

CORPORATE GOVERNANCE REPORT

STOCK CODE : 0182
COMPANY NAME : LKL INTERNATIONAL BERHAD (“LKL” or “the Company”)
FINANCIAL YEAR : December 31, 2024

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.1

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

Application	:	Applied
Explanation on application of the practice	:	The Board of Directors of LKL ("the Board") is collectively responsible for guiding, overseeing, and securing the long-term success of LKL and its subsidiaries ("the Group"). Their role involves leading the Group towards the achievement of sustainable value for its stakeholders, coupled with a commitment to high-level governance practices. The Board members shall exhibit exemplary stewardship, professionalism, and adherence to the Group's core values, all while observing their fiduciary duties and responsibilities. Additionally, the Board is tasked with ensuring that the Management upholds an effective system of governance and internal controls, which are expected to ensure that operations are conducted both effectively and efficiently, maintain internal control standards, and adhere to all pertinent laws and regulations. The Board assumes, among others, the following responsibilities:- • Overseeing the conduct and sustainability of the business of the Group, assuming the responsibility for succession planning. • Reviewing, adopting and approving the Group's overall strategic direction, business plans and annual budgets of the Group, including major capital commitments. • Establishing key performance indicators and ensuring that Senior Management has the necessary skills and experience for the orderly succession of Board and Senior Management. • Reviewing and approving new ventures, major acquisitions and disposals of undertakings and properties. • Identifying principal risks and ensuring the implementation of appropriate systems to manage and monitor significant financial and non-financial risks. • Reviewing the adequacy and integrity of the Group's internal control systems, risk management and management information systems.

	• Overseeing the development and implementation of the shareholders' communications policy for the Company. • Assess the training needs of the Directors and ensure Directors have access to a continuing education programme. • Responsible for the quality and completeness of the financial statements of the Group and ensuring that they are prepared based on the appropriate and consistently applied accounting policies. • Ensure that the general meetings of the Company are conducted efficiently and serve as a mode of shareholders' communication. In discharging its fiduciary duties and leadership functions, the Board is guided by the Board Charter which set out the principles and guidelines that are to be applied by the Board. The Board has also established a Code of Ethics and Conduct which serves as an internal frame of reference for the Directors and employees of the Group in the conduct of their daily activities. The Code of Ethics and Conduct is incorporated in the Board Charter of the Company. The Board has also delegated day-to-day management of the Group to the Executive Directors ("EDs"), and Management. For effective function of the Board, the Board has delegated specific responsibilities to the following Board Committees within their respective Terms of Reference ("TOR"):- - Audit and Risk Management Committee ("ARMC"); - Nomination Committee ("NC"); - Remuneration Committee ("RC"); The Board Charter and TOR of the respective committees are available on the Company's website at www.lklbeds.com.
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

Application	:	Applied
Explanation on application of the practice	:	The Chairman of the Board, Dato' Haji Mohd Yazid Bin Haji Mustafa, holds an Independent Non-Executive position and is responsible for leading the Board to ensure its effectiveness and integrity as well as for entrenching good corporate governance practices within the Group. The roles and responsibilities of the Chairman of the Board have been clearly specified in the Board Charter. The responsibilities of the Chairman, amongst others, are as follows:- i. To provide leadership to the Board. ii. To oversee the effective discharge of the Board's supervisory role. iii. To facilitate the effective contribution of all Directors. iv. To conduct and chair Board meetings and general meetings of the Company. v. To manage communications and effectiveness at the Board level and effective supervision over the Management. vi. To ensure that quality information to facilitate decision-making is delivered to the Board in a timely manner. vii. To ensure Board meetings and general meetings are conducted/held in compliance with good conduct and best practices. viii. To promote constructive and respectful relations between Board members and between the Board and the Management. ix. To jointly represent the Company together with the EDs to external groups such as shareholders, creditors, consumer groups, local communities and federal, state, and local governments.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.3

The positions of Chairman and CEO are held by different individuals.

Application	:	Applied
Explanation on application of the practice	:	The positions of Chairman and EDs are exercised by different individuals and are clear and distinct which held by different individuals. Dato' Haji Mohd Yazid Bin Haji Mustafa is the Independent Non-Executive Chairman while Mr. Lim Pak Hong and En. Zulkarnin Bin Ariffin are the EDs. The Chairman and EDs are not related to each other. The position of the Chairman and EDs has a clearly accepted division of responsibility to ensure there is a balance of power and authority to promote accountability and that their respective roles and responsibilities have been clearly set out in the Board Charter and is made available on the Company's website at www.lklbeds.com. The role of the Chairman is to ensure the integrity and effectiveness of the governance process of the Board while the position of EDs is to focus on the business, organisational effectiveness and day-to-day management of the Group and actively reports, clarifies and communicates matters to the Board. The Company acknowledges the importance of having a proper balance of power, responsibility and accountability. This is to ensure no individual has unfettered decision-making powers.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.4

The Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>		
Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	The Chairman of the Board, Dato' Haji Mohd Yazid Bin Haji Mustafa is not a member of the ARMC, NC and RC of the Company.
	:	The Chairman of the Board was invited to the committee meetings to provide input on the matters discussed. His participation and deliberations in the committee meetings were duly minuted at the committee meetings. However, he had, at all times, abstained from voting or participating in decision making regarding the resolutions, proposals and matters presented for approval during the meetings to prevent any potential conflict of interest situation.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	
	:	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.5

