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ANNUAL REPORT 2024

INNOVATING HEALTHCARE
BEYOND BORDERS

LKL



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CORPORATE INFORMATION

BOARD OF DIRECTORS

**DATO' HAJI MOHD YAZID
BIN HAJI MUSTAFA**

Independent
Non-Executive Chairman

**ZULKARNIN BIN
ARIFFIN**

Executive Director

LIM PAK HONG

Executive Director

LIM MING CHANG

Non-Independent
Non-Executive Director

DR. CHAN JEE PENG

Independent
Non-Executive Director

LING CHI HOONG

Independent
Non-Executive Director

NG FUN KIM

Independent
Non-Executive Director

TAN SU NING

Independent
Non-Executive Director

**AUDIT AND RISK
MANAGEMENT COMMITTEE**

Dr. Chan Jee Peng
Chairman

Ling Chi Hoong
Member

Ng Fun Kim
Member

**REMUNERATION
COMMITTEE**

Ling Chi Hoong
Chairman

Dr. Chan Jee Peng
Member

Ng Fun Kim
Member

**NOMINATION
COMMITTEE**

Ling Chi Hoong
Chairman

Dr. Chan Jee Peng
Member

Ng Fun Kim
Member

COMPANY SECRETARIES

Tea Sor Hua
(MACS 01324)
(SSM PC No. 201908001272)

Winnie Goh Kah Mun
(MAICSA 7068836)
(SSM PC No. 202308000205)

REGISTERED OFFICE

Third Floor, No. 77, 79 & 81
Jalan SS21/60, Damansara Utama
47400 Petaling Jaya
Selangor Darul Ehsan
Tel No. : (03) 7725 1777
Fax No. : (03) 7722 3668
Email : info@cospec.com.my

HEAD OFFICE

Wisma LKL
No. 3, Jalan BS 7/18
Kawasan Perindustrian Bukit Serdang
Seksyen 7, 43300 Seri Kembangan
Selangor Darul Ehsan
Tel No. : (03) 8948 2990
Fax No. : (03) 8948 7904
Website : <http://www.lklbeds.com>
Email : info@lklbeds.com

AUDITORS

Morison LC PLT
(LLP0032572-LCA & AF 002469)
Chartered Accountants
Level 11-01, Uptown No. 3
Jalan SS 21/39
Damansara Utama
47400 Petaling Jaya
Selangor Darul Ehsan
Tel No. : (03) 7491 4419

SHARE REGISTRAR

Prosec Share Registration Sdn. Bhd.
DF2-09-02, Level 9, Persoft Tower
6B, Persiaran Tropicana
Tropicana Golf & Country Resort
47410 Petaling Jaya
Selangor
Tel No. : 012-766 8921
Email : sharereg@prosec.com.my

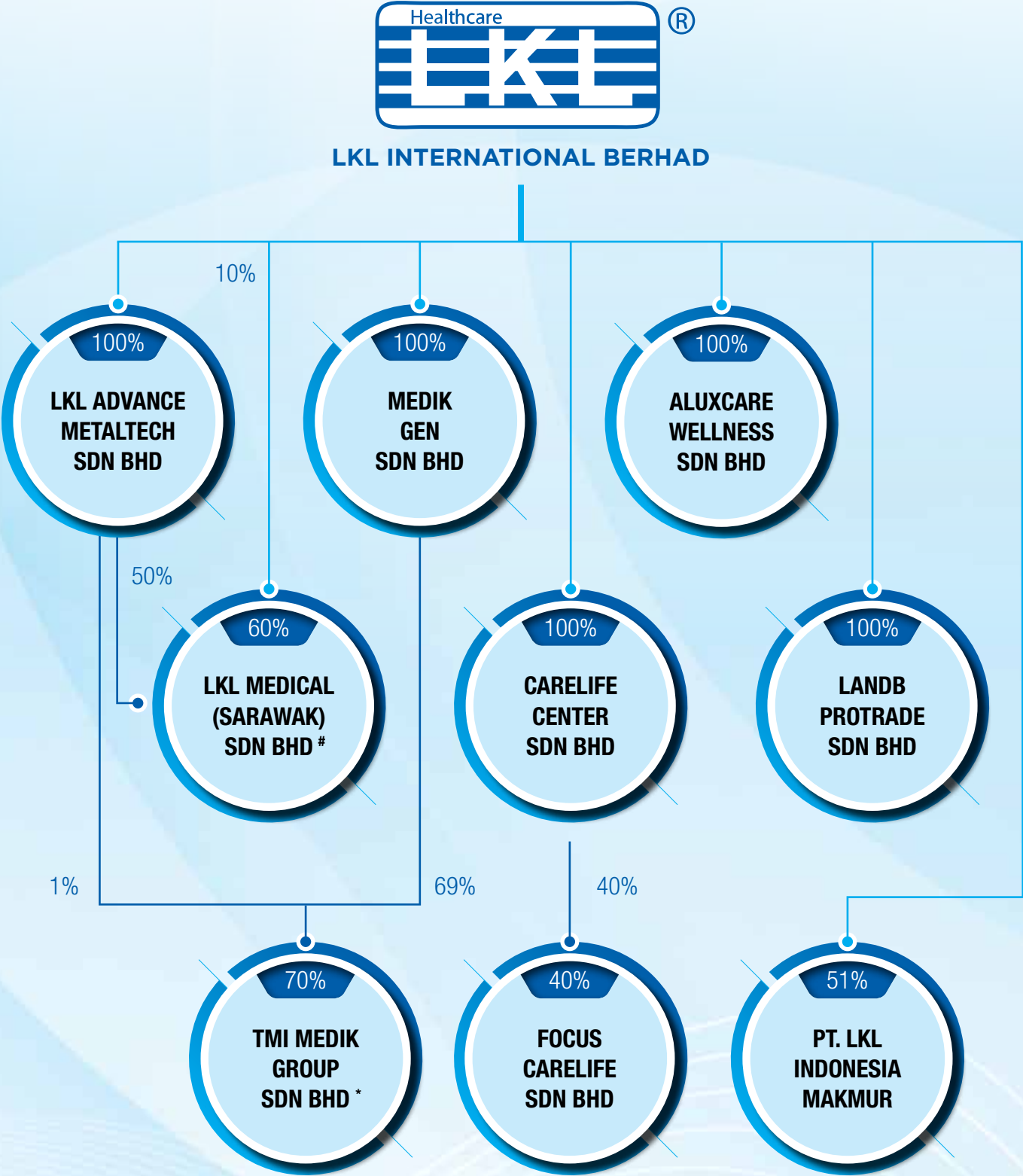
PRINCIPAL BANKERS

United Overseas Bank (M) Berhad
Alliance Islamic Bank Berhad
Maybank Islamic Berhad

STOCK EXCHANGE LISTING

ACE Market of Bursa Malaysia
Securities Berhad
Stock Code : 0182
Stock Name : LKL

CORPORATE
STRUCTURE



Note:

- * 1 % held via LKL Advance Metaltech Sdn. Bhd. and 69% held via Medik Gen Sdn. Bhd.
- # 10% held via LKL International Berhad and 50% held via LKL Advance Metaltech Sdn. Bhd.

CORPORATE PROFILE

LKL INTERNATIONAL BERHAD

An investment holding company through its subsidiary, LKL Advance Metaltech Sdn Bhd, is principally involved in the provision of medical or healthcare beds, medical equipment, composite dressing, medical peripherals and accessories. Our diverse range of products are used in/by a wide portfolio of customers such as hospitals and medical centres, as well as other healthcare-related facilities such as clinics and specialist institutions. As of today, LKL brand & products have been widely used locally with the majority market share as well as in overseas, reaching a milestone of 50 countries across 6 continents.

QUALITY SYSTEM

At LKL, we prioritize excellence and adherence to international compliance standards. Our design and manufacturing processes are certified under ISO 9001:2015 and EN ISO 13485:2016, reflecting our dedication to quality assurance in product design, development, production, and distribution. In 2017, LKL achieved a significant milestone by obtaining registration and listing approval from the U.S. Food and Drug Administration (FDA). This milestone marked a new chapter in our journey, solidifying our presence in the global market and ensuring that our products meet the highest regulatory standards.

CUSTOMER-CENTRIC FOCUS & PRODUCT INNOVATION

At LKL, our guiding principle is simple: customers always come first. We are dedicated to responding swiftly to customer needs, reducing downtime, and delivering solutions that consistently exceed expectations. By building strong, collaborative relationships with our clients, we gain invaluable insights that enable us to continuously refine and innovate our product offerings.

Innovation is at the core of our mission to improve patient care. Whether through re-engineering existing products or developing groundbreaking new solutions, we strive to deliver safer, more user-friendly, and cost-effective products. Our commitment extends beyond innovation; we are dedicated to empowering healthcare providers with tools that enhance efficiency, optimize outcomes, and ultimately improve the quality of care.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

At LKL, sustainability is deeply embedded in our operations and decision-making processes. Guided by globally recognized frameworks such as the United Nations Sustainable Development Goals (SDGs) and Bursa Malaysia's Sustainability Reporting Guidelines, we aim to create long-term value for our stakeholders.

Environmental Commitment :

We prioritize reducing our carbon footprint by improving energy efficiency, managing waste responsibly, and adopting sustainable practices in manufacturing. Our efforts include the use of energy-efficient machinery and green technologies, as well as robust waste management systems to ensure environmental compliance.

Social Responsibility :

LKL supports community development through impactful initiatives such as donations, volunteer programs, and blood donation drives. We are committed to creating an inclusive workplace, offering comprehensive employee benefits, and fostering talent development to enhance job satisfaction and productivity.

Governance Excellence :

Transparency and accountability drive our business. Through our Board's oversight and dedicated sustainability committees, we uphold ethical practices, risk management, and compliance with anti-bribery and anti-corruption policies. This ensures trust and confidence among our stakeholders.

LKL is steadfast in its commitment to sustainability, delivering innovative solutions while contributing to a better future for communities and the environment.

COMPETITIVE STRENGTH

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

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

We have exported our products to over

50

*countries
across*

6

continents

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

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

We have an experienced management team

We have the required technical expertise to conform to
International Compliance Standards
in the global healthcare industry

VISION & MISSION

“ Our Vision

To be an innovative leader in the healthcare industry committed to deliver and exceed expectations of our customers, employees, business partners and stakeholders with our safe, effective and durable medical equipment. ”

“ Our Mission

Building on our technical, and commercial expertise, we are responsible in providing innovative, durable medical equipment and furniture to create an ever-lasting value to our customers, employees, business partners and stakeholders through the following; ”

L leading the healthcare industry by designing, manufacturing and distributing value added products and services with user-friendly solutions

K eeping abreast with modern state-of-the-art manufacturing technology

L ining up new product innovations that foster creativity, teamwork & achievement



LKL design and manufacturing process complies with International compliance standards. Being certified in both ISO 9001:2015 and EN ISO 13485:2016, this demonstrate our commitment to various respected industry quality management practices for the design and development, production, assembly and distribution of goods. By late of year 2017, LKL successfully registered and listed into the US Food & Drug Administration (FDA), paving the way for global outreach of LKL footprint. Besides, we received the establishment license and medical devices registration certificates from Medical Device Authority (MDA), an authority that strives to ensure that medical devices in Malaysia are of high quality, effective and safe.

TECHNOLOGY, RESEARCH & DEVELOPMENT



Technology

LKL's manufacturing processes are attributed to synergy of skilled personnel and modern technology. We utilise state of the art robotic welding systems. Today, almost all of our manufacturing process are carried out with the help of computer aided machineries; starting from the design level with Solidworks and Auto-CAD to fabrication with computer programmed punching, bending and cutting machines.

RESEARCH & DEVELOPMENT

At LKL, we take the comfort of our patients' care and the caregivers as our goal. Our research and development team of qualified and experienced engineers will design and engineer our products to meet your requirement.

The
Excellent Guide
Towards Patient Care

**SHAPING HEALTHCARE TOGETHER:
DEDICATED SUPPORT, SEAMLESS SOLUTIONS**

At LKL, we understand that every healthcare environment is unique. That's why our service team is committed to responding quickly to customer issues, minimizing product downtime, and ensuring greater customer satisfaction. From product design to delivery and beyond, we stay connected and always listen to your needs, because your feedback helps us shape better, more user-friendly healthcare solutions.

With our dedicated in-house technician support, we are by your side every step of the way. This close connection not only enables us to resolve challenges efficiently but also inspires continuous innovation. As we push the boundaries in shaping the future of healthcare, we are dedicated to exploring new horizons and providing solutions that truly make a difference.

COMPANY MILESTONE

1993 - 1994

Incorporated LKL Advance Metaltech with the ultimate intention to utilise LKL Advance Metaltech, being a private limited company, to expand Co-Founders' business operations.

LKL Advance Metaltech in the interim was a property holding company when it acquired a factory cum office building in Taman Universiti Indah, Seri Kembangan, and rented the property to Victory Supplies.

1997

Expanded factory through the acquisition of an adjacent unit to the factory cum office building in Taman Universiti Indah, Seri Kembangan.

Implemented automation of welding activities for the manufacturing of medical / healthcare beds through the installation of automated robotic welding machinery.



2002 - 2008

Secured our first orders from Hospital Jasin, Hospital Sarikei, Hospital Serdang, Hospital Temerloh, Hospital Angkatan Tentera Setapak, Pusat Perubatan Universiti Malaya, Perak Chinese Maternity Hospital and Gleneagles Intan Medical Centre (now known as Gleneagles Kuala Lumpur).

Expanded into Sri Lanka, Bangladesh, Hong Kong, Saudi Arabia, Kuwait, Pakistan, India, Vietnam, Philippines, UAE, Maldives, Indonesia, Brunei, Australia, Switzerland, Germany and Poland.

Moved head office and manufacturing plant to Factory Lot No. 3.



1996 - 1997

Commenced intended operations as a manufacturer and trader of hospital furniture, accessories, and steel and wooden furniture and fittings.

Secured our first orders from Assunta Hospital in Petaling Jaya, Taman Desa Medical Centre & Specialist Hospital and Hospital Tung Shin in Kuala Lumpur.



2000 - 2001

Secured our first orders from Hospital Putrajaya, Hospital Lahad Datu, Hospital Keningau, Sentosa Medical Centre and Pantai Cheras Medical Centre (now known as Pantai Hospital Cheras).

Expanded into Singapore.



2009 - 2015

Secured our first orders from Hospital Kuala Lipis, Hospital Queen Elizabeth II Kota Kinabalu, Hospital Rehabilitasi Cheras, National Cancer Institute (Putrajaya), Darul Ehsan Medical Centre, Columbia Asia group of hospitals, Manipal Hospitals Klang (formerly known as Arunamari Specialist Medical Centre) and KPJ Pahang Specialist Hospital.

Expanded into Netherlands, United Kingdom, Mozambique, Finland, Austria, Oman, Ghana, Mauritius, Qatar, Syria, Jordan, Botswana, Kenya, Laos, Myanmar, Thailand, Cambodia, Mexico and Costa Rica.

COMPANY MILESTONE

2011 - 2012

Appointed under EPP13 of ETP to expand manufacturing premises, workforce and manufacturing capacity.

Commenced operations in expanded manufacturing facility at Factory Lot No. 1.

2016

LKL International Berhad successful listing on the ACE Market of Bursa Malaysia Securities Berhad.



2023

The establishment of our premier pharmacy outlet in Kuala Lumpur. Presently, we operate a total of 6 pharmacy outlets, marking a substantial step forward in our commitment to enhancing healthcare accessibility and service excellence across diverse communities.

LKL has entered into distributorship agreements with SECA GmbH & CO and Meditop Corporation. Through these agreements, the Group aims to expand its product offerings to customers by distributing the Products and to grow its customer base within Malaysia.

2015

Acquired another factory in Factory Lot No. 15, which is behind current premises, to accommodate future expansion.

Rented four (4) nearby shophot factories to relocate some of our assembly and epoxy powder coating processes, and as storage warehouse.

2017 - 2019

Registered the company in MDA.
Acquired US FDA accreditation.
Launched TMI Medik Group Sdn Bhd

LKL was awarded a contract by Vamed Engineering GmbH for supply of medical beds & equipment in Jeram, Selangor

Secure order from Selgate Rawang Hospital
Expanded into Uganda

Medik Gen was awarded distributorship of BenQ medical product and Lily medical device in Malaysia.

Launched our wound dressing products known as "Dynafix-Plus"

Medik Gen has entered into a MoU with Shin Sung TK, Korea.

2024

LKL announced the setup of an Indonesia branch with a manufacturing facility through a joint venture, aiming to expand its presence in the Indonesian medical equipment and furniture market.

PHARMACY OUTLETS

The Group has been actively identifying other business opportunities to expand its revenue stream to reduce dependence on any single revenue source. After taking into consideration the growing need for individuals to look after their own health, the Group has resolved to venture into the Pharmacy Business.

Pharmacy business will allow LKL to leverage the increasing health and wellness awareness amongst the consumers pre-COVID-19 pandemic, as well as the growing demand for preventive healthcare products due to the COVID-19 pandemic. Under the Pharmacy Business, the products to be supplied by LKL will include pharmaceutical drugs, dietary supplements, cosmetics and personal care products, medical equipment and medical devices.

LKL expects the demand for healthcare-related products will continue to grow and sustain in Malaysia even after the recovery of the COVID-19 pandemic due to the constant demand in the medical industry as well as the prevailing public awareness of the need for self-protection and hygienic practices.

Further, the Pharmacy Business complements the existing business of LKL in the healthcare sector, as LKL will be able to tap on its existing network within the healthcare industry to operate this business as well as to expand its customer base. In addition, LKL will be able to use the pharmacy outlets as an additional distribution channel to market its existing healthcare-related product.



CUSTOMER REFERENCE (LOCAL)

We have furnished numerous medical institutions throughout Malaysia, both from the government and private sectors. With this we will endlessly continue to pride ourselves with the quality of our products as well as our excellent after sales service.



CUSTOMER REFERENCE (OVERSEAS)

Our clientele extends beyond the boundaries of home to overseas. Our goal is to venture into global market and we believe as we strive for continuous improvements, LKL will become the market standard in Malaysia and will be found in many hospitals around the world.

ASIA



Afghanistan



Bahrain



Bangladesh



Brunei



Cambodia



Hong Kong



India



Indonesia



Jordan



Kuwait



Laos



Maldives



Myanmar



Oman



Pakistan



Philippines



Qatar



Saudi Arabia



Singapore



Sri Lanka



Syria



Thailand



UAE



Vietnam



Yemen

AFRICA



Botswana



Burundi



Ethiopia



Ghana



Kenya



Malawi



Mauritius



Mozambique



Nigeria



Rwanda



Somalia



South Africa



Sudan



Swaziland



Tanzania



Uganda

EUROPE



Austria



Finland



Germany



Netherlands



Poland



Switzerland



United Kingdom



Italy

OCEANIA



Australia



Fiji

CENTRAL /SOUTH AMERICA



Costa Rica

NORTH AMERICA



Mexico

OUR PRODUCTS



Designed for comfort, functionality, and durability.

