

PROFILE OF DIRECTORS



**Tan Sri Datuk Adzmi
Bin Abdul Wahab**

*Independent
Non-Executive Chairman*

Tan Sri Datuk Adzmi Bin Abdul Wahab ("**Tan Sri Datuk Adzmi**"), Malaysian, Male, aged 77, is our Independent Non-Executive Chairman and was appointed to the Board on 23 July 2015. He is a Member of the Audit and Risk Management Committee.

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

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

Over the years, Tan Sri Datuk Adzmi acquired considerable experience in board representation sitting in several private companies' boards involved in various industries such as property development, manufacturing of automotive components, life insurance, telecommunication, trading and tertiary education. He is currently the Chairman of two (2) other public listed companies, namely Magna Prima Berhad and Lebtech Berhad.

PROFILE OF DIRECTORS

Cont'd



Lim Kon Lian
Managing Director

Lim Kon Lian ("**Mr. Lim**"), Malaysian, Male, aged 66, is our Co-Founder and Managing Director. He was appointed to our Board on 13 April 2015. He is responsible for overseeing the strategic business planning, development and operations of our Group.

Mr. Lim began his career in 1969 as an apprentice in a metal fabrication business in Kuala Lumpur. In 1974, he moved to Singapore, and continued to work in metal fabrication as a freelance sub-contractor.

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

Mr. Lim does not hold any directorship in other public companies and listed issuers.

PROFILE OF DIRECTORS

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Mok Mei Lan

Executive Director

Mok Mei Lan (“**Mdm. Mok**”), Malaysian, Female, aged 65, is our Co-Founder and Executive Director. She was appointed to our Board on 13 April 2015 and is presently responsible for overseeing the procurement functions of our Group.

Mdm. Mok began her career in 1973 as an Administrative Clerk, where she managed the administrative functions of an assemblyman in her role as an elected representative of the constituency she served. In 1976, she joined Klinik Thurai, as an Assistant Nurse.

Mdm. Mok co-founded Victory Supplies in 1988, a business partnership involved in the trading and supply of hospital furniture, accessories, and steel and wooden furniture and fittings, with Lim Kon Khoo, the brother of Mr. Lim. In 1993, she co-founded our wholly-owned subsidiary, LKL Advance Metaltech Sdn Bhd together with our Managing Director, Mr. Lim.

Mdm. Mok does not hold any directorship in other public companies and listed issuers.

PROFILE OF DIRECTORS

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Lim Pak Hong
Executive Director

Lim Pak Hong ("**PH Lim**"), Malaysian, Male, aged 34 is our Executive Director. He was appointed to our Board on 2 May 2019. He has been the Group General Manager since 1 July 2015 assisting our Managing Director in managing the overall operations of our Group, with a special focus on Research & Development ("**R&D**"). He was then appointed as the R&D Director on 1 June 2020.

PH Lim obtained a diploma in Mechatronics Engineering from INTI University College in 2009. In 2013, he graduated with a Bachelor of Engineering in Mechatronic Engineering from Staffordshire University, United Kingdom.

Upon graduation, PH Lim joined our Group as a R&D Engineer and was responsible for product design and development, including product customisations as specified by our customers. Among his notable achievements was the design of a Longitudinal Patient Transfer Trolley System, developed for the transferring of patients longitudinally (or lengthwise) as opposed to the conventional lateral (or sideways) transfer, which was useful in narrow hospital corridors and tight spaces.

PH Lim does not hold any directorship in other public companies and listed issuers.

PROFILE OF DIRECTORS

Cont'd



Wong Yeong Lee

*Independent
Non-Executive Director*

Wong Yeong Lee ("**Mr. Wong**"), Malaysian, Male, aged 37, is our Independent Non-Executive Director. He was appointed to our Board on 20 August 2019 and is the Chairman of the Audit and Risk Management Committee, Nomination Committee as well as a Member of the Remuneration Committee.

Mr. Wong graduated from Charles Sturt University with a Bachelor of Business (Accounting/Finance) in 2005. He is a member of the Malaysia Institute of Accountants and a Fellow member of the Association of Chartered Certified Accountants. He started his career as an Audit Assistant in Messrs. HLB Ler Lum in 2005. Subsequently, he joined Crowe Malaysia PLT in 2007 and left as a Senior Manager in 2016. He was responsible for planning and reviewing of the audits of various public listed companies, private limited companies as well as foreign owned entities from various industries. He also led special assignments such as reporting accountants works for initial public offerings and financial due diligence review.

Mr. Wong joined Messrs. Tong & Associates as an Audit Principal in 2016 and was promoted as a Partner since 2017.

Mr. Wong does not hold any directorship in other public companies and listed issuers.

PROFILE OF DIRECTORS

Cont'd



**Selma Enolil Binti
Mustapha Khalil**

*Independent
Non-Executive Director*

Selma Enolil Binti Mustapha Khalil ("**Pn. Selma**"), Malaysian, Female, aged 49, is our Independent Non-Executive Director. She was appointed to our Board on 23 July 2015 and is the Chairman of the Remuneration Committee as well as a Member of the Audit and Risk Management Committee and Nomination Committee.

Pn. Selma graduated from University of Wales, Aberystwyth with a Bachelor of Laws in 1994. She obtained her Certificate in Legal Practice in 1995 and was called to the Malaysian Bar as an Advocate and Solicitor in 1996.

Pn. Selma started her career as an Advocate and Solicitor with Messrs. Abu Talib Shahrom & Zahari in 1996. In 1998, she joined TNB Remaco Sdn Bhd as a legal executive. She resumed practicing law as an Advocate and Solicitor with Messrs. Raslan Loong in 2000. In 2003, she co-founded Messrs. Enolil Loo, Advocates and Solicitors, in which she is currently a Partner.

Pn. Selma presently sits on the board of directors of Techbond Group Berhad, Selangor Dredging Berhad and Powerwell Holdings Berhad as Independent Non-Executive Director. Both Selangor Dredging Berhad and Techbond Group Berhad are companies listed on the Main Market of Bursa Securities Malaysia Berhad ("**Bursa Securities**") while Powerwell Holdings Berhad is a company listed on the ACE Market of Bursa Securities. She is also a director and trustee of Ericson Foundation.

PROFILE OF DIRECTORS

Cont'd



**Sandra Mohan A/L
Manthiry**

*Independent
Non-Executive Director*

Sandra Mohan A/L Manthiry ("**Mr. Mohan**"), Malaysian, Male, aged 66, is our Independent Non-Executive Director. He was appointed to our Board on 2 May 2019 and is the Member of the Audit and Risk Management Committee, Nomination Committee and Remuneration Committee.

Mr. Mohan holds a Bachelor's degree in Mathematics and a Master's degree in Hospital & Health Administration from the University of Iowa, USA. He served as an Administrative and Diplomatic Officer for the Government of Malaysia in various positions at Ministry of Home Affairs, Ministry of Education and Ministry of Health from 1979 to 2000. In 2000, he pioneered with insurers the students' healthcare program for Institutions of Higher Learning in Malaysia.

Mr. Mohan was involved in several healthcare consultancies for Ministry of Health Malaysia, namely in the design and implementation of a specialised pilot project on telemedicine, Hospital Information System and the implementation of Malaysian Case-Mix System for public hospitals. He was actively involved from 2011 to 2015 with the Malaysia Healthcare Travel Council to promote Malaysian Healthcare to regional countries, in particular to Bangladesh.

Since 2011, Mr. Mohan publishes the quarterly premier magazine InfoMed for healthcare professionals and the public. Currently he is actively engaged in professional healthcare services in home care, senior living care, population health and corporate health.

Mr. Mohan does not hold any directorship in other public companies and listed issuers.

Notes:

1. *None of the Directors have family relationship with other Directors or major shareholders except for the following:-*
 - (a) *Mr. Lim is the spouse of Mdm. Mok, a Director and major shareholder of the Company;*
 - (b) *Mdm. Mok is the spouse of Mr. Lim, a Director and major shareholder of the Company; and*
 - (c) *PH Lim, is the son of Mr. Lim and Mdm. Mok, the Directors and major shareholders of the Company*
2. *None of the Directors have any conflict of interest with the Company.*
3. *None of the Directors have been convicted of any offences in the past five (5) years, or been imposed any public sanction or penalty by relevant regulatory bodies during the financial year ended 30 April 2020, other than traffic offences (if any).*

PROFILE OF KEY SENIOR MANAGEMENT

LIM MING CHANG

Chief Executive Officer
(LKL Advance Metaltech Sdn Bhd)

Lim Ming Chang ("**MC Lim**"), Malaysian, Male, aged 38, is our Chief Executive Officer (LKL Advance Metaltech Sdn Bhd) since 1 June 2019. He attended Asia Pacific Institute of Information Technology in Kuala Lumpur and obtained a Diploma in Computing and Information Technology in 2002, followed by a Higher Diploma in Software Engineering in 2004. In 2005, he obtained a Bachelor of Science in Computing from Staffordshire University, United Kingdom. He joined our Group as an IT and Sales Executive. In 2008, he was promoted to Management Information System Manager and was appointed as the Deputy Quality Management Representative of our Group. In 2011, he was promoted to Quality Management Representative.

In 2015, MC Lim was promoted to General Manager - Operations. In this role, he oversees our Group's manufacturing operations, IT and telecommunications functions, corporate website maintenance, as well as building and facilities management. MC Lim remains as our Quality Management Representative and manages quality control and quality assurance of our operations, as well as operational safety, health and environment. He assumed his current position as Chief Executive Officer (LKL Advance Metaltech Sdn Bhd) on 1 June 2019.

As the Chief Executive Officer (LKL Advance Metaltech Sdn Bhd), MC Lim focuses in developing various business strategies and plans to achieve the company's short-term objectives and long-term goals. Together with a high calibre management team, he leads and motivates employees to foster their level of engagement in the company. MC Lim also assists the Managing Director to oversee the operations and business activities of the Group.

MC Lim is the spouse of Elaine Lim Sin Yee ("**Elaine**"), son-in-law of Mr. Lim and Mdm. Mok and brother-in-law of PH Lim.

WEE CHUEN LII

Financial Controller

Wee Chuen Lii ("**CL Wee**"), a Malaysian, Male, aged 47, is our Financial Controller. He is responsible for overseeing the finance functions of our Group. He obtained a Diploma in Commerce (Financial Accounting) from Tunku Abdul Rahman College in 1996. He is a Fellow member of the Association of Chartered Certified Accountants and a member of the Malaysian Institute of Accountants.

CL Wee started his career as an Accounts Executive with Tasja Sdn Bhd (a wholly-owned subsidiary of Astral Asia Bhd) in 1997. He joined EA Consulting Asia Pacific Sdn Bhd as an Accountant in 2000 and continued his career as an Accountant with Axon Solutions Sdn Bhd in 2006. In 2009, he joined DSC Systems (M) Sdn Bhd (a wholly-owned subsidiary of DGB Asia Berhad) as their Group Finance Manager. Subsequently, he joined Huawei Technologies (M) Sdn Bhd as their Business Financial Controller in 2012. On 9 February 2015, he joined our Group as Financial Controller.

LEE KAH EARNG

Sales Director

Lee Kah Earng ("**KE Lee**"), Malaysian, Male, aged 50, is our Sales Director. He is responsible for managing sales and marketing and business development activities for Malaysia market of our Group. He began his career with Hong Leong Finance Berhad as a Collection Clerk in 1990. In 1993, he joined as a Sales Executive in Great Wall Marketing Sdn Bhd. In 1994, he joined as a Sales Executive in Victory Supplies. In 1996, he joined our Group as a Sales Executive and has been an instrumental part of our Group's success and growth to-date. He was promoted to Sales Manager in 2003 and subsequently to Senior Sales Manager in 2012. He was then promoted to Chief Marketing Officer in 2014 before assuming his current position as our Sales Director on 1 June 2019.

Over the years, he has been instrumental in the delivery of our products to public hospitals and also been responsible for leading our Group's sales initiatives in the private hospitals.

KE Lee is the nephew of Mdm. Mok and cousin of Elaine and PH Lim.

PROFILE OF KEY SENIOR MANAGEMENT

Cont'd

ELAINE LIM SIN YEE

Human Resource and
Administration Manager

Elaine, Malaysian, Female, aged 39, is our Human Resource ("HR") and Administration ("Admin") Manager and a substantial shareholder of the Company. She is responsible for overseeing the HR and Admin functions of our Group. She graduated from Royal Melbourne Institute of Technology University in Melbourne, Australia with a Bachelor of Business (Accountancy) in 2005. Upon graduation, she joined our Group as a Personal Assistant to the Managing Director and was promoted to her present position as the HR and Admin Manager on 2 January 2006.

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

Elaine is the spouse of MC Lim, the daughter of Mr. Lim and Mdm. Mok, sister of PH Lim and cousin of KE Lee.

HOO HOU MENG

Business Development
Director

Hoo Hou Meng ("HM Hoo"), Malaysian, Male, aged 49, is our Business Development Director since 1 June 2019.

He began his career as a Sales Executive with Hospitech Sdn Bhd in 1993. He joined Heal Marketing Sdn Bhd as a Product Manager in 1995. In 1996, he joined as a Managing Director in Gwenpac Sdn Bhd. In 2011, he joined as a Managing Director in GP Disposable Sdn Bhd. He joined our Group on 1 February 2018 as Head of Business Development and is responsible for sourcing, market research and roll out of new products lines and technologies. He is the key personnel in charge of getting the new products registered with Medical Device Directive 93/42/EEC CE and ISO 13485 accreditation process. He is also responsible for the implementation of Semi-Knocked Down (SKD) Localization project with our Foreign Technology Principal. He assumed his current position as Business Development Director on 1 June 2019.

He has 28 years of experience in the medical products industry and vast knowledge and connections in the medical related field. He has excellent interpersonal communications skills and has a very extensive contact base, be it with both local or international suppliers and customers and our local government ministries and agencies.

Notes:

1. Except for MC Lim, KE Lee and Elaine, none of the other Key Senior Management have any family relationships with any Directors and/or major shareholders of the Company.
2. None of the Key Senior Management have any directorship in other public companies and listed issuers.
3. None of the Key Senior Management have any conflict of interest with the Company.
4. None of the Key Senior Management have been convicted of any offences in the past five (5) years, or been imposed on any public sanction or penalty by relevant regulatory bodies during the financial year ended 30 April 2020, other than traffic offences (if any).

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (**"the Board"**) of LKL International Berhad (**"the Company"**) is committed towards ensuring good corporate governance practices are implemented and maintained throughout the Company and its subsidiaries (**"the Group"**) as a fundamental part of discharging its duties to enhance shareholders' values consistent with the broad principles, intended outcomes, guidance and recommendations for good corporate governance and best practices for listed companies as set out in the Malaysian Code on Corporate Governance (**"MCCG"** or **"the Code"**).

This Corporate Governance Overview Statement (**"the Statement"**) is supported with a Corporate Governance Report (**"CG Report"**), based on prescribed format as outlined in Rule 15.25(2) of the ACE Market Listing Requirements (**"AMLR"**) of Bursa Malaysia Securities Berhad (**"Bursa Securities"**) so as to provide the detailed application of the Company's corporate governance practices against the MCCG throughout the financial year ended 30 April 2020 (**"FYE 2020"**). The CG Report is available on the Group's website, www.lklbeds.com, as well as via an announcement on the website of Bursa Securities.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

PART I – BOARD RESPONSIBILITIES

1.1 Board Roles and Responsibilities

The Board is responsible for the stewardship of business and affairs of the Company in order to enhance long term shareholders' value. The Board is fully aware and understand their collective responsibilities in guiding the business activities of the Group in reaching an optimum balance of a sound and sustainable business operation with an optimal corporate governance framework in order to safeguard shareholders' value.

The Board is responsible for formulating and reviewing the Group's strategic plans and key policies, and charting the course of the Group's business operations whilst providing effective oversight of the performance of the Group's senior management (**"Senior Management"**), risk assessment and controls over business operations. The Board is also responsible for determining the nature and extent of the principal risks of the Company's business in achieving its strategic objectives.

Broadly, the Board assumes, amongst others, the following responsibilities in discharging its fiduciary and leadership functions:-

- Reviewing and adopting a strategic plan for the Group, including addressing the Group's business strategies underpinning sustainability;
- Overseeing the performance of the Group's business and determining whether its business is being properly managed;
- Identifying principal business risks faced by the Group and ensuring the implementation of appropriate risk management framework and mitigating measures to address such risks;
- Ensuring that all candidates appointed to the Board or the Senior Management are of sufficient calibre, including having in place a process to provide for the orderly succession of the Board and Senior Management;
- Overseeing the implementation of investor relations programme and stakeholder communication policy;
- Evaluating the adequacy and soundness of the Group's internal controls and management information systems, including systems for the Group's business to be in compliance with applicable laws, regulations, rules, directives and guidelines; and
- Ensuring the financial statements are prepared based on appropriate and consistently applied accounting policies, supported by reasonably prudent judgment and estimation and in accordance to the applicable financial reporting standards.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Cont'd

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS *Cont'd*

PART I – BOARD RESPONSIBILITIES *Cont'd*

1.2 Board Committees

In order to ensure the effective discharge of its fiduciary duties and execution of specific responsibilities, the Board has established Board Committees as follows to assist the Board in the running of the Group:-

- Audit and Risk Management Committee (“**ARMC**”);
- Nomination Committee (“**NC**”); and
- Remuneration Committee (“**RC**”)

Each Committee operates in accordance with clearly defined terms of reference. These Committees are authorised by the Board to deal with and to deliberate on matters delegated to them within their respective terms of reference and report to the Board on their proceedings and deliberation together with its recommendations to the Board for approval.

1.3 The Chairman

The Chairman of the Board, Tan Sri Datuk Adzmi Bin Abdul Wahab is an Independent Non-Executive Chairman and is primarily responsible for matters pertaining to the Board and ensures the orderly conduct and performance of the Board. The Chairman is committed to good corporate governance practices and has been leading the Board towards a high performing culture.

The role of Chairman of the Board is stated clearly in the Board Charter, which is available on the Company's website, www.lklbeds.com.

1.4 Chairman and Managing Director (“MD”)

The roles of the Chairman and the MD are separate with clear distinction of responsibilities between them to provide effective leadership of the Board and the Group. The Chairman of the Board is responsible for the leadership and effective running of the Board, whereas the MD who leads the management of the Group, has overall responsibility for the business and day-to-day management of the Company and the implementation of the Board's policies and decisions.

The distinct and separate roles and responsibilities of the Chairman and MD are clearly stated in the Board Charter, which is available on the Company's website, www.lklbeds.com.

1.5 Qualified and Competent Company Secretary

The Board is supported by a suitably qualified and competent Company Secretary. Our Company Secretary is a member of the Malaysian Association of Company Secretaries and is holding a professional certificate as qualified Company Secretary under the Companies Act 2016. She possesses over 26 years of experience in corporate secretarial practices.

The Company Secretary plays an advisory role in supporting the Board and Board Committees in advising on its roles and responsibilities, governance matters and ensuring the Company is complied with its own Constitution and all the law and regulations prescribed by the Companies Act 2016 and AMLR of Bursa Securities.

The Company Secretary manages the logistics of all Board, Board Committees and general meetings. She ensures minutes of all meetings are properly recorded and reflected the correct proceedings of the meetings, including whether any Director abstained from voting or deliberating on a particular matter.

During the financial year under review, all Board and Board Committees meetings were properly convened, and accurate and proper records of the proceedings and resolutions passed were taken and maintained in the statutory records of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Cont'd

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS Cont'd

PART I – BOARD RESPONSIBILITIES Cont'd

1.5 Qualified and Competent Company Secretary Cont'd

All Directors have unrestricted access to the advice and services of the Company Secretary to enable them to discharge their duties effectively. The Company Secretary also keeps the Directors and Principal Officers informed of the closed period for dealings in the Company's shares.

Overall, the Board is satisfied with the service and support rendered by the Company Secretary to the Board in the discharge of her functions.

1.6 Access to information and advice

The Board recognises that the decision-making process is highly dependent on the quality of information furnished. In furtherance of this, all Directors have access to the information within the Group through the following means:-

- a. Members of Senior Management attended the Board and/or Board Committees meetings by invitation, to report on areas of which are within their responsibilities for the Board's decision making and effective discharge of the Board's responsibilities.
- b. The Board and/or Board Committees meeting papers are prepared and circulated to the Directors and/or Board Committees at least five (5) market days before the Board and Board Committee meetings.
- c. The ARMC meets with the Senior Management, Internal Auditors and External Auditors regularly to review their audit plans and reports, and obtain updates and observations on internal control system and financial reporting matters.

Furtherance to the abovementioned, the Board, as a whole, has the right to determine whether as a full Board or in their individual capacity, to seek and take independent professional advice, where necessary and under appropriate circumstances, in pursuance of their duties at the Group's expense.

2.1 Board Charter

The Company has formalised and adopted a Board Charter which sets out the functions, authority, roles and responsibilities of the Board as well as the various internal processes and principles governing the Board. The Board Charter also serves as a source of reference and primary induction literature, providing insights to new Board members.

The Board Charter would be periodically reviewed and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities. The Board Charter is available on the Company's website, www.lklbeds.com.

3.1 Code of Conduct and Ethics

The Board has adopted a Code of Conduct and Ethics which is incorporated in the Board Charter of the Company. The Directors continue to observe the Code of Conduct and Ethics based on the code of conduct expected of directors of companies as set out in the Code of Ethics for Company Directors established by the Companies Commission of Malaysia, and ensure implementation of corporate accountability standards to support and promote an ethical corporate environment and ensure the compliance of the Code of Conduct and Ethics.

The Board had on 28 May 2020 reviewed and approved the Code of Conduct and Ethics of the Group to incorporate the anti-bribery and corruption requirements to be observed by the Directors and employees of the Group.

The Board will periodically review and assess the adequacy of the Code of Conduct and Ethics, and make such amendments to the Code of Conduct and Ethics as the Board may deem appropriate. The Code of Conduct and Ethics is available on the Company's website, www.lklbeds.com.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Cont'd

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS Cont'd

PART I – BOARD RESPONSIBILITIES Cont'd

3.2 Whistle Blowing Policy

The Board has put in place a Whistle Blowing Policy to encourage its employees to report genuine concerns in relation to breach of any legal obligation (including negligence, criminal activity, breach of contract and breach of the law), miscarriage of justice, danger to health and safety or to the environment and the cover-up of any of these in the workplace. The Whistle Blowing Policy of the Company provides guidance on the appropriate communication and feedback channels to ensure legitimate concerns can be objectively investigated and addressed.

The Board had on 28 May 2020 reviewed and approved the relevant amendments in relation to the anti-bribery and corruption measures to the Whistle Blowing Policy.

The Whistle Blowing Policy is available on the Company's website at www.lklbeds.com.

PART II – BOARD COMPOSITION

4.1 Composition of the Board

The control environment sets the tone for the Group and is driven by an effective Board consisting of qualified and competent individuals with appropriate specialised skills and knowledge to ensure capable management of the Group. The appointment of Independent and Non-Independent Directors are carefully considered to ensure that the Board is well balanced on views, advice, judgment and decision making.