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

Application	:	Applied
Explanation on application of the practice	:	The Group is currently outsourcing the corporate secretarial function to Cospec Management Services Sdn. Bhd. ("CMS"). The Board is supported by two (2) qualified and competent Company Secretaries nominated by CMS, who are qualified to act as Company Secretaries under Section 235(2) of the Companies Act 2016 ("Act") and also are registered holders of the Practising Certificate issued by the Companies Commission of Malaysia. The Company Secretaries play an important role in facilitating the overall compliance with the Act, ACE Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and other relevant laws and regulations. The Company Secretaries also assist the Board and Board Committees to function effectively and in accordance with their TOR and best practices and ensure adherence to the existing Board policies and procedures. In order to discharge the roles effectively, the Company Secretaries have been continuously attending the necessary training programmes, conferences, seminars and/or forums so as to keep themselves abreast with the latest developments in the corporate governance realm and changes in regulatory requirements that are relevant to their profession and enable them to provide the necessary advisory role to the Board. The Board has direct access to the professional advice and services of the Company Secretaries and their team when performing their duties and discharging their responsibilities. The Company Secretaries had on 28 August 2024 briefed the Board on the Guidelines for the Reporting Framework for Beneficial Ownership 2024. The briefing was intended to keep the Board abreast of the latest developments in the regulations and governance matters. During the financial year under review, the 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.
Explanation for departure	:	

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.6

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

Application	:	Applied
Explanation on application of the practice	:	To assist the Directors in managing their schedules, the Company Secretaries prepare an annual meeting calendar ahead of each new year. This calendar outlines the dates of Board and Board Committee meetings, as well as the annual general meeting ("AGM"). Additionally, it includes closed periods for trading in securities by Directors and principal officers, aligning with scheduled announcements of the Group's quarterly results. The notices of Board and Board Committees meetings together with the meeting papers are generally furnished to the Board members within five (5) working days prior to the dates of meetings. This is to ensure that the Directors have sufficient preparation time and information to make an informed decision at each meeting. In the intervals between scheduled Board and Board Committees meetings, for exceptional matters requiring urgent Board decisions, Board and Board Committees decisions are obtained via additional ad-hoc meetings convened or written resolutions which are supported with Board papers, providing information necessary for the Board and Board Committees' deliberation to ensure the Directors can make informed decisions. All written resolutions approved by the Board will be tabled for notation at the next Board Meeting. The deliberations and conclusions of matters discussed in the Board or Board Committees meetings are duly recorded in the minutes of meetings. The draft minutes are circulated for the Board or Committee Chairman's review within a reasonable timeframe after the meetings. The minutes of meetings accurately captured the deliberations and decisions of the Board and/or the Board Committees, including whether any Director abstains from voting or deliberating on a particular matter. All the records of proceedings and resolutions passed are kept at the registered office of the Company. All Directors have full and unrestricted access to timely information about the Group. In addition, the Directors are also empowered to seek independent external professional advice at the expense of the Company, should they consider it necessary in the course of their duties.

Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

Practice 2.1

The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

Application	:	Applied
Explanation on application of the practice	:	The Board has formalised and adopted a Board Charter covering the respective roles and responsibilities of the Board, Board Committee, individual Directors and Management and the issues and decisions reserved for the Board's decision. This Board Charter serves as a guiding literature to the Board in the fulfilment of its fiduciary and leadership functions. The Board Charter will be reviewed and updated as and when necessary to ensure it remains consistent with the Group's policies and procedures, the Board's overall responsibilities as well as changes to legislation and regulations. The Board Charter is available on the Company's website at www.lklbeds.com.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

Application	:	Applied	
Explanation on application of the practice	:	The Code of Conduct and Ethics for Directors and employees of the Group is incorporated in Part 6 of the Board Charter which is published on the Company’s website at www.lklbeds.com. This Code of Conduct and Ethics sets out the standard of ethical behaviour and value expected of Directors and any other employees at the executive level and above and serves as a guide and reference in the course of the performance of their duties and responsibilities. The Board will review the Code of Conduct and Ethics from time to time to ensure that it continues to remain relevant and appropriate with the prescribed requirements and best corporate governance practices.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.2

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

Application	:	Applied	
Explanation on application of the practice	:	The Board recognises the whistleblowing as an important mechanism in the prevention and detection of improper conduct, harassment or corruption in the conduct of the Group’s businesses and operations. It is committed to promote good business conduct and maintain business integrity. The Whistleblowing Policy provides a defined avenue and accessible reporting channels for all Directors, employees, shareholders and any third parties associated with the Group to raise concerns or disclose any improper conduct within the Group. The Whistle Blowing Policy is published on the Company’s website at www.lklbeds.com. The Board will continue to review the Whistle Blowing Policy at least once every three (3) years to ensure its effectiveness and consistency with the governing legislation and regulatory requirement.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.1

The board together with management takes responsibility for the governance of sustainability in the company including setting the company's sustainability strategies, priorities and targets.

The board takes into account sustainability considerations when exercising its duties including among others the development and implementation of company strategies, business plans, major plans of action and risk management.

Strategic management of material sustainability matters should be driven by senior management.

Application	:	Applied
Explanation on application of the practice	:	The Board acknowledged that sustainable development is important to the business and business operation of the Group which influences the approach of the Group operating its business by embracing better practices that are sustainable to realise the Group's Economic, Environmental and Social ("EES") development agenda. The Board together with the Management takes responsibility for the governance of sustainability in the Company. The Board is to determine the sustainability strategy and provides oversight of the corporate sustainability policies and performance and the Management oversees the implementation of the Company's sustainability approach and ensures that key targets are being met. As part of the efforts in promoting and building sustainability momentum within the Group, the Management had undertaken the following measures:- • strengthen the financial and deliver sustainable returns to the stakeholders. • mitigating any negative environment impact and conserve the surrounding environment. • foster a robust, diverse and capable workforce, and create a safe workplace. In addition, the ARMC is also empowered to assist the Board in overseeing the Company's sustainability implementation and reporting, rooting in Environmental, Social, and Governance pillars. This responsibility is integrated into the TOR of ARMC as well.
Explanation for departure	:	

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.2

The board ensures that the company's sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.

