Others	82.30	60.97	53.94	59.60	35.67
	42.36	40.09	39.57	43.79	37.14
<b>Manufacturing</b>					
Medical consumables	7.28	0.69	23.54	10.03	19.40
<b>Overall GP margin</b>	<b>34.73</b>	<b>31.40</b>	<b>36.82</b>	<b>38.36</b>	<b>35.03</b>

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## 11. FINANCIAL INFORMATION (CONT'D)

### (c) Commentaries on GP and GP margin:

#### FYE 2019 as compared to FYE 2020

In line with the increase in our Group's revenue, our Group's GP increased by approximately RM1.73 million or 30.35% from approximately RM5.70 million for FYE 2019 to approximately RM7.43 million for FYE 2020.

Notwithstanding the above, our Group's overall GP margin decreased by approximately 3.33% from approximately 34.73% for FYE 2019 to approximately 31.40% for FYE 2020. The decrease in GP margin was mainly due to the following:

- (i) decrease in GP margin for the marketing and distribution of medical consumables as certain of our medical consumables used for medical devices such as patient monitors/MRI-compatible patient monitors and defibrillators, which were sold together with medical devices at a lower price (i.e. up to a discount of 50% or, in some cases, it was packaged on a complimentary basis as part of the total sales of medical devices) in order to secure sales for medical devices and gain market share. The discounts were given to certain customers as part of our Group's marketing strategy;
- (ii) decrease in GP margin for the "Others" segment which was mainly due to the lower revenue generated from this segment as well as higher spare parts cost for the maintenance service and technical support. The spare parts cost had increased by approximately 10% to 15% as compared to the previous year mainly due to the higher prices charged by our suppliers/principals and higher transportation costs. We only partially passed on the increased cost to our customers as we intend to maintain a cordial relationship with our customers for future business dealings; and
- (iii) decrease in GP margin for the manufacturing segment which was mainly due to higher costs incurred during FYE 2020 as explained in Section 11.3.3(ii)(c) of this Prospectus.

Notwithstanding the above, the decrease in our Group's overall GP margin was partially offset by the increase in GP margin for marketing and distribution of medical devices. This was in line with the increase in sales of medical devices during FYE 2020. In addition, we managed to purchase these medical devices at a more competitive prices, where discounts were given by our suppliers/principals as we purchased in larger quantities.

#### FYE 2020 as compared to FYE 2021

In line with the increase in our Group's revenue, our Group's GP increased by approximately RM5.13 million or 68.99% from approximately RM7.43 million for FYE 2020 to approximately RM12.56 million for FYE 2021.

Our Group's overall GP margin increased by approximately 5.42% from approximately 31.40% for FYE 2020 to approximately 36.82% for FYE 2021. The increase in GP margin was mainly due to the increase in GP margin for manufacturing segment which was mainly attributable to the lower costs incurred during FYE 2021 as explained in Section 11.3.3(ii)(c) of this Prospectus.

## 11. FINANCIAL INFORMATION (CONT'D)

In addition, there was also an increase in GP margin for marketing and distribution of medical devices. This was in line with the increase in sales of medical devices during FYE 2021 and we managed to continue to purchase these medical devices at a more competitive prices, where discounts were given by our suppliers/principals as we purchased in larger quantities.

Notwithstanding the above, the increase in our Group's overall GP margin was partially offset by the decrease in GP margin for marketing and distribution segment which was mainly due to the following:

- (i) decrease in GP margin for marketing and distribution of medical consumables as certain of our medical consumables used for medical devices such as patient monitors/MRI-compatible patient monitors and defibrillators, which were sold together with medical devices at a lower price (i.e. up to a discount of 50% or, in some cases, it was packaged on a complimentary basis as part of the total sales of medical devices) in order to secure sales for medical devices and gain market share. The discounts were given to certain customers as part of our Group's marketing strategy; and
- (ii) decrease in GP margin for "Others" segment which was mainly due to higher spare parts cost for the maintenance service and technical support. The spare parts cost had increased by approximately 10% to 15% as compared to the previous year mainly due to the higher prices charged by our suppliers/principals and higher transportation costs. We only partially passed on the increased cost to our customers as we intend to maintain a cordial relationship with our customers for future business dealings.

### FPE 2021 as compared to FPE 2022

Our Group's GP increased by approximately RM7.48 million or 137.77% from approximately RM5.43 million for FPE 2021 to approximately RM12.91 million for FPE 2022.

Our Group's overall GP margin decreased by approximately 3.33% from approximately 38.36% for FPE 2021 to approximately 35.03% for FPE 2022. The decrease in GP margin was mainly due to the following:

- (i) decrease in GP margin for the marketing and distribution of medical devices mainly due to our Group reducing the selling price of the medical devices in excess of the discount secured from our suppliers as it was our Group's marketing strategy to give a discount to certain of our customers who purchased medical devices in bulk.

Our Group will continue this marketing strategy on a case-by-case basis after taking into consideration various factors such as the creditworthiness (including payment history), the length of business relationship with our customers as well as transaction volume and value of medical devices purchased;



## 11. FINANCIAL INFORMATION (CONT'D)

- (ii) decrease in GP margin for the marketing and distribution of medical consumables as certain of medical consumables used for medical devices such as patient monitors/MRI-compatible patient monitors and defibrillators, which were sold together with medical devices at a lower price (i.e. up to a discount of 50% or, in some cases, it was packaged on a complimentary basis as part of the total sales of medical devices) in order to secure sales for medical devices and gain market share. The discounts were given to certain customers as part of our Group's marketing strategy; and
- (iii) decrease in GP margin for the "Others" segment mainly due to higher spare parts cost for the maintenance service and technical support. The spare parts cost had increased by approximately 10% to 15% as compared to the FPE 2021 mainly due to the higher prices charged by our suppliers/principals and higher transportation costs. Our Group only partially passed on the increased cost to our customers as our Group intends to maintain a cordial relationship with our customers for future business dealings.

Notwithstanding the above, the decrease in our Group's overall GP margin was partially offset by the increase in GP margin for manufacturing segment as our Group managed to sell HydroX series prefilled humidifiers at a higher negotiated average price with our customers in FPE 2022 as compared to FPE 2021 as there was a general increase in prices in the market due to cost increase.

This was partially offset by the following:

- (i) increase in the overall costs of raw materials of approximately RM0.58 million mainly due to higher raw material costs for our HydroX series prefilled humidifiers which was in line with the increase in sales of our HydroX series prefilled humidifiers. In addition, there was an increase in price of plastic resin, which is a commodity, of approximately 34% as compared to the previous period.

However, this was partially offset by a lower average unit price of adaptor body and cap of approximately 69% and 49% respectively as compared to the previous period due to cost efficiencies achieved through the efforts taken by us and our supplier to increase the production efficiency of adaptor body and cap thus reducing the production cost per unit;

- (ii) increase in the labour costs of approximately RM0.37 million as we increased our production workers from a total of 19 personnel in FPE 2021 to a total of 39 personnel in FPE 2022 and engaged more contractual workers to cater for the higher production output during the period; and
- (iii) increase in the production overheads of approximately RM0.55 million which was mainly due to the higher depreciation charged for new machineries acquired during the period as well as higher utilities expenses incurred at our new factory.

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**11. FINANCIAL INFORMATION (CONT'D)****(iv) Other income**

The table below sets out our Group's other income for the Financial Years Under Review and Financial Periods Under Review:

	Audited						Unaudited		Audited	
	FYE 2019		FYE 2020		FYE 2021		FPE 2021		FPE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Grants <sup>(i)</sup>	53	14.64	333	46.06	234	38.61	119	45.95	89	31.56
Scrap income <sup>(ii)</sup>	154	42.54	116	16.04	128	21.12	39	15.06	40	14.18
Unrealised gain in foreign exchange	94	25.97	121	16.74	43	7.09	3	1.15	*	#
Realised gain in foreign exchange	30	8.29	34	4.70	111	18.32	39	15.06	64	22.70
Interest income	31	8.56	32	4.43	37	6.11	21	8.11	49	17.38
Reversal of impairment loss on trade receivables	-	-	85	11.76	11	1.82	-	-	14	4.96
Others <sup>(iii)</sup>	-	-	2	0.27	42	6.93	38	14.67	26	9.22
<b>Total</b>	<b>362</b>	<b>100.00</b>	<b>723</b>	<b>100.00</b>	<b>606</b>	<b>100.00</b>	<b>259</b>	<b>100.00</b>	<b>282</b>	<b>100.00</b>

**Notes:**

\* Less than RM1,000.

# Negligible.

(i) Comprises grants received from SME Corporation Malaysia for a medical devices initiative programme undertaken by UWHM, Standard and Industrial Research Institute of Malaysia ("SIRIM") for upgrading of machines used in the manufacture of prefilled humidifiers for productivity improvement, MIDA for carrying out a smart factory project for prefilled humidifiers and prefilled nebulisers, Northern Corridor Implementation Authority for talent enhancement programme as well as SOCSO for a wage subsidy programme which aims to support employers to continue operations and retain employees during the pandemic.

(ii) Comprises proceeds from the disposal of scraps of plastic materials used for our manufactured products.

(iii) Comprises, amongst others, lease concession and gain on disposal of plant, property and equipment, sponsorship by one of our principals, Mindray for product training purposes.

Our Group has obtained approval for the following grants:

(a) SIRIM for upgrading of machines used in the manufacture of prefilled humidifiers for productivity improvement amounting to RM0.20 million;

(b) SIRIM for design and fabrication of automated leak test device for productivity improvement of prefilled humidifier amounting to approximately RM0.20 million;

## 11. FINANCIAL INFORMATION (CONT'D)

- (c) MIDA for carrying out a smart factory project for prefilled humidifiers and prefilled nebulisers amounting to approximately RM0.50 million;
- (d) MIDA for upgrading of facilities and equipment to carry out the manufacturing activities amounting to approximately RM4.44 million;
- (e) Northern Corridor Implementation Authority for talent enhancement programme which facilitate up to 50% of the salary offered to the selected participants or maximum of RM1,000 per month per selected participant, whichever is lower;
- (f) SME Corporation Malaysia for a medical devices initiative programme undertaken by UWHM;
- (g) reinvestment allowance on qualifying capital expenditure for 15 consecutive years of assessment beginning from the year of assessment in which a claim for that allowance was first made; and
- (h) pioneer status with tax exemption of up to 70% on accountable income derived from prefilled humidifier for a period of five (5) years from 1 August 2016 to 31 July 2021.

### (a) Commentaries on other income:

#### FYE 2019 as compared to FYE 2020

Our Group's other income increased by approximately RM0.36 million or 99.72% from approximately RM0.36 million for FYE 2019 to approximately RM0.72 million for FYE 2020. The increase in the other income was mainly due to the following:

- (i) increase in grants received of approximately RM0.28 million. During FYE 2020, our Group received new grants amounting to approximately RM0.33 million from SOCSO for wage subsidy programme and SIRIM for design and fabrication of automated leak test device for productivity improvement of prefilled humidifier. During FYE 2019, our Group received a grant amounting to approximately RM0.05 million from SME Corporation Malaysia for a medical devices initiative programme undertaken by UWHM; and
- (ii) reversal of impairment loss on trade receivables of approximately RM0.09 million in FYE 2020 as a result of subsequent collection.

#### FYE 2020 as compared to FYE 2021

Our Group's other income decreased by approximately RM0.12 million or 16.18% from approximately RM0.72 million for FYE 2020 to approximately RM0.61 million for FYE 2021. The decrease in the other income was mainly due to the following:

## 11. FINANCIAL INFORMATION (CONT'D)

- (i) decrease in grants received of approximately RM0.10 million. During FYE 2021, our Group received grants amounting to approximately RM0.23 million from SME Corporation Malaysia for a medical devices initiative programme undertaken by UWHM, SOCSO for wage subsidy programme and SIRIM for upgrading of machines used in the manufacture of prefilled humidifiers for productivity improvement. During FYE 2020, our Group received new grants amounting to approximately RM0.33 million from SOCSO for wage subsidy programme and SIRIM for design and fabrication of automated leak test device for productivity improvement of prefilled humidifier; and
- (ii) decrease in unrealised gain on foreign exchange of approximately RM0.08 million. This was mainly due to the unrealised gain derived from the sales denominated in USD were partially offset by unrealised loss derived from the purchases denominated in USD.

Notwithstanding the above, the decrease in other income was partially offset by the increase in realised gain on foreign exchange of approximately RM0.08 million. The increase was mainly due to sales denominated in USD which were recognised at a lower exchange rate and subsequently converted into RM at a higher exchange rate.

### FPE 2021 as compared to FPE 2022

Our Group's other income increased by approximately RM0.02 million or 8.88% from approximately RM0.26 million for FPE 2021 to approximately RM0.28 million for FPE 2022. The increase in the other income was mainly due to the following:

- (i) increase in interest income of approximately RM0.03 million received from deposit placed with the financial institutions; and
- (ii) increase in realised gain on foreign exchange of approximately RM0.03 million. The increase was mainly due to sales denominated in USD which were recognised at a lower exchange rate and subsequently converted into RM at a higher exchange rate.

Notwithstanding the above, the increase in other income was partially offset by the decrease in grants received of approximately RM0.03 million. During FPE 2022, our Group received new grants amounting to approximately RM0.09 million from MIDA for carrying out a smart factory project for prefilled humidifiers and prefilled nebulisers and Northern Corridor Implementation Authority for talent enhancement programme. During FPE 2021, our Group received grants amounting to approximately RM0.12 million from SOCSO for wage subsidy programme and SME Corporation Malaysia for a medical devices initiative programme.

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## 11. FINANCIAL INFORMATION (CONT'D)

### (v) Operating expenses

The table below sets out our Group's operating expenses for the Financial Years Under Review and Financial Periods Under Review:

	Audited						Unaudited		Audited	
	FYE 2019		FYE 2020		FYE 2021		FPE 2021		FPE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Marketing expenses	461	10.80	449	9.62	265	4.50	132	4.83	391	6.50
Administrative and other expenses	3,808	89.20	4,217	90.38	5,619	95.50	2,602	95.17	5,623	93.50
<b>Total</b>	<b>4,269</b>	<b>100.00</b>	<b>4,666</b>	<b>100.00</b>	<b>5,884</b>	<b>100.00</b>	<b>2,734</b>	<b>100.00</b>	<b>6,014</b>	<b>100.00</b>

### (a) Marketing expenses and administrative and other expenses

The table below sets out our Group's marketing expenses and administrative and other expenses for the Financial Years Under Review and Financial Periods Under Review:

	Audited						Unaudited		Audited	
	FYE 2019		FYE 2020		FYE 2021		FPE 2021		FPE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
<b>Marketing expenses</b>										
Travelling and transportation costs	317	7.43	243	5.21	186	3.16	101	3.69	134	2.23
Entertainment and sponsorship	76	1.78	78	1.67	66	1.12	17	0.62	50	0.83
Exhibition expenses	56	1.31	110	2.35	*	#	4	0.15	61	1.01
Others <sup>(i)</sup>	12	0.28	18	0.39	13	0.22	10	0.37	146	2.43
	461	10.80	449	9.62	265	4.50	132	4.83	391	6.50
<b>Administrative and other expenses</b>										
Staff costs and welfare	1,856	43.47	2,063	44.22	2,758	46.87	1,266	46.31	3,413	56.75
Directors' remuneration	767	17.97	825	17.68	1,110	18.86	674	24.65	308	5.12
Depreciation	185	4.33	368	7.89	405	6.88	170	6.22	268	4.46
Rental expenses	155	3.63	59	1.26	62	1.05	40	1.46	22	0.37
Insurance	42	0.98	42	0.90	60	1.02	14	0.51	58	0.96
Professional fee	<sup>(ii)</sup> 166	3.89	<sup>(ii)</sup> 202	4.33	<sup>(iii)</sup> 726	12.34	158	5.78	1,077	17.91
Impairment loss on trade receivables	157	3.68	6	0.13	12	0.21	-	-	-	-
Realised loss on foreign exchange	70	1.64	-	-	33	0.56	31	1.13	54	0.90
Unrealised loss on foreign exchange	-	-	-	-	32	0.54	34	1.25	7	0.12

**11. FINANCIAL INFORMATION (CONT'D)**

	Audited						Unaudited		Audited	
	FYE 2019		FYE 2020		FYE 2021		FPE 2021		FPE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Office supplies and upkeep of office equipment	102	2.39	100	2.14	144	2.45	65	2.38	85	1.41
Postage and stamp duty	113	2.65	335	7.18	40	0.68	27	0.99	92	1.53
Utilities	63	1.48	68	1.46	74	1.26	60	2.19	64	1.06
Licence, registration and related fees to authorities	24	0.56	78	1.67	34	0.58	18	0.66	66	1.10
Bank charges and commission	46	1.08	18	0.39	28	0.48	18	0.66	19	0.31
Taxes <sup>(iv)</sup>	23	0.54	2	0.04	1	0.02	*	#	-	-
Others <sup>(v)</sup>	39	0.91	51	1.09	100	1.70	27	0.98	90	1.50
	3,808	89.20	4,217	90.38	5,619	95.50	2,602	95.17	5,623	93.50
<b>Total</b>	<b>4,269</b>	<b>100.00</b>	<b>4,666</b>	<b>100.00</b>	<b>5,884</b>	<b>100.00</b>	<b>2,734</b>	<b>100.00</b>	<b>6,014</b>	<b>100.00</b>

**Notes:**

\* Less than RM1,000.

# Negligible.

(i) Comprises tender and expenses related machine testing.

(ii) Comprises mainly audit fees and legal fees for our banking facilities.

(iii) Comprises mainly audit fees and advisory fees for our Listing.

(iv) Comprises sales and services tax ("SST") expenses and withholding tax.

For information purposes, UWHM was granted an exemption certificate by Royal Malaysia Customs Department ("**Customs Department**") for certain raw materials, components, packaging materials and manufacturing aid imported/purchased with exemption from sales tax under Item 4 Schedule B, Sales Tax (Person Exempted from Payment of Tax) Order 2018, for use in the manufacturing activities ("**Exemption**"). The Exemption was granted on 23 October 2018 and subject to annual renewal. UWHM has renewed the Exemption every year and the next expiry date is on 22 October 2022.

Save for the withholding tax of approximately RM0.01 million for FYEs 2019 and 2020 respectively, we do not have any provisions for withholding tax during the Financial Years Under Review and Financial Periods Under Review. The abovementioned withholding tax paid was relating to professional and certification services rendered by overseas consultants under the European Commission 93/42/EEC. This may recur after our Listing as we may engage the overseas consultants for such services, as and when required.

(v) Comprises, amongst others, advertisement, chargeback, road tax, donation, small equipment, quit rent and assessment as well as security charges.

## 11. FINANCIAL INFORMATION (CONT'D)

### (b) Commentary on operating expenses:

#### FYE 2019 as compared to FYE 2020

Our Group's operating expenses increased by approximately RM0.40 million or 9.30% from approximately RM4.27 million for FYE 2019 to approximately RM4.67 million for FYE 2020. The increase in operating expenses was mainly due to the increase in administrative and other expenses of approximately RM0.41 million, but partially offset by the decrease in marketing expenses of approximately RM0.01 million.

The increase in the administrative and other expenses was mainly attributable to the following:

- (i) increase in staff cost of approximately RM0.21 million mainly due to annual salary increment and the increase in our administration staff headcount from 36 employees in FYE 2019 to 45 employees in FYE 2020;
- (ii) increase in depreciation of approximately RM0.18 million mainly due to the acquisition of the Batu Kawan Land during FYE 2020; and
- (iii) increase in postage and stamp duty of approximately RM0.22 million mainly due to higher stamp duty incurred for the acquisition of the Batu Kawan Land as well as additional banking facilities.

Notwithstanding the above, the increase in administrative and other expenses was partially offset by the decrease in impairment loss on trade receivables of approximately RM0.15 million. The impairment loss on trade receivables for FYE 2019 was mainly due to initial application of Malaysian Financial Reporting Standard ("MFRS") 9 – *Financial Instrument* with a forward-looking assessment of expected credit losses.

The decrease in the marketing expenses was mainly attributable to the decrease in travelling and transportation costs of approximately RM0.07 million which was mainly due to the imposition of various phases of MCO by the Government which commenced from 18 March 2020 to contain the COVID-19 pandemic. However, this was partially offset by the increase in the exhibition expenses of approximately RM0.05 million as we incurred video production costs in FYE 2020 for marketing purposes.

#### FYE 2020 as compared to FYE 2021

Our Group's operating expenses increased by approximately RM1.22 million or 26.10% from approximately RM4.67 million for FYE 2020 to approximately RM5.88 million for FYE 2021. The increase in operating expenses was mainly due to the increase in administrative and other expenses of approximately RM1.40 million, but partially offset by the decrease in marketing expenses of approximately RM0.18 million.

The increase in the administrative and other expenses was mainly attributable to the following:

- (i) increase in staff cost of approximately RM0.70 million mainly due to annual salary increment and the increase in our administration staff headcount from 45 employees in FYE 2020 to 55 employees in FYE 2021;

## 11. FINANCIAL INFORMATION (CONT'D)

- (ii) increase in professional fee of approximately RM0.52 million mainly due to the professional fees for our Listing; and
- (iii) increase in directors' remuneration of approximately RM0.29 million mainly due to the increment in line with the improved performance of our Group for FYE 2021.

Notwithstanding the above, the increase in administrative and other expenses was partially offset by decrease in postage and stamp duty of approximately RM0.30 million as there was no stamp duty incurred in FYE 2021 as compared to FYE 2020. In FYE 2020, there was stamp duty incurred for the acquisition of the Batu Kawan Land as well as additional banking facilities.

The decrease in the marketing expenses was mainly attributable to the decrease in travelling and transportation costs of approximately RM0.06 million and exhibition expenses of approximately RM0.11 million. This was mainly due to the imposition of various phases of MCO by the Government which commenced from 18 March 2020 to contain the COVID-19 pandemic.

### FPE 2021 as compared to FPE 2022

Our Group's operating expenses increased by approximately RM3.28 million or 119.97% from approximately RM2.73 million for FPE 2021 to approximately RM6.01 million for FPE 2022. The increase in operating expenses was due to the increase in administrative and other expenses of approximately RM3.02 million and increase in marketing expenses of approximately RM0.26 million.

The increase in the administrative and other expenses was mainly attributable to the following:

- (i) increase in staff cost and directors' remuneration of approximately RM1.78 million mainly due to annual salary increment and higher bonus payout in line with the improved performance of our Group. In addition, our administration staff headcount increased from 53 employees in FPE 2021 to 65 employees in FPE 2022;
- (ii) increase in professional fee of approximately RM0.92 million mainly due to the professional fees for our Listing; and
- (iii) increase in depreciation of approximately RM0.10 million mainly due to new factory building on the Batu Kawan Land as well as purchase of additional computer systems.

The increase in the marketing expenses was mainly attributable to the following:

- (i) increase in expenses related machine testing of approximately RM0.14 million as our Group performed machine testing for our customers prior to securing orders; and
- (ii) increase in exhibition expenses of approximately RM0.06 million as we participated in more exhibitions during FPE 2022.



**11. FINANCIAL INFORMATION (CONT'D)****(vi) Finance cost**

The table below sets out our Group's finance costs for the Financial Years Under Review and Financial Periods Under Review:

	Audited						Unaudited		Audited	
	FYE 2019		FYE 2020		FYE 2021		FPE 2021		FPE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Interest expenses on:										
Term loans	140	85.89	269	60.45	483	66.08	201	60.91	283	60.60
Bankers' acceptance	-	-	71	15.95	133	18.19	61	18.49	128	27.41
Lease liabilities	23	14.11	53	11.91	58	7.93	27	8.18	31	6.64
Letter of credit	-	-	50	11.24	53	7.25	37	11.21	22	4.71
Bank guarantee	-	-	2	0.45	4	0.55	4	1.21	3	0.64
<b>Total</b>	<b>163</b>	<b>100.00</b>	<b>445</b>	<b>100.00</b>	<b>731</b>	<b>100.00</b>	<b>330</b>	<b>100.00</b>	<b>467</b>	<b>100.00</b>

**(a) Commentary on finance costs:****FYE 2019 as compared to FYE 2020**

Our Group's finance costs increased by approximately RM0.28 million or 173.01% from approximately RM0.16 million for FYE 2019 to approximately RM0.45 million for FYE 2020.

The increase in finance costs was mainly due to the following:

- (i) higher interest expenses on the term loans of approximately RM0.13 million which was mainly attributable to the drawdown of new term loan of approximately RM8.68 million to part finance the acquisition of the Batu Kawan Land and its construction costs;
- (ii) higher interest expenses on the bankers' acceptance of approximately RM0.07 million which was mainly attributable to the drawdown of new bankers' acceptance of approximately RM4.53 million for our working capital purposes; and
- (iii) higher interest expenses on the letter of credit of approximately RM0.05 million which was mainly attributable to the utilisation of letter of credit facilities for the purchase of our distribution products.

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## 11. FINANCIAL INFORMATION (CONT'D)

### FYE 2020 as compared to FYE 2021

Our Group's finance costs increased by approximately RM0.29 million or 64.27% from approximately RM0.45 million in FYE 2020 to approximately RM0.73 million in FYE 2021.

The increase in finance costs was mainly due to the following:

- (i) higher interest expenses on term loans of approximately RM0.21 million which was mainly attributable to the interest expense arising from term loan drawdown in FYE 2020 which was recorded on a full year basis in FYE 2021 as compared to approximately seven (7) months in FYE 2020. The increase was also due to the drawdown of new term loan of approximately RM4.35 million to part finance the construction cost and purchase of machineries; and
- (ii) higher interest expenses on the bankers' acceptance of approximately RM0.06 million which was mainly attributable to the net drawdown of bankers' acceptance of approximately RM4.93 million for our working capital purposes.

### FPE 2021 as compared to FPE 2022

Our Group's finance costs increased by approximately RM0.14 million or 41.52% from approximately RM0.33 million in FPE 2021 to approximately RM0.47 million in FPE 2022.

The increase in finance costs was mainly due to the following:

- (i) higher interest expenses on term loans of approximately RM0.08 million which was mainly attributable to the expiry of loan moratorium period for certain of our term loans subsequent to FPE 2021. In addition, subsequent to FPE 2021, there was a drawdown of term loans of approximately RM1.71 million, to part finance the construction cost and purchase of machineries, which also contributed to the increase in interest expenses for FPE 2022; and
- (ii) higher interest expenses on the bankers' acceptance of approximately RM0.07 million which was mainly attributable to drawdown of bankers' acceptance of approximately RM3.95 million for our working capital purposes.

### (vii) PBT and PBT margin

The table below sets out our Group's PBT and PBT margin for the Financial Years Under Review and Financial Periods Under Review:

	Audited			Unaudited	Audited
	FYE 2019	FYE 2020	FYE 2021	FPE 2021	FPE 2022
PBT (RM'000)	1,617	3,043	6,554	2,625	6,712
PBT margin (%)	9.85	12.85	19.21	18.55	18.21

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**11. FINANCIAL INFORMATION (CONT'D)**


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**(a) Commentary on PBT and PBT margin:****FYE 2019 as compared to FYE 2020**

Our Group's PBT increased by approximately RM1.43 million or 88.19% from approximately RM1.62 million for FYE 2019 to approximately RM3.04 million for FYE 2020. The increase in PBT was mainly contributed by the increase in GP and other income of approximately RM1.73 million and RM0.36 million respectively as compared to FYE 2019. However, the increase in PBT was partially offset by higher administrative and other expenses of approximately RM0.41 million and higher finance costs of approximately RM0.28 million.

Despite the slight decrease in GP margin, our Group's PBT margin increased from approximately 9.85% for FYE 2019 to approximately 12.85% for FYE 2020.

**FYE 2020 as compared to FYE 2021**

Our Group's PBT increased by approximately RM3.51 million or 115.38% from approximately RM3.04 million for FYE 2020 to approximately RM6.55 million for FYE 2021. The increase in PBT was mainly contributed by the increase in GP of approximately RM5.13 million and lower marketing expenses of approximately RM0.18 million as compared to FYE 2020. However, the increase in PBT was partially offset by lower other income of approximately RM0.12 million, higher administrative and other expenses of approximately RM1.40 million and higher finance costs of approximately RM0.29 million.

Further, our Group's PBT margin increased from approximately 12.85% for FYE 2020 to approximately 19.21% for FYE 2021.

**FPE 2021 as compared to FPE 2022**

Our Group's PBT increased by approximately RM4.09 million or 155.70% from approximately RM2.63 million for FPE 2021 to approximately RM6.71 million for FPE 2022. The increase in PBT was mainly contributed by the increase in GP of approximately RM7.48 million and increase in other income of approximately RM0.02 million as compared to FPE 2021. However, the increase in PBT was partially offset by higher marketing expenses of approximately RM0.26 million, higher administrative and other expenses of approximately RM3.02 million and higher finance costs of approximately RM0.14 million.

Further, our Group's PBT margin slightly decreased from approximately 18.55% for FPE 2021 to approximately 18.21% for FPE 2022.

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**11. FINANCIAL INFORMATION (CONT'D)****(viii) Taxation**

The table below sets out our Group's taxation together with the comparison between our Group's effective and statutory tax rates for the Financial Years Under Review and Financial Periods Under Review:

	Audited			Unaudited	Audited
	FYE 2019	FYE 2020	FYE 2021	FPE 2021	FPE 2022
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Income tax</b>					
Current tax expenses based on profit for the financial year	402	625	1,274	470	2,025
Under/(Over)provision of tax expense in prior years	(9)	58	92	-	132
	393	683	1,366	470	2,157
<b>Deferred tax</b>					
Relating to origination and reversal of temporary differences	29	(2)	101	-	(131)
(Over)/underprovision in prior years	(124)	(57)	*	-	114
	(95)	(59)	101	470	(17)
<b>Total</b>	<b>298</b>	<b>624</b>	<b>1,467</b>	<b>470</b>	<b>2,140</b>
Effective tax rate <sup>(i)</sup> (%)	18.43	20.51	22.38	17.90	31.88
Statutory tax rate (%)	24.00	24.00	24.00	24.00	24.00

**Notes:**

\* Less than RM1,000.

(i) Effective tax rate is computed based on the total tax expenses divided by PBT for the respective financial year.

**(a) Commentary on taxation:****FYE 2019**

Our Group's effective tax rate was at 18.43% for FYE 2019. The effective tax rate for FYE 2019 was lower than the statutory tax rate of 24.00% mainly due to the following:

- (i) overprovision of income tax expenses and deferred tax expenses in prior years of approximately RM0.01 million and RM0.12 million respectively. The overprovision of deferred tax expenses in prior year mainly due to over-estimation of capital allowances on our qualifying fixed assets; and
- (ii) lower corporate tax rate enjoyed by entities with paid-up capital of RM2.50 million or less within our Group.

## 11. FINANCIAL INFORMATION (CONT'D)

Notwithstanding the above, our Group's tax expenses were partially offset against expenses not deductible for tax purposes such as depreciation, entertainment expenses and general provision of impairment loss on trade receivables.

### FYE 2020

Our Group's effective tax rate was at 20.51% for FYE 2020. The effective tax rate for FYE 2020 was lower than the statutory tax rate of 24.00% mainly due to the following:

- (i) grants received which were not subject to income tax;
- (ii) overprovision of deferred tax expenses in prior years of approximately RM0.06 million and utilisation of previously unrecognised deferred tax assets of approximately RM0.06 million. The overprovision of deferred tax expenses in prior year mainly due to over-estimation of capital allowances on our qualifying fixed assets; and
- (iii) lower corporate tax rate enjoyed by entities with paid-up capital of RM2.50 million or less within our Group.

Notwithstanding the above, our Group's tax expenses were partially offset against expenses not deductible for tax purposes such as depreciation, entertainment expenses and stamp duty.

### FYE 2021

Our Group's effective tax rate was at 22.38% for FYE 2021. The effective tax rate for FYE 2021 was lower than the statutory tax rate of 24.00% mainly due to the following:

- (i) gain in foreign exchange in relation to expenses which were capital in nature and lease concession which were not subject to income tax;
- (ii) utilisation of previously unrecognised deferred tax assets of approximately RM0.12 million; and
- (iii) lower corporate tax rate enjoyed by entities with paid-up capital of RM2.50 million or less within our Group.

Notwithstanding the above, our Group's tax expenses were partially offset against expenses not deductible for tax purposes such as depreciation and entertainment expenses.

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**11. FINANCIAL INFORMATION (CONT'D)****FPE 2022**

Our Group's effective tax rate was at 31.88% for FPE 2022. The effective tax rate for FPE 2022 was higher than the statutory tax rate of 24.00% mainly due to the following:

- (i) expenses not deductible for tax purposes in current year such as professional fees for our Listing and provision of staff performance bonus;
- (ii) underprovision of income tax expenses in prior years of approximately RM0.13 million mainly due to under-estimation of non-deductible expenses; and
- (iii) underprovision of deferred tax expenses in prior year of approximately RM0.11 million mainly due to over-estimation of capital allowances on our qualifying fixed assets.

**(ix) PAT and PAT margin**

The table below sets out our Group's PAT and PAT margin for the Financial Years Under Review and Financial Periods Under Review:

	Audited			Unaudited	Audited
	FYE 2019	FYE 2020	FYE 2021	FPE 2021	FPE 2022
PAT (RM'000)	1,319	2,419	5,087	2,155	4,572
PAT margin (%)	8.03	10.22	14.91	15.23	12.41

Our PAT and PAT margin were generally consistent with the growth in PBT and PBT margin during the Financial Years Under Review.

Our PAT margin decreased from approximately 15.23% for FPE 2021 to approximately 12.41% for FPE 2022 was mainly due to higher tax expenses incurred in FPE 2022 as explained in Section 11.3.3(viii)(a) of this Prospectus.

**11.3.4 Impact of fluctuation in foreign exchange, interest rate, inflation and government/economic/fiscal/monetary policies****(i) Foreign exchange**

Our sales are primarily transacted in RM and USD whilst our purchases are primarily transacted in RM, USD and Euro. As such, we are exposed to fluctuations in foreign exchange rates and any adverse movements in the foreign exchange markets may have a negative impact on our financial performance and operating results.

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**11. FINANCIAL INFORMATION (CONT'D)**

The impact of foreign exchange fluctuations on our financial performance during the Financial Years Under Review and Financial Periods Under Review are as follows:

	Audited			Unaudited	Audited
	FYE 2019	FYE 2020	FYE 2021	FPE 2021	FPE 2022
	RM'000	RM'000	RM'000	RM'000	RM'000
Realised gain on foreign exchange	30	34	111	39	64
Unrealised gain on foreign exchange	94	121	43	3	*
Realised loss on foreign exchange	(70)	-	(33)	(31)	(54)
Unrealised loss on foreign exchange	-	-	(32)	(34)	(7)
<b>Net gain/(loss) on foreign exchange</b>	<b>54</b>	<b>155</b>	<b>89</b>	<b>(23)</b>	<b>3</b>
PBT	1,617	3,043	6,554	2,625	6,712
Net gain/(loss) on foreign exchange as a percentage of PBT (%)	3.34	5.09	1.36	(0.88)	0.04

**Note:**

\* Less than RM1,000.

Based on the above, we are exposed to foreign exchange gains or losses during the conversion of foreign currency into RM, mainly arising from the timing differences between our billings and the actual receipts of payments from our foreign customers.

We monitor closely the movement of the foreign exchange to manage our foreign exchange risks. We also maintain foreign currency accounts whereby collections arising from our foreign sales are used to settle our purchases in the same foreign currency. This would provide, to a certain extent, a natural hedge against the foreign exchange fluctuations.

**(ii) Interest rate**

Our exposure to interest rate fluctuations arises from floating rate bank borrowings which is pegged to the base financing rate as stipulated by our financial institution that may change from time to time. As such, any change in the interest rate of our floating rate bank borrowings will raise the cost of our borrowings and our finance costs, which in turn may have an adverse effect on our financial performance.

Our Group has monitored and will continue to monitor interest rates movements to ensure that the most competitive rates are secured and where appropriate, borrowing arrangements and interest bearing instruments are structured or reduced.

**11. FINANCIAL INFORMATION (CONT'D)**

The interest coverage ratio of our Group for the Financial Years Under Review and Financial Periods Under Review is as follow:

	Audited			Unaudited	Audited
	As at 31 July			As at 31 January	
	2019	2020	2021	2021	2022
	RM'000	RM'000	RM'000	RM'000	RM'000
Total borrowings (including lease liabilities owing to financial institutions)	2,173	16,305	26,313	20,751	20,179
Profit before interest and tax	1,780	3,488	7,285	2,955	7,179
Finance costs	163	445	731	330	467
Interest coverage ratio <sup>(i)</sup> (times)	10.92	7.84	9.97	8.95	15.37

**Note:**

- (i) Interest coverage ratio is computed based on profit before interest and tax over finance costs.

Interest coverage ratio measures the number of times a company can make its interest payments with its profit before interest and tax. Our interest coverage ratio of 9.97 times and 15.37 times for FYE 2021 and FPE 2022 respectively, indicates that our Group has been able to generate sufficient profits before interest and tax to meet our interest serving obligations.

Our Group's financial results for the Financial Years Under Review and Financial Periods Under Review were not materially affected by fluctuations in interest rates. However, should there be any major increase in interest rates in the future, it would raise the cost of borrowings and our finance costs, which may have an adverse effect on the performance of our Group.

**(iii) Inflation**

Our business, financial condition or results of our operations for the Financial Years Under Review and Financial Periods Under Review were not materially affected by the inflation. Nevertheless, there can be no assurance that future inflation would not have an impact on our business operations and financial performance.

**(iv) Government/economic/fiscal/monetary policies**

We are subject to the risks of government, economic, fiscal or monetary policies, where any unfavourable change may materially affect our business operations, financial performance and prospects of the healthcare industry in which we operate. For the Financial Years Under Review and Financial Periods Under Review, our results were not adversely affected by any unfavourable changes relating to government, economic, fiscal or monetary policies.



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**11. FINANCIAL INFORMATION (CONT'D)**

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**11.4 LIQUIDITY AND CAPITAL RESOURCES****11.4.1 Working capital**

For the Financial Years Under Review and Financial Periods Under Review, we have financed our operations mainly through cash generated from our operations, credit extended by our suppliers/principals and external borrowings from financial institutions. The principal use of these funds are to finance our working capital purposes, which include, amongst others, the purchases of distribution products, raw materials and payments to our employees and other suppliers/principals as well as purchases of plant and machinery, along with the repayment of bank borrowings.

As at 31 January 2022, we have:

- (i) cash and bank balances of approximately RM5.61 million; and
- (ii) banking facilities of approximately RM32.40 million, of which approximately RM6.50 million has yet to be utilised.

As at 31 January 2022, our working capital which is calculated based on total current assets minus total current liabilities, was approximately RM8.72 million. This represents a current ratio of approximately 1.63 times.

Based on the above, after taking into consideration our evaluation of the impact of COVID-19 pandemic on our Group as discussed in Section 6.19 of this Prospectus as well as the funding requirements for our committed capital expenditure, expected cash flows to be generated from our operations, our existing level of cash and bank balances, credit resources and the proceeds to be raised from our IPO, our Board confirms that we will have sufficient working capital for at least 12 months from the date of this Prospectus.

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## 11. FINANCIAL INFORMATION (CONT'D)

### 11.4.2 Cash flows

The table below sets out the summary of our Group's cash flows for the Financial Years Under Review and Financial Periods Under Review:

	Audited			Unaudited	Audited
	2019 RM'000	2020 RM'000	2021 RM'000	2021 RM'000	2022 RM'000
Net cash from/(used in) operating activities	6,667	(3,911)	3,650	2,917	9,652
Net cash used in investing activities	(5,523)	(932)	(9,262)	(5,717)	(529)
Net cash (used in)/from financing activities	(693)	6,804	4,867	675	(6,264)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>451</b>	<b>1,961</b>	<b>(745)</b>	<b>(2,125)</b>	<b>2,859</b>
Effects of foreign exchange rates changes	15	4	6	3	(12)
Cash and cash equivalents at beginning of financial year	1,069	1,535	3,500	3,500	2,761
<b>Cash and cash equivalents at end of financial year</b>	<b>1,535</b>	<b>3,500</b>	<b>2,761</b>	<b>1,378</b>	<b>5,608</b>

There is no legal, financial or economic restriction on our subsidiaries' ability to transfer/receive funds to/from our Company in the form of cash dividends, loans or advances, subject to the availability of distributable reserves, loans or advances in compliance with any applicable financial covenant.

#### Commentaries on cash flows:

#### FYE 2019

##### (i) Net cash from operating activities

For FYE 2019, our Group's operating profit before changes in working capital was approximately RM2.16 million. After adjusting for the following key items, our net cash from operating activities was approximately RM6.67 million:

- (a) increase in inventories of approximately RM0.07 million mainly due to higher purchase of distribution products and raw materials as well as higher amount of goods in transit in anticipation of higher demand for our products in FYE 2020 after taking into consideration, amongst others, the sales orders received towards the end of FYE 2019;
- (b) increase in trade and other receivables of approximately RM1.18 million mainly due to higher sales towards the end of FYE 2019 which resulted in higher amounts due from customers.

**11. FINANCIAL INFORMATION (CONT'D)**

In addition, there were also amounts owing by our directors and their related parties, of which the details are as follows:

	<b>Purpose</b>	<b>RM'000</b>
Dato' Ng Chai Eng	Advances to Director	42
Kong Yoen Hoo	Advances to director of subsidiary	26
Meditech	Sale of medical consumables and spare parts as well as provision of technical service	58
Medik Healthcare Sdn Bhd	Advances to related party	4
Dale Innovation Sdn Bhd	Advances to related party	46
United Wellcare Sdn Bhd	Advances to related party	14
<b>Total</b>		<b>190</b>

- (c) increase in trade and other payables of approximately RM5.80 million mainly due to the increase in advances from the directors for working capital purposes. These advances were interest-free;
- (d) interest received from our cash deposited with the financial institutions of approximately RM0.03 million; and
- (e) net income tax of approximately RM0.07 million paid.

**(ii) Net cash used in investing activities**

For FYE 2019, our Group recorded net cash used in investing activities of approximately RM5.52 million which was due to the acquisition of the Batu Kawan Land.

**(iii) Net cash used in financing activities**

For FYE 2019, our Group recorded net cash used in financing activities of approximately RM0.69 million which was mainly attributed to:

- (a) payment of dividend of RM0.30 million to the following shareholders:

<b>Shareholders</b>	<b>RM'000</b>
Dato' Ng Chai Eng	59
Lim Taw Seong	59
Lau Chee Kheong	59
Lim Suat Gim	90
Kong Yoen Hoo	33
<b>Total</b>	<b>300</b>

- (b) repayment of banking facilities of approximately RM0.25 million; and
- (c) payment of interest of approximately RM0.14 million.

## 11. FINANCIAL INFORMATION (CONT'D)

### **FYE 2020**

#### **(i) Net cash used in operating activities**

For FYE 2020, our Group's operating profit before changes in working capital was approximately RM3.96 million. After adjusting for the following key items, our net cash used in operating activities was approximately RM3.91 million:

- (a) increase in inventories of approximately RM1.88 million mainly due to higher purchase of distribution products and raw materials in anticipation of higher demand for our products in FYE 2021 after taking into consideration, amongst others, the sales orders received towards the end of FYE 2020;
- (b) increase in trade and other receivables of approximately RM4.06 million mainly due to the prepayment for the purchase of machineries.

In addition, there were also amounts owing by our directors and their related parties, of which the details are as follows:

	<b>Purpose</b>	<b>RM'000</b>
Dato' Ng Chai Eng	Advances to Director	3
Lim Taw Seong	Advances to Director	3
Lau Chee Kheong	Advances to Director	3
Meditech	Sale of medical consumables and spare parts as well as provision of technical service	16
Medik Healthcare Sdn Bhd	Advances to related party	2
Dale Innovation Sdn Bhd	Advances to related party	10
United Wellcare Sdn Bhd	Advances to related party	16
<b>Total</b>		<b>53</b>

- (c) decrease in trade and other payables of approximately RM1.46 million mainly due to partial repayment of advances from the directors. These advances were for working capital purposes and interest-free. This was partially offset by higher purchase of distribution products and raw materials towards the end of FYE 2020;
- (d) interest received from our cash deposited with the financial institutions of approximately RM0.03 million; and
- (e) net income tax of approximately RM0.50 million paid.

We incurred a net operating cash outflow for FYE 2020 mainly due to the prepayment for the purchase of machineries, which was used for our manufacturing segment and resulted in a significant increase in our closing balances of other receivables in FYE 2020. After taking into consideration that the purchase of machineries was a one-off event as well as our current cash position, we do not anticipate this to recur in the future.

## 11. FINANCIAL INFORMATION (CONT'D)

### (ii) Net cash used in investing activities

For FYE 2020, our Group recorded net cash used in investing activities of approximately RM0.93 million which was mainly attributed to the construction works in progress for the building on the Batu Kawan Land and purchase of machineries.

### (iii) Net cash from financing activities

For FYE 2020, our Group recorded net cash from financing activities of approximately RM6.80 million which was mainly attributed to:

- (a) drawdown of new term loan of approximately RM6.37 million to part finance the acquisition of the Batu Kawan Land and the construction cost for the building on the Batu Kawan Land;
- (b) drawdown of bankers' acceptance of approximately RM4.53 million for our working capital purposes; and
- (c) proceeds from the issuance of new ordinary shares in UWHM of RM0.20 million.

This was, however, partially offset by the following:

- (i) repayment of banking facilities of approximately RM2.63 million;
- (ii) payment of dividend of approximately RM1.27 million to the following shareholders:

Shareholders	RM'000
Dato' Ng Chai Eng	390
Lim Taw Seong	390
Lau Chee Kheong	336
Lim Suat Gim	18
Kong Yoen Hoo	131
<b>Total</b>	<b>1,265</b>

- (iii) payment of interest of approximately RM0.39 million.

## **FYE 2021**

### (i) Net cash from operating activities

For FYE 2021, our Group's operating profit before working capital changes were approximately RM8.07 million. After adjusting for the following key items, our net cash from operating activities was approximately RM3.65 million:

- (a) increase in inventories of approximately RM4.53 million mainly due to higher purchase of distribution products and raw materials in anticipation of higher demand for our products in FYE 2022 after taking into consideration, amongst others, the sales orders received towards the end of FYE 2021;

**11. FINANCIAL INFORMATION (CONT'D)**

- (b) increase in trade and other receivables of approximately RM2.49 million mainly due to higher sales towards the end of FYE 2021 which resulted in higher amounts due from customers.

In addition, there were also amounts owing by the related parties, of which the details are as follows:

	Purpose	RM'000
Meditech	Sale of medical consumables and spare parts as well as provision of technical service	46
ASB	Sale of medical consumables such as sanitizers and disinfectants for their office internal use.	1
<b>Total</b>		<b>47</b>

- (c) increase in trade and other payables of approximately RM4.02 million mainly due to the increase in advances from the directors. These advances were subsequently settled through issuance of new ordinary shares in UWHM;
- (d) interest received from our cash deposited with the financial institutions of approximately RM0.04 million; and
- (e) net income tax of approximately RM1.47 million paid.

**(ii) Net cash used in investing activities**

For FYE 2021, our Group recorded net cash used in investing activities of approximately RM9.26 million which was mainly attributed to the purchase of machines such as high precision good manufacturing practice (GMP) version automated filling sealing machine, steam air mixture sterilisation, blow moulding machine and BWT OSMOTRON® PRO machine. Please refer to Section 6.11 of this Prospectus for further details on these machines.

**(iii) Net cash from financing activities**

For FYE 2021, our Group recorded net cash from financing activities of approximately RM4.87 million which was mainly attributed to:

- (a) drawdown of term loan of approximately RM1.00 million to part finance the construction cost and purchase of machineries;
- (b) net drawdown of bankers' acceptance of approximately RM4.93 million for working capital purposes; and
- (c) proceeds from the issuance of new ordinary shares in UWHM of RM0.60 million.

## 11. FINANCIAL INFORMATION (CONT'D)

This was, however, partially offset by the following:

- (i) repayment of banking facilities of approximately RM1.13 million; and
- (ii) payment of interest of approximately RM0.67 million.

### **FPE 2022**

#### **(i) Net cash from operating activities**

For FPE 2022, our Group's operating profit before working capital changes were approximately RM7.94 million. After adjusting for the following key items, our net cash from operating activities was approximately RM9.65 million:

- (a) decrease in inventories of approximately RM1.51 million mainly due to higher sales in medical devices;
- (b) decrease in trade and other receivables of approximately RM2.24 million mainly due to better collection from our customers during the period;
- (c) decrease in trade and other payables of approximately RM1.61 million mainly due to a decrease in trade payables as we made prompt payment to our suppliers/principals in order to maintain good business relationships with our suppliers/principals and safeguard the continuity of our supplies. However, this was partially offset by an increase in other payables as there was a provision of staff performance bonus made during the period;
- (d) interest received from our cash deposited with the financial institutions of approximately RM0.05 million; and
- (e) income tax of approximately RM0.49 million paid.

#### **(ii) Net cash used in investing activities**

For FPE 2022, our Group recorded net cash used in investing activities of approximately RM0.53 million which was mainly attributed to the purchase of tools and equipment as well as renovation of the factory building on Batu Kawan Land.

#### **(iii) Net cash used in financing activities**

For FPE 2022, our Group recorded net cash used in financing activities of approximately RM6.26 million which was mainly attributed to:

- (a) net repayment of term loan of approximately RM0.49 million;
- (b) net repayment of bankers' acceptance of approximately RM5.50 million; and
- (c) payment of lease liabilities of approximately RM0.19 million.

This was, however, partially offset by a grant of approximately RM0.35 million received from MIDA for carrying out a smart factory project for prefilled humidifiers and prefilled nebulisers.