The Board currently has seven (7) members as set out in the table below:-

Name of Board Members	Designation
Tan Sri Datuk Adzmi Bin Abdul Wahab, Chairman	Independent Non-Executive Chairman
Lim Kon Lian, Member	Managing Director
Mok Mei Lan, Member	Executive Director
Lim Pak Hong, Member ⁽¹⁾	Executive Director
Selma Enolil Binti Mustapha Khalil, Member	Independent Non-Executive Director
Sandra Mohan A/L Manthiry, Member ⁽²⁾	Independent Non-Executive Director
Wong Yeong Lee, Member ⁽³⁾	Independent Non-Executive Director
Tan Chuan Hock, Member ⁽⁴⁾	Non-Independent Non-Executive Director
Tevanaigam Randy Chitty, Member ⁽⁵⁾	Senior Independent Non-Executive Director

(1) Mr. Lim Pak Hong was appointed as an Executive Director of the Company on 2 May 2019.

(2) Mr. Sandra Mohan A/L Manthiry was appointed as an Independent Non-Executive Director of the Company on 2 May 2019.

(3) Mr. Wong Yeong Lee was appointed as an Independent Non-Executive Director of the Company on 20 August 2019.

(4) Mr. Tan Chuan Hock has resigned as a Non-Independent Non-Executive Director of the Company on 4 June 2019.

(5) Mr. Tevanaigam Randy Chitty has resigned as a Senior Independent Non-Executive Director of the Company on 14 August 2019.

At least half of the Board comprises Independent Directors as recommended by Practice 4.1 of the MCGG. The Company also fulfils the requirement of the Board comprising at least two (2) or one-third (1/3) Independent Directors, whichever is the higher, as stipulated under Rule 15.02 of the AMLR of Bursa Securities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Cont'd

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS *Cont'd*

PART II – BOARD COMPOSITION *Cont'd*

4.1 Composition of the Board *Cont'd*

The size and composition of the Board is well balanced in its current constituted state to address any business challenges and to drive the business of the Group to greater heights. The Board comprises of a mixture of Executive and Non-Executive Directors from diverse professional backgrounds with a wealth of experience, skills and expertise to meet the Group's needs. The size and composition of the Board are reviewed from time to time to ensure its appropriateness.

The presence of Independent Directors ensures that views, consideration, judgment and discretion exercised by the Board in decision making remains objective and independent whilst assuring the interest of other parties such as minority shareholders are fully addressed and adequately protected as well as being accorded with due consideration.

4.2 Tenure of Independent Directors

The MCCG recommends that the tenure of an Independent Director shall not exceed a cumulative term of nine (9) years. The Company does not have tenure limits for Independent Directors and the Board is of the opinion that the ability of an Independent Director to exercise his/her independence and objective judgment in Board deliberations shall not be determined solely or arbitrarily by their tenure of service.

However, if the Board intends to retain a Director who has served as an Independent Director of the Company for a cumulative term of more than nine (9) years, the Board must justify its decision and seek the shareholders' approval at a general meeting.

During the financial year under review, none of our Directors have served the Board as an Independent Director of the Company for a cumulative term of more than nine (9) years.

4.3 New Appointment to the Board

The Board, through the NC, is responsible for reviewing recommendations of any new appointments to the Board. In reviewing these recommendations, the NC considers the required mix of skills and experiences which the new appointments would bring to the Board and his or her time commitment. Any new nomination is to be reviewed by NC and subsequently recommended to the Board for assessment and endorsement.

The key task of the NC is to ensure that the Company recruits and retains the suitably qualified Executive and Non-Executive Directors who are competent and are able to guide the Company to meet its strategy and business plan. In searching suitable candidates, the NC may receive suggestions from existing Board members, Senior Management and major shareholders. The NC is also open to referrals from external sources or independent recruiter firms.

In fostering the commitment of the Board to devote sufficient time to carry out their responsibilities, each Director is required to notify the Chairman of the NC and the Board prior to accepting directorships in the listed issuer outside the Group. All Directors shall not hold more than five (5) directorships in other listed issuer as required under Rule 15.06 of the AMLR of Bursa Securities.

4.4 Gender Diversity

The Board recognises that gender diversity and equitable representation at Board and Senior Management level are essential elements of good corporate governance, and is a critical attribute of a well-functioning Board and maintaining a competitive advantage. It enhances decision-making capability and a diverse Board is more effective in dealing with organisational changes.

Currently, the Board has two (2) female Board members, Mdm. Mok Mei Lan and Puan Selma Enolil Binti Mustapha Khalil, representing 29% of women participation. The Board is satisfied that the current boardroom diversity is adequate for its purpose and has the appropriate blend of gender, experience, independence and required mix of skills upon recent assessment carried out by the NC.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Cont'd

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS Cont'd

PART II – BOARD COMPOSITION Cont'd

4.5 Nomination Committee

The NC of the Company comprises the following members, all being Independent and Non-Executive Directors with the Chairman being the Independent Director identified by the Board:-

Name of Committee Members	Designation
Wong Yeong Lee, Chairman ⁽¹⁾	Independent Non-Executive Director
Selma Enolil Binti Mustapha Khalil, Member	Independent Non-Executive Director
Sandra Mohan A/L Manthiry, Member ⁽²⁾	Independent Non-Executive Director
Tevanaigam Randy Chitty, Chairman ⁽³⁾	Senior Independent Non-Executive Director

(1) Mr. Wong Yeong Lee was appointed as the Chairman of the NC on 20 August 2019.

(2) Mr. Sandra Mohan A/L Manthiry was appointed as the member of the NC on 26 June 2019.

(3) Mr. Tevanaigam Randy Chitty ceased as the Chairman of the NC on 14 August 2019.

The Terms of Reference of the NC is available on the Company's website, www.lklbeds.com.

The NC is responsible for identifying and recommending suitable candidates for Board membership and also assessing the performance of the individual Directors. The Board would have the final decision on the appointment. This process is to ensure the Board membership are determined by the relevant skills, talents and experience in order to support the strategic direction and needs of the Group.

During the FYE 2020, the activities undertaken by the NC are as summarised below:-

- Reviewed and assessed the MD's, Executive Directors' and Non-Executive Directors' Annual Performance Evaluation Forms for the financial year ended 30 April 2019.
- Reviewed and assessed independence of the Independent Directors.
- Reviewed and assessed the effectiveness of the Board and Board Committees and performance of the Directors of the Company both individually and collectively.
- Reviewed and assessed the performance of the ARMC.
- Reviewed, assessed and recommended to the Board the appointment of Mr. Sandra Mohan A/L Manthiry and Mr. Wong Yeong Lee as the Independent Non-Executive Directors of the Company.
- Considered and recommended to the Board for consideration, the re-election of Mr. Lim Kon Lian and Mdm. Mok Mei Lan who retired pursuant to Clause 85 of the Company's Constitution at the last Annual General Meeting ("AGM") held on 30 October 2019.
- Considered and recommended to the Board for consideration, the re-election of Mr. Lim Pak Hong, Mr. Sandra Mohan A/L Manthiry and Mr. Wong Yeong Lee who retired pursuant to Clause 91 at the last AGM held on 30 October 2019.

5.1 Annual Evaluation of the Board and Board Committees as a whole

The Board has, through the NC, conducted annual evaluation to determine the effectiveness of the Board, its Board Committees and each individual Director in the FYE 2020. The process was carried out by sending the following customised assessment forms to Directors:-

- Performance of MD and Executive Directors;
- Performance of Non-Executive Directors;
- Independence of the Independent Directors;
- Performance of the ARMC; and
- Effectiveness of the Board and Board Committees as a whole.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Cont'd

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS Cont'd

PART II – BOARD COMPOSITION Cont'd

5.1 Annual Evaluation of the Board and Board Committees as a whole Cont'd

The assessment criteria based on the key performance indicators covers the financial performance and business operations, strategic, operations management and business plans, product development, conformance and compliance, stakeholders' relation, succession planning, attendance, preparation and contribution to the committee meetings.

5.2 Attendance of Board and Board Committees' Meetings

The Board meets at least once in every quarter on a scheduled basis and additional meetings to be convened as and when deemed necessary by the Board. All the Directors fulfilled the requirements of the AMLR of Bursa Securities of having attended at least 50% of the Board meetings held by the Company during the FYE 2020.

The number of meetings held and attended by each members of the Board and the Board Committees during the financial year under review were as follows:-

Name of Directors	No. of Meetings Attended			
	Board	ARMC	NC	RC
Tan Sri Datuk Adzmi Bin Abdul Wahab	5/5	4/4	-	-
Lim Kon Lian	5/5	-	-	-
Mok Mei Lan	5/5	-	-	-
Lim Pak Hong ⁽¹⁾	4/5	-	-	-
Wong Yeong Lee ⁽²⁾	3/3	3/3	-	-
Selma Enolil Binti Mustapha Khalil	5/5	4/4	1/1	1/1
Sandra Mohan A/L Manthiry ⁽³⁾	5/5	3/3	-	-
Tan Chuan Hock ⁽⁴⁾	-	-	-	-
Tevanaigam Randy Chitty ⁽⁵⁾	2/2	1/1	1/1	1/1

(1) Mr. Lim Pak Hong was appointed as an Executive Director of the Company on 2 May 2019.

(2) Mr. Wong Yeong Lee was appointed as an Independent Non-Executive Director of the Company on 20 August 2019.

(3) Mr. Sandra Mohan A/L Manthiry was appointed as an Independent Non-Executive Director of the Company on 2 May 2019.

(4) Mr. Tan Chuan Hock has resigned as a Non-Independent Non-Executive Director of the Company on 4 June 2019.

(5) Mr. Tevanaigam Randy Chitty has resigned as a Senior Independent Non-Executive Director of the Company on 14 August 2019.

Overall, the Board is satisfied with the level of time commitment given by the Directors towards fulfilling their duties and responsibilities. This is evidenced by the attendance record of the Directors as set out herein above.

To facilitate the Directors' time planning, the annual Board and Board Committees meetings calendar was prepared in advance of each new year by the Company Secretary. The calendar provides the Directors with scheduled dates for meetings of the Board and Board Committees as well as the AGM. The closed periods for dealings in securities by Directors and Principal Officers based on the scheduled dates of meetings for making announcements of the Group's quarterly results were also provided therein.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Cont'd

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS Cont'd

PART II – BOARD COMPOSITION Cont'd

5.3 Directors' Training

During the FYE 2020, the Directors had attended the following training programmes in compliance with Rule 15.08 of the AMLR of Bursa Securities:-

Directors	Seminar / Training attended
Tan Sri Datuk Adzmi Bin Abdul Wahab	• Corporate Governance Monitor 2019 • Shaping the Boards of Tomorrow • Audit Oversight Board Conversation with Audit Committees • International Directors Summit 2019 • Sustainability-Inspired Innovations: Enablers of the 21st Century • Demystifying the Diversity Conundrum: Road to Business Excellent • Key Amendments to the AMLR of Bursa Securities to Continuing Disclosure Obligations and other Amendments • Section 17A of Malaysia Anti-Corruption Act 2009 (Amended 2018)
Lim Kon Lian	• Key Amendments to the AMLR of Bursa Securities to Continuing Disclosure Obligations and other Amendments • Section 17A of Malaysia Anti-Corruption Act 2009 (Amended 2018)
Mok Mei Lan	• Key Amendments to the AMLR of Bursa Securities to Continuing Disclosure Obligations and other Amendments • Section 17A of Malaysia Anti-Corruption Act 2009 (Amended 2018)
Lim Pak Hong	• Mandatory Accreditation Programme for Directors of Public Listed Companies • Key Amendments to the AMLR of Bursa Securities to Continuing Disclosure Obligations and other Amendments • Section 17A of Malaysia Anti-Corruption Act 2009 (Amended 2018)
Wong Yeong Lee	• MFRS 15 Revenue from Contracts with Customers Workbook Style • Practice Issues in Applying IFRS 9 Financial Instruments • MFRS 16 Leases – What it entails and its effects • Mandatory Accreditation Programme for Directors of Public Listed Companies • Section 17A of Malaysia Anti-Corruption Act 2009 (Amended 2018)
Selma Enolil Binti Mustapha Khalil	• Sharing Session – Risk Management Conference (Governance and Risk in a Digital World) • Evaluating Effective Internal Audit Function Audit Committees Guide on How To • Key Amendments to the AMLR of Bursa Securities to Continuing Disclosure Obligations and other Amendments • Section 17A of Malaysia Anti-Corruption Act 2009 (Amended 2018)
Sandra Mohan A/L Manthiry	• Mandatory Accreditation Programme for Directors of Public Listed Companies • Key Amendments to the AMLR of Bursa Securities to Continuing Disclosure Obligations and other Amendments • Section 17A of Malaysia Anti-Corruption Act 2009 (Amended 2018)

All the Directors continued to gain updates through briefings by the Company Secretary, Internal and External Auditors during quarterly meetings, communications with other Directors as well as the daily work exposures. During the FYE 2020, all the Directors were briefed by the Company Secretary on the “Key Amendments to the AMLR of Bursa Securities to Continuing Disclosure Obligations and other Amendments” and “Section 17A of Malaysia Anti-Corruption Act 2009 (Amended 2018)”.

The Directors will continue to participate in future professional development programme from time to time as necessary to enable them to carry out their roles and duties effectively.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Cont'd

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS *Cont'd*

PART III – REMUNERATION

6.1 Remuneration Policy

The Board has in place a formal Remuneration Policy for Directors and Senior Management. The Remuneration Policy establishes a formal and transparent procedure for developing a structure for the remuneration of Directors and Senior Management of the Company with the objective of supporting and driving business strategy and the long-term interests of the Company.

The aim of the Remuneration Policy is to:-

- a. determine the level of remuneration of Directors and Senior Management;
- b. attract, retain and reward high performing, experienced and qualified Directors and Senior Management by providing remuneration commensurate with their responsibilities and contributions, and be competitive with the industry; and
- c. encourage value creation for the Company by aligning the interests of Directors with the long-term interests of shareholders.

The remuneration is reviewed by the RC on an annual basis prior to making its recommendations to the Board for approval. In its review, the RC considers various factors including the Directors' fiduciary duties, time commitments and expertise expected from them and the Company's performance.

The Remuneration Policy is available on the Company's website, www.lklbeds.com.

6.2 Remuneration Committee

The RC is principally responsible for the development and review of the remuneration packages of the MD and Executive Directors including Board Members, where necessary, and subsequently furnishes their recommendations to the Board for adoption. The RC plays an essential role in overseeing the quality of the remuneration for Directors by ensuring the remuneration decisions remunerate the Directors fairly and responsibly, and that it reflects the commitment of the Director concerned.

The RC also recommends the Directors' fees and/or benefits payable to Non-Executive Directors, which are deliberated and decided at the Board before it is presented at the AGM for shareholders' approval.

The Terms of Reference of the RC is published on the Company's website, www.lklbeds.com.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Cont'd

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS Cont'd

PART III – REMUNERATION Cont'd

7.1 Directors' Remuneration

The details of the remuneration of the Directors of the Company received from the Company and the Group during the FYE 2020 are as follows:-

The Company

Name of Directors	Fees	Salaries	Benefits in Kind	Meeting Allowance	Bonus	Others	Total
	RM	RM	RM	RM	RM	RM	RM
Tan Sri Datuk Adzmi Bin Abdul Wahab	42,000	-	-	1,200	-	-	43,200
Lim Kon Lian	-	-	-	-	-	-	-
Mok Mei Lan	-	-	-	-	-	-	-
Selma Enolil Binti Mustapha Khalil	36,000	-	-	1,500	-	-	37,500
Lim Pak Hong ⁽¹⁾	-	-	-	-	-	-	-
Sandra Mohan A/L Manthiry ⁽²⁾	36,000	-	-	1,500	-	-	37,500
Wong Yeong Lee ⁽³⁾	25,500	-	-	900	-	-	26,400
Tan Chuan Hock ⁽⁴⁾	3,000	-	-	-	-	-	3,000
Tevanaigam Randy Chitty ⁽⁵⁾	10,500	-	-	600	-	-	11,100
Total	153,000	-	-	5,700	-	-	158,700

The Group

Name of Directors	Fees	Salaries	Benefits in Kind	Meeting Allowance	Bonus	Others	Total
	RM	RM	RM	RM	RM	RM	RM
Tan Sri Datuk Adzmi Bin Abdul Wahab	42,000	-	-	1,200	-	-	43,200
Lim Kon Lian	-	720,000	-	-	-	86,400	806,400
Mok Mei Lan	-	360,000	-	-	-	43,200	403,200
Selma Enolil Binti Mustapha Khalil	36,000	-	-	1,500	-	-	37,500
Lim Pak Hong ⁽¹⁾	-	248,985	-	-	58,300	37,631	344,916
Sandra Mohan A/L Manthiry ⁽²⁾	36,000	-	-	1,500	-	-	37,500
Wong Yeong Lee ⁽³⁾	25,500	-	-	900	-	-	26,400
Tan Chuan Hock ⁽⁴⁾	3,000	-	-	-	-	-	3,000
Tevanaigam Randy Chitty ⁽⁵⁾	10,500	-	-	600	-	-	11,100
Total	153,000	1,328,985	-	5,700	58,300	167,231	1,713,216

(1) Mr. Lim Pak Hong was appointed as an Executive Director of the Company on 2 May 2019.

(2) Mr. Sandra Mohan A/L Manthiry was appointed as an Independent Non-Executive Director of the Company on 2 May 2019.

(3) Mr. Wong Yeong Lee was appointed as an Independent Non-Executive Director of the Company on 20 August 2019.

(4) Mr. Tan Chuan Hock has resigned as a Non-Independent Non-Executive Director of the Company on 4 June 2019.

(5) Mr. Tevanaigam Randy Chitty has resigned as a Senior Independent Non-Executive Director of the Company on 14 August 2019.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Cont'd

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS Cont'd

PART III – REMUNERATION Cont'd

7.2 Remuneration of Senior Management

The remuneration of the Senior Management of the Group for the FYE 2020 are as follows:-

Range of Remuneration	No. of Senior Management
RM100,001 to RM150,000	1
RM250,001 to RM300,000	2
RM300,001 to RM350,000	1
RM350,001 to RM400,000	-
RM400,001 to RM450,000	-
RM450,001 to RM500,000	-
RM500,001 to RM550,000	-
RM550,001 to RM600,000	1

Due to confidentiality and sensitivity of the remuneration package of Senior Management as well as security concerns, the Company opts not to disclose the Senior Management's remuneration components on named basis in the bands of RM50,000.

The Board is of the view that the disclosure of the Senior Management's remuneration components would not be in the best interest of the Company given the competitive human resources environment as such disclosure may give rise to recruitment and talent retention issues.

The Board is of the view that the disclosure of the Senior Management's aggregated remuneration on unnamed basis in the bands of RM50,000 in the Annual Report 2020 is adequate.

PRINCIPLE B – EFFECTIVENESS AUDIT AND RISK MANAGEMENT

PART I – AUDIT AND RISK MANAGEMENT COMMITTEE

8.1 Effective and Independent ARMC

The ARMC is relied upon by the Board to, amongst others, provide advice in the areas of financial reporting, external audit, internal control environment and internal audit process, review of related party transactions as well as conflict of interest situations. The ARMC also undertakes to provide oversight on the risk management framework of the Group.

The ARMC is chaired by the Independent Non-Executive Director who is distinct from the Chairman of the Board. Majority of the members of the ARMC are financially literate, whilst the Chairman of the ARMC is a member of the Malaysian Institute of Accountants.

The term of office and performance of the ARMC and its members are reviewed by the NC annually to determine whether such ARMC and members have carried out their duties in accordance with the Terms of Reference of the ARMC.

Currently, none of the members of the ARMC of the Company were former key audit partners. The ARMC has in place a policy that requires a former key partner to observe a cooling-off period of at least two (2) years before being appointed as a member of the ARMC. The policy had been codified in the Terms of Reference of ARMC of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Cont'd

PRINCIPLE B – EFFECTIVENESS AUDIT AND RISK MANAGEMENT *Cont'd*

PART I – AUDIT AND RISK MANAGEMENT COMMITTEE *Cont'd*

8.1 Effective and Independent ARMC *Cont'd*

The Group has established a transparent and appropriate relationship with the Internal Auditors and External Auditors which facilitate the Group to seek professional advice on matters relating to compliance and corporate governance. The internal audit function of the Group is outsourced to third party. Similar to the External Auditors, Internal Auditors too have direct reporting access to the ARMC to ensure that issues highlighted are addressed independently, objectively and impartially without any undue influence from the Management.

The Board has established the Internal and External Auditors Assessment Policy together with the Annual Performance Evaluation Form to review, assess and monitor the performance, and independence of the Internal and External Auditors of the Company.

PART II – RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

9.1 Risk Management and Internal Control Framework

The Board has delegated the responsibility of reviewing the adequacy and effectiveness of the risk management and internal control system to the ARMC with the primary objective to assist the Board in the following functions:-

- a. Overseeing the Group's risk management framework and policies;
- b. Ensuring Senior Management maintains a sound system of risk management and internal controls to safeguard shareholders' interest and the Group's assets; and
- c. Determining the nature and extent of significant risks which it is willing to take in achieving its strategic objectives.

The risk management and internal control are ongoing processes and the Company will continuously enhance the existing system of risk management and internal control by taking into consideration the changing business environment.

The review and assessment of the Company's internal control and risk management framework are conducted as and when required. Further details on the features of the risk management and internal control framework, and the adequacy and effectiveness of this framework, are disclosed in the Statement on Risk Management and Internal Control in this Annual Report 2020.

10.1 Internal Audit Function

The Group's Internal Audit Function is outsourced to an independent professional consulting firm to assist the Board in maintaining a system of internal control to safeguard shareholders' investment and the Group's assets. The internal audit findings and investigations of business units of the Group will be reported directly to the ARMC.

The information on the Group's risk management and internal control is presented in the Statement on Risk Management and Internal Control in this Annual Report 2020.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Cont'd

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

PART I – COMMUNICATION WITH STAKEHOLDERS

11.1 Continuous Communication with Stakeholders

The Board is committed to provide stakeholders with accurate, useful and timely information about the Company's businesses, operations and financial performance of the Group and where necessary, information filed with regulators is in accordance with the applicable legal and regulating requirements. Stakeholders will receive regular communication from the Company through the release of quarterly reports to Bursa Securities and annual reports. In addition, the Company will communicate other information to the stakeholders by way of press releases or announcements to Bursa Securities as and when necessary.

The Board has also established a dedicated section on the Company's website at www.lklbeds.com for corporate information on the Company's announcements, financial information, annual reports, quarterly reports, and share prices which are available to the public. The website acts as a key communication channel for the Company to reach its stakeholders and the general public.

The Investor Relations section on the Company's website enhances the investor relations function. Stakeholders and the general public may direct their enquiries and concerns by contacting the Company's Investor Relations which is available at the website, www.lklbeds.com.

Stakeholders can also access historical data and stocks chart information by clicking on the subject matter at the website.

11.2 Corporate Disclosure Policy

The Board is committed to provide effective communication to its shareholders and general public regarding the business, operations and financial performance of the Group and where necessary, information filed with regulators is in accordance with all applicable legal and regulatory requirements.

The Corporate Disclosure Policy was formalised to promote comprehensive, accurate and timely disclosures pertaining to the Company and the Group to regulators, shareholders and stakeholders.