Application	:	Applied	
Explanation on application of the practice	:	The Board recognises that the Company's sustainability strategies, priorities, targets, and performance should be communicated transparently and comprehensively to both internal and external stakeholders. This includes providing information that enables stakeholders to evaluate the Company's sustainability risks and opportunities. Consistent with previous years, the Company has issued a Sustainability Statement as part of its Annual Report, in accordance with the Listing Requirements, the Sustainability Reporting Guide, and Toolkits by Bursa Securities. The aim is to offer stakeholders a tangible understanding of the economic, environmental, and social factors that are being integrated into the Company's operations. Although the Company does not currently seek external assurance specific to its Sustainability Statement, third-party audits and verifications are regularly performed on its operating sites, policies, processes, and programs, as outlined in the Sustainability Statement. Additionally, the Management has validated the accuracy and integrity of the reported data during the preparation of the Sustainability Statement.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.3

The board takes appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to the company and its business, including climate-related risks and opportunities.

Application	:	Applied
Explanation on application of the practice	:	The Board, through the NC, assessed the training programmes attended by each Director during the financial year to ensure they stay abreast of the latest developments in the industry as well as the sustainability issues relevant to the Group, including factors driving climate change, sustainable finance and achieving a sustainable business model. The key training programmes attended by each Director for the financial year ended 31 December 2024 (“FYE 2024”) are set out in the Corporate Governance Overview Statement of Annual Report 2024 (“AR 2024”). The Company Secretaries regularly updates the Board on the changes in the Listing Requirements and/or other regulatory requirements upon receiving the circulars from Bursa Securities and/or other regulators, which are relevant to the Company and provides advice on corporate disclosures and compliance issues.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.4

Performance evaluations of the board and senior management include a review of the performance of the board and senior management in addressing the company's material sustainability risks and opportunities.

Application	:	Applied	
Explanation on application of the practice	:	The Board and the Management have performed their respective roles in addressing material sustainability risks and opportunities. The performance evaluation of the Board in addressing the Group's strategic and business plans which promote sustainability materials matters was evaluated through the annual Board's effectiveness evaluation for the FYE 2024. Whereas for the Senior Management team, it is part of their key performance indicators which are reviewed annually. The Board and the Management collectively address the Company's material matters and its inherent risks and opportunities, while at the same time addressing it through appropriate mitigating measures, to ensure the Company continues to generate healthy returns for its shareholders.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.5- Step Up

The board identifies a designated person within management, to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the company.

Note: The explanation on adoption of this practice should include a brief description of the responsibilities of the designated person and actions or measures undertaken pursuant to the role in the financial year.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.1

The Nomination Committee should ensure that the composition of the board is refreshed periodically. The tenure of each director should be reviewed by the Nomination Committee and annual re-election of a director should be contingent on satisfactory evaluation of the director's performance and contribution to the board.

Application	:	Applied
Explanation on application of the practice	:	The NC oversees the overall composition of the Board in terms of size, a mix of skills, experience and core competencies, as well as the balance between EDs and Independent Non-Executive Directors. The effectiveness of the Board as a whole and the contribution of each Director to the effectiveness of the Board and the contribution of the Board's various committees will be assessed on an annual basis. The Board is fully aware that the tenure of an Independent Director shall not exceed a cumulative term of nine (9) years as recommended by the Malaysian Code on Corporate Governance ("MCCG"). 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 through a two-tier voting process at a general meeting. During the FYE 2024, none of our Directors has served the Board as an Independent Director of the Company for a cumulative term of more than nine (9) years. The annual re-election of retiring Directors has been contingent on a satisfactory evaluation of the retiring Directors' performance and contribution to the Board. In addition, the Directors' Fit and Proper Policy serves as a guide to NC and the Board for the appointment and re-election of Directors. The Directors' Fit and Proper Policy is published on the Company's website at www.lklbeds.com.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.2

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

Application	:	Applied																											
Explanation on application of the practice	:	The present composition of the Board complies with Rule 15.02 of the Listing Requirements of Bursa Securities and Practice 5.2 of the MCGG as half (50%) of the Board comprises Independent Directors. All the Independent Directors are satisfied with the independence test under the Listing Requirements of Bursa Securities. The current Board consist of eight (8) members, comprising two (2) EDs, one (1) Non-Independent Non-Executive Director and five (5) Independent Non-Executive Directors, as set out in the table below:- The present composition of the Board complies with Rule 15.02 of the Listing Requirements of Bursa Securities and Practice 5.2 of the MCGG as half (50%) of the Board comprises Independent Directors. All the Independent Directors are satisfied with the independence test under the Listing Requirements of Bursa Securities. The current Board consist of eight (8) members, comprising two (2) EDs, one (1) Non-Independent Non-Executive Director and five (5) Independent Non-Executive Directors, as set out in the table below:- <table><tr><th>No.</th><th>Names</th><th>Designation</th></tr><tr><td>1.</td><td>Dato' Haji Mohd Yazid Bin Haji Mustafa</td><td>Independent Non-Executive Chairman</td></tr><tr><td>2.</td><td>Lim Pak Hong (Appointed on 5 June 2024)</td><td>Executive Director</td></tr><tr><td>3.</td><td>Zulkarnin Bin Ariffin</td><td>Executive Director</td></tr><tr><td>4.</td><td>Lim Ming Chang</td><td>Non-Independent Non-Executive Director</td></tr><tr><td>5.</td><td>Dr. Chan Jee Peng</td><td>Independent Non-Executive Director</td></tr><tr><td>6.</td><td>Ling Chi Hoong</td><td>Independent Non-Executive Director</td></tr><tr><td>7.</td><td>Ng Fun Kim</td><td>Independent Non-Executive Director</td></tr><tr><td>8.</td><td>Tan Su Ning</td><td>Independent Non-Executive Director</td></tr></table> The presence of Independent Directors ensures that views, consideration, judgment and discretion exercised by the Board in decision making remain objective and independent whilst assuring the	No.	Names	Designation	1.	Dato' Haji Mohd Yazid Bin Haji Mustafa	Independent Non-Executive Chairman	2.	Lim Pak Hong (Appointed on 5 June 2024)	Executive Director	3.	Zulkarnin Bin Ariffin	Executive Director	4.	Lim Ming Chang	Non-Independent Non-Executive Director	5.	Dr. Chan Jee Peng	Independent Non-Executive Director	6.	Ling Chi Hoong	Independent Non-Executive Director	7.	Ng Fun Kim	Independent Non-Executive Director	8.	Tan Su Ning	Independent Non-Executive Director
No.	Names	Designation																											
1.	Dato' Haji Mohd Yazid Bin Haji Mustafa	Independent Non-Executive Chairman																											
2.	Lim Pak Hong (Appointed on 5 June 2024)	Executive Director																											
3.	Zulkarnin Bin Ariffin	Executive Director																											
4.	Lim Ming Chang	Non-Independent Non-Executive Director																											
5.	Dr. Chan Jee Peng	Independent Non-Executive Director																											
6.	Ling Chi Hoong	Independent Non-Executive Director																											
7.	Ng Fun Kim	Independent Non-Executive Director																											
8.	Tan Su Ning	Independent Non-Executive Director																											