Discover our extensive collection of hospital beds, examination tables, patient chairs, and beyond, all meticulously crafted for optimal comfort, functionality, and longevity. Whether you are furnishing a clinic, hospital, or nursing home, LKL offers tailored solutions to meet your requirements. With customizable features and unparalleled craftsmanship, we are committed to enhancing healthcare settings globally.

ACHIEVEMENTS & AWARDS



Keris Award 2004



Golden Bull Award 2004
The 2nd Malaysia's
100 Outstanding SMEs



SMB Emerging
Business Award
2005



50th Enterprise 2005
Celebrating Malaysia's
Enterprising Spirit
Award Rank No. 6



MMEBA Platinum
Brand Award 2007



Golden Bull Award 2007
The 5th Malaysia's
100 Outstanding SMEs



MMEBA Corporate
Branding Export
Market (Gold) 2007



MPC Productivity
Award 2007



SME Woman
Entrepreneur
Award 2007



Anugerah Majikan
Berdaya Saing (IKS)
2009



Malaysia
Independence
Award 2010



Golden Bull Award 2011
The 9th Malaysia's
100 Outstanding SMEs



The Brandlaureate
SMEs Chapter
Award 2011



1 Malaysia
Enterprise
Award 2012



The Golden Eagle
Award 2015
Malaysia 100
Excellent Enterprises



The Golden Eagle
Award 2016
Malaysia 100
Excellent Enterprises

PROCESS
FLOW





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CCH0023
Hospital Lazy Chair



CT5000
Medical Instrument
Table (Curve)



WM701-LED
Examination Light (LED)



PT5514
Patient Transport Trolley



BA3020-PN
Hospital Mechanical Hi-Lo Bed



DC2000-E3
Electrical Paediatric Bed



BA7001-CL
Hospital Ultra Low Bed



BA9003
Hospital ICU Electrical Bed



DB4090
Hospital Delivery Bed



BA9000-56
Hospital ICU Electrical Bed



BA9900-WA3-9
Hospital ICU Electrical Bed

PRODUCT LINE-UP





WP2200
Overbed Table



CA5000-FE
Linen Cart



CA2000
Medical Plaster Trolley



CST0625
Medical Laptop
Mobile Stand



WM543-N
Surgeon Hydraulic
Stool



CCH0039-E5-2
Electrical
Reclining Chair



CCH0019-FS
Hospital Wheelchair



WP3000-L
Sleeper Chair



DC1011
Nursery Crib



CA3100-NEW+SL
Medical Defibrillator Cart



CA3380
Medical Anesthetic Cart



CA1150
Medication Cart



CA1020
Medication Cart
(48 bins)



T-CART007
Medical Overtour
Medication Cart



WP1001
Hospital
Bedside Rack

DISTRIBUTED PRODUCT

OKUMAN



BC 250 LCD
Bilicare Intensive
Phototherapy



BC 050 000
Bilicare Mobile
Phototherapy

TOP



TOP-S500
Syringe Pump



TOP-2500
Infusion Pump

INFINIUM



VL3R
Video
Laryngoscopes



OMNI II
Portable Patient
Monitor

seca
Precision for health



SECA 455
Scale-Up Line



SECA 333i
Baby Scale Digital

MANAGEMENT DISCUSSION AND ANALYSIS

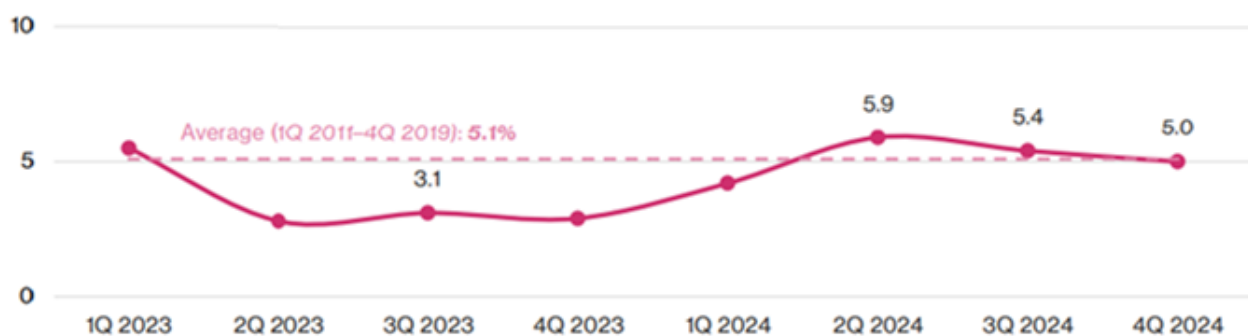
LKL International Berhad (“the Company” or “LKL”) and its subsidiaries (“the Group”) are engaged in the manufacturing of medical/healthcare beds, medical peripherals and accessories as well as trading of medical furniture, medical devices, personal protective equipment, medical peripherals and accessories.

In line with our vision of enhancing patient care and healthcare outcomes, we have focused on expanding our core segments - manufacturing, trading, and retail - while entering strategic joint ventures to capture new opportunities in Southeast Asia. Simultaneously, we continue to strengthen our research and development, refine product offerings, and enhance cost efficiency. Moving forward, we believe these collective efforts will position LKL for sustainable growth and long-term value creation for our stakeholders.



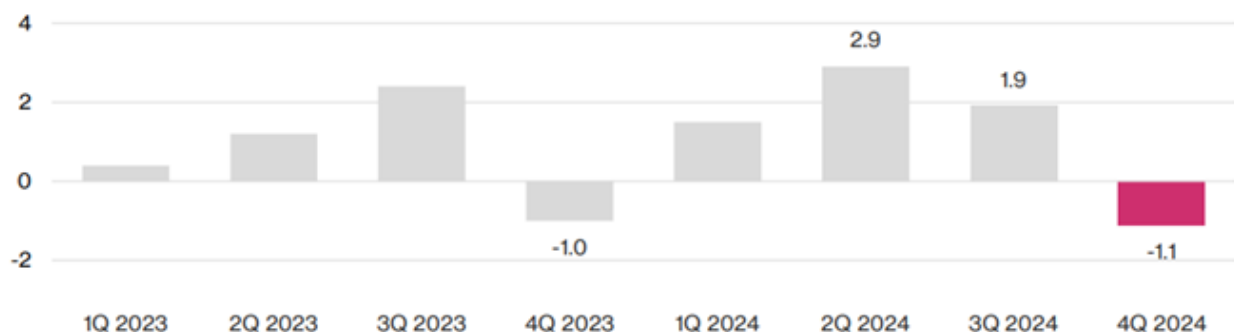
GDP grew by 5% in 4Q 2024 resulting in growth of 5.1% for 2024

Gross domestic product,
Annual change, %



QoQ seasonally-adjusted growth declined by 1.1%

Gross domestic product,
Quarterly change, % (seasonally adjusted)



Source : BNM Quarterly Bulletin 2024

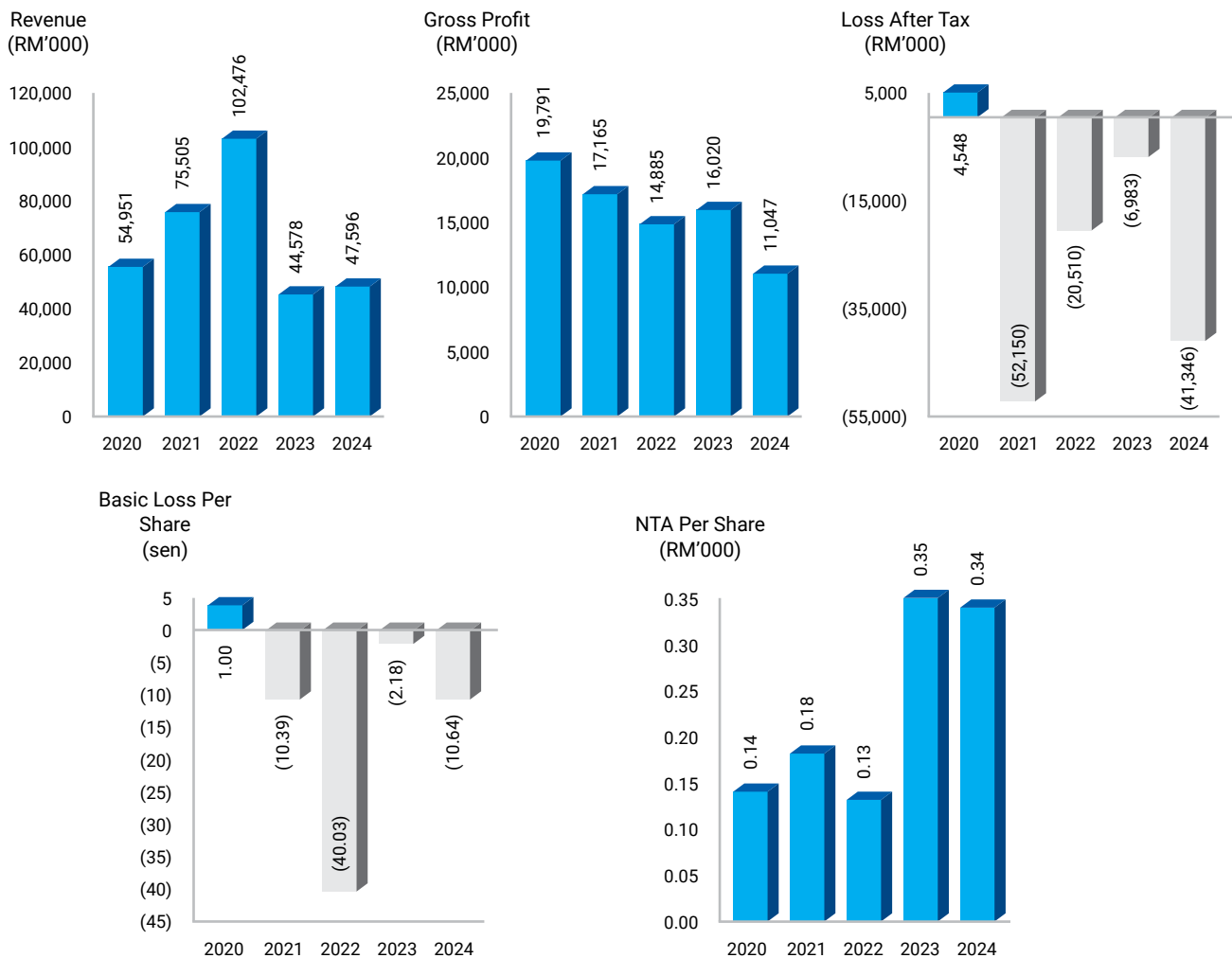
MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

ECONOMIC REVIEW (CONT'D)

The Malaysian economy in 2024 continued to navigate a dynamic landscape of opportunities and challenges. Despite a moderating global economic environment, Malaysia's growth remained resilient, supported by strong domestic demand and targeted policy measures. Nevertheless, the nation faced ongoing supply chain disruptions, persistent inflationary pressures, and evolving regulatory frameworks, highlighting the importance of agility, innovation, and strategic foresight.

FINANCIAL HIGHLIGHTS

For the financial year ended 31 December 2024, LKL Group achieved revenue of RM47.596 million, gross profit of RM11.047 million and loss after taxation of RM41.346 million.



MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)



FINANCIAL REVIEW

In the financial year ended 31 December 2024 ("FYE2024"), LKL recorded total revenue of RM47.60 million, marking a measured increase from RM44.58 million in financial year ended 31 December 2023 ("FYE2023"). This revenue growth was predominantly spurred by stronger sales in the manufacturing and trading segments. The Malaysian market remained the major contributor, generating RM40.00 million or 84.05% of total revenue, while other Asian markets provided RM4.70 million (9.88%). Contributions from Africa, Europe, and the Middle East were RM1.97 million (4.13%), RM0.88 million (1.84%), and RM0.05 million (0.10%), respectively, highlighting the Group's ongoing efforts to diversify its geographical market presence.

Despite the top-line improvement, the Group's gross profit registered gross profit of RM11.05 million and gross margin at 23.21% for FYE2024, declined compared to previous financial year, primarily due to higher material costs and losses from pharmacy operations. Further compressing margins were competitive pricing pressures, inflationary impacts on manufacturing overheads, and logistical challenges, prompting the Group to strategically adjust its product mix and operational planning.

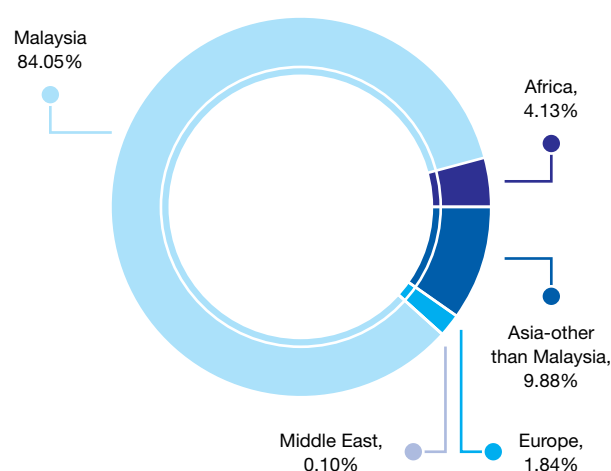
During the financial year under review, the Group incurred a Loss Before Interest, Tax, Depreciation and Amortisation ("LBITDA") of RM35.19 million for FYE2024. Included within the LBITDA figure were certain non-cash adjustments amounting to RM31.44 million, primarily arising from fair value changes in quoted investments of RM20.64 million, impairment loss on assets of RM6.59 million, depreciation and lease expenses of RM7.51mil. Absent these accounting adjustments, the Group's core operations would have registered an LBITDA of approximately RM3.75 million which included the loss from pharmacy operations of RM13.85 million. This adjusted figure reveals a more moderate underlying profitability challenge, emphasising the considerable influence of external cost pressures on the Group's operational performance.

Consequently, LKL reported a net loss of RM41.35 million as a results of the factors as discussed above.

The Group recorded lower total non-current asset of RM107.60 million as at FYE2024, compared to RM115.88 million at FYE2023 mainly due to adjustment made for the unrealized loss in fair value of quoted investments. The total current asset also declined to RM84.00 million (RM87.28 million in FYE2023) primarily attributed to a reduction in advance payment to suppliers. The Group's total assets stood at RM191.52 million in FYE2024 lower than RM214.97 million recorded in FYE2023.

Total liabilities also rose slightly, driven by additional term loans secured to finance the Group's expansion initiatives. Nevertheless, LKL continued to manage its borrowings prudently and retained a net cash position of RM5.62 million, after accounting for overdrafts as at year-end. Although this represented a decrease from the previous period, the Board considers it adequate to support day-to-day operations and immediate growth strategies. Looking ahead, the Group remains focused on optimising its capital structure, closely monitoring working capital requirements, and allocating resources judiciously to navigate persistent cost pressures and pursue strategic market expansion.

GEOGRAPHICAL BREAKDOWN BY REVENUE

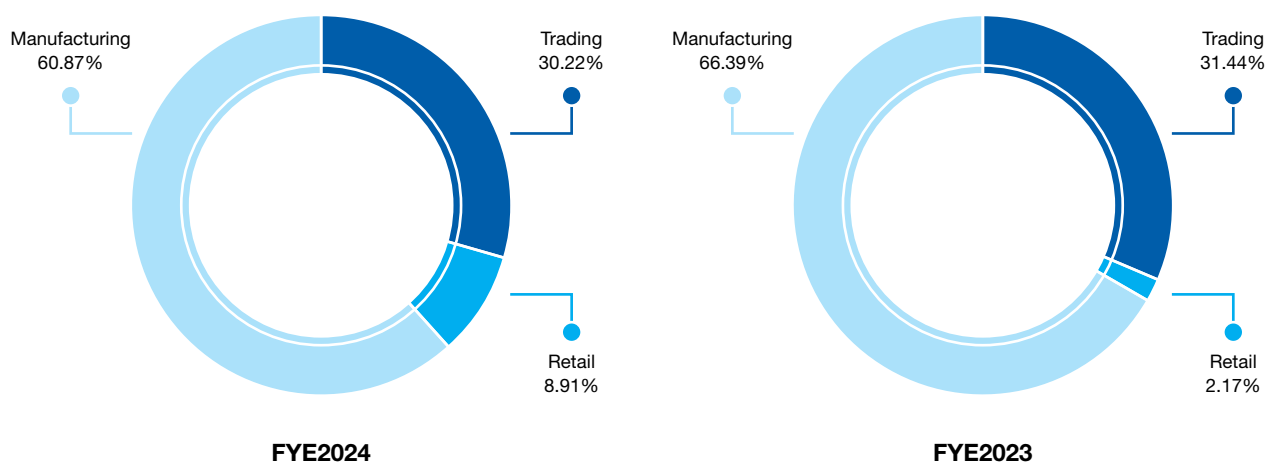


MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)



During the FYE2024, LKL's operations remained structured around three primary segments: manufacturing, trading, and retail. While manufacturing continued to be the Group's core revenue driver, the trading and retail segments demonstrated stability and expansion, reflecting the Group's commitment to market diversification.

REVENUE BY SEGMENTAL



The chart above illustrates the revenue composition across LKL's three business segments, providing a visual comparison between FYE2024 and FYE2023. In the manufacturing segment, revenue stood at RM28.97 million (60.87% of total revenue) in FYE2024, compared to RM29.60 million (66.39%) in FYE2023. While the segment remained the Group's largest revenue contributor, its proportionate share decreased slightly due to a stronger performance in the retail segment. This performance was driven by healthier demand for medical peripherals, accessories, and related solutions locally and abroad. Nevertheless, profit margins were constrained by rising raw material prices and inflationary pressures. In response, LKL undertook targeted capital investments to upgrade its production machinery and expand operational capacity. These initiatives are intended not only to strengthen manufacturing efficiency but also to provide a foundation for meeting demand in newly entered markets.

The trading segment contributed RM14.38 million (30.22% of total revenue) in FYE2024, slightly lower than RM14.01 million (31.44%) in FYE2023. Although the segment faced pricing competition and supply chain challenges, the Group is actively seeking new distributorship opportunities for medical devices to strengthen its trading portfolio.