PART II – CONDUCT OF GENERAL MEETINGS

12.1 Conduct of General Meetings

The AGM serves as the principal forum for direct interaction and dialogue between the shareholders, the Board and the management. The AGM provides an opportunity for the shareholders to seek and clarify any issues and to have a better understanding of the Group's performance and other matters of concern. The Company should facilitate greater shareholders participation and the shareholders will be able to make informed voting decisions. The Board, Senior Management and the External Auditors will be providing meaningful responses to questions and appropriate clarifications at the meeting.

In line with the Practice 12.1 of the MCGG, the Notice of 5th AGM and related papers were sent to shareholders at least twenty eight (28) days before the AGM to enable shareholders to go through the Annual Report and papers supporting the resolutions proposed.

All resolutions set out in the Notice of 5th AGM were put to vote by poll and the votes casted were validated by an independent scrutineer appointed by the Company. The outcome of all resolutions proposed at the general meeting is announced to Bursa Securities at the end of the meeting day.

All the Directors were present at the 5th AGM held on 30 October 2019 and responded to queries raised by the shareholders.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Cont'd

STATEMENT BY THE BOARD ON THE STATEMENT

The Board has deliberated, reviewed and approved this Statement. The Board considers and is satisfied that to the best of its knowledge the Company has fulfilled its obligations under the MCCG, the relevant chapters of the AMLR of Bursa Securities on corporate governance and all applicable laws and regulations throughout the FYE 2020.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

1. INTRODUCTION

Pursuant to Rule 15.15 of the ACE Market Listing Requirements (“**AMLR**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”), the Board of Directors (“**the Board**”) is pleased to present the Audit and Risk Management Committee Report which lays out the activities held for the financial year ended 30 April 2020 (“**FYE 2020**”).

2. OBJECTIVES

The Audit and Risk Management Committee (“**ARMC**” or “**the Committee**”) was established with the primary objective to assist the Board in discharging its statutory duties and responsibilities, among others, providing an additional assurance to the Board by giving an objective and independent review of financial, operational and administrative controls and procedures, establishing and maintaining internal controls and reinforcing the independence of the Company’s External Auditors, thereby ensuring that they have free reign in the audit process.

3. COMPOSITION OF ARMC

The Committee comprises of four (4) members, all of whom are Non-Executive Directors and Independent Directors in compliance with the requirements of Rule 15.09 of the AMLR of Bursa Securities.

The members of the Committee comprises of the following Directors:

Name of Committee members	Designation
Wong Yeong Lee	Chairman, Independent Non-Executive Director
Tan Sri Datuk Adzmi Bin Abdul Wahab	Member, Independent Non-Executive Chairman
Selma Enolil Binti Mustapha Khalil	Member, Independent Non-Executive Director
Sandra Mohan A/L Manthiry	Member, Independent Non-Executive Director

The Terms of Reference of the ARMC can be accessed from the corporate website of the Company at www.lklbeds.com.

4. SUMMARY OF ACTIVITIES FOR THE FYE 2020

The Committee met four (4) times for the financial year under review. The attendance of the Committee members are set out as follows:

Name of Committee members	Meeting Attendance
Wong Yeong Lee ⁽¹⁾	3/3
Tan Sri Datuk Adzmi Bin Abdul Wahab	4/4
Selma Enolil Binti Mustapha Khalil	4/4
Sandra Mohan A/L Manthiry ⁽²⁾	3/3

Notes:

(1) Mr. Wong Yeong Lee was appointed as the Chairman of the ARMC on 20 August 2019.

(2) Mr. Sandra Mohan A/L Manthiry was appointed as the member of the ARMC on 26 June 2019.

The presence of the External Auditors and/or the Internal Auditors at the Committee meetings can be requested if required by the Committee. Other members of the Board and officers of the Company and its subsidiaries (“**the Group**”) were present by invitation at all meetings.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

Cont'd

4. SUMMARY OF ACTIVITIES FOR THE FYE 2020 *Cont'd*

The Committee had carried out the following activities for the FYE 2020 in discharging their duties and responsibilities:

- i. Reviewed the Company's quarterly unaudited financial results and annual Audited Financial Statements of the Group including the announcements pertaining thereto. Discussion focused particularly on any change in accounting policies and practices, significant adjustments arising from the audit and compliance with approved accounting standards and other legal regulatory requirements before recommending to the Board for approval and release of the announcements to Bursa Securities;
- ii. Reviewed the Audit Planning Memorandum for the FYE 2020 presented by the External Auditors to ensure the scope of the external audit is comprehensive;
- iii. Reviewed with the External Auditors, the Audited Financial Statements of the Company and the Group and issues arising from the audit of the financial statements highlighted in the External Auditors' management letter and the management's responses thereon;
- iv. Considered and recommended the re-appointment of Crowe Malaysia PLT as the External Auditors and their audit fee to the Board for consideration based on the independence, competency and efficiency as demonstrated by the External Auditors during their audit;
- v. Reviewed with the Internal Auditors, the internal audit plan, work done and reports, for the internal audit function and considered the findings of the internal audit investigations and management responses thereon, and ensured that appropriate actions were taken in addressing the issues reported by the Internal Auditors;
- vi. Reviewed if there were any related party transactions and/or recurrent related party transactions that transpired within the Group to ensure that the transactions entered into were at arm's length basis and on normal commercial terms;
- vii. Reviewed the Corporate Governance Overview Statement, ARMC Report and Statement on Risk Management and Internal Control to ensure adherence to legal and regulatory reporting requirements before recommending to the Board for approval for inclusion in the Company's Annual Report;
- viii. Self-appraised the performance of the ARMC for the FYE 2020 and submitted the evaluation form to the Nomination Committee for assessment; and
- ix. Reviewed the annual performance evaluation forms of the Internal and External Auditors.

5. INTERNAL AUDIT ("IA") FUNCTION

i. Appointment

The IA function is outsourced to Sterling Business Alignment Consulting Sdn. Bhd. ("**Sterling**"), an independent professional consulting firm to carry out IA services for the Group. The Internal Auditors report directly to the Committee, providing the Board with a reasonable assurance of adequacy of the scope, functions and resources of the IA function. IA reports will be presented, together with senior management's response and proposed action plans to the Committee on a quarterly basis.

The purpose of the IA function is to provide the Board, through the Committee, assurance of the effectiveness of the system of internal control of the designated entities of the Group.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

Cont'd

5. INTERNAL AUDIT (“IA”) FUNCTION *Cont'd*

ii. IA activities

The Internal Auditors undertake IA functions based on the operational, compliance and risk-based audit plan approved by the Committee. The risk-based audit plans cover the review of the key operational and financial functions in accordance to the approved IA plan. A risk-based methodology is adopted to evaluate the adequacy and effectiveness of the risk management, financial, operational and governance processes.

The IA functions carried out by Sterling for the financial year under review includes, among others, the following:

- a. Prepared the IA plan for the Group for discussion and approval of the Committee before recommending to the Board for adoption;
- b. Reviewed the system of internal control and key operating processes based on the approved IA plan. During the financial year under review, Sterling has reviewed critical business processes, identified risks and internal control gaps, assessed the effectiveness and adequacy of the existing state of internal control of the Group and recommended possible improvements to the existing system of internal control;
- c. IA reports incorporating the audit observations, audit recommendations and management action plans were tabled to the Committee for review and approval on quarterly basis; and
- d. Follow-ups were conducted on previously issued audit recommendations to ensure that all recommendations and management action plans had been implemented accordingly.

iii. Total costs incurred for the financial year

The total costs incurred for the IA function of the Group for the FYE 2020 was RM44,000.

iv. Review of IA function

For the FYE 2020, the Committee noted that the IA function is independent and Sterling has performed their audit assignments with impartiality, proficiency and due professional care. Notwithstanding the above, although a number of internal control deficiencies were identified during the internal audit reviews, none of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require a separate disclosure in the Annual Report.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors ("**the Board**") of LKL International Berhad ("**the Company**") is pleased to present the Statement on Risk Management and Internal Control ("**Statement**") of the Company and its subsidiaries ("**the Group**") which outlines the nature and scope of risk management and the internal control systems of the Group for the financial year ended 30 April 2020 ("**FYE 2020**") pursuant to Rule 15.26(b) of the ACE Market Listing Requirements ("**AMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**"), Malaysian Code on Corporate Governance ("**MCCG**") and is guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("**Guidelines**").

BOARD RESPONSIBILITY

The Board acknowledges its overall responsibility for the Group's risk management and internal control system to safeguard shareholders' interests and the Group's assets as well as reviewing its effectiveness, adequacy and integrity on a regular basis.

The system of internal control covers governance, risk management, financial, organisational, operational and compliance controls. The Board recognises the importance of internal audits to establish and maintain a sound system of internal control. In view of the limitations that are inherent in any system of internal control, it can only provide reasonable but not absolute assurance against material misstatement of financial information, loss or fraud. Nevertheless, the Board regularly receives and reviews reports on internal control, and is of the view that the system of internal control is adequate to safeguard shareholders' interests and the Group's assets.

The Board, through the Audit and Risk Management Committee ("**ARMC**"), ensures that the risk management and internal control practices are adequately implemented within the Group. Management is required to apply good judgement in assessing the risks faced by the Group, identifying the Group's ability to reduce the incidence and impact of risks, and ensuring the benefits outweigh the costs of operating the controls.

RISK MANAGEMENT

The Board acknowledges its overall responsibility for the Group's system of risk management and internal control, and for reviewing its adequacy and effectiveness. The risk management system is designed to manage the Group's risks within an acceptable risk profile, rather than to totally avoid or eliminate the risks that are inherent to the Group's activities.

The ARMC consists of all Independent Non-Executive Directors to discharge the risk management function of the Group on behalf of the Board. The ARMC reports to the Board in respect of the identified risks and has been delegated to oversee the risk management framework and control framework, to review the risk registry, ongoing risk management implementation and assess effectiveness risk management framework.

As at the date of the Annual Report, the ARMC and the Board had received and reviewed the Risk Registry including corporate liability risk of the Group for the corporate level and its key subsidiaries. The risk factors identified and deliberated were assigned to the respective risk owners to implement the risk control actions. The Board would ensure that the risk control actions are taken accordingly.

The Board is of the opinion that the role of Management is to implement the Board's policies and guidelines on risks and controls, to identify and evaluate the risks faced by the Group, and to operate a suitable system of internal controls to manage these risks.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Cont'd

INTERNAL AUDIT FUNCTION

The Group in its efforts to provide adequate and effective internal control system had appointed an independent consulting firm i.e. Sterling Business Alignment Consulting Sdn. Bhd. ("**Sterling**"), a corporate member of the Institute of Internal Auditors Malaysia to undertake its internal audit function. Sterling acts as the internal auditors and reports directly to the ARMC on a quarterly basis. Sterling is free from any relationships or conflicts of interest, which could impair their objectivity and independence of the internal audit function. Sterling does not have any direct operational responsibility or authority over any of the activities audited. The ARMC is of the opinion that the internal audit function is effective and able to function independently.

Sterling utilised the internal control framework as promulgated by the Committee of Sponsoring Organisation of the Treadway Commission – Internal Control ("**COSO - IC**") as internal control review approach with review procedures carried out in accordance with applicable standards of the International Professional Practices Framework adopted and recommended by the Institute of Internal Auditors Malaysia.

Based on the internal audit reviews, observations were presented by Sterling, together with Management's response and proposed action plans, to the ARMC for review during the quarterly ARMC Meeting. In addition, the internal auditors followed up on the implementation of recommendations from previous cycles of internal audit and updated the ARMC on the status of Management agreed action plans. For the FYE 2020, the total costs incurred for the outsourced internal audit function is RM44,000.

For the FYE 2020, the following subsidiaries of the Group were audited by Sterling:-

Audit Period	Reporting Month	Name of Entity Audited	Audited Areas
1st Quarter (May 2019 – Jul 2019)	Sep 2019	LKL Advance Metaltech Sdn Bhd TMI Medik Group Sdn Bhd	Internal Audit Review • Procurement
2nd Quarter (Aug 2019 – Oct 2019)	Dec 2019	LKL Advance Metaltech Sdn Bhd TMI Medik Group Sdn Bhd	Internal Audit Review: • Sales and Marketing (Overseas and Local Sales)
3rd Quarter (Nov 2019 – Jan 2020)	Mar 2020	LKL Advance Metaltech Sdn Bhd TMI Medik Group Sdn Bhd	Follow-up actions on previously reported audited findings: • Internal Audit Reported in December 2019 • Internal Audit Reported in September 2019 • Internal Audit Reported in June 2019 • Internal Audit Reported in March 2019 • Internal Audit Reported in December 2018 • Internal Audit Reported in March 2018 • Internal Audit Reported in December 2017 • Internal Audit Reported in September 2017 • Internal Audit Reported in December 2016 • Internal Audit Reported in September 2016
		The Group	Internal Audit Review: • Anti-Bribery Management System Gap Assessment
4th Quarter (Feb 2020 – Apr 2020)	Jun 2020	LKL Advance Metaltech Sdn Bhd TMI Medik Group Sdn Bhd Medik Gen Sdn Bhd	Internal Audit Review: • Covid-19 Management

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Cont'd

KEY ELEMENTS OF INTERNAL CONTROL

The following sets out the key elements of the Group's internal control, which have been in place throughout the FYE 2020, and up to the date of this Statement:-

- **Organisational Structure**
The Group has a defined organisational structure that is aligned to its business and operation requirements. Defined lines of accountability, the delegation of responsibility and level of authorisation for all aspects of the business have been laid down and communicated throughout the Group.
- **Limits of Authority**
Authority charts have been established within the Group to provide a functional framework of authority in approving sales orders, purchases, expenses and capital expenditure.
- **Standard Operating Procedures ("SOP")**
Numerous SOPs have been established to serve as a general management guide for daily operations. These policies and procedures are reviewed whenever necessary to reflect changing risks or to resolve any operational deficiencies. It is also to promote efficiency and accountability for the Group.
- **Board and Management Meetings**
Regular Board and Management meetings are held where information is provided to the Board and Management covering financial results and operational performance, for effective monitoring and decision making.
- **Training and Development Programmes**
Training and development programmes are established to ensure that staffs are constantly kept up-to-date with the constant technological changing environment in order to be competent in the industry which is in line with achieving the Group's business objectives.

ASSURANCE TO THE BOARD

The Board has received assurance from the Managing Director and Financial Controller that the Group's risk management and internal control system have been operating adequately and effectively in all material aspects, based on the risk management and internal control system of the Group.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to Rule 15.23 of the AMLR of Bursa Securities, the External Auditors have reviewed this Statement for inclusion in the Annual Report of the Group for the FYE 2020. Their reviews were performed in accordance with Malaysian Approved Standard on Assurance Engagement, ISAE 3000 (Revised), Assurance Engagement Other than Audits or Reviews of Historical Financial Information and Audit and Assurance Practice Guide 3 (AAPG 3): Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants.

Based on their reviews, the External Auditors have reported to the Board that nothing has come to their attention that causes them to believe this Statement is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Guidelines and Practices 9.1 and 9.2 of the MCCG to be set out, nor is factually inaccurate.

CONCLUSION

For the financial year under review and up to the date of this Statement, the Board is of the opinion that there is an ongoing process of identifying, evaluating, and managing significant risks faced by the Group. The Board continues to take appropriate action plans to strengthen the risk management and internal control system to meet the Group's objectives.

This Statement is made in accordance with the resolution of the Board dated 25 August 2020.

STATEMENT OF DIRECTORS' RESPONSIBILITY

The Directors are fully accountable for ensuring that the financial statements are drawn up in accordance with the requirements of the Companies Act 2016 and the applicable approved accounting standards issued by the Malaysian Accounting Standards Board so as to give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and of the operations results and cash flows of the Group and the Company for the financial year then ended.

In preparing the financial statements for the financial year ended 30 April 2020, the Directors have:

- a. applied relevant and appropriate accounting policies consistently and in accordance with applicable approved accounting standards;
- b. made judgments and estimates that are prudent and reasonable; and
- c. applied the going concern basis for the preparation of the financial statements.

The Directors are responsible for ensuring that proper accounting records are kept, which disclose with reasonable accuracy the financial position of the Group and the Company and to enable proper financial statements to be prepared in accordance with the applicable laws and regulations. The Directors also have overall responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

ADDITIONAL COMPLIANCE INFORMATION

In compliance with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad for the financial year ended 30 April 2020 ("FYE 2020"), the following additional information are provided:-

1. UTILISATION OF PROCEEDS FROM CORPORATE EXERCISE

No corporate exercise involving fund raising was carried out during the FYE 2020.

2. AUDIT AND NON-AUDIT FEES

The audit and non-audit fees to the External Auditors for the services rendered to the Company and the Group for the FYE 2020 were as follows:

	Company RM	Group RM
Audit fee	27,000	101,500
Non-audit fee	5,000	10,000

3. MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

There were no material contracts entered by the Company and/or its subsidiaries which involved Directors' and/or major shareholders' interests during the financial year.

4. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

Recurrent related party transactions of a revenue or trading nature entered into by the Group are disclosed in Note 39 of the Notes to the Financial Statements for the FYE 2020 on page 99 of this Annual Report.



FINANCIAL STATEMENTS

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DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 30 April 2020.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements.

RESULTS

	The Group RM	The Company RM
Profit/(Loss) after taxation for the financial year	4,547,938	(1,074,644)
Attributable to:-		
Owners of the Company	4,296,908	(1,074,644)
Non-controlling interests	251,030	-
	4,547,938	(1,074,644)

DIVIDENDS

No dividend was recommended by the directors for the financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

- (a) there were no changes in the issued and paid-up share capital of the Company; and
- (b) there were no issues of debentures by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

DIRECTORS' REPORT

Cont'd

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the further writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:-

- (a) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

DIRECTORS' REPORT

Cont'd

DIRECTORS

The names of directors of the Company who served during the financial year and up to the date of this report are as follows:-

Lim Kon Lian
 Mok Mei Lan
 Tan Sri Datuk Adzmi Bin Abdul Wahab
 Selma Enolil Binti Mustapha Khalil
 Lim Pak Hong (*Appointed on 2 May 2019*)
 Sandra Mohan A/L Manthiry (*Appointed on 2 May 2019*)
 Wong Yeong Lee (*Appointed on 20 August 2019*)
 Tan Chuan Hock (*Resigned on 4 June 2019*)
 Tevanaigam Randy Chitty (*Resigned on 14 August 2019*)

The names of directors of the Company's subsidiaries who served during the financial year and up to the date of this report, not including those directors mentioned above, are as follows:-

Elaine Lim Sin Yee
 Mohamed Hasnan Che Hussin
 Lim Ming Chang
 Chrisantha Samuel Mendis

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares of the Company and its related corporations during the financial year are as follows:-

	Number of Ordinary Shares			
	At 1.5.2019	Bought	Sold	At 30.4.2020
The Company				
<i>Direct Interests</i>				
Lim Kon Lian	110,740,745	29,648,190	(1,500,000)	138,888,935
Mok Mei Lan	110,003,725	-	-	110,003,725
Lim Pak Hong	33,885,270	-	-	33,885,270
Tan Sri Datuk Adzmi Bin Abdul Wahab	300,000	-	(300,000)	-
Selma Enolil Binti Mustapha Khalil	50,000	-	-	50,000
<i>Indirect Interests</i>				
Lim Kon Lian #	177,824,265	-	(33,885,270)*	143,938,995
Mok Mei Lan #	178,561,285	29,648,190	(35,385,270)*	172,824,205
Lim Pak Hong ^	100,000	-	(100,000)	-

Deemed interested through spouse's and child's shareholdings in the Company.

^ Deemed interested through spouse's shareholdings in the Company.

* 33,885,270 shares held under Mr. Lim Pak Hong is no longer deemed interested on 2 May 2019 pursuant to Section 221(9) of the Companies Act 2016.

By virtue of their shareholdings in the Company, Lim Kon Lian, Mok Mei Lan and Lim Pak Hong are deemed to have interests in shares in its related corporations during the financial year to the extent of the Company's interest, in accordance with Section 8 of the Companies Act 2016.

DIRECTORS' REPORT *Cont'd*

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by directors shown in the financial statements or the fixed salary of a full-time employee of the Company or related corporations) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 39 to the financial statements.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Group and the Company during the financial year are disclosed in Note 38(a) to the financial statements.

INDEMNITY AND INSURANCE COST

During the financial year, there was no indemnity given to or professional indemnity insurance effected for directors, officers or auditors of the Company.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 5 to the financial statements.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events after the financial year are disclosed in Note 43 to the financial statements.

SIGNIFICANT EVENTS OCCURRING AFTER THE FINANCIAL YEAR

The significant events occurring during the financial year are disclosed in Note 44 to the financial statements.

AUDITORS

The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office.

The details of the auditors' remuneration are disclosed in Note 30 to the financial statements.

Signed in accordance with a resolution of the directors dated 25 August 2020.

Lim Kon Lian

Mok Mei Lan

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act 2016

We, Lim Kon Lian and Mok Mei Lan, being two of the directors of LKL International Berhad, state that, in the opinion of the directors, the financial statements set out on pages 57 to 115 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 April 2020 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated 25 August 2020

Lim Kon Lian

Mok Mei Lan

STATUTORY DECLARATION

Pursuant to Section 251(1)(B) of the Companies Act 2016

I, Wee Chuen Lii, MIA Membership Number: 23657, being the officer primarily responsible for the financial management of LKL International Berhad, do solemnly and sincerely declare that the financial statements set out on pages 57 to 115 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned
at Kuala Lumpur
in the Federal Territory
on this 25 August 2020

Wee Chuen Lii

Before me
Datin Hajah Raihela Wanchik (No. W-275)
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

To The Members of LKL International Berhad
(Incorporated In Malaysia) Registration No.: 201501014673 (1140005 - V)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of LKL International Berhad, which comprise the statements of financial position as at 30 April 2020 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 57 to 115.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 April 2020, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International *Code of Ethics for Professional Accountants* (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

Valuation of Inventories	
Refer to Note 9 to the financial statements	
Key Audit Matter	How our audit addressed the Key Audit Matter
The carrying amount of inventories held by the Group is approximately RM13.3 million. We focused on this area as the assessment of net realisable value is an area that involves significant judgement particularly in relation to the estimation of allowances for obsolete and slow-moving inventories.	Our procedures included, amongst others:- (a) Obtained an understanding of: - the Group's inventory management process; - how the Group identifies and assesses inventories write-down; and - how the Group makes the accounting estimates for inventory write-down. (b) Reviewed the ageing analysis of inventories and tested its reliability. (c) Made inquiries of management regarding the action plans to clear slow-moving and obsolete inventories. (d) Reviewed the net realisable value of major inventories. (e) Evaluated the reasonableness and tested the adequacy of the inventory write-down recognised for identified exposures.