**11. FINANCIAL INFORMATION (CONT'D)****11.4.3 Borrowings**

Our Group's total outstanding borrowings as at 31 January 2022 are as follows:

Type of borrowings	Purpose	Tenure	Interest rate per annum	As at 31 January 2022		
				Payable within 12 months RM'000	Payable after 12 months RM'000	Total RM'000
Term loans <sup>(i)</sup>	To part finance purchase of the machinery and equipment and construction cost of the building on the Batu Kawan Land	5 - 7 years	1.25% above the bank's cost of funding rate	802	4,001	4,803
Term loan	To part finance acquisition of the Batu Kawan Land and the construction cost of the building thereon	18 years	1.10% above the bank's cost of funding rate	556	8,215	8,771
Term loan	Working capital	5 years	3.50%	392	1,282	1,674
Lease creditors <sup>(ii)</sup>	Purchase of property, plant and machinery	4 – 5 years	2.71% - 3.25%	302	679	981
Bankers' acceptance <sup>(iii)</sup>	Working capital	Up to 120 days	1.92% - 2.42%	3,950	-	3,950
<b>Total</b>				<b>6,002</b>	<b>14,177</b>	<b>20,179</b>

**Notes:**

- (i) Comprises two (2) term loans.
- (ii) Comprises ten (10) hire purchase lines.
- (iii) Comprises three (3) trade lines of bankers' acceptance.

Our borrowings are denominated in RM, which is secured and interest bearing.

For our marketing and distribution segment, we generally keep a certain level of inventory for our distribution products in order to shorten overall lead time for delivery to our customers as well as to loan to our customers as demonstration units as the medical devices that we distribute are deemed critical medical equipment and any delay in the delivery of such equipment should be kept to a minimum. Please refer to Section 11.4.8(iii) of this Prospectus for further details on our inventories.



## 11. FINANCIAL INFORMATION (CONT'D)

During the Financial Years/Periods Under Review, certain borrowings were drawn down from financial institutions to finance our working capital purposes, which include, amongst others, the purchases of distribution products, raw materials and payments to our employees and other suppliers/principals.

The bank borrowings granted to us from the financial institutions are secured by charge over our leasehold land and buildings and are jointly and severally guaranteed by the directors of our Group.

As disclosed in Section 9.15 of the Accountants' Report in Section 12 of this Prospectus, there was a legal charge over a piece of land of the related party of our Group. The legal charge was in relation to the term loan which was secured in FYE 2016 and was fully settled in FYE 2020.

Upon acquiring the Batu Kawan Land on 17 May 2019, our Group obtained a new term loan secured by way of charge over the leasehold land and buildings and jointly and severally guaranteed by the directors of our Group.

Further, our Group has obtained the conditional consents from the financial institutions to discharge the directors above from their personal guarantees by substituting the same with a corporate guarantee from our Company upon successful completion of our Listing.

The details of bank borrowings as well as the securities charges are as follows:

Details of bank borrowing	Securities provided
Hong Leong Bank Berhad for facilities granted to UMediC consisting fixed term loans, letters of credit, trust receipt, bankers' acceptance and bank guarantee	<ul style="list-style-type: none"> <li>Charge over our leasehold land and buildings, being the Batu Kawan Land</li> <li>Personal guarantees by:               <ul style="list-style-type: none"> <li>Dato' Ng Chai Eng</li> <li>Lau Chee Kheong</li> <li>Lim Taw Seong</li> </ul> </li> </ul>
Hong Leong Bank Berhad for facilities granted to UWHM consisting fixed term loans, letters of credit, trust receipt, bankers' acceptance and bank guarantee	<ul style="list-style-type: none"> <li>Charge over our leasehold land and buildings, being the Batu Kawan Land</li> <li>Corporate guarantee by UMediC</li> <li>Personal guarantees by:               <ul style="list-style-type: none"> <li>Dato' Ng Chai Eng</li> <li>Lau Chee Kheong</li> <li>Lim Taw Seong</li> <li>Ng Chin Aik</li> </ul> </li> </ul>
HSBC Bank (M) Berhad for facilities granted to UMediC consisting bank guarantees and import/export lines	<ul style="list-style-type: none"> <li>Personal guarantees by:               <ul style="list-style-type: none"> <li>Dato' Ng Chai Eng</li> <li>Lau Chee Kheong</li> <li>Lim Taw Seong</li> </ul> </li> </ul>
Hitachi Capital Malaysia Sdn Bhd for hire purchase granted to UWHM	<ul style="list-style-type: none"> <li>Personal guarantees by:               <ul style="list-style-type: none"> <li>Dato' Ng Chai Eng</li> <li>Lau Chee Kheong</li> <li>Lim Taw Seong</li> <li>Ng Chin Aik</li> </ul> </li> </ul>

**11. FINANCIAL INFORMATION (CONT'D)**

Details of bank borrowing	Securities provided
BMW Credit Malaysia Sdn Bhd for hire purchase granted to UWHM	<ul style="list-style-type: none"> <li>Personal guarantees by: <ul style="list-style-type: none"> <li>o Dato' Ng Chai Eng</li> <li>o Lau Chee Kheong</li> <li>o Lim Taw Seong</li> <li>o Ng Chin Aik</li> </ul> </li> </ul>

We have not defaulted on any payment of either interest and/or principal sums in respect of any of our borrowings or lease liabilities for the Financial Years Under Review, Financial Periods Under Review and up to the LPD. We also do not encounter seasonality in the trend of our borrowings and there is no restriction on the use of our committed borrowings facilities.

As at the LPD, we are not in breach of any term and condition or covenant associated with our credit arrangements or bank borrowings which can materially affect our financial position, results of business operations, or the investment by holders of our Shares.

**11.4.4 Material commitments**

Save as disclosed below, as at the LPD, we do not have any other material commitment for capital expenditure, which upon becoming enforceable, may have a material effect on our financial position:

	RM'000
<b>Capital expenditure in respect of purchase of property, plant and equipment</b>	
▪ Approved and contracted for	83
▪ Approved but not contracted for	10,300
<b>Total</b>	<b>10,383</b>

The material commitments above are for the expansion of our manufacturing segment, which include the purchase of machineries as well as construction of a new factory building on the Batu Kawan Land. We expect to fund our material commitments above through our internally-generated fund and/or bank borrowings as well as RM10.30 million from the proceeds raised from our IPO.

Please refer to Sections 3.7 and 6.6 of this Prospectus for the details on the use of proceeds and our future plan and business strategies.

**11.4.5 Contingent liabilities**

As at the LPD, our Board confirms that there are no contingent liabilities, which upon becoming enforceable, may have a material adverse impact on our results of operations or financial position.

**11.4.6 Material investments and divestitures**

We have not undertaken any material divestiture during the Financial Years Under Review and Financial Periods Under Review.

**11. FINANCIAL INFORMATION (CONT'D)**

Save as disclosed below, we have not undertaken any material investments during the Financial Years Under Review, FPE 2022 and up to the LPD:

	FYE 2019 RM'000	FYE 2020 RM'000	FYE 2021 RM'000	FPE 2022 RM'000	From 1 February 2022 up to the LPD RM'000
<b>Material investments</b>					
Leasehold land <sup>(i)</sup>	5,116	-	-	-	-
Plant and machinery	391	<sup>(ii)</sup> 891	<sup>(ii)</sup> 11,389	33	<sup>(ii)</sup> 178
Production equipment	-	160	199	<sup>(iii)</sup> 162	75
Furniture, fittings, office equipment and computer system	46	288	314	50	48
Moulds and simulator	57	-	362	-	25
Tools and equipment	-	-	17	126	-
Renovation	38	26	327	116	22
Leasehold building	-	<sup>(iv)</sup> 5,071	<sup>(iv)</sup> 1,763	69	-
<b>Total</b>	<b>5,648</b>	<b>6,436</b>	<b>14,371</b>	<b>556</b>	<b>348</b>

**Notes:**

- (i) Being the purchase of the Batu Kawan Land from Penang Development Corporation by UMediC. Further details on the Batu Kawan Land are set out in Annexure A of this Prospectus.
- (ii) Including capital work-in-progress for plant and machinery of approximately RM0.39 million and RM10.69 million for FYE 2020 and FYE 2021 respectively, as well as RM0.15 million for the period from 1 February 2022 up to the LPD.
- (iii) Including capital work-in-progress for production equipment of approximately RM0.13 million.
- (iv) Being the renovation and construction work-in-progress of the factory building on the Batu Kawan Land.

The material investments above were funded through a combination of internally generated funds and bank borrowings.

**11.4.7 Material litigation or arbitration proceedings**

As at the LPD, we are not engaged in any governmental, legal or arbitration proceedings, including those relating to bankruptcy, receivership or similar proceedings which may have or have had, material or significant effects on our financial position or profitability, in the past 12 months immediately preceding the date of this Prospectus.

## 11. FINANCIAL INFORMATION (CONT'D)

### 11.4.8 Key financial ratios

The table below sets out our Group's key financial ratios for the Financial Years Under Review and Financial Periods Under Review:

	As at 31 July			As at 31 January	
	2019	2020	2021	2021	2022
Trade receivables turnover period <sup>(i)</sup> (days)	60	59	102	32	35
Trade payables turnover period <sup>(ii)</sup> (days)	18	39	62	82	20
Inventory turnover period <sup>(iii)</sup> (days)	126	126	171	180	66
Current ratio <sup>(iv)</sup> (times)	1.03	1.34	1.23	1.06	1.63
Gearing ratio <sup>(v)</sup> (times)	0.41	2.46	1.67	2.16	0.99

#### Notes:

- (i) Trade receivables turnover period is computed based on trade receivables over revenue for the respective financial year/period multiplied by the number of days in respective financial year/period.
- (ii) Trade payables turnover period is computed based on trade payables over cost of sales for the respective financial year/period multiplied by the number of days in respective financial year/period.
- (iii) Inventory turnover period is computed based on inventories over cost of sales for the respective financial year/period multiplied by the number of days in respective financial year/period.
- (iv) Current ratio is computed based on total current assets over total current liabilities as at the end of the respective financial year/period.
- (v) Gearing ratio is computed based on total borrowings (including lease liabilities owing to financial institutions) over total equity as at the end of the respective financial year/period.

#### (i) Trade receivables turnover period

	As at 31 July			As at 31 January	
	2019	2020	2021	2021	2022
	RM'000	RM'000	RM'000	RM'000	RM'000
Trade receivables	2,685	3,827	9,516	2,428	6,930
Revenue	16,422	23,676	34,116	14,154	36,855
Trade receivables turnover period <sup>(i)</sup> (days)	60	59	102	32	35

#### Note:

- (i) Trade receivables turnover period is computed based on trade receivables over revenue for the respective financial year/period multiplied by the number of days in respective financial year/period.

The normal credit term granted to our customers generally ranges from 30 days to 90 days. Other credit terms are assessed and approved on a case-by-case basis after taking into consideration various factors such as the background and creditworthiness (including payment history) of the customers, our business relationship with the customers as well as transaction volume and value.

## 11. FINANCIAL INFORMATION (CONT'D)

Our trade receivables turnover period for FYEs 2019 to 2020 were consistent at between 59 days to 60 days, and were within the normal credit term granted to our customers.

Our trade receivables turnover period of approximately 102 days for FYE 2021 was higher than the normal credit term granted to our customers which was mainly due to higher sales to our customers in the last quarter of FYE 2021, amounting to approximately RM13.97 million (last quarter of FYE 2020: approximately RM7.14 million).

Our trade receivables turnover period for FPE 2022 reduced to 35 days which was within normal credit term granted to our customers. The decrease in trade receivables turnover period was mainly due to better collection from our customers during the period. As at 31 January 2022, our Group has collected approximately 81.20% of our total revenue for FPE 2022.

The ageing analysis of our trade receivables as at 31 January 2022 and the subsequent collections and balance of our trade receivables as at the LPD are set out below:

	Within credit period	Exceeding credit period			Total
		Not more than 60 days	Between 61 to 120 days	More than 120 days	
Net trade receivables as at 31 January 2022 (RM'000)	2,026	1,652	2,744	508	<sup>(i)</sup> 6,930
% of total trade receivables	29.24	23.84	39.60	7.32	100.00
Subsequent collections up to and including the LPD (RM'000)	2,008	1,614	2,667	495	6,784
Trade receivable net of subsequent collections (RM'000)	18	38	77	13	146
% of trade receivables net of subsequent collections	12.33	26.03	52.74	8.90	100.00

**Note:**

- (i) After deducting the provision for impairment loss of trade receivables of approximately RM0.07 million. This provision for impairment loss of trade receivables was determined based on the expected credit losses model in accordance with MFRS 9 *Financial Instruments* on the outstanding receivables.

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## 11. FINANCIAL INFORMATION (CONT'D)

As at 31 January 2022, our total trade receivables stood at approximately RM6.93 million, representing approximately 18.80% of our total revenue for FPE 2022. Approximately RM4.90 million or 70.76% of our trade receivables exceeded the normal credit period. This was mainly due to delays in payment from certain of our customers in the public and private hospitals sector. As the medical devices that our Group distribute are deemed critical medical devices, our Group has taken the decision to allow our customers such as public and private hospitals (after evaluating their payment history, credentials as well as their established long-term relationships with our Group) access to these critical medical devices on an immediate basis. As such, it may be so that certain customers only secure banking facilities or obtain internal clearance for the payment of the medical devices after receipt of the invoice from our Group thus leading to the trade receivables exceeding the normal credit period. Approximately RM1.97 million out of our total amount of trade receivables exceeded the normal credit period of approximately RM4.90 million was contributed by our major customers in FPE 2022.

As at the LPD, we have collected approximately RM6.78 million, representing approximately 97.89% of our total trade receivables as at 31 January 2022. We are in the midst of collecting the remaining outstanding trade receivables of approximately RM0.15 million. Our Board is of the opinion that the remaining outstanding trade receivables are recoverable after taking into consideration these customers' payment history, credentials as well as their established long-term relationships with us. We have taken constant effort to recover the outstanding amount including follow-up calls and correspondences.

We have a credit control policy in place and the exposure to credit risk is monitored on an ongoing basis. As part of our credit control policy, our Group assesses whether any of the trade receivables are credit impaired on a quarterly basis based on operating performance of the customers, changes in contractual terms, payment trends and past due information. Our Group provides for impairment losses of trade receivables on a simplified approach in accordance with MFRS 9.

Save for the impairment loss of trade receivables of approximately RM0.16 million, RM0.01 million and RM0.01 million in FYE 2019, FYE 2020 and FYE 2021 respectively, there were no other impairment of trade receivables for the Financial Years Under Review and Financial Periods Under Review. The aforesaid impairment loss of trade receivable was determined based on the expected credit losses model in accordance with MFRS 9 *Financial Instruments*.

### (ii) Trade payables turnover period

	As at 31 July			As at 31 January	
	2019	2020	2021	2021	2022
	RM'000	RM'000	RM'000	RM'000	RM'000
Trade payables	542	1,745	3,643	3,909	2,643
Cost of sales	10,719	16,242	21,553	8,724	23,944
Trade payables turnover period <sup>(i)</sup> (days)	18	39	62	82	20

#### Note:

- (i) Trade payables turnover period is computed based on trade payables over cost of sales for the respective financial year/period multiplied by the number of days in respective financial year/period.

## 11. FINANCIAL INFORMATION (CONT'D)

The normal credit term granted to us by our suppliers/principals typically ranges from 30 days to 90 days. It is our practice to make prompt payment to our suppliers/principals in order to maintain good business relationships with our suppliers/principals and safeguard the continuity of our supplies.

Our trade payables turnover period for FYEs 2019 to 2021 and FPE 2022 were within the normal credit term granted by our suppliers/principals.

Our trade payables turnover period of approximately 18 days for FYE 2019 as we paid in advance to certain of our suppliers/principals for the purchase of the distribution products in order to secure a better pricing.

Our trade payables turnover period increased from approximately 18 days for FYE 2019 to approximately 39 days for FYE 2020 as we managed to negotiate a credit term for the purchase of the distribution products from certain of our suppliers/principals who had previously requested for partial payment to be made in cash upon the invoice being issued and for full payment upon delivery of the products. There was also an increase in purchase of distribution products and raw materials towards the end of FYE 2020 to cater for the anticipated increase in our Group's sales in the forthcoming financial year.

Our trade payables turnover period increased from approximately 39 days for FYE 2020 to approximately 62 days for FYE 2021. This was mainly due to higher purchase of distribution products and raw materials towards the end of FYE 2021 to cater for the anticipated increase in our Group's sales in the forthcoming financial year. In addition, it is also our effort in working capital management to match the timing of payment to our suppliers/principals and collection from our customers.

Our trade payables turnover period decreased to approximately 20 days for FPE 2022 as we paid in advance to certain of our suppliers/principals for the purchase of the distribution products in order to secure a better pricing.

The ageing analysis of our trade payables as at 31 January 2022 and the subsequent payments and balance of our trade payables as at the LPD are set out below:

	Within credit period	Exceeding credit period			Total
		Not more than 60 days	Between 61 to 120 days	More than 120 days	
Trade payables as at 31 January 2022 (RM'000)	2,489	152	2	-	2,643
% of total trade payables	94.17	5.75	0.08	-	100.00
Subsequent payments up to and including the LPD (RM'000)	2,489	152	2	-	2,643
Outstanding trade payables as at the LPD (RM'000)	-	-	-	-	-
% of trade payables net of subsequent payments	-	-	-	-	-

**11. FINANCIAL INFORMATION (CONT'D)****Note:**

\* Less than RM1,000.

As at 31 January 2022, our total trade payables stood at approximately RM2.64 million, of which approximately RM0.15 million or 5.83% of our trade payables exceeded the normal credit period. This was mainly due to some of the suppliers'/principals' billing invoices only after our Group's monthly payment cut-off date. However, as at the LPD, we have settled all of our trade payables which were outstanding as at 31 January 2022.

We have not been involved in any dispute with any of our suppliers/principals nor has any legal action been initiated by our suppliers/principals on us during the Financial Years Under Review, Financial Periods Under Review and up to the LPD.

**(iii) Inventory turnover period**

	As at 31 July			As at 31 January	
	2019	2020	2021	2021	2022
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Inventories:</b>					
Raw materials	187	618	674	686	1,103
Work-in-progress	116	54	-	-	-
Finished goods <sup>(i)</sup>	3,405	4,918	9,442	7,837	7,500
<b>Total</b>	<b>3,708</b>	<b>5,590</b>	<b>10,116</b>	<b>8,523</b>	<b>8,603</b>
Cost of sales	10,719	16,242	21,553	8,724	23,944
Inventory turnover period <sup>(ii)</sup> (days)	126	126	171	180	66

**Notes:**

- (i) Including demonstration units, which are loaned to our customers for testing purposes, amounting to approximately RM0.76 million, RM1.13 million, RM2.06 million, RM1.49 million and RM0.13 million for FYEs 2019, 2020, 2021, FPEs 2021 and 2022 respectively.

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## 11. FINANCIAL INFORMATION (CONT'D)

The details of the demonstration units loaned to our customers for the Financial Years Under Review and Financial Periods Under Review are as follows:

Type of medical devices	Tenure of loan (weeks)	Number of units				
		FYE 2019	FYE 2020	FYE 2021	FPE 2021	FPE 2022
Patient monitors	4 to 12	2	5	6	5	2
Ventilators	1 to 4	2	0	18	13	1
Furniture	4 to 6	10	13	3	6	2
Maternal and infant care	4 to 6	-	-	4	2	-
Defibrillators	4 to 12	7	6	2	1	1
Ultrasound machines	12	-	4	3	3	1
General anaesthesia machines	12	1	-	-	-	-
<b>Total</b>		<b>22</b>	<b>28</b>	<b>36</b>	<b>30</b>	<b>7</b>

For information purposes, we do not generate any income from loaning the demonstration units to our customers for testing purposes. In the event the demonstration units loaned to our customers are faulty or damaged during the tenure of the loan, our customers will bear the necessary repair costs, in the event the fault or damage is caused by them. Subsequently, these demonstration units will be sold to them after the loan period.

- (ii) Inventory turnover period is computed based on inventories over cost of sales for the respective financial year/period multiplied by the number of days in respective financial year/period.

It is our Group's general practice to maintain adequate level of raw materials to reduce the risk of disruption to our manufacturing operation as well as adequate level of distribution products, all of which are aimed to meet our customers' demand and ensure timely delivery of our manufactured and distribution products.

Our inventory turnover period for FYEs 2019 and 2020 were consistent at approximately 126 days.

Our inventory turnover period increased from approximately 126 days in FYE 2020 to approximately 171 days in FYE 2021. This was mainly attributable to higher purchase of distribution products and raw materials in anticipation of higher demand for our Group's products in FYE 2022 after taking into consideration, amongst others, the sales orders received towards the end of FYE 2021. In addition, as there is a shortage worldwide due to the COVID-19 pandemic, our Group kept certain medical devices as inventory in order to minimise disruptions.

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## 11. FINANCIAL INFORMATION (CONT'D)

The inventory turnover period ranged from approximately 126 days to approximately 171 days for the Financial Years Under Review was mainly due to the loan of demonstration units to our Group's customers prior to them securing banking facilities from the leasing companies or obtaining internal clearance to issue purchase orders. We will subsequently sell these demonstration units to our customers after the loan period. After excluding the demonstration units from the inventory, the inventory turnover period reduced to approximately 100 days for FYEs 2019 and 2020 and approximately 136 days for FYE 2021.

Our inventory turnover period decreased from approximately 171 days in FYE 2021 to approximately 66 days in FPE 2022. This was mainly attributable to higher sales of medical devices. After excluding the demonstration units from the inventory, the inventory turnover period reduced to approximately 65 days for FPE 2022.

We review our slow moving/obsolete inventories of more than 12 months by adopting a specific identification approach which requires our management to consider the shelf life and frequency of demand of our inventories. As our management's judgement and estimates are required, possible changes in these estimates could result in impairment to the inventories.

We are of the opinion that there are no material slow moving/obsolete inventories as at the LPD premised on the following:

- (i) our distribution products are primarily patient monitors, defibrillators/AEDs and ventilators, which are long-lasting in nature; and
- (ii) we have not experienced any significant impairment of inventories throughout the Financial Years Under Review and Financial Periods Under Review.

### (iv) Current ratio

	Audited			Unaudited	Audited
	31 July 2019	31 July 2020	31 July 2021	31 January 2021	31 January 2022
	RM'000	RM'000	RM'000	RM'000	RM'000
Current assets	8,662	16,739	23,319	14,261	22,563
Current liabilities	8,393	12,519	18,937	13,517	13,848
Current ratio <sup>(i)</sup> (times)	1.03	1.34	1.23	1.06	1.63

#### Note:

- (i) Current ratio is computed based on total current assets over total current liabilities as at the end of the respective financial year/period.

Current ratio measures our Group's liquidity and our ability to meet our short term obligations. Our current ratio increased from 1.03 times as at 31 July 2019 to 1.34 times as at 31 July 2020 mainly due to an increase in our current assets of approximately RM8.08 million or 93.25% which was mainly attributable to the increase in our trade and other receivables as well as cash and bank balances as compared to the increase in our current liabilities of approximately RM4.13 million or 49.16% which was mainly attributable to the increase in our short term bank borrowings.

## 11. FINANCIAL INFORMATION (CONT'D)

Our current ratio decreased from 1.34 times as at 31 July 2020 to 1.23 times as at 31 July 2021 mainly due to the increase in our current liabilities of approximately RM6.42 million or 51.27% which was mainly attributable to the increase in our short term bank borrowings (i.e. increase in bankers' acceptance of approximately RM4.93 million for working capital purposes and term loan of approximately RM0.73 million to part finance the purchase of machinery and equipment and for working capital purposes) as compared to the increase in our current assets of approximately RM6.58 million or 39.31% which was mainly attributable to the increase in our inventories and trade and other receivables.

Our current ratio increased to 1.63 times as at 31 January 2022 mainly due to the decrease in our current liabilities of approximately RM5.09 million or 26.87% which was mainly attributable to the decrease in our short term bank borrowings (i.e. decrease in bankers' acceptance of approximately RM5.50 million for working capital purposes and term loan of approximately RM0.17 million to part finance the purchase of machinery and equipment and for working capital purposes) as compared to the decrease in our current assets of approximately RM0.76 million or 3.24% which was mainly attributable to the decrease in our inventories and trade receivables and was partially offset by increase in cash and bank balances.

### (v) Gearing ratio

	As at 31 July			As at 31 January	
	2019	2020	2021	2021	2022
	RM'000	RM'000	RM'000	RM'000	RM'000
Total borrowings <sup>(i)</sup>	2,173	16,305	26,313	20,751	20,179
Total equity	5,278	6,632	15,739	9,587	20,310
Gearing ratio <sup>(ii)</sup> (times)	0.41	2.46	1.67	2.16	0.99

#### Notes:

- (i) Comprises term loan, bankers' acceptance and lease liabilities owing to financial institutions.
- (ii) Gearing ratio is computed based on total borrowings over total equity as at the end of the respective financial year/period.

Our gearing ratio increased from 0.41 times as at 31 July 2019 to 2.46 times as at 31 July 2020 mainly due to the increase in our bank borrowings of approximately RM14.13 million. This was mainly attributable to the increase in the following:

- (a) term loans of approximately RM9.29 million which was mainly used for the acquisition of the Batu Kawan Land and construction of the building on the said land; and
- (b) bankers' acceptance of approximately RM4.53 million which was used for the working capital purposes.

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## 11. FINANCIAL INFORMATION (CONT'D)

The total borrowings of our Group increased from approximately RM16.31 million in FYE 2020 to approximately RM26.31 million in FYE 2021. The increase was mainly due to the following:

1. increase in term loan of approximately RM4.70 million mainly to part finance the construction cost, purchase of machinery and equipment and working capital purposes; and
2. increase in bankers' acceptance of approximately RM4.93 million for working capital purposes.

Our gearing ratio decreased from 2.46 times as at 31 July 2020 to 1.67 times as at 31 July 2021. This was mainly due to increase in our total equity of approximately RM9.11 million which was mainly attributable to the increase in our share capital of approximately RM4.02 million and profits generated during the FYE 2021 of approximately RM5.09 million.

Our gearing ratio decreased to 0.99 times as at 31 January 2022. This was mainly due to increase in our total equity of approximately RM4.57 million (i.e. profits generated during the FPE 2022) coupled with the decrease in bank borrowings of approximately RM6.13 million.

### 11.4.9 Types of financial instruments used

As at the LPD, save for bank borrowings as disclosed in Section 11.4.3 of this Prospectus, we do not have or use any financial instruments. We finance our operations mainly through cash generated from our operations, credit extended by our suppliers/principals as well as external borrowings from financial institutions. The principal usage of these bank borrowings are for working capital purposes, which include, amongst others, the purchases of distribution products, raw materials, and payments to our employees and other suppliers/principals as well as to fund our capital expenditure as set out in Section 11.4.4 of this Prospectus.

However, from accounting perspective, financial instruments comprise of deposits with financial institutions, cash and bank balances, trade and other receivables, trade and other payables as well as borrowings as shown in our combined statements of financial position. These financial instruments are used in our ordinary course of business.

### 11.4.10 Treasury policies and objectives

Our main treasury policy is to maintain sufficient working capital to finance our operations, coupled with adequate credit facilities to meet the estimated commitments arising from our operational expenditures and financial liabilities. Our principal sources of liquidity are our cash and bank balances, cash generated from our operations and borrowings from financial institutions.

In our ordinary course of business, we deal with customers and suppliers/principals from both local and overseas markets, where transactions are denominated in both local currency as well as foreign currencies. We maintain bank accounts mainly in RM and USD, such that collections can be used to settle payments of same currency where possible. This provides a natural hedge against fluctuations in the foreign exchange and mitigates our exposure to foreign exchange risks. We may consider other hedging instruments such as derivatives contracts available in the financial markets to hedge against foreign exchange risks should the need arise.

## 11. FINANCIAL INFORMATION (CONT'D)

Our operations were not subject to any material impact arising from interest rate fluctuations throughout the Financial Years Under Review and Financial Periods Under Review. Accordingly, we have not entered into any financial instrument to hedge against the fluctuations in the interest rate. We manage our exposure to interest rate fluctuations by maintaining a combination of fixed rate and floating rate borrowings.

Our Group monitors the adequacy of capital on an ongoing basis. Our strategy is to maintain the debt-to-equity ratio at an optimal level based on our business requirements and prevailing economic conditions. It is also the responsibility of our Directors to identify, quantify, monitor and control the key risks (credit, liquidity, currency and interest rate) associated with these activities.

### 11.5 TREND INFORMATION

As at the LPD, our Board confirms that there are no:

- (i) known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have a material favourable or unfavourable impact on the financial performance, position and operations of our Group other than those disclosed in this Section and in Sections 6 and 8 of this Prospectus;
- (ii) material commitment for capital expenditure, save as set out in Section 11.4.4 of this Prospectus;
- (iii) unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of our Group, save as disclosed in this Section and in Sections 6 and 8 of this Prospectus;
- (iv) known trends, demands, commitments, events or uncertainties that had resulted in a material impact on our Group's total revenue and/or profits as well as our Group's liquidity and capital resources, save for those that have been disclosed in this Section and in Sections 6 and 8 of this Prospectus; and
- (v) known trends, demands, commitments, events or uncertainties that are reasonably likely to make our historical financial statements not indicative of the future financial performance and position other than those disclosed in this Section and in Sections 6 and 8 of this Prospectus.

### 11.6 SIGNIFICANT CHANGES

There are no other significant changes that have occurred which may have a material effect on the financial position and results of our Group since 31 January 2022 up to the date of this Prospectus.

### 11.7 ORDER BOOK

Due to the nature of our business, we do not maintain an order book. Our sales are based on confirmed orders from our customers and we do not have any long-term contracts with our customers.

## 11. FINANCIAL INFORMATION (*CONT'D*)

We believe that our revenue/business operations are sustainable in the absence of long-term contracts, premised on the following:

- (i) with around 20 years of cumulated market presence, we have established ourselves as a reputable distributor of medical devices and consumables. We have attained an understanding of our customers' needs and requirements and this has enabled us to source and/or develop the right products that meet their evolving needs;
- (ii) we have maintained long-term relationships with our customers and we believe that these relationships have allowed us to secure orders from them in the past, and will allow us to continue securing orders from them in the future. Our long-term relationships with our customers have allowed us to develop our reputation in the medical device industry; and
- (iii) the medical device industry in Malaysia is forecasted to grow at a CAGR of 12.1% from RM12.11 billion in 2021 to RM21.41 billion in 2026 based on the IMR Report.

### 11.8 DIVIDEND POLICY

Our Company presently does not have any formal dividend policy. However, it is the intention of our Board to retain adequate reserves for our future growth as well as to reward our shareholders with participation in the profits of our Group.

As we are a holding company, our ability to pay dividends will depend on the dividends or other distributions that we receive from our subsidiaries. The payment of dividends by our subsidiaries is dependent on their distributable profits, financial performance and cash flow requirements for operations and capital expenditures, the covenants in their existing loan agreements which prior written consent from the respective financial institutions are required for the payment of dividends of more than certain percentage of their respective PAT as well as other factors.

In addition to the factors above which may affect the ability of our subsidiaries to pay dividends to us, when recommending the actual dividends for approval by shareholders or when declaring any interim dividend, our Board will also consider, amongst others:

- (i) the level of our cash, gearing, return on equity and retained profits;
- (ii) our expected financial performance;
- (iii) our working capital requirements;
- (iv) our projected levels of expenditure and other investment plans;
- (v) any restrictive covenants contained in our current and future financing arrangements; and
- (vi) any material impact of tax laws and other regulatory requirements.

Save for certain banking restrictive covenants which our subsidiaries are subject to, there is no other dividend restriction imposed on our subsidiaries as at the LPD.

**11. FINANCIAL INFORMATION (CONT'D)**

For information purposes, the table below sets out the dividend pay-out ratio of our Group for the Financial Years Under Review and Financial Periods Under Review:

	Audited			Unaudited	Audited
	2019	2020	2021	2021	2022
Dividend declared (RM'000)	300	1,265	-	-	-
PAT (RM'000)	1,319	2,419	5,087	2,155	4,572
Dividend pay-out ratio	22.74	52.29	-	-	-

Save as disclosed above, there is no dividend paid or declared subsequent to 31 January 2022 but prior to our Listing.

The level of dividends should also not be treated as an indication of our Group's future dividend policy. There can be no assurance that dividends will be paid out in the future or on timing of any dividends that are to be paid in the future.

Any declarations and payment of dividends in the future will be at the discretion of our Board. No inference should or can be made from any of the statements above as to our actual future profitability and our ability to pay dividends in the future.

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## 11. FINANCIAL INFORMATION (CONT'D)

### 11.9 REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION



Tel : +604 222 0288  
Fax: +604 222 0299  
www.bdo.my

51-21-F, Menara BHL  
Jalan Sultan Ahmad Shah  
10050 Penang  
Malaysia  
SST No: P11-1809-32000112

The Board of Directors  
UMedC Group Berhad  
PMT 790, Jalan Cassia Selatan 5/2  
Taman Perindustrian Batu Kawan  
14110 Bandar Cassia  
Pulau Pinang

Date: **13 JUN 2022**

Our ref: BDO/KTH/LSX/BLH

Dear Sir/Madam

UMedC Group Berhad ("UMC" or "the Company") and its subsidiaries ("UMC Group", "Pro Forma Group" or "the Group")

Report on Compilation of the Pro Forma Consolidated Statements of Financial Position as at 31 January 2022 ("This Report")

We have completed our assurance engagement to report on the compilation of the Pro Forma Consolidated Statements of Financial Position of the Group prepared by the Board of Directors of the Company ("Board of Directors"). The Pro Forma Consolidated Statements of Financial Position as at 31 January 2022 together with the accompanying notes thereon, for which we have stamped for the purpose of identification only, have been prepared for inclusion in the prospectus ("the Prospectus") in connection with the admission to the Official List of Bursa Malaysia Securities Berhad and the listing of and quotation for the entire enlarged issued share capital of UMC on the ACE Market of Bursa Malaysia Securities Berhad.

The applicable criteria on the basis of which the Board of Directors has compiled the Pro Forma Consolidated Statements of Financial Position are described in Notes of the Pro Forma Consolidated Statements of Financial Position and are prepared in accordance with Chapter 9, Part II Division 1: Equity of the Prospectus Guidelines issued by the Securities Commission Malaysia ("Prospectus Guidelines").

The Pro Forma Consolidated Statements of Financial Position has been compiled by the Board of Directors to illustrate the impact of the transactions as set out in the Notes thereon to the Pro Forma Consolidated Statements of Financial Position as at 31 January 2022 had the transactions been effected as at 31 January 2022. As part of this process, information about the Group's consolidated financial position has been extracted by the Board of Directors from the subsidiaries' statements of financial position as at 31 January 2022.

#### Directors' Responsibility for the Pro Forma Consolidated Statements of Financial Position

The Board of Directors is solely responsible for compiling the Pro Forma Consolidated Statements of Financial Position on the basis as described in the Notes of the Pro Forma Consolidated Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

#### Reporting Accountants' Independence and Quality Control

We are independent of the Group in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.



## 11. FINANCIAL INFORMATION (CONT'D)



### Reporting Accountants' Independence and Quality Control (continued)

Our firm applies International Standard on Quality Control 1 (ISQC 1), Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Reporting Accountants' Responsibility

Our responsibility is to express an opinion, as required by the Prospectus Guidelines, about whether the Pro Forma Consolidated Statements of Financial Position has been compiled, in all material respects, by the Board of Directors on the basis described in the Notes of the Pro Forma Consolidated Statements of Financial Position.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Board of Directors has compiled, in all material respects, the Pro Forma Consolidated Statements of Financial Position on the basis set out in the Notes of the Pro Forma Consolidated Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Consolidated Statements of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Consolidated Statements of Financial Position.

The purpose of Pro Forma Consolidated Statements of Financial Position included in the Prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted statements of financial position of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions as at 31 January 2022, would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Consolidated Statements of Financial Position has been compiled, in all material respects, on the basis set out in Notes of the Pro Forma Consolidated Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines involves performing procedures to assess whether the applicable criteria on the basis used by the Board of Directors in the compilation of the Pro Forma Consolidated Statements of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

- (a) the related pro forma adjustments give appropriate effect to those criteria; and
- (b) the Pro Forma Consolidated Statements of Financial Position reflect the proper application of those adjustments to the unadjusted statements of financial position.

## 11. FINANCIAL INFORMATION (CONT'D)



### Reporting Accountants' Responsibility (continued)

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the events or transactions in respect of which the Pro Forma Consolidated Statements of Financial Position has been compiled and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Consolidated Statements of Financial Position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Opinion

In our opinion, the Pro Forma Consolidated Statements of Financial Position of the Group has been compiled, in all material respects, on the basis described in the Notes of the Pro Forma Consolidated Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

### Other Matters

This report has been prepared solely for the purpose stated above, in connection with the admission to the Official List of Bursa Malaysia Securities Berhad and the listing of and quotation for the entire enlarged issued share capital of UMC on the ACE Market of Bursa Malaysia Securities Berhad. As such, this report should not be used for any other purpose without our prior written consent. Neither the Firm nor any member or employee of the Firm undertakes responsibility arising in any way whatsoever to any party in respect of this report contrary to the aforesaid purpose.

Yours faithfully,

BDO PLT  
LLP0018825-LCA & AF 0206  
Chartered Accountants

Koay Theam Hock  
02141/04/2023 J  
Chartered Accountant

## 11. FINANCIAL INFORMATION (CONT'D)

### **UMediC Group Berhad (Registration No. 202101015347 (1415647-D))** *Pro Forma Consolidated Statements of Financial Position*

#### **1. PRO FORMA GROUP, BASIS OF PREPARATION AND LISTING SCHEME**

##### **1.1 Pro Forma Group**

The Pro Forma Consolidated Statements of Financial Position of UMediC Group Berhad (“UMC” or “the Company”) and its subsidiaries (collectively referred to as “UMC Group”, “Pro Forma Group” or “the Group”) as at 31 January 2022 together with the notes thereon, for which the Directors of the Company are solely responsible, have been prepared for illustrative purposes only for the purpose of inclusion in the Prospectus in connection with the listing of and quotation for the entire enlarged issued share capital of UMC on the ACE Market of Bursa Malaysia Securities Berhad.

##### **1.2 Basis of Preparation**

The Pro Forma Consolidated Statements of Financial Position of the Group has been prepared on the basis consistent with the format of the financial statements of the Group and the accounting policies adopted by the Group, in accordance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards (“IFRSs”) and the requirements of the Prospectus Guidelines issued by the Securities Commission Malaysia.

The audited consolidated financial statements of UMC and its subsidiaries for the financial period ended 31 January 2022 were not subject to any audit qualification.

The Group is regarded as a continuing entity resulting from the reorganisation exercise because the management of all the entities within the Group, which took part in the reorganisation exercise, was under the common control before and immediately after the reorganisation exercise. The Group has applied the merger method of accounting on a retrospective basis as if the merger had been effected throughout the current financial period.

The Pro Forma Consolidated Statements of Financial Position, because of its nature, may not reflect the Group’s actual financial position. Further, such information does not predict the Group’s future financial position.

The Pro Forma Consolidated Statements of Financial Position of the Group comprises Pro Forma Consolidated Statements of Financial Position as at 31 January 2022, adjusted for the impact of the Listing Scheme as set out in Note 1.3 to the Pro Forma Consolidated Statements of Financial Position.



**11. FINANCIAL INFORMATION (CONT'D)**

**UMediC Group Berhad (Registration No. 202101015347 (1415647-D))**  
*Pro Forma Consolidated Statements of Financial Position*

**1. PRO FORMA GROUP, BASIS OF PREPARATION AND LISTING SCHEME (continued)****1.3 Listing Scheme**

In conjunction with and as an integral part of the listing of and quotation for the entire enlarged issued share capital of UMC on the ACE Market of Bursa Malaysia Securities Berhad, the Company had proposed to undertake the following transactions:

**1.3.1 Initial Public Offering ("IPO")****(a) Public issue**

Public issue of 97,224,300 new ordinary shares in UMC ("Shares") representing 26% of the enlarged number of issued shares of the Company, at an issue price of RM0.32 per Share.

**(b) Listing**

Admission to the Official List of Bursa Malaysia Securities Berhad and the listing of and quotation for the Company's entire enlarged issued share capital of RM44,322,062 comprising 373,910,000 Shares on the ACE Market of Bursa Securities.

**1.3.2 Use of Proceeds from IPO**

The gross proceeds from the IPO of RM31,111,776 are expected to be used as per Prospectus are in the following manner:

	RM'000
Capital expenditure	
(i) Construction of new factory building	3,500
(ii) Setting up new marketing and distribution offices	6,800
Repayment of bank borrowings (including lease liabilities owing to financial institutions)	9,000
Working capital	8,662
Estimated listing expenses <sup>#</sup>	3,150
	<b>31,112</b>

<sup>#</sup> The estimated listing expenses totaling RM3,150,000 to be borne by the Company comprise, amongst others, underwriting, placement and brokerage fees, professional fees and miscellaneous expenses, of which RM1,331,000 had been incurred and charged to the statement of profit or loss and other comprehensive income of the Group up to 31 January 2022. A total of RM624,000 is assumed to be directly attributable to the IPO and as such, will be debited against the share capital of the Company and the remaining expenses of RM1,195,000 are assumed to be attributable to the Listing and as such, will be expensed off to the statement of profit or loss and other comprehensive income.



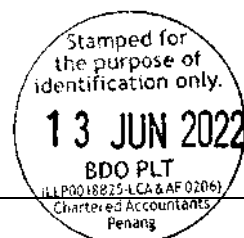
## 11. FINANCIAL INFORMATION (CONT'D)

### **UMediC Group Berhad (Registration No. 202101015347 (1415647-D))** *Pro Forma Consolidated Statements of Financial Position*

#### 2. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 JANUARY 2022

The Pro Forma Consolidated Statements of Financial Position as at 31 January 2022 has been prepared for illustrative purposes only to show the effects on the audited Consolidated Statements of Financial Position of UMC as at 31 January 2022 based on the assumptions that the Listing Scheme as set out in Note 1.3 to the Pro Forma Consolidated Statements of Financial Position respectively had been effected on 31 January 2022.

	Note	As at 31 January 2022 RM'000	Adjustments for IPO RM'000	Pro Forma I After IPO RM'000	Adjustments for Use of Proceeds from the IPO RM'000	Pro Forma II After Pro Forma I and Use of Proceeds from the IPO RM'000
<b>ASSETS</b>						
<b>Non-current assets</b>						
Property, plant and equipment		20,150	-	20,150	-	20,150
Right-of-use assets		6,187	-	6,187	-	6,187
		26,337	-	26,337	-	26,337
<b>Current assets</b>						
Inventories		8,603	-	8,603	-	8,603
Trade and other receivables		7,838	-	7,838	-	7,838
Current tax asset		513	-	513	-	513
Cash and bank balances	2.2.1	5,609	31,112	36,721	(10,819)	25,902
		22,563	31,112	53,675	(10,819)	42,856
<b>TOTAL ASSETS</b>		<b>48,900</b>	<b>31,112</b>	<b>80,012</b>	<b>(10,819)</b>	<b>69,193</b>
<b>EQUITY AND LIABILITIES</b>						
<b>Equity attributable to owners of the parent</b>						
Share capital	2.2.2	13,834	31,112	44,946	(624)#	44,322
Reserves	2.2.2	6,476	-	6,476	(1,195)#	5,281
		20,310	31,112	51,422	(1,819)	49,603



**11. FINANCIAL INFORMATION (CONT'D)**

**UMediC Group Berhad (Registration No. 202101015347 (1415647-D))**  
*Pro Forma Consolidated Statements of Financial Position*

**2. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 JANUARY 2022 (continued)**

	Note	As at 31 January 2022 RM'000	Adjustments for IPO RM'000	Pro Forma I After IPO RM'000	Adjustments for Use of Proceeds from the IPO RM'000	Pro Forma II After Pro Forma I and Use of Proceeds from the IPO RM'000
<b>LIABILITIES</b>						
<b>Non-current liabilities</b>						
Borrowings	2.2.3	13,498	-	13,498	(8,010)	5,488
Lease liabilities	2.2.4	688	-	688	(678)	10
Government grant		442	-	442	-	442
Deferred tax liabilities		114	-	114	-	114
		14,742	-	14,742	(8,688)	6,054
<b>Current liabilities</b>						
Trade and other payables		5,615	-	5,615	-	5,615
Borrowings	2.2.3	5,700	-	5,700	(190)	5,510
Lease liabilities	2.2.4	319	-	319	(122)	197
Government grant		50	-	50	-	50
Current tax liabilities		2,164	-	2,164	-	2,164
		13,848	-	13,848	(312)	13,536
<b>TOTAL LIABILITIES</b>		28,590	-	28,590	(9,000)	19,590
<b>TOTAL EQUITY AND LIABILITIES</b>		48,900	31,112	80,012	(10,819)	69,193
Net assets (RM'000)		20,310		51,422		49,603
Number of ordinary shares assumed in issue ('000)		276,686		373,910		373,910
Net assets attributable to equity holders per ordinary share (RM)		0.07		0.14		0.13



# The estimated listing expenses totaling RM3,150,000 to be borne by the Company comprise, amongst others, underwriting, placement and brokerage fees, professional fees and miscellaneous expenses, of which RM1,331,000 had been incurred and charged to the statement of profit or loss and other comprehensive income of the Group up to 31 January 2022. A total of RM624,000 is assumed to be directly attributable to the IPO and as such, will be debited against the share capital of the Company and the remaining expenses of RM1,195,000 are assumed to be attributable to the Listing and as such, will be expensed off to the statement of profit or loss and other comprehensive income.

**11. FINANCIAL INFORMATION (CONT'D)**

**UMediC Group Berhad (Registration No. 202101015347 (1415647-D))**  
*Pro Forma Consolidated Statements of Financial Position*

**2. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 JANUARY 2022 (continued)****2.1 Pro Forma Adjustments to the Pro Forma Consolidated Statements of Financial Position****2.1.1 Pro Forma I**

Pro forma I is stated after incorporating the effects of the completion of the IPO as set out in Note 1.3.1 to the Pro Forma Consolidated Statements of Financial Position.

**2.1.2 Pro Forma II**

Pro forma II is stated after incorporating the effects of Pro Forma I and effect after the use of proceeds from the IPO as set out in Note 1.3.2 to the Pro Forma Consolidated Statements of Financial Position.

**2.2 Notes to the Pro Forma Consolidated Statements of Financial Position****2.2.1 Cash and Bank Balances**

The movements of cash and bank balances are as follows:

	<b>RM'000</b>
As at 31 January 2022	5,609
IPO	31,112
<b>Pro Forma I</b>	<b>36,721</b>
Use of proceeds from the IPO	
- Repayment of bank borrowings (including lease liabilities owing to financial institutions)	(9,000)
- Estimated listing expenses	(1,819)
<b>Pro Forma II</b>	<b>25,902</b>



**11. FINANCIAL INFORMATION (CONT'D)**

**UMediC Group Berhad (Registration No. 202101015347 (1415647-D))**  
*Pro Forma Consolidated Statements of Financial Position*

**2. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 JANUARY 2022 (continued)****2.2 Notes to the Pro Forma Consolidated Statements of Financial Position (continued)****2.2.2 Share Capital and Reserves**

(a) The movements in the share capital and reserves are as follows:

	Share capital RM'000	Reserves # RM'000	Total RM'000
As at 31 January 2022	13,834	6,476	20,310
IPO	31,112	-	31,112
<b>Pro forma I</b>	<b>44,946</b>	<b>6,476</b>	<b>51,422</b>
Use of proceeds from the IPO - Estimated listing expenses	(624)	(1,195)	(1,819)
<b>Pro forma II</b>	<b>44,322</b>	<b>5,281</b>	<b>49,603</b>

# Reserves comprise reorganisation debit reserve and retained earnings as follows:

	Reorganisation debit reserve RM'000	Retained earnings RM'000	Total RM'000
As at 31 January 2022	(6,852)	13,328	6,476
IPO	-	-	-
<b>Pro Forma I</b>	<b>(6,852)</b>	<b>13,328</b>	<b>6,476</b>
Use of proceeds from the IPO - Estimated listing expenses	-	(1,195)	(1,195)
<b>Pro Forma II</b>	<b>(6,852)</b>	<b>12,133</b>	<b>5,281</b>





**11. FINANCIAL INFORMATION (CONT'D)**

**UMediC Group Berhad (Registration No. 202101015347 (1415647-D))**  
*Pro Forma Consolidated Statements of Financial Position*

**2. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 JANUARY 2022 (continued)****2.2 Notes to the Pro Forma Consolidated Statements of Financial Position (continued)****2.2.2 Share Capital and Reserves (continued)**

- (b) Upon completion of the Listing Scheme as mentioned in Note 1.3 to the Pro Forma Consolidated Statements of Financial Position respectively, the enlarged issued share capital of the Company will be RM44,322,062 comprising 373,910,000 Shares.