	interest of other parties such as minority shareholders are fully addressed and adequately protected as well as being accorded with due consideration.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.3

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should provide justification and seek annual shareholders' approval through a two-tier voting process.

Application	:	Applied	
Explanation on application of the practice	:	There are no Independent Non-Executive Directors serving beyond the cumulative term of nine (9) years on the Board of the Company.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.4 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years without further extension.

<i>Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.</i>	
Application :	Not Adopted
Explanation on adoption of the practice :	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.5

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

Directors appointed should be able to devote the required time to serve the board effectively. The board should consider the existing board positions held by a director, including on boards of non-listed companies. Any appointment that may cast doubt on the integrity and governance of the company should be avoided.

Application	:	Applied
Explanation on application of the practice	:	most qualified talent, irrespective of gender, ethnicity, or age, to optimise the Board's effectiveness. In all appointments, various factors such as gender, age, cultural and educational background, ethnicity, professional experience, skills, and knowledge are taken into account to ensure a diverse Board and Senior Management team. This diversity contributes to enhanced governance and growth within the Group. The NC is responsible to lead the process for the nomination of new Board appointments and making the necessary recommendations to the Board. In this respect, the role of the NC is detailed in its TOR, which is accessible on the Company's website, www.lklbeds.com. In making its recommendations to the Board, the NC considers and assesses the suitability of a new appointment based on objective criteria, including: (a) Qualification; (b) Required competencies, skills, expertise and experience; (c) Specialist knowledge or technical skills; (d) Professionalism and integrity; (e) Time commitment to the Company based on the number of directorships held; and (f) in the case of candidates for the position of Independent Non-Executive Directors, the NC will also evaluate the candidates' ability to discharge such responsibilities/functions as expected from Independent Non-Executive Directors. Likewise, the Directors are also required to notify the Chairman of the Board before accepting any new directorship and to indicate the time expected to be spent on the new appointment. The Directors must not hold more than five (5) directorships in listed companies to enable Directors to have sufficient time to focus and fulfil their roles and responsibilities effectively.

	The Board also via the NC, reviews the correct mix of skills, business and professional experiences that should be added to the Board annually or as and when required. More women representation on the Board and Senior Management will be taken into consideration if vacancies arise and when suitable candidates are identified. The Board had adopted the Directors' Fit and Proper Policy to ensure a transparent and rigorous process for the appointment and re-election of Directors of the Group. This Policy is accessible on the Company's website at www.lklbeds.com.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.6

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

If the selection of candidates was based on recommendations made by existing directors, management or major shareholders, the Nominating Committee should explain why these source(s) suffice and other sources were not used.

Application	:	Applied
Explanation on application of the practice	:	The primary responsibility of screening, evaluating and nominating new Board member(s) for an appointment is delegated to the NC. The members of the Board are to be appointed in a formal and transparent practice as endorsed by the MCCG. The NC will scrutinise the candidates and recommend the same for the Board's approval. The NC uses a variety of sources for the identification of suitable candidates. The NC is open to referrals from external sources available, such as industry acquaintances, contacts in related industries, consultants, etc to gain access to a wide pool of potential candidates besides tapping on the recommendations from existing Board members, Management or major shareholders. Shortlisted candidates would be required to furnish their curriculum vitae containing information on their academic/professional qualification, work experience, employment history and experience (if any) as directors of listed companies. The NC will perform an annual review of the required mix of skills and experience and other qualities including core competencies that Directors should bring to the Board and assess the effectiveness of the Board as a whole, as well as, look into succession planning, boardroom and gender diversity to ensure the effectiveness of the Board. The policies and procedures for the recruitment and appointment of Directors are guided by the TOR of the NC.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.7

The board should ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of a director. This includes details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the listed company as a whole. The board should also provide a statement as to whether it supports the appointment or reappointment of the candidate and the reasons why.