INDEPENDENT AUDITORS' REPORT

To The Members of LKL International Berhad *Cont'd*

(Incorporated In Malaysia) Registration No.: 201501014673 (1140005 - V)

Key Audit Matters *Cont'd*

Recoverability of Trade Receivables	
Refer to Note 10 to the financial statements	
Key Audit Matter	How our audit addressed the Key Audit Matter
The trade receivables of the Group amounted to approximately RM19 million, which is presented and disclosed as a major component of the financial position. Management recognised the allowance of impairment losses on trade receivables based on specific known facts or customers' ability to pay. We focused on this area as determination of trade receivables are recoverable involves significant management judgement.	Our procedures included, amongst others:- (a) Obtained an understanding of:- - the Group's control over the trade receivables collection process; - how the Group identifies and assesses the impairment of trade receivables; and - how the Group makes the accounting estimates for impairment. (b) Reviewed the ageing analysis of receivables and tested its reliability. (c) Reviewed subsequent cash collections for major receivables and overdue amounts. (d) Made inquiries of management regarding the action plans to recover overdue amounts. (e) Compared and challenged management's view on the recoverability of overdue amounts to historical patterns of collection. (f) Examined other evidence including customers' correspondences, proposed or existing settlement plans and repayment schedules. (g) Evaluated the reasonableness and tested the adequacy of the impairment losses recognised for identified exposures on trade receivables by assessing the relevant assumptions and historical data from the Group's previous collection experience.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT

To The Members of LKL International Berhad *Cont'd*
(Incorporated In Malaysia) Registration No.: 201501014673 (1140005 - V)

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As a part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:-

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company 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 auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- 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 statements 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.

INDEPENDENT AUDITORS' REPORT

To The Members of LKL International Berhad *Cont'd*
(Incorporated In Malaysia) Registration No.: 201501014673 (1140005 - V)

Auditors' Responsibilities for the Audit of the Financial Statements *Cont'd*

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Kuala Lumpur

25 August 2020

Elvina Tay Choon Choon
03329/10/2021 J
Chartered Accountant

STATEMENTS OF FINANCIAL POSITION

At 30 April 2020

	Note	The Group		The Company	
		2020 RM	2019 RM	2020 RM	2019 RM
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	5	-	-	32,579,990	31,580,090
Investment in a joint venture	6	-	250,000	-	-
Property, plant and equipment	7	30,579,562	31,482,847	-	-
Right-of-use assets	8	2,418,910	-	-	-
		32,998,472	31,732,847	32,579,990	31,580,090
CURRENT ASSETS					
Inventories	9	13,255,685	12,780,710	-	-
Trade receivables	10	19,030,643	8,126,761	-	-
Other receivables, deposits and prepayments	11	6,598,535	2,572,872	19,415	47,611
Amount owing by subsidiaries	12	-	-	18,334,993	17,979,893
Current tax assets		1,078,385	2,416,656	61,656	33,328
Fixed deposits with licensed banks	13	1,000,000	3,748,935	1,000,000	3,026,844
Cash and bank balances		5,180,254	8,633,292	684,959	1,073,780
		46,143,502	38,279,226	20,101,023	22,161,456
TOTAL ASSETS		79,141,974	70,012,073	52,681,013	53,741,546
EQUITY AND LIABILITIES					
EQUITY					
Share capital	14	53,298,848	53,298,848	53,298,848	53,298,848
Merger deficit	15	(29,579,990)	(29,579,990)	-	-
Retained profits		36,761,290	32,464,382	(685,572)	389,072
Equity attributable to owners of the Company		60,480,148	56,183,240	52,613,276	53,687,920
Non-controlling interests	5	(42,149)	(293,179)	-	-
TOTAL EQUITY		60,437,999	55,890,061	52,613,276	53,687,920
NON-CURRENT LIABILITIES					
Lease liabilities	16	1,342,814	-	-	-
Long-term borrowings	17	3,261,220	5,894,735	-	-
Deferred tax liabilities	20	574,000	574,000	-	-
		5,178,034	6,468,735	-	-

The annexed notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

At 30 April 2020

Cont'd

	Note	The Group		The Company	
		2020	2019	2020	2019
		RM	RM	RM	RM
CURRENT LIABILITIES					
Trade payables	21	3,018,694	2,337,744	-	-
Other payables and accruals	22	3,809,229	4,186,033	67,737	53,626
Amount owing to a joint venture	23	-	250,000	-	-
Amount owing to a related party	24	-	1,166	-	-
Lease liabilities	16	847,272	-	-	-
Short-term borrowings	25	2,547,451	878,134	-	-
Bank overdraft	26	3,300,795	-	-	-
Current tax liabilities		2,500	200	-	-
		13,525,941	7,653,277	67,737	53,626
TOTAL LIABILITIES		18,703,975	14,122,012	67,737	53,626
TOTAL EQUITY AND LIABILITIES		79,141,974	70,012,073	52,681,013	53,741,546

The annexed notes form an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 30 April 2020

	Note	The Group		The Company	
		2020 RM	2019 RM	2020 RM	2019 RM
REVENUE	27	54,950,827	37,179,836	-	-
COST OF SALES	28	(35,160,071)	(26,590,299)	-	-
GROSS PROFIT		19,790,756	10,589,537	-	-
OTHER INCOME	29	675,808	472,454	78,128	137,831
		20,466,564	11,061,991	78,128	137,831
ADMINISTRATIVE EXPENSES	30	(11,549,207)	(9,821,231)	(1,152,772)	(609,965)
SELLING AND DISTRIBUTION EXPENSES	31	(2,161,127)	(2,480,877)	-	-
OTHER EXPENSES	32	(933,796)	(860,579)	-	-
FINANCE COSTS	33	(405,706)	(387,259)	-	-
NET REVERSAL OF IMPAIRMENT LOSSES/ (IMPAIRMENT LOSSES) ON FINANCIAL ASSETS	34	187,852	(397,302)	-	-
SHARES OF LOSSES OF EQUITY ACCOUNTED JOINT VENTURE		(36,167)	-	-	-
PROFIT/(LOSS) BEFORE TAXATION		5,568,413	(2,885,257)	(1,074,644)	(472,134)
INCOME TAX EXPENSE	35	(1,020,475)	27,818	-	(5,125)
PROFIT/(LOSS) AFTER TAXATION/TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE FINANCIAL YEAR		4,547,938	(2,857,439)	(1,074,644)	(477,259)
PROFIT/(LOSS) AFTER TAXATION/TOTAL COMPREHENSIVE INCOME/(EXPENSES) ATTRIBUTABLE TO:-					
Owners of the Company		4,296,908	(2,497,269)	(1,074,644)	(477,259)
Non-controlling interests		251,030	(360,170)	-	-
		4,547,938	(2,857,439)	(1,074,644)	(477,259)
EARNINGS/(LOSS) PER SHARE (SEN)					
- Basic	36	1.00	(0.58)	-	-
- Diluted	36	1.00	(0.58)	-	-

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 30 April 2020

	Share Capital RM	Merger Deficit RM	Retained Profits RM	Attributable to Owners of the Company RM	Non- controlling Interests RM	Total Equity RM
The Group						
At 1.5.2018	53,298,848	(29,579,990)	34,961,651	58,680,509	66,991	58,747,500
Loss after taxation/ Total comprehensive expenses for the financial year	-	-	(2,497,269)	(2,497,269)	(360,170)	(2,857,439)
Balance at 30.4.2019/1.5.2019	53,298,848	(29,579,990)	32,464,382	56,183,240	(293,179)	55,890,061
Profit after taxation/ Total comprehensive income for the financial year	-	-	4,296,908	4,296,908	251,030	4,547,938
Balance at 30.4.2020	53,298,848	(29,579,990)	37,761,290	60,480,148	(42,149)	60,437,999

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 30 April 2020

Cont'd

	Share Capital RM	Retained Profits/ (Accumulated Losses) RM	Total Equity RM
The Company			
At 1.5.2018	53,298,848	866,331	54,165,179
Loss after taxation/Total comprehensive expenses for the financial year	-	(477,259)	(477,259)
Balance at 30.4.2019/1.5.2019	53,298,848	389,072	53,687,920
Loss after taxation/Total comprehensive expenses for the financial year	-	(1,074,644)	(1,074,644)

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

For the financial year ended 30 April 2020

Balance at 30.4.2020		53,298,848	(685,572)	52,613,276
		The Group		The Company
	2020	2019	2020	2019
	RM	RM	RM	RM
CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES				
Profit/(Loss) before taxation	5,568,413	(2,885,257)	(1,074,644)	(472,134)
Adjustments for:-				
Bad debts written off	-	16,035	-	-
Depreciation of property, plant and equipment	1,571,287	1,980,568	-	-
Depreciation of right-of use assets	785,507	-	-	-
Impairment losses on trade receivables	83,738	422,328	-	-
Interest expense on lease liabilities	125,963	-	-	-
Interest expenses	279,743	387,259	-	-
Inventories written down	1,228,365	1,542,000	-	-
Property, plant and equipment written off	-	6,000	-	-
(Gain)/Loss on disposal of property, plant and equipment	(77,464)	2,822	-	-
Interest income	(171,989)	(185,508)	(78,128)	(137,831)
Reversal of impairment losses on trade receivables	(271,590)	(25,026)	-	-
Reversal of inventories previously written down	(1,342,000)	(32,510)	-	-
Unrealised gain on foreign exchange	(71,165)	(50,473)	-	-
Share of net losses of equity accounted joint venture	36,167	-	-	-
Operating profit/(loss) before working capital changes	7,744,975	1,178,238	(1,152,772)	(609,965)
(Increase)/Decrease in inventories	(361,340)	1,033,512	-	-
(Increase)/Decrease in trade and other receivables	(14,744,236)	(2,965,380)	28,196	(39,244)
Increase/(Decrease) in trade and other payables	309,478	2,026,782	14,111	(463)
(Decrease)/Increase in amount owing to a joint venture	(250,000)	250,000	-	-
Increase in amount owing by subsidiaries	-	-	(355,100)	(699,999)
(Decrease)/Increase in amount owing to a related party	(1,166)	1,166	-	-
CASH (FOR)/FROM OPERATIONS	(7,302,289)	1,524,318	(1,465,565)	(1,349,671)
Income tax paid	(1,179,904)	(1,133,198)	(28,328)	(37,502)
Income tax refunded	1,500,000	473,687	-	44,875
NET CASH (FOR)/FROM OPERATING ACTIVITIES	(6,982,193)	864,807	(1,493,893)	(1,342,298)

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

For the financial year ended 30 April 2020
Cont'd

	Note	The Group		The Company	
		2020 RM	2019 RM	2020 RM	2019 RM
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Additional investment in an existing subsidiary		-	-	(999,900)	
Addition of right-of-use assets	37(a)	(186,365)	-	-	-
Decrease/(Increase) in pledged fixed deposit with a licensed bank		722,091	(20,920)	-	-
Interest received		171,989	185,508	78,128	137,831
Investment in a joint venture		-	(250,000)	-	-
Proceeds from disposal of a joint venture		213,833	-	-	-
Proceeds from disposal of property, plant and equipment		144,250	11,315	-	-
Purchase of property, plant and equipment	37(a)	(1,584,922)	(541,137)	-	-
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(519,124)	(615,234)	(921,772)	137,831
CASH FLOWS FOR FINANCING ACTIVITIES					
Drawdown of bankers' acceptances and trust receipt	37(b)	224,000	-	-	-
Interests paid	37(b)	(405,706)	(387,259)	-	-
Repayment of hire purchase obligations	37(b)	-	(421,622)	-	-
Repayment of lease liabilities	37(b)	(756,173)	-	-	-
Repayment of term loans	37(b)	(409,857)	(729,117)	-	-
Repayment of bankers' acceptances	37(b)	-	(702,000)	-	-
NET CASH FOR FINANCING ACTIVITIES		(1,347,736)	(2,239,998)	-	-
NET DECREASE IN CASH AND CASH EQUIVALENTS		(8,849,053)	(1,990,425)	(2,415,665)	(1,204,467)
EFFECTS OF FOREIGN EXCHANGE TRANSLATION		68,376	41,347	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		11,660,136	13,609,214	4,100,624	5,305,091
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	37(c)	2,879,459	11,660,136	1,684,959	4,100,624

The annexed notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office and principal place of business are as follows:-

Registered office : Third Floor, No. 77, 79 & 81,
Jalan SS 21/60, Damansara Utama,
47400 Petaling Jaya, Selangor Darul Ehsan.

Principal place of business : Wisma LKL,
No. 3, Jalan BS 7/18,
Kawasan Perindustrian Bukit Serdang,
Seksyen 7, 43300 Seri Kembangan,
Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 25 August 2020.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements.

3. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

3.1 During the current financial year, the Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

MFRS 16 Leases

IC Interpretation 23 Uncertainty Over Income Tax Treatments

Amendments to MFRS 9: Prepayment Features with Negative Compensation

Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement

Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures

Annual Improvements to MFRS Standards 2015 - 2017 Cycles

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group's financial statements except as follows:-

MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and replaced the previous guidance on lease accounting. Under MFRS 16, the classification of leases as either finance leases or operating leases is eliminated for lessees. All lessees are required to recognise their lease assets and the related lease obligations in the statement of financial position (with limited exceptions) as right-of-use assets and lease liabilities respectively. The right-of-use assets are subject to depreciation and the interest on lease liabilities are calculated using the effective interest method. The impacts on the financial statements of the Group upon its initial application of MFRS 16 are disclosed in Note 45 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020
Cont'd

3. BASIS OF PREPARATION *Cont'd*

- 3.2 The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reforms	1 January 2020
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 16: COVID-19-Related Rent Concession	1 June 2020
Amendments to MFRS 101 and MFRS 108: Definition of Material	1 January 2020
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2022
Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon its initial application.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

(a) Depreciation of Property, Plant and Equipment and Right-of-use Assets

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment and right-of-use assets are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment and right-of-use assets will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amounts of property, plant and equipment and right-of-use assets as at the reporting date are disclosed in Note 7 and Note 8 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

Cont'd

4. SIGNIFICANT ACCOUNTING POLICIES Cont'd

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS Cont'd

Key Sources of Estimation Uncertainty Cont'd

(b) Impairment of Property, Plant and Equipment and Right-of-use Assets

The Group determines whether an item of its property, plant and equipment and right-of-use assets are impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates. The carrying amounts of property, plant and equipment and right-of-use assets as at the reporting date are disclosed in Note 7 and Note 8 to the financial statements.

(c) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amount of inventories as at the reporting date is disclosed in Note 9 to the financial statements.

(d) Impairment of Trade Receivables

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying value of trade receivables. The carrying amounts of trade receivables as at the reporting date are disclosed in Note 10 to the financial statements.

(e) Impairment of Non-trade Receivables

The loss allowances for non-trade financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions as well as forward-looking estimates at the end of each reporting period. The carrying amounts of other receivables as at the reporting date are disclosed in Note 11 to the financial statements.

(f) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the period in which such determination is made. The carrying amount of current tax assets/(liabilities) of the Group and of the Company as at the reporting date are:-

	The Group		The Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Current tax assets	1,078,385	2,416,656	61,656	33,328
Current tax liabilities	(2,500)	(200)	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

Cont'd

4. SIGNIFICANT ACCOUNTING POLICIES *Cont'd*

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *Cont'd*

Critical Judgements Made in Applying Accounting Policies

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below:-

Lease Terms

Some leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. In determining the lease term, management considers all facts and circumstances including the past practice and any cost that will be incurred to change the asset if an option to extend is not taken. An extension option is only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

In determining the incremental borrowing rate of the respective leases, the Group first determines the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

4.2 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

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.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

(a) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

Cont'd

4. SIGNIFICANT ACCOUNTING POLICIES *Cont'd*

4.2 BASIS OF CONSOLIDATION *Cont'd*

(b) Merger Accounting for Common Control Business Combinations

A business combination involving entities under common control is a business combination in which all the combining entities or subsidiaries are ultimately controlled by the same party and parties both before and after the business combination, and that control is not transitory.

Subsidiaries acquired which have met the criteria for pooling of interest are accounted for using merger accounting principles. Under the merger method of accounting, the results of the subsidiaries are presented as if the merger had been effected throughout the current financial year.

The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. No amount is recognised in respect of goodwill and excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets and liabilities and contingent liabilities over cost at the time of the common control business combination to the extent of the continuation of the controlling party and parties' interests.

When the merger method is used, the cost of investment in the Company's books is recorded at the nominal value of shares issued. The difference between the carrying value of the investment and the nominal value of the shares of the subsidiaries is treated as a merger deficit or merger reserve as applicable. The results of the subsidiaries being merged are included for the full financial year.

(c) Non-controlling Interests

Non-controlling interests are presented within equity in the consolidated statements of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company 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.

(d) Changes in Ownership Interests in Subsidiaries Without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. 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 of the Group.

(e) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which 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 in the former subsidiary; and
- (ii) the previous carrying amount of the assets and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020
Cont'd

4. SIGNIFICANT ACCOUNTING POLICIES *Cont'd*

4.3 FUNCTIONAL AND FOREIGN CURRENCIES

(a) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

(b) Foreign Currency Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the exchange rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

4.4 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 - Revenue from Contracts with Customers at inception). Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

(a) Financial Assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

Debt Instruments

(i) Amortised Cost

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

Cont'd

4. SIGNIFICANT ACCOUNTING POLICIES *Cont'd*

4.4 FINANCIAL INSTRUMENTS *Cont'd*

(a) Financial Assets *Cont'd*

Debt Instruments Cont'd

(i) Amortised Cost *Cont'd*

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

(ii) Fair Value through Other Comprehensive Income

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

(iii) Fair Value through Profit or Loss

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

The Group reclassifies debt instruments when and only when its business model for managing those assets change.

Equity Instruments

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except when the Group has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

(b) Financial Liabilities

(i) Financial Liabilities at Fair Value through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value of these financial liabilities are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020
Cont'd

4. SIGNIFICANT ACCOUNTING POLICIES Cont'd

4.4 FINANCIAL INSTRUMENTS Cont'd

(b) Financial Liabilities Cont'd

(ii) Other Financial Liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

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 (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

(c) Equity Instruments

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently.

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(d) Derecognition

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 measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

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.

4.5 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

Cont'd

4. SIGNIFICANT ACCOUNTING POLICIES *Cont'd*

4.6 PROPERTY, PLANT AND EQUIPMENT

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, all property, plant and equipment, other than freehold land and buildings, are stated at cost less accumulated depreciation and any impairment losses.

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 will flow to the Group and the cost of the asset can 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.

Freehold land is not depreciated. Depreciation on other property, plant and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on a straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Freehold buildings	2%
Leasehold land	Over the lease period of 36 years
Leasehold building	Over the lease period of 36 years
Motor vehicles	20%
Office equipment, furniture and fittings	10% - 25%
Plant and machinery	10% - 20%
Renovations	10%
Signboard	10%

Capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property and equipment. Any changes are accounted for as a change in estimate.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020
Cont'd

4. SIGNIFICANT ACCOUNTING POLICIES Cont'd

4.7 LEASES

The Group assesses whether a contract is or contains a lease, at the inception of the contract. The Group recognises a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for low-value assets and short-term leases with 12 months or less. For these leases, the Group recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets and the associated lease liabilities are presented as a separate line item in the statements of financial position.

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of the lease liability. The depreciation starts from the commencement date of the lease. If the lease transfers ownership of the underlying asset to the Group or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those plant and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding adjustment is made to the carrying amount of the right-of-use asset or is recognised in profit or loss if the carrying amount has been reduced to zero.

Accounting Policies Applied Until 30 April 2019

(a) Finance Leases

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. The corresponding liability is included in the statement of financial position as hire purchase payables.

Minimum lease payments made under finance leases are apportioned between the finance costs and the reduction of the outstanding liability. The finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss and allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each accounting period.

Leasehold land which in substance is a finance lease is classified as property and equipment.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

Cont'd

4. SIGNIFICANT ACCOUNTING POLICIES *Cont'd*

4.7 LEASES *Cont'd*

Accounting Policies Applied Until 30 April 2019 *Cont'd*

(b) Operating Leases

All leases that do not transfer substantially to the Group all the risks and rewards incidental to ownership are classified as operating leases and, the leased assets are not recognised on the statement of financial position of the Group and of the Company.

Payments made under operating leases are recognised as an expense in the profit or loss on a straight-line method over the term of the lease. Lease incentives received are recognised as a reduction of rental expense over the lease term on a straight-line method. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

4.8 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost method and comprises the purchase price, production or conversion costs and incidentals incurred in bringing the inventories to their present location and condition. The cost of conversion includes cost directly related to the units of production, and a proportion of fixed production overheads based on normal capacity of the production facilities.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

4.9 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances and demand deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

4.10 IMPAIRMENT

(a) Impairment of Financial Assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020
Cont'd

4. SIGNIFICANT ACCOUNTING POLICIES Cont'd

4.10 IMPAIRMENT Cont'd

(a) Impairment of Financial Assets Cont'd

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statements of financial position.

(b) Impairment of Non-financial Assets

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value-in-use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss immediately.

When there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

4.11 PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The unwinding of the discount is recognised as interest expense in profit or loss.

4.12 EMPLOYEE BENEFITS

(a) Short-term Benefits

Wages, salaries, paid annual leave, and bonuses are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

(b) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

Cont'd

4. SIGNIFICANT ACCOUNTING POLICIES *Cont'd*

4.13 INCOME TAXES

(a) Current Tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

(b) Deferred Tax

Deferred tax are recognised using the liability method for all temporary differences other than those that arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

(c) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of GST except for the GST in a purchase of assets or services which are not recoverable from the taxation authorities, the GST are included as part of the costs of the assets acquired or as part of the expense item whichever is applicable.

In addition, receivables and payables are also stated with the amount of GST included (where applicable).

The net amount of the GST recoverable from or payable to the taxation authorities at the end of the reporting period is included in other receivables.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or 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 taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

4.14 OPERATING SEGMENTS

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020
Cont'd

4. SIGNIFICANT ACCOUNTING POLICIES *Cont'd*

4.15 EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

4.16 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. The capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted. The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is the weighted average of the borrowing costs applicable to borrowings that are outstanding during the financial year.

All other borrowing costs are recognised in profit or loss as expenses in the period in which they are incurred.

4.17 FAIR VALUE MEASUREMENTS

Fair value is 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, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability 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.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

- Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;
- Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

4.18 REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue is recognised by reference to each distinct performance obligation in the contract with customer and is measured at the consideration specified in the contract of which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts.

The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of that asset.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

Cont'd

4. SIGNIFICANT ACCOUNTING POLICIES *Cont'd*

4.18 REVENUE FROM CONTRACTS WITH CUSTOMERS *Cont'd*

The Group transfers control of a good or service at a point in time unless one of the following over time criteria is met:-

- The customer simultaneously receives and consumes the benefits provided as the Group performs.
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- The Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

Sales of Goods

Revenue from sale of goods is recognised when the Group has transferred control of the goods to the customer, being when the goods have been delivered to the customer and upon its acceptance. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, and bears the risks of obsolescence and loss in relation to the goods.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

4.19 OTHER OPERATING INCOME

(a) Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

(b) Rental Income

Rental income is accounted for on a straight-line method over the lease term.

4.20 JOINT ARRANGEMENTS

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements returns.

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures.

Joint Ventures

A joint venture is a joint arrangement whereby the Group has rights only to the net assets of the arrangement.