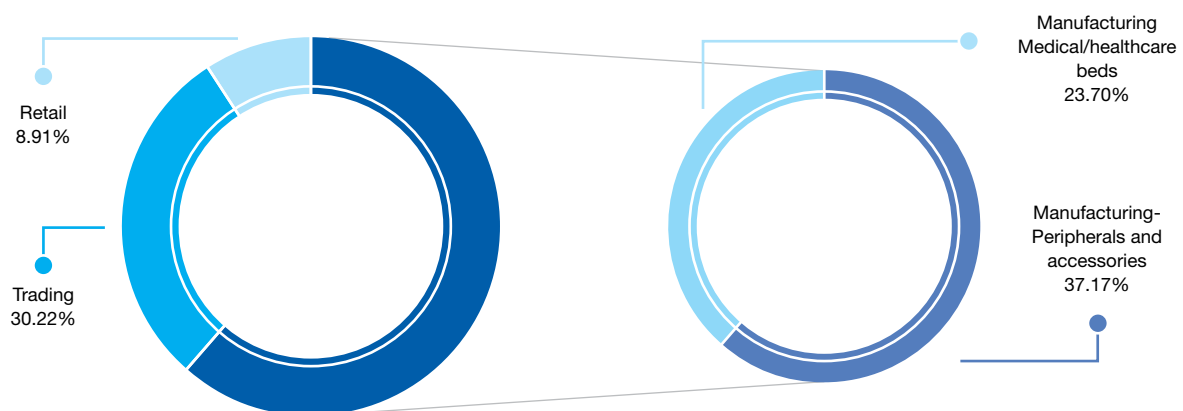
Despite competitive pressures, the segment benefited from LKL's established distribution networks and clientele in both the private and public healthcare sectors. To bolster trading revenues, management aims to seek new distributorship opportunities for medical devices and enhance its distribution network to capture additional market share.

In the retail segment, which focuses primarily on pharmacy and healthcare-related products, the Company recorded revenue of RM4.24 million (8.91% of total revenue) in FYE2024, a significant increase from RM0.97 million (2.17%) in FYE2023. This growth was driven by the expansion of LKL's retail footprint, with the number of outlets increasing from six to nine, further strengthening its direct-to-consumer engagement. Although representing a smaller proportion of overall turnover, the retail business presents an avenue for closer engagement with end-users, and it facilitates brand-building in local communities. The Group intends to continue refining its retail offerings by incorporating relevant products and strengthening customer service.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)



REVENUE FY2024 - MANUFACTURING



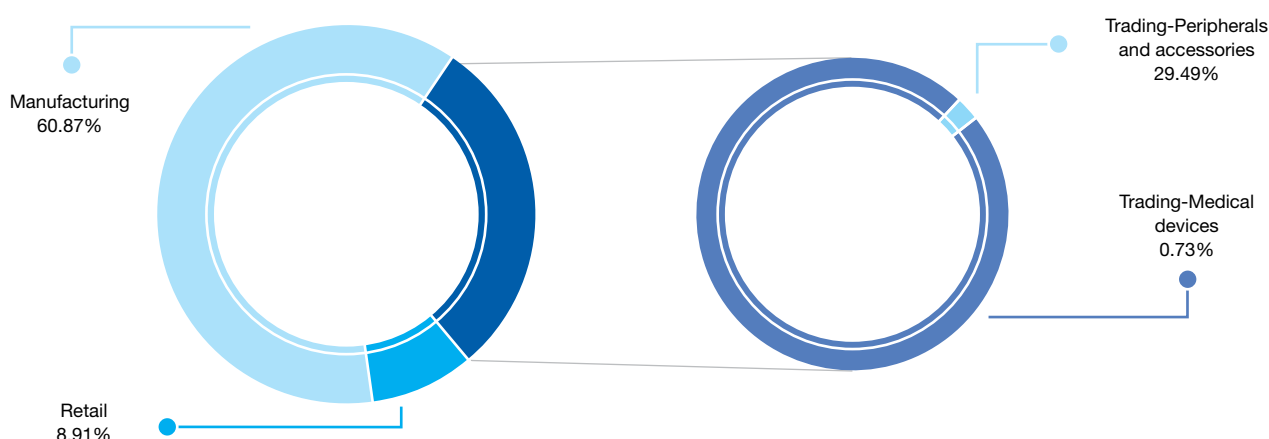
The manufacturing segment contributed RM28.97 million or 60.87% of the Group's total revenue in FYE2024, compared to RM29.60 million (66.39%) in FYE2023. Within this segment, revenue from medical/healthcare beds grew to RM11.28 million (23.70% of total revenue) from RM9.39 million (21.06%) in FYE2023, demonstrating steady demand growth. However, revenue from peripherals and accessories declined to RM17.99 million (37.82%) from RM20.21 million (45.33%), reflecting a shift in product mix as the Group selectively refined its offerings in line with changing market requirements.

Overall, while the manufacturing segment remained dominant, although slightly lower in percentage share than FYE2023's 66.39%, it benefited from healthier local and regional orders for critical care beds, general medical beds, and medical peripherals. Nevertheless, margins came under pressure from rising raw material prices and inflationary factors, leading the Group to invest in production efficiencies and selective cost-management initiatives. Moving forward, LKL's manufacturing arm will focus on product innovation, process automation, and deeper penetration into export markets to sustain long-term growth.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)



REVENUE FY2024 - TRADING



The trading segment, which encompasses medical peripherals, accessories, and devices sourced for distribution, contributed RM14.38 million or 30.22% to total revenue, compared to RM14.014 million (31.44%) in FYE2023. Within this segment, medical peripherals and accessories accounted for RM13.74 million (28.84% of total revenue), while medical devices contributed RM0.349 million (0.73%). Although the overall trading segment's share of revenue was slightly lower than the previous year, it remained stable in absolute terms, underscoring continued market acceptance of LKL's distributorship lines.

The trading business faced headwinds from competitive pricing and elevated logistics costs but also benefited from the Group's established distribution channels and robust relationships with hospitals, clinics, and private healthcare providers. Management remains focused on expanding its trading product range to include complementary healthcare products, forging new partnerships, and ensuring adequate inventory levels to meet evolving customer needs.



The retail segment showed the most notable improvement, with revenue increasing sharply to RM4.24 million (8.91% of total revenue) in FYE2024 from RM0.97 million (2.17%) in FYE2023. This growth was driven by the expansion of LKL's healthcare and pharmaceutical products and an increase in the number of retail outlets from six to nine, reflecting heightened consumer demand for wellness and personal healthcare solutions.

With health and wellness awareness on the rise, the Group intends to broaden its retail product offerings to include additional preventive healthcare and lifestyle-related products. Emphasis will also be placed on enhancing the customer experience, both in physical outlets and through digital channels in order to drive recurring sales and cultivate brand loyalty.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)



CAPITAL INVESTMENT

In early 2025, the Group successfully completed the acquisition of a strategically located property, Bangunan KWSP @ Damansara ("Fairway Damansara"), comprising a 12-storey commercial office block with a five-storey car park. The acquisition aligns with LKL's broader strategy to reinforce operational infrastructure, thereby supporting domestic and regional growth objectives. The Board has carefully considered that managing a property of this scale aligns appropriately with the Group's current risk and investment profile, given its relatively recent entry into real estate.

Upon completion, the Board plans to relocate its sales and corporate office from the existing factory to the new property at Bangunan KWSP @ Damansara. Three floors will be designated as LKL's new corporate headquarters, allowing ample space for administrative functions, operational expansion, and enhanced business support services. The relocation of administrative functions from the existing factory to the new corporate office is anticipated to enhance operational efficiencies, streamline corporate activities, and enable better resource allocation.

The vacated office spaces at the existing manufacturing site will subsequently be repurposed into additional factory floors and warehousing facilities. This initiative is expected to increase flexibility, facilitate production expansion, and enhance inventory management. Ultimately, these strategic adjustments aim to improve manufacturing efficiency, deliver cost savings, and shorten product delivery lead times, thereby strengthening the Group's competitive position and delivering enhanced value to stakeholders.



OPERATIONAL HIGHLIGHTS

Apart from these domestic initiatives, LKL pursued a broader regional presence. LKL formed joint ventures to capitalise on promising opportunities in the Southeast Asian region. In Indonesia, the Company partnered with PT Fasilitas Teknologi Nusantara to set up a company namely, PT LKL Indonesia Makmur, an enterprise focused on the manufacturing, trading, and distribution of medical equipment. Under the agreement, LKL holds a majority stake of 51% and is positioned to leverage Fastech's local market expertise for operations in Indonesia. Concurrently, in the Philippines, LKL entered into a joint venture with Karl Group Holdings Corp to incorporate a company namely, LKL-Karl Medical International, Inc., where LKL holds a 70% share. This new entity aims to produce hospital furniture, supplying the fast-expanding public and private healthcare sectors in the Philippines. Both ventures mark a critical pivot in LKL's diversification strategy, as the Group extends its footprint and taps into the rising healthcare demand within the ASEAN region.

To support these expansions and respond to growing market demand, the Group has earmarked capital for the purchase of new manufacturing machinery and for enlarging its factory capacity. These strategic investments are expected to raise productivity, accelerate delivery times, and foster product innovation. Nonetheless, the Board acknowledges several key challenges that may affect the Company's performance in the near term. Higher material costs could continue to affect profit margins. Moreover, supply chain disruptions remain a concern due to global uncertainties, while foreign exchange fluctuations may hamper earnings upon the conversion of foreign-currency revenues. Additionally, pursuing rapid expansion into new territories introduces compliance and regulatory risks, given differing market requirements and evolving laws in Indonesia and the Philippines.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)



DIVIDEND POLICY

LKL does not have a formal dividend policy and no dividend was declared for FYE2024. This approach ensures that the necessary resources are retained to support capital investments and strategic initiatives for long-term shareholder value creation.



LOOKING AHEAD

The Malaysian healthcare sector is poised for significant growth, bolstered by substantial government investments and an expanding medical device market. In the 2025 national budget, the Malaysian government allocated RM45.3 billion to healthcare, a 10% increase from the previous year, underscoring its commitment to enhancing healthcare infrastructure and services. The medical device market in Malaysia is projected to reach approximately USD3.3 billion by 2028, reflecting a compound annual growth rate (CAGR) of 7.8% in US dollar terms. This growth trajectory positions Malaysia ahead of regional counterparts such as Thailand and Indonesia, indicating a robust demand for medical equipment and technology. Regionally, the Southeast Asian medical devices market is expected to achieve revenues of USD12.20 billion by 2025, with cardiology devices anticipated to hold the largest market share at USD1.96 billion. This regional expansion offers LKL substantial opportunities to penetrate new markets and diversify its product offerings. LKL's strategic joint ventures in Indonesia and the Philippines align with these market trends, enabling the company to capitalize on the increasing demand for medical devices and healthcare infrastructure in these countries. By leveraging local partnerships and investing in manufacturing capabilities, LKL is well-positioned to meet the region's growing healthcare needs.

Domestically, the Malaysian government's focus on upgrading public hospitals and clinics, particularly in rural areas, is expected to drive demand for medical peripherals and accessories, the core products in LKL's portfolio. This initiative not only enhances healthcare accessibility but also creates avenues for LKL to contribute to national healthcare improvements. In the retail segment, the expansion of LKL's pharmacy and healthcare-related product outlets from six to nine locations demonstrates the company's commitment to increasing its market presence and directly engaging with consumers. This growth strategy aligns with the rising consumer demand for health and wellness products, further strengthening LKL's brand in local communities.

However, challenges such as rising raw material costs and inflationary pressures persist. LKL's proactive measures, including targeted capital investments to upgrade production machinery and expand operational capacity, are designed to mitigate these challenges and enhance manufacturing efficiency. These initiatives aim to provide a solid foundation for meeting demand in both existing and newly entered markets.

In summary, LKL is strategically positioned to leverage the favorable market conditions in Malaysia and the broader Southeast Asian region. Through continuous innovation, strategic partnerships, and operational enhancements, LKL aims to achieve sustainable growth and deliver value to its stakeholders in the evolving healthcare landscape.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)



APPRECIATION

The Board and Management offer their appreciation to shareholders, customers, suppliers, financiers, and partners for their steadfast confidence and support. They also recognise the commitment and hard work of employees in navigating a challenging business climate and ensuring the Company remains responsive to evolving market conditions. Despite the current external headwinds, LKL looks forward to capitalising on new business opportunities through the timely execution of its strategic plans, thereby reinforcing its market position across Malaysia and in emerging ASEAN markets. With steadfast determination, the Group remains committed to improving its operational efficiency, bolstering its product offerings, and achieving sustainable growth for the benefit of its stakeholders.

SUSTAINABILITY STATEMENT

ABOUT THIS STATEMENT

LKL International Berhad (“LKL” or “the Company”) is pleased to present its Sustainability Statement (“Statement”) for the financial year ended 31 December 2024 (“FYE 2024”).

This Statement presents our continued commitment towards sustainability and the impact on economics, environment, social and governance. It presents information and developments related to our practices and performances concerning sustainability matters during the financial year under review.

In this report, we will highlight and discuss Economics, Environmental, Social and Governance (“EESG”) related matters and our approach and efforts in issues concerning sustainability, particularly, improving and integrating sustainability into our day-to-day operations and business planning.

As a result, this Statement provides a clear and concise account of what sustainability means to us, and how LKL will strive to deliver long-term value to our shareholders and stakeholders, especially our customers, suppliers, regulatory authorities, employees, and communities around us.

We encourage and welcome feedback from stakeholders in relation to our Statement by contacting us at sustainability@lklbeds.com.

Assurance Statement

The information presented in the Sustainability Statement has not undergone assurance by our internal audit function or any other independent sustainability or Environmental, Social & Governance (“ESG”) assurance provider.

The Board has reviewed the information provided herein and is satisfied that the information is supported with underlying records and arrived at based on management’s judgement.

Limitations

LKL acknowledges that ongoing challenges in collecting certain data indicators and is actively working towards improving data collection and performance monitoring in relation to our sustainability matters.

SUSTAINABILITY FRAMEWORK AND STANDARDS

At LKL, as a leading medical equipment manufacturer in the country, we recognize the importance of integrating sustainable practices into our operations. As a group that strives to serve its communities, we are committed to responsible sourcing, ethical business practices, and reducing our environmental footprint.

As such, sustainability is integral to our business strategy, reflecting our commitment to environmental responsibility, social inclusion, and sound governance. To ensure a balanced and holistic approach to sustainability, we developed the Statement according to best practices in sustainability framework, standards, and guidelines, such as –

- (i) the ACE Market Listing Requirements, issued by the Bursa Malaysia Securities Berhad (“Bursa Malaysia”),
- (ii) Sustainability Reporting Guidelines issued by Bursa Malaysia,
- (iii) Enhanced Sustainability Reporting Framework issued by Bursa Malaysia,
- (iv) Guidance Note 11 (for ACE Market) on Risk Management and Internal Control, Corporate Governance and Sustainability Statement, issued by Bursa Malaysia, and
- (v) The United Nation’s Sustainable Development Goals (“UNSDG”).

Compliance with all relevant regulations and legislation and being sustainable is a core part of our business decision-making process, especially in our risk management planning.

SUSTAINABILITY STATEMENT (CONT'D)

SUSTAINABILITY APPROACH

The goal of our approach in sustainability is to contribute to a sustainable future while ensuring our business operations positively impact all stakeholders. LKL stresses the importance of embedding sustainability into our business and approach towards our shareholders and stakeholders, such as our customers, suppliers, regulatory authorities, employees, and communities around us.

The sustainability approach of LKL is based on the pillars of EESG which form the main pillars of sustainability, to incorporate economic, environmental, social and governance factors into our day-to-day operations and decision-making in our business planning.

The negative impact from health-related pandemic, natural disasters and economic turmoil arising from global political instability over the last few years reminded LKL and its subsidiaries ("Group") of the importance of being sustainable in ensuring our survival during a crisis, enhancing our risk management outlook and the importance of our stakeholders especially in taking care of our employees and communities around us, which will provide us the platform to plan on a sustainable basis.

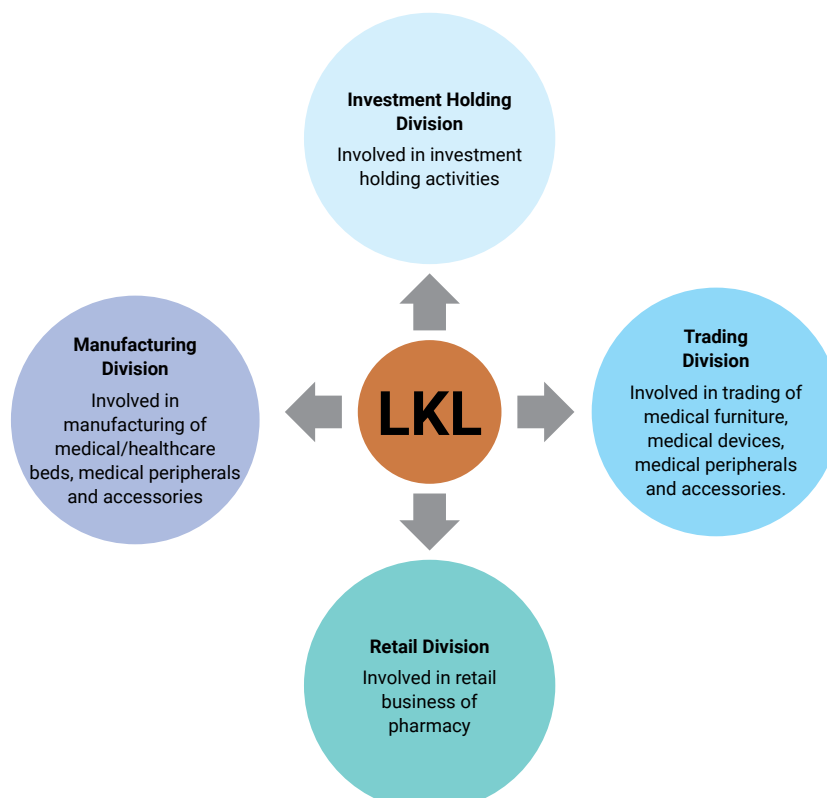
We create awareness among our internal stakeholders of our commitment to sustainability, in terms of the approaches and initiatives. Hence, we continue to encourage our directors and employees, especially our Head of Divisions and departments, to attend seminars, workshops and talks related to sustainability or ESG matters that are relevant to our business planning, risk management and business operations.

By embedding sustainability at the heart of our operations, LKL strives to balance economic growth with social and environmental responsibility, ensuring a prosperous future for all our stakeholders.

REPORTING SCOPE

This Statement covers the sustainability performance of LKL and all its active ongoing business within Malaysia during FYE 2024, unless stated otherwise.