**2.2.3 Borrowings**

The movements of borrowings are as follows:

	<b>RM'000</b>
As at 31 January 2022	19,198
IPO	-
<b>Pro Forma I</b>	<b>19,198</b>
Use of proceeds from the IPO	
- Repayment of bank borrowings	(8,200)
<b>Pro Forma II</b>	<b>10,998</b>

**2.2.4 Lease liabilities**

The movements of lease liabilities are as follows:

	<b>RM'000</b>
As at 31 January 2022	1,007
IPO	-
<b>Pro Forma I</b>	<b>1,007</b>
Use of proceeds from the IPO	
- Repayment of lease liabilities	(800)
<b>Pro Forma II</b>	<b>207</b>



**11. FINANCIAL INFORMATION (CONT'D)**

***UMediC Group Berhad (Registration No. 202101015347 (1415647-D))***  
*Pro Forma Consolidated Statements of Financial Position*

**APPROVED BY THE BOARD OF DIRECTORS**

The Pro Forma Consolidated Statements of Financial Position as at 31 January 2022 has been approved and adopted by the Board of Directors of the Company in accordance with a resolution dated **13 JUN 2022**

Signed on behalf of the Board of Directors,



.....  
**LIM TAW SEONG**  
DIRECTOR

Penang  
Date:

**13 JUN 2022**



## 12. ACCOUNTANTS' REPORT



Tel : +604 222 0288  
Fax: +604 222 0299  
www.bdo.my

51-21-F, Menara BHL  
Jalan Sultan Ahmad Shah  
10050 Penang  
Malaysia  
SST No: P11-1809-32000112

*UMediC Group Berhad  
Accountants' Report*

The Board of Directors  
UMediC Group Berhad  
PMT 790, Jalan Cassia Selatan 5/2  
Taman Perindustrian Batu Kawan  
14110 Bandar Cassia  
Pulau Pinang

Date: **13 JUN 2022**  
Our ref: KTH/LSX/BLH

Dear Sir/Madam

**Reporting Accountants' Opinion on the Financial Information Contained in the Accountants' Report of UMediC Group Berhad ("UMC" or "the Company")**

We have audited the financial information of UMC and its subsidiaries ("the Group"). The financial information comprises:

- (a) The combined statements of financial position as at 31 July 2019, 31 July 2020 and 31 July 2021 of Actimed Healthcare Sdn. Bhd., Evo Medik Sdn. Bhd., U Medihealth Sdn. Bhd., UMediC Healthcare Sdn. Bhd., UWHC Sdn. Bhd. and UWHM Sdn. Bhd. and combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of Actimed Healthcare Sdn. Bhd., Evo Medik Sdn. Bhd., U Medihealth Sdn. Bhd., UMediC Healthcare Sdn. Bhd., UWHC Sdn. Bhd. and UWHM Sdn. Bhd. for the financial years ended 31 July 2019, 31 July 2020 and 31 July 2021;
- (b) The consolidated statements of financial position as at 31 January 2022 of the Group and consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for the financial period ended 31 January 2022;
- (c) A summary of significant accounting policies and other explanatory information, as set out in this Report.

This historical financial information has been prepared for inclusion in the prospectus of the Company ("Prospectus") in connection with the admission of UMC to the Official List of Bursa Malaysia Securities Berhad and listing of and quotation for the enlarged issued share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad. This report is given for the purposes of complying with the Prospectus Guidelines issued by the Securities Commission Malaysia and for no other purpose.

In our opinion, the financial information gives a true and fair view of the financial position of the Group as at 31 July 2019, 31 July 2020, 31 July 2021 and 31 January 2022, and of their financial performance and their cash flows for each of the financial years/period ended 31 July 2019, 31 July 2020, 31 July 2021 and 31 January 2022 in accordance with the Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRSs").

**Basis for Opinion**

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Reporting Accountants' Responsibilities for the Audit of the Financial Information* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## 12. ACCOUNTANTS' REPORT (CONT'D)



UMediC Group Berhad  
Accountants' Report

#### *Independence and Other Ethical Responsibilities*

We are independent of the Group in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

#### **Directors' Responsibility for the Financial Information**

The Directors of the Company are responsible for the preparation of the financial information that gives a true and fair view in accordance with MFRSs and IFRSs. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial information that are free from material misstatement, whether due to fraud or error.

In preparing the financial information of the Group, the Directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

#### **Reporting Accountants' Responsibilities for the Audit of the Financial Information**

Our objectives are to obtain reasonable assurance about whether the financial information of the Group as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial information.

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial information of the Group, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group;
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial information of the Group or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group to cease to continue as a going concern;

## 12. ACCOUNTANTS' REPORT (CONT'D)



UMediC Group Berhad  
Accountants' Report

#### Reporting Accountants' Responsibilities for the Audit of the Financial Information (continued)

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs we exercise professional judgement and maintain professional scepticism throughout the audit. We also (continued):

- (e) Evaluate the overall presentation, structure and content of the financial information of the Group, including the disclosures, and whether the financial information of the Group represent the underlying transactions and events in a manner that achieves fair presentation; and
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial information of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### Other Matters

This report is made solely to the Directors of the Company and for inclusion in the Prospectus to be issued in connection with the admission of UMC to the Official List of Bursa Malaysia Securities Berhad and the listing of and quotation for the entire enlarged issued share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad and for no other purpose. We do not assume responsibility to any other person for the content of this opinion.

BDO PLT  
LLP0018825-LCA & AF 0206  
Chartered Accountants

Koay Theam Hock  
02141/04/2023 J  
Chartered Accountant

Penang  
Dated:

13 JUN 2022

**12. ACCOUNTANTS' REPORT (CONT'D)**

*UMediC Group Berhad*  
*Accountants' Report*

**ACCOUNTANTS' REPORT ("THIS REPORT")****1. INTRODUCTION**

This Report has been prepared by BDO PLT, an approved company auditor, for inclusion in the Prospectus of UMediC Group Berhad ("UMC" or "Company") in connection with the admission of UMC to the Official List of Bursa Malaysia Securities Berhad ("Bursa Securities") and the listing of and quotation for the entire enlarged issued share capital of UMC on the ACE Market of Bursa Securities (hereinafter defined as "the Listing"), and shall not be relied on for any other purposes. Details of the listing scheme are disclosed in Section 2 of this Report.

**2. DETAILS OF THE LISTING SCHEME**

In conjunction with and as an integral part of the Listing, the Company would undertake the following transactions:

**2.1 Initial Public Offering ("IPO")**

The IPO involves a public issue of 97,224,300 new ordinary shares in UMC ("Shares") representing approximately 26.00% of the enlarged total number of issued Shares of the Company.

**2.2 Listing**

Upon completion of the IPO, the entire enlarged issued share capital of UMC of RM44,322,062 comprising 373,910,000 Shares will be listed and quoted on the ACE Market of Bursa Securities.

**3. GENERAL INFORMATION**

UMC was incorporated in Malaysia under the Companies Act 2016 ("the Act") on 22 April 2021 as a private limited company. The Company was incorporated for the purpose of being an investment holding company and listing vehicle for the Group pursuant to the Listing. Subsequently, on 7 October 2021, UMC was converted to a public limited company and since then, assumed its current name of UMediC Group Berhad.

The registered office of the Company is located at 39, Irving Road, 10400 Georgetown, Penang.

For the purposes of the Listing, share transfer forms were executed for:

- (i) the acquisition by the Company of the entire issued share capital in Actimed Healthcare Sdn. Bhd. ("Actimed") comprising 10,000 ordinary shares for a purchase consideration of RM1,498,520 which was satisfied via the issuance of 29,970,400 new Shares at an issue price of RM0.05 per Share. The acquisition of Actimed was completed on 28 September 2021.
- (ii) the acquisition by the Company of the entire issued share capital in Evo Medik Sdn. Bhd. ("Evo Medik") comprising 100,000 ordinary shares for a purchase consideration of RM1,210,470 which was satisfied via the issuance of 24,209,400 new Shares at an issue price of RM0.05 per Share. The acquisition of Evo Medik was completed on 28 September 2021.
- (iii) the acquisition by the Company of the entire issued share capital in U Medihealth Sdn. Bhd. ("U Medihealth") comprising 2,500 ordinary shares for a purchase consideration of RM160,835 which was satisfied via the issuance of 3,216,700 new Shares at an issue price of RM0.05 per Share. The acquisition of U Medihealth was completed on 28 September 2021.
- (iv) the acquisition by the Company of the entire issued share capital in UMediC Healthcare Sdn. Bhd. ("UMediC") comprising 2,400,000 ordinary shares for a purchase consideration of RM6,098,815 which was satisfied via the issuance of 121,976,300 new Shares at an issue price of RM0.05 per Share. The acquisition of UMediC was completed on 28 September 2021.

**12. ACCOUNTANTS' REPORT (CONT'D)**

*UMediC Group Berhad*  
*Accountants' Report*

**3. GENERAL INFORMATION (continued)**

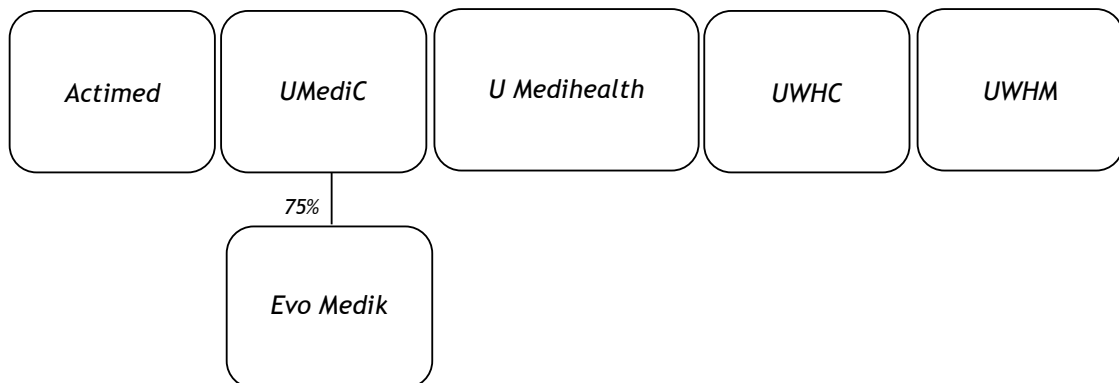
For the purposes of the Listing, share transfer forms were executed for (continued):

- (v) the acquisition by the Company of the entire issued share capital in UWHC Sdn. Bhd. ("UWHC") comprising 50,000 ordinary shares for a purchase consideration of RM46,315 which was satisfied via the issuance of 926,300 new Shares at an issue price of RM0.05 per Share. The acquisition of UWHC was completed on 28 September 2021.
- (vi) the acquisition by the Company of the entire issued share capital in UWHM Sdn. Bhd. ("UWHM") comprising 4,420,000 ordinary shares for a purchase consideration of RM4,819,300 which was satisfied via the issuance of 96,386,000 new Shares at an issue price of RM0.05 per Share. The acquisition of UWHM was completed on 28 September 2021.

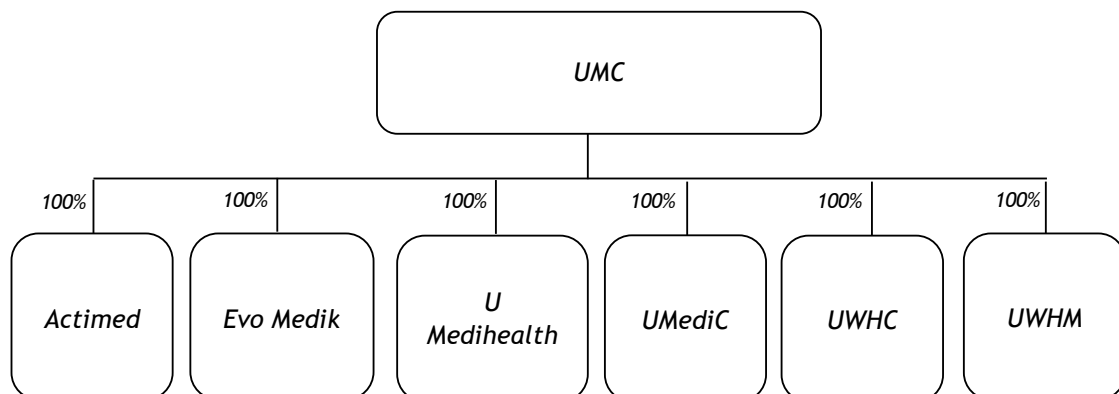
(collectively referred to as "Completed Transactions")

**3.1 Group structure**

The corporate structure prior to the Completed Transactions is as follows:



The corporate structure of UMC and its subsidiaries (hereinafter referred to as the "Group") following the Completed Transactions as at the date of this Report is as follows:



**12. ACCOUNTANTS' REPORT (CONT'D)**

*UMediC Group Berhad*  
*Accountants' Report*

**3. GENERAL INFORMATION (continued)****3.1 Group structure (continued)**

The principal activity of the Company is investment holding. Details of the subsidiaries as at the date of this Report are as follows:

Subsidiaries	Date and place of incorporation	Issued share capital	Effective equity interest	Principal activities
Actimed	20 June 2003 Malaysia	RM10,000	100%	Marketing and distribution of medical devices
Evo Medik	13 August 2007 Malaysia	RM100,000	100%	Marketing and distribution of medical devices
U Medihealth	10 May 2011 Malaysia	RM2,500	100%	Marketing and distribution of medical devices
UMediC	08 November 2002 Malaysia	RM2,400,000	100%	Marketing and distribution of medical devices as well as the provision of after-sales services
UWHC	31 July 2018 Malaysia	RM50,000	100%	Holding of intellectual property rights <sup>(i)</sup>
UWHM	28 September 2011 Malaysia	RM4,420,000	100%	Developing, manufacturing and marketing of medical devices

<sup>(i)</sup> The Company was principally involved in manufacture of medical and dental instrument and supplies. Subsequent to the financial year ended 31 July 2021, the Company has changed its principal activities to holding of intellectual property rights.

**4. AUDITED HISTORICAL FINANCIAL INFORMATION**

This Report deals solely with the audited combined financial information of Actimed, Evo Medik, U Medihealth, UMediC, UWHC and UWHM for the past financial years ended 31 July 2019, 31 July 2020 and 31 July 2021 as well as the audited consolidated financial information of Actimed, Evo Medik, U Medihealth, UMediC, UWHC and UWHM of the financial period ended 31 January 2022.



**12. ACCOUNTANTS' REPORT (CONT'D)**

*UMediC Group Berhad*  
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**5. SHARE CAPITAL**

The Company was incorporated with issued share capital of RM1 comprising 1 ordinary share. Details of changes in the issued share capital of the Company since the date of incorporation are as follows:

Date	No. of shares	Details	Cumulative no. of shares	Price per share (RM)	Amount (RM)	Cumulative issued share capital (RM)
22 April 2021	1	Allotment to initial subscriber	1	1	1	1
28 September 2021	599	Allotment to initial subscriber	600	0.05	30	31
28 September 2021	276,685,100	Allotment pursuant to the Completed Transactions	276,685,700	0.05	13,834,255	13,834,286

**6. RELEVANT FINANCIAL YEARS/PERIODS**

The relevant financial years/periods of the audited financial statements presented for the purpose of this Report ("Relevant Financial Years/Periods") and the statutory auditors of the respective companies within the Group were as follows:

Company	Relevant Financial Years/Periods	Auditors
UMC	Financial period from 22 April 2021 (Date of incorporation) to 31 July 2021 Financial period from 1 August 2021 to 31 January 2022	BDO PLT BDO PLT
Actimed	Financial year ended ("FYE") 31 December 2018 FYE 31 December 2019 Financial period from 1 January 2020 to 31 July 2020 FYE 31 July 2021 Financial period from 1 August 2021 to 31 January 2022	BDO PLT BDO PLT BDO PLT BDO PLT BDO PLT
Evo Medik	FYE 31 July 2019 FYE 31 July 2020 FYE 31 July 2021 Financial period from 1 August 2021 to 31 January 2022	BDO PLT BDO PLT BDO PLT BDO PLT
U Medihealth	FYE 31 May 2019 Financial period from 1 June 2019 to 31 July 2020 FYE 31 July 2021 Financial period from 1 August 2021 to 31 January 2022	BDO PLT BDO PLT BDO PLT BDO PLT

**12. ACCOUNTANTS' REPORT (CONT'D)**

*UMediC Group Berhad*  
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**6. RELEVANT FINANCIAL YEARS/PERIODS (continued)**

The relevant financial years/periods of the audited financial statements presented for the purpose of this Report ("Relevant Financial Years/Periods") and the statutory auditors of the respective companies within the Group were as follows (continued):

<b>Company</b>	<b>Relevant Financial Years/Periods</b>	<b>Auditors</b>
UMediC	FYE 31 July 2019	BDO PLT
	FYE 31 July 2020	BDO PLT
	FYE 31 July 2021	BDO PLT
	Financial period from 1 August 2021 to 31 January 2022	BDO PLT
UWHC	Financial period from 31 July 2018 (Date of incorporation) to 31 July 2019	Y.H. Chang & Partner
	FYE 31 July 2020	Y.H. Chang & Partner
	FYE 31 July 2021	BDO PLT
	Financial period from 1 August 2021 to 31 January 2022	BDO PLT
UWHM	FYE 31 July 2019	BDO PLT
	FYE 31 July 2020	BDO PLT
	FYE 31 July 2021	BDO PLT
	Financial period from 1 August 2021 to 31 January 2022	BDO PLT

The audited financial information of all the companies within the Group for the Relevant Financial Years/Periods reported above were not subject to any qualification or modification.

## 12. ACCOUNTANTS' REPORT (CONT'D)

*UMediC Group Berhad  
Accountants' Report*

### 7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

#### 7.1 BASIS OF PREPARATION

The financial statements of the Group have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRS") and the provisions of the Companies Act 2016 in Malaysia.

These are the first financial statements of the Group prepared in accordance with MFRSs, and MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* has been applied. In the previous financial years, the financial statements of the Group were prepared in accordance with Malaysian Private Entities Reporting Standard ("MPERS").

The Group has consistently applied the same accounting policies in its opening MFRS combined statements of financial position as at 1 August 2018 and throughout all financial years presented, as if these policies had always been in effect. Comparative figures in these financial statements have been restated to give effect to these changes and Section 7.3 and Section 9.31 of this Report disclose the impact of the transition to MFRSs on the reported financial position, financial performance and cash flows of the Group for the financial years then ended. No comparative figures are presented for the interim consolidated financial statements of the Group for the financial period from 1 August 2021 to 31 January 2022.

The financial information have been prepared under the historical cost convention except as otherwise stated in the financial information.

The preparation of these financial statements in conformity with MFRSs requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. The Directors are also required to exercise their judgement in the process of applying the accounting policies. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

#### 7.1.1 Combined financial statements for the financial years ended 31 July 2019, 31 July 2020 and 31 July 2021

The combined financial statements of UMC for the FYE 31 July 2019, 31 July 2020 and 31 July 2021 have been prepared in relation to the Listing and in accordance with MFRSs and IFRSs, and based on the Guidance Note on 'Financial information' issued by the Malaysian Institute of Accountants.

The combined financial statements consist of the financial statements of combining entities as disclosed in Section 9.7 to this Report, which were under common control throughout the reporting periods. The common control of the combining entities has been established by virtue of Dato' Ng Chai Eng, Mr. Lim Taw Seong and Mr. Lau Chee Kheong, being the major shareholders and promoters of the Company.

The combined financial statements have been prepared using financial information obtained from the records of the combining entities during the reporting periods.

The financial information as presented in the combined financial statements may not correspond to the consolidated financial statements of the Company had the Completed Transactions to legally constitute the Group been incorporated in the consolidated financial statements for the respective financial years. Consequently, the financial information from the combined financial statements do not purport to predict the financial positions, results of operations and cash flows of the combining entities during the reporting periods.

The combining entities previously applied MPERSs during the financial years ended 31 July 2019 and 31 July 2020.

The combining entities adopted MFRSs and IFRSs for the first time during the financial year ended 31 July 2021. The management has assessed the impact arising from the transition from MPERSs to MFRSs on the combining entities' financial position, financial performance and cash flows as set out in Section 9.31 to this Report.

## 12. ACCOUNTANTS' REPORT (CONT'D)

*UMediC Group Berhad  
Accountants' Report*

### 7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 7.1 BASIS OF PREPARATION (continued)

##### 7.1.2 Consolidated financial statements for the financial period ended 31 January 2022

The consolidated financial statements of the Group have been prepared in accordance with MFRSs and IFRSs.

During the financial period ended 31 January 2022, the Group applied merger method of accounting on a retrospective basis arising from the acquisition of the entire equity interests of Actimed, Evo Medik, U Medihealth, UMediC, UWHC and UWHM by the Company in business combinations under common control.

Consequently, the following accounting treatment has been applied in the consolidated financial statements arising from the business combinations under common control:

- (a) Assets and liabilities of Actimed, Evo Medik, U Medihealth, UMediC, UWHC and UWHM are recognised and measured at their pre-business combination carrying amount without restatement at fair value;
- (b) Retained earnings and other equity reserves of the Group as at 1 August 2021 are those of Actimed, Evo Medik, U Medihealth, UMediC, UWHC and UWHM;
- (c) Share capital as at 1 August 2021 reflects the share capital of Actimed, Evo Medik, U Medihealth, UMediC, UWHC and UWHM; and
- (d) The statements of financial position as at 31 January 2022 represent the financial position of the Group after reflecting the effect of acquisitions during the financial period.

#### 7.2 SIGNIFICANT ACCOUNTING POLICIES

##### 7.2.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- (a) Power over the investee;
- (b) Exposure, or rights, to variable returns from its involvement with the investee; and
- (c) The ability to use its power over the investee to affect its returns.

If the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) The contractual arrangement with the other vote holders of the investee;
- (b) Rights arising from other contractual agreements; and
- (c) The voting rights of the Group and potential voting rights.

Intragroup balances, transactions, income and expenses are eliminated on consolidation. Unrealised gains arising from transactions with associates and joint ventures are eliminated against the investment to the extent of the interest of the Group in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

## 12. ACCOUNTANTS' REPORT (CONT'D)

*UMediC Group Berhad  
Accountants' Report*

### 7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 7.2 SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 7.2.1 Basis of consolidation (continued)

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent equity in subsidiaries that are not attributable, directly or indirectly, to owners of the parent, and is presented separately in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the financial period are included in the statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to owners of the parent.

If the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

- (i) The aggregate of the fair value of the consideration received and the fair value of any retained interest; and
- (ii) The previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the subsidiaries are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiaries at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 9 *Financial Instruments* or, where applicable, the cost on initial recognition of an investment in associate or joint venture.

## 12. ACCOUNTANTS' REPORT (CONT'D)

UMediC Group Berhad  
Accountants' Report

### 7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 7.2 SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 7.2.2 Business combinations under common control

Business combination involving entities under common control are accounted for by applying the merger method of accounting. The assets and liabilities of the merger entities are reflected at their carrying amounts reported in the individual financial information.

In a business combination under common control, any differences between the cost of the merger and the share capital of the 'acquired' entity are reflected within equity as reorganisation debit reserve.

The combined statements of profit or loss and other comprehensive income reflect the results of the combining entities for the full financial years and the comparatives are presented as if the entities had always been combined since the date for which the entities had come under common control.

##### 7.2.3 Business combinations not under common control

Business combinations not under common control are accounted for by applying the acquisition method of accounting.

Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the acquisition date, except that:

- (a) Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits* respectively;
- (b) Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement by the Group of an acquiree's share-based payment transactions are measured in accordance with MFRS 2 *Share-based Payment* at the acquisition date; and
- (c) Assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration payable is recognised at fair value at the acquisition date. Measurement period adjustments to contingent consideration are dealt with as follows:

- (a) If the contingent consideration is classified as equity, it is not re-measured and settlement is accounted for within equity; and
- (b) Subsequent changes to contingent consideration classified as an asset or liability that is a financial instrument within the scope of MFRS 9 *Financial Instruments* are recognised either in profit or loss or in other comprehensive income in accordance with MFRS 9 *Financial Instruments*. All other subsequent changes are recognised in profit or loss.

In a business combination achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

## 12. ACCOUNTANTS' REPORT (CONT'D)

*UMediC Group Berhad*  
*Accountants' Report*

### 7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 7.2 SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 7.2.3 Business combinations not under common control (continued)

Components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the previously held equity interest of the Group in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

##### 7.2.4 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset would flow to the Group and the cost of the asset could be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has different useful life, is depreciated separately.

After initial recognition, property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write down the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The principal annual depreciation period and rates are as follows:

Leasehold land	60 years
Leasehold building	2%
Plant and machinery	10%
Production equipment	10%
Furniture, fitting, office equipment and computer system	10% to 20%
Moulds and simulator	10% to 20%
Tools and equipment	10%
Quality assessment equipment	10%
Motor vehicles	20%
Renovation	10% to 20%

Capital work-in-progress represents machinery under installation and factory building under construction. Capital work-in-progress is not depreciated until such time when the asset is available for use.

## 12. ACCOUNTANTS' REPORT (CONT'D)

*UMediC Group Berhad  
Accountants' Report*

### 7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 7.2 SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 7.2.4 Property, plant and equipment and depreciation (continued)

At the end of each reporting period, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see section 7.2.7 of this Report on impairment of non-financial assets).

The residual value, useful life and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit or loss.

##### 7.2.5 Leases

###### The Group as a lessee

The Group recognises right-of-use assets and lease liabilities at the commencement date of the contract for all leases excluding short-term leases or leases for which the underlying asset is of low value, conveying the right to control the use of an identified asset for a period of time.

The Group determines the lease term as the non-cancellable period of a lease, together with both:

- (a) Period covered by an option to extend the lease if the lease is reasonably certain to exercise that options; and
- (b) Periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

In assessing whether a lessee is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, the Group considers all relevant facts and circumstances that create economic incentive for the lessee to exercise the option to extend the lease, not to exercise the option to terminate the lease. The Group revises the lease term if there is a change in the non-cancellable period of a lease.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.



## 12. ACCOUNTANTS' REPORT (CONT'D)

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### 7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 7.2 SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 7.2.5 Leases (continued)

##### *Right-of-use assets*

The right-of-use assets are initially recorded at cost, which comprises:

- (a) The amount of the initial measurement of the lease liability;
- (b) Any lease payments made at or before the commencement date of the lease, less any lease incentives received;
- (c) Any initial direct costs incurred by the Group; and
- (d) An estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the lessor.

Subsequent to the initial recognition, the right-of-use assets are measured at cost less any accumulated depreciation and accumulated impairment losses, and adjusted for any remeasurement of the lease liability.

The right-of-use assets are depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The lease terms of right-of-use assets are as follows:

Leasehold land	60 years
Factory	24 months
Offices	24 to 30 months
Plant and machinery	10 years
Production equipment	10 years
Computer software and hardware	5 years
Motor vehicles	5 years

Capital work-in-progress represents machinery under installation. Capital work-in-progress is not depreciated until such time when the asset is available for use.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

##### *Lease liability*

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. The lease payments are discounted using the incremental borrowing rate of the Group. Subsequent to the initial recognition, the Group measures the lease liability by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect lease payments made, and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

## 12. ACCOUNTANTS' REPORT (CONT'D)

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### 7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 7.2 SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 7.2.6 Investments

###### (a) Subsidiary

A subsidiary is an entity in which the Group and the Company are exposed, or have rights, to variable returns from its involvement with the subsidiary and have the ability to affect those returns through its power over the subsidiary.

An investment in subsidiary, which is eliminated on consolidation, is stated in the separate financial statements of the Company at cost less impairment loss, if any. Put options written over non-controlling interests on the acquisition of subsidiary shall be included as part of the cost of investment in the separate financial statements of the Company. Subsequent changes in the fair value of the written put options over non-controlling interests shall be recognised in profit or loss. Investments accounted for at cost shall be accounted for in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* when they are classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with MFRS 5.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the Group would derecognise all assets, liabilities and non-controlling interests at their carrying amount and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

###### (b) Associate

An associate is an entity over which the Group and the Company have significant influence and that is neither a subsidiary nor an interest in a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is neither control nor joint control over those policies.

In the separate financial statements of the Company, an investment in an associate is stated at cost less impairment losses.

An investment in an associate is accounted for in the financial statements using the equity method of accounting. The investment in an associate is initially recognised at cost and adjusted thereafter for the post acquisition change in the share of net assets of the investment of the Group.

The interest in an associate is the carrying amount of the investment in the associate under the equity method together with any long term interest that, in substance, form part of the net investments in the associate of the Group.

The share of the profit or loss of the associate by the Group during the financial year is included in the financial statements after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. Distributions received from the associate reduce the carrying amount of the investment. Adjustments to the carrying amount could also be necessary for changes in the proportionate interest of the Group in the associate arising from changes in the associate's equity that have not been recognised in the associate's profit or loss. Such changes include those arising from the revaluation of property, plant and equipment and from foreign exchange translation differences. The share of those changes by the Group is recognised directly in equity of the Group.

## 12. ACCOUNTANTS' REPORT (CONT'D)

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### 7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 7.2 SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 7.2.6 Investments (continued)

###### (b) Associate (continued)

Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the interest of the Group in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

##### 7.2.7 Impairment of non-financial assets

The carrying amount of assets, except for financial assets (excluding investments in subsidiaries and investment in an associate) and inventories, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount of an asset is estimated for an individual asset. Where it is not possible to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit ("CGU") to which the asset belongs.

The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value in use.

In estimating the value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. An impairment loss is recognised in profit or loss when the carrying amount of the asset or the CGU, exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated to the assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU.

The impairment loss is recognised in profit or loss immediately.

An impairment loss for assets is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Such reversals are recognised as income immediately in profit or loss.

##### 7.2.8 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined using the first-in, first-out formula. Cost of raw materials comprises all costs of purchase, cost of conversion plus other costs incurred in bringing the inventories to their present location and condition. The cost of work-in-progress and finished goods includes the cost of raw materials, direct labour, other direct cost and a proportion of production overheads based on normal operating capacity of the production facilities.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

## 12. ACCOUNTANTS' REPORT (CONT'D)

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### 7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 7.2 SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 7.2.9 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, an equity instrument of another enterprise, a contractual right to receive cash or another financial asset from another enterprise, or a contractual right to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially favourable to the Group.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or a contractual obligation to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially unfavourable to the Group.

Financial instruments are recognised on the statements of financial position when the Group has become a party to the contractual provisions of the instrument. At initial recognition, a financial instrument is recognised at fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issuance of the financial instrument.

#### (a) Financial assets

A financial asset is classified into the following three (3) categories after initial recognition for the purpose of subsequent measurement:

##### (i) Financial assets measured at amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ("SPPI") are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statements of comprehensive income.

##### (ii) Financial assets at fair value through other comprehensive income ("FVOCI")

Financial assets that are debt instruments are measured at FVOCI if they are held within a business model whose objectives are to collect contractual cash flows and selling the financial assets, and have contractual terms of financial assets which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

## 12. ACCOUNTANTS' REPORT (CONT'D)

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### 7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 7.2 SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 7.2.9 Financial instruments (continued)

###### (a) Financial assets (continued)

A financial asset is classified into the following three (3) categories after initial recognition for the purpose of subsequent measurement (continued):

###### (ii) Financial assets at FVOCI (continued)

Subsequent to initial recognition, financial assets that are debt instruments are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets measured at FVOCI are recognised directly in other comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised or reclassified, at which time the cumulative gains or losses previously recognised in other comprehensive income are recognised in profit or loss. However, interest calculated using the effective interest method is recognised in profit or loss whilst dividends on equity instruments are recognised in profit or loss when the right of the Group to receive payment is established.

###### (iii) Financial assets at fair value through profit or loss ("FVTPL")

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. The Group may also irrevocably designate financial assets at FVTPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases. Fair value changes are recognised in profit or loss in the period which it arises.

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity, is recognised in profit or loss.

###### (b) Financial liabilities

A financial liability is any liability with contractual obligation to deliver cash or another financial asset to another enterprise, or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable. Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities. The Group's significant financial liabilities include trade and other payables and borrowings which are initially measured at fair value and subsequently measured at amortised cost.

###### (i) Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when financial liabilities are either held for trading or it is designated as at FVTPL. Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss.

## 12. ACCOUNTANTS' REPORT (CONT'D)

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### 7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 7.2 SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 7.2.9 Financial instruments (continued)

##### (b) Financial liabilities (continued)

##### (ii) Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

##### (c) Equity investments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Equity investments which are not held for trading for which the Group has irrevocably elected at initial recognition to recognise at fair value through other comprehensive income. These are strategic investments for which the Group considers this classification to be appropriate and relevant.

Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVOCI are recognised in the statements of comprehensive income as applicable.

## 12. ACCOUNTANTS' REPORT (CONT'D)

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### 7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 7.2 SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 7.2.10 Impairment of financial assets

The Group recognises an impairment loss allowance for expected credit losses ("ECL") on a financial asset that is measured at amortised cost.

The Group recognises allowance for impairment loss for trade receivables based on a simplified approach in accordance with MFRS 9 *Financial Instruments* and measures the allowance for impairment loss based on a lifetime ECL from initial recognition.

At the end of each reporting period, the Group assesses whether there has been a significant increase in credit risk for financial assets other than trade receivables by comparing the risk of default occurring over the expected life with the risk of default since initial recognition. For those in which credit risk has not increased significantly since initial recognition of the financial asset, twelve-month ECL along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime ECL along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime ECL along with interest income on a net basis are recognised.

The Group considers historical credit loss experience and observable data such as current changes and future forecasts in economic conditions to estimate the amount of expected impairment loss. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

The carrying amount of the financial asset is reduced through the use of an allowance for impairment loss account and the amount of impairment loss is recognised in profit or loss. When a financial asset becomes uncollectible, it is written off against the allowance for impairment loss account.

##### 7.2.11 Borrowing costs

Borrowing costs that are directly attributable to the acquisition or production of a qualifying asset is capitalised as part of the cost of the asset until when substantially all the activities necessary to prepare the asset for its intended use or sale are complete, after which such expense is charged to profit or loss. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Capitalisation of borrowing cost is suspended during extended periods in which active development is interrupted.

The amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on the borrowing during the period less any investment income on the temporary investment of the borrowing.

All other borrowing costs are recognised in profit or loss in the financial period/year in which they are incurred.

##### 7.2.12 Income taxes

Income taxes include all taxes on taxable profit. Income taxes also include other taxes, such as real property gains taxes payable on the disposal of properties, if any.

Taxes in the statements of profit or loss and other comprehensive income comprise current tax and deferred tax.

###### (a) Current tax

Current tax expenses are determined according to the tax laws of the jurisdiction in which the Group operates and include all taxes based upon the taxable profits.

## 12. ACCOUNTANTS' REPORT (CONT'D)

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### 7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 7.2 SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 7.2.12 Income taxes (continued)

###### (b) Deferred tax

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the statements of financial position and its tax base.

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profit would be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. If it is no longer probable that sufficient taxable profit would be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset would be reduced accordingly. When it becomes probable that sufficient taxable profit would be available, such reductions would be reversed to the extent of the taxable profit.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority on either:

- (i) The same taxable entity; or
- (ii) Different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax would be recognised as income or expense and included in profit or loss for the period unless the tax related to items that are credited or charged, in the same or a different period, directly to equity, in which case the deferred tax would be charged or credited directly to equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on the announcement of tax rates and tax laws by the Government which have the substantive effect of actual enactment by the end of each reporting period.



## 12. ACCOUNTANTS' REPORT (CONT'D)

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### 7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 7.2 SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 7.2.13 Employee benefits

###### (a) Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are expensed when employees rendered their services to the Group.

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur and they lapse if the current period's entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the Group.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

###### (b) Defined contribution plans

The Group makes contributions to a statutory provident fund. The contributions are recognised as a liability after deducting any contribution already paid and as an expense in the period in which the employees render their services.

##### 7.2.14 Foreign currencies

###### (a) Functional and presentation currency

Items included in the financial information of the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Ringgit Malaysia, which is the functional and presentation currency of the Group.

###### (b) Foreign currency translations and balances

Transactions in foreign currencies are converted into Ringgit Malaysia at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the end of the reporting period are translated into Ringgit Malaysia at rates of exchange ruling at that date. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in profit or loss in the period in which they arise. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition, and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined for presentation currency purposes.

## 12. ACCOUNTANTS' REPORT (CONT'D)

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### 7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 7.2.15 Revenue recognition

##### (a) Sale of goods and services

The Group recognises revenue from contracts with customers for the sale of goods and services based on the five-step model as set out below:

- (i) Identify contract(s) with a customer. A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.
- (ii) Identify performance obligations in the contract. A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
- (iii) Determine the transaction price. The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
- (iv) Allocate the transaction price to the performance obligations in the contract. For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
- (v) Recognise revenue when (or as) the Group satisfies a performance obligation.

The Group satisfies a performance obligation and recognise revenue at the point in time.

When the Group satisfies a performance obligation by delivering the promised goods or services, it creates a contract asset based on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this gives rise to a contract liability.

Revenue is measured at the fair value of consideration received or receivable.

Revenue from sale of goods and services is recognised when the Group satisfies a performance obligation by transferring a promised good or service to a customer. An asset is transferred as and when the customer obtains control of that asset, which coincides with the delivery of goods and services and acceptance by customers.

##### (b) Other income

###### Interest income

Interest income is recognised as it accrues, using the effective interest method.

###### Dividend income

Dividend income is recognised when the right to receive payment is established.

## 12. ACCOUNTANTS' REPORT (CONT'D)

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### 7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 7.2 SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 7.2.16 Fair value measurement

The fair value of an asset or a liability (except for lease transactions) is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

The Group measures the fair value of an asset or a liability by taking into account the characteristics of the asset or liability if market participants would take these characteristics into account when pricing the asset or liability. The Group has considered the following characteristics when determining fair value:

- (a) The condition and location of the asset; and
- (b) Restrictions, if any, on the sale or use of the asset.

The fair value measurement for a non-financial asset takes into account the ability of the market participant to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The fair value of a financial or non-financial liability or an entity's own equity instrument assumes that:

- (a) A liability would remain outstanding and the market participant transferee would be required to fulfil the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date; and
- (b) An entity's own equity instrument would remain outstanding and the market participant transferee would take on the rights and responsibilities associated with the instrument. The instrument would not be cancelled or otherwise extinguished on the measurement date.

## 12. ACCOUNTANTS' REPORT (CONT'D)

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### 7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 7.2 SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 7.2.17 Government grants

Government grants are recognised in the financial statements as deferred income when there is reasonable assurance that:

- (a) The Group would comply with the conditions attached to the grant; and
- (b) The grants would be received.

Government grants related to costs are recognised as income in profit or loss in the period in which the grants had been received to match them with the costs which they are intended to compensate.

Where the grants related to an asset, they are recognised as deferred income and transferred to profit or loss on a systematic basis over the useful lives of the related asset.

##### 7.2.18 Operating segments

Operating segments are defined as components of the Group that:

- (a) Engage in business activities from which it could earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);
- (b) Whose operating results are regularly reviewed by the chief operating decision maker of the Group in making decisions about resources to be allocated to the segment and assessing its performance; and
- (c) For which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenue.

The Group reports separately information about each operating segment that meets any of the following quantitative thresholds:

- (a) Its reported revenue, including both sales to external customers and intersegment sales or transfers, is ten percent (10%) or more of the combined revenue, internal and external, of all operating segments.
- (b) The absolute amount of its reported profit or loss is ten percent (10%) or more of the greater, in absolute amount of:
  - (i) the combined reported profit of all operating segments that did not report a loss; and
  - (ii) the combined reported loss of all operating segments that reported a loss.

## 12. ACCOUNTANTS' REPORT (CONT'D)

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### 7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 7.2 SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 7.2.18 Operating segments (continued)

The Group reports separately information about each operating segment that meets any of the following quantitative thresholds (continued):

- (c) Its assets are ten percent (10%) or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

Total external revenue reported by operating segments shall constitute at least seventy-five percent (75%) of the revenue of the Group. Operating segments identified as reportable segments in the current financial period/year in accordance with the quantitative thresholds would result in a restatement of prior period segment data for comparative purposes.

##### 7.2.19 Earnings per share

- (a) Basic

Basic earnings per ordinary share for the financial period/years are calculated by dividing the profit for the financial period/years attributable to owners of parent/common controlling shareholders of the combining entities by the expected number of ordinary shares of the Company upon the completion of the Listing.

- (b) Diluted

Diluted earnings per ordinary share for the financial period/years are calculated by dividing the profit for the financial period/years attributable to owners of parent/common controlling shareholders by the expected number of ordinary shares of the Company upon the completion of the Listing adjusted for the effects of dilutive potential ordinary shares.

### 7.3 ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

#### 7.3.1 New MFRSs adopted during the financial period/years

The Group adopted the following Standards, Amendments and Interpretations of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the reporting periods:

##### Title

MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards*  
MFRS 2 *Share-based Payments*  
MFRS 3 *Business Combinations*  
MFRS 4 *Insurance Contracts*  
MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*  
MFRS 6 *Exploration for and Evaluation of Mineral Resources*  
MFRS 7 *Financial Instruments: Disclosures*  
MFRS 8 *Operating Segments*  
MFRS 9 *Financial Instruments*  
MFRS 10 *Consolidated Financial Statements*

## 12. ACCOUNTANTS' REPORT (CONT'D)

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### 7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 7.3 ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

##### 7.3.1 New MFRSs adopted during the financial period/years (continued)

The Group adopted the following Standards, Amendments and Interpretations of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the reporting periods (continued):

##### Title

MFRS 11 *Joint Arrangements*  
MFRS 12 *Disclosure of Interests in Other Entities*  
MFRS 13 *Fair Value Measurement*  
MFRS 14 *Regulatory Deferral Accounts*  
MFRS 15 *Revenue from Contracts with Customers*  
MFRS 16 *Leases*  
MFRS 101 *Presentation of Financial Statements*  
MFRS 102 *Inventories*  
MFRS 107 *Statement of Cash Flows*  
MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*  
MFRS 110 *Events after the Reporting Period*  
MFRS 112 *Income Taxes*  
MFRS 116 *Property, Plant and Equipment*  
MFRS 119 *Employee Benefits*  
MFRS 120 *Accounting for Government Grants and Disclosure of Government Assistance*  
MFRS 121 *The Effects of Changes in Foreign Exchange Rates*  
MFRS 123 *Borrowing Costs*  
MFRS 124 *Related Party Disclosures*  
MFRS 126 *Accounting and Reporting by Retirement Benefit Plans*  
MFRS 127 *Separate Financial Statements*  
MFRS 128 *Investments in Associates and Joint Ventures*  
MFRS 129 *Financial Reporting in Hyperinflationary Economies*  
MFRS 132 *Financial Instruments: Presentation*  
MFRS 133 *Earnings per Share*  
MFRS 134 *Interim Financial Reporting*  
MFRS 136 *Impairment of Assets*  
MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*  
MFRS 138 *Intangible Assets*  
MFRS 139 *Financial Instruments: Recognition and Measurement*  
MFRS 140 *Investment Property*  
MFRS 141 *Agriculture*  
IC Interpretation 1 *Changes in Existing Decommissioning, Restoration and Similar Liabilities*  
IC Interpretation 2 *Members' Shares in Co-operative Entities and Similar Instruments*  
IC Interpretation 5 *Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds*  
IC Interpretation 6 *Liabilities arising from Participating in a Specific Market- Waste Electrical and Electrical Equipment*  
IC Interpretation 7 *Applying the Restatement Approach under MFRS 129 Financial Reporting in Hyperinflationary Economies*  
IC Interpretation 10 *Interim Financial Reporting and Impairment*  
IC Interpretation 12 *Service Concession Arrangements*  
IC Interpretation 14 *MFRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*  
IC Interpretation 16 *Hedges of a Net Investment in a Foreign Operation*  
IC Interpretation 17 *Distributions of Non-cash Assets to Owners*  
IC Interpretation 19 *Extinguishing Financial Liabilities with Equity Instruments*  
IC Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine*  
IC Interpretation 21 *Levies*  
IC Interpretation 22 *Foreign Currency Transactions and Advance Consideration*  
IC Interpretation 23 *Uncertainty over Income Tax Treatments*

## 12. ACCOUNTANTS' REPORT (CONT'D)

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### 7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 7.3 ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

##### 7.3.1 New MFRSs adopted during the financial period/years (continued)

The Group adopted the following Standards, Amendments and Interpretations of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the reporting periods (continued):

##### Title

IC Interpretation 107 *Introduction of the Euro*

IC Interpretation 110 *Government Assistance - No Specific Relation to Operating Activities*

IC Interpretation 125 *Income Taxes - Changes in the Tax Status of an Entity or its Shareholders*

IC Interpretation 129 *Service Concession Arrangements: Disclosures*

IC Interpretation 132 *Intangible Assets - Web Site Costs*

Amendments to References to the Conceptual Framework in MFRS Standards

Amendments to MFRS 3 *Definition of a Business*

Amendments to MFRS 101 and MFRS 108 *Definition of Material*

Amendments to MFRS 9, MFRS 139 and MFRS 7 *Interest Rate Benchmark Reform*

Amendments to MFRS 16 *Covid-19 Related Rent Concessions*

Amendments to MFRS 16 *Covid-19 Related Rent Concessions beyond 30 June 2021*

Amendments to MFRS 4 *Insurance Contract - Extension of the Temporary Exemption from Applying MFRS 9*

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16  
*Interest Rate Benchmark Reform - Phase 2*

There is no material impact upon the adoption of these Standards and Amendments during the financial period/years, other than the adoption of the following Standards:

##### MFRS 101 *Presentation of Financial Statements*

The Standard clarifies that the third statement of financial position is required only if a retrospective application, retrospective restatement or reclassification has a material effect on the information in the statement of financial position at the beginning of the preceding period. If the third statement of financial position is presented, the Standard clarifies that the related notes to the opening statement of financial position need not to be disclosed. Accordingly, there are no related notes disclosed in relation to the opening statement of financial position as at 1 August 2018.

##### MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards*

The Standard clarifies that the first MFRS financial statements shall include at least three statements of financial position, two statements of profit or loss and other comprehensive income, two separate statements of profit or loss (if presented), two statements of cash flows and two statements of changes in equity and related notes, including comparative information for all statements presented.

##### MFRS 9 *Financial Instruments*

The adoption of MFRS 9 has fundamentally changed the accounting of impairment losses for financial assets of the Group by replacing the incurred loss approach of MPERS with a forward-looking ECL approach. MFRS 9 requires the Group to record an allowance for ECL for all debt financial assets not held at fair value through profit or loss.

ECL are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The estimate of expected cash shortfall shall reflect the cash flows expected from collateral and other credit enhancements that are part of the contractual terms. The shortfall is then discounted at an approximation to the original effective interest rate of the asset.

## 12. ACCOUNTANTS' REPORT (CONT'D)

UMediC Group Berhad  
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### 7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 7.3 ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

##### 7.3.1 New MFRSs adopted during the financial period/years (continued)

###### *MFRS 9 Financial Instruments (continued)*

Impairment for trade receivables and contract assets that do not contain a significant financing component are recognised based on the simplified approach within MFRS 9 using the lifetime ECL.

During this process, the probability of non-payment by the trade receivables is adjusted by forward-looking information and multiplied by the amount of the expected loss arising from default to determine the lifetime ECL for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within administrative expenses in the statement of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

Impairment for other receivables and amounts owing by Directors and related parties are recognised based on the general approach with MFRS 9 using the forward-looking ECL model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve month ECL along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime ECL along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime ECL along with interest income on a net basis are recognised.

###### *MFRS 15 Revenue from Contracts with Customers*

The Group adopted MFRS 15 using the full retrospective approach, for which the cumulative effect of initial application is recognised in retained earnings as at 1 August 2018. Accordingly, the comparative information presented is restated.

MFRS 15 establishes a comprehensive framework for revenue recognition and measurement. Under MFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control, at a point in time or over time, requires significant judgement.

###### *MFRS 16 Leases*

The Group adopted MFRS 16 using the full retrospective approach, for which the cumulative effect of initial application is recognised in retained earnings as at 1 August 2018. Accordingly, the comparative information presented is restated.

On adoption of MFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of MPERS. These liabilities were measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate of the Group.

In order to compute the transition impact of MFRS 16, a significant data extraction exercise was undertaken by management to summarise all property and equipment lease data such that the respective inputs could be uploaded into management's model. The incremental borrowing rate method has been adopted where the implicit rate of interest in a lease is not readily determinable.

For leases previously classified as finance leases, the Group recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability respectively at the date of initial application. The measurement principles of MFRS 16 are only applied after that date.



## 12. ACCOUNTANTS' REPORT (CONT'D)

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### 7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 7.3 ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

##### 7.3.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2022

The Standards that are issued but not yet effective up to the date of issuance of financial information of the Group are disclosed below. The Group intends to adopt these Standards, if applicable, when they become effective.

Title	Effective Date
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 3 <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 116 <i>Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137 <i>Onerous Contract - Cost of Fulfilling a Contract</i>	1 January 2022
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
<i>Disclosure of Accounting Policies</i> (Amendments to MFRS 101 <i>Presentation of Financial Statements</i> )	1 January 2023
<i>Definition of Accounting Estimates</i> (Amendments to MFRS 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> )	1 January 2023
<i>Deferred tax related to Assets and Liabilities arising from a Single Transaction</i> (Amendments to MFRS 112)	1 January 2023
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group is in the process of assessing the impact of implementing these Standards and Amendments to the Standards, since the effects would only be observable for the future financial years.

### 8. FINANCIAL INFORMATION AND LIMITATIONS

The financial information in Section 9 of this Report is based on the respective audited financial statements of the Group with applicable appropriate adjustments and reclassifications made for the purpose of this Report.

All information, including the combined/consolidated financial statements, have been extracted from the audited financial statements and records of the Group during the relevant reporting periods.