The investment in a joint venture is accounted for in the consolidated financial statements using the equity method, based on the financial statements of the joint venture made up to 30 April 2020. The Group's share of the post-acquisition profits and other comprehensive income of the joint venture is included in the consolidated statements of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that joint control commences up to the effective date when the investment ceases to be a joint venture or when the investment is classified as held for sale. The Group's interest in the joint venture is carried in the consolidated statements of financial position at cost plus the Group's share of the post-acquisition retained profits and reserves. The cost of investment includes transaction costs.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020
Cont'd

4. SIGNIFICANT ACCOUNTING POLICIES Cont'd

4.20 JOINT ARRANGEMENTS Cont'd

Joint Ventures Cont'd

When the Group's share of losses exceeds its interest in a joint venture, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation. The interest in the joint venture is the carrying amount of the investment in the joint venture determined using the equity method together with any long-term interests that, in substance, form part of the Group's net investment in the joint venture.

Unrealised gains on transactions between the Group and the joint venture are eliminated to the extent of the Group's interest in the joint venture. Unrealised losses are eliminated unless cost cannot be recovered.

The Group discontinues the use of the equity method from the date when the investment ceases to be a joint venture or when the investment is classified as held for sale. When the Group retains an interest in the former joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with MFRS 9. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that joint venture to profit or loss when the equity method is discontinued. However, the Group will continue to use the equity method when an investment in a joint venture becomes an investment in an associate. Under such change in ownership interest, the retained investment is not remeasured to fair value but a proportionate share of the amounts previously recognised in other comprehensive income of the joint venture will be reclassified to profit or loss where appropriate. All dilution gains or losses arising in investments in joint ventures are recognised in profit or loss.

5. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2020 RM	2019 RM
Unquoted shares, at cost	32,579,990	31,580,090

The details of the subsidiaries are as follows:-

Name of Subsidiaries	Principal Place of Business/Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2020 %	2019 %	
LKL Advance Metaltech Sdn. Bhd. ("LKLAM")	Malaysia	100	100	Provision of medical/healthcare beds, peripheral and accessories.
Medik Gen Sdn. Bhd. ("MGSB")	Malaysia	100	100	Trading in hospital furniture, laboratory furniture, medical equipment, utensils and accessories, and providing management and advisory services.
TMI Medik Group Sdn. Bhd. ("TMG")*	Malaysia	70	70	Trading in medical equipment, medical peripherals and accessories, and distribution of pharmaceutical products.

* MGSB and LKLAM hold 69% and 1% equity interests in TMG respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

Cont'd

5. INVESTMENTS IN SUBSIDIARIES Cont'd

The non-controlling interests at the end of the reporting period comprise the following:-

	Effective Equity Interest		The Group	
	2020 %	2019 %	2020 RM	2019 RM
TMG	30	30	(42,149)	(293,179)

The summarised financial information (before intra-group elimination) for a subsidiary that has non-controlling interests that are material to the Group is as follows:-

	TMG	
	2020 RM	2019 RM
<u>At 30 April</u>		
Non-current assets	845,713	756,832
Current assets	3,122,169	3,427,886
Non-current liability	(104,558)	-
Current liabilities	(4,003,825)	(5,161,984)
	(140,501)	(977,266)
	2020 RM	2019 RM
<u>Financial Year Ended 30 April</u>		
Revenue	5,403,426	4,636,476
Profit/(Loss) for the financial year	836,765	(1,200,568)
Total comprehensive income/(expenses)	836,765	(1,200,568)
Net cash from operating activities	411,725	735,471
Net cash for investing activity	(18,846)	(51,725)
Net cash for financing activities	(100,800)	-

6. INVESTMENT IN A JOINT VENTURE

	The Group	
	2020 RM	2019 RM
Unquoted shares, at cost:-		
At 1 May	250,000	-
Addition during the financial year	-	250,000
Share of post acquisition losses	(36,167)	-
Disposal during the financial year	(213,833)	-
At 30 April	-	250,000

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020
Cont'd

6. INVESTMENT IN A JOINT VENTURE Cont'd

The details of the joint venture are as follows:-

Name of Joint Venture	Principal Place of Business	Effective Equity Interest		Principal Activity
		2020 %	2019 %	
LKL Agrow Healthtech Sdn. Bhd. ("LKLAGROW")	Malaysia	-	50	Business in the healthcare field as importers, exporters, dealers, distributors, agents, marketers, wholesale and retail dealers of all kinds of medical and hospital equipment.

On 21 January 2020, the Company disposed of 250,000 ordinary shares, representing 50% equity interest in LKLAGROW for a cash consideration of RM213,833.

7. PROPERTY, PLANT AND EQUIPMENT

◀----- 1.5.2019 ----->								
	As Previously Reported	Initial Application of MFRS 16	As Restated	Additions	Disposals	Reclassification	Depreciation Charges	At 30.4.2020
	RM	RM	RM	RM	RM	RM	RM	RM
The Group								
2020								
<i>Carrying Amount</i>								
Freehold land	11,005,594	-	11,005,594	-	-	-	-	11,005,594
Freehold buildings	11,130,488	-	11,130,488	-	-	(154,745)	(257,151)	10,718,592
Leasehold land and building	402,228	(98,919)	303,309	-	-	-	(10,138)	293,171
Motor vehicles	758,077	(751,215)	6,862	-	(1)	-	(6,851)	10
Office equipment, furniture and fittings	1,249,694	-	1,249,694	963,369	(66,784)	-	(313,878)	1,832,401
Plant and machinery	5,780,288	-	5,780,288	17,200	(1)	-	(823,205)	4,974,282
Renovations	1,133,531	-	1,133,531	400,303	-	-	(156,541)	1,377,293
Signboard	22,947	-	22,947	-	-	-	(3,523)	19,424
Capital-work-in progress	-	-	-	204,050	-	154,745	-	358,795
	31,482,847	(850,134)	30,632,713	1,584,922	(66,786)	-	(1,571,287)	30,579,562

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

Cont'd

7. PROPERTY, PLANT AND EQUIPMENT *Cont'd*

	At 1.5.2018	Additions	Disposals	Written Off	Reclassification*	Depreciation Charges	At 30.4.2019
	RM	RM	RM	RM	RM	RM	RM
The Group							
2019							
<i>Carrying Amount</i>							
Freehold land	11,005,594	-	-	-	-	-	11,005,594
Freehold buildings	11,359,395	28,244	-	-	-	(257,151)	11,130,488
Leasehold land and building	415,692	-	-	-	-	(13,464)	402,228
Motor vehicles	1,159,540	63,262	(1)	-	-	(464,724)	758,077
Office equipment, furniture and fittings	1,379,530	159,170	(3,334)	-	(13,422)	(272,250)	1,249,694
Plant and machinery	6,530,398	95,400	(10,802)	-	-	(834,708)	5,780,288
Renovations	1,021,232	252,961	-	(6,000)	-	(134,662)	1,133,531
Signboard	26,556	-	-	-	-	(3,609)	22,947
	32,897,937	599,037	(14,137)	(6,000)	(13,422)	(1,980,568)	31,482,847

* Reclassified to inventory during the financial year.

	At Cost	Accumulated Depreciation	Carrying Amount
	RM	RM	RM
The Group			
2020			
Freehold land	11,005,594	-	11,005,594
Freehold buildings	12,858,547	(2,139,955)	10,718,592
Leasehold land and building	364,880	(71,709)	293,171
Motor vehicles	889,511	(889,501)	10
Office equipment, furniture and fittings	3,204,815	(1,849,081)	1,355,734
Plant and machinery	11,354,707	(6,380,425)	4,974,282
Renovations	1,375,438	(336,693)	1,038,745
Signboard	37,209	(23,625)	13,584
Capital-work-in progress	358,795	-	358,795
	41,449,496	(11,690,989)	30,579,562

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020
Cont'd

7. PROPERTY, PLANT AND EQUIPMENT Cont'd

	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
The Group			
2019			
Freehold land	11,005,594	-	11,005,594
Freehold buildings	13,013,292	(1,882,804)	11,130,488
Leasehold land and building	484,580	(82,352)	402,228
Motor vehicles	3,074,167	(2,316,090)	758,077
Office equipment, furniture and fittings	3,017,052	(1,767,358)	1,249,694
Plant and machinery	11,442,262	(5,661,974)	5,780,288
Renovations	1,407,925	(274,394)	1,133,531
Signboard	45,235	(22,288)	22,947
	<u>43,490,107</u>	<u>(12,007,260)</u>	<u>31,482,847</u>

- (a) In the previous financial year, included in the property, plant and equipment of the Group were motor vehicles with a total carrying amount of RM751,215 which were acquired under hire purchase terms. These leased assets had been pledged as security for the hire purchase payable of the Group as disclosed in Note 18 to the financial statements.
- (b) Included in the carrying amount of property, plant and equipment at the end of the reporting period were the following assets pledged to financial institutions as security for banking facilities granted to the Group:-

	The Group	
	2020	2019
	RM	RM
Freehold land	6,905,594	6,905,594
Freehold buildings	9,734,641	9,966,203
	<u>16,640,235</u>	<u>16,871,797</u>

- (c) Included in the carrying amount of property, plant and equipment at the end of the reporting period were the following assets held in trust by the following parties:-

	The Group	
	2020	2019
	RM	RM
Motor vehicles:		
- employees	1	1,198
Plant and machinery:		
- third party	14,315	24,896
	<u>14,316</u>	<u>26,094</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

Cont'd

8. RIGHT-OF-USE ASSETS

	←----- 1.5.2019 ----->					
	As previously reported RM	Initial Application of MFRS 16 RM	As Restated RM	Additions RM	Depreciation Charges RM	At 30.4.2020 RM
The Group						
2020						
<i>Carrying Amount</i>						
Leasehold land and building	-	98,919	98,919	-	(3,325)	95,594
Factories and office premises	-	1,594,838	1,594,838	-	(377,052)	1,217,786
Motor vehicles	-	751,215	751,215	182,640	(371,483)	562,372
Plant and machinery	-	-	-	576,805	(33,647)	543,158
	-	2,444,972	2,444,972	759,445	(785,507)	2,418,910
	RM					
Analysed by:						
Cost	4,473,254					
Accumulated depreciation	(2,054,344)					
	<u>2,418,910</u>					

The comparative information is not presented as the Group has applied MFRS 16 using the modified retrospective approach.

The Group leases leasehold land and building, factories and office premises, plant and machinery and motor vehicles of which the leasing activities are summarised below:-

- (i) Leasehold land and building The Group has entered into a non-cancellable operating lease agreement for the use of land and building which comprises of a single-storey terrace house used as hostel. The lease is for a period of 36 years with no renewal or purchase option included in the agreement. The lease does not allow the Group to assign, transfer or sublease or create any charge, lien or trust in respect of or dispose of the whole or any part of the land. A tenancy is, however, allowed with the consent of the lessor.
- (ii) Factories and office premises The Group has leased a number of factories and office premises that run between 1 year and 3 years, with an option to renew the lease after that date. Lease payments are reviewed for the optional period to reflect current market rentals. The Group is not allowed to sublease the leased premises.
- (iii) Motor vehicles The Group has leased its motor vehicles under hire purchase arrangements. The leases are secured by the leased assets.
- (iv) Plant and machinery The Group has leased certain plant and machinery under hire purchase arrangements. The leases are secured by the leased assets.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020
Cont'd

9. INVENTORIES

	The Group	
	2020	2019
	RM	RM
Raw materials	5,189,834	4,881,318
Work-in-progress	1,643,167	2,411,254
Goods-in-transit	521,549	445,104
Finished goods	5,901,135	5,043,034
	<u>13,255,685</u>	<u>12,780,710</u>
Recognised in profit or loss:-		
Inventories recognised as cost of sales	28,983,796	18,584,224
Inventories written down	1,228,365	1,542,000
Reversal of inventories previously written down	<u>(1,342,000)</u>	<u>(32,510)</u>

The reversal of write-down was in respect of inventories previously written down which were sold during the financial year.

10. TRADE RECEIVABLES

	The Group	
	2020	2019
	RM	RM
Trade receivables	19,964,017	9,276,226
Allowance for impairment losses	<u>(933,374)</u>	<u>(1,149,465)</u>
	<u>19,030,643</u>	<u>8,126,761</u>
Allowance for impairment losses:-		
At 1 May 2019/2018	(1,149,465)	(768,198)
Addition during the financial year	(83,738)	(422,328)
Reversal during the financial year	271,590	25,026
Written off during the financial year	28,239	16,035
At 30 April	<u>(933,374)</u>	<u>(1,149,465)</u>

- (a) The Group's normal trade credit terms range from 30 to 90 (2019 - 30 to 90) days. Other credit terms are assessed and approved on a case-by-case basis.
- (b) Included in the trade receivables are retention sums totalling RM558,301 (2019 - RM539,891). These retention sums are expected to be collected within the periods of 2 (2019 -2) years.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

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11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Other receivables:-				
Third parties	16,215	1,724,013	-	-
Advances to suppliers	5,914,501	296,074	-	-
	5,930,716	2,020,087	-	-
Deposits	190,807	178,125	1,300	1,300
Prepayments	320,541	208,042	18,115	46,311
GST recoverable	156,471	166,618	-	-
	6,598,535	2,572,872	19,415	47,611

The advances to suppliers are unsecured and interest-free. The amount owing will be offset against future purchases from the suppliers.

12. AMOUNT OWING BY SUBSIDIARIES

The amount owing is non-trade in nature, unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

13. FIXED DEPOSITS WITH LICENSED BANKS

- (a) The fixed deposits with licensed banks of the Group and of the Company at the end of the reporting period bore effective interest rates of 3.60% (2019 - 3.25% to 3.55%) and 3.60% (2019 - 3.55%) per annum respectively. The Group's and the Company's fixed deposits have a maturity period of 365 (2019 - 90 to 365) days and 365 (2019 - 90) days respectively.

In the previous financial year, included in the fixed deposits with licensed banks of the Group at the end of the reporting period was an amount of RM722,091 which has been pledged to a licensed bank as security for banking facilities granted to the Group.

14. SHARE CAPITAL

	The Group/The Company			
	2020	2019	2020	2019
	Number of Shares		RM	RM
Issued and Fully Paid-Up				
Ordinary shares with no par value	428,880,000	428,800,000	53,298,848	53,298,848

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company, and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020
Cont'd

15. MERGER DEFICIT

The merger deficit arose from the difference between the carrying value of the investment and the nominal value of the shares of a subsidiary upon consolidation under the merger accounting principles.

16. LEASE LIABILITIES

	The Group 2020 RM
At 1 May	
- As previously reported	-
- Initial application of MFRS 16	2,373,179
	2,373,179
Additions	573,080
Interest expense recognised in profit or loss (Note 33)	125,963
Repayment of principal	(756,173)
Repayment of interest expense	(125,963)
At 30 April	2,190,086
Analysed by:-	
Current liabilities	847,272
Non-current liabilities	1,342,814
	2,190,086

The comparative information is not presented as the Group has applied MFRS 16 using the modified retrospective approach.

Certain lease liabilities of the Group are secured by the Group's motor vehicles and plant and machinery under the hire purchase arrangements as disclosed in Note 8 to the financial statements, with lease terms ranging from 1 to 5 years and bear effective interest rate of 5.60% per annum.

17. LONG-TERM BORROWINGS

	The Group 2020 RM	2019 RM
Hire purchase payables (Note 18)	-	432,014
Term loans (Note 19)	3,261,220	5,462,721
	3,261,220	5,894,735

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

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18. HIRE PURCHASE PAYABLES (SECURED)

	The Group 2019 RM
Minimum hire purchase payments:	
- not later than 1 year	379,322
- later than 1 year and not later than 5 years	449,974
	829,296
Less: Future finance charges	(50,955)
Present value of hire purchase payables	778,341
Analysed by:-	
Non-current liabilities (Note 17)	432,014
Current liabilities (Note 25)	346,327
	778,341

- (a) The hire purchase payables have been represented as 'lease liabilities' as shown in Note 16 to the financial statements following the application of MFRS 16 by the Group using the modified retrospective approach.
- (b) In the previous financial year, the hire purchase payables of the Group were secured by the Group's motor vehicles under finance leases as disclosed in Note 7 to the financial statements. The hire purchase arrangements were expiring from 1 to 5 years.
- (c) In the previous financial year, the hire purchase payables of the Group at the end of the reporting period bore effective interest rates ranging from 5.10% to 6.36%. The interest rates were fixed at the inception of the hire purchase arrangements.

19. TERM LOANS (SECURED)

	The Group 2020 RM	2019 RM
Non-current liabilities (Note 17)	3,261,220	5,462,721
Current liabilities (Note 25)	2,323,451	531,807
	5,584,671	5,994,528

- (a) The term loans are secured by:-
- (i) a first legal charge over certain properties as disclosed in Note 7 to the financial statements; and
 - (ii) a joint and several guarantee of certain directors of the Group.
- (b) In the previous financial year, the term loans were also secured by a fixed deposit pledged with a licensed bank.
- (c) The term loans of the Group at the end of the reporting period bore effective interest rates ranging from 4.02% to 4.87% (2019 - 4.52% to 4.87%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020
Cont'd

20. DEFERRED TAX LIABILITIES

	The Group	
	2020	2019
	RM	RM
At 30 April	574,000	574,000
The deferred tax liabilities are in respect of the tax effects of the following:-		
<u>Deferred Tax Liabilities</u>		
Accelerated capital allowances over depreciation	1,112,000	1,155,000
Unrealised gain on foreign exchange	17,000	15,000
	1,129,000	1,170,000
<u>Deferred Tax Assets</u>		
Impairment losses on trade receivables	(224,000)	(276,000)
Inventories written down	(144,000)	(106,000)
Others	(187,000)	-
Unabsorbed capital allowances	-	(214,000)
	(555,000)	(596,000)
	574,000	574,000

21. TRADE PAYABLES

The normal trade credit terms granted to the Group ranging from 30 to 120 (2019 - 30 to 120) days.

22. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Other payables:-				
Third parties	367,894	278,240	20,679	18,626
Advances from customers	2,002,364	2,262,034	-	-
	2,370,258	2,540,274	20,679	18,626
Deposits received	34,000	34,000	-	-
Accruals	1,404,971	1,611,759	47,058	35,000
	3,809,229	4,186,033	67,737	53,626

23. AMOUNT OWING TO A JOINT VENTURE

In the previous financial year, the amount owing was non-trade in nature and represents unsecured and interest-free advances. The amount owing was repayable on demand and was settled in cash.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

Cont'd

24. AMOUNT OWING TO A RELATED PARTY

In the previous financial year, the amount owing was non-trade in nature and represents payments made on behalf. The amount owing was repayable on demand and was settled in cash.

25. SHORT-TERM BORROWINGS

	The Group	
	2020	2019
	RM	RM
Bankers' acceptances	120,000	-
Hire purchase payables (Note 18)	-	346,327
Term loans (Note 19)	2,323,451	531,807
Trust receipt	104,000	-
	<u>2,547,451</u>	<u>878,134</u>

(a) The bankers' acceptances were secured by:-

- (i) a first legal charge over certain buildings as disclosed in Note 7 to the financial statements; and
- (ii) a joint and several guarantee of certain directors of the Group.

(b) The bankers' acceptances of the Group at the end of reporting period bore an effective interest rate of 4.97% per annum.

(c) The trust receipt of the Group at the end of reporting period bore an effective interest rate of 4.35% per annum.

26. BANK OVERDRAFTS (SECURED)

(a) The bank overdraft of the Group are secured by a fixed charge over certain of the Group's property and equipment and a joint and several guarantee of certain directors of the Group as disclosed in Note 7(b) to the financial statements.

(b) The bank overdraft of the Group at the end of the reporting period bore floating interest rate of 7.07% per annum.

27. REVENUE

	The Group	
	2020	2019
	RM	RM
<u>Revenue from Contracts with Customers</u>		
Sales of goods	<u>54,950,827</u>	<u>37,179,836</u>

The other information on the disaggregation of revenue is disclosed in Note 41.2 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020
Cont'd

28. COST OF SALES

	The Group	
	2020	2019
	RM	RM
Included in cost of sales are:-		
Carriage charges	450,841	433,359
Inventories written down	1,228,365	1,542,000
Purchases of goods	26,956,060	16,364,020
Depreciation:		
- property, plant and equipment	1,038,924	1,128,811
- right-of-use assets	388,640	-
Staff costs:		
- salaries and other benefits	4,017,243	3,622,571
- defined contribution plan	263,361	254,792
Plating costs	496,083	487,048
Rental of factory	-	306,100
Reversal on inventories previously written down	(1,342,000)	(32,510)

29. OTHER INCOME

	The Group		The Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Included in other income are:-				
Gain on disposal of property, plant and equipment	77,464	-	-	-
Human Resources Development Fund grant received	35,970	55,541	-	-
Interest income	171,989	185,508	78,128	137,831
Rental income	3,906	4,389	-	-
Gain on foreign exchange:				
- realised	260,441	112,762	-	-
- unrealised	71,165	50,473	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

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30. ADMINISTRATIVE EXPENSES

	The Group		The Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Included in administrative expenses are:-				
Auditors' remuneration:				
- audit fees:				
- Crowe Malaysia	101,500	93,500	27,000	26,000
- non-audit fees:				
- Crowe Malaysia	10,000	15,000	5,000	5,000
Consultant fees	-	309,440	-	-
Directors' remuneration (Note 38(a))	2,461,785	2,416,091	158,000	154,500
Staff costs (including other key management personnel as disclosed in Note 38(b)):				
- salaries and other benefits	6,037,013	4,407,800	-	-
- defined contribution plan	742,741	531,463	-	-

31. SELLING AND DISTRIBUTION EXPENSES

	The Group	
	2020	2019
	RM	RM
Included in selling and distribution expenses are:-		
Accommodation expenses	21,061	132,696
Promotional and exhibition expenses	694,921	835,138
Sales commission	282,961	150,870
Travelling expenses	522,450	705,321

32. OTHER EXPENSES

	The Group	
	2020	2019
	RM	RM
Depreciation of		
- property, plant and equipment	532,363	851,757
- right-of-use asset	396,867	-
Loss on disposal of property, plant and equipment	-	2,822
Loss on foreign exchange:		
- realised	4,566	-
Property, plant and equipment written off	-	6,000
	933,796	860,579

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020
Cont'd

33. FINANCE COSTS

	The Group	
	2020 RM	2019 RM
Interest expenses:		
- bankers' acceptances	14,860	24,023
- hire purchases	-	51,116
- lease liabilities	125,963	-
- term loans	264,883	312,120
	<u>405,706</u>	<u>387,259</u>

34. NET REVERSAL OF IMPAIRMENT LOSSES/(IMPAIRMENT LOSSES) ON FINANCIAL ASSETS

	The Group	
	2020 RM	2019 RM
Impairment losses on trade receivables	(83,738)	(422,328)
Reversal of impairment losses on trade receivables	271,590	25,026
	<u>187,852</u>	<u>(397,302)</u>

35. INCOME TAX EXPENSE

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Current tax:				
- for the current financial year	981,000	126,200	-	-
- under/(over) provision in the previous financial year	39,475	(154,018)	-	5,125
	<u>1,020,475</u>	<u>(27,818)</u>	<u>-</u>	<u>5,125</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

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35. INCOME TAX EXPENSE *Cont'd*

A reconciliation of income tax expense applicable to the profit/(loss) before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follows:-

	The Group		The Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Profit/(Loss) before taxation	5,568,413	(2,885,257)	(1,074,644)	(472,134)
Tax at the statutory tax rate of 24% (2019 - 24%)	1,336,419	(692,462)	(257,915)	(113,312)
Tax effects of:-				
Non-deductible expenses	604,581	518,662	257,915	96,312
Deferred tax assets not recognised during the financial year	112,000	300,000	-	17,000
Utilisation of deferred tax assets previously not recognised	(1,072,000)	-	-	-
Under/(Over) provision in the previous financial year				
- current tax	39,475	(154,018)	-	5,125
Income tax expense for the financial year	1,020,475	(27,818)	-	5,125

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2019 - 24%) of the estimated assessable profit for the financial year.