Application	:	Applied
Explanation on application of the practice	:	The performance of retiring Directors recommended for re-election at the Ninth AGM ("9th AGM") has been assessed through the NC annual evaluation (including the independence of Independent Non-Executive Directors) and recommended to the Board for approval. The profiles of the Directors who were due for retirement and offered themselves for re-election, which included the nature of interest with the Company, whichever applicable, were set out in the Annual Report 2024 of the Company. Whilst for the retiring Directors for the forthcoming Tenth AGM ("10th AGM"), a statement by the Board and NC being satisfied with the performance and effectiveness of the retiring Directors who offered themselves for re-election at the forthcoming 10th AGM was stated in the notes accompanying the Notice of 10th AGM.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.8

The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

Application	:	Applied	
Explanation on application of the practice	:	The NC is currently chaired by Mr. Ling Chi Hoong, who is an Independent Non-Executive Director of the Company. The details and/or profile of the Chairman is disclosed in the AR 2024.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.9

The board comprises at least 30% women directors.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board currently has one (1) female Director namely Ms. Tan Su Ning, which represents 12.5% of the Board composition.	
		The Board is of the view that it is important to recruit and retain the best available talent regardless of gender, ethnicity and age to maximise the effectiveness of the Board. Women’s representation on the Board and in Senior Management will be taken into consideration when vacancies arise and suitable candidates are identified, underpinned by the overriding primary aim of selecting the best candidate to support the achievement of the Company’s strategic objectives.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.10

The board discloses in its annual report the company's policy on gender diversity for the board and senior management.

Application	:	Applied	
Explanation on application of the practice	:	The Board had formalised and adopted a Gender Diversity Policy which provides a framework for the Company to improve its gender diversity at the Board level and Senior Management level. The Gender Diversity Policy is available on the Company’s website at www.lklbeds.com. The Company acknowledges the importance to promote gender diversity at the Board and Senior Management level and will actively work towards having more female Directors and Senior Management. However, to avoid any mismatch and ineffective appointment of the female Directors and Senior Management, the Company does not set any specific target for female Directors and Senior Management in this Policy.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

Practice 6.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out its outcome, actions taken and how it has or will influence board composition.

For Large Companies, the board engages an independent expert at least every three years, to facilitate objective and candid board evaluation.

Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.

Application	:	Applied				
Explanation on application of the practice	:	The Company has in place a formal process for assessment of the effectiveness of the Board and the Board Committees as a whole and the contribution by each Director, including the independence of the Independent Non-Executive Directors to the effectiveness of the Board and Committees, making reference to the guides available and the good corporate governance compliance. The assessment of the Board and Board Committees are performed on a Board review whilst the assessment of the individual Directors is performed on a peer-review basis. Each Director is provided with the assessment forms for their completion prior to the meeting. The results of all assessments and comments by the Directors are summarised and deliberated at the NC meeting and thereafter the NC’s Chairman will report the results and deliberation to the Board. The annual assessment criteria of the Board and Board Committees and individual Directors were updated to stay aligned with the MCCG practices. The areas covered in the aforesaid annual assessment criteria are as follows:- <table><tr><th>Evaluation</th><th>Assessment Criteria</th></tr><tr><td>Board and Board Committees as a whole</td><td> • Role of the Chairman and ED • Board balance, size and composition • Board structure and procedures • Relationship of the Board to Management • Quality and supply of information to the Board/Board’s Committees • Access to information and advice </td></tr></table>	Evaluation	Assessment Criteria	Board and Board Committees as a whole	• Role of the Chairman and ED • Board balance, size and composition • Board structure and procedures • Relationship of the Board to Management • Quality and supply of information to the Board/Board’s Committees • Access to information and advice
Evaluation	Assessment Criteria					
Board and Board Committees as a whole	• Role of the Chairman and ED • Board balance, size and composition • Board structure and procedures • Relationship of the Board to Management • Quality and supply of information to the Board/Board’s Committees • Access to information and advice					

		• Accountability for financial reporting, internal control and sustainability risk and opportunities • Relation with Auditors / Shareholders / Investors • Use of Board Committees • Directors' training
	ARMC	• Composition and quality • Oversight of the financial reporting process, including internal controls • Understanding the business, including risk and control environment • Access to information and advice • Oversight of audit functions • Compliance with corporate governance • External Auditors • Staying abreast on issues • Report and recommendations
	ED	• Financial • Strategic and sustainability • Conformance & compliance • Business acumen/increasing shareholders' wealth • Succession planning • Personal input to the role
	Non-Executive Director	• Attendance at Board and Board Committees' meetings • Adequate preparation for Board and/or Board Committees' meetings • Regular contribution to Board/Board Committee meetings • Personal input to the role
In respect of the annual performance evaluation for the FYE 2024, it was concluded that :- (a) the Board and Board Committees have discharged their duties and responsibilities effectively; and (b) each Director continued to perform effectively and demonstrated commitment to his role. The Board is satisfied with the current evaluation process. The Board will continue to review the Board's evaluation process as and when necessary to ensure it remains a valuable feedback mechanism for improving the Board's effectiveness.		

Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 7.1

The board has remuneration policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive directors, executive directors and senior management. The policies and procedures are periodically reviewed and made available on the company's website.

Application	:	Applied	
Explanation on application of the practice	:	The Board had through the NC, established a formal and transparent Remuneration Policy as a guide for the Board and the RC to determine the remuneration of Directors and/or Senior Management of the Company, which takes into account the demands, complexities and performance of the Company as well as skills and experience required. The Remuneration Policy is available on the Company’s website at www.lklbeds.com. The remuneration of the EDs and Senior Management is made up of fixed salaries and performance-based incentive components, while the remuneration of Non-Executive Directors consists of Directors’ fees and shall not be based on commission, percentage of profits or turnover. Each Director shall abstain from the deliberation and voting on matters pertaining to their own remuneration.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 7.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

Application	:	Applied
Explanation on application of the practice	:	The RC comprises all Independent Non-Executive Directors, as follows:- • Mr. Ling Chi Hoong, Chairman • Dr. Chan Jee Peng, Member • Mr. Ng Fun Kim, Member The TOR of RC is accessible on the Company's website at www.lklbeds.com. The RC is principally responsible for the development and review of the Remuneration Policy and packages of Directors where necessary, and subsequently, tables their recommendations to the Board on specific adjustments in remuneration (including fees and benefits) to commensurate with the contributions of the Directors. The RC is also responsible to ensure that the remuneration package (including fees and benefits) of the Board and the Key Senior Management of the Group is benchmarked with industry standards in light of the Group's performance in the industry. Each Director shall abstain from the deliberation and voting on matters pertaining to their own remuneration.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 8.1

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

Application	:	Applied
Explanation on application of the practice	:	The details of the Directors' remuneration for the FYE 2024 for each individual Director with a breakdown into fees, salaries and bonus, allowance, benefits-in-kind and other emoluments are set out in the table below.