The core business segments of LKL are as follows:



SUSTAINABILITY GOVERNANCE STRUCTURE

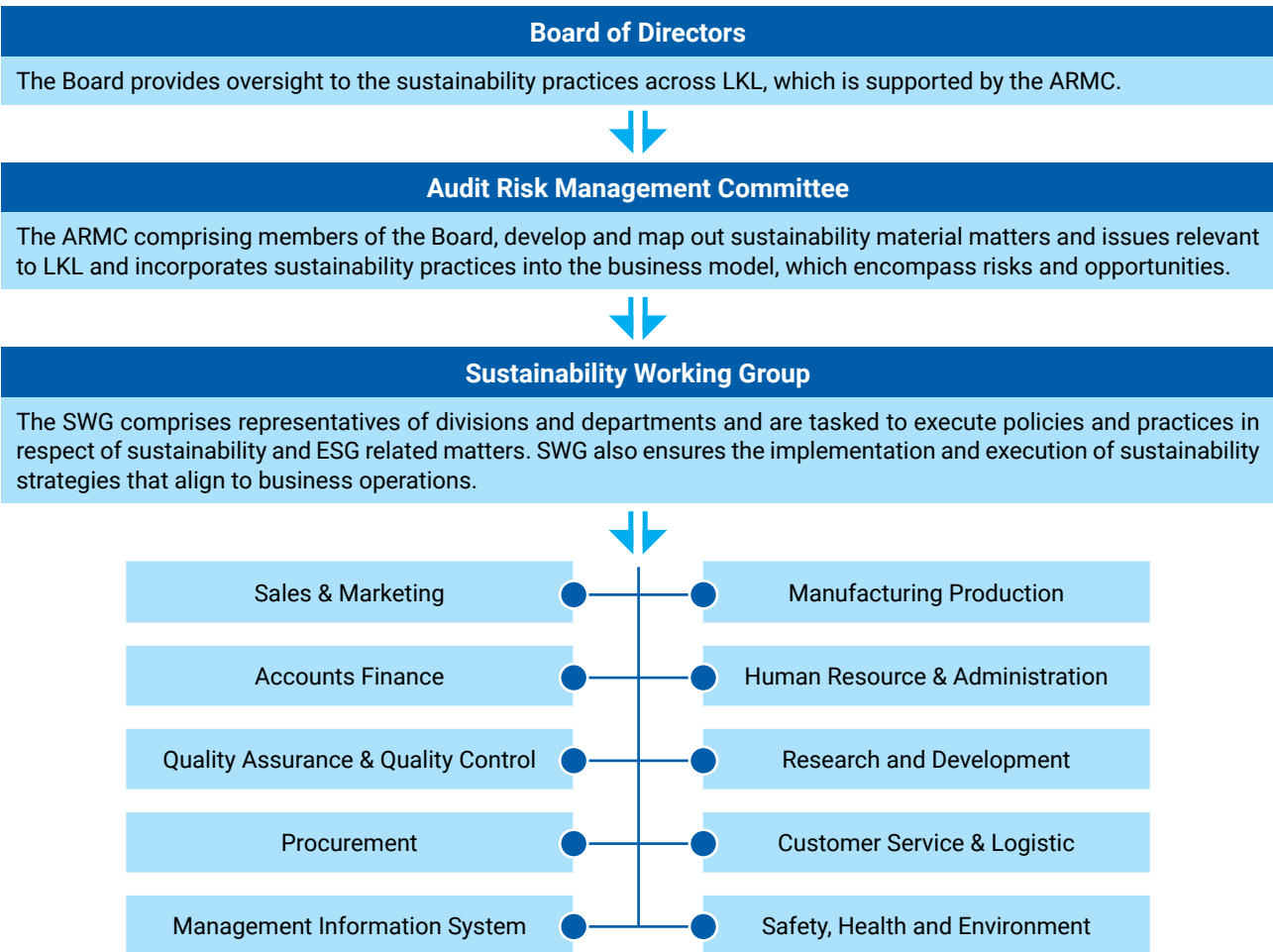
LKL believes in the importance of having a proper and functional governance structure. Most importantly, we recognise and conduct our business in a sustainable manner and in accordance with the applicable laws and principles of good governance and highest standards of integrity. The governance structure has transparency and accountability in executing its approach and strategies in sustainability, with clearly defined roles and responsibilities for effective decision-making and implementation.

LKL has established a Sustainability Framework and Policy to guide the Group in its business decision-making process with a focus on sustainability matters and developments.

The Board of Directors (“Board”) of LKL has the overall responsibility for overseeing the Group’s strategic direction and risk tolerance, and guiding and supervising its affairs, ensuring high-level corporate governance and risk management in compliance with applicable laws and regulations, including sustainability matters.

On 27 February 2024, the Board of LKL expanded the functions of its Audit and Risk Management Committee (“ARMC”) by incorporating matters concerning sustainability into it. The ARMC will be involved in all sustainability-related matters across LKL, including decision-making process, implementation of actions and strategies, and overseeing ESG-related performance and measurements.

LKL formed the Sustainability Working Group (“SWG”) to assist the ARMC in the implementation and execution of sustainability initiatives and matters.



SUSTAINABILITY STATEMENT (CONT'D)

SUSTAINABILITY GOVERNANCE STRUCTURE (CONT'D)

As LKL ensures sustainability is embedded across all aspects of its organization, the responsibilities of our Board and its Committees will be broadened to encompass elements of sustainability. The Board is ultimately responsible for the strategic direction of LKL on sustainability while being supported by the respective Committees, by virtue of delegation.

The Board strives to continuously be equipped with the necessary knowledge regarding the management of sustainability to drive informed decision-making by attending periodic training and events on the latest development on sustainability. The Board is also cognisant of ensuring that the required competencies in relation to sustainability are periodically assessed to strengthen board leadership and oversight of sustainability matters.

STAKEHOLDER ENGAGEMENT

LKL believes in engaging with various groups of stakeholders regularly to provide updates to them on our latest sustainability initiatives and address areas of concern, as well as ensuring our Group conducts sustainable practices and creates long-term value for our stakeholders. Most importantly, we aim to achieve a mutually beneficial outcome for our Group and stakeholders.

Our stakeholders are our business partners and play a key role in providing solutions to our day-to-day business operations and growth amid the challenges in the local and global economy. As such, all legitimate concerns and expectations from our stakeholders are taken into consideration through established measures and processes.

LKL has a broad range of stakeholder groups that influence or are affected by our activities. Our key stakeholder groups include –

- | | |
|-----------------|--|
| (i) Customers | (v) Community |
| (ii) Suppliers | (vi) Shareholders |
| (iii) Directors | (vii) Government agencies / Regulators |
| (iv) Employees | (viii) Media |

The stakeholder groups were identified on their different levels of influence over and dependence on our business. LKL aims to maintain constructive channels of communication with all our key stakeholder groups. As a result, we conduct regular engagements through formal and informal channels, and through these interactions, we identify relevant material issues and provide insights into emerging opportunities and risks whilst responding to their needs effectively.

Apart from that an open and transparent communication manner is always our key priority to maintaining our stakeholder trust. We operate our business especially in risk management, forcing us to be innovative in the way we conduct our business operations, especially in safeguarding the welfare of our employees.

Key Stakeholder	Engagement Channels	Area of Concerns	Our Response
Shareholders / Investors	- Annual general meetings - Annual reports, quarterly report & announcement - Audited financial statement - Investor relation sessions with media, fund houses, bankers and investors	- Current and projected growth opportunities and threats - Funding needs - Risk management - Corporate governance - Sustainability/ESG-compliant and initiatives - Board representation and diversity - Succession plan	- Timeliness in information updates - Sound investor relation - Uphold good corporate governance - Clear outline on sustainability strategies
Board of Directors	- Board and committees meetings - Company organized events - Annual general meetings	- Corporate governance - Company strategy & direction	- Economic sustainability - Corporate governance and ethics

SUSTAINABILITY STATEMENT (CONT'D)

STAKEHOLDER ENGAGEMENT (CONT'D)

Key Stakeholder	Engagement Channels	Area of Concerns	Our Response
Customers	- Customer Satisfaction Survey ("CSS") - Customer Service Channel - Regular visits & meetings - Exhibitions	- Products and services quality - On time delivery - Stock availability - Customer relations management	- Quality of product and services - Response to customer service - Update on customer request - Innovative and ESG driven design without compromising quality and value
Suppliers / Vendors / Contractors	- Interviews - Feedback survey and annual assessments - Ongoing meetings and interactions - Suppliers/subcontractors' performance evaluation	- Enhancing ethical, and fair procurement system - Pricing of services	- Improvement in procurement process and payment - Transparent procurement processes - Clear communication with suppliers
Employees / Management	- Workshop discussions - Induction training - Learning and development programs - Employee performance appraisal - Corporate memos, letters, and emails - Employee meetings - Employee engagement surveys - Computer screensaver - Monthly operation meeting - Weekly coordinating meeting - Ongoing meetings and interactions - Board and Board Committee meetings - Site visits - Job training	- Business growth and strategic direction - Health and safety at workplace - Inclusive work environment - Rewards and recognition for performance - Remuneration and benefits - Career development and upskilling opportunities - Employee satisfaction	- Promote transparent communication - Equal employment opportunities - Promote Diversity, Equity and Inclusion ("DEI") - Offer industry-competitive remuneration and compensation package - Ensure compliance with Occupational Safety and Health Act ("OSHA") and Safety Management System ("OHSMS")
Community	- Corporate volunteering programs - Contributions and donations - Public community events	- Corporate social responsibility - Impact on community	- Budget and annual plan for CSR programs - Adoption of welfare programs

SUSTAINABILITY STATEMENT (CONT'D)

STAKEHOLDER ENGAGEMENT (CONT'D)

Key Stakeholder	Engagement Channels	Area of Concerns	Our Response
Government Agencies / Regulators	• Participation in government and regulatory events/ briefings/ dialogues • Inspections by local authorities and regulators • Audit and verification • Approvals and permits • Occupational safety and health • Environmental management and compliance • Training programs for employees • Meetings with employees • Meetings with management team responsible for compliance	• Regulatory compliance • Approvals and permits • Occupational safety and health • Environmental management and compliance • Tax transparency • Anti-Bribery & Anti-Corruption	• Regular review and monitoring of compliance requirements • Adoption of practices outlined in the Malaysian Code of Corporate Governance ("MCCG") • Show of support for government initiatives

SUSTAINABILITY THEMES

In our efforts to achieve sustainable growth, we constantly monitor and deliberate on the industry trends, challenges faced in our business operations and stakeholder expectations, to produce sustainable long-term value to shareholders and stakeholders, especially the community around us.

We segmented sustainability management into three themes:

ECONOMICS			ENVIRONMENTAL		SOCIAL AND GOVERNANCE			
Customers	Vendors/ suppliers/ Contractors	Investors/ shareholders	Waste	Energy	Employees/ Management/ Directors	Community	Authorities	Media
• Creating economic value for our stakeholders • Prioritising safety and productivity • Offering innovative solutions to our customers			• Respecting the environment • Consistently striving to lower our energy consumption and carbon emissions • Efficiently managing our wastage		• Prioritising the safety and well-being of our people • Conducting business ethically and with transparency • Engaging with and supporting our communities • Compliance of all requirements from local councils and authorities			

MATERIALITY ASSESSMENT

LKL is cognisant of the fact that our material issues can directly and indirectly impact on our ability to create long-term value for our stakeholders.

We conducted a full-scale materiality assessment during the financial year involving our key internal and external stakeholders to ensure that their interests and concerns are addressed. The materiality assessment is to ensure that material matters are relevant and will remain relevant until the next materiality assessment. This will help in our approach to managing the sustainability risks and opportunities posed to our businesses and help us in ensuring that we prioritise the issues that have the greatest impact on our sustainability strategies and operation. The material matters influence our business strategy and decisions on allocation of our resources to sustainability issues.

In the materiality assessment, we concluded that all our identified 15 material matters are aligned with our strategic priorities and stakeholder expectations. These matters were further categorised into sustainability themes, providing us with a focused approach to achieving our sustainability objectives. These were also benchmarked against our local and regional peers as well as considered emerging risks and relevant frameworks.

The result from the materiality assessment is presented in this Sustainability Statement.

Our top 15 material matters are as follows:

			
Our Business Performance	Our Environmental Management	Our People	Our Outreach
• Supply chain management • Business conduct, ethics & compliance • Financial performance • Product & service quality • Customer satisfaction & relationship • Technology, innovation & development	• Climate change & environmental issue • Material management • Energy management • Waste management	• Attracting, developing, rewarding & retaining employees • Labour practices & rights • Employee well-being, health & safety • Diversity & inclusion	• Local community & social impact

SUSTAINABILITY STATEMENT (CONT'D)

MATERIALITY ASSESSMENT (CONT'D)

We strongly support the United Nation's Sustainable Development Goals ("UNSDG")'s 2030 Global Goals where the 17 identified Goals are to lead communities, corporations, and governments into creating a better world for all of us.

During FYE 2024, we selected the top three relevant UNSDG by taking into consideration our material matters, business strategies, principal risks, stakeholder influence and effects on our community.



LKL's Top Three relevant UNSDGs

Sustainable Development Goals	Definition	Key Stakeholders Impacted
	Ensure healthy lives and promote wellbeing for all at all ages	• Employees/ Management/ Directors • Community
	Promote sustainable economic growth, full and productive employment, and decent work for all	• Customers • Investors and shareholders • Employees/ Management/ Directors • Community
	Ensure sustainable consumption and production patterns	• Customers • Community • Vendors/ Suppliers/ Contractors

MATERIALITY MATRIX

LKL views materiality as a critical part of our corporate sustainability strategy especially when we are in an environment that is volatile and unpredictable. We need to ensure that we can provide our stakeholders with the sustainability information most relevant to them and applicable to our business operations.

During FYE 2024, we conducted a systematic materiality assessment process, which was guided principally by the Bursa Malaysia Sustainability Reporting Guide and their toolkits, EESG indicators.

Our SWG identified all relevant sustainability aspects for our business, in conjunction with our operating context that was discussed earlier. We considered the following:

- issues that matter to LKL's business performance;
- issues that matter to LKL's stakeholders; and
- issues that presently have or could potentially have an impact on LKL.

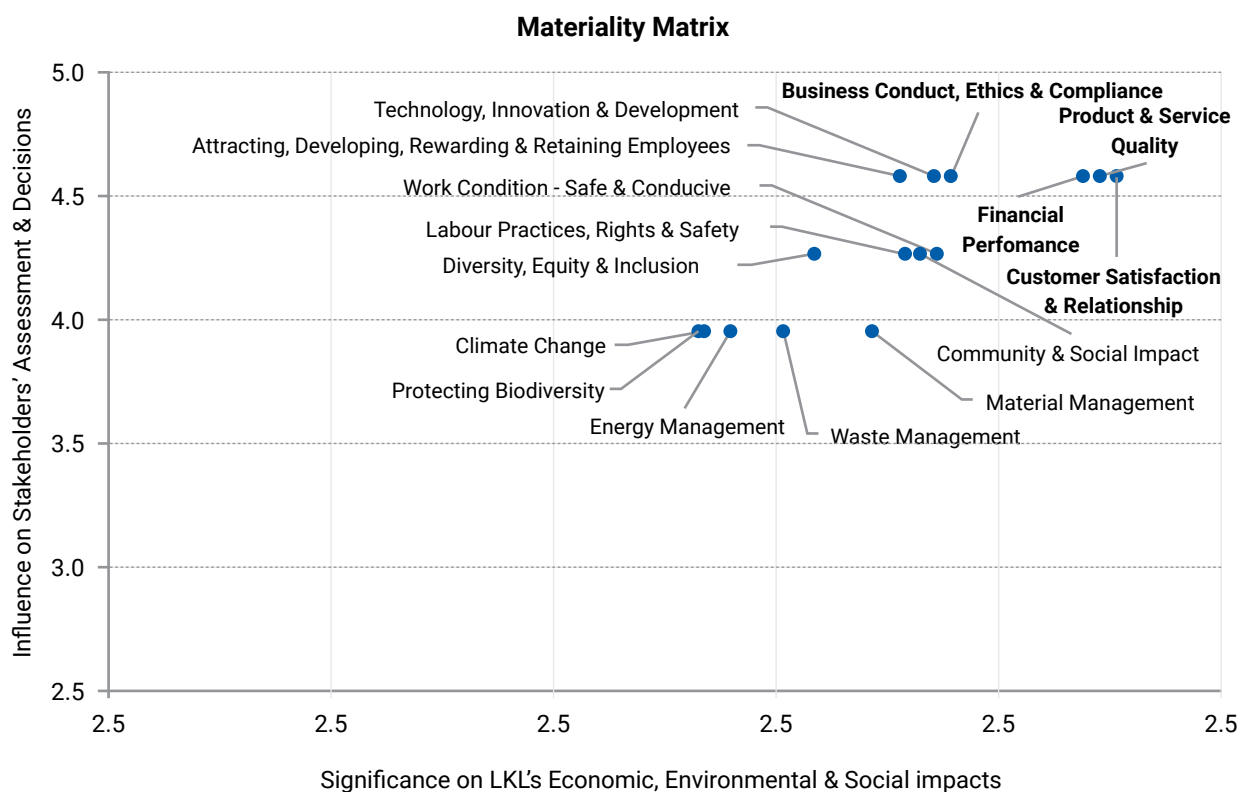
This initial analysis was then refined to identify 'material' sustainability aspects, based on:

- The significance of stakeholders' impact on our economic, environmental, and social matters; or
- The extent of our influence on stakeholders' assessments and decisions on sustainability matters.

SUSTAINABILITY STATEMENT (CONT'D)

MATERIALITY MATRIX (CONT'D)

Our materiality matrix for FYE 2024 is shown below -



SUSTAINABILITY RISK MANAGEMENT

LKL aligns its risk management process to build readiness and resilience through the identification and management of potential risks encountered by the Group. We have integrated our Enterprise Risk Management ("ERM") framework with sustainability risks, in addition to our corporate, operational and financial risks. The Group ensures all identified risks remain within our capacity, capability and risk appetite through constant revision and monitoring by our designated risk owners and the ARMC.

We plan to improve the understanding of significant issues concerning environmental, social and governance matters among our stakeholders. The implications and impact of ESG issues across our value chain, would lead to an alignment in sustainability goals setting and implementing sustainability-related practices, which would allow us to achieve our sustainability targets.

We plan to improve our sustainability awareness with trainings and workshops for both our internal and external stakeholders. Topics to be covered will be on sustainability trends, ESG-related risks and their impact on our business strategies and performance.

Material Matters	Risks	Opportunities
Our Business Performance		
Business Conduct, Ethics & Compliance	Poor corporate governance practices tarnish reputation, credibility, and image.	Effective corporate governance practices enhance our reputation as a trustworthy group amongst stakeholders.