**12. ACCOUNTANTS' REPORT (CONT'D)**

*UMediC Group Berhad*  
*Accountants' Report*

**9. HISTORICAL FINANCIAL INFORMATION****9.1 Combined/Consolidated Statements of Financial Position**

The audited combined statements of financial position as at 31 July 2019, 31 July 2020, 31 July 2021 and consolidated statements of financial position as at 31 January 2022 are set out below:

	Section	31.1.2022 RM	31.7.2021 RM	31.7.2020 RM	31.7.2019 RM
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	9.5	20,149,818	20,331,930	7,122,864	1,321,281
Right-of-use assets	9.6	6,186,644	6,274,730	6,017,186	5,586,121
Investment in an associate	9.8	-	-	-	52,543
		26,336,462	26,606,660	13,140,050	6,959,945
<b>Current assets</b>					
Inventories	9.9	8,602,999	10,116,431	5,590,334	3,708,359
Trade and other receivables	9.10	7,838,525	10,065,770	7,557,956	3,301,562
Current tax assets		513,473	375,419	89,957	117,285
Cash and bank balances	9.11	5,608,573	2,761,335	3,500,606	1,535,495
		22,563,570	23,318,955	16,738,853	8,662,701
<b>TOTAL ASSETS</b>		<b>48,900,032</b>	<b>49,925,615</b>	<b>29,878,903</b>	<b>15,622,646</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to the owners of parent/common controlling shareholders of the combining entities</b>					
Share capital/ Invested equity*	9.12	13,834,286	6,907,501	2,887,500	2,687,500
Reserves	9.13	6,476,282	8,831,074	3,744,380	2,590,835
<b>TOTAL EQUITY</b>		<b>20,310,568</b>	<b>15,738,575</b>	<b>6,631,880</b>	<b>5,278,335</b>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Borrowings	9.14	13,498,126	14,155,567	10,186,181	1,638,060
Lease liabilities	9.6	688,317	828,358	512,105	224,363
Government grant	9.17	441,667	135,000	-	-
Deferred tax liabilities	9.18	113,421	130,687	29,300	88,900
		14,741,531	15,249,612	10,727,586	1,951,323

**12. ACCOUNTANTS' REPORT (CONT'D)**

*UMediC Group Berhad*  
*Accountants' Report*

**9. HISTORICAL FINANCIAL INFORMATION (continued)****9.1 Combined/Consolidated Statements of Financial Position (continued)**

The audited combined statements of financial position as at 31 July 2019, 31 July 2020, 31 July 2021 and consolidated statements of financial position as at 31 January 2022 are set out below (continued):

	Section	31.1.2022 RM	31.7.2021 RM	31.7.2020 RM	31.7.2019 RM
<b>Current liabilities</b>					
Trade and other payables	9.19	5,615,674	7,223,149	6,606,723	8,071,739
Borrowings	9.14	5,699,496	11,033,372	5,378,366	107,018
Lease liabilities	9.6	318,596	312,032	364,146	203,768
Government grant	9.17	50,000	15,000	-	-
Current tax liabilities		2,164,167	353,875	170,202	10,463
		13,847,933	18,937,428	12,519,437	8,392,988
<b>TOTAL LIABILITIES</b>		<b>28,589,464</b>	<b>34,187,040</b>	<b>23,247,023</b>	<b>10,344,311</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>48,900,032</b>	<b>49,925,615</b>	<b>29,878,903</b>	<b>15,622,646</b>

\*Number of ordinary shares on combined basis

**12. ACCOUNTANTS' REPORT (CONT'D)**

*UMediC Group Berhad*  
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**9. HISTORICAL FINANCIAL INFORMATION (continued)****9.2 Combined/Consolidated Statements of Profit or Loss and Other Comprehensive Income**

The audited combined statements of profit or loss and other comprehensive income for the financial years ended 31 July 2019, 31 July 2020, 31 July 2021 and consolidated statements of profit or loss and other comprehensive income for the financial period ended 31 January 2022 are set out below:

	Section	1.8.2021 to 31.1.2022 RM	1.8.2020 to 31.7.2021 RM	1.8.2019 to 31.7.2020 RM	1.8.2018 to 31.7.2019 RM
Revenue	9.21	36,855,262	34,115,959	23,675,991	16,422,381
Cost of sales		<u>(23,943,634)</u>	<u>(21,553,156)</u>	<u>(16,242,126)</u>	<u>(10,719,103)</u>
Gross profit		12,911,628	12,562,803	7,433,865	5,703,278
Other income		268,369	606,859	643,558	362,343
Net gains/(losses) on impairment of financial assets	9.10(g)	14,378	(1,325)	79,650	(156,915)
Marketing expenses		(390,892)	(265,887)	(449,097)	(460,924)
Administrative and other expenses		(5,624,407)	(5,617,846)	(4,216,928)	(3,651,527)
Finance costs	9.23	(467,110)	(731,086)	(445,627)	(163,379)
Share of loss of an associate, net of tax	9.8(d)	<u>-</u>	<u>-</u>	<u>(3,373)</u>	<u>(15,665)</u>
Profit before tax		6,711,966	6,553,518	3,042,048	1,617,211
Tax expense	9.24	<u>(2,140,003)</u>	<u>(1,466,824)</u>	<u>(623,503)</u>	<u>(298,466)</u>
Profit for the financial period/years		<u>4,571,963</u>	<u>5,086,694</u>	<u>2,418,545</u>	<u>1,318,745</u>
Profit attributable to: Owners of the parent/ Common controlling shareholders of the combining entities		<u>4,571,963</u>	<u>5,086,694</u>	<u>2,418,545</u>	<u>1,318,745</u>
Other comprehensive income, net of tax		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the financial period/ years		<u>4,571,963</u>	<u>5,086,694</u>	<u>2,418,545</u>	<u>1,318,745</u>

**12. ACCOUNTANTS' REPORT (CONT'D)**

*UMediC Group Berhad*  
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**9. HISTORICAL FINANCIAL INFORMATION (continued)****9.2 Combined/Consolidated Statements of Profit or Loss and Other Comprehensive Income (continued)**

The audited combined statements of profit or loss and other comprehensive income for the financial years ended 31 July 2019, 31 July 2020, 31 July 2021 and consolidated statements of profit or loss and other comprehensive income for the financial period ended 31 January 2022 are set out below (continued):

		1.8.2021 to 31.1.2022 RM	1.8.2020 to 31.7.2021 RM	1.8.2019 to 31.7.2020 RM	1.8.2018 to 31.7.2019 RM
	Section				
Total comprehensive income attributable to:					
Owners of the parent/ Common controlling shareholders of the combining entities		4,571,963	5,086,694	2,418,545	1,318,745
Earnings per share attributable to:					
Owners of the parent/ Common controlling shareholders of the combining entities					
Basic and diluted (sen)	9.26	1.22	1.36	0.65	0.35

## 12. ACCOUNTANTS' REPORT (CONT'D)

UMediC Group Berhad  
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### 9. HISTORICAL FINANCIAL INFORMATION (continued)

#### 9.3 Combined/Consolidated Statements of Changes in Equity

The audited combined statements of changes in equity for the financial years ended 31 July 2019, 31 July 2020, 31 July 2021 and consolidated statement of changes in equity for the financial period from 1 August 2021 to 31 January 2022 are set out below:

	Section	Invested equity RM	Retained earnings RM	Total equity RM
Balance as at 1 August 2018		687,500	2,772,090	3,459,590
Profit for the financial year		-	1,318,745	1,318,745
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	1,318,745	1,318,745
<u>Transactions with common controlling shareholders of the combining entities</u>				
Issuance of ordinary shares	9.12(d)(i)	800,000	-	800,000
Bonus issue of ordinary shares	9.12(d)(ii)	1,200,000	(1,200,000)	-
Dividend paid	9.25	-	(300,000)	(300,000)
Total transactions with common controlling shareholders of the combining entities		2,000,000	(1,500,000)	500,000
Balance as at 31 July 2019		2,687,500	2,590,835	5,278,335

**12. ACCOUNTANTS' REPORT (CONT'D)**

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**9. HISTORICAL FINANCIAL INFORMATION (continued)****9.3 Combined/Consolidated Statements of Changes in Equity (continued)**

The audited combined statements of changes in equity for the financial years ended 31 July 2019, 31 July 2020, 31 July 2021 and consolidated statement of changes in equity for the financial period from 1 August 2021 to 31 January 2022 are set out below (continued):

	Section	Invested equity RM	Retained earnings RM	Total equity RM
Balance as at 1 August 2019		2,687,500	2,590,835	5,278,335
Profit for the financial year		-	2,418,545	2,418,545
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	2,418,545	2,418,545
<u>Transactions with common controlling shareholders of the combining entities</u>				
Issuance of ordinary shares	9.12(c)	200,000	-	200,000
Dividends paid	9.25	-	(1,265,000)	(1,265,000)
Total transactions with common controlling shareholders of the combining entities		200,000	(1,265,000)	(1,065,000)
Balance as at 31 July 2020		2,887,500	3,744,380	6,631,880

## 12. ACCOUNTANTS' REPORT (CONT'D)

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### 9. HISTORICAL FINANCIAL INFORMATION (continued)

#### 9.3 Combined/Consolidated Statements of Changes in Equity (continued)

The audited combined statements of changes in equity for the financial years ended 31 July 2019, 31 July 2020, 31 July 2021 and consolidated statement of changes in equity for the financial period from 1 August 2021 to 31 January 2022 are set out below (continued):

	Section	Invested equity RM	Retained earnings RM	Total equity RM
Balance as at 1 August 2020		2,887,500	3,744,380	6,631,880
Profit for the financial year		-	5,086,694	5,086,694
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	5,086,694	5,086,694
<u>Transaction with common controlling shareholders of the combining entities</u>				
Issuance of ordinary shares	9.12(b)	4,020,001	-	4,020,001
Total transaction with common controlling shareholders of the combining entities		4,020,001	-	4,020,001
Balance as at 31 July 2021		6,907,501	8,831,074	15,738,575



## 12. ACCOUNTANTS' REPORT (CONT'D)

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### 9. HISTORICAL FINANCIAL INFORMATION (continued)

#### 9.3 Combined/Consolidated Statements of Changes in Equity (continued)

The audited combined statements of changes in equity for the financial years ended 31 July 2019, 31 July 2020, 31 July 2021 and consolidated statement of changes in equity for the financial period from 1 August 2021 to 31 January 2022 are set out below (continued):

	Section	Share capital RM	Reorganisation debit reserve RM	Retained earnings RM	Total equity RM
Balance as at 1 August 2021		6,907,501	-	8,831,074	15,738,575
Profit for the financial period		-	-	4,571,963	4,571,963
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		-	-	4,571,963	4,571,963
<u>Transactions with owners</u>					
Issuance of ordinary shares	9.12(a)(ii)	30	-	-	30
Acquisition of subsidiaries in business combination under common control		6,926,755	(6,851,755)	-	75,000
Dividend paid		-	-	(75,000)	(75,000)
Total transactions with owners		6,926,785	(6,851,755)	(75,000)	30
Balance as at 31 January 2022		13,834,286	(6,851,755)	13,328,037	20,310,568

## 12. ACCOUNTANTS' REPORT (CONT'D)

UMediC Group Berhad  
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### 9. HISTORICAL FINANCIAL INFORMATION (continued)

#### 9.4 Combined/Consolidated Statements of Cash Flows

The audited combined statements of cash flows for the financial years ended 31 July 2019, 31 July 2020, 31 July 2021 and consolidated statements of cash flows for the financial period from 1 August 2021 to 31 January 2022 are set out below:

		1.8.2021 to 31.1.2022 RM	1.8.2020 to 31.7.2021 RM	1.8.2019 to 31.7.2020 RM	1.8.2018 to 31.7.2019 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Profit before tax		6,711,966	6,553,518	3,042,048	1,617,211
Adjustments for:					
Depreciation of property, plant and equipment	9.5	713,132	525,701	192,832	162,156
Depreciation of right-of-use assets	9.6	110,913	322,401	504,891	169,579
Amortisation of government grant	9.17	(8,333)	-	-	-
Finance costs	9.23	467,110	731,086	445,627	163,379
Impairment losses on trade receivables	9.10(g)	-	1,325	-	156,915
Interest income		(48,607)	(37,263)	(31,915)	(30,889)
Strike off of investment in an associate	9.8(b)	-	-	418	-
Lease concessions	9.6	-	(14,850)	(1,799)	-
(Gain)/Loss on disposal of property, plant and equipment		(2,124)	2,465	-	-
Gain on lease terminations		(368)	-	-	-
Right-of-use assets written off		-	3	-	-
Property, plant and equipment written off		-	258	5,012	-
Reversal of impairment loss on trade receivables	9.10(g)	(14,378)	-	(79,650)	-
Share of loss of an associate, net of tax	9.8(d)	-	-	3,373	15,665
Unrealised loss/(gain) on foreign exchange		7,258	(10,667)	(120,564)	(94,059)
Operating profit before changes in working capital		7,936,569	8,073,977	3,960,273	2,159,957
Decrease/(Increase) in inventories		1,513,432	(4,526,097)	(1,881,975)	(69,884)
Decrease/(Increase) in trade and other receivables		2,244,534	(2,486,560)	(4,062,383)	(1,178,048)
(Decrease)/Increase in trade and other payables		(1,605,984)	4,018,914	(1,462,739)	5,799,257
Cash generated from/(used in) operations carried forward		10,088,551	5,080,234	(3,446,824)	6,711,282

## 12. ACCOUNTANTS' REPORT (CONT'D)

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### 9. HISTORICAL FINANCIAL INFORMATION (continued)

#### 9.4 Combined/Consolidated Statements of Cash Flows (continued)

The audited combined statements of cash flows for the financial years ended 31 July 2019, 31 July 2020, 31 July 2021 and consolidated statements of cash flows for the financial period from 1 August 2021 to 31 January 2022 are set out below (continued):

	Section	1.8.2021 to 31.1.2022 RM	1.8.2020 to 31.7.2021 RM	1.8.2019 to 31.7.2020 RM	1.8.2018 to 31.7.2019 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES (continued)</b>					
Cash generated from/(used in) operations brought forward		10,088,551	5,080,234	(3,446,824)	6,711,282
Interest received		48,607	37,263	31,915	30,889
Tax paid		(485,031)	(1,485,742)	(591,102)	(465,590)
Tax refunded		-	18,516	95,066	390,917
Net cash from/(used in) operating activities		<u>9,652,127</u>	<u>3,650,271</u>	<u>(3,910,945)</u>	<u>6,667,498</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of property, plant and equipment	9.5(b)	(560,896)	(9,351,901)	(1,152,517)	(411,922)
Proceeds from refinancing of right-of-use assets transferred from plant and equipment/(Purchase of right-of-use assets)	9.6(b)	-	22,782	171,597	(5,110,887)
Proceeds from disposal of property, plant and equipment		32,000	66,800	-	-
Dividend received from an associate		-	-	48,752	-
Net cash used in investing activities		<u>(528,896)</u>	<u>(9,262,319)</u>	<u>(932,168)</u>	<u>(5,522,809)</u>

## 12. ACCOUNTANTS' REPORT (CONT'D)

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### 9. HISTORICAL FINANCIAL INFORMATION (continued)

#### 9.4 Combined/Consolidated Statements of Cash Flows (continued)

The audited combined statements of cash flows for the financial years ended 31 July 2019, 31 July 2020, 31 July 2021 and consolidated statements of cash flows for the financial period from 1 August 2021 to 31 January 2022 are set out below (continued):

	Section	1.8.2021 to 31.1.2022 RM	1.8.2020 to 31.7.2021 RM	1.8.2019 to 31.7.2020 RM	1.8.2018 to 31.7.2019 RM
<b>CASH FLOWS FROM FINANCING ACTIVITIES (continued)</b>					
Dividends paid	9.25	-	-	(1,265,000)	(300,000)
Drawdown of bankers' acceptances		3,950,000	9,450,000	4,525,000	-
Repayment of banker's acceptance		(9,450,000)	(4,525,000)	-	-
Drawdown of term loan		283,209	1,000,000	6,370,230	-
Repayment of term loans		(774,526)	(651,069)	(2,092,689)	(43,681)
Interest paid		(436,310)	(673,084)	(392,178)	(140,013)
Payment of lease liabilities	9.6	(186,736)	(483,671)	(541,065)	(209,834)
Proceeds from issuance of shares		30	600,001	200,000	-
Government grant received		350,000	150,000	-	-
Net cash (used in)/from financing activities		(6,264,333)	4,867,177	6,804,298	(693,528)
Net increase/(decrease) in cash and cash equivalents		2,858,898	(744,871)	1,961,185	451,161
Effect of foreign exchange rates changes		(11,660)	5,600	3,926	15,521
Cash and cash equivalents at beginning of financial period/years		2,761,335	3,500,606	1,535,495	1,068,813
Cash and cash equivalents at end of financial period/years	9.11	5,608,573	2,761,335	3,500,606	1,535,495

**12. ACCOUNTANTS' REPORT (CONT'D)**

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**9. HISTORICAL FINANCIAL INFORMATION (continued)****9.4 Combined/Consolidated Statements of Cash Flows (continued)**

The audited combined statements of cash flows for the financial years ended 31 July 2019, 31 July 2020, 31 July 2021 and consolidated statements of cash flows for the financial period from 1 August 2021 to 31 January 2022 are set out below (continued):

**RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES**

	Lease liabilities (Section 9.6) RM	Bankers' acceptance (Section 9.14) RM	Term loans (Section 9.15) RM	Total RM
At 1 August 2021	1,140,390	9,450,000	15,738,939	26,329,329
Cash flows	(186,736)	(5,500,000)	(491,317)	(6,178,053)
Non-cash flows:				
- additions of lease liabilities	35,400	-	-	35,400
- termination	(12,941)	-	-	(12,941)
- unwinding of interest	30,800	-	-	30,800
	53,259	-	-	53,259
At 31 January 2022	1,006,913	3,950,000	15,247,622	20,204,535
At 1 August 2020	876,251	4,525,000	11,039,547	16,440,798
Cash flows	(483,671)	4,925,000	348,931	4,790,260
Non-cash flows:				
- additions of lease liabilities	704,658	-	-	704,658
- additions of property, plant and equipment	-	-	4,350,461	4,350,461
- unwinding of interest	58,002	-	-	58,002
- lease concession	(14,850)	-	-	(14,850)
	747,810	-	4,350,461	5,098,271
At 31 July 2021	1,140,390	9,450,000	15,738,939	26,329,329

**12. ACCOUNTANTS' REPORT (CONT'D)**

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**9. HISTORICAL FINANCIAL INFORMATION (continued)****9.4 Combined/Consolidated Statements of Cash Flows (continued)**

The audited combined statements of cash flows for the financial years ended 31 July 2019, 31 July 2020, 31 July 2021 and consolidated statements of cash flows for the financial period from 1 August 2021 to 31 January 2022 are set out below (continued):

**RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (continued)**

	Lease liabilities (Section 9.6) RM	Hire purchase creditors (Section 9.16) RM	Term loans (Section 9.15) RM	Total RM
At 1 August 2019	428,131	-	1,745,078	2,173,209
Cash flows	(541,065)	4,525,000	4,277,541	8,261,476
Non-cash flows:				
- additions of lease liabilities	937,535	-	-	937,535
- additions of property, plant and equipment	-	-	5,016,928	5,016,928
- unwinding of interest	53,449	-	-	53,449
- lease concession	(1,799)	-	-	(1,799)
	989,185	-	5,016,928	6,006,113
At 31 July 2020	876,251	4,525,000	11,039,547	16,440,798
At 1 August 2018	-	461,157	1,788,759	2,249,916
Effect of adoption of MFRSs	461,157	(461,157)	-	-
Cash flows	(209,834)	-	(43,681)	(253,515)
Non-cash flows:				
- additions of lease liabilities	153,442	-	-	153,442
- unwinding of interest	23,366	-	-	23,366
	176,808	-	-	176,808
At 31 July 2019	428,131	-	1,745,078	2,173,209

## 12. ACCOUNTANTS' REPORT (CONT'D)

UMediC Group Berhad  
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### 9. HISTORICAL FINANCIAL INFORMATION (continued)

#### 9.5 Property, plant and equipment

31 January 2022	Leasehold building RM	Plant and machinery RM	Production equipment RM	Furniture, fitting, office equipment and computer system RM	Moulds and simulator RM	Tools and equipment RM	Quality assessment equipment RM	Renovation RM	Capital work-in- progress RM	Total RM
<b>At cost</b>										
Balance as at 1 August 2021	6,631,956	2,037,811	657,780	1,016,395	596,953	145,985	85,640	368,364	10,153,090	21,693,974
Additions	69,314	33,450	30,846	49,917	-	126,352	3,600	115,984	131,433	560,896
Disposals	-	(46,560)	-	-	-	-	-	-	-	(46,560)
Reclassification	-	8,592,279	-	107,096	-	-	-	-	(8,699,375)	-
Balance as at 31 January 2022	6,701,270	10,616,980	688,626	1,173,408	596,953	272,337	89,240	484,348	1,585,148	22,208,310
<b>Accumulated depreciation</b>										
Balance as at 1 August 2021	47,643	564,825	135,000	311,065	167,679	46,941	26,527	62,364	-	1,362,044
Current charge	57,272	458,739	33,657	75,205	28,896	13,571	4,371	41,421	-	713,132
Disposals	-	(16,684)	-	-	-	-	-	-	-	(16,684)
Balance as at 31 January 2022	104,915	1,006,880	168,657	386,270	196,575	60,512	30,898	103,785	-	2,058,492
<b>Carrying amount</b>										
Balance as at 31 January 2022	6,596,355	9,610,100	519,969	787,138	400,378	211,825	58,342	380,563	1,585,148	20,149,818

**12. ACCOUNTANTS' REPORT (CONT'D)**

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**9. HISTORICAL FINANCIAL INFORMATION (continued)****9.5 Property, plant and equipment**

	Leasehold building RM	Plant and machinery RM	Production equipment RM	Furniture, fitting, office equipment and computer system RM	Moulds and simulator RM	Tools and equipment RM	Quality assessment equipment RM	Motor vehicles RM	Renovation RM	Capital work-in- progress RM	Total RM
<b>31 July 2021</b>											
<b>At cost</b>											
Balance as at 1 August 2020	-	1,245,833	282,593	530,048	234,800	128,739	73,856	93,000	127,906	5,159,253	7,876,028
Additions	-	611,745	199,420	313,912	362,153	17,246	11,784	-	327,477	11,858,625	13,702,362
Disposals	-	-	-	(10,989)	-	-	-	-	(87,019)	-	(98,008)
Written off	-	-	-	-	-	-	-	-	-	(258)	(258)
Reclassification	6,631,956	(76,767)	125,917	183,424	-	-	-	-	-	(6,864,530)	-
Transfer from^(to)* right-of-use assets (section 9.6)	-	257,000	49,850	-	-	-	-	(93,000)	-	-	213,850
Balance as at 31 July 2021	6,631,956	2,037,811	657,780	1,016,395	596,953	145,985	85,640	-	368,364	10,153,090	21,693,974
<b>Accumulated depreciation</b>											
Balance as at 1 August 2020	-	270,276	59,678	223,236	121,018	33,349	18,038	1,550	26,019	-	753,164
Current charge	47,643	196,922	59,477	95,285	46,661	13,592	8,489	-	57,632	-	525,701
Disposals	-	-	-	(7,456)	-	-	-	-	(21,287)	-	(28,743)
Reclassification	-	(891)	891	-	-	-	-	-	-	-	-
Transfer from^(to)* right-of-use assets (section 9.6)	-	98,518	14,954	-	-	-	-	(1,550)	-	-	111,922
Balance as at 31 July 2021	47,643	564,825	135,000	311,065	167,679	46,941	26,527	-	62,364	-	1,362,044
<b>Carrying amount</b>											
Balance as at 31 July 2021	6,584,313	1,472,986	522,780	705,330	429,274	99,044	59,113	-	306,000	10,153,090	20,331,930



## 12. ACCOUNTANTS' REPORT (CONT'D)

UMediC Group Berhad  
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### 9. HISTORICAL FINANCIAL INFORMATION (continued)

#### 9.5 Property, plant and equipment (continued)

	Plant and machinery RM	Production equipment RM	Furniture, fitting, office equipment and computer system RM	Moulds and simulator RM	Tools and equipment RM	Quality assessment equipment RM	Motor vehicles RM	Renovation RM	Capital work-in- progress RM	Total RM
<b>31 July 2020</b>										
<b>At cost</b>										
Balance as at 1 August 2019	917,748	125,223	348,387	236,100	67,864	66,088	-	102,122	30,408	1,893,940
Additions	504,918	159,934	188,321	-	60,875	7,768	93,000	25,784	5,128,845	6,169,445
Transfer to right-of-use assets (Section 9.6)*	(172,353)	-	-	-	-	-	-	-	-	(172,353)
Written off	(4,480)	(2,564)	(6,660)	(1,300)	-	-	-	-	-	(15,004)
Balance as at 31 July 2020	1,245,833	282,593	530,048	234,800	128,739	73,856	93,000	127,906	5,159,253	7,876,028
<b>Accumulated depreciation</b>										
Balance as at 1 August 2019	191,686	44,787	188,415	100,368	21,490	11,073	-	14,840	-	572,659
Current charge	82,836	16,269	40,464	21,710	11,859	6,965	1,550	11,179	-	192,832
Transfer to right-of-use assets (Section 9.6)*	(2,335)	-	-	-	-	-	-	-	-	(2,335)
Written off	(1,911)	(1,378)	(5,643)	(1,060)	-	-	-	-	-	(9,992)
Balance as at 31 July 2020	270,276	59,678	223,236	121,018	33,349	18,038	1,550	26,019	-	753,164
<b>Carrying amount</b>										
Balance as at 31 July 2020	975,557	222,915	306,812	113,782	95,390	55,818	91,450	101,887	5,159,253	7,122,864

## 12. ACCOUNTANTS' REPORT (CONT'D)

UMediC Group Berhad  
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### 9. HISTORICAL FINANCIAL INFORMATION (continued)

#### 9.5 Property, plant and equipment (continued)

	Plant and machinery RM	Production equipment RM	Furniture, fitting, office equipment and computer system RM	Moulds and simulator RM	Tools and equipment RM	Quality assessment equipment RM	Motor vehicles RM	Renovation RM	Capital work-in- progress RM	Total RM
<b>31 July 2019</b>										
<b>At cost</b>										
Balance as at 1 August 2018	931,994	175,073	302,193	179,600	67,864	37,188	605,603	64,548	30,408	2,394,471
Effects of adoption of MFRSs	(257,000)	(49,850)	-	-	-	-	(605,603)	-	-	(912,453)
	674,994	125,223	302,193	179,600	67,864	37,188	-	64,548	30,408	1,482,018
Additions	242,754	-	46,194	56,500	-	28,900	-	37,574	-	411,922
Balance as at 31 July 2019	917,748	125,223	348,387	236,100	67,864	66,088	-	102,122	30,408	1,893,940
<b>Accumulated depreciation</b>										
Balance as at 1 August 2018	167,795	37,249	155,291	79,679	14,704	7,023	364,411	5,433	-	831,585
Effects of adoption of MFRSs	(47,117)	(9,554)	-	-	-	-	(364,411)	-	-	(421,082)
	120,678	27,695	155,291	79,679	14,704	7,023	-	5,433	-	410,503
Current charge	71,008	17,092	33,124	20,689	6,786	4,050	-	9,407	-	162,156
Balance as at 31 July 2019	191,686	44,787	188,415	100,368	21,490	11,073	-	14,840	-	572,659
<b>Carrying amount</b>										
Balance as at 31 July 2019	726,062	80,436	159,972	135,732	46,374	55,015	-	87,282	30,408	1,321,281

\* The assets previously acquired by cash were reclassified to right-of-use assets as these assets have been refinanced under hire purchase arrangement during the reporting periods.

^ The assets previously acquired under hire purchase arrangements were reclassified from right-of-use assets as the lease liabilities for those assets have been fully settled during the reporting periods.

**12. ACCOUNTANTS' REPORT (CONT'D)**

*UMediC Group Berhad*  
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**9. HISTORICAL FINANCIAL INFORMATION (continued)****9.5 Property, plant and equipment (continued)**

- (a) As at the end of the reporting period, the carrying amounts of the property, plant and equipment charged to bank for credit facilities granted to the Group as disclosed in Section 9.14 and Section 9.15 of this Report are as follows:

	31.1.2022	31.7.2021 RM	31.7.2020 RM
Leasehold building	6,596,355	6,584,313	-
Plant and machinery	5,391,352	-	-
Capital work-in-progress	770,642	5,000,000	5,070,903
	<u>12,758,349</u>	<u>11,584,313</u>	<u>5,070,903</u>

- (b) During the financial period/years, the Group made the following cash payments to purchase property, plant and equipment:

	31.1.2022 RM	31.7.2021 RM	31.7.2020 RM	31.7.2019 RM
Purchase of property, plant and equipment	560,896	13,702,362	6,169,445	411,922
Financed by term loans	-	(4,350,461)	(5,016,928)	-
Cash payments on purchase of property, plant and equipment	<u>560,896</u>	<u>9,351,901</u>	<u>1,152,517</u>	<u>411,922</u>

## 12. ACCOUNTANTS' REPORT (CONT'D)

UMediC Group Berhad  
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### 9. HISTORICAL FINANCIAL INFORMATION (continued)

#### 9.6 Right-of-use assets and lease liabilities

The Group as a lessee

##### Right-of-use assets

	Balance as at 1.8.2021	Additions	Terminations	Depreciation charge for the financial period	Balance as at 31.1.2022
	RM	RM	RM	RM	RM
<b>Carrying amount</b>					
Leasehold land	4,931,110	-	-	(42,631)	4,888,479
Offices	15,677	35,400	(12,573)	(11,925)	26,579
Plant and machinery	597,764	-	-	(37,051)	560,713
Computer software and hardware	66,707	-	-	(10,006)	56,701
Motor vehicles	72,850	-	-	(9,300)	63,550
Capital work-in-progress	590,622	-	-	-	590,622
	<u>6,274,730</u>	<u>35,400</u>	<u>(12,573)</u>	<u>(110,913)</u>	<u>6,186,644</u>

## 12. ACCOUNTANTS' REPORT (CONT'D)

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### 9. HISTORICAL FINANCIAL INFORMATION (continued)

#### 9.6 Right-of-use assets and lease liabilities (continued)

The Group as a lessee (continued)

Right-of-use assets (continued)

	Balance as at 1.8.2020 RM	Additions RM	Transfer (to)^/from* property, plant and equipment (Section 9.5) RM	Depreciation charge for the financial year RM	Written off RM	Balance as at 31.7.2021 RM
<b>Carrying amount</b>						
Leasehold land	5,016,374	-	-	(85,264)	-	4,931,110
Factory	67,131	-	-	(67,131)	-	-
Offices	66,114	-	-	(50,437)	-	15,677
Plant and machinery	740,617	91,254	(158,482)	(75,625)	-	597,764
Production equipment	34,896	-	(34,896)	-	-	-
Computer software and hardware	86,719	-	-	(20,012)	-	66,707
Motor vehicles	5,335	-	91,450	(23,932)	(3)	72,850
Capital work-in-progress	-	590,622	-	-	-	590,622
	<u>6,017,186</u>	<u>681,876</u>	<u>(101,928)</u>	<u>(322,401)</u>	<u>(3)</u>	<u>6,274,730</u>

## 12. ACCOUNTANTS' REPORT (CONT'D)

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### 9. HISTORICAL FINANCIAL INFORMATION (continued)

#### 9.6 Right-of-use assets and lease liabilities (continued)

The Group as a lessee (continued)

Right-of-use assets (continued)

	Balance as at 1.8.2019 RM	Additions RM	Transfer from* property, plant and equipment (Section 9.5) RM	Depreciation charge for the financial year RM	Balance as at 31.7.2020 RM
<b>Carrying amount</b>					
Leasehold land	5,101,638	-	-	(85,264)	5,016,374
Factory	-	182,213	-	(115,082)	67,131
Offices	-	154,710	-	(88,596)	66,114
Plant and machinery	324,530	328,955	170,018	(82,886)	740,617
Production equipment	39,881	-	-	(4,985)	34,896
Computer software and hardware	-	100,060	-	(13,341)	86,719
Motor vehicles	120,072	-	-	(114,737)	5,335
	<u>5,586,121</u>	<u>765,938</u>	<u>170,018</u>	<u>(504,891)</u>	<u>6,017,186</u>

## 12. ACCOUNTANTS' REPORT (CONT'D)

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### 9. HISTORICAL FINANCIAL INFORMATION (continued)

#### 9.6 Right-of-use assets and lease liabilities (continued)

The Group as a lessee (continued)

Right-of-use assets (continued)

	Balance as at 1.8.2018 RM	Effects of adoption of MFRSs RM	Additions RM	Depreciation charge for the financial year RM	Balance as at 31.7.2019 RM
<b>Carrying amount</b>					
Leasehold land	-	-	5,115,849	(14,211)	5,101,638
Plant and machinery	-	209,883	148,480	(33,833)	324,530
Production equipment	-	40,296	-	(415)	39,881
Motor vehicles	-	241,192	-	(121,120)	120,072
	<u>-</u>	<u>491,371</u>	<u>5,264,329</u>	<u>(169,579)</u>	<u>5,586,121</u>

\* The assets previously acquired by cash were reclassified from property, plant and equipment as these assets have been refinanced under hire purchase arrangement during the reporting periods.

^ The assets previously acquired under hire purchase arrangements were reclassified to property, plant and equipment as the lease liabilities for those assets have been fully settled during the reporting periods.

## 12. ACCOUNTANTS' REPORT (CONT'D)

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### 9. HISTORICAL FINANCIAL INFORMATION (continued)

#### 9.6 Right-of-use assets and lease liabilities (continued)

##### The Group as a lessee (continued)

##### Lease liabilities

	Balance as at 1.8.2021 RM	Additions RM	Terminations RM	Lease payments RM	Interest expense RM	Balance as at 31.1.2022 RM
<b>Carrying amount</b>						
Offices	16,120	35,400	(12,941)	(12,381)	613	26,811
Plant and machinery	504,582	-	-	(87,198)	14,229	431,613
Computer software and hardware	51,628	-	-	(17,119)	1,336	35,845
Motor vehicles	76,742	-	-	(10,788)	2,220	68,174
Capital work-in-progress	491,318	-	-	(59,250)	12,402	444,470
	<u>1,140,390</u>	<u>35,400</u>	<u>(12,941)</u>	<u>(186,736)</u>	<u>30,800</u>	<u>1,006,913</u>

	Balance as at 1.8.2020 RM	Additions RM	Lease payments RM	Interest expense RM	Lease concession RM	Balance as at 31.7.2021 RM
<b>Carrying amount</b>						
Factory	68,421	-	(54,450)	879	(14,850)	-
Offices	66,949	-	(52,200)	1,371	-	16,120
Plant and machinery	620,643	89,880	(242,096)	36,155	-	504,582
Production equipment	18,491	-	(19,382)	891	-	-
Computer software and hardware	81,731	-	(34,237)	4,134	-	51,628
Motor vehicles	20,016	93,000	(41,806)	5,532	-	76,742
Capital work-in-progress	-	521,778	(39,500)	9,040	-	491,318
	<u>876,251</u>	<u>704,658</u>	<u>(483,671)</u>	<u>58,002</u>	<u>(14,850)</u>	<u>1,140,390</u>



## 12. ACCOUNTANTS' REPORT (CONT'D)

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### 9. HISTORICAL FINANCIAL INFORMATION (continued)

#### 9.6 Right-of-use assets and lease liabilities (continued)

The Group as a lessee (continued)

Lease liabilities (continued)

	Balance as at 1.8.2019 RM	Additions RM	Lease payments RM	Interest expense RM	Lease concession RM	Balance as at 31.7.2020 RM
<b>Carrying amount</b>						
Factory	-	182,213	(118,800)	5,008	-	68,421
Offices	-	154,710	(89,301)	3,339	(1,799)	66,949
Plant and machinery	270,690	506,912	(195,052)	38,093	-	620,643
Production equipment	28,783	-	(11,640)	1,348	-	18,491
Computer software and hardware	-	93,700	(14,265)	2,296	-	81,731
Motor vehicles	128,658	-	(112,007)	3,365	-	20,016
	<u>428,131</u>	<u>937,535</u>	<u>(541,065)</u>	<u>53,449</u>	<u>(1,799)</u>	<u>876,251</u>
	Balance as at 1.8.2018 RM	Effects of adoption of MFRSs RM	Additions RM	Lease payments RM	Interest expense RM	Balance as at 31.7.2019 RM
<b>Carrying amount</b>						
Plant and machinery	-	182,105	153,442	(77,750)	12,893	270,690
Production equipment	-	38,463	-	(11,640)	1,960	28,783
Motor vehicles	-	240,589	-	(120,444)	8,513	128,658
	<u>-</u>	<u>461,157</u>	<u>153,442</u>	<u>(209,834)</u>	<u>23,366</u>	<u>428,131</u>

## 12. ACCOUNTANTS' REPORT (CONT'D)

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### 9. HISTORICAL FINANCIAL INFORMATION (continued)

#### 9.6 Right-of-use assets and lease liabilities (continued)

##### The Group as lessee (continued)

##### **Lease liabilities (continued)**

	31.1.2022 RM	31.7.2021 RM	31.7.2020 RM	31.7.2019 RM
Represented by:				
Current liabilities	318,596	312,032	364,146	203,768
Non-current liabilities	688,317	828,358	512,105	224,363
	<u>1,006,913</u>	<u>1,140,390</u>	<u>876,251</u>	<u>428,131</u>
Lease liabilities owing to financial institutions	980,102	1,124,270	740,881	428,131
Lease liabilities owing to non-financial institutions	26,811	16,120	135,370	-
	<u>1,006,913</u>	<u>1,140,390</u>	<u>876,251</u>	<u>428,131</u>

- (a) As at the end of the reporting period, the carrying amounts of the right-of-use asset charged to bank for credit facilities granted to the Group as disclosed in Section 9.14 and Section 9.15 of this Report is as follow:

	31.1.2022 RM	31.7.2021 RM	31.7.2020 RM	31.7.2019 RM
Leasehold land	<u>4,888,479</u>	<u>4,931,110</u>	<u>5,016,374</u>	<u>5,101,638</u>

- (b) As at the end of the reporting period, the Group made the following cash payments to purchase right-of-use assets:

	1.8.2021 to 31.1.2022 RM	1.8.2020 to 31.7.2021 RM	1.8.2019 to 31.7.2020 RM	1.8.2018 to 31.7.2019 RM
Purchase of right-of-use assets	35,400	681,876	765,938	5,264,329
Financed by lease liabilities (Proceeds from refinancing of right-of-use assets transferred from plant and equipment)/cash payments on purchase of right-of-use assets	<u>(35,400)</u>	<u>(704,658)</u>	<u>(937,535)</u>	<u>(153,442)</u>
	<u>-</u>	<u>(22,782)</u>	<u>(171,597)</u>	<u>5,110,887</u>

- (c) The Group has certain leases of factory and hostels with lease terms of twelve (12) months or less and low-value asset of RM20,000 and below. The Group applies the "short term leases" and "low-value asset" exemptions for those leases.

**12. ACCOUNTANTS' REPORT (CONT'D)**

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**9. HISTORICAL FINANCIAL INFORMATION (continued)****9.6 Right-of-use assets and lease liabilities (continued)**

(d) The following are the amounts recognised in profit or loss:

	1.8.2021 to 31.1.2022 RM	1.8.2020 to 31.7.2021 RM	1.8.2019 to 31.7.2020 RM	1.8.2018 to 31.7.2019 RM
Depreciation charge of right-of-use assets				
- included in cost of sales	37,052	142,755	202,953	-
- included in administrative and other expenses	73,861	179,646	301,938	169,579
Interest expense on lease liabilities				
- included in finance costs	30,800	58,002	53,449	23,366
Expense relating to short-term leases				
- included in cost of sales	-	9,400	69,600	188,400
- included in administrative and other expenses	11,171	24,810	47,150	103,660
Expense relating to leases of low-value assets				
- included in cost of sales	2,649	443	348	288
- included in administrative and other expenses	13,478	36,794	11,442	3,200
Variable lease payments included in other income arising from COVID-19-related rent concessions	-	(14,850)	(1,799)	-
Gain on lease termination	(368)	-	-	-
	<u>168,643</u>	<u>437,000</u>	<u>685,081</u>	<u>488,493</u>

(e) The following are total cash outflows for leases as a lessee:

	1.8.2021 to 31.1.2022 RM	1.8.2020 to 31.7.2021 RM	1.8.2019 to 31.7.2020 RM	1.8.2018 to 31.7.2019 RM
Included in net cash from operating activities:				
Payment relating to low-value assets and short-term leases	27,298	71,447	128,540	295,548
Included in net cash from investing activities:				
(Proceeds from refinancing of right-of-use assets transferred from plant and equipment)/Purchase of right-of-use assets	-	(22,782)	(171,597)	5,110,887
Included in net cash from financing activities:				
Payment of lease liabilities	186,736	483,671	541,065	209,834
Total cash outflows for leases	<u>214,034</u>	<u>532,336</u>	<u>498,008</u>	<u>5,616,269</u>

**12. ACCOUNTANTS' REPORT (CONT'D)**

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**9. HISTORICAL FINANCIAL INFORMATION (continued)****9.6 Right-of-use assets and lease liabilities (continued)**

- (f) The Group leases several lease contracts that include extension and termination options. These are used to maximise operational flexibility in terms of managing those assets used in the Group's operations.

There is no potential future rental payments that are not included in the lease terms.

- (g) Information on maturity profile of the lease liabilities is disclosed in Section 9.30 of the Report.

**9.7 Subsidiaries/Combining entities**

- (a) Details of subsidiaries/combining entities are as follows:

Name of combining entities	Country of incorporation /Principal place of business	Effective interest in equity				Principal activities
		31.1.2022 %	31.7.2021 %	31.7.2020 %	31.7.2019 %	
Actimed	Malaysia	100 <sup>(i)</sup>	100	100	100	Marketing and distribution of medical devices
Evo Medik	Malaysia	100 <sup>(ii)</sup>	100	100	100	Marketing and distribution of medical devices
U Medihealth	Malaysia	100 <sup>(iii)</sup>	100	100	100	Marketing and distribution of medical devices
UMediC	Malaysia	100 <sup>(iv)</sup>	100	100	100	Marketing and distribution of medical devices as well as the provision of after-sales services
UWHC	Malaysia	100 <sup>(v)</sup>	100	100	100	Holding of intellectual property rights
UWHM	Malaysia	100 <sup>(vi)</sup>	100	100	100	Developing, manufacturing and marketing of medical devices

- (i) The Company acquired entire issued share capital of Actimed, for a purchase consideration of RM1,498,520 which was satisfied via the issuance of 29,970,400 new ordinary shares in the capital of the Company at an issue price of RM0.05 per share. The acquisition was completed on 28 September 2021. Following this, the Company regards Actimed as its wholly-owned subsidiary.

## 12. ACCOUNTANTS' REPORT (CONT'D)

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### 9. HISTORICAL FINANCIAL INFORMATION (continued)

#### 9.7 Subsidiaries/Combining entities (continued)

(a) Details of subsidiaries/combining entities are as follows (continued):

- (ii) The Company acquired entire issued share capital of Evo Medik, for a purchase consideration of RM1,210,470 which was satisfied via the issuance of 24,209,400 new ordinary shares in the capital of the Company at an issue price of RM0.05 per share. The acquisition was completed on 28 September 2021. Following this, the Company regards Evo Medik as its wholly-owned subsidiary.
  - (iii) The Company acquired entire issued share capital of U Medihealth, for a purchase consideration of RM160,835 which was satisfied via the issuance of 3,216,700 new ordinary shares in the capital of the Company at an issue price of RM0.05 per share. The acquisition was completed on 28 September 2021. Following this, the Company regards U Medihealth as its wholly-owned subsidiary.
  - (iv) The Company acquired entire issued share capital of UMediC, for a purchase consideration of RM6,098,815 which was satisfied via the issuance of 121,976,300 new ordinary shares in the capital of the Company at an issue price of RM0.05 per share. The acquisition was completed on 28 September 2021. Following this, the Company regards UMediC as its wholly-owned subsidiary.
  - (v) The Company acquired entire issued share capital of UWHC, for a purchase consideration of RM46,315 which was satisfied via the issuance of 926,300 new ordinary shares in the capital of the Company at an issue price of RM0.05 per share. The acquisition was completed on 28 September 2021. Following this, the Company regards UWHC as its wholly-owned subsidiary.
  - (vi) The Company acquired entire issued share capital of UWHM, for a purchase consideration of RM4,819,300 which was satisfied via the issuance of 96,386,000 new ordinary shares in the capital of the Company at an issue price of RM0.05 per share. The acquisition was completed on 28 September 2021. Following this, the Company regards UWHM as its wholly-owned subsidiary.
- (b) Business combinations under common control that were undertaken during the financial period are disclosed in Section 7.1.1 of this Report.

**12. ACCOUNTANTS' REPORT (CONT'D)**

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**9. HISTORICAL FINANCIAL INFORMATION (continued)****9.8 Investment in an associate**

	31.7.2020 RM	31.7.2019 RM
Unquoted shares, at cost	-	500
Share of post-acquisition reserves	-	52,043
	<u>-</u>	<u>52,543</u>

- (a) Details of the associate, which is incorporated in and having the principal place of business in Malaysia, are as follows:

Name of associate	Country of incorporation /Principal place of business	Effective interest in equity		Principal activities
		31.7.2020 %	31.7.2019 %	
Medik Healthcare Sdn. Bhd.	Malaysia	0	50	Trading in medical products

- (b) On 24 June 2020, UMediC has strike off its 50% shareholding owned in Medik Healthcare Sdn. Bhd.. The strike off was completed on 23 October 2020.

The strike-off of Medik Healthcare Sdn. Bhd. was as follows:

	31.7.2020 RM
Cost of investment	500
Add: Share of post-acquisition reserves, net of dividend received	<u>(82)</u>
Strike-off of investment in an associate	<u>418</u>

- (c) The Group does not have any associate, which is individually material to the Group for financial years ended 31 July 2019 and 31 July 2020.

- (d) Set out below is the financial information of an immaterial associate.

	31.7.2020 RM	31.7.2019 RM
Carrying amount of interests in an associate	<u>-</u>	<u>52,543</u>
<b>Share of results for the financial years</b>		
Share of loss	(3,373)	(15,665)
Share of other comprehensive loss	-	-
Share of total comprehensive loss	<u>(3,373)</u>	<u>(15,665)</u>
<b>Other information</b>		
Dividend received	<u>48,752</u>	<u>-</u>

**12. ACCOUNTANTS' REPORT (CONT'D)**

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**9. HISTORICAL FINANCIAL INFORMATION (continued)****9.9 Inventories**

	31.1.2022 RM	31.7.2021 RM	31.7.2020 RM	31.7.2019 RM
<b>At cost</b>				
Raw materials	1,102,962	674,293	617,716	187,639
Work-in-progress	-	-	53,883	115,814
Finished goods	7,500,037	9,442,138	4,918,735	3,404,906
	<u>8,602,999</u>	<u>10,116,431</u>	<u>5,590,334</u>	<u>3,708,359</u>

As at 31 January 2022, inventories recognised as cost of sales amounted to RM20,856,333 (31 July 2021: RM18,377,315; 31 July 2020: RM13,218,166; 31 July 2019: RM8,998,721).

**9.10 Trade and other receivables**

	31.1.2022 RM	31.7.2021 RM	31.7.2020 RM	31.7.2019 RM
<b>Trade receivables</b>				
Third parties	6,996,827	9,549,911	3,890,697	2,785,577
Amounts owing by related parties	-	47,269	15,798	58,421
	<u>6,996,827</u>	<u>9,597,180</u>	<u>3,906,495</u>	<u>2,843,998</u>
Less: Allowance for impairment loss	(66,522)	(80,900)	(79,575)	(159,225)
	<u>6,930,305</u>	<u>9,516,280</u>	<u>3,826,920</u>	<u>2,684,773</u>
<b>Other receivables</b>				
Third parties	343,005	355,091	357,856	446,164
Amounts owing by related parties	-	-	27,841	63,752
Amounts owing by Directors	-	-	8,617	67,697
	<u>343,005</u>	<u>355,091</u>	<u>394,314</u>	<u>577,613</u>
<b>Deposits and prepayments</b>				
Deposits	460,614	104,467	28,417	27,140
Prepayments	104,601	89,932	3,308,305	12,036
	<u>565,215</u>	<u>194,399</u>	<u>3,336,722</u>	<u>39,176</u>
	<u>7,838,525</u>	<u>10,065,770</u>	<u>7,557,956</u>	<u>3,301,562</u>

- (a) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group range from 30 to 90 days (31 July 2021: 30 to 90 days; 31 July 2020: 30 to 90 days; 31 July 2019: 30 to 90 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.
- (b) Amounts owing by related parties (non-trade) and amounts owing by Directors are unsecured, interest-free and payable within twelve (12) months or upon demand in cash and cash equivalents.
- (c) The related parties are companies incorporated in Malaysia in which the Directors have significant and controlling financial interest.
- (d) Included in the prepayments in 31 July 2020 was a total sum of RM3,306,157 paid in respect to the acquisition of plant and equipment.

**12. ACCOUNTANTS' REPORT (CONT'D)**

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**9. HISTORICAL FINANCIAL INFORMATION (continued)****9.10 Trade and other receivables (continued)**

(e) The currency exposure profile of total trade and other receivables are as follows:

	31.1.2022 RM	31.7.2021 RM	31.7.2020 RM	31.7.2019 RM
Ringgit Malaysia ("RM")	6,639,239	9,081,991	4,342,526	2,892,658
United States Dollar ("USD")	1,199,286	983,779	614,479	393,666
EURO	-	-	2,364,811	-
Others	-	-	236,140	15,238
	<u>7,838,525</u>	<u>10,065,770</u>	<u>7,557,956</u>	<u>3,301,562</u>

(f) Impairment for trade receivables that do not contain a significant financing component are recognised based on the simplified approach using the lifetime ECL.

The Group uses an allowance matrix to measure the ECL of trade receivables from their ageing. Expected loss rates are calculated using the roll rate method separately based on the common credit risk characteristic - by industry or allocation of customer base to a credit risk grade based on data that is determined to be predictive of the risk of loss and applying experience credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default.