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Datuk Chong Loong Men (Resigned on 10 May 2024)	Executive Director	-	-	42.9	20.0	-	8.0	70.9	-	-	175.9	60.0	-	29.3	265.2
2	Zulkarnin Bin Ariffin	Executive Director	-	-	120.0	30.0	-	19.2	169.2	180.0	-	540.0	90.0	104.9	78.0	992.9
3	Dr. Chan Jee Peng	Independent Director	60.0	1.2	-	-	-	-	61.2	60.0	1.2	-	-	-	-	61.2
4	Ling Chi Hoong	Independent Director	48.0	1.2	-	-	-	-	49.2	48.0	1.2	-	-	-	-	49.2
5	Ng Fun Kim	Independent Director	48.0	1.2	-	-	-	-	49.2	48.0	1.2	-	-	-	-	49.2
6	Lim Ming Chang	Non-Independent Non-Executive Director	120.0	2.0	-	-	-	-	122.0	120.0	2.0	-	-	-	-	122.0
7	Dato' Haji Mohd Yazid Bin Haji Mustafa	Independent Director	120.0	1.2	-	-	-	-	121.2	120.0	1.2	-	-	-	-	121.2
8	Tan Su Ning	Independent Director	36.0	1.2	-	-	-	-	37.2	36.0	1.2	-	-	-	-	37.2
9	Lim Pak Hong (Appointed on 5 June 2024)	Executive Director	-	-	34.3	-	-	5.1	39.4	-	48.0	633.3	35.4	-	88.2	804.9

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 8.2

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

Application	:	Departure					
Explanation on application of the practice	:						
Explanation for departure	:	Due to the confidentiality and sensitivity of the remuneration package of Senior Management as well as security concerns, the Board opts not to disclose the Senior Management’s remuneration components on a 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.					
		As an alternative, the Board is of the view that the disclosure of Senior Management’s aggregated remuneration on an unnamed basis in the bands of RM50,000 is adequate, as follows:-					
		<table><tr><th>Range of Remuneration</th><th>Number of Senior Management</th></tr><tr><td>RM200,001 to RM250,000</td><td>1</td></tr><tr><td>RM250,001 to RM300,000</td><td>1</td></tr></table>		Range of Remuneration	Number of Senior Management	RM200,001 to RM250,000	1
Range of Remuneration	Number of Senior Management						
RM200,001 to RM250,000	1						
RM250,001 to RM300,000	1						
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.							
Measure	:						
Timeframe	:						

No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
2	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
3	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
4	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
5	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 8.3 - Step Up

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

No	Name	Position	Company ('000)					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
2	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
3	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
4	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
5	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.
The company's financial statement is a reliable source of information.

Practice 9.1

The Chairman of the Audit Committee is not the Chairman of the board.

Application	:	Applied	
Explanation on application of the practice	:	The ARMC is chaired by Dr. Chan Jee Peng, who is an Independent Non-Executive Director, whereas the Board is chaired by Dato' Haji Mohd Yazid Bin Haji Mustafa. This separation of positions is to ensure that the Board's review of the ARMC's findings and recommendations is not impaired.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.
The company's financial statement is a reliable source of information.

Practice 9.2

The Audit Committee has a policy that requires a former partner of the external audit firm of the listed company to observe a cooling-off period of at least three years before being appointed as a member of the Audit Committee.

Application	:	Applied
Explanation on application of the practice	:	The Company recognised the need to uphold the independence of its External Auditors and that no possible conflict of interest whatsoever should arise. Currently, none of the members of the Board nor the ARMC of the Company were former key audit partners of the external auditors appointed by the Company. The Company will observe a cooling-off period of at least three (3) years in the event any potential candidate to be appointed as a member of the ARMC was a key audit partner of the External Auditors of the Group. The requirement for a former key audit partner of the external audit firm to observe a cooling off period of at least three (3) years before being appointed as a member of the ARMC has been incorporated as part of the TOR of the ARMC. The TOR of the ARMC is available on the Company's website at www.lklbeds.com.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.
The company's financial statement is a reliable source of information.

Practice 9.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements.

Application	:	Applied
Explanation on application of the practice	:	The Board had established an External Auditors Assessment Policy which sets out the guidelines and procedures to be followed by the ARMC in reviewing, assessing and monitoring the suitability, independence and performance of the External Auditors covering amongst others, the following:- (a) Calibre of the audit firm; (b) Quality of the audit engagement team; (c) Quality of communication and interaction with the audit team; (d) Audit scope and quality processes; (e) Audit governance and independence; and (f) Audit fee. The External Auditors are precluded from providing any services that may impair their independence or conflict with their role as External Auditors. The ARMC obtained assurance from the External Auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements. The Board, upon the recommendation of the ARMC, had recommended the re-appointment of the External Auditors for the financial year ending 31 December 2025 for shareholders' approval at the forthcoming 10th AGM.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.
The company's financial statement is a reliable source of information.

Practice 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	All the members of the ARMC are Independent Non-Executive Directors and as such, there is a strong and independent element to provide effective oversight for it to function effectively and exercise objective judgement independently.

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.
The company's financial statement is a reliable source of information.