SUSTAINABILITY STATEMENT (CONT'D)

SUSTAINABILITY RISK MANAGEMENT (CONT'D)

Material Matters	Risks	Opportunities
Our Business Performance (Cont'd)		
Customer Satisfaction & Relationship	Inability to meet customers' expectations impacts on customers' confidence and loyalty that leads to lower revenue.	Regular and consistent customer engagements facilitate continuous improvement to meet customers' expectations.
Financial Performance	Poor financial performance threatens credit worthiness and business continuity, and loss of investment opportunity.	Sustainable financial performance attracts investors and delivers long-term value for all stakeholders.
Product & Service Quality	Poor product quality and service lead to erosion of customers' confidence and long-term prospects. Reputation risk.	Excellent product and service quality attract long-term business prospects and enhanced performance.
Supply Chain Management	Non-compliance by suppliers, vendors and contractors affects our ethical principles, and safety culture which could expose business to operational disruptions.	Sound procurement governance attracts and retains credible suppliers, vendors and contractors. Regular assessment includes ESG assessment to uphold our commitment towards ESG aspects.
Technology, Innovation & Development	Cyber threats including loss of sensitive information such as intellectual property designs and breach of customers' data may lead to loss of customer trust and reputational harm.	Stringent cybersecurity and improved data management to protect critical information and data within the Group.
Our Environmental Management		
Environmental Issue	Non-compliance with environmental/ climate-related regulations leads to potential financial and trade penalties especially in export markets.	Effective mitigation and adaptation of strategies to ensure business continuity and potential trade barriers.
Material Management	Failure to meet stakeholders' demand for the use of sustainable materials may result in a loss of sales and/or market share.	Opting for sustainable materials enhances brand image and confidence of stakeholders especially sustainable-minded customers and investors.
Energy Management	Poor energy management leads to inefficiency, higher costs and potential scarcity of energy resources.	Efficient energy management may reduce operational costs and promote energy conservation behaviors.
Waste Management	Non-compliance with environmental regulations results in consequences from authorities and activists, and ultimately reputation risk.	Effective waste management and effective utilization of resources can result in cost savings for operations and mitigate reputation risk.
Our People		
Employees	Disengaged and underdeveloped employees contribute to lower productivity and performance. Unattractive remuneration and compensation packages affect employees' motivation.	Effective talent development and upskilling programs with attractive benefits packages enhance employee retention and attract top-quality talent to cultivate a high-performance culture.

SUSTAINABILITY STATEMENT (CONT'D)

SUSTAINABILITY RISK MANAGEMENT (CONT'D)

Material Matters	Risks	Opportunities
Our People (Cont'd)		
Labour Practices & Human Rights	Breaches in labour practices and human rights practices lead to regulatory penalties, damage in reputation, and impact employee retention and culture.	Good labour practices and human rights practices reinforce reputation as a responsible employer.
Employee Well Being, Health & Safety	Accidents and injuries lead to productivity loss, legal repercussions, and reputational damage.	Safety culture with conducive working environment improves employees' well-being and productivity and maintains reputation.
Diversity, Equity & Inclusion	Discriminatory employment practices damage reputation.	Inclusive, diverse, and empowering work culture attracts talents and brings a range of viewpoints that enhances the quality of decision-making.
Our Outreach		
Local Community and Social Impact	Business activities that negatively impact communities affect our social license to operate.	Regular engagements through community impact programs strengthen our relationship with local communities.

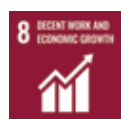
BUSINESS CONTINUITY PLANNING

LKL has been investing in resources that will help us to cope with various challenges created by market and social changes. The Covid-19 pandemic is a good reminder to attain sustainability.

Going forward, we will be emphasising on the following –

- **Reinforcing the roles and responsibilities of a Crisis Management Committee ("CMC") and its team members.** We have defined the roles and responsibilities of designated personnel from functional to outlet leads, within the CMC.
- **Enhancing crisis escalation and reporting process.** The CMC will be tasked to assist the Group to manage and recover from crisis.
- **Creating and building awareness of crisis management.** We will continue to conduct regular training, as well as conducting periodic crisis management simulations regarding risks that may result in significant impacts on the Group, to strengthen management's readiness to address various crisis.

OUR BUSINESS PERFORMANCE



Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all



Ensure responsible Consumption and Production

SUSTAINABILITY STATEMENT (CONT'D)

OUR BUSINESS PERFORMANCE (CONT'D)

Economic Performance

LKL remains steadfast with its primary objective in maintaining ourselves as a market leader in the business segments that we are involved in. We continue to strive to maintain this goal by constantly delivering innovative and cutting-edge solutions in all our business segments.

The financial performance of LKL reflects its commitment to creating long-term value while supporting the sustainability agenda of the Group. We strive to promote economic development within our local communities while providing employment opportunities. As a responsible corporate citizen, LKL wants to ensure long-term sustainable resilience among its stakeholders and itself.

Our approach to sustaining and registering robust economic performance is by ensuring our business strategy stays relevant to the current and foreseeable future trend, supported by the latest in technological advancement and a talented team of human resources, and funded by healthy cash flow and a robust balance sheet. We are also mindful of the identifiable and inherent risks faced by our businesses and take strategic steps in mitigating such risks.

Financial Performance

FYE	1 Jan 24 – 31 Dec 24 (12 months) RM'000	1 Jan 23 – 31 Dec 23 (12 months) RM'000	1 Oct 21 – 31 Dec 22 (15 months) RM'000
Revenue	47,596	44,578	102,476
Profit/ (Loss) Before Tax	(43,821)	(2,890)	(21,393)
Profit/ (Loss) After Tax	(41,346)	(6,983)	(20,510)
Shareholders' Fund	129,677	171,024	129,408
Total assets	191,523	214,966	150,474

LKL achieved revenue growth of 6.8% to RM47.6 million in FYE 2024 compared to the previous financial year, mainly underpinned by continuous orders of key products such as medical/healthcare beds and medical peripherals and accessories. LKL reduced its dependency on the domestic market by registering a 15.95% contribution from export markets, compared to 9.8% in FYE 2023. The growth in export derived mainly from increase in orders from Asia (other than Malaysia), Africa and Europe.

The Group recorded a loss before tax of RM43.82 million in FYE 2024, as compared to a loss before tax of RM2.9 million a year ago. The loss is mainly due to losses in the fair value on investment in quoted shares and impairment losses.

Product and Service Quality

LKL demonstrates its commitment to delivering high-quality and safe products and services in accordance with the standards upheld by certification bodies. Our products reinforce LKL's presence and branding, encourage customer loyalty and promote business viability. Our customers are the core of our operations, and we work hard to ensure that our products and services remain highly relevant to their requirements and affordable.

As a result, we ensure high quality standards in our products, from our procurement of raw material to inspection and production, and after-sales service. The production hub of LKL adopts the highest Quality Control and Inspection Procedures, coupled with other policies and guidelines. LKL emphasises on customer satisfaction by placing top priority in its product and service quality to attract new customers and to maintain long term relationship with its existing customers.

In the event of any complaints on products and services, we will conduct a comprehensive investigation into the complaint received through an established Standard of Procedures ("SOP") within a stipulated timeframe. This is our commitment to ensure that our customer's complaint is resolved in a timely and effective manner.

SUSTAINABILITY STATEMENT (CONT'D)

OUR BUSINESS PERFORMANCE (CONT'D)

Product and Service Quality (Cont'd)

We are cognisant that most of our customers, especially major hospitals and medical centres are adopting ESG practices in their operations to ensure their business is conducted on a sustainable manner. Therefore, LKL is to step up its adoption of ESG to align with the expectations of these major customers.

Technology, Innovation & Development

LKL designs and manufactures a wide range of medical/healthcare beds, peripherals, and accessories to a wide portfolio of customers, ranging from hospitals and medical centres to healthcare-related facilities, such as clinics and specialist institutions, as well as education facilities/medical schools, wellness, beauty and aesthetics centres, pharmacies, and end-users. As a result, LKL strives to utilize technology and innovation in its designs, production and operations, to meet the highest standards expected by our customers in the healthcare industry and retail customers for home use.

We are gradually applying technology and digitalization in our manufacturing hub to improve the efficiency and effectiveness of our design and manufacturing process, especially in energy, water and waste management.

As a result, LKL constantly updates itself with the latest demand from its wide range of customers by incorporating the latest designs, innovations and technologies into our products. This is achieved through our periodic engagement with our stakeholders, from customers, suppliers to medical care personnels, and attending medical equipment-related developments and exhibitions around the world to keep abreast of the latest development and technology.

Certifications and Recognitions

The design and manufacturing process of LKL fully complies with international compliance standards, such as ISO 9001:2015 and EN ISO 13485:2016. These certifications enable us to demonstrate our compliance and commitment to high quality management practices for the design and development, production assembly and distribution of our medical equipment, such as hospital beds, trolleys, tables, mobility aids and other support equipment.

In addition, our products are approved by the U.S. Food and Drug Administration ("FDA") under Establishment Registration & Device Listing since November 2016.

During the financial year, LKL obtained the Class A Certification from the Medical Device Authority of Malaysia for its medical device product named Portable Procedure Station.

Marketing & Promotions

LKL ensures the marketing, promotion and advertising of our products and services adheres to the highest ethical standards. We are committed to abiding to all relevant laws and regulations including encouraging responsible retail consumption and empowering our customers to make well-informed and decisive purchase decisions.

We make sure that our products and services are marketed, promoted and advertised with accurate and balanced information. We do not exaggerate our claims on our products and services' environmental and social impacts. In addition, we avoid commenting and misinforming our customers on products and services offered by our peers and competitors.

Customer Satisfaction

LKL acknowledges our customers' value is paramount, and we pay top priority to our customers' experiences and feedback. Therefore, customer satisfaction is our highest priority.

In ensuring our valued customers' satisfaction, we listen to the feedback from them by conducting annual customer satisfaction surveys and feedback. Apart from that, discussion was being held with customers on a periodic basis if needed or required by customers.

We take these engagements seriously where we will strengthen areas in which we receive praise while we will strive to rectify areas receiving negative feedback and work on constructive suggestions.

SUSTAINABILITY STATEMENT (CONT'D)

OUR BUSINESS PERFORMANCE (CONT'D)

Customer Satisfaction (Cont'd)

This customer satisfaction survey is conducted annually and will allow us to measure our performance in various aspects, for instance, product quality, delivery lead time, communication response, enquiry response, complaint response and courtesy from our staff.

We conduct our customer satisfaction survey based on ten (10) major criteria –



Customers Satisfaction Survey – Analysis for Period Year 2023 – 2024

LKL conducted a comprehensive customers satisfaction survey, and the customers were categorised into 3 groups –

- Group A – Dealers
- Group B – Hospitals / Medical Centers / Clinics
- Group C – Overseas Customers

The Group set a high satisfactory rating of 70% for each group, as per our Sales Department Objective.

LKL is glad to announce that we achieved an overall satisfactory rating of 91.44%. This is an improvement from previous years.

Customer Satisfaction Survey	Period		
	2021-2022	2022-2023	2023-2024
Overall Result	87.9%	89.0%	91.4%

This improvement reflects the high confidence of customers in the high-quality products and services of the Group.

For the period 2023 – 2024, the satisfaction level feedback from customers were overall satisfied and acceptable. We take major comments from the survey seriously, such as

- Improving delivery lead time
- Reviewing our price competitiveness, and
- Updating and improving the frequency of new products.

OUR BUSINESS PERFORMANCE (CONT'D)

Customers Satisfaction Survey – Analysis for Period Year 2023 – 2024 (Cont'd)

Even though we achieved a high satisfaction rating, we will approach customers with low marks and/or negative comments, to understand the result of their less than satisfying feedback and seek ways to improve the situation.

LKL has strictly followed our customer satisfaction procedures, and we are committed to show our efforts in maintaining and improving our customers’ relationship with our Group.

Supply Chain Management

LKL views its suppliers as critical partners in our business success, and any disruption to our supply chain is a key risk for our business. As a result, we always stress the importance of managing a sustainable and responsible supply chain. We trust that these sustainable practices will enable us to secure a stable sourcing of raw materials and services, enjoy cost competitiveness, and efficient and effective delivery of quality products and services.

The global pandemic and trade war have strengthened the value of having an effective crisis management planning, including measures to ensure continuity of supply of our key inputs. We also extended our risk mitigation plan of our supply chain management for critical materials to multiple source and service providers to minimise the impact of the global pandemic and trade war that could disrupt our supply chain.

A sound supply chain management and solid procurement practices ensure our business grows on a solid platform. Suppliers are our valued business partners, and we always stress the importance of collaborating with them especially in project and product developments. This is to ensure we form a good understanding of our needs and their abilities to meet our product quality expectations.

In our commitment to ensure delivery of quality for our products or services, LKL adopts the ISO9001:2015 Quality Management Systems, in our procurement procedures.

LKL is guided by the following procedures and documents:



We constantly review and improve our supply chain management for all business segments, to ensure that we are cost-effective and effective, and sustainable in our operations.

As a result of challenges in global sourcing, LKL will emphasize procurement from the domestic market if the price and quality standard meet the requirements of the group. For FYE 2024, LKL procured 78% of its total purchase from local suppliers.

SUSTAINABILITY STATEMENT (CONT'D)

OUR ENVIRONMENTAL MANAGEMENT



Ensure responsible Consumption and Production



Ensure responsible Consumption and Production

LKL is aligned with UNSDG 12 and UNSDG 13 as we are committed to sustainable production practices that ensure long-term environmental sustainability. As part of our environmental responsibility, we recognise the importance of environmental stewardship in our industry and are committed to minimizing our environmental impact through responsible sourcing, efficient resource use, and waste reduction.

By integrating these environmental initiatives into our operations, we can significantly enhance our environmental performance within the ESG framework while reducing our long-term impact on the environment.

Carbon Footprint

In the 12th Malaysia Plan (“12MP”) 2021 – 2025, Malaysia is committed to achieving net-zero GHG emissions by as early as year 2050. The commitment is guided by the pillars of sustainability, i.e. Economic, Environment, Social & Governance.

LKL acknowledges that our business involves energy consumption and greenhouse gases emissions that will contribute to climate change impact. We are aware that as a global corporate citizen, we must play a role and take on the responsibility to reduce our carbon footprint, in our effort to create a sustainable economy in a sustainable environment.

As a result, we are committed to support Malaysia’s aspiration to achieve carbon neutrality and be net zero by year 2050.

We aim to reduce our environmental footprints and establish operational resilience to deliver long-term value to our group, stakeholders and communities around us. We are guided by our **Sustainable Framework and Policy**, which outlines LKL’s objective of effectively managing and minimizing the negative impacts arising from our day-to-day business operations.

As a result, we will continue to explore initiatives to mitigate the negative environmental impacts generated by our business nature. Our priority will be to use sustainable materials and processes during our production process with as many eco-features and techniques as possible. schedule waste management, water consumption, electricity consumption and usage of petrol and diesel are given emphasis, as well as ensuring compliance with the regulatory requirements and standards.

LKL is committed to support Malaysia’s aspiration to achieve carbon neutrality and be net zero by year 2050. We are formulating our roadmap to reduce our carbon emissions. The roadmap will detail our aspiration and steps on how we plan to reduce our carbon footprint. We also plan to determine to what level products embodied carbon (a large part of Scope 3 carbon emissions) can be reduced by combining our targets (Scope 1, Scope 2 and Scope 3). As part of our sustainability drive, we will need the collective action of all our stakeholders to participate in our roadmap to help reduce carbon emissions.

SUSTAINABILITY STATEMENT (CONT'D)

OUR ENVIRONMENTAL MANAGEMENT (CONT'D)

Greenhouse Gas

In preparing our sustainability roadmap, LKL is taking priority in addressing the management of its GHG emissions, which are categorised into 3 groups or “Scopes”, according to the Greenhouse Gas Protocol (“GHG Protocol”), a widely used international accounting tool.

GHG Scopes

Scope 1	Scope 2	Scope 3
These are ‘direct’ emissions from owned or controlled sources. We aggregate consumption across different fuel sources, before translating that data into a carbon footprint.	These are ‘indirect’ emissions created by the production of the energy that we purchased.	All other emissions that occur due to the Group’s activities, but from sources that we do not own or control. Basically, it covers all indirect emissions that occur in our Group’s value chain.

As a result, we will continue to explore initiatives to mitigate the negative environmental impacts generated by our business nature. Our priority will be to use sustainable materials and processes during our production process with as many eco-features and techniques as possible. Schedule waste management, water consumption, electricity consumptions and usage of petrol and diesel are given emphasis, as well as ensuring the compliance with the Department of Environment’s (“DOE”) regulatory requirements and standards.

LKL plans to reduce its carbon footprint with the following strategies –

- (i) Managing our emissions through continuous research & development and improving our process flow,
- (ii) Investing in low emissions and green technologies, and
- (iii) Leveraging in partnerships and collaborations with our stakeholders

Sustainable Sourcing

LKL practises responsible sourcing of raw materials. As a result, we place priority and preference in sourcing our materials from suppliers that adopts ESG practices and policy and support our sustainability initiatives especially ethical production processes.

Environmental Stewardship - Energy Efficiency

Understanding the environmental impacts of manufacturing that involves the utilization of high energy, we actively strive to minimize waste and reduce carbon emissions in our activities. The Group continuously promotes the importance of energy efficiency in activities & processes, as well as to reduce resource consumption, from production to our marketing operations.

LKL is exploring the utilisation of renewable energy sources, like solar power for our manufacturing plant, which will further reduce their carbon footprint.

SUSTAINABILITY STATEMENT (CONT'D)

OUR ENVIRONMENTAL MANAGEMENT (CONT'D)

Waste Reduction & Recycling

LKL promotes responsible waste management in our manufacturing processes and in our marketing operations, aiming to minimize environmental harm through recycling programs and reducing material waste.

Reduce Waste

We implement government compliance procedure for scheduled waste & industrial wastewater management.

Circular Economy Practices

We seek ways to promote recycling of our waste materials and uses for our by-products.

Eco-friendly Packaging - Sustainable Packaging Materials

We are seeking to switching to recyclable, or reusable packaging materials or methods that can help reduce the environmental impact of our products.

Water Management

We may not be heavy user of water but at LKL, we strive to be responsible in our water usage.

Employee and Customer Education on Environmental Management by LKL

We believe that important stakeholders, namely our employees and customers are the pillars in ensuring our achievement in sustainability.

Other Environmental Initiatives

LKL continues to encourage green initiatives in its working environment, such as utilising high power factor LED lights and inverter-type air conditioning system, and the switching off lights and air-conditioning when there are no occupants in a certain area especially during long breaks and after working hours.