The Group believes that the financial impacts to the forward-looking information are inconsequential for the purpose of impairment calculation of trade receivables due to their relatively short-term nature.

For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within administrative expenses in the combined statements of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying amount of the asset would be written off against the associated impairment.



## 12. ACCOUNTANTS' REPORT (CONT'D)

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### 9. HISTORICAL FINANCIAL INFORMATION (continued)

#### 9.10 Trade and other receivables (continued)

(f) (continued)

Lifetime expected loss provision for trade receivables of the Group are as follows:

	Not past due	Trade receivables - days past due			Credit impaired	Total
		1 - 60 days past due	61 - 120 days past due	>120 days past due		
<b>As at 31 January 2022</b>						
ECL rate (%)	0.09%	0.23%	0.38%	7.90%	9.85%	
Trade receivables, gross (RM)	2,027,502	1,656,501	2,754,578	235,047	323,199	6,996,827
Lifetime ECL allowance (RM)	(1,807)	(3,877)	(10,418)	(18,571)	-	(34,673)
Credit impaired (RM)	-	-	-	-	(31,849)	(31,849)
Trade receivables, net (RM)	2,025,695	1,652,624	2,744,160	216,476	291,350	6,930,305
<b>As at 31 July 2021</b>						
ECL rate (%)	0.15%	0.64%	1.67%	8.79%	10.96%	
Trade receivables, gross (RM)	6,163,911	2,640,159	222,940	535,996	34,174	9,597,180
Lifetime ECL allowance (RM)	(9,317)	(17,019)	(3,729)	(47,090)	-	(77,155)
Credit impaired (RM)	-	-	-	-	(3,745)	(3,745)
Trade receivables, net (RM)	6,154,594	2,623,140	219,211	488,906	30,429	9,516,280

## 12. ACCOUNTANTS' REPORT (CONT'D)

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### 9. HISTORICAL FINANCIAL INFORMATION (continued)

#### 9.10 Trade and other receivables (continued)

(f) (continued)

Lifetime expected loss provision for trade receivables of the Group are as follows (continued):

	Not past due	Trade receivables - days past due			Credit impaired	Total
		1 - 60 days past due	61 - 120 days past due	>120 days past due		
<b>As at 31 July 2020</b>						
ECL rate (%)	0.29%	0.71%	4.29%	6.08%	9.81%	
Trade receivables, gross (RM)	1,574,078	1,403,686	361,227	161,784	405,720	3,906,495
Lifetime ECL allowance (RM)	(4,529)	(9,948)	(15,481)	(9,832)	-	(39,790)
Credit impaired (RM)	-	-	-	-	(39,785)	(39,785)
Trade receivables, net (RM)	1,569,549	1,393,738	345,746	151,952	365,935	3,826,920
<b>As at 31 July 2019</b>						
ECL rate (%)	0.83%	3.08%	6.11%	22.59%	28.31%	
Trade receivables, gross (RM)	1,402,039	455,193	552,702	403,949	30,115	2,843,998
Lifetime ECL allowance (RM)	(11,699)	(13,998)	(33,762)	(91,240)	-	(150,699)
Credit impaired (RM)	-	-	-	-	(8,526)	(8,526)
Trade receivables, net (RM)	1,390,340	441,195	518,940	312,709	21,589	2,684,773

The Group did not renegotiate the terms of any trade receivables for the financial years/period ended 31 July 2019, 31 July 2020 and 31 July 2021 and 31 January 2022.

**12. ACCOUNTANTS' REPORT (CONT'D)**

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**9. HISTORICAL FINANCIAL INFORMATION (continued)****9.10 Trade and other receivables (continued)**

- (g) Movements in the impairment allowance for trade receivables based on the simplified approach are as follows:

	Lifetime ECL allowance RM	Credit impaired RM	Total RM
Balance as at 1 August 2021	77,155	3,745	80,900
(Reversal of impairment losses)/Charge for the financial period	(42,482)	28,104	(14,378)
Balance as at 31 January 2022	34,673	31,849	66,522
Balance as at 1 August 2020	39,790	39,785	79,575
Charge for the financial year/(Reversal of impairment losses)	37,365	(36,040)	1,325
Balance as at 31 July 2021	77,155	3,745	80,900
Balance as at 1 August 2019	150,699	8,526	159,225
(Reversal of impairment losses)/Charge for the financial year	(110,909)	31,259	(79,650)
Balance as at 31 July 2020	39,790	39,785	79,575
Balance as at 1 August 2018	2,310	-	2,310
Charge for the financial year	148,389	8,526	156,915
Balance as at 31 July 2019	150,699	8,526	159,225

Trade receivables that are individually determined to be impaired at the financial period/year end relate to trade receivables who are in significant financial difficulties and have defaulted in payments. The Group considers trade receivables to be in default when the trade receivables are more than 12 months past due.

- (h) Impairment for other receivables, amounts owing by related parties (non-trade) and amounts owing by Directors are recognised based on the three-stage general approach within MFRS 9 using the forward-looking ECL model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve (12) months ECL along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime ECL along with the gross interest income are recognised. As at the end of the reporting period, the Group assesses whether there has been a significant increase in credit risk for financial assets by comparing the risk for default occurring over the expected life with the risk of default since initial recognition. For those that are determined to be credit impaired, lifetime ECL along with interest income on a net basis are recognised.

**12. ACCOUNTANTS' REPORT (CONT'D)**

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**9. HISTORICAL FINANCIAL INFORMATION (continued)****9.10 Trade and other receivables (continued)****(h) (continued)**

The Group defined significant increase in credit risk based on payment trends and operational performance of other receivables.

No ECL is recognised arising from other receivables as it is negligible.

- (i) Information on financial risks of trade and other receivables is disclosed in Section 9.30 of this Report.

**9.11 Cash and bank balances**

	<b>31.1.2022</b>	<b>31.7.2021</b>	<b>31.7.2020</b>	<b>31.7.2019</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Cash and bank balances	<u>5,608,573</u>	<u>2,761,335</u>	<u>3,500,606</u>	<u>1,535,495</u>

- (a) The currency exposure profile of cash and bank balances is as follows:

	<b>31.1.2022</b>	<b>31.7.2021</b>	<b>31.7.2020</b>	<b>31.7.2019</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
RM	5,398,801	2,677,912	3,429,775	1,415,547
USD	200,834	74,485	61,930	111,722
Others	<u>8,938</u>	<u>8,938</u>	<u>8,901</u>	<u>8,226</u>
	<u>5,608,573</u>	<u>2,761,335</u>	<u>3,500,606</u>	<u>1,535,495</u>

- (b) No expected credit loss is recognised arising from cash and bank balances because the probability of default of these financial institutions is negligible.
- (c) Information on financial risks of cash and bank balances is disclosed in Section 9.30 of this Report.

## 12. ACCOUNTANTS' REPORT (CONT'D)

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### 9. HISTORICAL FINANCIAL INFORMATION (continued)

#### 9.12 Share capital/Invested equity

	Number of shares	RM
<b>31 January 2022</b>		
<b>Issued and fully paid-up with no par value:</b>		
Balance as at 1 August 2021	6,907,501	6,907,501
Issuance of ordinary shares	599	30
Effects of business combinations under common control:		
- Elimination of issued and paid up ordinary share capital of Actimed Healthcare Sdn. Bhd.	(10,000)	(10,000)
- Elimination of issued and paid up ordinary share capital of Evo Medik Sdn. Bhd.	(25,000)	(25,000)
- Elimination of issued and paid up ordinary share capital of U Medihealth Sdn. Bhd.	(2,500)	(2,500)
- Elimination of issued and paid up ordinary share capital of UMediC Healthcare Sdn. Bhd.	(2,400,000)	(2,400,000)
- Elimination of issued and paid up ordinary share capital of UWHC Sdn. Bhd.	(50,000)	(50,000)
- Elimination of issued and paid up ordinary share capital of UWHM Sdn. Bhd.	(4,420,000)	(4,420,000)
- Restated to the ordinary share capital of the Company	276,685,100	13,834,255
	<u>269,777,600</u>	<u>6,926,755</u>
Balance as at 31 January 2022	<u>276,685,700</u>	<u>13,834,286</u>
<b>31 July 2021</b>		
<b>Issued and fully paid-up with no par value:</b>		
As at 1 August 2020	2,887,500	2,887,500
Issuance of ordinary shares	<u>4,020,001</u>	<u>4,020,001</u>
As at 31 July 2021	<u>6,907,501</u>	<u>6,907,501</u>
<b>31 July 2020</b>		
<b>Issued and fully paid-up with no par value:</b>		
As at 1 August 2019	2,687,500	2,687,500
Issuance of ordinary shares	<u>200,000</u>	<u>200,000</u>
As at 31 July 2020	<u>2,887,500</u>	<u>2,887,500</u>
<b>31 July 2019</b>		
<b>Issued and fully paid-up with no par value</b>		
As at 1 August 2018	687,500	687,500
Issuance of ordinary shares	800,000	800,000
Bonus issue	<u>1,200,000</u>	<u>1,200,000</u>
As at 31 July 2019	<u>2,687,500</u>	<u>2,687,500</u>

## 12. ACCOUNTANTS' REPORT (CONT'D)

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### 9. HISTORICAL FINANCIAL INFORMATION (continued)

#### 9.12 Share capital/Invested equity (continued)

- (a) During the financial period ended 31 January 2022, the issued and paid up share capital of the Company has been increased from RM1 to RM13,834,286 by way of issuance of 276,685,699 new ordinary shares pursuant to the following:
  - (i) issuance of 276,685,100 new ordinary shares of RM0.05 pursuant to the acquisition of subsidiaries; and
  - (ii) allotment of 599 new ordinary shares issued at an issue price of RM0.05 each for cash.
- (b) During the financial year ended 31 July 2021, the issued and paid-up ordinary share capital of the Group was increased from RM2,887,500 to RM6,907,501 by way of issuance of 4,020,001 new ordinary shares pursuant to the following:
  - (i) 600,001 new ordinary shares at RM1 per ordinary share for cash consideration; and
  - (ii) 3,420,000 new ordinary shares at RM1 per ordinary share by way of debit part of the amounts owing to Directors.
- (c) During the financial year ended 31 July 2020, the issued and paid-up ordinary share capital of the Group was increased from RM2,687,500 to RM2,887,500 by way of issuance of 200,000 new ordinary shares at RM1 per ordinary share for cash consideration.
- (d) During the financial year ended 31 July 2019, the issued and paid-up ordinary share capital of the Group was increased from RM687,500 to RM2,687,500 by way of issuance of 2,000,000 new ordinary shares pursuant to the following:
  - (i) Issuance of 800,000 new ordinary shares at RM1 per ordinary share by way of debit part of the amounts owing to Directors; and
  - (ii) Bonus issue of 1,200,000 new ordinary shares to be credited as fully paid, on the basis of one (1) new ordinary share for every one (1) existing ordinary share held.
- (e) As at 31 July 2019, 31 July 2020 and 31 July 2021, the number of ordinary shares is on combined basis.
- (f) The owners of parent/common controlling shareholders of the combining entities are entitled to receive dividends as and when declared by the Group and are entitled to one (1) vote per ordinary share at meetings of the Group. All ordinary shares rank pari passu with regard to the residual assets of the Group.

**12. ACCOUNTANTS' REPORT (CONT'D)**

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**9. HISTORICAL FINANCIAL INFORMATION (continued)****9.13 Reserves**

	31.1.2022 RM	31.7.2021 RM	31.7.2020 RM	31.7.2019 RM
<b>Non-distributable:</b>				
Reorganisation debit reserve	(6,851,755)	-	-	-
<b>Distributable:</b>				
Retained earnings	13,328,037	8,831,074	3,744,380	2,590,835
	<u>6,476,282</u>	<u>8,831,074</u>	<u>3,744,380</u>	<u>2,590,835</u>

Reorganisation debit reserve

The reorganisation debit reserve arose as a result of the difference between consideration paid over the share capital and reserves of Actimed, Evo Medik, U Medihealth, UMediC, UWHC and UWHM pursuant to business combinations under common control.

**9.14 Borrowings**

	31.1.2022 RM	31.7.2021 RM	31.7.2020 RM	31.7.2019 RM
<b>Non-current liability:</b>				
Term loans (Section 9.15)	13,498,126	14,155,567	10,186,181	1,638,060
<b>Current liabilities</b>				
Bankers' acceptance	3,950,000	9,450,000	4,525,000	-
Term loans (Section 9.15)	1,749,496	1,583,372	853,366	107,018
	<u>5,699,496</u>	<u>11,033,372</u>	<u>5,378,366</u>	<u>107,018</u>
<b>Total borrowings</b>	<u>19,197,622</u>	<u>25,188,939</u>	<u>15,564,547</u>	<u>1,745,078</u>
<b>Represented by:</b>				
Bankers' acceptance	3,950,000	9,450,000	4,525,000	-
Term loans (Section 9.15)	15,247,622	15,738,939	11,039,547	1,745,078
	<u>19,197,622</u>	<u>25,188,939</u>	<u>15,564,547</u>	<u>1,745,078</u>

**12. ACCOUNTANTS' REPORT (CONT'D)**

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**9. HISTORICAL FINANCIAL INFORMATION (continued)****9.14 Borrowings (continued)**

(a) The interest rates of the borrowings of the Group are as follows:

	31.1.2022 RM	31.7.2021 RM	31.7.2020 RM	31.7.2019 RM
Bankers' acceptance	1.92%-2.42%	1.92%-2.36%	2.49%-2.84%	Nil
Term loans	3.36%-3.54%	3.50%-3.88%	3.50%-3.84%	4.52%

(b) The bankers' acceptance are secured by the following:

- (i) legal charge over property, plant and equipment and right-of-use assets of the Group as disclosed in Section 9.5 and Section 9.6 of this Report;
- (ii) corporate guarantee by a subsidiary/combining entity and a related party of the Group;
- (iii) a guarantee from Syarikat Jaminan Pembiayaan Perniagaan Berhad for RM800,000 as the facility is under Government Guarantee Scheme - Prihatin (GGS-Prihatin); and
- (iv) joint and several guarantee by certain Directors of the Group.

(c) Information on financial risks and remaining maturities of borrowings are disclosed in Section 9.30 of this Report.

**9.15 Term loans**

	31.1.2022 RM	31.7.2021 RM	31.7.2020 RM	31.7.2019 RM
<b>Secured</b>				
Term loans				
- non-current	13,498,126	14,155,567	10,186,181	1,638,060
- current	1,749,496	1,583,372	853,366	107,018
	<u>15,247,622</u>	<u>15,738,939</u>	<u>11,039,547</u>	<u>1,745,078</u>

The term loans of the Group are repayable as follows:

- not later than one (1) year	1,749,496	1,583,372	853,366	107,018
- later than one (1) year and not later than five (5) years	6,527,371	6,252,880	4,292,595	479,789
- later than five (5) years	6,970,755	7,902,687	5,893,586	1,158,271
	<u>15,247,622</u>	<u>15,738,939</u>	<u>11,039,547</u>	<u>1,745,078</u>



**12. ACCOUNTANTS' REPORT (CONT'D)**

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**9. HISTORICAL FINANCIAL INFORMATION (continued)****9.15 Term loans (continued)**

The term loans are secured by the following:

- (i) legal charge over property, plant and equipment and right-of-use assets of the Group as disclosed in Section 9.5 and Section 9.6 of this Report;
- (ii) legal charge over a piece of land of a related party of the Group;
- (iii) corporate guarantee by a subsidiary/combining entity and a related party of the Group;
- (iv) a guarantee from Syarikat Jaminan Pembiayaan Perniagaan Berhad for RM800,000 as the facility is under Government Guarantee Scheme - Prihatin (GGSPrihatin); and
- (v) joint and several guarantee by certain Directors of the Group.

**9.16 Hire purchase creditors**

Movement of hire purchase upon adoption of MFRSs is as follows:

	<b>31.7.2019</b> <b>RM</b>
At 1 August 2018, as previously reported	461,157
Effect of adoption of MFRSs	(461,157)
At 1 August 2018, as restated	<u>-</u>

**9.17 Government grant**

	<b>31.1.2022</b> <b>RM</b>	<b>31.7.2021</b> <b>RM</b>
<b>At cost</b>		
Balance as at beginning of the financial period/year	150,000	-
Add: Grant received during the period/year	350,000	150,000
Less: Amortisation during the period/year	(8,333)	-
	<u>491,667</u>	<u>150,000</u>
Balance as at end of financial period/year	<u>491,667</u>	<u>150,000</u>
<b>Represented by:</b>		
Non-current	441,667	135,000
Current	50,000	15,000
	<u>491,667</u>	<u>150,000</u>

The government grant was obtained by UWHM Sdn. Bhd. amounted to RM500,000 from the Malaysian Investment Development Authority ("MIDA").

**12. ACCOUNTANTS' REPORT (CONT'D)**

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**9. HISTORICAL FINANCIAL INFORMATION (continued)****9.18 Deferred tax liabilities**

(a) The deferred tax liabilities are made up of the following:

	31.1.2022 RM	31.7.2021 RM	31.7.2020 RM	31.7.2019 RM
Balance as at beginning of financial period/year	130,687	29,300	88,900	184,100
Recognised in the profit or loss (Section 9.24)	(131,266)	100,987	(1,900)	28,500
Underprovision in prior years	114,000	400	(57,700)	(123,700)
	(17,266)	101,387	(59,600)	(95,200)
Balance as at end of financial period/year	113,421	130,687	29,300	88,900

(b) The components and movements of deferred tax assets and liabilities during the financial period/years prior to offsetting are as follows:

	Property, plant and equipment RM	Accrued expenses RM	Total RM
Balance as at 1 August 2021	130,687	-	130,687
Recognised in profit or loss	335,444	(352,710)	(17,266)
Balance as at 31 January 2022	466,131	(352,710)	113,421
Balance as at 1 August 2020	29,300	-	29,300
Recognised in profit or loss	101,387	-	101,387
Balance as at 31 July 2021	130,687	-	130,687
Balance as at 1 August 2019	88,900	-	88,900
Recognised in profit or loss	(59,600)	-	(59,600)
Balance as at 31 July 2020	29,300	-	29,300
Balance as at 1 August 2018	184,100	-	184,100
Recognised in profit or loss	(95,200)	-	(95,200)
Balance as at 31 July 2019	88,900	-	88,900

(c) The amount of temporary differences for which no deferred tax asset has been recognised in the combined statements of financial position are as follows:

	31.1.2022 RM	31.7.2021 RM	31.7.2020 RM	31.7.2019 RM
Unabsorbed capital allowances	31,535	21,610	136,400	25,800
Unused tax losses	-	-	391,800	288,200
- expiring on 31 July 2028	-	-	-	-
	31,535	21,610	528,200	314,000

Deferred tax assets of the Group have not been recognised in respect of these items as it is not probable that future taxable profits of the Group would be available against which the deductible temporary differences can be utilised.

**12. ACCOUNTANTS' REPORT (CONT'D)**

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**9. HISTORICAL FINANCIAL INFORMATION (continued)****9.18 Deferred tax liabilities (continued)**

(c) (continued)

With effective from 1 January 2022, any unused tax losses shall be deductible for a maximum period of ten consecutive years of assessment immediately following that year of assessment. Any amount which is not deducted at the end of the period of ten years of assessment shall be disregarded.

**9.19 Trade and other payables**

	31.1.2022 RM	31.7.2021 RM	31.7.2020 RM	31.7.2019 RM
<b>Trade payables</b>				
Third parties	2,643,400	3,643,459	1,745,260	542,584
<b>Other payables</b>				
Third parties	839,422	2,571,090	670,149	437,150
Amounts owing to related parties	-	8,480	85,500	86,377
Amounts due to Directors	-	-	3,570,371	6,645,497
Accrued expenses	2,132,852	1,000,120	535,443	360,131
	2,972,274	3,579,690	4,861,463	7,529,155
<b>Total trade and other payables</b>	<b>5,615,674</b>	<b>7,223,149</b>	<b>6,606,723</b>	<b>8,071,739</b>

- (a) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 90 days (31 July 2021: 30 to 90 days; 31 July 2020: 30 to 90 days; 31 July 2019: 30 to 90 days).
- (b) The amounts due to Directors and amounts due to related parties were unsecured, interest-free and payable within twelve (12) months or upon demand in cash and cash equivalents.
- (c) The related parties are companies incorporated in Malaysia in which the Directors have significant and controlling financial interest.
- (d) The currency exposure profile of trade and other payables is as follows:

	31.1.2022 RM	31.7.2021 RM	31.7.2020 RM	31.7.2019 RM
RM	5,464,466	6,202,307	6,485,931	7,819,904
USD	142,939	991,711	120,458	246,077
Others	8,269	29,131	334	5,758
	5,615,674	7,223,149	6,606,723	8,071,739

- (e) Information on financial risks of trade and other payables is disclosed in Section 9.30 of this Report.

**12. ACCOUNTANTS' REPORT (CONT'D)**

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**9. HISTORICAL FINANCIAL INFORMATION (continued)****9.20 Capital commitment**

	31.1.2022 RM	31.7.2021 RM	31.7.2020 RM	31.7.2019 RM
Capital expenditure in respect of purchase of property, plant and equipment:				
Contracted but not provided for Commitments in respect of purchase/import of raw materials/trading goods	559,194	2,145,694	7,160,604	-
	<u>-</u>	<u>2,831,145</u>	<u>2,181,568</u>	<u>-</u>

**9.21 Revenue**

	1.8.2021 to 31.1.2022 RM	1.8.2020 to 31.7.2021 RM	1.8.2019 to 31.7.2020 RM	1.8.2018 to 31.7.2019 RM
<i>Revenue from contracts with customers:</i>				
Sale of goods and services	<u>36,855,262</u>	<u>34,115,959</u>	<u>23,675,991</u>	<u>16,422,381</u>
Timing of revenue recognition:				
At a point in time	<u>36,855,262</u>	<u>34,115,959</u>	<u>23,675,991</u>	<u>16,422,381</u>

*Disaggregation of revenue from contracts with customers*

Revenue from contracts with customers is disaggregated by primary geographical market as disclosed in Section 9.28 in this Report.

**9.22 Employee benefits**

	1.8.2021 to 31.1.2022 RM	1.8.2020 to 31.7.2021 RM	1.8.2019 to 31.7.2020 RM	1.8.2018 to 31.7.2019 RM
Directors' remuneration	307,673	1,109,797	825,122	767,335
Wages, salaries and bonuses	3,741,313	2,854,410	2,683,524	2,065,470
Contributions to defined contribution plan	222,264	282,411	265,980	201,910
Social security contributions	28,421	38,358	38,120	29,111
Other benefits	<u>187,661</u>	<u>57,773</u>	<u>17,100</u>	<u>6,990</u>
	<u>4,487,332</u>	<u>4,342,749</u>	<u>3,829,846</u>	<u>3,070,816</u>

Included in the Directors' remuneration are contributions to defined contribution plan amounting to RM21,600 (31 July 2021: RM69,180; 31 July 2020: RM72,216; 31 July 2019: RM63,540).

**12. ACCOUNTANTS' REPORT (CONT'D)**

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**9. HISTORICAL FINANCIAL INFORMATION (continued)****9.23 Finance costs**

	1.8.2021 to 31.1.2022 RM	1.8.2020 to 31.7.2021 RM	1.8.2019 to 31.7.2020 RM	1.8.2018 to 31.7.2019 RM
Interest expense on:				
- bankers' acceptance	128,646	133,217	71,402	-
- term loans	282,813	483,301	268,637	140,013
- lease interest	30,800	58,002	53,449	23,366
- letter of credit interest	22,111	52,941	49,665	-
- others	2,740	3,625	2,474	-
	<u>467,110</u>	<u>731,086</u>	<u>445,627</u>	<u>163,379</u>

**9.24 Tax expense**

	1.8.2021 to 31.1.2022 RM	1.8.2020 to 31.7.2021 RM	1.8.2019 to 31.7.2020 RM	1.8.2018 to 31.7.2019 RM
Current tax expense based on profit for the financial period/years	2,025,308	1,273,699	625,278	402,255
Under/(Over)provision of tax expense in prior years	<u>131,961</u>	<u>91,738</u>	<u>57,825</u>	<u>(8,589)</u>
	<u>2,157,269</u>	<u>1,365,437</u>	<u>683,103</u>	<u>393,666</u>
Deferred tax (Section 9.18) Relating to origination and reversal of temporary differences	(131,266)	100,987	(1,900)	28,500
Under/(Over)provision in prior years	<u>114,000</u>	<u>400</u>	<u>(57,700)</u>	<u>(123,700)</u>
	<u>(17,266)</u>	<u>101,387</u>	<u>(59,600)</u>	<u>(95,200)</u>
	<u>2,140,003</u>	<u>1,466,824</u>	<u>623,503</u>	<u>298,466</u>

Malaysian income tax is calculated at the statutory tax rate of twenty-four percent (24%) (31 July 2021: 24%; 31 July 2020: 24%; 31 July 2019: 24%) of the estimated taxable profits for the fiscal period/years.

**12. ACCOUNTANTS' REPORT (CONT'D)**

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**9. HISTORICAL FINANCIAL INFORMATION (continued)****9.24 Tax expense (continued)**

The numerical reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rates are as follows:

	1.8.2021 to 31.1.2022 RM	1.8.2020 to 31.7.2021 RM	1.8.2019 to 31.7.2020 RM	1.8.2018 to 31.7.2019 RM
Profit before tax	<u>6,711,966</u>	<u>6,553,518</u>	<u>3,042,048</u>	<u>1,617,211</u>
Tax at statutory tax rate of 24% (31 July 2021: 24%; 31 July 2020: 24%; 31 July 2019: 24%)	1,610,900	1,572,800	730,100	388,100
Tax effects in respect of:				
- Non-allowable expenses	351,758	74,648	252,578	122,869
- Income not subject to tax	(19,208)	(37,687)	(233,500)	-
Different tax rate for the first RM600,000 (31 July 2021: RM600,000; 31 July 2020: RM600,000; 31 July 2019: RM500,000) of chargeable income	(51,790)	(113,475)	(113,300)	(98,914)
Deferred tax assets not recognised during the period/year	2,382	-	51,400	19,100
Utilisation of previously unrecognised deferred tax assets	-	(121,600)	(63,900)	(400)
Under/ (Over)provision of deferred tax in prior years	114,000	400	(57,700)	(123,700)
Under/ (Over)provision of tax expense in prior years	<u>131,961</u>	<u>91,738</u>	<u>57,825</u>	<u>(8,589)</u>
	<u>2,140,003</u>	<u>1,466,824</u>	<u>623,503</u>	<u>298,466</u>

**12. ACCOUNTANTS' REPORT (CONT'D)**

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**9. HISTORICAL FINANCIAL INFORMATION (continued)****9.25 Dividends**

	Gross dividend per share RM	Amount of dividend net of tax RM
<b>31.1.2022</b>		
In respect of financial period ended 31 January 2022: Distribution of ordinary shares in UMC ('Distribution Shares') held by UMediC by way of dividend-in-specie	0.031	<u>75,000</u>
<b>31.7.2020</b>		
In respect of financial year ended 31 July 2020: First single tier interim dividend of:		
- UMediC	0.45	1,080,000
- Actimed	6.00	60,000
- Evo Medik	1.25	<u>125,000</u>
		<u>1,265,000</u>
<b>31.7.2019</b>		
In respect of financial year ended 31 July 2019: First single tier interim dividend of Actimed	30.00	<u>300,000</u>

**9.26 Earnings per share****(a) Basic**

Basic earnings per share for the financial period/years are calculated by dividing the profit for the financial period/years attributable to owners of parent/common controlling shareholders of the combining entities by the expected number of ordinary shares of the Company upon completion of the Listing.

	1.8.2021 to 31.1.2022	1.8.2020 to 31.7.2021	1.8.2019 to 31.7.2020	1.8.2018 to 31.7.2019
Profit attributable to the owners of parent/common controlling shareholders of the combining entities (RM)	<u>4,571,963</u>	<u>5,086,694</u>	<u>2,418,545</u>	<u>1,318,745</u>
Expected number of ordinary shares upon completion of the Listing (unit)	<u>373,910,000</u>	<u>373,910,000</u>	<u>373,910,000</u>	<u>373,910,000</u>
Basic earnings per share (sen)	<u>1.22</u>	<u>1.36</u>	<u>0.65</u>	<u>0.35</u>

**(b) Diluted**

Diluted earnings per share equals basic earnings per share because there are no potentially dilutive instruments in existence as at the end of each reporting period.

**12. ACCOUNTANTS' REPORT (CONT'D)**

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**9. HISTORICAL FINANCIAL INFORMATION (continued)****9.27 Related party disclosures****(a) Identities of related parties**

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties could be individuals or other parties.

Related parties of the Group include:

- (i) Ultimate holding company, UMediC Capital Sdn. Bhd.;
  - (ii) Combining entities/subsidiaries as disclosed in Section 9.7 of this Report;
  - (iii) An associate as disclosed in Section 9.8 of this Report;
  - (iv) Key management personnel are defined as those persons having the authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include the Executive Directors of the Group; and
  - (v) UWC Holdings Sdn. Bhd., Meditech Scientific Sdn. Bhd., Atnesis Sdn. Bhd. and Empayar Stabil Sdn. Bhd., whereby certain Directors of the Group and their family members have significant financial and controlling interests or are connected to certain Directors of the related parties.
- (b) In addition to the transactions and balances detailed elsewhere in the financial statements, the Group had the following material transactions with related parties during the financial period/years:

	1.8.2021 to 31.1.2022 RM	1.8.2020 to 31.7.2021 RM	1.8.2019 to 31.7.2020 RM	1.8.2018 to 31.7.2019 RM
<b>Related parties</b>				
- Sale of goods	39,989	192,824	133,376	188,324
- Purchase of machinery	-	-	-	11,500
- Short term leases	-	9,400	69,600	195,500
- Lease payment	-	80,650	128,400	-

Balances with related parties at the end of the financial period/years are disclosed in Section 9.10 and Section 9.19 of this Report.

The related party transactions described above were undertaken on mutually agreed and negotiated terms.



**12. ACCOUNTANTS' REPORT (CONT'D)**

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**9. HISTORICAL FINANCIAL INFORMATION (continued)****9.27 Related party disclosures (continued)****(c) Compensation of key management personnel**

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director (whether executive or otherwise) of the Group.

The remuneration of Directors and other key management personnel during the financial period/years were as follows:

	<b>1.8.2021 to 31.1.2022 RM</b>	<b>1.8.2020 to 31.7.2021 RM</b>	<b>1.8.2019 to 31.7.2020 RM</b>	<b>1.8.2018 to 31.7.2019 RM</b>
Short term employee benefits	673,445	1,147,662	752,906	703,795
Estimated monetary value of benefits-in-kind	-	209,600	-	-
Contributions to defined contribution plans	51,440	79,290	72,216	63,540
	<u>724,885</u>	<u>1,436,552</u>	<u>825,122</u>	<u>767,335</u>

Included in the remuneration of total key management personnel are:

	<b>1.8.2021 to 31.1.2022 RM</b>	<b>1.8.2020 to 31.7.2021 RM</b>	<b>1.8.2019 to 31.7.2020 RM</b>	<b>1.8.2018 to 31.7.2019 RM</b>
Directors' remuneration (exclude benefits-in-kind)	307,673	1,109,797	825,122	767,335
Estimated monetary value of benefits-in-kind	-	209,600	-	-
Total Directors' remuneration (including benefits-in-kind)	<u>307,673</u>	<u>1,319,397</u>	<u>825,122</u>	<u>767,335</u>

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**12. ACCOUNTANTS' REPORT (CONT'D)**


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**9. HISTORICAL FINANCIAL INFORMATION (continued)****9.28 Operating segments**

The Company is principally involved in investment holding. Through its subsidiaries/combining entities, the Group is principally involved in marketing and distribution of various branded medical devices and consumables as well as the provision of after-sales service for all its products. The Group is also involved in developing, manufacturing and marketing of its medical consumables.

For management purposes, the Group is organised into business units based on its products and services. The reportable segments of the Group are as follows:

- (a) Marketing and distribution - marketing and distribution of medical devices as well as the provision of after-sales service.
- (b) Manufacturing - developing, manufacturing and marketing of medical devices.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

The accounting policies of operating segments are the same as those described in Section 7.2.18 to this Report.

Inter-segment revenue is priced along the same lines as sales to external customers and is eliminated in the financial statements. These policies have been applied consistently throughout the financial period/years.

Segment assets exclude cash and bank balances and tax assets. Segment liabilities exclude tax liabilities. Even though borrowings arise from financing activities rather than operating activities, they are allocated to the segments based on relevant factors (e.g. funding requirements).

## 12. ACCOUNTANTS' REPORT (CONT'D)

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### 9. HISTORICAL FINANCIAL INFORMATION (continued)

#### 9.28 Operating segments (continued)

	Manufacturing RM	Marketing and distribution RM	Eliminations RM	Consolidated RM
<b>31.1.2022</b>				
Revenue from external customers	4,386,016	32,469,246	-	36,855,262
Inter-segment revenue	779,158	-	(779,158)	-
<b>Total revenue</b>	<b>5,165,174</b>	<b>32,469,246</b>	<b>(779,158)</b>	<b>36,855,262</b>
Interest income	7,741	40,866	-	48,607
Interest expense	(190,179)	(285,077)	8,146	(467,110)
<b>Net interest expense</b>	<b>(182,438)</b>	<b>(244,211)</b>	<b>8,146</b>	<b>(418,503)</b>
<b>Segment profit before tax</b>	<b>611,142</b>	<b>8,931,911</b>	<b>(2,831,087)</b>	<b>6,711,966</b>
Tax expense	(161,976)	(1,978,027)	-	(2,140,003)

## 12. ACCOUNTANTS' REPORT (CONT'D)

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### 9. HISTORICAL FINANCIAL INFORMATION (continued)

#### 9.28 Operating segments (continued)

	Manufacturing RM	Marketing and distribution RM	Eliminations RM	Consolidated RM
<b>31.1.2022 (continued)</b>				
Other material non-cash items:				
- Depreciation of property, plant and equipment	(610,098)	(69,420)	(33,614)	(713,132)
- Depreciation of right-of-use assets	(229,352)	(29,535)	147,974	(110,913)
- Depreciation of investment properties	-	(58,635)	58,635	-
- Reversal of impairment losses on trade receivables	-	1,998,434	(1,984,056)	14,378
	<u>-</u>	<u>1,998,434</u>	<u>(1,984,056)</u>	<u>14,378</u>
Additions to non-current assets other than financial instruments	<u>308,952</u>	<u>287,344</u>	<u>-</u>	<u>596,296</u>
<b>Assets</b>				
Segment assets	17,428,300	39,739,178	(14,389,492)	42,777,986
Cash and bank balances	727,690	4,880,883		5,608,573
Current tax assets	101,847	411,626		513,473
				<u>48,900,032</u>
<b>Liabilities</b>				
Segment liabilities	(12,720,332)	(14,138,053)	546,509	(26,311,876)
Deferred tax liabilities				(113,421)
Current tax liabilities				(2,164,167)
				<u>(28,589,464)</u>

## 12. ACCOUNTANTS' REPORT (CONT'D)

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### 9. HISTORICAL FINANCIAL INFORMATION (continued)

#### 9.28 Operating segments (continued)

	Manufacturing RM	Marketing and distribution RM	Eliminations RM	Combined RM
<b>31.7.2021</b>				
Revenue from external customers	5,849,890	28,266,069	-	34,115,959
Inter-segment revenue	683,254	2,753,623	(3,436,877)	-
Total revenue	<u>6,533,144</u>	<u>31,019,692</u>	<u>(3,436,877)</u>	<u>34,115,959</u>
Interest income	13,795	23,468	-	37,263
Interest expense	<u>(308,524)</u>	<u>(436,185)</u>	<u>13,623</u>	<u>(731,086)</u>
Net interest expense	<u>(294,729)</u>	<u>(412,717)</u>	<u>13,623</u>	<u>(693,823)</u>
<b>Segment profit before tax</b>	649,451	5,892,863	11,204	6,553,518
Tax expense	(120,782)	(1,346,042)	-	(1,466,824)

## 12. ACCOUNTANTS' REPORT (CONT'D)

UMediC Group Berhad  
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### 9. HISTORICAL FINANCIAL INFORMATION (continued)

#### 9.28 Operating segments (continued)

	Manufacturing RM	Marketing and distribution RM	Eliminations RM	Combined RM
<b>31.7.2021 (continued)</b>				
Other material non-cash items:				
- Depreciation of property, plant and equipment	(417,939)	(107,762)	-	(525,701)
- Depreciation of right-of-use assets	(383,196)	(90,990)	151,785	(322,401)
- Depreciation of investment properties	-	(78,006)	78,006	-
- Reversal of impairment losses on trade receivables/(Impairment losses on trade receivables)	10,743	(12,068)	-	(1,325)
	<u>13,329,060</u>	<u>1,837,160</u>	<u>-</u>	<u>15,166,220</u>
Additions to non-current assets other than financial instruments				
	<u>13,329,060</u>	<u>1,837,160</u>	<u>-</u>	<u>15,166,220</u>
<b>Assets</b>				
Segment assets	17,373,106	33,229,877	(3,814,122)	46,788,861
Cash and bank balances				2,761,335
Current tax assets				375,419
				<u>49,925,615</u>
<b>Liabilities</b>				
Segment liabilities	13,275,654	26,155,452	(5,728,628)	33,702,478
Deferred tax liabilities				130,687
Current tax liabilities				353,875
				<u>34,187,040</u>

## 12. ACCOUNTANTS' REPORT (CONT'D)

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### 9. HISTORICAL FINANCIAL INFORMATION (continued)

#### 9.28 Operating segments (continued)

	Manufacturing RM	Marketing and distribution RM	Eliminations RM	Combined RM
<b>31.7.2020</b>				
Revenue from external customers	5,222,665	18,453,326	-	23,675,991
Inter-segment revenue	386,699	1,416,245	(1,802,944)	-
Total revenue	<u>5,609,364</u>	<u>19,869,571</u>	<u>(1,802,944)</u>	<u>23,675,991</u>
Interest income	8,123	23,792	-	31,915
Interest expense	<u>(56,279)</u>	<u>(389,348)</u>	<u>-</u>	<u>(445,627)</u>
Net interest expense	<u>(48,156)</u>	<u>(365,556)</u>	<u>-</u>	<u>(413,712)</u>
Segment (loss)/profit before tax	(252,299)	2,713,630	584,090	3,045,421
Share of loss of an associate, net of tax	-	(3,373)	-	(3,373)
Taxation	50,282	(673,785)	-	(623,503)

## 12. ACCOUNTANTS' REPORT (CONT'D)

UMediC Group Berhad  
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### 9. HISTORICAL FINANCIAL INFORMATION (continued)

#### 9.28 Operating segments (continued)

	Manufacturing RM	Marketing and distribution RM	Eliminations RM	Combined RM
<b>31.7.2020 (continued)</b>				
Other material non-cash items:				
- Depreciation of property, plant and equipment	(145,907)	(46,925)	-	(192,832)
- Depreciation of right-of-use assets	(216,294)	(288,597)	-	(504,891)
- (Impairment losses of trade receivables)/Reversal of impairment losses on trade receivables	(9,349)	(926,287)	1,015,286	79,650
Additions to non-current assets other than financial instruments	1,319,693	5,278,767	-	6,598,460
<b>Assets</b>				
Segment assets	7,570,276	22,097,098	(3,379,034)	26,288,340
Cash and bank balances				3,500,606
Current tax assets				89,957
				<u>29,878,903</u>
<b>Liabilities</b>				
Segment liabilities	8,474,408	19,855,450	(5,282,337)	23,047,521
Deferred tax liabilities				29,300
Current tax liabilities				170,202
				<u>23,247,023</u>



## 12. ACCOUNTANTS' REPORT (CONT'D)

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### 9. HISTORICAL FINANCIAL INFORMATION (continued)

#### 9.28 Operating segments (continued)

	Manufacturing RM	Marketing and distribution RM	Eliminations RM	Combined RM
<b>31.7.2019</b>				
Revenue from external customers	3,573,390	12,848,991	-	16,422,381
Inter-segment revenue	562,688	1,062,952	(1,625,640)	-
Total revenue	<u>4,136,078</u>	<u>13,911,943</u>	<u>(1,625,640)</u>	<u>16,422,381</u>
Interest income	6,395	24,494	-	30,889
Interest expense	(14,852)	(148,527)	-	(163,379)
Net interest expense	<u>(8,457)</u>	<u>(124,033)</u>	<u>-</u>	<u>(132,490)</u>
<b>Segment profit before tax</b>	19,879	658,612	954,385	1,632,876
Share of loss of an associate, net of tax	-	(15,665)	-	(15,665)
Taxation	74,282	(372,748)	-	(298,466)

## 12. ACCOUNTANTS' REPORT (CONT'D)

UMediC Group Berhad  
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### 9. HISTORICAL FINANCIAL INFORMATION (continued)

#### 9.28 Operating segments (continued)

	Manufacturing RM	Marketing and distribution RM	Eliminations RM	Combined RM
<b>31.7.2019 (continued)</b>				
Other material non-cash items:				
- Depreciation of property, plant and equipment	(123,244)	(38,912)	-	(162,156)
- Depreciation of right-of-use assets	(34,248)	(135,331)	-	(169,579)
- Impairment losses on trade receivables	(6,111)	(1,119,574)	968,770	(156,915)
Investment in an associate	-	52,543	-	52,543
Additions to non-current assets other than financial instruments	511,813	5,164,438	-	5,676,251
<b>Assets</b>				
Segment assets	2,331,859	13,712,071	(2,074,064)	13,969,866
Cash and bank balances				1,535,495
Current tax assets				117,285
				15,622,646
<b>Liabilities</b>				
Segment liabilities	2,163,919	11,099,306	(3,018,277)	10,244,948
Deferred tax liabilities				88,900
Current tax liabilities				10,463
				10,344,311

**12. ACCOUNTANTS' REPORT (CONT'D)**

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**9. HISTORICAL FINANCIAL INFORMATION (continued)****9.28 Operating segments (continued)****(a) Geographical information**

Segment revenue is based on geographical location of customers of the Group.

Segment assets are based on the geographical location of the assets of the Group.

The following are revenue from external customers by geographical location with revenue equal or more than one percent (1%) of revenue of the Group:

	<b>1.8.2021 to 31.1.2022 RM</b>	<b>1.8.2020 to 31.7.2021 RM</b>	<b>1.8.2019 to 31.7.2020 RM</b>	<b>1.8.2018 to 31.7.2019 RM</b>
<b>Revenue from external customers</b>				
Malaysia	32,540,084	28,559,643	19,341,429	12,889,935
Asia Pacific	3,178,355	3,417,129	3,097,694	2,192,008
Americas	395,136	773,417	570,648	493,003
Europe	558,318	876,084	352,547	430,362
Middle East	-	298,000	246,857	330,883
Africa	94,234	191,686	66,816	86,190
Oceania	89,135	-	-	-
	<u>36,855,262</u>	<u>34,115,959</u>	<u>23,675,991</u>	<u>16,422,381</u>

**(b) Major customers**

The following are major customers with revenue equal or more than ten percent (10%) of revenue of the Group:

	<b>1.8.2021 to 31.1.2022 RM</b>	<b>1.8.2020 to 31.7.2021 RM</b>	<b>1.8.2019 to 31.7.2020 RM</b>	<b>1.8.2018 to 31.7.2019 RM</b>
Customer A	*	4,660,789	2,880,876	2,119,984
Customer B	*	*	*	2,101,766
	<u>*</u>	<u>4,660,789</u>	<u>2,880,876</u>	<u>4,221,750</u>

\* Less than 10%

**12. ACCOUNTANTS' REPORT (CONT'D)**

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**9. HISTORICAL FINANCIAL INFORMATION (continued)****9.29 Financial instruments****(a) Capital management**

The primary objective of the capital management of the Group is to ensure that the Group would be able to continue as a going concern whilst maximising return to shareholders through the optimisation of the debt and equity ratios. The overall strategy of the Group remains unchanged throughout the reporting periods.

The Group manages its capital structure and makes adjustments to it in response to changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes throughout the reporting periods.

The Group monitors capital utilisation on the basis of net debt-to-equity ratio, which is net debt divided by total capital. The Group includes within net debt, loans and borrowings, lease liabilities and trade and other payables less cash and bank balances. Capital represents equity attributable to the owners of the Group. The net debt-to-equity ratios as at 31 January 2022, 31 July 2021, 31 July 2020 and 31 July 2019 are as follows:

	31.1.2022 RM	31.7.2021 RM	31.7.2020 RM	31.7.2019 RM
Borrowings	19,197,622	25,188,939	15,564,547	1,745,078
Lease liabilities	1,006,913	1,140,390	876,251	428,131
Trade and other payables	5,615,674	7,223,149	6,606,723	8,071,739
Total liabilities	25,820,209	33,552,478	23,047,521	10,244,948
Less: Cash and bank balances	(5,608,573)	(2,761,335)	(3,500,606)	(1,535,495)
Net debt	20,211,636	30,791,143	19,546,915	8,709,453
Total equity	20,310,568	15,738,575	6,631,880	5,278,335
Net debt-to-equity ratio	99%	196%	295%	165%

The Group is not subject to any externally imposed capital requirements.

## 12. ACCOUNTANTS' REPORT (CONT'D)

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### 9. HISTORICAL FINANCIAL INFORMATION (continued)

#### 9.29 Financial instruments (continued)

##### (b) Categories of financial instruments

	31.1.2022 RM	31.7.2021 RM	31.7.2020 RM	31.7.2019 RM
<b><i>Financial assets measured at amortised cost</i></b>				
Trade and other receivables (excluding prepayments)	7,733,924	9,975,838	4,249,651	3,289,526
Cash and bank balances	5,608,573	2,761,335	3,500,606	1,535,495
	<u>13,342,497</u>	<u>12,737,173</u>	<u>7,750,257</u>	<u>4,825,021</u>
<b><i>Financial liabilities measured at amortised cost</i></b>				
Borrowings	19,197,622	25,188,939	15,564,547	1,745,078
Trade and other payables	5,615,674	7,223,149	6,606,723	8,071,739
	<u>24,813,296</u>	<u>32,412,088</u>	<u>22,171,270</u>	<u>9,816,817</u>

##### (c) Methods and assumptions used to estimate fair value

The fair values of financial assets and financial liabilities are determined as follows:

*Financial instruments that are not carried at fair values and whose carrying amounts are a reasonable approximation of fair values.*

The carrying amounts of financial assets and financial liabilities, such as cash and bank balances, trade and other receivables, trade and other payables and borrowings, are reasonable approximation of fair values, either due to their short-term nature or they are floating rate instruments that are re-priced to market interest rates on or near the end of each reporting period.

## 12. ACCOUNTANTS' REPORT (CONT'D)

*UMediC Group Berhad  
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### 9. HISTORICAL FINANCIAL INFORMATION (continued)

#### 9.30 Financial risk management objectives and policies

The financial risk management objective of the Group is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from fluctuations in foreign currency exchange and interest rates and the unpredictability of the financial markets.

The Group are exposed mainly to credit risk, liquidity and cash flow risk, interest rate risk and foreign currency risk. Information on the management of the related exposures is detailed below.

##### (a) Credit risk

Trade receivables could give rise to credit risk which requires the loss to be recognised if a counter party fails to perform as contracted. The counter parties are the customers of the Group and licensed financial institutions. It is the policy of the Group to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group are exposed to minimal credit risk.

The primary exposure of the Group to credit risk arises through its trade receivables. The trading terms of the Group with the customers are mainly on credit, except for new customers, where deposits in advance are normally required. The credit period is generally for a period of one (1) month, extending up to three (3) months for major customers. Nevertheless, the management of the Group may give longer credit terms by discretion. The Group consistently monitor their outstanding receivables to minimise credit risk.

##### Exposure to credit risk

At the end of the reporting period, the maximum exposure of the Group to credit risk is substantially represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

## 12. ACCOUNTANTS' REPORT (CONT'D)

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### 9. HISTORICAL FINANCIAL INFORMATION (continued)

#### 9.30 Financial risk management objectives and policies (continued)

##### (a) Credit risk (continued)

##### Credit risk concentration profile

The Group determines concentration of credit risk by monitoring the country and industry sector profiles of their trade receivables on an ongoing basis. The credit risk concentration profile of the trade receivables of the Group at the end of the reporting period are as follows:

	31.1.2022		31.7.2021		31.7.2020		31.7.2019	
	RM	% of total	RM	% of total	RM	% of total	RM	% of total
<b>By countries</b>								
Malaysia	5,728,108	83%	8,513,768	89%	3,234,015	85%	2,323,168	86%
United States of America	-	0%	-	0%	178,970	5%	-	0%
South Korea	370,176	5%	365,964	4%	130,600	3%	176,207	7%
Thailand	385,154	6%	177,472	2%	99,286	2%	96,654	4%
Others	446,867	6%	459,076	5%	184,049	5%	88,744	3%
	<u>6,930,305</u>	<u>100%</u>	<u>9,516,280</u>	<u>100%</u>	<u>3,826,920</u>	<u>100%</u>	<u>2,684,773</u>	<u>100%</u>

At the end of each reporting period, approximately 58% (31 July 2021: 61%; 31 July 2020: 52%; 31 July 2019: 53%) of the trade receivables of the Group were due from seven (7) (31 July 2021: seven (7); 31 July 2020: ten (10); 31 July 2019: four (4)) major customers.

**12. ACCOUNTANTS' REPORT (CONT'D)**

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**9. HISTORICAL FINANCIAL INFORMATION (continued)****9.30 Financial risk management objectives and policies (continued)****(b) Liquidity and cash flow risks**

Liquidity and cash flow risks are the risks that the Group will not be able to meet its financial obligations when they fall due. The exposure of the Group to liquidity risk arises principally from their trade and other payables, borrowings and lease liabilities.