Practice 9.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate, competent and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

Application	:	Applied
Explanation on application of the practice	:	The ARMC members possess the necessary skills and knowledge to discharge their duties in accordance with the TOR of the ARMC. The ARMC Chairman and majority of its members are financially literate and they are able to understand matters under the purview of the ARMC including the financial reporting process. They are expected to devote sufficient time to update their knowledge and enhance their skills through appropriate continuing education programmes, so as to enable them to sustain their active participation during deliberations. In addition, during the ARMC meetings, the ARMC members were also briefed by the External Auditors on the development or changes in the applicable Malaysian Financial Reporting Standards, International Financing Reporting Standards and the relevant accounting requirements under the Act. During the FYE 2024, all ARMC members have undertaken ongoing training and development to keep abreast of the relevant developments in accounting and auditing standards, practices and rules. Details of their training are set out in the Corporate Governance Overview Statement of the AR 2024.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 10.1

The board should establish an effective risk management and internal control framework.

Application	:	Applied
Explanation on application of the practice	:	The Group has in place a structured risk management and internal control framework within the Group as an ongoing process for identifying, evaluating, monitoring and managing the significant risks affecting the achievement of its business objectives. The Board had delegated the responsibility for reviewing the adequacy and effectiveness of the risk management and internal control systems to the ARMC. The Board has also received assurance from the EDs and Senior Management that the Group's risk management and internal control systems have been operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group for the FYE 2024. The details on the features on the risk management and internal control framework have been disclosed in the Statement of Risk Management and Internal Control in the AR 2024.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 10.2

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

Application	:	Applied
Explanation on application of the practice	:	The Board, via the ARMC, oversees the risk management of the Group. The ARMC reviews the effectiveness of the risk management function and deliberates on the risk management and internal control frameworks, functions, processes and reports on a regular basis. For the FYE 2024, the ARMC is assisted by the Management as well as the outsourced Internal Auditors to identify and assess the significant risks faced by the Group and to ensure that appropriate risk treatments were in place to mitigate the risks that affect the achievement of the Group's business objectives. The Internal Auditors reports directly to the ARMC during the ARMC Meeting on a half yearly basis for review to ensure adequate coverage. The risk management and internal control are ongoing processes, which are undertaken at each department. The existing system of risk management and internal control will be continuously enhanced by taking into consideration the changing business environment and be further strengthened with compensating controls and appropriate check and balance mechanisms. Further details on the features of the risk management and internal control framework, and the adequacy and effectiveness of the framework, are disclosed in the Statement on Risk Management and Internal Control in the AR 2024.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 10.3 - Step Up

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

Application	:	Adopted
Explanation on adoption of the practice	:	The ARMC comprises all Independent Non-Executive Directors and its scope and function are set out in the TOR which is available on the Company's website at www.lklbeds.com .

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 11.1

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

Application	:	Applied
Explanation on application of the practice	:	The ARMC recognises that an independent and adequately resourced internal audit function is essential to assist in obtaining the assurance it requires regarding the effectiveness and adequacy of the Group's internal control system. The Company's internal audit function has been outsourced to an independent professional firm, Talent League Sdn. Bhd. ("Talent League" or "Internal Auditors") to assist the ARMC in discharging its duties and responsibilities in respect of reviewing and assessing the adequacy and effectiveness of the Group's risk management and internal control systems. The Internal Auditors report directly to the ARMC, which in turn reports to the Board. In performing their duties, the Internal Auditors have free and unfettered access to information and to meet with any of the department heads or persons in charge. The internal audit function of the Group is effective and remains independent all the time. The internal audit function is set out in the Statement of Risk Management and Internal Control and ARMC Report in the AR 2024. The Internal Auditors carried out the internal audit function based on the internal audit plan approved by the ARMC. The audit findings together with Management's response and proposed action plans have been reviewed by ARMC at its scheduled meetings. In addition, follow up reviews were also conducted to ensure that the recommendations for improvement have been implemented by Management on a timely basis. The Internal Auditors communicate regularly and report directly to the ARMC on their activities based on the approved Annual Internal Audit Plan to ensure their independent status within the Group. The Internal Auditors are also invited to attend the meetings of the ARMC and Board, whenever required.
Explanation for departure	:	

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 11.2

The board should disclose—

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

Application	:	Choose an item.
Explanation on application of the practice	:	The internal audit function is outsourced to Talent League which is independent of the operations and activities of the Group. The engagement team from Talent League is free from any relationship or conflict of interest, which could impair their objectivity and independence. Talent League deploys a team of five (5) internal auditors per visit for each internal audit review, led by Mr. Roy Thean Chong Yew (“Mr. Roy Thean”). He is a Chartered Member of Institute of Internal Auditor. Mr Roy Thean is also a member of Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants. Mr. Roy Thean has more than twenty three (23) years of internal audit experience. To ensure that the audit staff are professionally guided and trained to perform their duties during the internal audit review, the Group's internal audit function adheres to the International Professional Practices Framework issued by the Institute of Internal Auditors. Talent League also adopts a risk-based approach when preparing its audit strategy and plans, analysing the risk profiles of each business unit within the Group and tailoring its approach accordingly. The ARMC was satisfied with the competency, experience and resources of the internal audit function for discharging its role and responsibilities. Further details of the internal audit activities are disclosed in the ARMC Report and Statement on Risk Management and Internal Control of the AR 2024.
Explanation for departure	:	

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

Measure	:		
Timeframe	:		

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 12.1

The board ensures there is effective, transparent and regular communication with its stakeholders.