In addition, we also periodically upgrade our office equipment, computers and laptops to more energy-efficient models with power-saving features.

For computers that still can be used, we maintain them as back-up computers in the event of any computer break-down and cannot be repaired immediately. For end-of-life computers, we will engage certified scrap collectors to collect and dispose them in an environmentally friendly manner.

Energy Management

	FYE 2024 (12 months)	FYE 2023 (12 months)	FYE 2022 (15 months)
Revenue	47,596	44,578	102,476
- Manufacturing	61%	66%	38%
- Trading	30%	31%	62%
- Retail	9%	2%	0%
Energy Consumption (kWh)	270,519	278,266	288,503
Carbon Emission (tCO₂e)	271	278	289
Carbon Emission per Revenue (tCO₂er/RM)	0.0057	0.0062	0.0028

SUSTAINABILITY STATEMENT (CONT'D)

OUR ENVIRONMENTAL MANAGEMENT (CONT'D)

Energy Management (Cont'd)

The energy consumption of LKL primarily derives from electricity due to heavy machinery usage in the manufacturing of medical/healthcare beds and medical equipment. However, the gradual increase in trading and retail activities as compared to manufacturing activities enabled the group to record a reduction in energy consumption.

As a result, LKL managed to record lower carbon emission on the back of higher revenue in FYE 2024 as compared to the previous financial year. This is the second year that LKL managed to achieve lower carbon emission since FYE 2022.

For FYE 2024, LKL managed to record an improvement in its carbon emission per revenue by 8% as compared to the previous financial year.

LKL is cognisant of its carbon footprint, especially arising from our manufacturing activities. Due to the rapid advancement in manufacturing processes, logistics planning and technology and the shifting of our sales mix by products and markets, we are seeking ways on how to capitalize on these progresses, to establish a roadmap and targets towards reducing our carbon footprint by seeking ways to improve the efficiency of our energy consumption.

Water Management

	FYE 2024 (12 months)	FYE 2023 (12 months)	FYE 2022 (15 months)
Revenue	47,596	44,578	102,476
Water Consumption (m3)	8,854	8,198	10,201
Water Consumption per Revenue (m3/RM)	0.1860	0.1839	0.0995

The water consumption of LKL is primarily derived from water utilized during our manufacturing activities.

We do not account the water consumption of our trading and retail activities as their level of utilization as compared to our overall water consumption, is negligible. However, as part of our efforts in practicing sustainability, we include our trading and retail division, in our endeavor to reduce the utilization of water in our day-to-day operations.

For FYE 2024, LKL incurred a 1% increase in its water consumption per revenue, largely due to an increase of 7% in revenue arising from an increase in the manufacturing of medical/healthcare beds.

Waste Management

LKL believes in recycle, reuse and reduce ("RRR") the materials we utilize in our production process and day-to-day operations. These initiatives also include reducing the need to use unnecessary parts surface treatment. We make a point to recycle our used materials and paper, particularly in packaging and wrapping. Most importantly, we are diligent in minimizing the waste generated from our production processes.

We adopt the following steps in our waste management -



Appropriate Waste Storage On-Site

All hazardous waste is stored and labelled accordingly on-site to prevent waste contamination and leakage.



On-Site Inspections

We conduct regular inspections on waste storage and other facilities to ensure handling of scheduled waste is performed accordingly.



Licensed Waste Contractors

Only licensed waste contractors are engaged for collection and disposal of hazardous waste, as authorised by regulators.



Trained and Experienced Personnel

Our facility team is experienced and skilled.

SUSTAINABILITY STATEMENT (CONT'D)

OUR ENVIRONMENTAL MANAGEMENT (CONT'D)

Waste Management (Cont'd)

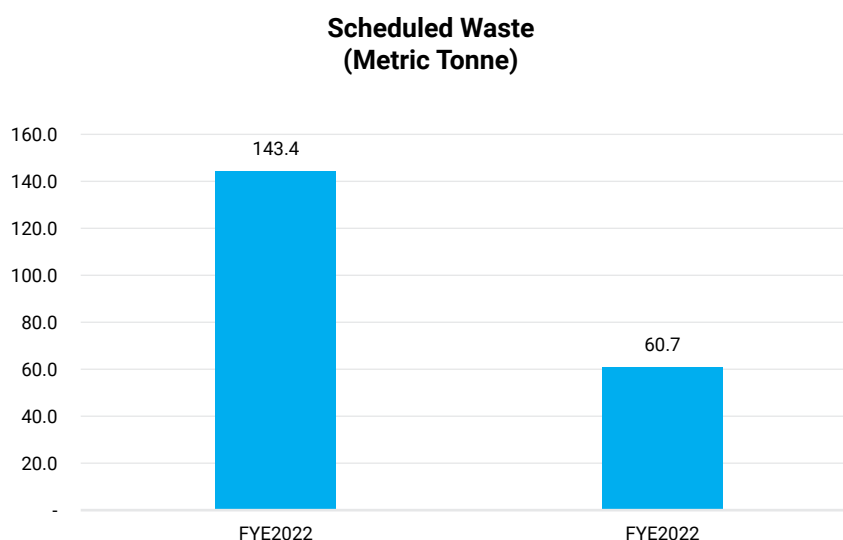
LKL manages its schedule waste by utilising the Electronic Scheduled Waste Information System ("eSWIS"), which is one of the environmental mainstreaming tools maintained by the Ministry of Natural Resources and Environmental Sustainability Malaysia. eSWIS is an online portal which allows users to file any scheduled waste consignment and inventory details, review of submitted consignment notes for transfer and receiving, in an efficient and secure environment.

Waste generators and waste contractors are properly recorded, tracked, and monitored in their waste movement, consignment in compliance with the Environmental Quality (Scheduled Waste) Regulation 2005 and Environmental Quality (Prescribed Premises) (Scheduled Waste Treatment and Disposal Facilities) Regulation 1989). All the new schedule waste generated shall be fully recorded into the eSWIS, the details including production information, waste code, waste name, waste component, waste type, and packaging type. While for recurring schedule waste, we shall update the waste code, waste name and quantity.

The scheduled waste is managed and disposed of by our Safety & Health Department. The disposal is based on the period and quantity allowed to be stored by DOE, and the availability of storage area in LKL.

As per the environmental policy of LKL, whenever our company's scheduled waste either accumulates up to 20 metric tons or stored for maximum of 6 months whichever achieved, we are required to arrange for our licensed waste contractors to collect and dispose of the scheduled waste from our premise. Currently we are controlling waste generation at 0.5 to 1 MT per month. The waste contractor required us to fill up the Consignment Note ("CN") in eSWIS after the collection of the schedule waste from our premises.

We are working hard to minimize the waste generated from our production. We also constantly send our competent personnel to attend environmental training. This is to ensure that all the staff in LKL are aware of the scheduled waste compliance such as scheduled waste handling, labeling, packaging and storing.



During the FYE 2024, the total amount of scheduled waste was 143.4 metric tonne as compared to 60.7 metric tonne a year ago. The increase of 82.7 metric tonne was mainly due to higher manufacturing activities in the factory. The jump was reflected in the increase of 20% in the revenue derived from the sales of medical/healthcare beds.

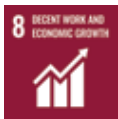
OUR PEOPLE



Ensure healthy lives and promote well-being for all at all ages



Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all



Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all



Reduce inequality within and among countries

The success of LKL is built on the well-being of our employees, communities, and customers. We aim to create positive social impact through inclusive business practices and community engagement. LKL enhances its social responsibility, contributing positively to the well-being of its employees, customers, suppliers, and the broader community.

As a result, LKL continues to view its employees as an asset to the Group. We continuously invest in our people as they will drive us towards achieving long-term sustainable growth in the future. As part of our stakeholder engagement practice, we continue and constantly engage with our employees to ensure that they understand our mission, culture, best practices and most importantly, our commitment to sustainability and EESG matters.

Through our stakeholder engagement, we learned that employees place top priority in working in a safe and conducive environment and achieving work satisfaction as well as work balance in their workplace. This is in addition to having a structured career development path with opportunities to gain experience within our group of companies. Hence, LKL strives to meet the expectations of its employees by emphasising a holistic approach in developing our employee's development program.

In developing our business strategy, we continue to emphasize human rights and will never tolerate any forms of discrimination and practices. We remain operating our business ethically, responsibly and take initiatives to prevent incidents of sexual harassment, child labour and forced labour.

SUSTAINABILITY STATEMENT (CONT'D)

OUR PEOPLE (CONT'D)

Employee Welfare and Development

We invest in our employees by offering comprehensive training programs, promoting safe working environments, and ensuring fair compensation and benefits. We are dedicated to fostering a diverse and inclusive workplace where every employee can thrive.

Safe Environment, Fair Wages and Benefits

We ensure that all employees receive fair and competitive wages, comprehensive benefits, and a safe working environment. This includes compliance with labour laws and industry standards.

Attracting Developing, Rewarding & Retaining Employees

As an organization that recognises its human capital as the most important asset of the group, LKL always values its employees' contributions to the group's continued success. We implement and adhere to the best practices of employment engagement, which include attractive remuneration, competitive compensation and benefits program, continuous training, and development programs, assurance for employees' wellness, and talent retention.

For our workers that require accommodation, we provide clean and safe accommodation, and we adhere to the Standards of Housing and Amenities (Amendment) Act 2019. We also provide meal-subsidy to our employees.

The diagram below shows our benefits to our employee

Benefits-In-Kind	Statutory Contribution	Insurance & Medical Funds	Leave Entitlement
• Accommodation (Hostel) • Bereavement Benefit • Club Membership • Company Car (Managerial Level) • CSR Programme - Natural Disaster Financial Assistance - Critical Illness affecting staff's immediate family • Director / Staff Purchase Price • Education / Training Fund • Festive Celebration • Flexi Working Hours • Long Service Award • Local Travel (for Managers) • Local & Oversea Travel (for Senior Managers) • Meal Subsidy • Performance Incentive • Phone Allowance • Staff Wellness Reward • Team Building • Company Trip • Uniform • Newborn gift	• Employees' Provident Fund ("EPF") • Social Security Organization ("SOCSO") • Employment Insurance System ("EIS")	• Clinical Claim • Critical Illness & Non-Critical Medical Assistance • Health Screening • General Insurance • Life Insurance	• Annual Leave • Compassion Leave • Hospitalization Leave • Marriage Leave • Maternity Leave • Paternity Leave • Medical Leave • Untaken Annual Leave – Allow to be carried forward

OUR PEOPLE (CONT'D)

Employee Welfare and Development (Cont'd)

In addition to the above-mentioned benefits, LKL organized the following events to strengthen bonding relationship between employees and create a healthy working environment –

(i) **LKL Majlis Berbuka Puasa**

LKL invited the orphanage from Anak Yatim Mesra Assalam Puchong for iftar with our staff.

(ii) **LKL Appreciation Day & Hari Raya Open House**

LKL took the opportunity to celebrate with the orphanage (Anak Yatim) from Pusat Jagaan Rumah Bakri Nur Syaheera.



SUSTAINABILITY STATEMENT (CONT'D)

OUR PEOPLE (CONT'D)

Employee Welfare and Development (Cont'd)

In addition to the above-mentioned benefits, LKL organized the following events to strengthen bonding relationship between employees and create a healthy working environment – (Cont'd)

(iii) Chinese New Year Yee Sang Celebration



(iv) Deepavali Kolam Decoration Contest



SUSTAINABILITY STATEMENT (CONT'D)

OUR PEOPLE (CONT'D)

Employee Welfare and Development (Cont'd)

In addition to the above-mentioned benefits, LKL organized the following events to strengthen bonding relationship between employees and create a healthy working environment – (Cont'd)

(v) Christmas Gift Exchange



Diversity and Inclusion

We promote diversity across all levels of the organization, ensuring equal opportunities for women, minorities, and differently abled individuals.

Training and Professional Development

We provide ongoing education and training programs for employees to enhance their skills in areas such as craftsmanship, customer service, and sustainability. This not only improves employee's satisfaction but also contributes to business growth.

SUSTAINABILITY STATEMENT (CONT'D)

OUR PEOPLE (CONT'D)

Employee Welfare and Development (Cont'd)

Health and Safety

LKL puts top priority on matters concerning the health and safety of our most important assets, employees, in our business operations and workplaces. We aim to minimize injuries and illnesses among those working within our premises by emphasising a safe, healthy, and conducive environment. Our priority includes customers, suppliers, contractors, and visitors to our premises. We strongly believe that such a priority will lead to improvement in efficiency and output.

We implement robust occupational health and safety policies, especially in our manufacturing facilities where workers may face physical risks. We believe regular safety training and audits can ensure a safer working environment. Our Safety and Health Policy outlines how our business operations are conducted in a safe manner, through the implementation of various measures and controls by all levels of our workforce. The Group has Safety, Health and Environment ("SHE") Working Committee to ensure that our Health and Safety Policy is adhered to, concerns are raised and attended to and periodically updated.

LKL offers medical care to all its employees, including periodic health screening and annual health surveillance. Medical supplies such as First-Aid Boxes are strategically designed and located to facilitate easy access to it, in the event of medical emergencies.

In addition, we organized a Health Screening and Medical Check-Up for our staff, by collaborating with Hello Doctor Clinic.



SUSTAINABILITY STATEMENT (CONT'D)

OUR PEOPLE (CONT'D)

Employee Welfare and Development (Cont'd)

Health and Safety (Cont'd)



We also arrange health and safety training for our staff to deal with medical emergencies, such as performing cardiopulmonary resuscitation ("CPR"), by inviting medical professionals to conduct such training. We constantly review the relevancy of such training, especially on emergency response, hazard and risk management, as well as health and safety awareness. The Covid-19 pandemic is a good example of how important and relevant such training is in dealing with crisis.

Labour Practices & Rights

LKL fosters an inclusive and diverse work environment as we emphasize upholding the labour rights of our staff force, in our efforts to nurture a healthy and conducive working environment.

Our Code of Conduct and other labour policies protect labour rights and is based on local employment regulations, such as the Malaysian Employment Act 1955, and relevant industry standards. Our Code of Conduct and other human resource and labour policies protect labour rights and is based on local employment regulations, such as the Malaysian Employment Act 1955, and relevant industry standards.

SUSTAINABILITY STATEMENT (CONT'D)

OUR PEOPLE (CONT'D)

Labour Practices & Rights (Cont'd)

Labour Rights of our Employees



Seminars & Trainings

LKL continued to send its employees to attend seminars and training on the Employment (amendment) Act 2022 during FYE 2024. LKL understands and emphasizes the importance of labour rights, and we continue to update ourselves on the latest development in the Employment Act, Labour Law and other related laws.

Ensuring in line with the Labour Law

We had on 1 January 2023, implemented amendments made by the Government of Malaysia to the Employment Act 1955. The latest measures involve extending maternity leave to 98 days and offering married male employees 7 days of paternity leave, as well as a reducing maximum working hours from 48 hours to 45 hours per week. Hospitalization and medical leave are accounted for separately.

Grievances Mechanism

Employees need to have an avenue to vent their dissatisfaction or grievances so that issues can surface and be addressed accordingly before they are able to spread and affect morale. At LKL, we have put in place a grievance mechanism for this purpose. We encourage our staff to be open and speak to our Human Resource ("HR") representatives if there are any grievances.

When grievance is received, the Human Resource ("HR") Department will proceed in accordance with LKL's SOP for handling grievances. Depending on the complexity and seriousness of grievance, we aim to close all grievance cases within a reasonable timeframe.

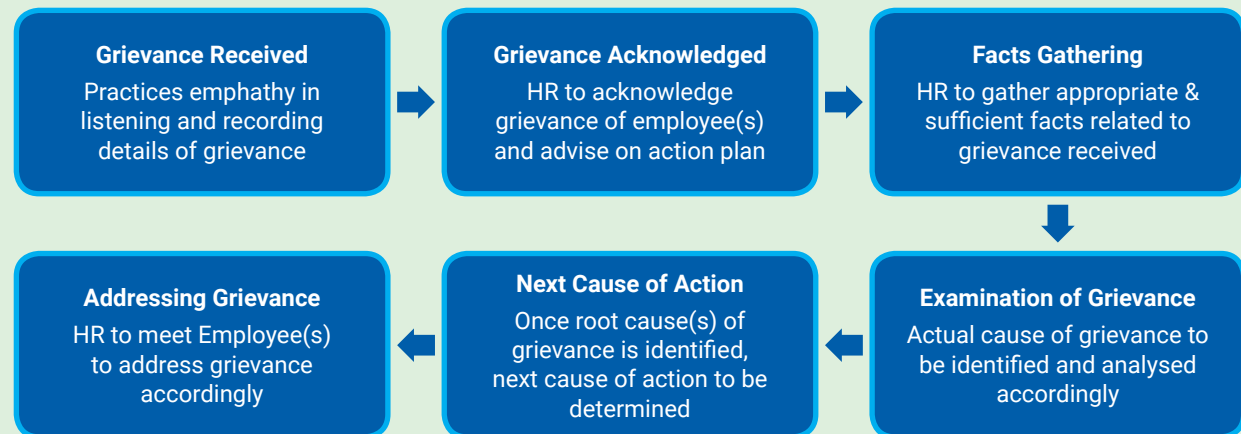
LKL always encourages its staff to share their challenges, and based on past experiences and events, we found that our staff is willing to share and speak with our HR team on any doubts or grievances. The HR team will then discuss with their immediate superior or head of divisions to find a solution to the matter raised.

OUR PEOPLE (CONT'D)

Labour Practices & Rights (Cont'd)

Grievances Mechanism (Cont'd)

We have not received any grievances during FYE 2024.

**Ethics & Compliance**

LKL is committed to ensuring the highest standards of corporate governance throughout the Group so that the affairs of the Group are conducted with integrity and professionalism with the objective of safeguarding shareholders' investment and enhancing shareholders' value, while reinforcing confidence of our stakeholders in the group. As a result, the high standards of business ethics and compliance across the group reflect our core values, which are Honesty, Integrity and Operational Excellence.

We require all our employees to maintain the highest standards of conduct and integrity when conducting business with customers, suppliers, and other stakeholders. In addition, we do not tolerate any breach of the Group's Code of Ethics and Conduct ("Code") and encourage our employees to highlight any instances of malpractice and non-compliance.

Our corporate governance practices include the following –



SUSTAINABILITY STATEMENT (CONT'D)

OUR PEOPLE (CONT'D)

Labour Practices & Rights (Cont'd)

Corporate Governance

LKL believes that good Corporate Governance is a pre-requisite for the Group to build sustainable long-term value for its shareholders. We are therefore guided by legislative and regulatory requirements, including corporate governance, best practices published by the relevant authorities.