At the end of the reporting period, the Group and the Company have temporary differences as follows:-

	The Group		The Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
<u>Deferred tax liability:-</u>				
Accelerated capital allowances	(148,000)	(150,000)	-	-
<u>Deferred tax assets:-</u>				
Unabsorbed capital allowances	6,000	1,212,000	-	-
Unrealised (loss)/gain on foreign exchange	(1,500)	13,000	-	-
Unused tax losses	553,000	690,000	-	75,000
Inventories written down	1,070,000	1,342,000	-	-
Reinvestment allowance	-	2,377,000	-	-
	1,479,500	5,484,000	-	75,000

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020
Cont'd

35. INCOME TAX EXPENSE *Cont'd*

No deferred tax assets are recognised in respect of these items as it is not probable that taxable profits of the Company and the subsidiaries will be available against which the deductible temporary differences can be utilised.

With effect from year of assessment 2019, unused tax losses in a year of assessment can only be carried forward for a maximum period of 7 consecutive years of assessment immediately following that year of assessment.

The unabsorbed capital allowances can be carried forward indefinitely to be utilised against income from the same business source, subject to no substantial change in shareholders.

36. EARNINGS/(LOSS) PER SHARE

	The Group	
	2020	2019
Profit/(Loss) after taxation attributable to Owners of the Company (RM)	4,296,908	(2,497,269)
Weighted average number of ordinary shares for basic earnings per share computation	428,800,000	428,800,000
Basic profit/(loss) per ordinary share attributable to equity holders of the Company (Sen)	1.00	(0.58)

The Company has not issued any dilutive potential ordinary shares and hence, the diluted earnings per share is equal to the basic earnings per share.

37. CASH FLOW INFORMATION

- (a) The cash disbursed for the purchase of property, plant and equipment and the addition of right-of-use assets are as follows:-

	The Group	
	2020	2019
	RM	RM
Cost of property, plant and equipment purchased (Note 7)	1,584,922	599,037
Amount financed through hire purchase (Note (b) below)	-	(57,900)
	1,584,922	541,137

	The Group	
	2020	2019
	RM	RM
Cost of right-of-use assets acquired (Note 8)	759,445	-
Less: Addition of new lease liabilities (Note 16)	(573,080)	-
	186,365	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

Cont'd

37. CASH FLOW INFORMATION Cont'd

(b) The reconciliations of liabilities arising from financing activities are as follows:-

	Term Loans RM	Hire Purchase RM	Bankers' Acceptances RM	Trust Receipt RM	Lease Liabilities RM	Total RM
The Group						
2020						
At 1 May 2019	5,994,528	778,341	-	-	-	6,772,869
Effects on adoption of MFRS 16	-	(778,341)	-	-	2,373,179	1,594,838
At 1 May 2019, as restated	5,994,528	-	-	-	2,373,179	8,367,707
<u>Changes in Financing Cash Flows</u>						
Proceeds from drawdown	-	-	120,000	104,000	-	224,000
Repayment of principal	(409,857)	-	-	-	(756,173)	(1,166,030)
Repayment of interests	(264,883)	-	(14,860)	-	(125,963)	(405,706)
	(674,740)	-	105,140	104,000	(882,136)	(1,347,736)
<u>Non-cash Changes</u>						
Acquisition of new lease	-	-	-	-	573,080	573,080
Finance charges recognised in profit or loss	264,883	-	14,860	-	125,963	405,706
	264,883	-	14,860	-	699,043	978,786
At 30 April 2020	5,584,671	-	120,000	104,000	2,190,086	7,998,757

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020
Cont'd

37. CASH FLOW INFORMATION Cont'd

(b) The reconciliations of liabilities arising from financing activities are as follows:- Cont'd

	Term Loans RM	Hire Purchases RM	Bankers' Acceptances RM	Total RM
The Group				
2019				
At 1 May 2018	6,723,645	1,142,063	702,000	8,567,708
<u>Changes in Financing Cash Flows</u>				
Repayment of principal	(729,117)	(421,622)	(702,000)	(1,852,739)
Repayment of interests	(312,120)	(51,116)	(24,023)	(387,259)
	(1,041,237)	(472,738)	(726,023)	(2,239,998)
<u>Non-cash Changes</u>				
New hire purchase (Note (a) above)	-	57,900	-	57,900
Finance charges recognised in profit or loss	312,120	51,116	24,023	387,259
	312,120	109,016	24,023	445,159
At 30 April 2019	5,994,528	778,341	-	6,772,869

(c) The cash and cash equivalents comprise the following:-

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Cash and bank balances	5,180,254	8,633,292	684,959	1,073,780
Fixed deposits with licensed banks	1,000,000	3,748,935	1,000,000	3,026,844
Bank overdraft	(3,300,795)	-	-	-
	2,879,459	12,382,227	1,684,959	4,100,624
Less: Fixed deposit pledged to a licensed bank (Note 13)	-	(722,091)	-	-
	2,879,459	11,660,136	1,684,959	4,100,624

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

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38. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of the Group and of the Company include executive directors, non-executive directors and certain members of senior management of the Group and of the Company.

The key management personnel compensation during the financial year is as follows:-

	The Group		The Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
(a) Directors				
<u>Directors of the Company</u>				
Short-term employee benefits:				
- fees	153,000	185,000	153,000	150,000
- salaries and allowances	1,393,908	1,084,500	5,700	4,500
- defined contribution plan	166,308	129,600	-	-
	1,713,216	1,399,100	158,700	154,500
<u>Directors of the Subsidiaries</u>				
Short-term employee benefits:				
- fees	36,000	121,000	-	-
- salaries and allowances	639,351	804,455	-	-
- defined contribution plan	73,218	91,536	-	-
	748,569	1,016,991	-	-
Total directors' remuneration	2,461,785	2,416,091	158,700	154,500
			The Group	
			2020	2019
			RM	RM

(b) Other Key Management Personnel

Short-term employee benefits:		
- salaries and allowances	801,737	527,572
- defined contribution plan	108,733	62,588
Total compensation for other key management personnel	910,470	590,160

The estimated monetary value of benefits-in-kind provided by the Group to the other key management personnel were RM12,333 (2019 - RM15,854).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020
Cont'd

39. RELATED PARTY DISCLOSURES

(a) Identities of Related Parties

Parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, key management personnel and entities within the same group of companies.

(b) Related Party Transactions

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following transactions with the related parties during the financial year:-

	The Group		The Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Related party:				
- purchases	361,408	2,316,692	-	-
Subsidiaries:				
- advances	-	-	1,350,000	700,000
Joint venture:				
- advances from	-	250,000	-	-
- purchases	50,112	-		
Close members of the family of certain directors:				
- salaries and other emoluments paid	280,321	884,297	-	-
- rental paid	70,200	72,000	-	-

The outstanding balances of the related parties together with their terms and conditions are disclosed in the respective notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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Cont'd

40. CAPITAL COMMITMENTS

	The Group	
	2020 RM	2019 RM
Purchase of plant and equipment	20,536	430,000

41. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Managing Director as its chief operating decision maker in order to allocate resources to segments and to assess their performance on a quarterly basis. For management purposes, the Group is organised into business units based on their products and services provided. Assets, liabilities, income and expenses which are jointly used and generated are allocated on the basis of the revenue earned by respective reportable segments.

The Group is organised into 3 main reportable segments as follows:-

- (i) Manufacturing division - involved in manufacturing of medical/healthcare beds, medical peripherals and accessories;
- (ii) Trading division - involved in trading of medical furniture, medical devices, medical peripherals and accessories; and
- (iii) Investment holding division.

41.1 BUSINESS SEGMENTS

	Manufacturing Division RM	Trading Division RM	Investment Holding Division RM	The Group RM
2020				
Revenue				
External revenue	33,969,270	20,981,557	-	54,950,827
Inter-segment revenue	49,568	-	-	49,568
	34,018,838	20,981,557	-	55,000,395
Consolidation adjustments				(49,568)
Consolidated revenue				54,950,827

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020
Cont'd

41. OPERATING SEGMENTS Cont'd

41.1 BUSINESS SEGMENTS Cont'd

	Manufacturing Division RM	Trading Division RM	Investment Holding Division RM	The Group RM
2020				
Results				
Segment profit	5,107,800	1,940,963	(1,074,644)	5,974,119
Finance costs				(405,706)
Consolidated profit before taxation				<u>5,568,413</u>
Segment profit includes the followings:-				
Depreciation of property, plant and equipment	(1,271,197)	(300,090)	-	(1,571,287)
Depreciation of right-of-use assets	(534,145)	(251,362)	-	(785,507)
Impairment losses on trade receivables	(56,942)	(26,796)	-	(83,738)
Interest expenses	(275,880)	(129,826)	-	(405,706)
Interest income	61,492	32,369	78,128	171,989
Inventories written down	-	1,228,365	-	1,228,365
Gain on disposal of property, plant and equipment	52,676	24,789	-	77,464
Reversal of impairment losses on trade receivables	184,681	86,909	-	271,590
Reversal of inventories previously written down	-	1,342,000	-	1,342,000
Unrealised gain on foreign exchange	47,341	23,824	-	<u>71,165</u>
Assets				
Segment assets	56,764,043	24,522,280	52,681,013	131,967,336
Consolidation adjustments				(52,825,362)
Consolidated total assets				<u>79,141,974</u>
Addition to non-current asset other than financial instruments are:-				
Property, plant and equipment	952,996	631,926	-	1,584,922
Right-of-use assets	701,000	58,445	-	<u>759,445</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

Cont'd

41. OPERATING SEGMENTS Cont'd

41.1 BUSINESS SEGMENTS Cont'd

	Manufacturing Division RM	Trading Division RM	Investment Holding Division RM	The Group RM
2020				
Liabilities				
Segment liabilities	13,625,689	12,372,716	67,737	26,066,142
Unallocated liabilities:				
- deferred tax liabilities				574,000
- lease payables				2,494,690
- bankers acceptances				120,000
- term loans				5,584,671
- trust receipt				104,000
- bank overdraft				3,300,795
- current tax liability				2,500
Consolidation adjustments				(19,542,823)
Consolidated total liabilities				<u>18,703,975</u>
2019				
Revenue				
External revenue	26,358,320	10,821,516	-	37,179,836
Inter-segment revenue	42,724	-	-	42,724
	<u>26,401,044</u>	<u>10,821,516</u>	<u>-</u>	<u>37,222,560</u>
Consolidation adjustments				(42,724)
Consolidated revenue				<u>37,179,836</u>
Results				
Segment loss	(1,086,183)	(939,681)	(472,134)	(2,497,998)
Finance costs				(387,259)
Consolidated loss before taxation				<u>(2,885,257)</u>
Segment loss includes the following:-				
Depreciation of property, plant and equipment	(1,669,625)	(310,943)	-	(1,980,568)
Impairment losses on trade receivables	(333,639)	(88,689)	-	(422,328)
Interest expenses	(305,935)	(81,324)	-	(387,259)
Interest income	36,307	11,370	137,831	185,508
Inventories written down	(172,024)	(1,369,976)	-	(1,542,000)
(Loss)/Gain on disposal of property, plant and equipment	(3,382)	560	-	(2,822)
Property, plant and equipment written off	(6,000)	-	-	(6,000)
Reversal of impairment losses on trade receivables	19,771	5,255	-	25,026
Reversal of inventories previously written down	12,613	19,897	-	32,510
Unrealised gain on foreign exchange	50,016	457	-	50,473

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020
Cont'd

41. OPERATING SEGMENTS Cont'd

41.1 BUSINESS SEGMENTS Cont'd

	Manufacturing Division RM	Trading Division RM	Investment Holding Division RM	The Group RM
2019				
Assets				
Segment assets	50,705,164	16,966,283	53,741,546	121,412,993
Unallocated assets:				
- investment in a joint venture				250,000
Consolidation adjustments				(51,650,920)
Consolidated total assets				<u>70,012,073</u>
Addition to non-current asset other than financial instruments is:-				
Property, plant and equipment	488,455	110,582	-	599,037
Liabilities				
Segment liabilities	15,464,502	10,627,845	53,626	26,145,973
Unallocated liabilities:				
- deferred tax liabilities				574,000
- hire purchase payables				778,341
- term loans				5,994,528
Consolidation adjustments				(19,370,830)
Consolidated total liabilities				<u>14,122,012</u>

41.2 GEOGRAPHICAL INFORMATION

Revenue is based on the country in which the customers are located. Non-current assets are determined according to the country where these assets are located. The amounts of non-current assets do not include financial instruments (but including investment in a joint venture).

	Revenue		Non-current Assets	
	2020 RM	2019 RM	2020 RM	2019 RM
The Group				
Africa	2,724,377	122,342	-	-
Asia (Other than Malaysia)	4,876,196	5,050,410	2,490	8,771
Europe	799,814	112,168	-	-
Malaysia	45,903,395	30,587,787	32,995,982	31,724,076
Middle East	647,045	1,001,818	-	-
Central America	-	305,311	-	-
	<u>54,950,827</u>	<u>37,179,836</u>	<u>32,998,472</u>	<u>31,732,847</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

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41. OPERATING SEGMENTS *Cont'd*

41.3 MAJOR CUSTOMER

The following is a major customer with revenue equal to or more than 10% of the Group's total revenue.

	Revenue		Segment
	2020 RM	2019 RM	
Customer 1	15,275,084	-	Manufacturing & Trading

42. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risks (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

42.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the respective functional currencies within the Group. The currencies giving rise to these risks are primarily United States Dollar ("USD"), Euro ("EUR"), Singapore Dollar ("SGD") and Chinese Yuan Renminbi ("CNY"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

Foreign Currency Exposure

	USD RM	EUR RM	SGD RM	CNY RM
The Group				
2020				
<u>Financial Assets</u>				
Trade receivables	241,693	-	-	-
Other receivables	170,370	-	65,543	-
Cash and bank balances	315,473	5,454	-	-
	727,536	5,454	65,543	-
<u>Financial Liability</u>				
Trade payables	191,537	168,103	-	-
Net financial assets/(liability)/ Currency exposure	535,999	(162,649)	65,543	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020
Cont'd

42. FINANCIAL INSTRUMENTS Cont'd

42.1 FINANCIAL RISK MANAGEMENT POLICIES Cont'd

(a) Market Risk Cont'd

(i) Foreign Currency Risk Cont'd

Foreign Currency Exposure Cont'd

	USD RM	EUR RM	SGD RM	CNY RM
The Group				
2019				
<u>Financial Assets</u>				
Trade receivables	716,859	-	199,551	-
Other receivables	181,973	-	-	-
Cash and bank balances	171,511	1,688	-	-
	1,070,343	1,688	199,551	-
<u>Financial Liability</u>				
Trade payables	206	272,224	4,858	1,841
Net financial assets/(liability)/ Currency exposure	1,070,137	(270,536)	194,693	(1,841)

Foreign Currency Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies at the end of the reporting period, with all other variables held constant:-

	The Group	
	2020	2019
	RM	RM
Effects on Profit/(Loss) After Taxation/ Other Comprehensive Expense		
USD/RM - strengthened by 10%	53,000	107,000
- weakened by 10%	(53,000)	(107,000)
EUR/RM - strengthened by 10%	(16,000)	(27,000)
- weakened by 10%	16,000	27,000
SGD/RM - strengthened by 10%	7,000	19,000
- weakened by 10%	(7,000)	(19,000)
CNY/RM - strengthened by 10%	-	(200)
- weakened by 10%	-	200

The Company does not have any transactions or balances denominated in foreign currencies and hence, is not exposed to foreign currency risk.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

Cont'd

42. FINANCIAL INSTRUMENTS *Cont'd*

42.1 FINANCIAL RISK MANAGEMENT POLICIES *Cont'd*

(a) Market Risk *Cont'd*

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rate available.

The Group's fixed deposits with licensed banks are carried at amortised cost. Therefore, it is not subject to interest rate risk as defined in MFRS 7 since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period are disclosed in Notes 19, 25 and 26 to the financial statements.

Any reasonably possible change in the interest rates of floating rate borrowings at the end of the reporting period does not have material impact on the profit or loss after taxation and other comprehensive expense of the Group and hence, no sensitivity analysis is presented.

(iii) Equity Price Risk

The Group does not have any quoted investments and hence, is not exposed to equity price risk.

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances and fixed deposits with licensed banks), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

(i) Credit Risk Concentration Profile

The Group's major concentration of credit risk relates to amount owing by 2 (2019 - 1) customers which constituted approximately 46% (2019 - 20%) of its total trade receivables at the end of the reporting period.

In addition, the Group also determines concentration of credit risk by monitoring the geographical region of its trade receivables on an ongoing basis. The credit risk concentration profile of trade receivables at the end of the reporting period is as follows:-

	The Group	
	2020 RM	2019 RM
Africa	94	47,519
Asia (Other than Malaysia)	223,549	863,638
Malaysia	18,805,995	7,215,604
Middle East	1,005	-
	<u>19,030,643</u>	<u>8,126,761</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020
Cont'd

42. FINANCIAL INSTRUMENTS Cont'd

42.1 FINANCIAL RISK MANAGEMENT POLICIES Cont'd

(b) Credit Risk Cont'd

(ii) Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position of the Group after deducting any allowance for impairment losses (where applicable).

(iii) Assessment of Impairment Losses

At each reporting date, the Group assesses whether any of the financial assets at amortised cost are credit impaired.

The gross carrying amounts of financial assets are written off when there is no reasonable expectation of recovery (i.e. the debtor does not have assets or sources of income to generate sufficient cash flows to repay the debt) despite the fact that they are still subject to enforcement activities.

Trade Receivables

The Group applies the simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables has been grouped based on shared credit risk characteristics and the days past due.

The Group considers any receivables having financial difficulty or with significant balances outstanding for more than 365 days, are deemed credit impaired.

The expected loss rates are based on the payment profiles of sales over a period of 12 months from the measurement date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts.

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for trade receivables is summarised below:-

	Gross Amount RM	Collective Impairment RM	Carrying Amount RM
The Group			
2020			
Current (not past due)	4,661,562	-	4,576,592
1 to 30 days past due	10,808,780	-	10,893,750
31 to 60 days past due	1,167,324	-	1,167,325
61 to 90 days past due	818,280	-	818,280
More than 90 days past due	1,574,697	-	1,574,696
	19,030,643	-	19,030,643
Credit impaired:			
- individually impaired	933,374	(933,374)	-
	19,964,017	(933,374)	19,030,643

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

Cont'd

42. FINANCIAL INSTRUMENTS Cont'd

42.1 FINANCIAL RISK MANAGEMENT POLICIES Cont'd

(b) Credit Risk Cont'd

(iii) Assessment of Impairment Losses Cont'd

Trade Receivables Cont'd

	Gross Amount RM	Collective Impairment RM	Carrying Amount RM
The Group			
2019			
Current (not past due)	4,247,932	-	4,247,932
1 to 30 days past due	2,854,654	-	2,854,654
31 to 60 days past due	407,523	-	407,523
61 to 90 days past due	522,264	-	522,264
More than 90 days past due	94,388	-	94,388
	8,126,761	-	8,126,761
Credit impaired:			
- individually impaired	1,149,465	(1,149,465)	-
	9,276,226	(1,149,465)	8,126,761

The movements in the loss allowances in respect of trade receivables is disclosed in Note 10 to the financial statements.

Other Receivables

Other receivables are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial and hence, it is not provided for.

Fixed Deposits with Licensed Banks, and Cash and Bank Balances

The Group considers these banks and financial institutions have low credit risks. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

Amount Owed By Subsidiaries (Non-trade Balances)

The Company applies the 3-stage general approach to measuring expected credit losses for all inter-company balances. Generally, the Company considers loans and advances to subsidiaries have low credit risks. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiary is not able to pay when demanded. The Company considers a subsidiary's loan or advance to be credit impaired when the subsidiary is unlikely to repay its loan or advance in full or the subsidiary is continuously loss making or the subsidiary is having a deficit in its total equity.

Based on the assessment performed, the identified impairment loss was immaterial and hence, it is not provided for.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020
Cont'd

42. FINANCIAL INSTRUMENTS Cont'd

42.1 FINANCIAL RISK MANAGEMENT POLICIES Cont'd

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payment computed based on the rate at the end of the reporting period):-

	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM	Over 5 Years RM
The Group					
2020					
<u>Non-derivative Financial Liabilities</u>					
Lease liabilities	2,190,086	2,364,057	931,738	1,432,319	-
Term loans	5,584,671	6,710,149	2,527,511	981,115	3,201,523
Trade payables	3,018,694	3,018,694	3,018,694	-	-
Other payables and accruals	1,772,865	1,772,865	1,772,865	-	-
Bankers' acceptances	120,000	120,000	120,000	-	-
Bank overdraft	3,300,795	3,300,795	3,300,795	-	-
Trust receipt	104,000	104,000	104,000	-	-
	16,091,111	17,390,560	11,775,603	2,413,434	3,201,523
2019					
<u>Non-derivative Financial Liabilities</u>					
Hire purchase payables	778,341	829,296	379,322	449,974	-
Term loans	5,994,528	7,612,207	736,075	3,439,503	3,436,629
Trade payables	2,337,744	2,337,744	2,337,744	-	-
Other payables and accruals	1,889,999	1,889,999	1,889,999	-	-
Amount owing to a joint venture	250,000	250,000	250,000	-	-
Amount owing to a related party	1,166	1,166	1,166	-	-
	11,251,778	12,920,412	5,594,306	3,889,477	3,436,629

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

Cont'd

42. FINANCIAL INSTRUMENTS Cont'd

42.1 FINANCIAL RISK MANAGEMENT POLICIES Cont'd

(c) Liquidity Risk Cont'd

Maturity Analysis Cont'd

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payment computed based on the rate at the end of the reporting period) (Cont'd):-

	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM
The Company			
2020			
<u>Non-derivative Financial Liabilities</u>			
Other payables and accruals	67,737	67,737	67,737
2019			
<u>Non-derivative Financial Liabilities</u>			
Other payables and accruals	53,626	53,626	53,626

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020
Cont'd

42. FINANCIAL INSTRUMENTS Cont'd

42.2 CAPITAL RISK MANAGEMENT

The Group manages its capital by maintaining an optimal capital structure so as to support its businesses and maximise shareholders value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes within net debt, loans and borrowings from financial institutions less cash and bank balances and fixed deposits with licensed banks.