The Group actively manages its debt maturity profile, operating cash flows and availability of funding so as to ensure that all operating, investing and financing needs are met. In executing its liquidity risk management strategy, the Group measures and forecasts its cash commitments and maintain a level of cash and cash equivalents deemed adequate to finance the activities of the Group.

The table below summarises the maturity profile of the liabilities of the Group at the end of the reporting period based on contractual undiscounted repayment obligations.

	On demand or within one year RM	One to five years RM	More than five years RM	Total RM
<b>Financial liabilities</b>				
<b>As at 31 January 2022</b>				
Trade and other payables	5,615,674	-	-	5,615,674
Borrowings	6,225,875	8,458,859	7,801,702	22,486,436
Lease liabilities	370,664	812,028	-	1,182,692
Total undiscounted financial liabilities	<u>12,212,213</u>	<u>9,270,887</u>	<u>7,801,702</u>	<u>29,284,802</u>
<b>As at 31 July 2021</b>				
Trade and other payables	7,223,149	-	-	7,223,149
Borrowings	11,614,628	7,901,129	7,608,514	27,124,271
Lease liabilities	368,603	896,706	-	1,265,309
Total undiscounted financial liabilities	<u>19,206,380</u>	<u>8,797,835</u>	<u>7,608,514</u>	<u>35,612,729</u>
<b>As at 31 July 2020</b>				
Trade and other payables	6,606,723	-	-	6,606,723
Borrowings	5,713,625	5,466,846	7,210,950	18,391,421
Lease liabilities	403,868	555,604	-	959,472
Total undiscounted financial liabilities	<u>12,724,216</u>	<u>6,022,450</u>	<u>7,210,950</u>	<u>25,957,616</u>
<b>As at 31 July 2019</b>				
Trade and other payables	8,071,739	-	-	8,071,739
Borrowings	183,696	734,794	1,365,971	2,284,461
Lease liabilities	222,198	240,704	-	462,902
Total undiscounted financial liabilities	<u>8,477,633</u>	<u>975,498</u>	<u>1,365,971</u>	<u>10,819,102</u>



**12. ACCOUNTANTS' REPORT (CONT'D)**

*UMediC Group Berhad*  
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**9. HISTORICAL FINANCIAL INFORMATION (continued)****9.30 Financial risk management objectives and policies (continued)****(c) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Group would fluctuate because of changes in market interest rates.

The Group's interest rate risk arises primarily from interest-bearing borrowings. Borrowings at floating rates expose the Group to cash flow interest rate risk and fair value interest rate risk. Interest rates of bank borrowings are mainly subject to fluctuations in the banks' base lending rates. Short term borrowings which are on fixed rates are not significantly subject to interest rate risk.

**Sensitivity analysis for interest rate risk**

The following table demonstrates the sensitivity analysis of the Group's floating rate instrument if interest rates at the end of reporting period changed by fifty (50) basis points with all other variables held constant:

	31.1.2022	31.7.2021 RM	31.7.2020 RM	31.7.2019 RM
<b>Profit after tax</b>				
- Increase by 0.5%	(57,941)	(59,808)	(41,950)	(6,631)
- Decrease by 0.5%	<u>57,941</u>	<u>59,808</u>	<u>41,950</u>	<u>6,631</u>

## 12. ACCOUNTANTS' REPORT (CONT'D)

UMediC Group Berhad  
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### 9. HISTORICAL FINANCIAL INFORMATION (continued)

#### 9.30 Financial risk management objectives and policies (continued)

##### (c) Interest rate risk (continued)

The following table sets out the carrying amounts, the incremental borrowing rate ('IBR')/weighted average effective interest rates ('WAEIR') as at the end of each reporting period and the remaining maturities of the financial instruments of the Group that are exposed to interest rate risk, which included fixed rates financial instruments:

	IBR*/WAEIR per annum %	Within 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	More than 5 years RM	Total RM
<b>31 January 2022</b>								
<b>Fixed rate</b>								
Bankers' acceptance	2.33%	3,950,000	-	-	-	-	-	3,950,000
Lease liabilities	2.71% - 3.84%*	318,596	297,232	224,864	145,494	20,727	-	1,006,913
<b>Floating rate</b>								
Term loans	3.47%	1,749,496	1,769,721	1,790,691	1,748,049	1,218,910	6,970,755	15,247,622
<b>31 July 2021</b>								
<b>Fixed rate</b>								
Bankers' acceptance	2.09%	9,450,000	-	-	-	-	-	9,450,000
Lease liabilities	2.71% - 3.84%*	312,032	296,917	278,564	170,140	82,737	-	1,140,390
<b>Floating rate</b>								
Term loans	3.73%	1,583,372	1,622,453	1,663,023	1,627,456	1,339,948	7,902,687	15,738,939

## 12. ACCOUNTANTS' REPORT (CONT'D)

UMediC Group Berhad  
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### 9. HISTORICAL FINANCIAL INFORMATION (continued)

#### 9.30 Financial risk management objectives and policies (continued)

##### (c) Interest rate risk (continued)

The following table sets out the carrying amounts, the incremental borrowing rate ('IBR')/weighted average effective interest rates ('WAEIR') as at the end of each reporting period and the remaining maturities of the financial instruments of the Group that are exposed to interest rate risk, which included fixed rates financial instruments (continued):

	IBR*/WAEIR per annum %	Within 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	More than 5 years RM	Total RM
<b>31 July 2020</b>								
<b>Fixed rate</b>								
Bankers' acceptance	2.66%	4,525,000	-	-	-	-	-	4,525,000
Lease liabilities	2.42% - 3.84%*	364,146	197,905	159,775	133,555	20,870	-	876,251
<b>Floating rate</b>								
Term loans	3.83%	853,366	1,357,989	1,311,886	763,067	770,488	5,982,751	11,039,547
<b>31 July 2019</b>								
<b>Fixed rate</b>								
Lease liabilities	2.42% - 3.30%*	203,768	121,016	49,493	33,481	20,373	-	428,131
<b>Floating rate</b>								
Term loan	4.52%	107,018	111,956	117,123	122,528	128,182	1,158,271	1,745,078

**12. ACCOUNTANTS' REPORT (CONT'D)**

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**9. HISTORICAL FINANCIAL INFORMATION (continued)****9.30 Financial risk management objectives and policies (continued)****(d) Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument would fluctuate because of changes in foreign exchange rates.

The Group are exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of the Group. The currency giving rise to this risk is primarily in USD and EURO.

The Group also holds cash and bank balances denominated in foreign currencies for working capital purposes. At the end of each reporting period, such foreign currency balances in USD, EURO and Singapore Dollar amounted to RM209,772 (31 July 2021: RM83,423; 31 July 2020: RM70,831; 31 July 2019: RM119,948) for the Group.

The following table demonstrates the sensitivity analysis of the Group to a reasonably possible change in the USD and EURO exchange rate against the functional currency of the Group, with all other variables held constant:

	31.1.2022	31.7.2021 RM	31.7.2020 RM	31.7.2019 RM
<b>Profit after tax</b>				
USD/RM				
- strengthen by 15%	143,319	7,587	63,378	29,561
- weaken by 15%	(143,319)	(7,587)	(63,378)	(29,561)
<b>EURO/RM</b>				
- strengthen by 15%	1,019	(2,302)	270,561	278
- weaken by 15%	(1,019)	2,302	(270,561)	(278)

Sensitivity analyses of other foreign currencies are not disclosed as they are not material to the Group.

**9.31 Explanation of transition to MFRSs**

The combining entities adopted the MFRS Framework during the financial year ended 31 July 2021.

The accounting policies set out in Section 7.2 of this Report have been applied in preparing the financial statements of the combining entities for the financial year ended 31 July 2021, as well as comparative information presented in this Report for the financial years ended 31 July 2019 and 31 July 2020 and in the preparation of the opening MFRS combined statements of financial position at 1 August 2018 (the date of transition of the combining entities to MFRSs).

The combining entities have adjusted amounts previously reported in financial statements that were prepared in accordance with the previous MPERSs Framework. An explanation on the impact arising from the transition from MPERSs to MFRSs on the combined financial position as at 31 July 2019 and 31 July 2020, combined financial performance and combined cash flows of the combining entities for the financial years ended 31 July 2020 and 31 July 2019 is set out as follows:

**12. ACCOUNTANTS' REPORT (CONT'D)**

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**9. HISTORICAL FINANCIAL INFORMATION (continued)****9.31 Explanation of transition to MFRSs (continued)**

(a) Reconciliation of combined statements of financial position as at 31 July 2019

	Previously Reported under MPERSs RM	Effects on adoption of MFRSs RM	Restated under MFRSs RM
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6,907,402	(5,586,121)	1,321,281
Right-of-use assets	-	5,586,121	5,586,121
Investment in associate	52,543	-	52,543
	6,959,945	-	6,959,945
<b>Current assets</b>			
Inventories	3,708,359	-	3,708,359
Trade and other receivables	3,458,477	(156,915)	3,301,562
Current tax assets	117,285	-	117,285
Cash and bank balances	1,535,495	-	1,535,495
	8,819,616	(156,915)	8,662,701
<b>TOTAL ASSETS</b>	<b>15,779,561</b>	<b>(156,915)</b>	<b>15,622,646</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to common controlling shareholders of the combining entities</b>			
Invested equity	2,687,500	-	2,687,500
Reserves	2,747,750	(156,915)	2,590,835
<b>TOTAL EQUITY</b>	<b>5,435,250</b>	<b>(156,915)</b>	<b>5,278,335</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	1,852,882	(214,822)	1,638,060
Lease liabilities	-	224,363	224,363
Deferred tax liabilities	88,900	-	88,900
	1,941,782	9,541	1,951,323
<b>Current liabilities</b>			
Trade and other payables	8,071,739	-	8,071,739
Borrowings	320,327	(213,309)	107,018
Lease liabilities	-	203,768	203,768
Current tax liabilities	10,463	-	10,463
	8,402,529	(9,541)	8,392,988
<b>TOTAL LIABILITIES</b>	<b>10,344,311</b>	<b>-</b>	<b>10,344,311</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>15,779,561</b>	<b>(156,915)</b>	<b>15,622,646</b>

## 12. ACCOUNTANTS' REPORT (CONT'D)

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### 9. HISTORICAL FINANCIAL INFORMATION (continued)

#### 9.31 Explanation of transition to MFRSs (continued)

(b) Reconciliation of combined statements of profit or loss and other comprehensive income as at 31 July 2019

	Previously Reported under MPERSs RM	Effects on adoption of MFRSs RM	Restated under MFRSs RM
Revenue	16,422,381	-	16,422,381
Cost of sales	(10,719,103)	-	(10,719,103)
Gross profit	5,703,278	-	5,703,278
Other income	362,343	-	362,343
Net losses on impairment of financial assets	-	(156,915)	(156,915)
Marketing expenses	(460,924)	-	(460,924)
Administrative and other expenses	(3,651,527)	-	(3,651,527)
Finance costs	(163,379)	-	(163,379)
Shares of results of associates	(15,665)	-	(15,665)
Profit before tax	1,774,126	(156,915)	1,617,211
Taxation	(298,466)	-	(298,466)
Profit for the financial years	1,475,660	(156,915)	1,318,745
Profit attributable to: Common controlling shareholders of the combining entities	1,475,660	(156,915)	1,318,745
<b>Other comprehensive income, net of tax</b>			
Total comprehensive income for the financial year	1,475,660	(156,915)	1,318,745
<b>Total comprehensive income attributable to:</b> Common controlling shareholders of the combining entities	1,475,660	(156,915)	1,318,745

**12. ACCOUNTANTS' REPORT (CONT'D)**

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**9. HISTORICAL FINANCIAL INFORMATION (continued)****9.31 Explanation of transition to MFRSs (continued)**

(c) Reconciliation of combined statements of cash flows as at 31 July 2019

	Previously Reported under MPERSs RM	Effects on adoption of MFRSs RM	Restated under MFRSs RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax	1,774,126	(156,915)	1,617,211
Adjustments for:			
Depreciation of property, plant and equipment	331,735	(169,579)	162,156
Depreciation of right-of-use assets	-	169,579	169,579
Finance costs	163,379	-	163,379
Impairment loss on trade receivables	-	156,915	156,915
Interest income	(30,889)	-	(30,889)
Share of results of associates	15,665	-	15,665
Unrealised gain on foreign exchange	(94,059)	-	(94,059)
Operating profit before changes in working capital	2,159,957	-	2,159,957
Increase in inventories	(69,884)	-	(69,884)
Increase in trade and other receivables	(1,178,048)	-	(1,178,048)
Increase in trade and other payables	5,799,257	-	5,799,257
Cash generated from operations	6,711,282	-	6,711,282
Interest received	30,889	-	30,889
Tax paid	(465,590)	-	(465,590)
Tax refunded	390,917	-	390,917
Net cash from operating activities	6,667,498	-	6,667,498
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	(5,522,809)	5,110,887	(411,922)
Purchase of right-of-use assets	-	(5,110,887)	(5,110,887)
Net cash used in investing activities	(5,522,809)	-	(5,522,809)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid	(300,000)	-	(300,000)
Repayment of hire purchase payables	(186,468)	186,468	-
Repayment of term loans	(43,681)	-	(43,681)
Interest paid	(163,379)	23,366	(140,013)
Repayment of lease liabilities	-	(209,834)	(209,834)
Net cash used in financing activities	(693,528)	-	(693,528)

## 12. ACCOUNTANTS' REPORT (CONT'D)

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### 9. HISTORICAL FINANCIAL INFORMATION (continued)

#### 9.31 Explanation of transition to MFRSs (continued)

(c) Reconciliation of combined statements of cash flows as at 31 July 2019 (continued)

	Previously Reported under MPERSs RM	Effects on adoption of MFRSs RM	Restated under MFRSs RM
Net increase in cash and cash equivalents	451,161		451,161
Effect of foreign exchange rates changes	15,521		15,521
Cash and cash equivalents at beginning of financial year	1,068,813		1,068,813
Cash and cash equivalents at end of financial year	1,535,495		1,535,495



## 12. ACCOUNTANTS' REPORT (CONT'D)

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### 9. HISTORICAL FINANCIAL INFORMATION (continued)

#### 9.31 Explanation of transition to MFRSs (continued)

(d) Reconciliation of combined statements of financial position as at 31 July 2020

	Previously Reported under MPERSs RM	Effects on adoption of MFRSs RM	Restated under MFRSs RM
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13,006,805	(5,883,941)	7,122,864
Right-of-use assets	-	6,017,186	6,017,186
	13,006,805	133,245	13,140,050
<b>Current assets</b>			
Inventories	5,590,334	-	5,590,334
Trade and other receivables	7,605,345	(47,389)	7,557,956
Current tax assets	89,957	-	89,957
Cash and bank balances	3,500,606	-	3,500,606
	16,786,242	(47,389)	16,738,853
<b>TOTAL ASSETS</b>	<b>29,793,047</b>	<b>85,856</b>	<b>29,878,903</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to common controlling shareholders of the combining entities</b>			
Invested equity	2,887,500	-	2,887,500
Reserves	3,793,894	(49,514)	3,744,380
<b>TOTAL EQUITY</b>	<b>6,681,394</b>	<b>(49,514)</b>	<b>6,631,880</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	10,682,167	(495,986)	10,186,181
Lease liabilities	-	512,105	512,105
Deferred tax liabilities	29,300	-	29,300
	10,711,467	16,119	10,727,586
<b>Current liabilities</b>			
Trade and other payables	6,606,723	-	6,606,723
Borrowings	5,623,261	(244,895)	5,378,366
Lease liabilities	-	364,146	364,146
Current tax liabilities	170,202	-	170,202
	12,400,186	119,251	12,519,437
<b>TOTAL LIABILITIES</b>	<b>23,111,653</b>	<b>135,370</b>	<b>23,247,023</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>29,793,047</b>	<b>85,856</b>	<b>29,878,903</b>

## 12. ACCOUNTANTS' REPORT (CONT'D)

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### 9. HISTORICAL FINANCIAL INFORMATION (continued)

#### 9.31 Explanation of transition to MFRSs (continued)

(e) Reconciliation of combined statements of profit or loss and other comprehensive income as at 31 July 2020

	Previously Reported under MPERSs RM	Effects on adoption of MFRSs RM	Restated under MFRSs RM
Revenue	23,646,115	29,876	23,675,991
Cost of sales	(16,242,126)	-	(16,242,126)
Gross profit	7,403,989	29,876	7,433,865
Other income	641,759	1,799	643,558
Net gains on impairment of Financial assets	-	79,650	79,650
Marketing expenses	(449,097)	-	(449,097)
Administrative and other expenses	(4,064,436)	(152,492)	(4,216,928)
Finance costs	(437,280)	(8,347)	(445,627)
Shares of results of associates	(3,373)	-	(3,373)
Profit before tax	3,091,562	(49,514)	3,042,048
Taxation	(623,503)	-	(623,503)
Profit for the financial years	2,468,059	(49,514)	2,418,545
Profit attributable to: Common controlling shareholders of the combining entities	2,468,059	(49,514)	2,418,545
<b>Other comprehensive income, net of tax</b>			
Total comprehensive income for the financial year	2,468,059	(49,514)	2,418,545
<b>Total comprehensive income attributable to:</b> Common controlling shareholders of the combining entities	2,468,059	(49,514)	2,418,545

**12. ACCOUNTANTS' REPORT (CONT'D)**

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**9. HISTORICAL FINANCIAL INFORMATION (continued)****9.31 Explanation of transition to MFRSs (continued)**

(f) Reconciliation of combined statements of cash flows as at 31 July 2020

	Previously Reported under MPERSs RM	Effects on adoption of MFRSs RM	Restated under MFRSs RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax	3,091,562	(49,514)	3,042,048
Adjustments for:			
Depreciation of property, plant and equipment	494,045	(301,213)	192,832
Depreciation of right-of-use assets	-	504,891	504,891
Finance costs	437,280	8,347	445,627
Interest income	(31,915)	-	(31,915)
Strike off of investment in associate	418	-	418
Lease concessions	-	(1,799)	(1,799)
Property, plant and equipment written off	5,012	-	5,012
Reversal of impairment loss on trade receivables	-	(79,650)	(79,650)
Share of results of associates	3,373	-	3,373
Unrealised gain on foreign exchange	(120,564)	-	(120,564)
Operating profit before changes in working capital	3,879,211	81,062	3,960,273
Increase in inventories	(1,881,975)	-	(1,881,975)
Increase in trade and other receivables	(4,189,422)	127,039	(4,062,383)
Decrease in trade and other payables	(1,462,739)	-	(1,462,739)
Cash used in operations	(3,654,925)	208,101	(3,446,824)
Interest received	31,915	-	31,915
Tax paid	(591,102)	-	(591,102)
Tax refunded	95,066	-	95,066
Net cash used in operating activities	(4,119,046)	208,101	(3,910,945)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	(1,581,532)	429,015	(1,152,517)
Proceeds from refinancing of right-of-use assets transferred from plant and equipment	-	171,597	171,597
Dividend received from an associate	48,752	-	48,752
Net cash used in investing activities	(1,532,780)	600,612	(932,168)

## 12. ACCOUNTANTS' REPORT (CONT'D)

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### 9. HISTORICAL FINANCIAL INFORMATION (continued)

#### 9.31 Explanation of transition to MFRSs (continued)

(f) Reconciliation of combined statements of cash flows as at 31 July 2020 (continued)

	Previously Reported under MPERSs RM	Effects on adoption of MFRSs RM	Restated under MFRSs RM
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends paid	(1,265,000)	-	(1,265,000)
Drawdown of banker acceptances	4,525,000	-	4,525,000
Drawdown of hire purchases	600,612	(600,612)	-
Repayment of hire purchase	(287,862)	287,862	-
Drawdown of term loan	6,370,230	-	6,370,230
Repayment of term loans	(2,092,689)	-	(2,092,689)
Interest paid	(437,280)	45,102	(392,178)
Payment of lease liabilities	-	(541,065)	(541,065)
Proceed from issuance of shares	200,000	-	200,000
Net cash from financing activities	7,613,011	(808,713)	6,804,298
Net increase in cash and cash equivalents	1,961,185	-	1,961,185
Effect of foreign exchange rates changes	3,926	-	3,926
Cash and cash equivalents at beginning of financial year	1,535,495	-	1,535,495
Cash and cash equivalents at end of financial year	3,500,606	-	3,500,606

## 12. ACCOUNTANTS' REPORT (CONT'D)

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### 9. HISTORICAL FINANCIAL INFORMATION (continued)

#### 9.32 Significant events during the financial period/years

- (i) The World Health Organisation declared the novel coronavirus ('COVID-19') a global pandemic on 11 March 2020. The Government of Malaysia imposed the Movement Control Order ('MCO') on 18 March 2020 and has entered into the various phases of the MCO, followed by the announcement of the National Recovery Plan ('NRP') in June 2021, which details a roadmap to control the COVID-19 pandemic while progressively reopening society and the economic sectors towards the new normal under four progressive phases. Subsequently, in March 2022, the Government of Malaysia announced that Malaysia will enter the "Transition to Endemic" phase of COVID-19 and reopen its borders from 1 April 2022.

Consequently, effective from 1 April 2022, the restrictions on business operating hours and the capacity limit imposed on the number of employees allowed in the workplace based on the employees' vaccination status are removed.

The implementation of the MCO/NRP and the COVID-19 pandemic have not resulted in any material impact to the Group's business and operations. The Group was able to operate during the MCO/NRP period upon obtained approval from Ministry of International Trade and Industry ('MITI'). It had also not negatively impacted the liquidity position of the Group. In addition, the Group had not observed any material impairments of the assets or a significant change in the fair value of assets due to the COVID-19 pandemic.

Based on the assessment and information available at the date of authorisation of the financial statements, the Group has sufficient cash flows to meet its liquidity needs in the next twelve (12) months after the end of the reporting period. The Group does not anticipate significant supply disruptions and would continuing monitor its fund and operational needs.

- (ii) On 22 April 2021, UMediC Group Berhad was incorporated in Malaysia under the Companies Act 2016 as a private limited company under the name of UMediC Group Sdn. Bhd.. Subsequently, on 7 October 2021, it was converted into a public limited company and since then, assumed its current name of UMediC Group Berhad.
- (iii) UMC acquired the entire issued share capital of Actimed comprising 10,000 ordinary shares for a purchase consideration of RM1,498,520 which was satisfied via the issuance of 29,970,400 new Shares at an issue price of RM0.05 per Share. The acquisition was completed on 28 September 2021. Following this, UMC regards Actimed as its wholly-owned subsidiary.
- (iv) UMC acquired the entire issued share capital in Evo Medik comprising 100,000 ordinary Shares for a purchase consideration of RM1,210,470 which was satisfied via the issuance of 24,209,400 new Shares at an issue price of RM0.05 per Share. The acquisition was completed on 28 September 2021. Following this, UMC regards Evo Medik as its wholly-owned subsidiary.
- (v) UMC acquired the entire issued share capital in U Medihealth comprising 2,500 ordinary shares for a purchase consideration of RM160,835 which was satisfied via the issuance of 3,216,700 new Shares at an issue price of RM0.05 per Share. The acquisition was completed on 28 September 2021. Following this, UMC regards U Medihealth as its wholly-owned subsidiary.
- (vi) UMC acquired the entire issued share capital in UMediC comprising 2,400,000 ordinary shares for a purchase consideration of RM6,098,815 which was satisfied via the issuance of 121,976,300 new Shares at an issue price of RM0.05 per Share. The acquisition was completed on 28 September 2021. Following this, UMC regards UMediC as its wholly-owned subsidiary.

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**12. ACCOUNTANTS' REPORT (CONT'D)**

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**9. HISTORICAL FINANCIAL INFORMATION (continued)****9.32 Significant events during the financial period/years (continued)**

- (vii) UMC acquired the entire issued share capital UWHC comprising 50,000 ordinary shares for a purchase consideration of RM46,315 which was satisfied via the issuance of 926,300 new Shares at an issue price of RM0.05 per Share. The acquisition was completed on 28 September 2021. Following this, UMC regards UWHC as its wholly-owned subsidiary.
- (viii) UMC acquired the entire issued share capital UWHM comprising 4,420,000 ordinary shares for a purchase consideration of RM4,819,300 which was satisfied via the issuance of 96,386,000 new Shares at an issue price of RM0.05 per Share. The acquisition was completed on 28 September 2021. Following this, UMC regards UWHM as its wholly-owned subsidiary.

### 13. BY-LAWS OF SHARE GRANT SCHEME

#### BY-LAWS OF SHARE GRANT SCHEME OF UMEDIC GROUP BERHAD

##### 1. DEFINITIONS AND INTERPRETATION

1.1 In these By-Laws, the following words and expressions shall bear the following meanings, unless the context otherwise requires:

“Act”	means the Companies Act 2016
“Adviser”	means a corporate finance adviser that may act as a principal adviser under the Securities Commission’s Principal Adviser Guidelines
“Affected Employee”	shall have the meaning ascribed to it in By-Law 23.1
“Audit and Risk Management Committee”	shall have the same meaning ascribed to it in By-Law 6.3
“Auditors”	means the auditors of the Company, as appointed from time to time
“Board”	means the board of directors of the Company
“Bursa Depository”	means Bursa Malaysia Depository Sdn Bhd
“Bursa Securities”	means Bursa Malaysia Securities Berhad
“By-Laws”	means, collectively, the rules, terms and conditions governing the Scheme as set forth in these By-Laws as amended, modified and/or supplemented from time to time
“CDS”	means the Central Depository System established, administered and operated by Bursa Depository for the central handling of securities deposited with Bursa Depository
“CDS Account”	means the account established by Bursa Depository for a depositor for the recording of deposit and withdrawal of securities and for dealings in such securities by that depositor of securities

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**13. BY-LAWS OF SHARE GRANT SCHEME (CONT'D)**


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“Company” or “UMC”	means UMediC Group Berhad (Registration No. 202101015347 (1415647-D)), a public company limited by shares and incorporated in Malaysia and shall, where the context admits, include its successors in title
“Constitution”	means the constitution of the Company as amended from time to time
“Director”	means a natural person who holds a directorship in any company within the Group and shall have the meaning of Section 2(1) of the Capital Markets & Services Act 2007
“Disciplinary Proceedings”	means proceedings instituted by a Group Company against a Grantee employed by that Group Company for any alleged negligence, misbehavior, misconduct, fraud, financial misstatement, reputational damage and/or any other act of the Grantee deemed to be unacceptable by that Group Company in the course of that Grantee's employment, whether or not such proceedings may give rise to a dismissal or termination of the contract of service of such Grantee
“Effective Date”	means the date the Scheme takes effect as provided in By-Law 16
“Eligible Person”	means an Executive Director and Employee who meets the eligibility criteria for participation in the Scheme as set forth in By-Law 3 and “Eligible Persons” means any two or more of them
“Employee”	means any person who is employed by any company within the Group
“Entitlement Date”	means the date as at the close of business on which the name of shareholders must appear in the record of depositors of the Company maintained at Bursa Depository in order to be entitled to any dividends, rights, allotments or other distributions
“Executive Director”	means a natural person who is a director of UMC Group in a full time executive capacity and is involved in the day-to-day management of UMC Group, which for the avoidance of doubt excludes alternate directors
“Ex-Group Company”	shall have the meaning ascribed to it in By-Law 3.4



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**13. BY-LAWS OF SHARE GRANT SCHEME (CONT'D)**


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“Grant Commencement Date”	means in relation to each Grant, the date fixed by the SGS Committee as the date on which the Vesting Period commences
“Grant Date”	means in relation to a Grant, the date on which the Grant is made by the SGS Committee
“Grant Termination Date”	means in relation to a Grant, the date on which the Grant terminates, expires, lapses and/or otherwise ceases to be of any force and effect or the date immediately following the day on which the SGS Shares comprised in the Grant are intended to vest in full in accordance with these By-Laws
“Grantee”	means an Eligible Person selected by the SGS Committee to whom a Grant is made pursuant to By-Law 6, and “Grantees” means any two or more of them
“Grant(s)”	means a grant of SGS Shares made in writing by the SGS Committee to an Eligible Person in accordance with By-Law 6
“Group” or “UMC Group”	means, collectively, the Company and its Subsidiaries and in the context of the SGS, shall exclude subsidiaries which are dormant. For the avoidance of doubt, associated companies, joint-venture companies and subsidiaries which have been divested do not fall within this category
“Group Company”	means any one of the Company and the Subsidiaries, and “Group Companies” means any two or more of them
“Listing Requirements”	means the Main or ACE Market Listing Requirements of Bursa Securities (as the case may be)
“Market Day”	means a day on which Bursa Securities is open for trading in securities
“Maximum Allowable Allocation”	shall have the meaning ascribed to it in By-Law 5.1
“Maximum SGS Shares”	shall have the meaning ascribed to it in By-Law 4.1
“Normal Correspondence”	shall have the meaning ascribed to it in By-Law 28.3
“Notice” or “Process”	shall have the meaning ascribed to it in By-Law 28.1

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**13. BY-LAWS OF SHARE GRANT SCHEME (CONT'D)**


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"Notice of Vesting"	shall have the meaning ascribed to it in By-Law 8.2
"Performance Period"	in relation to the Grant, the duration of which is to be determined by the SGS Committee on the Grant Date, during which the Performance Targets and/or Service Objectives are to be met
"Performance Target(s) and/or Service Objective(s)"	means the performance targets and/or service objectives determined by the SGS Committee at its sole discretion, which are to be achieved by the Grantee and/or Group (and/or such business units within the Group as determined by the SGS Committee)
"Persons Connected"	shall have the meaning ascribed to it in Rule 1.01 of the Listing Requirements
"Previous Company"	shall have the meaning ascribed to it in By-Law 3.4
"Right and Distribution"	shall have the meaning ascribed to it in By-Law 12.1
"Rules of Bursa Depository"	means the rules of Bursa Depository, as issued pursuant to SICDA
"Said Selected Grantees"	shall have the meaning ascribed to it in By-Law 16.4
"SC"	means the Securities Commission Malaysia established pursuant to the Securities Commission Act 1993
"Scheme" or "SGS"	means the share grant scheme established by the Company which shall be known as the "UMC Share Grant Scheme" to be administered in accordance with these By-Laws
"Scheme Termination Date"	shall have the meaning ascribed to it in By-Law 16.4
"Senior Management"	means such employees of UMC Group as the SGS Committee may at its absolute discretion determine to be senior management
"SGS Committee"	means a committee established pursuant to By-Law 13.1 to implement and administer the Scheme in accordance with these By-Laws
"SGS Period"	means the duration of the Scheme as set out in By-Law 16.1

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**13. BY-LAWS OF SHARE GRANT SCHEME (CONT'D)**


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“SGS Shares”	means the Shares granted to the Grantees pursuant to Grants under the Scheme which will be vested to the Grantee in accordance with By-Law 8
“Shares”	means ordinary shares in the Company
“SICDA”	means the Securities Industry (Central Depositories) Act 1991
“Sponsor”	means such persons who are registered on the register of sponsor maintained by Bursa Securities for the ACE Market specifying all persons who have been approved to act as sponsors by Bursa Securities
“Subsidiary”	means a subsidiary (has the meaning ascribed to it in Section 4 of the Act) of the Company which is not dormant, and include such subsidiaries which are existing as at the Effective Date and those subsequently acquired or incorporated at any time during the SGS Period and “Subsidiaries” shall be construed accordingly
“Trust”	means the trust that may be established to facilitate the implementation and administration of the Scheme
“Trust Deed”	means the trust deed constituting the Trust to be executed between the Trustee and the Company
“Trustee”	means the trustee to be appointed by the Company from time to time to administer the trust for the Scheme in accordance with the Trust Deed
“Unvested SGS Shares”	means SGS Shares which have been granted pursuant to the Grant but which have not been vested in the Grantee at the relevant time stipulated in the Grant
“Vesting Conditions”	means the conditions determined by the SGS Committee and stipulated in the Grant which must be fulfilled for the SGS Shares to be vested in a Grantee
“Vesting Date(s)”	means in relation to a Grant, the date or dates stipulated by the SGS Committee on which all or some of the SGS Shares to which that Grant relates in accordance with By-Law 8.1 are vested pursuant to the Grant

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**13. BY-LAWS OF SHARE GRANT SCHEME (CONT'D)**


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“Vesting Period” means in relation to a Grant, the period commencing from the Grant Commencement Date in relation to the Grant and expiring on the Market Day immediately preceding the Grant Termination Date to which the Grant relates (both dates inclusive)

**1.2 In these By-Laws, unless the context otherwise requires:**

- (a) any reference to a statutory provision or an applicable law shall include a reference to:
  - (i) any statute of Malaysia and shall include all subsidiary legislation made from time to time under that provision or law;
  - (ii) any and all Listing Requirements, policies, guidelines, guidance, communication notes, guidance notes and/or directions of Bursa Securities and/or the SC (in each case, whether or not having the force of law but, if not having the force of law, the compliance with which is in accordance with the reasonable commercial practice of persons to whom such requirements, policies and/or guidelines are addressed by Bursa Securities and/or the SC);
  - (iii) that provision as from time to time modified or re-enacted, whether before or after the date of these By-Laws, so far as such modification or re-enactment applies or is capable of applying to any Grant made and/or granted within the SGS Period;
  - (iv) any past statutory provision (as from time to time modified or re-enacted) which such provision has directly or indirectly replaced; and
  - (v) any reference to a By-Law is a reference to a By-Law of these By-Laws;
- (b) the headings to the provisions are for convenience only, and shall not be taken into account in the interpretation of these By-Laws;
- (c) any word importing:
  - (i) the singular meaning includes the plural meaning and vice versa; and
  - (ii) the masculine gender includes the feminine gender and vice versa;
- (d) any liberty or power or discretion which may be exercised, and/or any decision or determination which may be made, under these By-Laws:
  - (i) by the Board may be exercised at the Board's discretion and the Board shall not be under any obligation to give any reasons thereof; and

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**13. BY-LAWS OF SHARE GRANT SCHEME (CONT'D)**


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- (ii) by the SGS Committee may be exercised at the SGS Committee's discretion and the SGS Committee shall not be under any obligation to give any reasons thereof, but subject always to the Board's power to overrule any decision of the SGS Committee;
- (e) if any event is to occur on a stipulated day which is not a Market Day, then the stipulated day shall be taken to be the first Market Day after that day; and if an event is to occur on a stipulated day which falls after the expiry of the SGS Period then the stipulated day shall be taken to be the last Market Day of the SGS Period; and
- (f) in the event of any change in the name of the Company from its present name, all references to "UMediC Group Berhad" in these By-Laws and all other documents pertaining to the Scheme shall be deemed to be references to the Company's new name.

**2. NAME AND OBJECTIVE OF THE SCHEME**

- 2.1 The Scheme shall be known as "UMC Share Grant Scheme", the objective of which is primarily to serve as a long-term incentive plan to reward the Eligible Persons and to align their interest with the corporate goals and objectives of UMC Group. In addition, the Scheme is intended to:
- (a) to continue recognising the contribution of Eligible Persons whose services are valued and considered vital to the operations and continued growth of the Group;
  - (b) to motivate Eligible Persons to work towards better performance through greater productivity and loyalty;
  - (c) to stimulate a greater sense of belonging and dedication since Eligible Persons are given the opportunity to participate directly in the equity of the Company;
  - (d) to encourage Eligible Persons to remain with the Group thus ensuring that any loss of key personnel is kept to a minimum;
  - (e) to reward Eligible Persons by allowing them to participate in the Company's growth and profitability and eventually realise potential capital gains arising from any appreciation in the value of the Shares; and
  - (f) to make the Group's remuneration scheme more attractive to attract more skilled and experienced individuals to join the Group and contribute to its continued growth.

**3. ELIGIBILITY**

- 3.1 Subject to By-Law 3.2, Executive Directors and Employees may be considered as eligible from time to time and at any time for the purposes of the Scheme by the SGS Committee.
- 3.2 Eligible Persons of UMC Group who fulfill the following criteria as at the Grant Date shall be eligible for consideration by the SGS Committee to participate in the Scheme:

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**13. BY-LAWS OF SHARE GRANT SCHEME (CONT'D)**


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- (a) has attained the age of eighteen (18) years and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;
- (b)
  - (i) has been employed by UMC Group on a full-time basis or serving in a specific designation under an employment contract with UMC Group for a fixed duration (or any other contract as may be determined by the SGS Committee) and is on the payroll of any corporation within UMC Group for a continuous period of at least four (4) months in the Group and has not served a notice of resignation or received a notice of termination prior to and up to the Grant Date; or
  - (ii) is employed by a corporation which is acquired by the Group during the SGS Period and becomes a subsidiary of the Group upon such acquisition, he/she must have completed a continuous employment service for a period of at least four (4) months in the Group following the date that such company becomes or is deemed to be a subsidiary of the Group and has not served a notice to resign or received a notice of termination prior to and up to the Grant Date;
- (c) has been confirmed in writing and is not under any probation;
- (d) if he/she is an executive director of the Company, the Grant awarded by the Company to him/her in his/her capacity as an executive director of the Company under the Scheme has been approved by the shareholders of the Company at a general meeting of the Company; and
- (e) fulfills any other criteria and/or falls within such category as may be set by the SGS Committee from time to time.

The selection of any Eligible Person for participation in the Scheme shall be determined at the sole discretion of the SGS Committee whose decision shall be final and binding.

For the avoidance of doubt, the SGS Committee may determine any other eligibility criteria and/or waive any of the eligibility criteria as set out in this By-Law 3.2, for purposes of selecting an Eligible Person from time to time, at the SGS Committee's discretion.

- 3.3 Notwithstanding anything set out in these By-Laws and subject to the Listing Requirements, no Grant may be granted to any person who is a director, a major shareholder, chief executive of the Company, or a Person Connected with a director, major shareholder or chief executive of the Company, unless the specific Grant, and/or the related transfer of SGS Shares pursuant to that Grant, to that person shall have previously been approved by the shareholders of the Company in a general meeting.
- 3.4 The SGS Committee shall have the discretion to extend (or not) the benefit of the Scheme to any employee in any of the following circumstances:

### 13. BY-LAWS OF SHARE GRANT SCHEME (CONT'D)

- (a) an employee who is in the employment of a corporation which is not a Group Company but which subsequently becomes a Group Company as a result of a restructuring, an acquisition, a merger, a divestment from that corporation which is not a Group Company or other exercise involving the Company and/or any Group Company ("**Previous Company**");
  - (b) an employee who was employed in a Previous Company and is subsequently transferred from that Previous Company to a Group Company; or
  - (c) where:
    - (i) a corporation that was a Group Company ceases to be a Group Company ("**Ex-Group Company**"); and
    - (ii) an employee of that Ex-Group Company is re-employed by another Group Company.
- 3.5 Eligibility for consideration under the Scheme does not confer an Eligible Person a claim or right to participate in or any right whatsoever under the Scheme and an Eligible Person does not acquire or has any rights over or in connection with the Grants or the SGS Shares comprised in the Grants unless the Grants have been made in writing by the SGS Committee to the Eligible Person and the Eligible Person has accepted the Grants in accordance with the terms of the Grants and the By-Laws.
- 3.6 Without prejudice to the generality of the foregoing and subject to the SGS Committee's discretion otherwise, any Grant made by the SGS Committee shall become void, of no effect and cease to be capable of vesting upon any of the following events occurring:
- (a) the Grantee's death subject to By-Law 9.4 below;
  - (b) the Grantee having received a letter of termination or ceasing to be an Employee, for any reason whatsoever;
  - (c) the Grantee giving notice of his resignation from service or employment;
  - (d) the corporation which employs the Grantee ceases to be a Group Company subject to By-Law 3.4 above;
  - (e) the Grantee is subject to Disciplinary Proceedings; or
  - (f) the Grantee is adjudicated a bankrupt.
- 3.7 The SGS Committee may at its discretion revoke or suspend the nomination of any Grantee of any Group Company from time to time, whereupon such Grantee of such corporation shall henceforth cease to be eligible for any Grant under the Scheme.

### 13. BY-LAWS OF SHARE GRANT SCHEME (CONT'D)

#### 4. MAXIMUM NUMBER OF SHARES AVAILABLE UNDER THE SCHEME

- 4.1 The maximum number of Shares which may be made available under the Scheme shall not in aggregate exceed 15% of the total number of issued shares of the Company (excluding treasury shares, if any) at any point of time during the SGS Period ("**Maximum SGS Shares**").
- 4.2 Notwithstanding By-Law 4.1, in the event the aggregate number of Shares granted under the Scheme exceeds the Maximum SGS Shares at any point of time as a result of the Company purchasing or cancelling Shares in accordance with the provisions of the Act and/or undertaking any corporate proposal resulting in the reduction of the Company's issued share capital, then such Grants granted prior to the adjustment of the issued share capital of the Company (excluding treasury shares, if any) shall remain valid and exercisable in accordance with these By-Laws. However, in such situation, the SGS Committee shall not make any further Grants until such aggregate number of Shares granted falls below the Maximum SGS Shares.

#### 5. BASIS ALLOCATION AND MAXIMUM ALLOWABLE ALLOTMENT

- 5.1 The aggregate maximum number of SGS Shares that may be allocated to any one (1) category/designation of the Eligible Persons shall be determined by the SGS Committee provided that the allocation to any individual Eligible Person who, either singly or collectively through Persons Connected with the Eligible Person (as defined in the Listing Requirements), holds twenty percent (20%) or more of the total number of issued shares of the Company (excluding treasury shares, if any), shall not exceed ten percent (10%) of the Maximum SGS Shares ("**Maximum Allowable Allocation**").
- 5.2 The aggregate maximum number of SGS Shares that may be allocated to the Executive Directors and Senior Management of UMC Group who are Eligible Persons shall not be more than seventy percent (70%) of the Maximum SGS Shares.
- 5.3 Subject to By-Law 5.1 and any adjustment which may be made under By-Law 10, the actual number of SGS Shares to be allocated to the Eligible Persons shall be determined by the SGS Committee at its sole discretion after taking into consideration factors which may include the Eligible Persons' position, job performance, seniority, duration of service, potential for future development and contribution to the success and development of UMC Group.
- 5.4 No Eligible Person shall participate in any deliberation or discussion on their respective Grant and/or any Grant to Persons Connected with the Eligible Person, if any, under the Scheme.

#### 6. GRANTS

- 6.1 The SGS Committee may, after taking into consideration such criteria as the SGS Committee deems fit, including but not limited to the Grantee's position, job performance, seniority, duration of service, potential for future development and contribution to the success and development of UMC Group and such other criteria as the SGS Committee may deem relevant from time to time, make one or more Grants to any Grantee as the SGS Committee may at its discretion select during the SGS Period. In addition, the SGS Committee may from time to time and at its discretion decide on the Performance Targets and/or Service Objectives to be achieved by the



### 13. BY-LAWS OF SHARE GRANT SCHEME (CONT'D)

Grantee before the SGS Shares granted can be vested. Each Grant made to any Grantee by the SGS Committee shall be separate and independent from any previous or later Grant made by the SGS Committee to that Grantee.

6.2 The SGS Committee may award to the Grantees one (1) or more Grants to incentivise the Employees and Executive Directors of UMC Group and to motivate, reward and retain the Employees and Executive Directors who are instrumental to the continued success of the Group.

6.3 Subject always to these By-Laws:

- (a) nothing shall prevent the SGS Committee from making more than one (1) Grant to any Grantee provided always that the aggregate number of SGS Shares in respect of the Grants granted to any Grantee shall not exceed the Maximum Allowable Allocation; and
- (b) the number of SGS Shares which a Grantee may be entitled pursuant to a Grant shall be at the discretion of the SGS Committee and, subject to any adjustment that may be made under these By-Laws, shall not be less than hundred (100) Shares and shall always be in multiples of hundred (100) Shares.

The number of SGS Shares granted for vesting pursuant to the Grant shall be disclosed in the Company's annual report as long as the Scheme is in operation as required by the Listing Requirements. The audit and risk management committee of the Company ("**Audit and Risk Management Committee**") shall verify the allocation of SGS Shares pursuant to the Scheme is in compliance with the criteria for allocation disclosed by the Company to the Grantee at the end of each financial year.

6.4 A Grant shall be made in writing and may be made upon such terms and conditions as the SGS Committee may decide from time to time. Nothing herein shall require any Grant made to be the same as or similar to other Grants previously or subsequently made whether to the same or a different Grantee.

6.5 The SGS Committee may in a letter of Grant ("**Grant Letter**") to a Grantee state, amongst others:

- (a) the number of SGS Shares which the Grantee shall be entitled to upon satisfying the conditions of the Grant;
- (b) the Grant Date;
- (c) the Vesting Conditions including the Vesting Period;
- (d) the Performance Targets and/or Service Objectives, the Performance Period, and/or the extent to which the Shares which are subject of the Grant shall be released upon the Performance Targets and/or Service Objectives being satisfied (whether fully or partially) or exceeded or not being satisfied, as the case may be, at the end of the Performance Period;
- (e) the Vesting Date(s); and

### 13. BY-LAWS OF SHARE GRANT SCHEME (CONT'D)

- (f) any other condition which the SGS Committee may determine from time to time in relation to the Grant.

6.6 The Grant shall be accepted by the Grantee in such form and manner and by providing such information as may be prescribed by the SGS Committee from time to time. For the avoidance of doubt, no monetary consideration is required to be paid by the Grantees for the acceptance of the Grants and the subsequent vesting of the SGS Shares comprised in the Grants. The reference price of the SGS Shares to be granted will be determined based on the fair value of the SGS Shares, which will take into account, among others, the market price of the Shares as at or prior to the Grant Date.

6.7 Any Eligible Person who holds more than one (1) position within UMC Group shall only be entitled to the Maximum Allowable Allocation of any one (1) category/designation. Each Executive Director shall only be entitled to the Maximum Allowable Allocation irrespective of his/her sitting on more than one (1) board of directors within UMC Group. The SGS Committee shall be entitled at its discretion to determine the applicable category/designation.

Subject to By-Law 13, in the event the Grant Letter contains an error on the part of the Company in stating any of the particulars referred to in By-Law 6.5 above, the Company shall issue a revised Grant Letter, stating the correct particulars of the Grant within thirty (30) days of discovering such error and the revised particulars of the Grant shall take effect on the date of the revised Grant Letter except for SGS Shares which have already been vested as at the date of the revised Grant Letter.

### 7. NON-TRANSFERABILITY OF THE GRANT

7.1 Subject to By-Laws 8.5, 9.4 and 24.1, a Grant is personal to the Grantee thereof, and cannot be assigned, encumbered, transferred or otherwise disposed of in any manner whatsoever.

### 8. VESTING CONDITIONS AND VESTING OF SGS SHARES

8.1 The SGS Shares comprised in a Grant shall be vested to the Grantee on the Vesting Date(s) after fulfilling the Vesting Conditions in accordance with these By-Laws. For the avoidance of doubt, the vesting of each Grant may be staggered in several tranches at such times and on such terms as determined by the SGS Committee. The SGS Shares comprised in a Grant shall vest in multiples of and no less than hundred (100) Shares.

8.2 Where the SGS Committee has determined that the Vesting Conditions have been fully and duly satisfied, the SGS Committee shall notify the Grantees of the number of SGS Shares vested or which will be vested in him on the Vesting Date(s) ("**Notice of Vesting**"). Within eight (8) Market Days or such other period as may be prescribed or allowed by Bursa Securities from the Vesting Date(s) stipulated in the Notice of Vesting, the Company shall subject to the provisions of the Constitution, Listing Requirements, SICDA and Rules of Bursa Depository:

- (a) issue or procure the transfer of the relevant number of Shares;
- (b) procure the despatch of notices of allotment of such Shares to the Grantee accordingly; and

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**13. BY-LAWS OF SHARE GRANT SCHEME (CONT'D)**


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- (c) make an application for the listing of and quotation for such relevant number of new Shares (if required).
- 8.3 All Shares issued or transferred pursuant to the vesting of any Grant under the Scheme shall be credited directly into the CDS Account of the Grantee, and no physical share certificates will be issued and delivered to the Grantee. The Grantee shall provide the SGS Committee with his CDS Account number within the time period as determined by the SGS Committee to facilitate the issuance or transfer of the Shares to the Grantee. It is the obligation and responsibility of the Grantee to notify the Company of any change in his CDS Account number and any other relevant details.
- 8.4 To the extent the SGS Shares under a Grant has not vested upon expiry of the SGS Period for that Grant or vest at all under the Scheme for any reason whatsoever (including, without limitation, by reason of the SGS Committee determining that a Grant shall not vest at all pursuant to By-Law 8.6), the Grant shall lapse and become null and void unless extended from time to time by the SGS Committee at its discretion.
- 8.5 Notwithstanding anything to the contrary, in the event of any take-over offer being made for the issued share capital of the Company or any other corporate proposal (including but not limited to a selective capital reduction exercise), being undertaken whereby all the issued share capital of the Company is to be acquired (or all of the issued share capital of the Company ends up in the hands of one or more sponsor of such proposal), whether by way of a general offer or otherwise, the SGS Committee may at its discretion, to the extent permitted by law, decide:
  - (a) to alter any Vesting Period applicable in respect of any Grant, whether by shortening or lengthening the same;
  - (b) to alter any Grant Commencement Date and/or Grant Termination Date in respect of any Grant;
  - (c) to fix any Grant Commencement Date and/or Grant Termination Date in respect of any Grant; and/or
  - (d) to alter the terms of any Grant;

but in the absence of any such decision by the SGS Committee, upon any such take-over offer or corporate proposal becoming or being declared unconditional, the SGS Committee may by notice in writing to the Grantees (including the Grantee's legal and personal representatives) allow, within one (1) month from the date on which such take-over offer or corporate proposal becomes or is declared unconditional (or such shorter period expiring on the day immediately prior to the date on which the Grant or proposal is to expire or to complete, if such period is shorter than the said one-month period), for such number of SGS Shares comprised in any Grants to vest fully (including those SGS Shares comprised in Grants that have not yet vested in accordance with By-Law 8.6), provided that if during such period a party becomes entitled or bound to exercise the rights of compulsory acquisition under the provisions of any applicable law, and gives notice to the Company and/or any member of the Company that it intends to exercise such rights on a specified date. The SGS Shares under the Grant shall vest to the Grantee until the day immediately prior to that specified date, but no later.