Our Corporate Governance Overview Statement forms part of our Annual Report.

Standards of Code of Ethics and Employees' Discipline & Conduct

Our Corporate Code comprises policies on Standards of Conduct, Business Ethics and Conflicts of Interest.

All employees of LKL are expected to comply with the Code which is adopted at all levels within the group. It covers the principles by which behaviours are assessed and guides an employee's direct and indirect roles and responsibilities inside and outside the group. These principles are shared with all employees and emphasized during training sessions. Upon employment in LKL, employees pledge their agreement to the Code when signing their letter of offer.

The Code encompasses the following policies –



OUR PEOPLE (CONT'D)

Labour Practices & Rights (Cont'd)

Anti-Bribery Corruption Policy

LKL is fully committed to ensuring the highest business conduct, upholding integrity, and good corporate governance. We adopt zero-tolerance towards corruption and bribery.

Our Anti-Bribery Corruption Policy was established in the year 2020.

The Anti-Corruption Amendments requires Public Listed Companies ("PLCs") on Bursa Malaysia to establish and implement policies and procedures on anti-corruption and whistleblowing to prevent corrupt practices, which will enable PLCs to have a measure of defence against corporate liability for corruption under Section 17A of the MACC Act. In addition, the Anti-Corruption Amendments require PLCs and their board of directors to review the policies and procedures periodically or at least once every three years to assess their effectiveness. The Anti-Corruption Amendments also require PLCs to ensure that corruption risks are included in the annual risk assessment of PLCs and their group of companies.

LKL is glad to announce that there are no reported incidents of corruption and bribery during the financial year under review.

Whistle Blowing Policy

The Whistle Blower Protection Act 2010 provides a guide in formulating the Whistleblowing Policy ("WBP") of LKL. This WBP provides assurance and confidence to our employees and external parties that we have an effective channel to report on any activity that breaches our Code and/or any breach of ethics or omission by an employee of LKL.

Our WBP can be accessed from our website at www.lklbeds.com. Whistle blowers can write to krischan@kc-my.com and the report will go directly to our Chairman of ARMC.

LKL confirms that there was no complaint received during the period of reporting.

Community Engagement & Social Responsibility

LKL actively engages with local communities through philanthropic initiatives, focusing on education, healthcare, and skill development. Our CSR initiatives are designed to uplift the communities where we operate, creating shared value for all stakeholders. Through these efforts, we aim to contribute to the sustainable development of the communities that we serve and operate in.

Corporate Social Responsibility ("CSR")

We engage in meaningful community projects, such as supporting welfare societies and fund-raising activities especially for the under privileged communities.

Philanthropy

As part of our CSR initiatives, LKL contributes to charitable causes, particularly those aligned with education, healthcare, and social welfare. This can involve donating a portion of profits or organizing fundraising events in partnership with local NGOs.

Local Economic Development

By supporting local suppliers and vendors, LKL can help boost local economies and create sustainable livelihoods. This also aligns with promoting responsible sourcing and reducing environmental impact.

SUSTAINABILITY STATEMENT (CONT'D)

OUR PEOPLE (CONT'D)

Ethical Customer Relations

We prioritise transparency and ethical practices in our customer interactions.

Customer Engagement and Education - Ethical Marketing

Transparency is of utmost importance to customers. Our brand name and practices are stamped with integrity whenever we communicate with customers.

Customer Feedback and Satisfaction

We establish strong channels for customer feedback and continuously improve our customers' experience, which also reward customers for supporting sustainable and ethical practices, while encouraging long-term, positive engagement.

Product Quality and Safety

We ensure that all products meet high industry safety standards.

Ethical Customer Service

We ensure that customer interactions reflect ethical practices, promoting honesty, fairness, and transparency in all business dealings.

Commitment to Continuous Improvement

Sustainability is an ongoing journey, and LKL is dedicated to continuously improving our ESG performance. As a result, we are committed to monitoring and transparently reporting our progress in these areas, ensuring that we contribute positively to the environment, economy, and society.

Stakeholder Engagement - Investor and Stakeholder Dialogue

We maintain open and transparent communication with stakeholders, including investors, customers, and employees, about their social impact initiatives. We seek to gradually improve our sustainability reporting and updates on our ESG performance, to foster trust and long-term partnerships.

Diversity, Equity & Inclusion ("DEI")

Board of Directors ("BOD")

LKL is cognisant of the need for a balanced group of individuals to form its BOD, to lead its journey in sustainability. As a result, the BOD of LKL comprises members who are qualified and highly experienced in their own expertise and field.

In recognising the role of women in the decision-making process and to strengthen the governance and effectiveness of the boards, Bursa Malaysia makes it a mandatory to have at least 1 woman director sitting in the board for all public listed companies by 1 June 2023.

BOD - By Gender	FYE2022	FYE2023	FYE2024
Male	6	7	7
Female	–	1	1
Total	6	8	8

BOD - By Age Group	FYE2022	FYE2023	FYE2024
<30	–	–	–
30-50	5	5	5
>50	1	3	3
	6	8	8

SUSTAINABILITY STATEMENT (CONT'D)

Diversity, Equity & Inclusion (“DEI”)

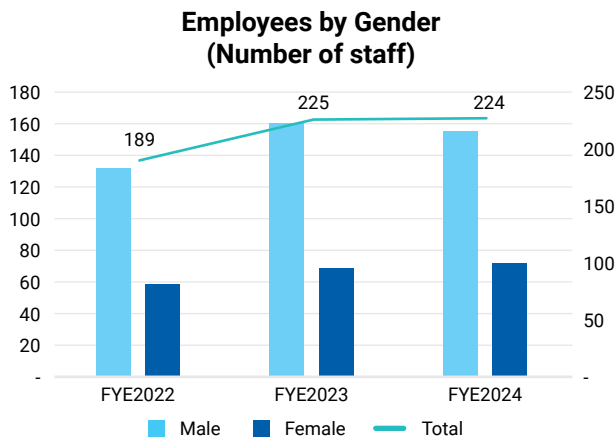
Board of Directors (“BOD”) (Cont’d)

LKL is pleased to report that Ms. Tan Su Ning was appointed as our Independent Non-Executive Director (“INED”) since 31 May 2023. Miss Tan is an experienced and accomplished lawyer who is a partner of a legal firm in Malaysia. She is well versed in corporate and commercial law, as well as capital market and securities law.

The composition of our BOD comprises five directors aged between 30 and 50 years old and the balance three with age more than 50 years old with enormous experience in various relevant fields.

Employees

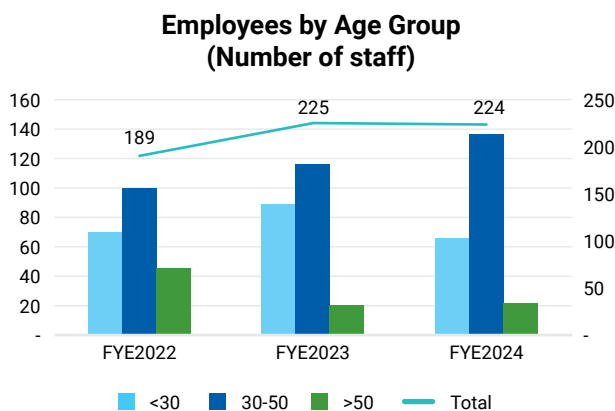
In LKL, we do not set any gender target, however, we strive to achieve a balance of genders at the departmental and Group level. As at 31 December 2024, we have a total of 224 employees and the breakdown of our employees by age and gender are as follow –



By Gender	FYE2022	FYE2023	FYE2024
Male	131	157	155
Female	58	68	69
Total	189	225	224

By Gender	FYE2022	FYE2023	FYE2024
Male	69%	70%	69%
Female	31%	30%	31%
Total	100%	100%	100%

Over the past 3 financial years, LKL has been achieving a ratio of at least 30% of our staff force comprising females. We are cognisant that certain department especially in the production department may have fewer number of female representative due to the nature of the work in the department.



By Age Group	FYE2022	FYE2023	FYE2024
<30	70	88	65
30-50	100	116	137
>50	19	21	22
Total	189	225	224

By Age Group	FYE2022	FYE2023	FYE2024
<30	37%	39%	29%
30-50	53%	52%	61%
>50	10%	9%	10%
Total	100%	100%	100%

SUSTAINABILITY STATEMENT (CONT'D)

Diversity, Equity & Inclusion ("DEI")

Employees (Cont'd)

LKL remains committed to ensuring that talent acquisitions are made based on their capability and qualification of the candidates without any bias. We are constantly grooming young talent to take on future leadership roles, hence our focus is on employees aged 50 and below.

As at 31 December 2024, 90% of our total staff force is aged below 50 years old.

At the end of FYE 2024, LKL had a total of 224 staff, a reduction of one employee from 225 staff a year earlier. However, during the FYE 2024, a total of 33 staff resigned where 19 staff or 57.5% were from the corporate division, and the balance 14 staff were from the manufacturing division. About 45% of the staff resigned were mostly general workers while about half were executives from the corporate division which faced fierce competition in the manpower market.

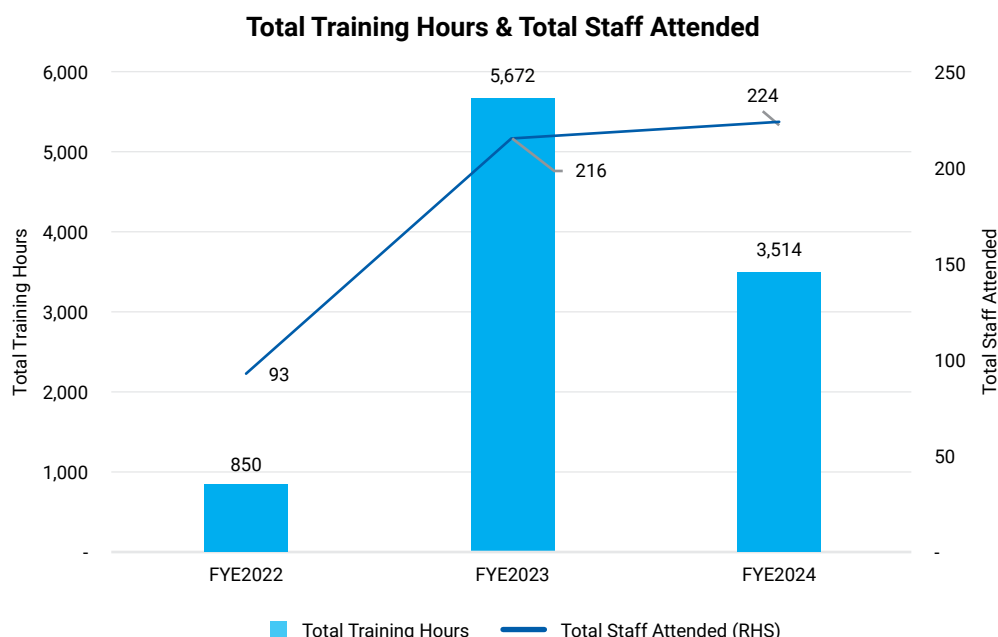
Staff Attrition	Corporate	Manufacturing	Total	%
Management	2	–	2	6%
Executive	16	–	16	48%
Non-Executive/Technical Staff	1	–	1	3%
General Workers	–	14	14	42%
	19	14	33	100%

However, LKL managed to replace nearly all the staff that resigned during the financial year.

Employee Learning & Developments

LKL believes that human resources within the group are our most important asset. As a result, we place great importance on employee learning and development through on-the-job, internal and external training. Competent staff will contribute significantly towards the efficiency and effectiveness of our business operations.

Our staff training programs are identified based on business strategies and operational needs, meeting regulatory requirements, and ensuring the development of our people's technical, interpersonal, business and management skills.



SUSTAINABILITY STATEMENT (CONT'D)

Diversity, Equity & Inclusion ("DEI")

Employee Learning & Developments (Cont'd)

As LKL believes in providing adequate and relevant training to its staff force, immediately after the Covid-19 pandemic ended, especially during FYE 2023, LKL increased its number of training courses by more than 50% compared to the previous financial year, while nearly tripling the total hours of training where the number of staff attending training doubled.

During FYE 2024, there is a reduction in the number of trainings conducted leading to a decline in the total hours of training, largely due to the increase in manufacturing activities during the financial year and the shortage of manpower due to staff attrition in the manufacturing division. However, LKL continues to ensure that its staff force is given adequate and relevant training by recording a total of 224 staff attended training, compared to 216 in FYE 2023.

OUR GOVERNANCE



Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions for all levels

LKL focuses on ensuring transparency, ethical leadership, and robust risk management practices. We are committed to upholding the highest standards of corporate governance, transparency, and accountability. This approach is in line with **UNSDG 16 (Peace, Justice, and Strong Institutions)**, promoting transparent, effective, and accountable governance. By implementing these governance practices, we ensure long-term sustainability and build trust among our stakeholders, aligning our group's operations with global best practices in corporate governance.

Ethical Governance

Our governance structure ensures strong oversight of our sustainability strategy, with clearly defined roles for the Board of Directors in overseeing environmental, social, and governance matters. We enforce a Code of Ethics that governs business conduct, ensuring compliance with anti-corruption laws and upholding ethical practices throughout our supply chain.

Board Composition and Leadership - Diverse and Independent Board

The Board of LKL is diverse in terms of gender, experience, and expertise. A higher percentage of independent directors will promote objectivity in decision-making.

In recognising the role of women in the decision-making process and to strengthen the governance and effectiveness of the Board, Bursa Malaysia made it mandatory to have at least 1 woman director sitting in the Board for all public listed companies from 1st June 2023, of which LKL had met the minimum requirement.

Clear Governance Structure

Establish clear roles and responsibilities for the board, committees, and senior management. A well-defined governance structure ensures accountability and proper oversight of operations, including sustainability initiatives.

Ethical Business Practices - Code of Ethics and Conduct

LKL had established and enforcing a robust Code of Ethics that covers areas like anti-bribery, corruption, conflict of interest, and fair dealing. This ensures ethical behaviour throughout the organization.

Whistleblower Policy

A whistleblower policy allows stakeholders to report unethical behaviour without fear of retaliation. This policy is regularly communicated to all levels of the organization.

SUSTAINABILITY STATEMENT (CONT'D)

OUR GOVERNANCE (CONT'D)

Transparency & Reporting

We provide transparent reporting on our sustainability performance, covering key areas such as environmental impact, labour practices, and governance structures.

Sustainability Reporting

We publish an annual sustainability report in line with both local and global standards. This report includes measurable goals and KPIs (if any) related to our environmental, social, and governance performance. Transparent reporting builds trust with stakeholders.

Disclosure of Risks

We disclose business risks, including environmental, social, and financial risks, to shareholders and the public. This includes proactive risk management strategies to mitigate issues related to supply chain vulnerabilities, and regulatory changes.

Stakeholder Engagement and Shareholder Rights

Stakeholder Dialogue

We engage with key stakeholders, including shareholders, customers, employees, and suppliers, on important issues like sustainability, ethics, and governance. We conduct such dialogue through annual general meeting ("AGM") and direct consultations.

LKL had received queries from the Minority Shareholders' Watchdog Group ("MSWG") with regards to our Sustainability Statement and we had replied MSWG adequately on a timeliness basis.

Shareholder Rights

We protect and uphold shareholders' rights by ensuring fair treatment and transparency in communications. We provide shareholders with opportunities to participate in major decisions, such as voting on key resolutions during AGM.

Risk Management and Compliance

Robust Risk Management

We implement a formal risk management framework that identifies, assesses, and mitigates operational, environmental, financial, and reputational risks. This framework is overseen by the board and regularly reviewed.

Compliance with Regulations

We ensure strict adherence to local and international regulations, including those related to environmental standards, labour laws, anti-money laundering, and corporate governance.

CYBERSECURITY AND IT MANAGEMENT

Current Threats

We are witnessing the increasing of various trends involving digitalization, largely due to automation, e-commerce and remote working, which has propelled to the adoption of digital technologies and infrastructure.

Many of our customers, both domestic and international, have adopted digital technologies in our communications and transactions. Similar happenings are occurring in our supply chain, particularly our procurements from major suppliers, and logistics.

CYBERSECURITY AND IT MANAGEMENT (CONT'D)

Current Threats (Cont'd)

As a result, the rapid rise in digitalisation has also made data and information more susceptible to cybersecurity risks. LKL sees the need to manage the growing threat of cyber-attacks including external hacking or cyber penetration, protecting the sensitive information of our group and customers, and to prevent any leaks, threats or loss of our group and customer information. With increasing digital transactions, LKL implemented cybersecurity measures and data privacy protocols to protect sensitive information. We work closely with our IT consultants to perform audit and compliance with international data protection standards (such as GDPR) are essential.

Internal IT Control Framework & Policies

LKL will continue to remain cautious and vigilant to the growing potential cybersecurity risks that are ever present. As a result, we continue to place great importance on our internal control framework to protect the privacy and security of data, information and intellectual properties belonging to us and our stakeholders. We have established a range of policies related to cybersecurity and IT management and we constantly review, upgrade and improvise to ensure that they are up-to-date, and our employees are aware of the latest threats.

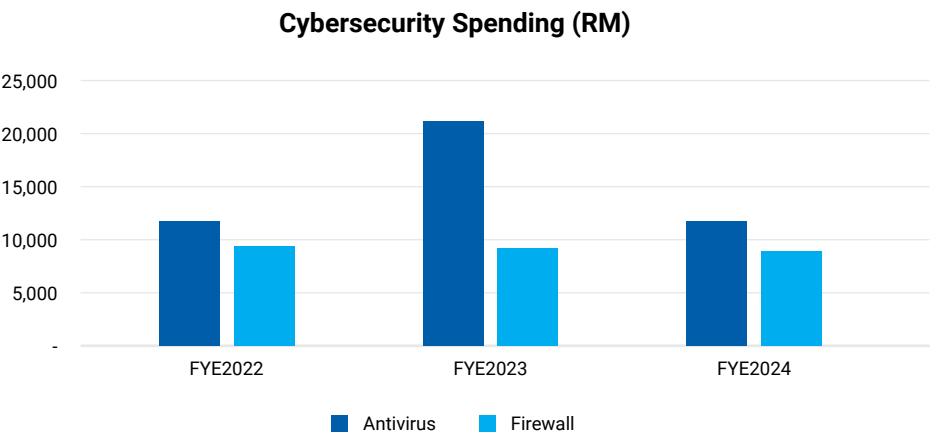
The policies are as follows:

Acceptable Use Policy
Identity and Access Management Policy
IT Cybersecurity and Incident Response Policy
Network Security Policy
Personal Data Protection Policy
Data Classification and Protection Policy

IT Control & Cybersecurity Measures

LKL periodically reviews and upgrades the computer and server protection from conventional anti-virus software to next-generation endpoint protection software.