	The Group	
	2020	2019
	RM	RM
Lease liabilities	2,190,086	-
Term loans	5,584,671	5,994,528
Bankers' acceptances	120,000	-
Bank overdraft	3,300,795	-
Trust receipt	104,000	-
Hire purchase payables	-	778,341
	11,299,552	6,772,869
Less: Cash and bank balances	(5,180,254)	(8,633,292)
Less: Fixed deposits with a licensed banks	(1,000,000)	(3,748,935)
Net debt	5,119,298	(5,609,358)
Total equity	60,437,999	55,890,061
Debt-to-equity ratio	0.08	N/A

There is no change in the Group's approach to capital management during the financial year.

The debt-to-equity ratio of the Group at the end of the previous reporting period was not presented as its cash and cash equivalents exceeded the loans and borrowings from financial institutions.

The Group is also required to comply with certain loan covenants, failing which, the banks may call an event of default. The Group has complied with this requirement.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

Cont'd

42. FINANCIAL INSTRUMENTS Cont'd

42.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Financial Asset				
<u>Amortised Cost</u>				
Trade receivables	19,030,643	8,126,761	-	-
Other receivables	16,215	1,724,013	-	-
Amount owing by subsidiaries	-	-	18,334,993	17,979,893
Fixed deposits with licensed banks	1,000,000	3,748,935	1,000,000	3,026,844
Cash and bank balances	5,180,254	8,633,292	684,959	1,073,780
	25,227,112	22,233,001	20,019,952	22,080,517
Financial Liability				
<u>Amortised Cost</u>				
Hire purchase payables	-	778,341	-	-
Lease liabilities	2,190,086	-	-	-
Term loans	5,584,671	5,994,528	-	-
Trade payables	3,018,694	2,337,744	-	-
Other payables and accruals	1,772,865	1,889,999	67,737	53,626
Amount owing to a joint venture	-	250,000	-	-
Amount owing to a related party	-	1,166	-	-
Bankers' acceptances	120,000	-	-	-
Bank overdraft	3,300,795	-	-	-
Trust receipt	104,000	-	-	-
	16,091,111	11,251,778	67,737	53,626

42.4 GAINS OR (LOSSES) ARISING FROM FINANCIAL INSTRUMENTS

	The Group		The Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Financial Asset				
<u>Amortised Cost</u>				
Net gains/(losses) recognised in profit or loss	389,387	(48,559)	78,128	137,831
Financial Liability				
<u>Amortised Cost</u>				
Net losses recognised in profit or loss	(108,212)	(387,259)	-	-

NOTES TO THE FINANCIAL STATEMENTS

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Cont'd

42. FINANCIAL INSTRUMENTS *Cont'd*

42.5 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments. The following table sets out the fair value profile of financial instruments that are not carried at fair value at the end of the reporting period:-

	Fair Value of Financial Instruments Not Carried at Fair Value			Total Fair Value	Carrying Amount
	Level 1	Level 2	Level 3		
	RM	RM	RM		
The Group					
2020					
<u>Financial Liability</u>					
Term loans	-	5,584,671	-	5,584,671	5,584,671
2019					
<u>Financial Liabilities</u>					
Hire purchase payables	-	788,731	-	788,731	778,341
Term loans	-	5,994,528	-	5,994,528	5,994,528

The fair values of hire purchase payables are determined by discounting the relevant cash flows using current market interest rates for similar instruments at the end of the reporting period. The interest rates used to discount the estimated cash flows are as follows:-

	2020	2019
	%	%
Hire purchase payables	-	6.03

The fair value of the Group's term loans that carrying floating interest rates approximated their carrying amounts as they are repriced to market interest rates on or near the reporting date.

43. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- On 18 July 2019, LKLAM, a wholly-owned subsidiary of the Company entered into an agreement with FKS Medical Care Sdn. Bhd. ("FKS") to mutually agree to terminate the Memorandum of Understanding following the discontinuation of FKS's rights for market development of dermaPACE® by Sanuwave Health Inc. in Malaysia.
- On 18 September 2019, MGSB, a wholly-owned subsidiary of the Company entered into a Memorandum of Understanding with Shin Sung Tk Co., Ltd to cooperate in the market development of iRinger, an advanced IoT based medical device used for smart infusion monitoring system.
- On 21 January 2020, MGSB, a wholly-owned subsidiary of the Company entered into a Mutual Termination Agreement with Agrow Corporation Sdn. Bhd. ("Agrow") to mutually agree to terminate the Shareholders' Agreement entered into between MGSB and Agrow on 10 April 2019. All equity interest comprising 250,000 ordinary shares were disposed to Agrow.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

Cont'd

43. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR *Cont'd*

- (d) On 3 March 2020, TMG, a 70% owned subsidiary of the Company entered into an agreement with Nihon Kohden Singapore Pte Ltd to mutually agree to terminate the distribution agreement to distribute selected "Nihon Kohden" branded medical devices within Malaysia.
- (e) On 24 March 2020, LKLAM, a wholly-owned subsidiary of the Company was awarded a contract for the procurement of personal protective equipment by the Sarawak State Government for a contract value sum of approximately RM6.6 million.
- (f) On 7 April 2020, LKLAM, a wholly-owned subsidiary of the Company was awarded an order for the procurement of personal protective equipment by the Sarawak State Health Department for a contract value sum of approximately RM7.1 million.

44. SIGNIFICANT EVENTS OCCURRING AFTER THE FINANCIAL YEAR

On 17 July 2020, MIDF Amanah Investment Bank Berhad had announced on behalf of the board that LKL International Berhad proposed to undertake the following proposals:-

- (i) proposed private placement of up to 85,760,000 new ordinary shares in LKL International Berhad ("LKL International Shares" or "Shares"), representing not more than 20% of the total number of issued LKL International Shares to parties to be identified at a later date; and
- (ii) proposed establishment of an employees' share option scheme of up to 15% of the total number of issued LKL International Shares (excluding treasury shares, if any) at any point in time to the eligible employees and directors of the Company and its subsidiaries.

The application in relation to the above proposals have been submitted to Bursa Malaysia Securities Berhad on 17 August 2020.

45. INITIAL APPLICATION OF MFRS 16

The Group has adopted MFRS 16 retrospectively from 1 May 2019 and has not restated the comparative information as permitted under the specific transition provisions in the standard. The Group has applied MFRS 16 only to contracts that were previously identified as leases under MFRS 117 'Leases' and IC Interpretation 4 'Determining Whether an Arrangement Contains a Lease'. Therefore, MFRS 16 has been applied only to contracts entered into or changed on or after 1 May 2019.

At 1 May 2019, for leases that were classified as finance leases, the Group has recognised the carrying amount of the leased asset and lease liability immediately before 1 May 2019 as the carrying amount of the right-of-use asset and the lease liability as at the date of initial application.

As a result, the Group did not make any adjustments to its retained profits upon the transition to MFRS 16 at 1 May 2019 other than the reclassification of certain balances in the Group's statement of financial position on that date.

The Group has used the following practical expedients in applying MFRS 16 for the first time:-

- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Applied for the exemption not to recognise operating leases with a remaining lease term of less than 12 months as at 1 May 2019;
- Excluded initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- Used hindsight in determining the lease term where the lease contract contains options to extend or terminate the lease.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020
Cont'd

45. INITIAL APPLICATION OF MFRS 16 *Cont'd*

The following table explains the difference between the operating lease commitments disclosed in the previous financial year (determined under MFRS 117) and the lease liabilities recognised at 1 May 2019:-

	The Group RM
Operating lease commitments as at 30 April 2019 as disclosed in the previous financial year	-
Add: Finance lease liability recognised as at 30 April 2019	2,373,179
Lease liabilities recognised as at 1 May 2019	2,373,179

There were no financial impacts to the Company's financial statements upon the transition to MFRS 16 at the date of initial application.

ANALYSIS OF SHAREHOLDINGS

As At 30 July 2020

Total Number of Issued Shares : 428,800,000 ordinary shares
 Class of Equity Securities : Ordinary shares ("shares")
 Voting Rights : One vote for every share held

DISTRIBUTION SCHEDULE OF SHAREHOLDERS

Size of Holdings	No. of Holders	%	No. of Shares	%
Less than 100 shares	13	0.23	400	0.00
100 - 1,000 shares	697	12.22	440,600	0.10
1,001 - 10,000 shares	3,071	53.83	18,056,500	4.21
10,001 - 100,000 shares	1,750	30.67	55,613,200	12.97
100,001 - less than 5% of issued shares	169	2.96	41,826,100	9.76
5% and above of issued shares	5	0.09	312,863,200	72.96
Total	5,705	100.00	428,800,000	100.00

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

(As per the Register of Substantial Shareholders)

Name of Substantial Shareholders	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Lim Kon Lian	117,538,935	27.41	131,438,995 ⁽¹⁾	30.65
Mok Mei Lan	100,003,725	23.32	148,974,205 ⁽²⁾	34.74
Elaine Lim Sin Yee	31,435,270	7.33	-	-
Lim Pak Hong	33,885,270	7.90	-	-

Notes:

- (1) Deemed interested by virtue of his spouse, Mok Mei Lan's and his daughter, Elaine Lim Sin Yee's shareholdings in the Company.
- (2) Deemed interested by virtue of her spouse, Lim Kon Lian's and her daughter, Elaine Lim Sin Yee's shareholdings in the Company.

DIRECTORS' SHAREHOLDINGS

(As per the Register of Directors' Shareholdings)

Name of Directors	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Tan Sri Datuk Adzmi Bin Abdul Wahab	-	-	-	-
Lim Kon Lian	117,538,935	27.41	131,438,995 ⁽¹⁾	30.65
Mok Mei Lan	100,003,725	23.32	148,974,205 ⁽²⁾	34.74
Lim Pak Hong	33,885,270	7.90	-	-
Selma Enolil Binti Mustapha Khalil	50,000	0.01	-	-
Sandra Mohan A/L Manthiry	-	-	-	-
Wong Yeong Lee	-	-	-	-

Notes:

- (1) Deemed interested by virtue of his spouse, Mok Mei Lan's and his daughter, Elaine Lim Sin Yee's shareholdings in the Company.
- (2) Deemed interested by virtue of her spouse, Lim Kon Lian's and her daughter, Elaine Lim Sin Yee's shareholdings in the Company.

ANALYSIS OF SHAREHOLDINGS

As At 30 July 2020

Cont'd

THIRTY LARGEST SHAREHOLDERS AS AT 30 JULY 2020

(without aggregating securities from different securities accounts belonging to the same registered holder)

No	Name	No. of Shares	%
1	Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Lim Kon Lian (7001822)</i>	110,110,745	25.68
2	Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Mok Mei Lan (7001941)</i>	110,003,725	25.65
3	Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Lim Pak Hong (7001583)</i>	33,885,270	7.90
4	Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Elaine Lim Sin Yee (7001466)</i>	31,435,270	7.33
5	Lim Kon Lian	27,428,190	6.40
6	Azizan Bin Osman	1,000,000	0.23
7	Tan Chok Uing @ Tan Chok Sing	900,000	0.21
8	Affin Hwang Investment Bank Berhad <i>IVT (SKM)</i>	800,000	0.19
9	Chai Kai Yue	765,000	0.18
10	Maybank Nominees (Tempatan) Sdn Bhd <i>Low Teck Hin</i>	756,800	0.18
11	Chan Yee Sing	668,100	0.16
12	John Michael Pek	500,000	0.12
13	Mohd Fadil Bin Abu Samah	500,000	0.12
14	Public Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Chiang Lin Ling (E-TMI)</i>	500,000	0.12
15	TA Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Anitha Binti Mohamed Haniffa</i>	500,000	0.12
16	Yong Li Chian	500,000	0.12
17	Fu Wing Hoong	420,000	0.10
18	Lim Pui Pheng	420,000	0.10
19	Gopinath A/L Mathavan	403,000	0.09
20	Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Balakrisnen A/L Subban (6000034)</i>	400,000	0.09
21	Choong Tuck Keong	400,000	0.09
22	Inter-Pacific Securities Sdn Bhd <i>IVT (7071)</i>	400,000	0.09
23	Loh Chain Ming	400,000	0.09
24	Ooi Yong Ching	400,000	0.09
25	RHB Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Koon Poh Tat</i>	400,000	0.09
26	Wong Lian Eng	400,000	0.09
27	Yeow Wai Yee	400,000	0.09
28	CGS-CIMB Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Roslan Bin Fadzil</i>	388,200	0.09
29	Public Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Gue Soo San (E-JBU/SUA)</i>	386,000	0.09
30	Public Invest Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Kok Seet Yean (M)</i>	380,000	0.09

LIST OF PROPERTIES

No.	Registered owner/ Location/Title	Description/ Existing use	Tenure	Approximate age of building (Years)	Land area/ Built-up area (Square feet)	Audited net book value as at 30 April 2020 (RM'000)	Date of acquisition
1	LKL Advance Metaltech Sdn Bhd No. 3, Jalan BS7/18, Kawasan Perindustrian Bukit Serdang, Seksyen 7, 43300 Seri Kembangan, Selangor Darul Ehsan. HSD 202531, PT1386, Mukim Petaling, Daerah Petaling, Selangor Darul Ehsan.	A double-storey detached factory with a three (3)-storey office and other ancillary buildings used as an office and manufacturing plant	Freehold	12	43,560 / 57,690	5,985	12-Nov-04
2	LKL Advance Metaltech Sdn Bhd Level 3 - 29, Block B, Jalan Indah 2/6, Taman Universiti Indah, 43300 Seri Kembangan, Selangor Darul Ehsan. Master title HSD31704 PT2156 Mukim Petaling, Daerah Petaling, Selangor Darul Ehsan.	Apartment used as hostel	Freehold	15	- / 830	61	28-Mar-05
3	LKL Advance Metaltech Sdn Bhd Level 2 - 29, Block B, Jalan Indah 2/6, Taman Universiti Indah, 43300 Seri Kembangan, Selangor Darul Ehsan. Master title HSD31704 PT2156 Mukim Petaling, Daerah Petaling, Selangor Darul Ehsan.	Apartment used as hostel	Freehold	15	- / 830	64	28-Mar-05
4	LKL Advance Metaltech Sdn Bhd Level 1 - 29, Block B, Jalan Indah 2/6, Taman Universiti Indah, 43300 Seri Kembangan, Selangor Darul Ehsan. Master title HSD31704 PT2156 Mukim Petaling, Daerah Petaling, Selangor Darul Ehsan.	Apartment used as hostel	Freehold	15	- / 817	68	28-Mar-05

Cont'd

No.	Registered owner/ Location/Title	Description/ Existing use	Tenure	Approximate age of building (Years)	Land area/ Built-up area (Square feet)	Audited net book value as at 30 April 2020 (RM'000)	Date of acquisition
5	LKL Advance Metaltech Sdn Bhd No. 1, Jalan BS7/18, Kawasan Perindustrian Bukit Serdang, Seksyen 7, 43300 Seri Kembangan, Selangor Darul Ehsan. HSD 202530 PT1385, Mukim Petaling, Daerah Petaling, Selangor Darul Ehsan.	A double-storey detached factory used as an office, manufacturing plant and warehouse	Freehold	6	43,560 / 34,050	5,673	11-Apr-07
6	LKL Advance Metaltech Sdn Bhd No. 1904, Jalan SK 13/5, 43300 Seri Kembangan, Selangor Darul Ehsan. HSM 11237 PT10760, Mukim Petaling, Daerah Petaling, Selangor Darul Ehsan.	Single-storey terrace house used as hostel	60 years leasehold expiring on 23 November 2048	24	3,400 / 1,862	391	16-Nov-12
7	LKL Advance Metaltech Sdn Bhd No. 15, Jalan BS7/20, Taman Perindustrian Bukit Serdang, Sek 7, 43300 Seri Kembangan, Selangor Darul Ehsan. HSD 252834 PT1981 Mukim Pekan Serdang, Daerah Petaling, Selangor Darul Ehsan.	An intermediate semi-detached one and a half (1 ½)- storey factory used as a manufacturing plant and warehouse	Freehold	10	11,282 / 9,720	4,866	16-Apr-15
8	LKL Advance Metaltech Sdn Bhd No. 5, Jalan BS7/20, Taman Perindustrian Bukit Serdang, Sek 7, 43300 Seri Kembangan, Selangor Darul Ehsan. HSD 252829 PT1976 Mukim Pekan Serdang, Daerah Petaling, Selangor Darul Ehsan.	An intermediate semi-detached one and a half (1 ½)- storey factory used as a manufacturing plant and warehouse	Freehold	10	11,135 / 9,000	5,050	15-Apr-17
Total						22,158	

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Sixth Annual General Meeting (“**6th AGM**” or “**Meeting**”) of LKL INTERNATIONAL BERHAD (“**LKL International**” or “**the Company**”) will be held at Melur, Level 3 (Lobby Level), Bangi Resort Hotel, Off Persiaran Bandar, 43650 Bandar Baru Bangi, Selangor Darul Ehsan on Tuesday, 13 October 2020 at 10.00 a.m. to transact the following businesses:-

AGENDA

AS ORDINARY BUSINESS:

1. To receive the Audited Financial Statements for the financial year ended 30 April 2020 together with the reports of the Directors and Auditors thereon. *Please refer to Explanatory Note 1*
2. To approve the payment of Directors’ fees and benefits of up to RM250,000.00 for the financial year ending 30 April 2021. *Ordinary Resolution 1*
3. To re-elect the following Directors who retire by rotation in accordance with Clause 85 of the Company’s Constitution:
 - i. Tan Sri Datuk Adzmi Bin Abdul Wahab *Ordinary Resolution 2*
 - ii. Puan Selma Enolil Binti Mustapha Khalil *Ordinary Resolution 3*
4. To re-appoint Crowe Malaysia PLT as Auditors of the Company until the conclusion of the next Annual General Meeting (“**AGM**”) and to authorise the Directors to fix their remuneration. *Ordinary Resolution 4*

AS SPECIAL BUSINESS:

To consider and if thought fit, pass with or without any modifications, the following resolutions:-

5. **GENERAL AUTHORITY FOR THE DIRECTORS TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016** *Ordinary Resolution 5*

“THAT subject always to the Constitution of the Company, the Companies Act 2016 (“**Act**”), the ACE Market Listing Requirements (“**Listing Requirements**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) and the approvals of the relevant governmental/regulatory authorities, where required, the Directors of the Company, be and are hereby authorised and empowered pursuant to Sections 75 and 76 of the Act, to issue and allot shares in the Company to such persons, at any time, and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed twenty per centum (20%) of the total number of issued shares of the Company (excluding treasury shares) at any point of time AND THAT the Directors be and also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities AND THAT such authority shall continue in force until the conclusion of the next AGM.”
6. **PROPOSED AMENDMENTS TO THE CONSTITUTION OF THE COMPANY** *Special Resolution*

“THAT the proposed amendments to the Constitution of the Company as set out in the “Appendix A”, be approved and adopted with immediate effect AND THAT the Directors and/or Secretary of the Company be authorised to take all steps as are necessary and expedient in order to implement, finalise and give full effect to the said proposed amendments for and on behalf of the Company.”
7. To transact any other business of which due notice shall have been given.

NOTICE OF ANNUAL GENERAL MEETING

Cont'd

By order of the Board

TEA SOR HUA (MACS 01324) (SSM PC No. 201908001272)

Company Secretary

Petaling Jaya, Selangor Darul Ehsan

28 August 2020

Notes:

- a) *A member who is entitled to attend and vote at the Meeting shall be entitled to appoint more than one (1) proxy to attend and vote at the Meeting in his/her stead. Where a member appoints more than one (1) proxy, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.*
- b) *A proxy may but need not be a member of the Company. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.*
- c) *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the seal or under the hand of an officer or attorney duly authorised.*
- d) *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
- e) *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. The appointment of multiple proxies shall not be valid unless the proportion of its shareholdings represented by each proxy is specified.*
- f) *For the purpose of determining a member who shall be entitled to attend the Meeting, the Company will be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Clause 63(b) of the Company's Constitution to issue the General Meeting Record of Depositors as at 5 October 2020. Only members whose names appear in the General Meeting Record of Depositors as at 5 October 2020 shall be regarded as members and entitled to attend, speak and vote at the Meeting.*
- g) *The instrument appointing a proxy must be deposited at the Share Registrar of the Company situated at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan not less than forty-eight (48) hours before the time for holding the Meeting.*
- h) *All resolutions as set out in the Notice of the Meeting will be put to vote by poll.*
- i) *Members are advised to refer to the Administrative Notes on the registration and voting process for the Meeting. The Administrative Notes has taken into account the latest measures to-date to deal with the COVID-19 situation announced and/or implemented in Malaysia which affects the holding or conduct of general meetings. The Company will closely monitor the situation and reserve the right to take further measures or short-notice arrangements as and when appropriate in order to minimise any risk to the Meeting. Any material developments or updates on the Meeting will be announced on the website of Bursa Securities regularly.*

EXPLANATORY NOTES TO ORDINARY BUSINESS AND SPECIAL BUSINESS

1. Item 1 of the Agenda – Audited Financial Statements for the financial year ended 30 April 2020

This Agenda is meant for discussion only as the provision of Section 340(1)(a) of the Act does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this Agenda is not put forward for voting.

2. Item 2 of the Agenda – Directors' Fees and Benefits

The estimated Directors' fees and benefits proposed for the financial year ending 30 April 2021 were calculated based on the current Board size and number of scheduled Board and Committee meetings to be held. This resolution is to facilitate payment of Directors' fees and benefit on a current financial year basis. In the event the proposed amount is insufficient due to more meetings or enlarged Board size, approval will be sought at the next AGM for such shortfall.

NOTICE OF ANNUAL GENERAL MEETING

Cont'd

3. Item 5 of the Agenda - General Authority for the Directors to Issue and Allot Shares pursuant to Sections 75 and 76 of the Act

The Company had at its Fifth AGM held on 30 October 2019 ("**5th AGM**"), obtained a general mandate pursuant to Sections 75 and 76 of the Act from its shareholders, to empower the Directors to issue and allot shares in the Company to such persons, at any time, and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed 10% of the total number of issued shares of the Company (excluding treasury shares) at any point of time ("**10% General Mandate**"). This 10% General Mandate will expire at the conclusion of this 6th AGM.

As at the date of this Notice, no new shares in the Company were issued and allotted pursuant to the mandate granted to the Directors at the 5th AGM held on 30 October 2019 which will lapse at the conclusion of this 6th AGM.

The Ordinary Resolution 5 proposed under item 5 is to seek a general mandate to empower the Directors of the Company pursuant to Sections 75 and 76 of the Act, to issue and allot ordinary shares at any time to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of the shares issued does not exceed 20% of the total number of issued shares of the Company (excluding treasury shares) at any point of time ("**20% General Mandate**"). This 20% General Mandate, unless revoked or varied at general meeting, will expire at the next AGM.

In view of the challenging time due to the COVID-19 pandemic, Bursa Securities had on 16 April 2020 introduced this 20% General Mandate as an interim relief measure to allow a listed issuer to seek a higher general mandate under Rule 6.03 of the Listing Requirements of Bursa Securities of not more than twenty per centum (20%) of the total number of issued shares (excluding treasury shares) for issue of new securities.