### 13. BY-LAWS OF SHARE GRANT SCHEME (CONT'D)

8.6 The SGS Committee shall, as and when it deems practicable and necessary, review the Vesting Conditions specified in respect of a Grant and determine at its discretion:

- (a) whether a Vesting Condition has been satisfied and if so, the extent to which it has been satisfied;
- (b) whether any other condition applicable to such Grant has been satisfied; and
- (c) the number of SGS Shares (if any) comprised in such Grant to be vested to the relevant Grantee.

Notwithstanding anything to the contrary, all SGS Shares comprised in a Grant under the Scheme shall vest when the SGS Committee determines at its full discretion that such Grantee has achieved the stipulated conditions as stated in the Grant made to him and if all other conditions stipulated in the Grant have also been met (whether fully or partially). In making any such determination, the SGS Committee shall have the right to make reference to (amongst others) the audited results of the Company or the Group (as the case may be) to take into account such factors as the SGS Committee may determine to be relevant, such as changes in accounting methods, taxes and extraordinary events, and further, the right to amend any Vesting Conditions if the SGS Committee decides that a changed Performance Target and/or Service Objective would be a fairer measure of performance. If the SGS Committee determines, at its sole discretion, that the conduct and the performance of such Grantee during the Vesting Period for that Grant does not meet the criteria for such vesting imposed by the SGS Committee as it thinks fit and/or if any other conditions stipulated in the Grant has not been met and/or (subject to By-Law 9) the relevant Grantee is no longer an Employee as at the Grant Date, the SGS Committee has the discretion to either:

- (a) vary the number of SGS Shares to be vested or to extend the relevant SGS Period and to impose additional conditions, including but not limited to, any Vesting Conditions or Performance Targets and/or Service Objectives or such other conditions precedent as the SGS Committee thinks fit in respect of the vesting of the SGS Shares to such Grantee; or
- (b) determine that the Grant or any part thereof not vested will lapse and be of no value.

8.7 No Grantee shall have any right to or interest in the SGS Shares granted to him unless and until the SGS Shares are vested in him on and with effect from the date such Shares are credited into his CDS Accounts.

### 9. TERMINATION OF GRANTS AND UNVESTED SGS SHARES

9.1 Subject to By-Law 9.2, in the event of the cessation of employment of a Grantee with a Group Company for whatever reason, including but not limited to the receipt of a letter of termination, serving of a notice of resignation by the Grantee or bankruptcy of the Grantee, prior to the vesting of SGS Shares comprised in a Grant, such Grant or any part thereof that remain unvested, as the case may be, shall forthwith cease or be deemed to cease to be valid without any claim against the Group Company.

### 13. BY-LAWS OF SHARE GRANT SCHEME (CONT'D)

9.2 In the event of the cessation of employment of a Grantee with a Group Company in any of the following circumstances:

- (a) retirement on attaining the normal retirement age under the Group Company's retirement policy;
- (b) retirement before the normal retirement age with the consent of his employer being a company within the Group;
- (c) expiration of the employment contract of the Grantee;
- (d) resignation or termination of the employment of the Grantee by reason of ill-health, injury, physical or mental disability;
- (e) redundancy or retrenchment, pursuant to the acceptance by that Grantee of a voluntary separation scheme offered by the relevant Group Company;
- (f) non-renewal of fixed term contract, not due to a breach of contract on the part of the Grantee; or
- (g) any other circumstance which is acceptable to the SGS Committee at its discretion,

the SGS Committee may at its discretion determine that all or any part of the Unvested SGS Shares comprised in a Grant, can vest in accordance with the provisions of these By-Laws, and the times or periods at or within which such SGS Shares may vest provided that no SGS Shares shall vest after the expiry of the Vesting Period for that Grant. Unless the SGS Committee at its discretion permits such vesting in accordance with this By-Law 9.2, any Unvested SGS Shares shall cease or be deemed to cease to be capable of vesting to the Grantee without any liability or right to claim against the Company and/or the SGS Committee and/or the Board.

9.3 Subject to By-Law 9.2, upon the resignation of the Grantee from his employment with the relevant Group Company, as the case may be, such Grant shall lapse and cease or be deemed to cease to be valid forthwith on the date the Grantee tenders his resignation.

9.4 Where a Grantee dies before the expiry of the Vesting Period for a Grant(s), the SGS Committee may at its discretion determine that all or any part of the Unvested SGS Shares under the Grant(s) to be held by the Grantee, be vested to the executor or administrator of that deceased Grantee, and the times or periods at or within which such SGS Shares comprised in the Grant(s) may vest, provided always that no SGS Shares comprised in the Grant(s) may vest after the expiry of the Vesting Period for a Grant(s). In this regard, the SGS Committee may require the executor or administrator of that deceased Grantee to provide evidence satisfactory to the SGS Committee of his status as such executor or administrator, as the case may be.

9.5 In the event a bankruptcy proceeding has commenced against a Grantee, the Grant, to the extent of the Unvested SGS Shares, shall be suspended pending the outcome of the bankruptcy proceedings. If the bankruptcy proceeding is withdrawn, the suspension shall be lifted and the Unvested SGS Shares in respect of any Grant shall be capable to be vested to the said Grantee. However, if the said Grantee is adjudicated by the court to be a bankrupt, all the Unvested SGS Shares shall immediately become null and void.

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**13. BY-LAWS OF SHARE GRANT SCHEME (CONT'D)**


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9.6 Any Unvested SGS Shares shall forthwith lapse and/or be deemed to be cancelled and/or cease to be capable of vesting, as the case may be, without any claim against the Company and/or any corporation of the Group and/or any member of the SGS Committee upon the occurrence of one or more of the following events:

- (a) winding-up or liquidation of the Company pursuant to By-Law 15.1; or
- (b) termination of the Scheme pursuant to By-Law 16.4.

**10. ALTERATION IN SHARE CAPITAL AND ADJUSTMENT**

10.1 If the SGS Committee so decides (but not otherwise), in the event of any alteration in the capital structure of the Company during the SGS Period, whether by way of a rights issue, bonus issue or other capitalisation issue, subdivision or consolidation of Shares or reduction of capital or any other variations of capital or otherwise howsoever taking place, the SGS Committee shall have the discretion and accordingly assess the practicality of complying with the requirement to cause such corresponding alterations (if any) to be made to the Scheme. Unless the SGS Committee decides otherwise in consultation with the external auditor or the Adviser or the Sponsor (as the case may be) of the Company, any alterations made shall be calculated in accordance with the formula set out in Schedule 1.

10.2 The alterations as set out in By-Law 10.1, may be made to:

- (a) the number of Unvested SGS Shares comprised in a Grant; and/or
- (b) the method and/or manner in the vesting of the SGS Shares comprised in a Grant.

10.3 The alterations as set out in By-Law 10.1 shall be in such a manner as to give the Grantee a fair and reasonable Grant entitlement as certified in writing (other than for adjustments made pursuant to a bonus issue, subdivision or consolidation of shares) by the external auditor, Sponsor or Adviser of the Company (acting as an expert and not as an arbitrator) as being in its opinion fair and reasonable and such certification shall be final and binding in all respects, provided that:

- (a) upon any adjustment being made pursuant to By-Law 10.1 the SGS Committee shall notify the Grantee (or his executor or administrator, where applicable) in writing of the adjusted number of SGS Shares comprised in the Grant, and/or the revised maximum number of SGS Shares and/or percentage of the total SGS Shares comprised in the Grant, that may vest at any time or in any period which supersedes the earlier Grant(s); and
- (b) in the event that a fraction of a Share arising from the adjustments referred to in By-Law 10.1 would otherwise be required to be transferred to the Grantee upon the vesting of SGS Shares comprised in a Grant, the Grantee's entitlement shall be rounded down to the nearest whole number.

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**13. BY-LAWS OF SHARE GRANT SCHEME (CONT'D)**


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An adjustment pursuant to By-Law 10.1 shall be made according to the following terms:

- (a) in the case of a rights issue, bonus issue or other capitalisation issue, on the next Market Day immediately following the Entitlement Date in respect of such issue; or
- (b) in the case of a subdivision or consolidation of Shares or reduction of capital, on the next Market Day immediately following the date on which the subdivision or consolidation or reduction becomes effective or such other period as may be prescribed by Bursa Securities.

10.4 The provisions of this By-Law 10 shall not apply where the alteration in the capital structure of the Company arises from:

- (a) the issue of securities as consideration or part consideration for an acquisition;
- (b) a special issue of new Shares or securities to Bumiputera investors nominated by the Malaysian Government and/or any other relevant authority of the Malaysian Government to comply with the Malaysian Government's policy on Bumiputera capital participation;
- (c) a special issue, private placement or restricted issued of new Shares by the Company;
- (d) a share buy-back arrangement by the Company and the cancellation of all or a portion of the Shares pursuant to Section 127 of the Act;
- (e) an issue of new Shares arising from the exercise of any conversion rights attached to securities convertible to new Shares or upon exercise of any other rights including warrants (if any) issued by the Company;
- (f) an issue of new Shares upon the vesting of Grant pursuant to the Scheme;
- (g) an issue by the Company of Shares or of securities convertible into Shares or securities with rights to acquire or subscribe for Shares to its officers, including directors, or employees of the Company or any of its subsidiaries pursuant to purchase or grant schemes approved by the shareholders in general meeting; and
- (h) any issue of Shares by the Company (other than bonus and rights issue) for any purpose whatsoever where the aggregate issues of which in any twelve (12) months do not exceed ten percent (10%) of the outstanding number of issued shares of the Company pursuant to the provision of Section 76 of the Act.

10.5 Notwithstanding the provisions of this By-Law 10, the SGS Committee may exercise its discretion to determine whether any adjustments to the number of SGS Shares be calculated on a different basis or date or should take effect on a different date or that such adjustments be made to the number of SGS Shares notwithstanding that no such adjustment formula has been explicitly set out in this By-Law.

### 13. BY-LAWS OF SHARE GRANT SCHEME (CONT'D)

#### 11. DISCIPLINARY PROCEEDINGS

11.1 In the event that a Grantee is subjected to Disciplinary Proceedings (whether or not such Disciplinary Proceedings will give rise to a dismissal or termination of the contract of service), the SGS Committee may at its discretion suspend any one or more of the Grantee's rights in respect of any Grant then held by him, pending the outcome of such Disciplinary Proceedings, provided always that:

- (a) in the event that such Grantee shall subsequently be found to be not guilty of all the charges which gave rise to such Disciplinary Proceedings, the Grantee's rights in respect of any Grant then held by him shall remain unaffected (and where that Grant had been suspended, the suspension shall be lifted);
- (b) in the event the Disciplinary Proceedings result in a dismissal or termination of the contract of service of such Grantee, the Grant held by that Grantee shall immediately lapse and be null and void and of no further force and effect upon the date of the notice of the dismissal or termination of the contract of service of such Grantee, notwithstanding that such dismissal or termination of the contract of service may be subsequently challenged by the Grantee in any other forum; and
- (c) in the event that the Disciplinary Proceedings result in a demotion of the Grantee to a lower category of employment, the numbers of SGS Shares comprised in the Grant held by that Grantee which are unvested (as the case may be) at that time may be reduced or revoked by the SGS Committee at its discretion;

but in any case and notwithstanding anything to the contrary, in the event such Grantee is found guilty of some or all of the charges but no dismissal or termination of the contract of service is recommended, the SGS Committee shall have the right to determine, at its discretion, whether or not the SGS Shares comprised in the Grant may continue to vest and, if so, to impose such limits, terms and conditions or make such downward adjustment to the number of SGS Shares as it deems appropriate, in respect of such vesting (regardless of anything previously determined in respect of his Grant). Nothing herein shall prevent the SGS Committee (but the SGS Committee shall not be obliged to do so) from making a fresh Grant and/or reinstating the right of the Grantee to have vested any Unvested SGS Share in the event that such disciplinary actions are not decided against him or if such disciplinary actions are withdrawn.

11.2 In the event a Grantee is subjected to Disciplinary Proceedings (whether or not such disciplinary proceedings will give rise to a dismissal or termination of the contract of service), after a Grant is made but before the acceptance thereof by the Grantee, the Grant is deemed revoked and/or withdrawn and no longer capable of acceptance, unless otherwise decided by the SGS Committee who may in so doing, impose such terms and conditions as it deems appropriate having regard to the nature of the disciplinary actions made or brought against the Grantee. Nothing herein shall prevent the SGS Committee (but the SGS Committee shall not be obliged to do so) from making a fresh Grant to such Grantee in the event that such disciplinary actions are not found against him or if such disciplinary actions are withdrawn. In the event the Grantee is dismissed or the Grantee's service is terminated after the Grant is made but before the acceptance thereof by the Grantee, the Grant is deemed revoked and/or withdrawn and no longer capable of acceptance.



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**13. BY-LAWS OF SHARE GRANT SCHEME (CONT'D)**


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**12. RANKING OF THE SHARES PURSUANT TO THE SCHEME**

- 12.1 The Shares to be issued and/or transferred to the Grantees pursuant to the Scheme will, rank equally in all respects with the existing Shares, save and except that the Shares will not be entitled to any dividends, rights, allotments and/or other distributions ("**Right and Distribution**") which may be declared, made or paid, where the Entitlement Date is before the date of issuance and/or transfer of the abovementioned Shares.
- 12.2 Notwithstanding By-Law 12.1, in respect of any Shares transferred to the Grantees pursuant to the Scheme (whether issued and/or transferred, or acquired), the Grantees shall not be entitled to any Right and Distribution attached to the Shares until such Shares have been credited into the CDS Accounts of the respective Grantees, upon vesting of such SGS Shares in the Grant under the Scheme.
- 12.3 For the avoidance of doubt, any Right and Distribution which are attributable to Shares held by the Trustee (whether issued or acquired) but which are not transferred, vested or given to any Grantee shall accrue to the Trustee and be dealt with in accordance with the Trust Deed.
- 12.4 The Grants shall not carry any rights to vote at any general meeting of the Company.

**13. ADMINISTRATION**

- 13.1 The Scheme shall, subject to these By-Laws, be implemented and administered by the SGS Committee in such manner as it shall, at its absolute discretion, think fit, in the best interest of the Company, provided that no member of the SGS Committee and no Eligible Person shall participate in any deliberation or decision in respect of Grants granted or to be granted to himself or any Person Connected to such Eligible Person. The SGS Committee shall comprise any such persons appointed by the Board from time to time and shall be vested with such powers and duties as are conferred upon it by the Board and the Board may determine all matters pertaining to the SGS Committee, including its duties, powers and limitations.
- 13.2 Without limiting the generality of By-Law 13.1, the SGS Committee may for the purpose of administering the Scheme, do all such acts and things and enter into and/or cause the Company to enter into any transaction, agreement, deed and document, arrangement or undertaking, construe and interpret the Scheme and Grants granted under it, and make such guidelines, rules and/or regulations, or impose or waive any terms and conditions for the implementation and administration of the Scheme, or delegate any of its powers relating to the administration of the Scheme and to give effect to the provisions of the Scheme and/or to enhance the benefit of the Grants to the Grantees as the SGS Committee at its discretion deems fit, necessary and/or expedient for the implementation and administration of the Scheme. The SGS Committee in the exercise of this power may correct any defect, supply any omission, or reconcile any inconsistency in the Scheme or in any agreement providing for a Grant in a manner and to the extent it shall deem necessary to expedite and make the Scheme fully effective and to determine all questions of policy and expediency that may arise in the administration of the Scheme and generally exercise such powers and perform such acts as are deemed necessary or expedient to promote the best interests of the Company.

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**13. BY-LAWS OF SHARE GRANT SCHEME (CONT'D)**


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- 13.3 The Board shall have power at any time and from time to time:
- (a) approve, rescind and/or revoke the appointment of any member of the SGS Committee and appoint replacement members to the SGS Committee;
  - (b) assume and/or exercise or execute any of the powers and authorities conferred upon the SGS Committee pursuant to these By-Laws; and
  - (c) amend, modify or vary the terms of reference of the SGS Committee.
- 13.4 Neither the Scheme nor Grants granted under the Scheme shall impose on the Company, the Board, or the SGS Committee or any of its members any liability whatsoever in connection with:
- (a) the lapse of any Grants pursuant to any provision of the Scheme;
  - (b) the failure or refusal by the SGS Committee to exercise, or the exercise by the SGS Committee of, any discretion under the Scheme; and/or
  - (c) any decision or determination of the SGS Committee made pursuant to any provision of the Scheme.
- 13.5 Any decision or determination of the SGS Committee made pursuant to any provision of the Scheme (other than a matter to be certified by the Auditors) shall be final, binding and conclusive (including for the avoidance of doubt, any decisions pertaining to dispute as to the interpretation of the Scheme or any rule, regulation or procedure hereunder or as to any rights under the Scheme). The SGS Committee shall not be required to furnish any reasons for any decision or determination made by it except as may be required by the relevant authorities.

**14. MODIFICATION, VARIATION AND/OR AMENDMENT OF THESE BY-LAWS**

- 14.1 Subject to the By-Laws and compliance with the Listing Requirements and the approvals of any other authorities (if required), the SGS Committee may at any time and from time to time recommend to the Board any modification, variation and/or amendment of the By-Laws as it shall at its discretion think fit and the Board shall have the power at any time and from time to time by resolution to make any modification, variation and/or amendment of the By-Laws upon such recommendation and subject to the Company submitting the amended By-Laws and a letter of compliance to Bursa Securities (within five (5) market days after the effective date of the modification, variation and/or amendment of the By-Laws or such other period as may be prescribed by Bursa Securities or any other relevant authorities) each time any modification, variation and/or amendment is made, stating that the said modification, variation and/or amendment is in compliance with the provisions of the Listing Requirements pertaining to share issuance schemes and the Rules of Bursa Depository.
- 14.2 The approval of the shareholders of the Company in general meeting shall not be required in respect of the modification, variation and/or amendment of the By-Laws provided that no modification, variation and/or amendment made to the By-Laws which would:
- (a) prejudice any rights which would have accrued to any Grantee without the prior consent or sanction of that Grantee;

### 13. BY-LAWS OF SHARE GRANT SCHEME (CONT'D)

- (b) increase the number of Shares available under the Scheme beyond the maximum amount set out in By-Law 4;
  - (c) prejudice any rights of the shareholders of the Company; or
  - (d) alter to the advantage of an Eligible Person and/or Grantee(s) in respect of any matters which are required to be contained in the By-Laws pursuant to the Listing Requirements.
- 14.3 No modification, amendment, alteration and/or deletion of the Scheme shall be made in relation to By-Laws 3.1, 3.2, 4.1, 5.1, 5.2, 6.6, 7.1, 10, 12, 15, 16.1, 17 and Schedule 1 of this By-Laws to the advantage of the Grantees without prior approval of the Company's shareholders in a general meeting and subject to any applicable laws.

### 15. LIQUIDATION OF COMPANY

- 15.1 Upon the passing of a resolution or receipt of a court order of the winding-up of the Company, all Grants shall be deemed revoked and be null and void and all Unvested SGS Shares comprised in a Grant shall lapse and be null and void and of no further force and effect, and the Scheme shall terminate.
- 15.2 In the event where a petition is presented in court for the winding-up of the Company, all rights to exercise and/or vest the Grants shall automatically be suspended from the date of the presentation of the petition. Conversely, if the petition for winding-up is dismissed by the court, the suspension of the right to vest the Grants shall accordingly be lifted.

### 16. DURATION OF THE SCHEME

- 16.1 The Scheme shall take effect on the date on which the last of the following approvals and/or conditions shall have been obtained and/or complied with and shall continue to be in force for a period of ten (10) years from the Effective Date ("**Date of Expiry**"):
- (a) submission of the final copy of the By-Laws to Bursa Securities together with a letter of compliance pursuant to Rule 2.12 of the Listing Requirements and a checklist showing compliance with Appendix 6E of the Listing Requirements;
  - (b) receipt of approval-in-principle from Bursa Securities for the listing of and quotation for the new Shares to be issued under the Scheme;
  - (c) receipt of approval of any other relevant regulatory authorities whose approvals are necessary in respect of the Scheme; and
  - (d) fulfilment or waiver (as the case may be) of all conditions attached to any of the abovementioned approvals (if any).
- 16.2 All Unvested SGS Shares comprised in any Grant (whether fully or partially unvested) shall cease to be capable of vesting upon expiration of the SGS Period.

**13. BY-LAWS OF SHARE GRANT SCHEME (CONT'D)**

- 16.3 Within five (5) Market Days after the Effective Date, the Adviser or the Sponsor of the Company (as the case may be) shall, where required under the Listing Requirements, submit a confirmation to Bursa Securities of full compliance with approvals and/or conditions set out in By-Law 16.1, stating the Effective Date.
- 16.4 Subject to compliance with the requirements of Bursa Securities and any other relevant authorities, the Scheme may be terminated by the Company at any time before the Date of Expiry without obtaining the approvals or consents from the Grantees or the Company's shareholders provided that the Company makes an announcement immediately to Bursa Securities on the following:
- (i) the effective date of termination of the Scheme;
  - (ii) the number of Grants or Shares vested; and
  - (iii) the reasons and justification for termination of the Scheme.

Notwithstanding anything to the contrary, all Unvested SGS Shares comprised in any Grant (whether fully or partially unvested) shall cease to be capable of vesting on the Date of Expiry or the date of the resolution of the termination of the Scheme.

**17. RETENTION PERIOD AND TRANSFER RESTRICTIONS**

- 17.1 The Shares to be issued and/or transferred pursuant to the vesting of SGS Shares comprised in any Grant to the Grantees under the Scheme may be subject to such retention period or restriction on transfer (if any) which the SGS Committee, shall, from time to time and at its own discretion, be entitled to prescribe or impose as it sees fit.
- 17.2 The expression "retention period" referred to in By-Law 17.1 shall mean the period in which the Shares are issued or transferred to the CDS Account of the Grantees pursuant to the Scheme must not be sold, transferred, assigned or otherwise disposed of by the Grantees.

**18. COSTS AND EXPENSES OF THE SCHEME**

- 18.1 All administrative costs and expenses incurred by the Company in relation to the Scheme, including but not limited to the costs and expenses relating to the issuance or transfer of the Shares and/or acquisition of existing Shares for the vesting of SGS Shares comprised in any Grant, shall be borne by the Company.
- 18.2 For the avoidance of doubt, all other costs, fees, levies, charges, and/or taxes (including without limitation, income taxes) that are incurred by a Grantee, pursuant or relating to the grant of the Grants and vesting of SGS Shares comprised in a Grant, and any holding or dealing of such Shares (such as (but not limited to) brokerage commissions and stamp duty) shall be borne by that Grantee for his own account, and the Company shall not be liable for any one or more of such costs, fees, levies, charges and/or taxes.

**13. BY-LAWS OF SHARE GRANT SCHEME (CONT'D)****19. NO COMPENSATION**

- 19.1 All Employees (including but not limited to Eligible Person or Grantee) who cease to hold office or employment or their executors or administrators, shall not be entitled to any compensation for the loss of any right or benefit, or prospective right or benefit, under the Scheme which they might otherwise have enjoyed, whether such compensation is claimed by way of damages for wrongful dismissal, other breach of contract or by way of compensation for loss of office.
- 19.2 All Employees (including but not limited to Eligible Person or Grantee) or their executors or administrators, shall not be entitled to bring any claim, action or proceeding against the Company, the Board, the SGS Committee or any other party for any compensation, loss or damages whatsoever and howsoever arising including but not limited to the suspension of the vesting of SGS Shares comprised in a Grant, their SGS Shares comprised in a Grant not vesting for any reason whatsoever, and/or their Grant ceasing to be valid pursuant to the provisions of these By-Laws.

**20. DISPUTES**

- 20.1 In the event of a dispute between the Board and/or the SGS Committee, and an Employee of any Group Company as to any matter or thing of any nature arising hereunder, the Board or the SGS Committee shall determine such dispute or difference by a written decision (other than a matter to be certified by the Auditors or the Advisers) given to the Employee of any Group Company. The said decision of the Board or the SGS Committee (as the case may be) shall be final and binding on the parties. The Board and the SGS Committee shall not be required to furnish any reasons for any decision or determination made by it except as may be required by the relevant authorities. Under no circumstances shall a dispute or difference be brought to a court of law. Notwithstanding anything herein to the contrary, any costs and expenses incurred in relation to any dispute or difference or appeal brought by any party to the SGS Committee shall be borne by such party.

**21. INSPECTION OF AUDITED FINANCIAL STATEMENTS**

- 21.1 To the extent permitted by the Listing Requirements and prevailing laws and guidelines issued by the relevant authorities, all Grantees shall be entitled to inspect a copy of the latest audited financial statements of the Company, which shall be made available at Bursa Securities' website and the Company website.

**22. DIVESTMENT OF SUBSIDIARIES**

- 22.1 Subject to By-Law 3.4, if a Grantee is in the employment of a company which ceases to be a Group Company due to a subsequent disposal or divestment (in whole or in part) from the Group, such Grantee shall not be eligible for any future Grants under the Scheme. Unless otherwise determined by the SGS Committee, any Unvested SGS Shares in respect of the Grantee shall cease to be capable of vesting.

### 13. BY-LAWS OF SHARE GRANT SCHEME (CONT'D)

### 23. ACQUISITIONS OF SUBSIDIARIES

- 23.1 Notwithstanding anything to the contrary, but subject to By-Law 3.4, in the case of an employee of a Previous Company, such an employee ("**Affected Employee**") may (subject to the approval of the SGS Committee) be eligible to participate in the Scheme only for the remaining SGS Period provided that, notwithstanding anything to the contrary, the number of SGS Shares that may be offered to such an Affected Employee under this By-Law 23.1 will always be subject to the discretion of the SGS Committee.

### 24. SCHEMES OF ARRANGEMENT, AMALGAMATION AND RECONSTRUCTION

- 24.1 Notwithstanding By-Law 8, in the event of any application being made to the court for sanction of a compromise or arrangement between the Company and its members proposed for the purposes of, or in connection with, a scheme of arrangement and/or reconstruction of the Company under section 366 of the Act, or its amalgamation with any other company or companies under section 370 of the Act, the SGS Committee may, by notice in writing to the Grantee, at its discretion determine that a Grantee (including its legal and personal representatives) may be entitled to receive all or any part of the SGS Shares comprised in a Grant that remain unvested commencing from the date upon which the application is so made to the court and ending on the date immediately prior to the date on which the scheme of arrangement and/or arrangement and reconstruction of the Company or amalgamation is approved (or on any other date specified by the SGS Committee at its discretion notwithstanding that:

- (a) the Vesting Date(s) is not due or has not occurred; and/or
- (b) other terms and conditions set out in the Grant have not been fulfilled or satisfied;

after which all Grants shall be null and void and (whether or not comprising SGS Shares vested thereunder), shall cease to be capable of vesting.

### 25. THE CONSTITUTION OF THE COMPANY

- 25.1 Notwithstanding the terms and conditions contained in these By-Laws, if a situation of conflict should arise between these By-Laws and the Constitution, the provisions of the Constitution shall prevail at all times save and except where such provisions of the By-Laws are included pursuant to the Listing Requirements.

### 26. SCHEME NOT A TERM OF EMPLOYMENT

- 26.1 The Scheme shall not form part of, constitute or in any way be construed as any term or condition of employment of any Employee. The Scheme shall not confer or be construed to confer on any Employee any special right or privilege over and above the Employee's terms and conditions of employment under which the Employee is employed nor any rights in addition to compensation or damages that the Employee may be normally entitled to arising from the cessation of such employment for any reason whatsoever.

### 13. BY-LAWS OF SHARE GRANT SCHEME (CONT'D)

#### 27. DISCLAIMER OF LIABILITY

- 27.1 Notwithstanding anything to the contrary and subject to the Act, the Board, the SGS Committee and/or the Company including any Group Company and its directors, officers, employees, agents, affiliates and representatives, shall not, under any circumstance, be held liable for any damages, cost, loss and expense whatsoever and howsoever arising or incurred or suffered in any event in respect of the Scheme, including but not limited to the Company's delay in issuing and allotting the Shares or in applying for or procuring the listing of the Shares on Bursa Securities and/or acquiring of the existing Shares and/or transferring the Shares in accordance with these By-Laws for any reason whatsoever.

#### 28. NOTICE

- 28.1 Any legal notice or process (other than Grants) under the Scheme ("**Notice**" or "**Process**") required to be given to or served upon an Eligible Person or Grantee shall be deemed to be sufficiently given, served or made if it is given, served or made by hand, by facsimile transmission and/or by letter sent via ordinary post addressed to the Eligible Person or Grantee at his place of employment, at his last facsimile transmission number known to the Company, or to his last known address. Any Notice or Process served by hand, by facsimile, by post as aforesaid shall be deemed to have been received at the time when such notice (if by hand) is received and duly acknowledged, (if by facsimile transmission) is transmitted with a confirmed log print-out for the transmission indicating the date, time and transmission of all pages, and (if by post) on the day the letter containing the same is posted and in proving such service by post, it shall be sufficient to prove that the letter containing the notice or documents was properly addressed, stamped and posted.
- 28.2 Any Notice or Process required to be given to or served upon the Board or the SGS Committee by an Eligible Person or Grantee shall be given, served or made in writing and delivered by hand or by registered post to the registered office of the Company (or such other office or place which the SGS Committee may have stipulated for this purpose). Any Notice or Process served by hand, or post as aforesaid shall be deemed to have been received at the time when such notice (if by hand) is received and duly acknowledged and (if by post) five (5) Market Days after postage.
- 28.3 Any Grant to be made and normal correspondence (other than Notice or Process) under the Scheme ("**Normal Correspondence**") to be given to or served upon the Board or the SGS Committee, Eligible Person or Grantee, as the case may be, shall be given, served or made in writing and delivered by electronic mail to the address of the registered office of the Company and such electronic mail address specified by the Company (if to be given to or served upon the Board or the SGS Committee) or to such last known mailing address provided by the Employee to the Company and electronic mail address of the Employee provided by the Company (if to be given to or served upon the Eligible Person or Grantee) or such communication by other digital means as may be prescribed by the Board and/or the SGS Committee, and shall be deemed to have been received by the recipient (in the case of electronic mail) on the Market Day immediate following the day on which the electronic mail is dispatched or (in the case of post), the day on the third (3<sup>rd</sup>) Market Day after the date of posting or (in the case of communication by other digital means) on the Market Day immediate following the day on which such communication is effected.

**13. BY-LAWS OF SHARE GRANT SCHEME (CONT'D)**

- 28.4 Notwithstanding By-Law 28.3, where any Normal Correspondence is required to be given by the Company or the SGS Committee under these By-Laws in relation to matters which may affect any or all of the Eligible Persons or Grantees, as the case may be, the Company or the SGS Committee may give the Normal Correspondence through an announcement to all Employees to be made in such manner deemed appropriate by the SGS Committee. Upon the making of such an announcement, the Normal Correspondence to be made under By-Law 28.3 shall be deemed to be sufficiently given, served or made to all affected Eligible Persons or Grantees, as the case may be.

**29. MULTIPLE JURISDICTIONS**

- 29.1 In order to facilitate the making of any Grant (and/or the benefit thereof) under the Scheme, the SGS Committee may provide for such special terms to apply to Grants to Grantees who are employed by a Group Company in a particular jurisdiction, or who are nationals of any particular jurisdiction, that is outside Malaysia, as the SGS Committee may consider necessary or appropriate to accommodate differences in applicable law, tax policy or custom. The SGS Committee may approve such supplements to or amendments, restatements or alternative versions of, the Scheme as it may consider necessary or appropriate for such purposes, without thereby affecting the terms of the Scheme as they are in effect for any other purpose, and the secretary of the Company or any other appropriate officer of the Company may certify any such document as having been approved and adopted in the same manner as the Scheme. No such special terms, supplements, amendments or restatement, however, shall include any provision that is inconsistent with the terms of the Scheme and these By-Laws as then in effect unless the Scheme and these By-Laws have been amended to eliminate such inconsistency. Notwithstanding the above, any Grant offered to such Grantee pursuant to the Scheme shall be valid strictly in Malaysia only unless specifically mentioned otherwise by the SGS Committee in the Grant.
- 29.2 No action has been or will be taken by the Company to make the Grant valid in any country or jurisdiction other than Malaysia or to ensure compliance of the Grant with all applicable laws and regulations in any other country or jurisdiction other than Malaysia. No action has or will be taken also by the Company to ensure compliance by the Grantee to whom the Grant is offered, with all applicable laws and regulations in such other country or jurisdiction in which the Grantee will be vested the SGS Shares under the Grant.
- 29.3 It is the responsibility of any Grantee to whom the Grant is offered to ensure that they comply with all applicable laws and regulations in each country or jurisdiction in or from which the SGS Shares are vested in them under the Grant. Grantees who are employed by a Group Company in a particular jurisdiction, or who are nationals of any particular jurisdiction, that is outside Malaysia, should consult their legal advisers as to whether the Grant would result in the contravention of any laws of such countries or jurisdictions, and in the event that the Grant would result in the contravention of any laws of such countries or jurisdictions, the Grantees will have no rights or claims whatsoever against the Company in respect of their Grant. By participating in the Scheme, each Grantee has represented, warranted and agreed that they have and will continue to observe all applicable laws and regulations in the jurisdiction in which the SGS Shares will be vested in them under Grant.



**13. BY-LAWS OF SHARE GRANT SCHEME (CONT'D)**

- 29.4 The Company shall not accept any responsibility and liability in the event that any Grant to the Grantee is or becomes illegal, unenforceable, voidable or void or shall contravene the laws in any jurisdictions outside Malaysia.

**30. SEVERABILITY**

- 30.1 Any term, condition, stipulation, and/or provision in these By-Laws which is illegal, void, prohibited or unenforceable shall be ineffective to the extent of such illegality, voidness, prohibition or unenforceability, but the same shall not invalidate or render illegal, void or unenforceable any other term, condition, stipulation and/or provision contained in these By-Laws.

**31. ERRORS AND OMISSIONS**

- 31.1 If as a result of an error or omission, the SGS Committee discovers or determines that:
- (a) an Eligible Person who was selected as a Grantee has not been given the opportunity to participate in the Scheme on any occasion;
  - (b) an Eligible Person was erroneously selected as a Grantee; or
  - (c) the number of Shares issued or transferred to any Grantee on any occasion is found to be incorrect;

and such error or omission cannot be corrected within the relevant period specified in the Scheme, the SGS Committee may do all such acts and things to rectify such error or omission including, but not limited to, all acts and things to ensure that the Eligible Person is given the opportunity to participate in the Scheme and/or to withdraw the Grant given to the Employee who was erroneously selected as a Grantee and/or to ensure that the Grantee is credited with the correct number of Shares to which he is entitled to.

**32. GOVERNING LAW**

- 32.1 The Scheme, these By-Laws, and all Grants made and granted and actions taken under the Scheme shall be governed by and construed in accordance with Malaysian law and the Grantee, by participating in the Scheme in accordance with these By-Laws and terms of the Scheme and the Constitution of the Company, irrevocably submits to the exclusive jurisdiction of the courts in Malaysia.

**33. DECISION OF THE BOARD AND/OR THE SGS COMMITTEE**

- 33.1 Any decision and/or determination made by the Board and/or the SGS Committee under these By-Laws shall be final and binding on all parties.

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**13. BY-LAWS OF SHARE GRANT SCHEME (CONT'D)**


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**34. DELAY IN PERFORMANCE**

- 34.1 The performance of any obligations provided herein may be delayed, prohibited or become impossible by reason of events beyond reasonable control of the Company or the SGS Committee.

**35. IMPLEMENTATION OF THE SCHEME**

- 35.1 In implementing the Scheme, the SGS Committee may at its sole and absolute discretion decide that the vesting of any SGS Share comprised in a Grant be satisfied by any of the following methods:

- (a) issuance of new Shares by the Company;
- (b) acquisition of existing Shares from the Main or ACE Market of Bursa Securities (as the case may be);
- (c) transfer of the Company's treasury shares (if any) or any other method as may be permitted by the Act; or
- (d) a combination of any methods as stated in By-Laws 35.1(a), (b) and (c) above.

In considering the settlement mode of the Grants as detailed in By-Laws 35.1(a) to (d) above, the SGS Committee will take into consideration, amongst others, factors such as the potential cost arising from the granting of the SGS Shares, the dilutive effects of such issuance on the Company's capital base as well as applicable laws and/or regulatory requirements. The method of settlement to be made by UMC to the Grantee shall be at the discretion of the SGS Committee.

- 35.2 For the purpose of facilitating the implementation of the Scheme, the Company and/or the SGS Committee may (but shall not be obliged to) establish a Trust to be administered by the Trustee to be appointed by the Company from time to time in accordance with the Trust Deed. The Trustee shall, at such times as the SGS Committee shall direct, subscribe for and/or purchase the necessary number of Shares to accommodate any transfer of SGS Shares to the CDS Accounts of the Grantees. For this purpose, the Trustee will be entitled from time to time to the extent permitted by law and as set out under these By-Laws to accept funding and/or assistance, financial or otherwise from the Company and/or any Group Companies. The SGS Committee shall have the discretion to instruct the Trustee to subscribe for new Shares and/or acquire existing Shares at any time and from time to time and also to revoke or suspend any such instruction that has earlier been given to the Trustee.
- 35.3 For the purpose of administering the Trust, if and when the Trust is established, the Trustee shall do all such acts and things and enter into any transaction, agreement, deed, document or arrangement and make rules, regulations or impose terms and conditions or delegate part of its power relating to the administration of the Trust, as the SGS Committee may direct for the implementation and administration of the Trust which are expedient for the purpose of giving effect to and carrying out the powers and duties conferred on the Trustee by the Trust Deed.

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**13. BY-LAWS OF SHARE GRANT SCHEME (CONT'D)**

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- 35.4 The SGS Committee shall have power from time to time, at any time, to appoint, rescind or terminate the appointment of any Trustee as it deems fit in accordance with the provisions of the Trust Deed. The SGS Committee shall not be under any obligation to give any reasons for such appointment, rescission or termination. The SGS Committee shall have the power from time to time, at any time, to negotiate with the Trustee to amend the provisions of the Trust Deed.

**36. MULTIPLE SCHEMES**

The Company may implement more than one (1) share issuance scheme, provided that the aggregate number of Shares available under all the share issuance schemes do not exceed the maximum number of Shares stipulated in the Listing Requirements or by any other relevant authorities.

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### 13. BY-LAWS OF SHARE GRANT SCHEME (CONT'D)

#### SCHEDULE 1 Adjustment

##### (a) Consolidation / subdivision

If and whenever a Share is consolidated or subdivided, the additional number of new Shares relating to the Grant to be issued shall be calculated in accordance with the following formula:

$$\text{Additional number of Shares} = T \times \left[ \frac{B}{A} \right] - T$$

where:

A = the aggregate number of issued Shares immediately before such consolidation or subdivision;

B = the aggregate number of issued Shares immediately after such consolidation or subdivision; and

T = existing number of Shares to be vested.

Each such adjustment will be effective from the close of business on the Market Day immediately following the date on which the consolidation or subdivision becomes effective or such other date as may be prescribed by Bursa Securities.

##### (b) Capitalisation of profits/reserves

If and whenever the Company shall make any issue of new Shares to ordinary shareholders, by way of bonus issue or capitalisation of profits or reserves (whether of a capital or income nature), the additional number of new Shares relating to the Grant to be issued shall be calculated as follows:

$$\text{Additional number of Shares} = T \times \left[ \frac{A + B}{A} \right] - T$$

where:

A = the aggregate number of issued Shares on the Entitlement Date immediately before such bonus issue or capitalisation issue;

B = the aggregate number of new Shares to be issued pursuant to any allotment to ordinary shareholders by way of capitalisation of profits or reserves (whether of a capital or income nature); and

**13. BY-LAWS OF SHARE GRANT SCHEME (CONT'D)**

T = as T above.

Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day immediately following the Entitlement Date for such issue.

(c) If and whenever the Company shall make:

(i) **Capital Distribution**

a Capital Distribution (as defined below) to ordinary shareholders whether on a reduction of capital or otherwise (save and except any capital reduction involving the cancellation of capital which is lost or unrepresented by available assets);

(ii) **Rights Issue of Shares**

any offer or invitation to its ordinary shareholders by way of rights pursuant to which they may acquire or subscribe for Shares; or

(iii) **Rights issue of convertible shares**

any offer or invitation to ordinary shareholders by way of rights pursuant to which they may acquire or subscribe for securities convertible into Shares or securities with rights to acquire or subscribe for Shares,

and in respect of the case referred to in Section (c)(ii) of this Schedule 1, the number of additional new Shares comprised in the Grant to be issued shall be calculated as follows:

$$\text{Additional number of Shares} = T \times \left[ \frac{C}{C - D^*} \right] - T$$

where:

C = the current market price of each Share on the Market Day immediately preceding the date on which the Capital Distribution (as defined below) or, as the case may be, the offer or invitation is publicly announced to Bursa Securities or (failing such announcement) immediately preceding the date of the announcement of the Entitlement Date of the Capital Distribution (as defined below) or, as the case may be, of the offer or invitation or (where appropriate), any relevant date as may be determined by the Company in consultation with the Adviser and the Auditors; and

D\* = the value of rights attributable to one (1) Share (as defined below).

For the purpose of definition D\* above, the "value of rights attributable to one (1) Share" shall be calculated in accordance with the formula:

$$\frac{C - E^*}{F^* + 1}$$

**13. BY-LAWS OF SHARE GRANT SCHEME (CONT'D)**

where:

C = as C above;

E\* = the subscription price for one (1) additional Share under the terms of such offer or invitation to acquire or subscribe for Shares;

F\* = the number of Shares which it is necessary for a shareholder of the Company to hold in order to be offered or invited to acquire or subscribe for one (1) additional Share; and

T = as T above.

Such adjustments will be effective (if appropriate, retroactively) from the commencement of the next Market Day immediately following the Entitlement Date for the above transactions.

For the purpose of this Section (c) of this Schedule 1, “**Capital Distribution**” shall (without prejudice to the generality of that expression) include distributions in cash or specie or by way of issue of new Shares (other than an issue falling under Section (b) of this Schedule 1) or other securities by way of capitalisation of profits or reserves (whether of a capital or income nature).

Any distribution out of profits or reserves (including any capital redemption reserve fund) made (whenever paid and howsoever described) be deemed to be a Capital Distribution unless it is paid out of the aggregate of the net profits attributable to the ordinary shareholders as shown in the audited consolidated statements of comprehensive income of the Company.

**(d) Capitalisation of profits/reserves and rights issue of Shares/convertible securities**

If and whenever the Company makes an allotment to its ordinary shareholders as provided in Section (b) of this Schedule 1 and also makes an offer or invitation to its ordinary shareholders as provided in Section (c)(ii) or (c)(iii) in this Schedule 1 and the Entitlement Date for the purpose of the allotment is also the Entitlement Date for the purpose of the offer or invitation, the number of additional new Shares relating to the Grant to be issued shall be calculated as follows:

$$\text{Additional number of Shares} = T \times \left[ \frac{(G + H^* + B) \times C}{(G \times C) + (H^* \times I^*)} \right] - T$$

where:

B = as B above;

C = as C above;

G = the aggregate number of issued Shares on the Entitlement Date;

H\* = the aggregate number of new Shares to be issued pursuant to an offer or invitation to acquire or subscribe for Shares by way of rights;

**13. BY-LAWS OF SHARE GRANT SCHEME (CONT'D)**

I\* = the subscription price of one (1) additional Share under the offer or invitation to acquire or subscribe for Shares; and

T = as T above.

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day immediately following the Entitlement Date for such issue.

**(e) Rights issue of Shares and rights issue of convertible securities**

If and whenever the Company makes any offer or invitation to its ordinary shareholders to acquire or subscribe for Shares as provided under Section (c)(ii) of this Schedule 1 together with an offer or invitation to acquire or subscribe for securities convertible into or rights to acquire or subscribe for Shares as provided in Section (c)(iii) of this Schedule 1, the number of additional Shares comprised in the Grant to be issued shall be calculated as follows:

$$\text{Additional number of Shares} = T \times \left[ \frac{(G + H^*) \times C}{(G \times C) + (H^* \times I^*)} \right] - T$$

where:

C = as C above;

G = as G above;

H\* = as H\* above;

I\* = as I\* above; and

T = as T above.

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day immediately following the Entitlement Date for such issue.

**(f) Capitalisation of profits/reserves, rights issue of Shares and rights issue of convertible securities**

If and whenever the Company makes an allotment to its ordinary shareholders as provided under Section (b) of this Schedule 1 and also makes an offer or invitation to its ordinary shareholders to acquire or subscribe for Shares as provided under Section (c)(ii) of this Schedule 1, together with rights to acquire or subscribe for securities convertible into Shares or with rights to acquire or subscribe for Shares as provided under Section (c)(iii) of this Schedule 1, and the Entitlement Date for the purpose of the allotment is also the Entitlement Date for the purpose of offer or invitation, the number of additional Shares relating to the Grant to be issued shall be calculated as follows:

**13. BY-LAWS OF SHARE GRANT SCHEME (CONT'D)**

$$\text{Additional number of Shares} = T \times \left[ \frac{(G + H^* + B) \times C}{(G \times C) + (H^* \times I^*)} \right] - T$$

where:

B = as B above;

C = as C above;

G = as G above;

H\* = as H\* above;

I\* = as I\* above; and

T = as T above.

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day immediately following the Entitlement Date for such issue.

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## 14. ADDITIONAL INFORMATION

### 14.1 EXTRACT OF OUR CONSTITUTION

The following provisions are extracted from our Constitution and are qualified in its entirety by the provisions of our Constitution and by applicable laws. The words and expressions appearing in the following provisions shall have the same meaning used in our Constitution unless they are otherwise defined herein or the context otherwise requires.