Application	:	Applied
Explanation on application of the practice	:	The Board values the importance of the dissemination of information on major developments of the Group to the shareholders, potential investors and the general public in a timely and equitable manner and hence, a Corporate Disclosure Policy has been adopted. The quarterly results, announcements, annual report and circulars serve as primary means of dissemination of information so that the shareholders are constantly kept abreast of the Group's progress and development. The Company's corporate website at www.lklbeds.com serves as one of the most convenient ways for shareholders and members of the public to gain access to corporate information, news and events relating to the Group. The Company's AGM remains a principal forum used by the Group for communication with its shareholders. At the AGM, shareholders will be accorded time and opportunity to raise questions on the proposed resolutions and also matters relating to the performance, developments within and the future direction of the Group. The Board will also ensure that each item of special business that is included in the notice of meeting is accompanied by a full written explanation of that resolution and its effects to facilitate its understanding and evaluation.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 12.2

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

Application	:	Not applicable – Not a Large Company	
Explanation on application of the practice	:		
Explanation for departure	:	The Company is not a Large Company as defined under the MCCG and hence, has not adopted integrated reporting based on a globally recognised framework.	
		The Board is of the view that the Company's Annual Report is comprehensive enough for stakeholders to make informed decisions. The current Annual Report provides stakeholders with a fairly comprehensive overview of the Company's financial and non-financial information including future prospects. Components such as the Management and Discussion Analysis, Corporate Governance Overview Statement, Statement on Risk Management and Internal Control, as well as the Sustainability Statement, form an integral part of the non-financial information. Once the level of maturity of non-financial reporting practices is adequate and able to comply with globally recognised integrated reporting standards, the Company will implement this as soon as it is practicable.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.1

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

Application	:	Applied	
Explanation on application of the practice	:	The notice of the 9th AGM of the Company held on 30 May 2024, was sent to the shareholders on 30 April 2024, which is more than 28 days prior to the date of the 9th AGM. This has given sufficient time to shareholders to review the Annual Report and consider the resolutions for any questions they might wish to raise at the AGM. The notice for convening the forthcoming 10th AGM of the Company will be sent to the shareholders at least twenty-eight (28) days before the date of the 10th AGM as well.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.2

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

Application	:	Applied	
Explanation on application of the practice	:	All the Directors of the Company attended the 9 th AGM held on 30 May 2024, together with the Senior Management and External Auditors also attended the 9 th AGM virtually.	
		During the proceedings of the 9 th AGM, the Chairman invited shareholders to raise questions pertaining to the Company's audited financial statements and other agenda items tabled for approval at the meeting. All questions raised by the shareholders were answered and addressed accordingly.	
		All the Directors of the Company prioritise attendance at all general meetings, and the Board Committee Chairmen strive to provide thoughtful and informative responses to questions addressed to them.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.3

Listed companies should leverage technology to facilitate—

- voting including voting in absentia; and
- remote shareholders' participation at general meetings.

Listed companies should also take the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats.

Application	:	Applied
Explanation on application of the practice	:	The Company conducted its 9th AGM on 30 May 2024 via a fully virtual platform with remote participation and electronic voting ("RPV"). <u>Remote shareholders' participation in General Meetings</u> Shareholders are able to attend, speak (including posing questions to the Company/Board) and vote remotely at the 9th AGM without being physically present at the meeting venue. Shareholders may also appoint proxies to participate on his/her behalf by submitting the duly executed proxy form to the Company's Share Registrar in hard copy or by electronic means. <u>Voting in absentia</u> For shareholders who are unable to attend the meetings remotely, they may exercise their voting rights by appointing the Chairman of the meeting as his/her proxy with a pre-determined proxy form. Shareholders will be allowed to cast their vote via an online platform at the time of the meeting until a time when the Chairman of the meeting announces the completion of the voting session.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.4

The Chairman of the board should ensure that general meetings support meaningful engagement between the board, senior management and shareholders. The engagement should be interactive and include robust discussion on among others the company's financial and non-financial performance as well as the company's long-term strategies. Shareholders should also be provided with sufficient opportunity to pose questions during the general meeting and all the questions should receive a meaningful response.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>		
Application	:	Applied
Explanation on application of the practice	:	The Chairman ensures that the general meetings cater an important opportunity for effective communication with, and constructive feedback from the shareholders. Shareholders were encouraged to post their questions to the Board using the question & answer panel throughout the 9th AGM. The Company facilitates and encourages shareholder participation at its 9th AGM. The meetings provide an update for shareholders on its performance and offer an opportunity for shareholders to ask questions and vote. The ED read out and answered the relevant questions received. All the Directors, Senior Management and External Auditors also attended the 9th AGM to respond to questions posted by shareholders.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.5

The board must ensure that the conduct of a virtual general meeting (fully virtual or hybrid) support meaningful engagement between the board, senior management and shareholders. This includes having in place the required infrastructure and tools to support among others, a smooth broadcast of the general meeting and interactive participation by shareholders. Questions posed by shareholders should be made visible to all meeting participants during the meeting itself.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>		
Application	:	Applied
Explanation on application of the practice	:	The Board has engaged Inshub Sdn. Bhd. ("Inshub") to provide the RPV facilities to conduct its 9th AGM. The detailed procedures to participate in the meeting remotely were provided to the shareholders in the Administrative Notes prior to the 9th AGM. Inshub has in place a meeting platform that allows shareholders to participate online, using a smartphone, tablet or computer as well as view a live webcast of the meeting. Real time submission of typed texts is also available to encourage interactive participation from the shareholders. Voting procedures will be explained at the meeting and an independent scrutineer will be appointed to validate the votes. Votes cast, for or against and the respective percentages, on each resolution will be displayed on the screen and subsequently announced to Bursa Securities.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.6

Minutes of the general meeting should be circulated to shareholders no later than 30 business days after the general meeting.

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>		
Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	The minutes of the 9 th AGM were not circulated to the shareholders, however, the Summary of Key Matters discussed at the 9 th AGM was published on the Company's website at www.lklbeds.com .
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

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