The Board of Directors' Statement

The Board of Directors of LKL International ("**Board**"), after due consideration, is of the opinion that in the face of unprecedented challenges brought by the COVID-19, this 20% General Mandate is the most appropriate avenue of fund raising at this juncture. This 20% General Mandate will enable the Company to raise funds expeditiously without having to incur interest costs as compared to bank borrowings, thereby allowing the Company to preserve its cash flow. The funds raised will be used to finance the day-to-day operational expenses, working capital for the on-going projects or future projects/investments to ensure the long-term sustainability of the Company.

The Board, having considered the current and prospective financial position, needs and capacity of the Company, is of the opinion that the 20% General Mandate is in the best interest of the Company and its shareholders.

4. Item 6 of the Agenda – Proposed Amendments to the Constitution of the Company

The Special Resolution proposed under item 6 of the Agenda if approved, will provide more flexibility for the Company and its shareholders on the manner of holding general meetings and lodgement of proxy forms as well as to provide clarity on the objects of the Company and the provisions of the Third Schedule of the Act. The proposed amendments to the Constitution of the Company shall take effect once the special resolution has been passed by a majority of not less than seventy-five per centum (75%) of such members who are entitled to vote and do vote in person or by proxy at the Meeting.

APPENDIX A

PROPOSED AMENDMENTS TO THE CONSTITUTION OF LKL INTERNATIONAL BERHAD ("THE COMPANY")

This is the Appendix A referred to in Agenda 6 of the Notice of Sixth Annual General Meeting ("6th AGM") of the Company dated 28 August 2020.

Date and time of 6th AGM : Tuesday, 13 October 2020 at 10.00 a.m.

Venue of the 6th AGM : Melur, Level 3 (Lobby Level), Bangi Resort Hotel,
Off Persiaran Bandar, 43650 Bandar Baru Bangi, Selangor Darul Ehsan

Clause No.	Existing Clause	Clause No.	Proposed Clause
4	Subject to the provisions of the Act, this Constitution and any other written law, the Company has:- (a) Full capacity to carry on or undertake any business or activity, do any act or enter into any transaction; and (b) For the purposes of Clause 4(a) above, full rights, powers and privileges.	4	Subject to the provisions of the Act, this Constitution and any other written law, the objects for which the Company is established are:- (a) To carry on the business of an investment holding company and for that purpose to promote or form or assist in promotion of any company or the subsidiary of the Company or otherwise and to acquire and hold for investment shares, stocks, debentures, debenture stocks, bonds, obligations and securities issued or guaranteed by any company or private undertaking; and (b) To carry on or undertake any business activity, to do any act or enter into any transaction or to do all such other things as are incidental or conducive to the attainment of the above objects. Section 21 of the Act shall apply to the Company and the Company shall be capable of exercising all the functions of a body corporate and have the full capacity to carry on or undertake any business or any activity the Directors consider advantageous to the Company and that are not prohibited under any law for the time being enforced in Malaysia.
61	The meeting of its Members may be held at more than one venue using any technology or method that allows the Members of the Company to participate and to exercise their rights to speak and vote at the meeting, and using any available technology to provide notice, conduct and record or facilitate voting at that meeting or any adjournment of that meeting of members subject to rules, regulations and laws prevailing. The main venue of the meeting shall be in Malaysia and the Chairman shall be present at the main venue of the meeting.	61	The meeting of its Members may be held by fully virtual or hybrid at more than one venue using any technology or method that allows the Members of the Company to participate and to exercise their rights to speak and vote at the meeting, and using any available technology to provide notice, conduct and record or facilitate voting at that meeting or any adjournment of that meeting of members subject to rules, regulations and laws prevailing. The main venue of the meeting shall be in Malaysia and subject to Clause 69, the Chairman shall be present at the main venue of the meeting. For fully virtual general meeting, the broadcast venue shall be the main venue of the meeting and all the provisions of this Constitution as to meetings of Members shall also apply to such fully virtual general meeting.

APPENDIX A

PROPOSED AMENDMENTS TO THE CONSTITUTION OF LKL INTERNATIONAL BERHAD ("THE COMPANY")

Cont'd

Clause No.	Existing Clause	Clause No.	Proposed Clause
62	Every notice convening meetings shall be in writing and shall be given to the Members either in hard copy, or in electronic form, or partly in hard copy and partly in electronic form specify the venue, the date and the time of the meeting and the general nature of the business of the meeting and shall be given to all Members at least fourteen (14) days before the meeting or at least twenty-one (21) days before the meeting where any special resolution is to be proposed or where it is an annual general meeting. Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business; PROVIDED that a meeting of the Company shall, notwithstanding that it is called by a shorter notice than that specified in this Constitution, be deemed to have been duly called if it is so agreed:- (i) in the case of an annual general meeting, by all the members entitled to attend and vote thereat; and (ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote thereat, together holding not less than ninety-five per cent (95%) of the issued shares giving that right. NOTWITHSTANDING the foregoing at least fourteen (14) days' notice or twenty-one (21) days' notice in the case where any special resolution is proposed or where it is an annual general meeting, of every such general meeting shall also be given by advertisement in at least one (1) nationally circulated Bahasa Malaysia or English daily newspaper and in writing to each Stock Exchange on which the Company is listed.	62	Every notice convening meetings shall be in writing and shall be given to the Members either in hard copy, publication on the Company's website or in electronic form, or partly in hard copy and partly in electronic form specify the venue, the date and the time of the meeting and the general nature of the business of the meeting and shall be given to all Members at least fourteen (14) days before the meeting or at least twenty-one (21) days before the meeting where any special resolution is to be proposed or where it is an annual general meeting. Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business; PROVIDED that a meeting of the Company shall, notwithstanding that it is called by a shorter notice than that specified in this Constitution, be deemed to have been duly called if it is so agreed:- (i) in the case of an annual general meeting, by all the members entitled to attend and vote thereat; and (ii) in the case of any other meeting, by a majority in number of the Members having a right to attend and vote thereat, together holding not less than ninety-five per cent (95%) of the issued shares giving that right. NOTWITHSTANDING the foregoing at least fourteen (14) days' notice or twenty-one (21) days' notice in the case where any special resolution is proposed or where it is an annual general meeting, of every such general meeting shall also be given by advertisement in at least one (1) nationally circulated Bahasa Malaysia or English daily newspaper.

APPENDIX A

PROPOSED AMENDMENTS TO THE CONSTITUTION OF LKL INTERNATIONAL BERHAD ("THE COMPANY")

Cont'd

Clause No.	Existing Clause	Clause No.	Proposed Clause
80	The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, shall be deposited at the Office or at such other place within Malaysia as is specified for that purpose in the notice convening the meeting, not less than forty eight (48) hours before the time appointed for holding the meeting or adjourned meeting as the case may be, or in the case of a poll, not less than twenty-four (24) hours before the time appointed for taking the poll, which the person named in the instrument proposes to vote and in default, the instrument of proxy shall not be treated as valid. In the event the member(s) duly executes the form of proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/her/their proxy, Provided Always that the rest of the proxy form, other than the particulars of the proxy have been duly completed by the Member.	80	The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, shall be deposited at the Office or at such other place within Malaysia or by way of electronic means or in such other manner as is specified for that purpose in the notice convening the meeting, not less than forty eight (48) hours before the time appointed for holding the meeting or adjourned meeting as the case may be, or in the case of a poll, not less than twenty-four (24) hours before the time appointed for taking the poll, which the person named in the instrument proposes to vote and in default, the instrument of proxy shall not be treated as valid. In the event the member(s) duly executes the form of proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/her/their proxy, Provided Always that the rest of the proxy form, other than the particulars of the proxy have been duly completed by the Member.
106A	New provision	106A	The provisions of the Third Schedule of the Act shall not apply to the Company except where the same is repeated or contained in this Constitution.

ADMINISTRATIVE NOTES

SIXTH ANNUAL GENERAL MEETING (“6th AGM” OR “MEETING”) OF LKL INTERNATIONAL BERHAD (“LKL” OR “THE COMPANY”)

Date	: Tuesday, 13 October 2020
Time	: 10.00 a.m.
Venue of Meeting	: Melur, Level 3 (Lobby Level), Bangi Resort Hotel, Off Persiaran Bandar, 43650 Bandar Baru Bangi, Selangor Darul Ehsan, Malaysia
Time & Place of Registration	: From 8.30 a.m. onwards Melur, Level 3 (Lobby Level), Bangi Resort Hotel, Off Persiaran Bandar, 43650 Bandar Baru Bangi, Selangor Darul Ehsan, Malaysia

COVID-19: PUBLIC HEALTH PRECAUTIONARY MEASURES

The Board of Directors (“**Board**”) is cognisant of the COVID-19 pandemic as declared by the World Health Organisation which, to-date, is still subsisting. The health and safety of the Company’s members, Directors, staff and other stakeholders is of paramount concern for the Company. In view of the foregoing, the Company wishes to advise members that necessary steps and measures will be undertaken in holding the Company’s 6th AGM.

1. In view of the COVID-19 pandemic and further to the “Guidance and FAQs on the Conduct of General Meetings for Listed Issuers” issued by the Securities Commission Malaysia, members/proxies/corporate representatives who wish to attend the 6th AGM in person **ARE REQUIRED TO PRE-REGISTER** with the Company’s Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd (“**Share Registrar**”, “**Tricor**”, or “**TIIH**”), via the **TIIH Online** website at <https://tiih.online> no later than **Sunday, 11 October 2020 at 10.00 a.m.** Alternatively, you may also appoint the Chairman of the meeting as your proxy to attend and vote on your behalf at this 6th AGM.

2. VENUE AND SEATING ARRANGEMENT

- As a precautionary measure, the Company reserves the right to limit the number of physical attendees to be accommodated at the venue.
- In order to assist the Company in managing the turnout for the 6th AGM, members/proxies/corporate representatives are required to pre-register with the Company’s Share Registrar, via the **TIIH Online** website at <https://tiih.online>, if the members/proxies/corporate representatives wish to attend the 6th AGM in person.
- Social distancing would be practised at all times. Members who attend the 6th AGM should maintain at least 1 metre (3 feet) distance between him/herself.
- Seats in the 6th AGM venue would be placed at least one metre (3 feet) apart from one another.

ADMINISTRATIVE NOTES

Cont'd

3. OTHER IMPORTANT INFORMATION

- If any of the members/proxies/corporate representatives ("**Persons**") have travelled overseas to China (including mainland China, SAR Hong Kong, SAR Macau and Taiwan), Italy, Iran, Korea, Japan and other affected countries in the past 14 days or if a Person is unwell with fever, dry cough, tiredness, sore throat, aches and pains, nasal congestion, runny nose, diarrhoea or shortness of breath, they must seek medical attention and quarantine themselves at home. Under such circumstances, the Persons are advised to appoint the Chairman of the meeting as their proxy to attend and vote on their behalf at the 6th AGM.
- Generally, any Persons who:
 - (a) feel unwell before the 6th AGM; or
 - (b) have been placed on quarantine orders or stay-at-home notices; or
 - (c) have a travel history to certain countries/regions in the specified period preceding the 6th AGM, as announced by the Ministry of Health, must not attend the 6th AGM in person, and instead are strongly encouraged to appoint the Chairman of the meeting as their proxy to attend and vote on their behalf at the 6th AGM.
- For Persons who are physically attending the 6th AGM, temperature screening on each Person will be taken during registration and the Persons will be required to sign a health declaration form and provide their travel history and contact details (to facilitate contact tracing, if required) before entering the venue of the 6th AGM.
- As a precautionary measure, the Company reserves the right to deny any Persons with body temperature of above 37.5°C entry into the 6th AGM venue.
- Any Persons attending the 6th AGM physically should wear a face mask in advance and throughout the 6th AGM and practice proper self-sanitisation, including the use of hand sanitisers.

4. INDIVIDUAL MEMBERS

- All Members who intend to attend the 6th AGM in person **ARE REQUIRED TO PRE-REGISTER** with Tricor via **TIIH Online** website (<https://tiih.online>) latest by **Sunday, 11 October 2020 at 10.00 a.m.** Kindly refer to the Pre-Register procedures below.
- Members who are unable to attend the 6th AGM and who wish to exercise their votes are encouraged to appoint the Chairman of the meeting to vote on your behalf by indicating the voting instructions in the Proxy Form in accordance with the notes and instructions printed therein.

5. CORPORATE MEMBERS

- Corporate members who wish to appoint corporate representatives instead of a proxy to attend and vote at the 6th AGM, must deposit their original or duly certified certificate of appointment of corporate representative to Tricor not later than **Sunday, 11 October 2020 at 10.00 a.m.**
- Attorneys appointed by power of attorney are required to deposit their power of attorney with Tricor not later than **Sunday, 11 October 2020 at 10.00 a.m.** to attend and vote at the 6th AGM.
- **A member who has appointed a proxy/attorney/corporate representative to attend and vote at the 6th AGM must request his/her proxy/attorney/corporate representative to submit their Pre-Registration at TIIH Online website at <https://tiih.online>.**
- If a corporate member (through its corporate representative(s) or appointed proxy(ies)) is unable to attend the 6th AGM, you may appoint the Chairman of the meeting as your proxy and indicate the voting instructions in the Proxy Form in accordance with the notes and instructions printed therein.

ADMINISTRATIVE NOTES

Cont'd

6. PRE-REGISTER PROCEDURES

Members/proxies/corporate representatives/attorneys who wish to attend and vote at the 6th AGM are to follow the requirements and procedures as summarised below:

	Procedure	Action
BEFORE AGM DAY		
(a)	Register as a user with TIIH Online	- Using your computer, access the website at https://tiih.online. Register as a user under the "e-Services". Refer to the tutorial guide posted on the homepage for assistance. - If you are already a user with TIIH Online, you are not required to register again. You will receive an e-mail to notify you that the remote participation is available for registration at TIIH Online.
(b)	Pre-register your attendance to attend AGM	Registration is open from 10.00 a.m. Friday, 28 August 2020 up to 10.00 a.m. Sunday, 11 October 2020. - Login with your user ID and password and select the corporate event: "(REGISTRATION) LKL 6TH AGM". - Read and agree to the Terms & Conditions and confirm the Declaration. - Insert the CDS account number and indicate the number of shares. - Submit to register your physical attendance. - System will send an e-mail to notify that your registration to attend the AGM physically is received and will be verified. - After verification of your registration against the General Meeting Record of Depositors as at 5 October 2020, the system will send you an e-mail to notify if your registration is approved or rejected. - For members who have registered to attend the AGM physically, the system will email an e-passcode slip. Print the passcode slip and bring it along with you to the 6th AGM.

7. NO DOOR GIFT/FOOD VOUCHER/REFRESHMENT

There will be **no distribution/provision of door gifts or food vouchers or refreshment** for the 6th AGM in order to ensure social distancing and as a measure to reduce crowds in accordance with the COVID-19 guidelines by the Ministry of Health.

We would like to thank our members for your kind co-operation and understanding in these challenging times.

8. GENERAL MEETING RECORD OF DEPOSITORS ("ROD")

Only a depositor whose name appears on the ROD as at **5 October 2020** shall be entitled to attend, speak and vote at the 6th AGM or appoint proxies to attend and/or vote on his/her behalf.

9. PROXY

- If you are unable to attend the meeting on 13 October 2020, you may appoint the Chairman of the meeting as proxy and indicate the voting instructions in the Proxy Form.
- You may also submit the Proxy Form electronically via **TIIH Online** website at <https://tiih.online> no later than **Sunday, 11 October 2020** at **10.00 a.m.** Please do read and follow the procedures to submit Proxy Form electronically below.
- You may submit your Proxy Form to Tricor by fax at 03-2783 9222 or e-mail to is.enquiry@my.tricorglobal.com. However, please ensure that the **Original Proxy Form** is deposited at Tricor's office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or, alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time appointed for holding the 6th AGM or any adjournment thereof, otherwise the Proxy Form shall not be treated as valid.

ADMINISTRATIVE NOTES

Cont'd

10. **PRE-MEETING SUBMISSION OF QUESTIONS TO THE BOARD OF DIRECTORS**

Members may submit questions for the Board prior to the 6th AGM via Tricor's **TIIH Online** website at <https://tiih.online> by selecting "e-Services" to login, pose questions and submit electronically no later than **Sunday, 11 October 2020 at 10.00 a.m.** The Board will endeavour to answer the questions received at the 6th AGM.

11. **POLL VOTING**

- The Voting at the 6th AGM will be conducted by poll in accordance with Rule 8.31A of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company has appointed Tricor Investor & Issuing House Services Sdn Bhd as Poll Administrator to conduct the poll by way of paper voting and Coopers Professional Scrutineers Sdn Bhd as Scrutineers to verify the poll results.
- During this 6th AGM, the Chairman will brief on the Voting procedures. The voting session will commence as soon as the Chairman calls for the poll to be opened.
- Upon completion of the voting session for the 6th AGM, the Scrutineers will verify and announce the poll results followed by the Chairman's declaration whether the resolutions are duly passed.

12. **ANNUAL REPORT 2020**

- The Company's Annual Report 2020 is available at the Company's website at <http://klbeds.com/investor-relations.html>
- You may request for a printed copy of the Annual Report 2020 at <https://tiih.online> by selecting "Request for Annual Report/Circular" under the "Investor Services". Nevertheless, we hope that you would consider the environment before you decide to request for the printed copy.

13. **REGISTRATION**

- Registration will start at 8.30 a.m. in Melur, Level 3 (Lobby Level), Bangi Resort Hotel, Off Persiaran Bandar, 43650 Bandar Baru Bangi, Selangor Darul Ehsan, Malaysia.
- Please present your original MyKad/passport to the registration staff for verification.
- Upon verification, you are required to write your name, mobile contact and sign the Attendance list placed on the registration table.
- You will be given an identification wristband with a personalised passcode for the purpose of voting at this 6th AGM.
- You must wear the identification wristband throughout the 6th AGM as no person will be allowed to enter the meeting hall without the identification wristband. There will be no replacement in the event you lose or misplace the identification wristband.
- If you are attending the meeting as a member as well as a proxy, you will be registered once and will be given only one identification wristband to enter the meeting hall.
- No person will be allowed to register on behalf of another person even with the original Mykad/passport of the other person.

14. **HELP DESK**

- (i) Please proceed to the Help Desk for any clarification or queries apart from registration details.
- (ii) The Help Desk will also handle revocation of proxy's appointment.

ADMINISTRATIVE NOTES

Cont'd

15. RECORDING OR PHOTOGRAPHY

By participating at the 6th AGM, you agree that no part of the 6th AGM proceedings may be recorded, photographed, stored in any retrieval systems, reproduced, transmitted or uploaded in any form, platform or social media or by any means whether it is mechanical, electronical, photocopying, recording or otherwise without the prior written consent of the Company. The Company reserves the rights to take appropriate legal actions against anyone who violates this rule.

16. ENQUIRY

If you have any enquiries on the above, please contact the following persons during office hours on Mondays to Fridays from 9.00 a.m. to 5.30 p.m. (except on public holidays):

Tricor Investor & Issuing House Services Sdn Bhd

General Line : +603-2783 9299

Fax Number : +603-2783 9222

Email : is.enquiry@my.tricorglobal.com

Contact Persons : Mr. Jake Too : +603-2783 9285 / Email : Chee.Onn.Too@my.tricorglobal.com

: Ms. Vivien Khoh : +603-2783 9091 / Email : Vivien.Khoh@my.tricorglobal.com

: Mr. Alven Lai : +603-2783 9283 / Email : Siew.Wai.Lai@my.tricorglobal.com

PROXY FORM



LKL INTERNATIONAL BERHAD

[201501014673 (1140005-V)]
(Incorporated in Malaysia)

I/We* _____ NRIC/Company No.* _____
(full name in capital letters)

of _____
(full address)

being (a) member(s) of LKL INTERNATIONAL BERHAD [201501014673 (1140005-V)] ("the Company") hereby appoint _____

_____ NRIC No. _____
(full name in capital letters)

of _____
(full address)

or failing him/her*, _____ NRIC No. _____
(full name in capital letters)

of _____
(full address)

or failing him/her*, the Chairman of the Meeting as my/our* proxy to vote for me/us* on my/our* behalf at the Sixth Annual General Meeting ("6th AGM" or "Meeting") of the Company to be held at Melur, Level 3 (Lobby Level), Bangi Resort Hotel, Off Persiaran Bandar, 43650 Bandar Baru Bangi, Selangor Darul Ehsan on Tuesday, 13 October 2020 at 10.00 a.m. and at any adjournment thereof.

Please indicate with an "X" in the appropriate spaces how you wish your votes to be cast. If no specific direction as to vote is given, the Proxy will vote or abstain from voting at his/her discretion.

No.	Ordinary Resolutions	For	Against
1.	To approve the payment of Directors' fees and benefits of up to RM250,000.00 for the financial year ending 30 April 2021.		
2.	To re-elect Tan Sri Datuk Adzmi Bin Abdul Wahab as Director who retires by rotation in accordance with Clause 85 of the Company's Constitution.		
3.	To re-elect Puan Selma Enolil Binti Mustapha Khalil as Director who retires by rotation in accordance with Clause 85 of the Company's Constitution.		
4.	To re-appoint Crowe Malaysia PLT as Auditors of the Company.		
5.	To approve the general authority for the Directors to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016.		

No.	Special Resolution	For	Against
1.	To approve the Proposed Amendments to the Constitution of the Company.		

*delete whichever not applicable

Dated this _____ day of _____ 2020.

CDS Account No.	No. of Shares Held

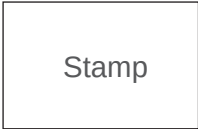
Percentage of shareholdings to be represented by the proxies:		
	No. of shares	%
Proxy 1		
Proxy 2		
TOTAL		100

Signature of Member(s) / Common Seal

Notes:

- A member who is entitled to attend and vote at the Meeting shall be entitled to appoint more than one (1) proxy to attend and vote at the Meeting in his/her stead. Where a member appoints more than one (1) proxy, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.
- A proxy may but need not be a member of the Company. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the seal or under the hand of an officer or attorney duly authorised.
- Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. The appointment of multiple proxies shall not be valid unless the proportion of its shareholdings represented by each proxy is specified.
- For the purpose of determining a member who shall be entitled to attend the Meeting, the Company will be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Clause 63(b) of the Company's Constitution to issue the General Meeting Record of Depositors as at 5 October 2020. Only members whose names appear in the General Meeting Record of Depositors as at 5 October 2020 shall be regarded as members and entitled to attend, speak and vote at the Meeting.
- The instrument appointing a proxy must be deposited at the Share Registrar of the Company situated at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan not less than forty-eight (48) hours before the time for holding the Meeting.
- All resolutions as set out in the Notice of the Meeting will be put to vote by poll.
- Members are advised to refer to the Administrative Notes on the registration and voting process for the Meeting. The Administrative Notes has taken into account the latest measures to-date to deal with the COVID-19 situation announced and/or implemented in Malaysia which affects the holding or conduct of general meetings. The Company will closely monitor the situation and reserve the right to take further measures or short-notice arrangements as and when appropriate in order to minimise any risk to the Meeting. Any material developments or updates on the Meeting will be announced on the website of Bursa Malaysia Securities Berhad regularly.

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The Share Registrar of
LKL INTERNATIONAL BERHAD [201501014673 (1140005-V)]
Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

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LKL INTERNATIONAL BERHAD

201501014673 (1140005-V)

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