Words	Meanings
ACE Market	ACE Market of Bursa Securities or any other market of Bursa Securities on which the Company is listed at the relevant time
appointing director	A director who appoints an alternate director under Clause 168
Auditor	The Company's auditor. That person must be an approved company auditor. Where two or more are appointed, any of them
benefits	This term, when used in relation to benefits payable or to be given to directors, means any benefits referred to in Section 230(1) of CA
Bursa Securities	Bursa Malaysia Securities Berhad
Board	The Company's Board
Business Day	A day which is not a public holiday in the state or territory where the registered office of the Company is located
CA	Companies Act 2016
CMSA	Capital Markets and Services Act 2007
Company	UMediC Group Berhad (Registration No. 202101015347 (1415647-D))
Constitution	This constitution of the Company, including, any changes made to it
convertible securities	This term is used in Paragraph 1.01 of LR. It means securities which may convert or be exercised (by their terms of issue), into shares
corporation	A corporate body, established anywhere
Deposited Security	This term means a security, as used in Section 2 of SICDA, of the Company, as stands to the credit of a securities account of a Depositor. It covers a security which is in suspense

**14. ADDITIONAL INFORMATION (CONT'D)**

<b>Words</b>	<b>Meanings</b>
Deposited Share or Depository Shares	A share which is a Deposited Security
Depositor	A holder of a securities account
Depository	This term means Bursa Malaysia Depository Sdn. Bhd. (Registration No. 198701006854 (165570-W)), the depository of the Company's shares prescribed under Section 14 of SICDA. This term can also mean another depository acting as such a depository, approved to be a central depository under SICDA. Successors-in-title and permitted assigns are also included in this term
director	Director of the Company (inclusive of alternate or nominee directors)
DR	Rules of the Depository. It covers the Procedural Manuals (as meant in those rules)
eDividend service	The eDividend service (electronic dividend payment) through which companies listed on Bursa Securities are required to pay dividends
electronic form	This term covers documents or information sent or supplied by electronic means or by any other means while in electronic form (such as by e-mail, text message, fax or sending a compact disc by post). It also covers any electronic form referred to in Section 612(1) of CA
electronic means	A document or information is sent or supplied by electronic means if it is sent initially, and received at its destination by means of electronic equipment for the processing (which expression includes digital compression) or storage of data, and entirely transmitted, conveyed and received by wire, by radio, by optical means or by other electromagnetic means
exempt authorised nominee	This term means an authorised nominee as meant by SICDA, which is exempted from compliance with Section 25A(1) of SICDA
existing shares	Shares in issue at the relevant time
General Meeting	A meeting of shareholders held in accordance with the Constitution. This includes any General Meeting held as the Company's Annual General Meeting
hard copy	This term covers documents or information sent or supplied in paper copy or similar form which can be read. It also covers, anyhow, any hard copy referred to in Section 612(1) of CA

**14. ADDITIONAL INFORMATION (CONT'D)**

<b>Words</b>	<b>Meanings</b>
Insolvency Laws	Insolvency Act 1967 (Act 360) as amended or substituted from time to time
Laws	CA, SICDA, and all regulations, DR, practice notes, practice directives and guidelines made under them
listed security or listed securities	A security or securities of the Company admitted to the Official List
LR	Listing Requirements of the ACE Market. For the purpose of this Constitution, it also covers any guidance notes or directives issued by Bursa Securities and any amendment that may be made from time to time in relation to these Listing Requirements
Malaysia	Federation of Malaysia
market day	Any day between Mondays and Fridays (inclusive) which is not a public holiday and on which Bursa Securities is open for trading in securities
Minister	This term is as meant by Section 3 of the Interpretation Acts 1948 and 1967 (Act 388), when used in CA
month	Calendar month
Non-Depository Shares	This term is used to mean shares which are not Deposited Shares
officer	Includes, a director, manager and secretary of the entity but does not include, an auditor
Official List	A list specifying all securities listed on ACE Market or any other market of Bursa Securities
ordinary business	All the following business (if it takes place at an Annual General Meeting): <ul style="list-style-type: none"> <li>• laying of audited financial statements and the reports of the directors and the Auditor;</li> <li>• the election of directors in place of those retiring;</li> <li>• the appointment and the fixing of the fees and benefits of directors;</li> <li>• the appointment of the Auditor; and/or</li> <li>• declaring and approving dividends</li> </ul>
Ordinary Shareholders	Shareholders of ordinary shares of the Company

**14. ADDITIONAL INFORMATION (CONT'D)**

<b>Words</b>	<b>Meanings</b>
pay	This term, when used in relation to the payment of commission, means a payment of commission in Section 80 of CA. For other times, when used elsewhere, this term can cover any kind of reward or payment for services
person or people	These terms cover corporate bodies and unincorporated bodies, established anywhere. They do not, however, cover unincorporated bodies, when used in relation to transfers or registration of shareholders which involve Deposited Shares and these bodies are not allowed or recognised by SICDA or DR
public holiday	The meaning of this term is as meant by Section 3 of the Interpretation Acts 1948 and 1967 (Act 388). It means a public holiday established by law in Malaysia or any part of Malaysia
Registered Office	The Company's registered office
Registrar	The Company's registrar
related corporations	The meaning of this term is as used in Section 7 of CA
representative	A person or persons authorised to act as representative of a corporation which is a shareholder, under Section 333 of CA
rights	This term, when used in relation to the rights of a share means, the rights attached to the share, when issued, or afterwards
RM	The lawful currency of Malaysia
ROC	This term means "Registrar", as used in Section 2 of CA. It means the Registrar designated under Subsection 20A(1) of the Companies Commission of Malaysia Act 2001 (Act 614)
ROD	A record of depositors of holders of securities of the Company kept by the Depository under SICDA and DR
ROM	Register of members of the Company kept under CA
Seal	The Company's common seal or Securities Seal. This is where the Company chooses to keep such a seal

**14. ADDITIONAL INFORMATION (CONT'D)**

<b>Words</b>	<b>Meanings</b>
Secretary	A person appointed by the Board to do work as the company secretary. This includes an assistant, deputy or temporary company secretary. Where two or more are appointed to act jointly, it includes any one of them
securities	The meaning of this term is as meant by Section 2 of CMSA
securities account	This is an account which the Depository establishes for the Depositor under SICDA and DR. It is to record the deposit, withdrawal and dealing of securities
Securities Seal	An official seal kept by the Company under Section 63 of CA
Share Scheme	A scheme which involves a new issue of the Company's shares or grant of the Company's existing or new shares to eligible directors and employees of the Company or its subsidiaries
shareholders	Holders of the Company's shares. Where those shares are deposited with the Depository under SICDA and DR, it must be a person whose name appears on the ROD as the holder of such shares and treated as a member of the Company under Section 35 of SICDA. This is subject to SICDFOR and the Constitution. This term does not also include, the Depository in its capacity as a bare trustee or nominee company. Where those shares are not deposited and do not need to be deposited under SICDA, it must be a person whose name appears in the ROM
SICDA	Securities Industry (Central Depositories) Act 1991 (Act 453)
SICDFOR	Securities Industry (Central Depositories) (Foreign Ownership) Regulations 1996
special business	All business at General Meetings except for ordinary business
UCA	Unclaimed Monies Act, 1965 (Act 370)
written or in writing	In writing or in any way representing or copying words legibly so that they are permanent. It includes, anything in electronic form. It may also be partly in one form and partly in another. Where used in relation to notices of meeting, it must be in hard copy or electronic form in the way allowed by Sections 319 and 320 of CA, subject to LR. Where used in another context, it must be in a form allowed or not prohibited by CA or LR

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**14. ADDITIONAL INFORMATION (CONT'D)**


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**14.1.1 Remuneration of our Directors**Clause 175

The fees and benefits payable to the directors shall annually be determined by an ordinary resolution of the Company in general meeting and shall (unless such resolution otherwise provides) be divisible among the Directors as they may agree provided always that:

- (a) salaries payable to executive directors may not include a commission on or percentage or turnover;
- (b) fees payable to non-executive directors shall be a fixed sum and not by a commission on or percentage of profits or turnover;
- (c) any fee paid to an alternate director shall be such as shall be agreed between himself and the director nominating him and shall be paid out of the remuneration of the later; and
- (d) fees and benefits payable to directors shall not be increased except pursuant to an ordinary resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting.

Clause 176

The Board can also repay to a director all expenses properly incurred in:

- 176.1 attending and returning from shareholders' meetings, Board meetings or Board committee meetings; or
- 176.2 any other way in connection with the Company's business.

Clause 177

The Board can award extra fees to a director who:

- 177.1 holds an executive position;
- 177.2 acts as chairman or deputy chairman; or
- 177.3 serves on a Board committee or board at the request of the Board.

Clause 178

If by arrangement with the Directors, any Director shall perform or render any special duties or services outside his ordinary duties as a Director in particular without limiting to the generality of the foregoing if any Director being willing shall be called upon to perform extra services or to make any special efforts in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors, the Company may remunerate the Director so doing a special remuneration in addition to his Directors' Fees and such special remuneration may be by way of a fixed sum or otherwise as may be arranged.

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**14. ADDITIONAL INFORMATION (CONT'D)**


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Clause 179

Subject to LR, the Board can decide whether to provide:

- 179.1 pensions;
- 179.2 annual payments; or
- 179.3 other allowance or benefits,

to any people including people who are or who were directors of the Company. The Board can decide to extend these arrangements to relations or dependants of, or people connected to, these people. The Board can also decide to contribute to a scheme or fund or to pay premiums to a third party for these purposes.

Clause 180

The Company can only provide pensions and other similar benefits to:

- (a) people who are or were directors; and
- (b) relations or dependants of, or people connected to, those directors or former directors,

The receipt of a benefit of any kind given in accordance with this Clause does not prevent a person from being or becoming a director of the Company.

Clause 181

Shareholders must approve the matters in Clauses 175 to 179 as far as the Laws require in relation to directors' fees and benefits.

**14.1.2 Voting and borrowing powers of our Directors**Clause 197

A director cannot vote (and if the director does vote, such vote will not be counted) on a resolution in regard to a contract in which the director (or a person connected with the director) is directly or indirectly interested.

Clause 198

A director is counted in the quorum for a Board meeting in relation to a resolution although the director is not entitled to vote.

Clause 199

A director is not interested in a contract where Sections 221(2) or (3) of CA say that they are not. This Clause does not affect any equitable principle or rule of law relating to directors not being treated as interested. This Clause is subject to LR.

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**14. ADDITIONAL INFORMATION (CONT'D)**


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Clause 200

This Clause applies if the Board are considering proposals to appoint two or more directors to positions with the Company or any company in which the Company has an interest. It also applies if the Board are considering fixing or varying the terms of the appointment. These proposals can be split up to deal with each proposed director separately. If this is done, each proposed director can vote (unless the proposed director is prevented from voting under Clause 197) and be counted in the quorum for each resolution.

Clause 201

If a question comes up at a meeting about whether a director (other than the chairman of the meeting) has all interest or whether the director can vote or be counted in the quorum, and the director does not agree to abstain from voting on the question or not be counted in the quorum, the question must be referred to the chairman of the meeting. The chairman's ruling about the director is conclusive, unless the nature or extent of the director's interests has not been fairly disclosed to the Board. If the question comes up about the chairman of the meeting, the question will be decided by a resolution of the Board. The chairman cannot vote on the question but can be counted in the quorum. The Board's resolution about the chairman is conclusive, unless the nature or extent of the chairman's interests has not been disclosed to the Board.

Clause 223

To the extent that CA, LR and the Constitution allow, the Board can exercise all the powers of the Company to:

- (a) borrow money;
- (b) mortgage or charge all or any part of the Company's business, property and assets (present and future);
- (c) issue debentures and other securities; and
- (d) give security (including (without limitation), guarantees, indemnities and mortgages and charges) either outright or as collateral security, for a debt, liability or obligation of the Company or another person.

**14.1.3 Changes in capital and rights, preferences and restrictions attached to each class of securities relating to voting, dividend, liquidation and any special rights**
Clause 21

The Company can issue new shares and attach any rights and restrictions to them, as long as this is not restricted by special rights previously given to holders of any existing shares. Subject to this, the rights of new shares can take priority over the rights of existing shares, or existing shares can take priority over them, or the new shares and the existing shares can rank equally. These rights and restrictions can apply to sharing in the Company's profits or assets. Other rights and restrictions can also apply, for example, those relating to the right to vote.



**14. ADDITIONAL INFORMATION (CONT'D)**Clause 24

If the Company's share capital is split into different classes of share, the special rights attached to any of these classes can be varied or withdrawn if the shareholders approve this by passing a special resolution. This must be passed at a separate meeting of the holders of that class of shares. This is called a class meeting. Alternatively, the holders of at least 75% of the existing shares of the class (by voting rights) can give their written consent.

Clause 25

The parts of the Constitution which relate to General Meeting apply, with any necessary changes, to a class meeting, but with these adjustments:

- 25.1 a shareholder who is present in person or by proxy can demand a poll;
- 25.2 on a poll, the holders of shares will have one vote for every share of the class which they hold;
- 25.3 the vote will, anyhow, be by poll if LR requires this.

This is subject to any special rights or restrictions which are attached to a class of shares by the Constitution, or any rights attached to shares in some other way under the Constitution.

A special resolution of shareholders of the preference capital affected is required where preference capital is to be repaid (other than redeemable preference capital or any other alteration to preference shareholders' rights). However, where the majority for the special resolution is not obtained at a meeting, written consent given by holders of at least 75% of that preference capital within two (2) months of that meeting shall be as valid and effective as a special resolution passed at a meeting.

Clause 26

Clauses 24 and 25 also apply if:

- 26.1 special rights of shares forming part of a class are varied or withdrawn. Each part of the class which is being treated differently is viewed as a separate class in applying this Clause;
- 26.2 preference shares are issued which rank equally with existing preference shares. However, these Clauses do not apply if the terms of issue of existing preference shares or the Constitution allows those preference shares to be issued.

Clause 37

The shareholders can pass a special resolution to reduce in any way the Company's share capital in accordance with Subdivision 4 of Division 1 of Part III of CA, whether with the confirmation of the Court or a solvency statement.

Clause 38

The shareholders can pass special resolutions to alter the Company's share capital in accordance with Section 84 of CA.

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**14. ADDITIONAL INFORMATION (CONT'D)**


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Clause 39

If any shares are consolidated or divided, the Board may deal with any fractions of shares which result or any other problem that arises. If the Board decide to sell any shares which represent fractions, they must sell for the best price they can reasonably obtain and distribute the net proceeds of sale among shareholders in proportion to their fractional entitlements or shall be disregarded and will be dealt with by the Board in such a manner as they deem fit at their absolute discretion and in the best interest of the Company. The Board can sell to a person (including the Company, if CA and LR allow) and can authorise a person to transfer those shares to the buyer or in accordance with the buyer's instructions. The buyer does not need to take any action to check how any money paid is used. The buyer's ownership will not be affected if the sale was irregular or invalid in any way.

Clause 40

The shareholders can also pass ordinary resolutions to convert any paid-up shares into stock and reconvert any stock into paid-up shares in accordance with Section 86 of CA.

**14.1.4 Transfer of securities**Clause 50

Transfers of any listed security or class of listed security shall be by way of book entry by the Depository in accordance with DR. The Company shall not register or effect any transfer of listed securities although Sections 105, 106 and 110 of CA may say something else. It shall not do so despite Sections 103(1), 106 and 110 of CA. This does not, however, apply to a transfer of securities to the Depository or its nominee or from the Depository or its nominee to Depositors under Section 148(2) of CA or any transfer of securities under any exemption given from compliance with Section 148(1) of CA.

Clause 51

Where:

51.1 the securities of the Company are listed on another stock exchange; and

51.2 the Company is exempt from complying with Section 14 of SICDA or Section 29 of the Securities Industry (Central Depositories) (Amendment) Act 1998, as applicable, under DR in respect of such securities,

the Company shall, on request of a securities holder, allow securities held by that holder to be transmitted from the register of holders kept by the Registrar in the other stock exchange's jurisdiction, to the register of holders kept by the Registrar in Malaysia and the other way around. However, there must be no change in the ownership of such securities.

Clause 52

Transfers of Non-Depository Shares must be in any form which CA requires. If CA does not require a specific form, the transfer must be in the usual standard form, or another form approved by the Board. A transfer must be signed, or made effective in some other way, by or on behalf of the persons making and receiving the transfer.

**14. ADDITIONAL INFORMATION (CONT'D)**Clause 53

The Depository may refuse to transfer any Deposited Shares which does not comply with SICDA and DR. A shareholder can transfer some or all of his Non-Depository Shares unless the Constitution says something else.

Clause 54

The transfer for Non-Depository Shares must be delivered to the Registered Office or some other place which the Board decide. The transfer must have with it:

- 54.1 the share certificate for shares to be transferred;
- 54.2 any other evidence which the Board ask for to prove that the person wanting to make or receive the transfer is entitled to do this; and
- 54.3 if the transfer is executed by another person on behalf of the person making or receiving the transfer, evidence of the authority of that person to do so.

Clause 55

A transfer delivered under Clause 54:

- 55.1 cannot be in favour of more than 4 joint holders;
- 55.2 must be properly stamped to show payment of any applicable stamp duty.

Clause 56

The Board can refuse to register such a transfer delivered:

- 56.1 where the transfer breaches any law or regulation or licensing or requirement (of any jurisdiction) which applies to the Company or any of its subsidiaries or any entity in which any of them have an interest;
- 56.2 where the transfer is unlawful under Malaysian law; or
- 56.3 the transfer relates to partly paid shares where a call has been made and is unpaid.

Clause 57

If the Board decide not to register a transfer of a share delivered under Clause 54, it must comply with Section 106 of CA.

Clause 58

If the Company registers a transfer delivered under Clause 54, it can keep the transfer. A transfer cannot be used to transfer more than one (1) class of shares. Each class needs a separate transfer. No fee is payable to the Company for transferring Non-Depository Shares or registering changes relating to the ownership of any such shares.

Clause 59

The person making a transfer of Non-Depository Shares will be treated as continuing to be the shareholder until the name of the person to whom a share is being transferred is entered on the ROM for that share.

## 14. ADDITIONAL INFORMATION (CONT'D)

### 14.2 LIMITATION ON THE RIGHT TO OWN SECURITIES AND/OR EXERCISE VOTING RIGHTS

As our Shares are proposed for quotation on the Official List, such Shares must be prescribed as shares required to be deposited with Bursa Depository. Upon such prescription, a holder of our Shares must deposit his/her/its Shares with Bursa Depository on or before the date fixed, failing which our Share Registrar will be required to transfer his/her/its Shares to the MOF and such Shares may not be traded on Bursa Securities.

Dealing in Shares deposited with Bursa Depository may only be effected by a person having a securities account with Bursa Depository ("**Depositor**") by means of entries in the securities account of that Depositor.

A Depositor whose name appears in the Record of Depositors maintained by Bursa Depository in respect of our Shares will be deemed to be our shareholder and will be entitled to all rights, benefits, powers and privileges and be subject to all liabilities, duties and obligations in respect of, or arising from, such Shares.

Subject to the above, there is no limitation on the right to own our Shares, including limitations on non-resident or foreign shareholders' right to hold or exercise voting rights on our Shares imposed by Malaysian law or by our Constitution.

### 14.3 SHARE CAPITAL

- (i) As at the date of this Prospectus, we have only one (1) class of shares, namely ordinary shares, all of which rank equally with one another. There are no special rights attached to our Shares.
- (ii) The details of the share capital of our Company and our subsidiaries together with their respective changes for the past three (3) FYEs 31 July 2019 to 2021 and up to the LPD are disclosed in Sections 5.1.2 and 5.2 of this Prospectus respectively.
- (iii) Save as disclosed in Section 5 of this Prospectus, there is no more than 10% of share capital of our Company or our subsidiaries has been paid for with assets other than cash, within the past three (3) years from the LPD.
- (iv) As at the date of this Prospectus, none of our Group's capital is under option, or agreed conditionally or unconditionally to be put under option.
- (v) As at the date of this Prospectus, neither our Company nor our subsidiaries have any outstanding warrant, option, convertible security or uncalled capital in respect of our Shares.
- (vi) Save for the Pink Form Allocations and SGS as disclosed in Sections 3.3.1(ii) and 3.3.4 of this Prospectus, there is no other scheme involving our Directors and employees in the capital of our Group.
- (vii) No Shares will be allotted, issued or offered on the basis of this Prospectus later than six (6) months after the date of this Prospectus.

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## 14. ADDITIONAL INFORMATION (CONT'D)

### 14.4 EXCHANGE CONTROLS

As at the date of this Prospectus, we do not have any foreign subsidiary or associated company which requires repatriation of capital and remittance of profits by or to our Group.

### 14.5 MATERIAL CONTRACTS

Save as disclosed below, our Group has not entered into any material contract (not being contract in the ordinary course of business) during the past three (3) FYEs 31 July 2019 to 2021 and up to the date of this Prospectus:

- (i) UMediC had on 27 August 2018, entered into a sale and purchase agreement with Penang Development Corporation ("**PDC**") to purchase all that piece of land situated in Daerah Seberang Perai Selatan and forming part of Mukim 13, the site whereof is marked Plot 320 Batu Kawan Industrial Park contained an area of 2.912 acres for a cash consideration of RM5,115,848.80. The acquisition was completed on 17 May 2019; and
- (ii) our Company had on 3 June 2022, entered into the Underwriting Agreement with our Sole Underwriter for the underwriting of 31,782,300 IPO Shares under Sections 3.3.1(i) and 3.3.1(ii) of this Prospectus, in accordance with the terms and conditions as set out in the Underwriting Agreement. Further details of the Underwriting Agreement are set out in Section 3.9 of this Prospectus.

### 14.6 PUBLIC TAKE-OVER

None of the following has occurred during the last financial year up to the LPD:

- (i) public take-over offers by third parties in respect of our Shares; and
- (ii) public take-over offers by us in respect of other company's shares.

### 14.7 CONSENTS

- (i) Our Principal Adviser, Sponsor, Sole Placement Agent, Sole Underwriter, Company Secretary, Solicitors, Share Registrar and Issuing House have given their respective written consents for the inclusion in this Prospectus of their names and all references in the form and context in which such names appear before the issue of this Prospectus, and such consents have not subsequently been withdrawn.
- (ii) Our Auditors and Reporting Accountants have given their written consent for the inclusion in this Prospectus of their name, Accountants' Report, Reporting Accountants' Report on the Compilation of Pro Forma Consolidated Statements of Financial Position as at 31 January 2022 and all references thereto in the form and context in which they are contained in this Prospectus before the issue of this Prospectus, and such consent has not subsequently been withdrawn.
- (iii) Our IMR has given their written consent for the inclusion in this Prospectus of their name, IMR Report and all references thereto in the form and context in which they are contained in this Prospectus before the issue of this Prospectus, and such consent has not subsequently been withdrawn.

**14. ADDITIONAL INFORMATION (CONT'D)****14.8 DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents may be inspected at our registered office at No. 39, Irving Road, 10400 George Town, Pulau Pinang a during normal office hours for a period of six (6) months from the date of this Prospectus:

- (i) our Constitution;
- (ii) the audited financial statements of UMC for the period from our incorporation up to 31 January 2022;
- (iii) the audited financial statements of each of our subsidiaries for FYEs 31 July 2019, 2020 and 2021;
- (iv) the IMR Report as included in Section 7 of this Prospectus;
- (v) the Reporting Accountants' Report on the Compilation of Pro Forma Consolidated Statements of Financial Position as at 31 January 2022 as included in Section 11.9 of this Prospectus;
- (vi) the Accountants' Report as included in Section 12 of this Prospectus;
- (vii) the By-Laws as included in Section 13 of this Prospectus;
- (viii) the material contracts referred to in Section 14.5 of this Prospectus; and
- (ix) the letters of consent referred to in Section 14.7 of this Prospectus.

**14.9 RESPONSIBILITY STATEMENTS**

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

Affin Hwang IB, being our Principal Adviser, Sponsor, Sole Placement Agent and Sole Underwriter, acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

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## 15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE

THIS SUMMARY OF PROCEDURES FOR APPLICATION AND ACCEPTANCE DOES NOT CONTAIN THE DETAILED PROCEDURES AND FULL TERMS AND CONDITIONS AND YOU CANNOT RELY ON THIS SUMMARY FOR PURPOSES OF ANY APPLICATION FOR OUR IPO SHARES. YOU MUST REFER TO THE DETAILED PROCEDURES AND TERMS AND CONDITIONS AS SET OUT IN THE “DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE” ACCOMPANYING THE ELECTRONIC COPY OF OUR PROSPECTUS ON THE WEBSITE OF BURSA SECURITIES. YOU SHOULD ALSO CONTACT THE ISSUING HOUSE FOR FURTHER ENQUIRIES.

### 15.1 OPENING AND CLOSING OF APPLICATION

Applications for our IPO Shares will be accepted and closed at the time and date stated as below:

OPENING OF THE APPLICATION: 10.00 A.M., 6 July 2022

CLOSING OF THE APPLICATION: 5.00 P.M., 13 July 2022

If there is any change to the time or date for the closing of the applications for our IPO Shares, we will advertise the notice of changes in widely circulated English and Bahasa Malaysia daily newspapers within Malaysia. The dates for the ballot of the applications for our IPO Shares, the allotment of our IPO Shares and our Listing would then be extended accordingly.

**Late Applications will not be accepted.**

### 15.2 METHODS OF APPLICATION

Applications must accord with the terms of our Prospectus and our Constitution. You agree to be bound by our Constitution.

#### 15.2.1 Application for our IPO Shares by the Malaysian Public and the Eligible Persons

Types of Application and category of investors	Application method
Applications by the Malaysian Public:	
(i) Individuals	White Application Form or Electronic Share Application or Internet Share Application
(ii) Non-Individuals	White Application Form only
Applications by the Eligible Persons	Pink Application Form only
The submission of an Application Form does not mean that your Application will succeed.	

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## 15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)

### 15.2.2 Application for our IPO Shares by the Selected Investors via private placement

Types of Application	Application method
Applications by: Selected Investors	Our Sole Placement Agent will contact the Selected Investors directly. They should follow the Sole Placement Agent's instructions

## 15.3 ELIGIBILITY

### 15.3.1 General

You must have a CDS Account and a correspondence address in Malaysia. If you do not have a CDS Account, you may open a CDS Account by contacting any of the ADAs as stated in the list of ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the electronic copy of this Prospectus on the website of Bursa Securities. The CDS Account must be in your own name. Invalid, nominee or third party CDS Accounts will not be accepted for the Applications.

Only **ONE (1)** Application Form for **each category** from each applicant will be considered and **APPLICATION MUST BE FOR AT LEAST 100 IPO SHARES OR MULTIPLES OF 100 IPO SHARES.**

**MULTIPLE APPLICATIONS WILL NOT BE ACCEPTED UNLESS EXPRESSLY ALLOWED IN THESE TERMS AND CONDITIONS. AN APPLICANT WHO SUBMITS MULTIPLE APPLICATIONS IN HIS OWN NAME OR BY USING THE NAME OF OTHERS, WITH OR WITHOUT THEIR CONSENT, COMMITS AN OFFENCE UNDER SECTION 179 OF THE CMSA AND IF CONVICTED, MAY BE PUNISHED WITH A MINIMUM FINE OF RM1,000,000 AND A JAIL TERM OF UP TO 10 YEARS UNDER SECTION 182 OF THE CMSA.**

**AN APPLICANT IS NOT ALLOWED TO SUBMIT MULTIPLE APPLICATIONS IN THE SAME CATEGORY OF APPLICATION.**

### 15.3.2 Application by the Malaysian Public

You can only apply for our IPO Shares if you fulfill all of the following:

- (i) You must be one of the following:
  - (a) a Malaysian citizen who is at least 18 years old as at the date of the application for our IPO Shares;
  - (b) a corporation/institution incorporated in Malaysia with a majority of Malaysian citizens on your board of directors/trustees and if you have a share capital, more than half of the issued share capital, excluding preference share capital, is held by Malaysian citizens; or
  - (c) a superannuation, co-operative, foundation, provident, pension fund established or operating in Malaysia;
- (ii) You must not be a director or employee of the Issuing House or an immediate family member of a director or employee of the Issuing House; and



## 15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)

- (iii) You must submit the Application by using only one (1) of the following methods:
  - (a) White Application Form;
  - (b) Electronic Share Application; or
  - (c) Internet Share Application.

### 15.3.3 Application by the Eligible Persons

Eligible Persons will be provided with Pink Application Forms and letters from us detailing their respective allocation.

The Eligible Persons who have made applications using the Pink Application Form may still apply for our IPO Shares allocated to the Malaysian Public using the White Application Form or through the Electronic Share Application or the Internet Share Application.

## 15.4 PROCEDURES FOR APPLICATION BY WAY OF APPLICATION FORMS

The Application Form must be completed in accordance with the notes and instructions contained in the respective category of the Application Form. Applications made on the incorrect type of Application Form or which do not conform **STRICTLY** to the terms of our Prospectus or the respective category of Application Form or notes and instructions printed therein or which are illegible will not be accepted.

The FULL amount payable is RM0.32 for each IPO Share.

Payment must be made out in favour of “**MIH SHARE ISSUE ACCOUNT NO. 613**” and crossed “**A/C PAYEE ONLY**” and endorsed on the reverse side with your name and address.

Each completed Application Form accompanied by the appropriate remittance and legible photocopy of the relevant documents may be submitted using one of the following methods:

- (i) despatched by **ORDINARY POST** in the official envelopes provided, to the following address:

**Malaysian Issuing House Sdn Bhd**  
 (Registration No. 199301003608 (258345-X))  
 11<sup>th</sup> Floor, Menara Symphony  
 No.5, Jalan Prof. Khoo Kay Kim  
 Seksyen 13  
 46200 Petaling Jaya  
 Selangor Darul Ehsan

or

P.O. Box 00010  
 Pejabat Pos Jalan Sultan  
 46700 Petaling Jaya  
 Selangor Darul Ehsan

- (ii) or **DELIVERED BY HAND AND DEPOSITED** in the Drop-in Boxes provided at the front portion of Menara Symphony, No.5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan,

## **15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)**

so as to arrive not later than 5.00 p.m. on 13 July 2022 or by such other time and date specified in any change to the time or date for the closing of the applications for our IPO Shares.

We, together with the Issuing House, will not issue any acknowledgement of the receipt of your Application Form or Application monies. Please direct all enquiries in respect of the White Application Form to the Issuing House.

### **15.5 APPLICATION BY WAY OF ELECTRONIC SHARE APPLICATIONS**

Only Malaysian individuals may apply for our IPO Shares offered to the Malaysian Public by way of Electronic Share Applications.

Electronic Share Applications may be made through the ATMs of these Participating Financial Institutions and their branches namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, AmBank (M) Berhad, CIMB Bank Berhad, Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Participating Financial Institutions (unless waived) for each Electronic Share Application.

### **15.6 APPLICATION BY WAY OF INTERNET SHARE APPLICATIONS**

Only Malaysian individuals may use the Internet Share Application to apply for our IPO Shares offered to the Malaysian Public.

Internet Share Applications may be made through an Internet financial services website of these Internet Participating Financial Institutions namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, CGS-CIMB Securities Sdn Bhd, CIMB Bank Berhad, Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Internet Participating Financial Institutions (unless waived) for each Internet Share Application.

The exact procedures, terms and conditions for Internet Share Application are set out on the Internet financial services website of the respective Internet Participating Financial Institutions.

### **15.7 AUTHORITY OF OUR BOARD AND THE ISSUING HOUSE**

The Issuing House, on the authority of our Board, reserves the right to:

- (i) reject Applications which:
  - (a) do not conform to the instructions of our Prospectus, Application Forms, Electronic Share Application and Internet Share Application (where applicable); or
  - (b) are illegible, incomplete or inaccurate; or
  - (c) are accompanied by an improperly drawn up, or improper form of, remittance; or
- (ii) reject or accept any Application, in whole or in part, on a non-discriminatory basis without the need to give any reason; and
- (iii) bank in all Application monies (including those from unsuccessful/partially successful applicants) which would subsequently be refunded, where applicable (without interest), in accordance with Section 15.9 below.

## 15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)

If you are successful in your Application, our Board reserves the right to require you to appear in person at the registered office of the Issuing House at any time within 14 days of the date of the notice issued to you to ascertain that your Application is genuine and valid. Our Board shall not be responsible for any loss or non-receipt of the said notice nor will it be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

### 15.8 OVER/UNDER-SUBSCRIPTION

In the event of over-subscription, the Issuing House will conduct a ballot in the manner approved by our Directors to determine the acceptance of Applications in a fair and equitable manner. In determining the manner of balloting, our Directors will consider the desirability of allotting and allocating our IPO Shares to a reasonable number of applicants for the purpose of broadening the shareholding base of our Company and establishing a liquid and adequate market for our Shares.

The results of the allocation of IPO Shares derived from successful balloting will be made available to the public at the Issuing House's website at [www.mih.com.my](http://www.mih.com.my) within one (1) Market Day after the balloting date.

Pursuant to the Listing Requirements, we are required to have a minimum of 25% of our Company's issued share capital to be held by at least 200 public shareholders holding not less than 100 Shares each upon Listing and completion of our IPO. We expect to achieve this at the point of Listing. In the event the above requirement is not met, we may not be allowed to proceed with our Listing. In the event thereof, monies paid in respect of all Applications will be returned in full (without interest).

In the event of an under-subscription of our IPO Shares by the Malaysian Public and/or Eligible Persons, subject to the clawback and reallocation provisions as set out in Section 3.3.3 of this Prospectus, any of the abovementioned IPO Shares not applied for will then be subscribed by our Sole Underwriter based on the terms of the Underwriting Agreement.

### 15.9 UNSUCCESSFUL/PARTIALLY SUCCESSFUL APPLICANTS

If you are unsuccessful/partially successful in your Application, your Application monies (without interest) will be refunded to you in the following manner.

#### 15.9.1 For applications by way of Application Forms

- (i) The Application monies or the balance of it, as the case may be, will be returned to you through the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful applications) or by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend/distribution) or if you have not provided such bank account information to Bursa Depository, the balance of Application monies will be refunded via banker's draft sent by ordinary/registered post to your registered or correspondence address last maintained with Bursa Depository (for partially successful applications) within 10 Market Days from the date of the final ballot at your own risk.
- (ii) If your Application is rejected because you did not provide a CDS Account number, your Application monies will be refunded via banker's draft sent by ordinary/registered post to your address as stated in the National registration identity card ("NRIC") or any official valid temporary identity document issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) at your own risk.

## 15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)

- (iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected or unsuccessful or only partly successful will be refunded (without interest) by the Issuing House as per items (i) and (ii) above (as the case may be).
- (iv) The Issuing House reserves the right to bank into its bank account all Application monies from unsuccessful applicants. These monies will be refunded (without interest) within 10 Market Days from the date of the final ballot by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend/distribution) or by the issuance of banker's draft sent by ordinary/registered post to your registered or correspondence address last maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository or as per item (ii) above (as the case may be).

### 15.9.2 For applications by way of Electronic Share Application and Internet Share Application

- (i) The Issuing House shall inform the Participating Financial Institutions or Internet Participating Financial Institutions of the unsuccessful or partially successful Applications within two (2) Market Days after the balloting date. The full amount of the Application monies or the balance of it will be credited (without interest) into your account with the Participating Financial Institution or Internet Participating Financial Institution (or arranged with the Authorised Financial Institutions) within two (2) Market Days after the receipt of confirmation from the Issuing House.
- (ii) You may check your account on the 5<sup>th</sup> Market Day from the balloting date.
- (iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected will be refunded (without interest) by the Issuing House by crediting into your account with the Participating Financial Institution or Internet Participating Financial Institution (or arranged with the Authorised Financial Institutions) not later than 10 Market Days from the date of the final ballot.
- (iv) For Applications that are held in reserve and subsequently unsuccessful or partially successful, the relevant Participating Financial Institution or Internet Participating Financial Institution will be informed of the unsuccessful or partially successful Applications within two (2) Market Days after the final balloting date. The Participating Financial Institution or Internet Participating Financial Institution will credit the Application monies or any part thereof (without interest) within two (2) Market Days after the receipt of confirmation from the Issuing House.

### 15.10 SUCCESSFUL APPLICANTS

If you are successful in your Application:

- (i) Our IPO Shares allotted to you will be credited into your CDS Account.
- (ii) A notice of allotment will be despatched to you at your registered or correspondence address last maintained with Bursa Depository, at your own risk, before our Listing. This is your only acknowledgement of acceptance of your Application.

**15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)**

- (iii) In accordance with Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as prescribed securities. Consequently, our IPO Shares issued/offered through our Prospectus will be deposited directly with Bursa Depository and any dealing in these Shares will be carried out in accordance with the SICDA and Rules of Bursa Depository.
- (iv) In accordance with Section 29 of the SICDA, all dealings in our Shares will be by book entries through CDS Accounts. No share certificates will be issued to you and you shall not be entitled to withdraw any deposited security held jointly with Bursa Depository or its nominee as long as our Shares are listed on Bursa Securities.

**15.11 ENQUIRIES**

Enquiries in respect of the Applications may be directed as follows:

<b>Mode of application</b>	<b>Parties to direct the enquiries</b>
Application Form	Issuing House Enquiry Services Telephone at telephone no. +603-7890 4700
Electronic Share Application	The relevant Participating Financial Institution
Internet Share Application	The relevant Internet Participating Financial Institution and Authorised Financial Institution

You may also check the status of your Application by calling your respective ADA at the telephone number as stated in the list of ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the electronic copy of this Prospectus on the website of Bursa Securities or the Issuing House at the telephone no. +603-7890 4700 between five (5) to 10 Market Days (during office hours only) after the final ballot day.

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## ANNEXURE A: OUR MATERIAL PROPERTIES

### A.1 MATERIAL PROPERTY OWNED BY OUR GROUP

As at the LPD, the details of the material property owned by our Group, which UMediC is the registered owner, are as follows:

No.	Title identification / Postal address or locality / Tenure	Description of property / Existing or proposed use / Category of land use	Date of issuance of CCC	Land area / Built-up area (sq ft)	Major restriction in interest / condition / encumbrances	Audited NBV as at 31 January 2022 (RM'000)
1.	<p><b>Title identification:</b> PT 6031 held under HSD 50873 in Mukim 13, Daerah Seberang Perai Selatan, Negeri Pulau Pinang</p> <p><b>Postal address:</b> PMT 790, Jalan Cassia Selatan 5/2, Taman Perindustrian Batu Kawan, 14110 Bandar Cassia, Pulau Pinang</p> <p><b>Tenure:</b> 60 years' lease expiring on 20 September 2079</p>	<p><b>Description:</b> A double-storey office building annexed with a single-storey factory building</p> <p><b>Existing use:</b> Manufacturing plant and office</p> <p><b>Category of land use:</b> Industrial</p>	3 March 2021	126,852.68/ 48,487.40	<p><b>Major restriction in interest:</b> This land shall not be transferred, charged, leased or sub-leased, rented or whatsoever transaction without the written consent from the state authority</p> <p><b>Major express condition:</b> This land shall be used for "manufacturing of medical devices, i.e. Air splint/fixin splint, bed parts/accessories" only</p> <p><b>Major encumbrances:</b> This property is charged to Hong Leong Bank Berhad</p>	11,485

The above property is not in breach of any land use condition or current regulatory requirements, land rules, building regulations or environment issues which may materially affect our operations and the utilisation of the said property.

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**ANNEXURE A: OUR MATERIAL PROPERTIES (CONT'D)**

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**A.2 MATERIAL PROPERTIES RENTED BY OUR GROUP**

As at the LPD, we do not have any material properties rented by our Group.

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**ANNEXURE B: OUR MAJOR LICENCES, PERMITS AND APPROVALS**

As at the LPD, the details of our major licences, permits and approvals for our operations, together with the main conditions imposed and the corresponding status of compliance, are as follows:

No.	Licensee	Approving Authority / Issuer	Description of Licence / Permit / Approval	Licence No. / Reference No. / Registration No.	Effective Date / Date of Expiry	Major Conditions Imposed	Status of Compliance
1.	Actimed	Majlis Bandaraya Seberang Perai ("MBSP")	Business licence for retail, distribution and wholesale of medical devices located at PMT 790, Jalan Cassia Selatan 5/2, Taman Perindustrian Batu Kawan, 14110 Bandar Cassia, Pulau Pinang	36/12038B/70744	11 October 2021/ 31 December 2022	Nil	N/A
2.	Evo Medik	MBSP	Business licence for retail, distribution and wholesale of medical devices located at PMT 790, Jalan Cassia Selatan 5/2, Taman Perindustrian Batu Kawan, 14110 Bandar Cassia, Pulau Pinang	36/12038B/70745	11 October 2021/ 31 December 2022	Nil	N/A



**ANNEXURE B: OUR MAJOR LICENCES, PERMITS AND APPROVALS (CONT'D)**

No.	Licensee	Approving Authority / Issuer	Description of Licence / Permit / Approval	Licence No. / Reference No. / Registration No.	Effective Date / Date of Expiry	Major Conditions Imposed	Status of Compliance
3.	U Medihealth	MBSP	Business licence for retail, distribution and wholesale of medical devices and office located at PMT 790, Jalan Cassia Selatan 5/2, Taman Perindustrian Batu Kawan, 14110 Bandar Cassia, Pulau Pinang	36/12038B/70746	11 October 2021/ 31 December 2022	Nil	N/A
4.	UMediC	MBSP	Business licence for manufacture medical devices and office, wholesale, distribution and retail of medical devices and advertising signboard located at PMT 790, Jalan Cassia Selatan 5/2, Taman Perindustrian Batu Kawan, 14110 Bandar Cassia, Pulau Pinang	36/13038A/69490	14 September 2021/ 31 December 2022	Nil	N/A

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**ANNEXURE B: OUR MAJOR LICENCES, PERMITS AND APPROVALS (CONT'D)**


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No.	Licensee	Approving Authority / Issuer	Description of Licence / Permit / Approval	Licence No. / Reference No. / Registration No.	Effective Date / Date of Expiry	Major Conditions Imposed	Status of Compliance
5.	UWHC	MBSP	Business licence for manufacture medical devices and office located at PMT 790, Jalan Cassia Selatan 5/2, Taman Perindustrian Batu Kawan, 14110 Bandar Cassia, Pulau Pinang	36/12038A/70747	8 October 2021/ 31 December 2022	Nil	N/A
6.	UWHM	MBSP	Business licence for manufacture devices and office located at PMT 790, Jalan Cassia Selatan 5/2, Taman Perindustrian Batu Kawan, 14110 Bandar Cassia, Pulau Pinang	36/13038A/69491	14 September 2021/ 31 December 2022	Nil	N/A

**ANNEXURE B: OUR MAJOR LICENCES, PERMITS AND APPROVALS (CONT'D)**

No.	Licensee	Approving Authority / Issuer	Description of Licence / Permit / Approval	Licence No. / Reference No. / Registration No.	Effective Date / Date of Expiry	Major Conditions Imposed	Status of Compliance
7.	UMediC	Dewan Bandaraya Kuala Lumpur	Business licence for business office located at No. 16-23A, Wisma Zelan, Jalan Tasik Permaisuri 2, Bandar Tun Razak, 56000 Cheras, Kuala Lumpur	DBKL.JPPP/PR01/0977/08/2017	24 October 2021/ 23 October 2022	Workers at the premises shall have 50% Malaysians and for the 50% non-Malaysians shall have valid working permit.	Complied. All workers are Malaysians.
8.	UMediC	Majlis Bandaraya Iskandar Puteri	Business licence for the sale of medical devices located at C1-0506, Jalan Indah 15, Taman Bukit Indah, 79100 Iskandar Puteri, Johor	MBIP(L)03/09/06/01/15/C1-0506	1 January 2022/ 31 December 2022	Nil	N/A
9.	UMediC	MDA Malaysia	Establishment licence under Section 15(1) of Medical Device Act 2012 ("EL") for a manufacturer	MDA-0441-K44119 (Serial No. 007914)	31 July 2019/ 30 July 2022	(i) Establishment licence issued by the MDA shall not be transferred.	Noted

## ANNEXURE B: OUR MAJOR LICENCES, PERMITS AND APPROVALS (CONT'D)

No.	Licensor	Approving Authority / Issuer	Description of Licence / Permit / Approval	Licence No. / Reference No. / Registration No.	Effective Date / Date of Expiry	Major Conditions Imposed	Status of Compliance
10.	UMediC	MDA Malaysia	EL for an authorized representative, distributor and importer	MDA-2124-WDP121  (Serial No. 007116)	19 September 2021/ 18 September 2024	(ii) Licensee may apply for renewal of establishment licence not later than one (1) year prior to expiry of licence.	Complied
11.	UWHM	MDA Malaysia	EL for a manufacturer	MDA-2126-K121  (Serial no. 007119)	14 April 2021/ 13 April 2024	<div>(iii) The licensee shall not import, export and place in market an unauthorised medical device from the manufacturer or authorised representative.</div> <div>(iv) Any changes or amendments to the information concerning licence shall be notified to the authority.</div> <div>(v) The validity period of the licence certificate is subject to the validity period and conditions of the Quality Management System certificate issued by the Conformity Assessment Body (CAB).</div>	<div>Complied</div> <div>Noted</div> <div>Noted</div>

**ANNEXURE B: OUR MAJOR LICENCES, PERMITS AND APPROVALS (CONT'D)**

No.	Licensee	Approving Authority / Issuer	Description of Licence / Permit / Approval	Licence No. / Reference No. / Registration No.	Effective Date / Date of Expiry	Major Conditions Imposed	Status of Compliance
12.	UMediC	MDA Malaysia	Medical device registration certificate ("MDC") for "hospital hydraulic stretchers with weighing scale"	GA6564620-45191 (Serial No. 036021)	28 July 2020/ 27 July 2025	(i) Medical Device Registration Certificate issued by MDA shall not be transferable or assignable.	Noted
13.	UMediC	MDA Malaysia	MDC for "perflow flowmeter"	GB7869020-42740 (Serial No. 034899)	8 April 2020/ 7 April 2025	(ii) The validity of the Medical Registration Certificate is five (5) years from the date of registration unless the registration is cancelled by MDA before its expiry.	Noted
14.	UMediC	MDA Malaysia	MDC for "electrical hospital bed"	GA4926660416 (Serial No. 042838)	14 September 2021/ 13 September 2026	(iii) Advertising of medical device shall not contain any statement, whether directly or indirectly that the use of that medical device is suggested, promoted or endorsed by MDA or another related party.	Complied

**ANNEXURE B: OUR MAJOR LICENCES, PERMITS AND APPROVALS (CONT'D)**

No.	Licensee	Approving Authority / Issuer	Description of Licence / Permit / Approval	Licence No. / Reference No. / Registration No.	Effective Date / Date of Expiry	Major Conditions Imposed	Status of Compliance
15.	UMediC	MDA Malaysia	MDC for "electrical hospital bed with weighing scale"	GA17774571818 (Serial No. 033330)	11 January 2018/ 10 January 2023	(iv) Intended purpose of medical device shall be clearly stated in the advertisement of products, including brochures, pamphlets, and etc., and shall not refer to any 20 types of diseases that cannot be advertised as prescribed in Section 3(1) of the Medicines (Advertisement and Sale) Act 1956.	Complied
16.	UMediC	MDA Malaysia	MDC for "fetal and vascular dopplers including probes – LifeDop 150 series"	GB6324220-38819 (Serial No. 033169)	24 December 2019/ 23 December 2024	(v) Medical device intended for professional use may only be supplied for use by medical professionals only and shall not be placed in the market for general public.	Complied
17.	UMediC	MDA Malaysia	MDC for "fetal and vascular dopplers including probes – LifeDop 250 series"	GB6576220-38818 (Serial No. 033170)	18 December 2019/ 17 December 2024	(vi) Any amendments to the information concerning registered medical device shall be notified to MDA in accordance to the guidelines set by MDA. MDA reserves the right to grant approval or reject the application for such amendments.	Complied

**ANNEXURE B: OUR MAJOR LICENCES, PERMITS AND APPROVALS (CONT'D)**

No.	Licensee	Approving Authority / Issuer	Description of Licence / Permit / Approval	Licence No. / Reference No. / Registration No.	Effective Date / Date of Expiry	Major Conditions Imposed	Status of Compliance
18.	UMediC	MDA Malaysia	MDC for "limb plethysmography"	GB6787619-37528 (Serial No. 032585)	5 December 2019/ 4 December 2024	↓	↓
19.	UMediC	MDA Malaysia	MDC for "Oxyl flowmeter"	GB7284720-42737 (Serial No. 034898)	20 March 2020/ 19 March 2025		
20.	UMediC	MDA Malaysia	MDC for "vacusill"	GB9511520-42738 (Serial No. 034900)	20 March 2020/ 19 March 2025		
21.	UMediC	MDA Malaysia	MDC for "P-300 pressure regulators"	GC3885620-42739 (Serial No. 034901)	13 March 2020/ 12 March 2025		
22.	UMediC	MDA Malaysia	MDC for "hydraulic hospital bed"	GMD1279984971 8A (Serial No. 033332)	30 October 2018/ 29 October 2023		
23.	UMediC	MDA Malaysia	MDC for "lower limb immobilizer"	GMD2765686541 8A (Serial No. 033334)	14 November 2018/ 13 November 2023		

**ANNEXURE B: OUR MAJOR LICENCES, PERMITS AND APPROVALS (CONT'D)**

No.	Licensee	Approving Authority / Issuer	Description of Licence / Permit / Approval	Licence No. / Reference No. / Registration No.	Effective Date / Date of Expiry	Major Conditions Imposed	Status of Compliance
24.	UMediC	MDA Malaysia	MDC for "hospital manual bed"	GMD6435184981 8A (Serial No. 033331)	30 October 2018/ 29 October 2023	↓	↓
25.	UMediC	MDA Malaysia	MDC for "upper limb immobilizer"	GMD9166184641 8A (Serial No. 033335)	27 October 2018/ 26 October 2023		
26.	UMediC	MDA Malaysia	MDC for "hydraulic stretcher"	GMD9654084991 8A (Serial No. 033333)	30 October 2018/ 29 October 2023		
27.	UWHM	MDA Malaysia	MDC for "prefilled humidifier with adaptor"	GB37757176017 (Serial No. 045659)	27 February 2022/ 26 February 2027		
28.	UWHM	MDA Malaysia	MDC for "inhaler spacer"	GA3611220-42763 (Serial No. 044634)	14 May 2020/ 13 May 2025		



## ANNEXURE B: OUR MAJOR LICENCES, PERMITS AND APPROVALS (CONT'D)

No.	Licensee	Approving Authority / Issuer	Description of Licence / Permit / Approval	Licence No. / Reference No. / Registration No.	Effective Date / Date of Expiry	Major Conditions Imposed	Status of Compliance
29.	UMediC	MOF	Certificate of company registration	K6343466676316 5521/357-02151336	7 March 2022/ 22 April 2025	(i) Any changes to the information furnished by the company shall be updated online at <i>Modul Kemaskini Profil</i> through <a href="http://www.eperolehan.gov.my">www.eperolehan.gov.my</a> within 21 days from the said change. MOF will have the right to do site visit or audit at any time without any prior notification. Non-compliance with registration conditions could result the field code and/or company registration be revoked or terminated and company, owner and board of directors could also be facing disciplinary action including being blacklisted without any notice if information furnished by the company is found to be not correct.	Noted

## ANNEXURE B: OUR MAJOR LICENCES, PERMITS AND APPROVALS (CONT'D)

No.	Licensee	Approving Authority / Issuer	Description of Licence / Permit / Approval	Licence No. / Reference No. / Registration No.	Effective Date / Date of Expiry	Major Conditions Imposed	Status of Compliance
						<p>(ii) The company shall ensure the approved fields shall not be overlapped with other company with the same owner or board of director, management and employees or operate at the same premises.</p> <p>(iii) The newly registered company is not allowed to have changes to the owners or board of directors within six (6) months from the date of registration.</p>	<p>Complied</p> <p>Complied</p>
30.	UWHM	MITI/MIDA	Manufacturing licence for "Medical equipment, devices and instrument"	A 024153 (Serial No. A 040226)	15 October 2021/valid until and unless revoked or surrendered	<p>(i) The manufacturing site shall be located at PMT 790, Jalan Cassia Selatan 5/2, Taman Perindustrian Batu Kawan, 14110 Bandar Cassia, Pulau Pinang (subject to the approval from the relevant State Government).</p> <p>(ii) MITI and MIDA must be notified on any disposal of shares in UWHM.</p>	<p>Complied</p> <p>Noted</p>

**ANNEXURE B: OUR MAJOR LICENCES, PERMITS AND APPROVALS (CONT'D)**

No.	Licensee	Approving Authority / Issuer	Description of Licence / Permit / Approval	Licence No. / Reference No. / Registration No.	Effective Date / Date of Expiry	Major Conditions Imposed	Status of Compliance
						(iii) The company shall train Malaysians so that the technology and skills can be transferred to all position levels.	Noted
						(iv) The company must meet the condition of the capital investment per employee (CIPE) for at least RM140,000.00.	Complied
						(v) Total full-time permanent workforce shall comprise at least 80% Malaysians. In addition, employment of foreign workers including outsourced workers shall be subject to current policies.	Complied

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