For our day-to-day operations, we continue to emphasize on the importance of implementing internal mitigative measures such as antivirus, endpoint protection and firewall protection and 24-hour real time monitoring and detection of malicious network traffic. Our IT team constantly test the effectiveness of our IT processes and systems, while they also conduct regular IT asset management and audits of our systems.



SUSTAINABILITY STATEMENT (CONT'D)

CYBERSECURITY AND IT MANAGEMENT (CONT'D)

IT Control & Cybersecurity Measures (Cont'd)

LKL continued to renew its subscription for IT software such as anti-virus and firewall programs, to maintain our cybersecurity defence. During the FYE 2024, the Group incurred about RM9,000 in its annual firewall renewal. There is zero spending in antivirus program during the financial year because the Group purchased a 3-year subscription in FYE 2023, hence the high expenditure in antivirus program during the last financial year.

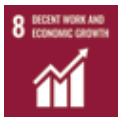
We continue to conduct internal Cybersecurity Gap Assessment for our factories to help us identify any potential and existing risks and gaps in our cybersecurity measures. The gap identified from our assessment has been closed, for instance, upgrading all firewalls to the latest stable version and improving USB blocking with new endpoint protection software. To prevent data loss, we follow the 3-2-1 Backup Rule – to keep at least 3 copies of data, to have 2 copies on different storage platforms and 1 copy offsite. We also ensure that all our systems require identity access to keep our information secure.

LKL makes cybersecurity training mandatory for all employees at our operations to ensure they are aware of the imminent existing and potential cybersecurity risks, precautions implemented and our SOP in dealing with such risks. All new hires are also required to be briefed on our IT Policy, procedures and the appropriate use of IT services during their orientation.

COMMUNITY



Ensure healthy lives and promote well-being for all at all ages



Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

LKL believes in giving back to society, in this case, the communities in which we are located, while investing in the future of our next generations. The communities around us form a significant pillar in our growth, especially when many of our employees come from these same communities. As we perform our social responsibilities, we encourage our employees to volunteer for the causes we believe in as they develop their compassion and empathy towards society.

Supporting government, public and private organizations

As part of our corporate responsibility in giving back to society, LKL visited Pusat Jagaan Mahmudah Malaysia which is a home for senior citizen. We donated a total amount of RM4,780.

LKL also visited Badan Kebajikan & Pendidikan Pelajar Miskin Malaysia. In this initiative, LKL contributed a total amount of RM2,990 as donation for the purchase of spectacles for needy students.

Staff of LKL played an active role in the company's successful blood donation drive, which was conducted by the Pusat Darah Negara.

SUSTAINABILITY STATEMENT
(CONT'D)

COMMUNITY (CONT'D)

Supporting government, public and private organizations (Cont'd)

Pusat Jagaan Mahmudah Malaysia



SUSTAINABILITY STATEMENT (CONT'D)

COMMUNITY (CONT'D)

Supporting government, public and private organizations (Cont'd)

Badan Kebajikan & Pendidikan Pelajar Miskin Malaysia



Eye Examination &
Spectacle Distribution Program 2024
7 October 2024



Eye Examination &
Spectacle Distribution Program 2024
7 October 2024

Blood Donation by Pusat Darah Negara



SUSTAINABILITY STATEMENT
(CONT'D)

COMMUNITY (CONT'D)

Supporting government, public and private organizations (Cont'd)

Blood Donation by Pusat Darah Negara



SUSTAINABILITY STATEMENT (CONT'D)

Performance Data Table

Indicator	Measurement Unit	2024
Bursa (Anti-corruption)		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Management	Percentage	100.00
Executive	Percentage	100.00
Non-executive/Technical Staff	Percentage	100.00
General Workers	Percentage	100.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0
Bursa (Community/Society)		
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	7,770.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	2
Bursa (Diversity)		
Bursa C3(a) Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category		
Management Under 30	Percentage	6.67
Management Between 30-50	Percentage	76.66
Management Above 50	Percentage	16.67
Executive Under 30	Percentage	23.81
Executive Between 30-50	Percentage	69.84
Executive Above 50	Percentage	6.35
Non-executive/Technical Staff Under 30	Percentage	36.00
Non-executive/Technical Staff Between 30-50	Percentage	58.00
Non-executive/Technical Staff Above 50	Percentage	6.00
General Workers Under 30	Percentage	37.04
General Workers Between 30-50	Percentage	50.61
General Workers Above 50	Percentage	12.35
Gender Group by Employee Category		
Management Male	Percentage	53.30
Management Female	Percentage	46.70
Executive Male	Percentage	50.80
Executive Female	Percentage	49.20
Non-executive/Technical Staff Male	Percentage	58.00
Non-executive/Technical Staff Female	Percentage	42.00
General Workers Male	Percentage	66.30
General Workers Female	Percentage	3.70
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	87.50
Female	Percentage	12.50
Under 30	Percentage	0.00
Between 30-50	Percentage	62.50
Above 50	Percentage	37.50
Bursa (Energy management)		
Bursa C4(a) Total energy consumption	Megawatt	356,885.00
Bursa (Health and safety)		
Bursa C5(a) Number of work-related fatalities	Number	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.00
Bursa C5(c) Number of employees trained on health and safety standards	Number	110
Bursa (Labour practices and standards)		
Bursa C6(a) Total hours of training by employee category		
Management	Hours	749
Executive	Hours	1,233
Non-executive/Technical Staff	Hours	780
General Workers	Hours	752
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	4.00

SUSTAINABILITY STATEMENT (CONT'D)

Performance Data Table (Cont'd)

Indicator	Measurement Unit	2024
Bursa C6(c) Total number of employee turnover by employee category		
Management	Number	2
Executive	Number	16
Non-executive/Technical Staff	Number	1
General Workers	Number	14
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0
Bursa (Supply chain management)		
Bursa C7(a) Proportion of spending on local suppliers	Percentage	78.00
Bursa (Data privacy and security)		
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0
Bursa (Water)		
Bursa C9(a) Total volume of water used	Megalitres	8.854000

PROFILE OF DIRECTORS

Dato' Haji Mohd Yazid Bin Haji Mustafa

Independent Non-Executive Chairman

Nationality

Malaysian

Gender

Male

Aged

68

Dato' Haji Mohd Yazid Bin Haji Mustafa ("Dato' Haji") was appointed to our Board on 6 June 2023.

Dato' Haji graduated from University of Malaya with Bachelor of Laws in 1982. Prior to his judgeship, Dato' Haji served in various capacities both in courts and the Attorney Generals Chambers such as Sessions Court Judge, Magistrate, Senior Assistant Registrar of High Court, Deputy Public Prosecutor, Senior Federal Counsel, Chairman of the Cooperative Tribunal and Registrar of High Court.

A High Court Judge for more than 15 years, Dato' Haji retired from the Judiciary service in December 2022. Post-retirement, Dato' Haji continues to serve as a court of Appeal judge of the Terengganu Syariah Courts. Dato' Haji

offers broad range of legal services including counsel work, advisory and strategies. Dato Haji has been appointed as an 'Ahli Dewan Pangkuan Diraja Terengganu with effective 31 January 2025.

He attended all four (4) Board meetings held during the financial year ended 31 December 2024.

Dato' Haji presently sits on the Board of Bioalpha Holdings Berhad.

Zulkarnin Bin Ariffin

Executive Director

Nationality

Malaysian

Gender

Male

Aged

52

En. Zulkarnin Bin Ariffin ("En. Zul") was appointed to our Board on 29 March 2021. En Zul holds a Bachelor of Accounting from International Islamic University in 1997. He is a member of the Malaysia Institute of Certified Public Accountants and a member of Malaysia Institute of Accountants.

En. Zul started his career as an Auditor with KPMG PLT in 1997. Subsequently, he joined Malaysia Mining Corporation Berhad as an Assistant Finance Manager in 2000 and continued his career as a Finance Manager with Eastland Equity Berhad (formerly known as Furqan Business Organisation Berhad), a company listed on the Main Market of Bursa Malaysia Securities Berhad. In 2005, he joined Seacera Group Berhad as their Group Financial Controller. He assumed his current position as Group Chief Executive Director of Seacera Group Berhad on 12 July 2019 and resigned from the position on 31 March 2024.

On 23 May 2022, En Zul assumed his position as Group Chief Executive Director of LKL Group. He has been leading the Group's initiative to expand its product portfolio. He also oversees the operations and business activities of the Group.

En. Zul attended all four (4) Board meetings held during the financial year ended 31 December 2024.

En. Zul does not hold any directorship in other public companies and listed issuers but holds directorships in several private limited companies.

PROFILE OF DIRECTORS
(CONT'D)

Lim Pak Hong

Executive Director

Nationality	Gender	Aged
Malaysian	Male	39

Mr. Lim Pak Hong (“Mr. PH Lim”) was appointed to our Board on 5 June 2024.

He has been with the Group since 1 July 2015 as Group General Manager, assisting the former Managing Director in overseeing overall operations, with a particular focus on Research & Development (“R&D”). On 1 June 2020, he was appointed as R&D Director, further strengthening the Group’s innovation and development initiatives.

Mr. 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 in 2013, Mr. 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.

Mr. PH Lim has attended all two (2) Board meetings held during the financial year ended 31 December 2024 since his appointment to the Board on 5 June 2024.

Mr. PH Lim does not hold any directorship in other public companies and listed companies but hold directorships in several private limited companies.

Mr. PH Lim is the brother-in-law of Mr. Lim Ming Chang, the Non-Independent Non-Executive Director of the Company, and also a cousin of Mr. Lee Kah Eang, the Sales Director of the Company.

Lim Ming Chang

Non-Independent Non-Executive Director

Nationality	Gender	Aged
Malaysian	Male	42

Mr. Lim Ming Chang (“Mr. Lim”) was first appointed to our Board as an Executive Director on 16 November 2020 and was subsequently redesignated to the position of Non-Independent Non-Executive Director on 23 May 2022.

Mr. Lim obtained a Diploma in Computing and Information Technology from Asia Pacific Institute of Information Technology in 2002, followed by a Higher Diploma in Software Engineering in 2004. He then graduated from Staffordshire University with a Bachelor of Science in Computing in 2005.

Mr. Lim started his career with LKL Advance Metaltech Sdn Bhd (“LKLAM”) as IT and Sales Executive and was then promoted to General Manager – Operations in 2015. Mr.

Lim has also been appointed as the Quality Management Representative of the Group since 2011. Mr. Lim assumed the role as Chief Executive Officer (“CEO”) of LKLAM on 1 June 2019 and resigned from his position as CEO of LKLAM on 23 May 2022.

Mr. Lim attended all four (4) Board meetings held during the financial year ended 31 December 2024.

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

Mr. Lim is the brother-in-law of Mr. Lim Pak Hong, an Executive Director of the Company.

PROFILE OF DIRECTORS (CONT'D)

Dr. Chan Jee Peng

Independent Non-Executive Director

Nationality

Malaysian

Gender

Male

Aged

44

Dr. Chan Jee Peng ("Dr. Chan") was appointed to our Board on 12 April 2021 and is the Chairman of the Audit and Risk Management Committee as well as a Member of the Remuneration Committee and Nomination Committee.

Dr. Chan holds several distinguished qualifications in accounting and related fields. He is a member of the Malaysian Institute of Accountants and a Fellow Member of the Association of Chartered Certified Accountants. Additionally, he is an Associate Member of both the Chartered Tax Institute of Malaysia and the Institute of Internal Auditors of Malaysia. His expertise extends further with Associate Membership in the Association of Certified Fraud Examiners.

Academically, he has earned a Professional Doctorate from the European International University in Paris, along with a Master's Degree in Accounting from the University of London. He also holds an Honours Degree in Applied Accounting from Oxford Brookes University, rounding out his comprehensive qualifications in finance and accounting.

Dr. Chan has more than 20 years of audit and financial management experience. He started his career with 2 of the Big Four accounting firms and has held a senior financial position in public listed companies. Subsequently, he joined a mid-tier accounting firm and rose to the ranks of an Executive Director and then joined UHY Malaysia as their Audit Partner. He was involved in various audits of public listed companies, multinational companies and local government agencies. He was in charge of several reporting accountant assignments for various corporate exercises of public listed companies including initial public offering, restructuring and due diligence assignment. Currently, he is the Managing Partner of SFAI MALAYSIA PLT which provides assurance, tax and advisory services.

Dr. Chan attended all four (4) Board meetings held during the financial year ended 31 December 2024.

Dr. Chan presently sits on the Board of Komarkcorp Berhad and Fast Energy Holdings Berhad.

Ling Chi Hoong

Independent Non-Executive Director

Nationality

Malaysian

Gender

Male

Aged

41

Mr. Ling Chi Hoong ("Mr. Ling") was appointed our Board on 6 April 2021. He currently serves as the Chairman of the Remuneration Committee and Nomination Committee and is also a Member of the Audit and Risk Management Committee.

Mr. Ling holds a Bachelor of Laws (LL.B.) from the International Islamic University Malaysia, which he obtained in 2007. He is a partner at a Legal 500-ranked law firm, specializing in capital markets and corporate commercial law.

Prior to his current role, Mr. Ling amassed extensive experience in corporate governance and legal advisory. He previously served as Head of Legal & Corporate Affairs

for several publicly listed companies on Bursa Malaysia Securities Berhad ("Bursa Securities") and the Singapore Exchange. Additionally, he held the position of Head of Group Legal at a leading oil and gas conglomerate listed on Bursa Securities. Earlier in his career, he was part of the legal and contracts department of an American Fortune 500 multinational energy company, where he managed Asia-Pacific contracts and compliance matters.

Mr. Ling attended all four (4) Board meetings held during the financial year ended 31 December 2024.

Mr. Ling presently sits on the Board of Vizione Holdings Berhad, Jadi Imaging Holdings Berhad, and Blackstone Trustee Berhad.

PROFILE OF DIRECTORS (CONT'D)

Ng Fun Kim

Independent Non-Executive Director

Nationality

Malaysian

Gender

Male

Aged

59

Mr. Ng Fun Kim ("Mr. Ng") was appointed to our Board on 21 July 2021 and is a member of the Audit and Risk Management Committee, Remuneration Committee and Nomination Committee.

Mr. Ng studied Association of Chartered Certified Accountants at the University of Central England in Birmingham, United Kingdom ("UK"). He is a member of the Malaysian Institute of Accountants.

Mr. Ng started his career in the IT industry as a database programmer in a public listed company in Birmingham, UK. He gained his audit experience from working in audit firms within Malaysia and Singapore. He was also a Financial Controller in Bangkok and Chief Financial Officer for a group of companies that required him to travel to many Asian countries.

Mr. Ng currently owns an Advisory and Consultancy firm. He has done investigations and forensic investigations in Criminal Breach of Trust cases, working closely with Deputy Public Prosecutors and to attend courts as a subject matter expert. He has designed and implemented various internal audits controls for multi-national companies and medium-sized companies.

He has attended all four (4) Board meetings held during the financial year ended 31 December 2024.

Mr. Ng presently sits on the Board of Supergenics Berhad, Parlo Berhad and XL Holdings Berhad.

Tan Su Ning

Independent Non-Executive Director

Nationality

Malaysian

Gender

Female

Aged

33

Ms. Tan Su Ning ("Ms. Tan") was appointed to our Board on 31 May 2023.

Ms. Tan graduated with a LLB (Hons.) degree from University of London (external) and was admitted as an Advocate and Solicitor of the High Court of Malaya in 2018.

Ms. Tan started her legal practice with an established law firm in 2018. Subsequently, she joined Messrs Lim Chong Phang & Amy and Messrs Chong + Kheng Hoe in 2019. Ms. Tan's practice primarily focuses on corporate and commercial disputes including breach of directors' duties,

shareholders' dispute as well as litigation concerning capital market and securities laws. Besides, she also advises public and private corporation on legal and regulatory compliance. She is currently a partner of Messrs Terrence & Co.

She has attended all four (4) Board meetings held during the financial year ended 31 December 2024.

Ms. Tan presently sits on the Board of Jadi Imaging Holdings Berhad, Bioalpha Holdings Berhad, Fast Energy Holdings, and Sersol Berhad.

Notes:-

- 1) Save as disclosed above, none of the Directors have family relationship with other Directors or major shareholders of LKL International Berhad.
- 2) None of the Directors have any conflict of interest or potential conflict of interest, including interest in any competing business with the Company or its subsidiaries except as disclosed in the recurrent related party transactions disclosed in the circular to shareholders dated 30 April 2025.
- 3) None of the Directors have been convicted of any offences within the past five (5) years, or been imposed on any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2024, other than for traffic offences (if any).

PROFILE OF KEY MANAGEMENT TEAM

LEE KAH EARNG

Sales Director

Nationality

Malaysian

Gender

Male

Aged

54

Mr. Lee Kah Earng ("Mr. KE Lee") is our Sales Director. He is responsible for managing sales and marketing and business development activities for the 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 delivery of our products to public hospitals and has being responsible for leading our Group's sales initiatives in private hospitals.

Mr. KE Lee is the cousin of Mr. Lim Pak Hong, an Executive Director of the Company.

SIA PIK SING

Manufacturing Manager

Nationality

Malaysian

Gender

Male

Aged

54

Mr. Sia Pik Sing ("Mr. Sia") is our Manufacturing Manager since 2 November 2015. He is responsible for overall manufacturing operation in LKL Advance Metaltech Sdn. Bhd., a wholly-owned subsidiaries of the Company.

Mr. Sia obtained his Bachelor of Mechanical (Hons) Engineering from University Sains Malaysia (USM) in 1995. Upon graduation, he joined a MNC company as a R&D engineering in-charge of mechanical design of the products. His designation was R&D Division Manager and

is responsible to manage the overall R&D operation of the Company before he joined Erect Engineering Sdn. Bhd. in 2010 as Manufacturing Manager. In 2012, he joined another MNC company as Manufacturing Manager to oversee the manufacturing operation and New Product Introduction (NPI) operation.

Mr. Sia has wide experiences in factory operations and processes, from the R&D stage, NPI until mass production.

Notes:-

- 1) None of the Key Senior Management have any directorship in public companies and listed issuers;
- 2) Save as disclosed above, none of the Key Senior Management have any family relationship with any Director and/or major shareholder of the Company;
- 3) None of the Key Senior Management have any conflict of interest or potential conflict of interest, including interest in any competing business with the Company or its subsidiaries; and
- 4) None of the Key Senior Management have been convicted of any offence (other than traffic offences, if any) within the past five (5) years, or been imposed on any public sanction or penalty by the relevant regulatory bodies during the financial year ended 30 December 2024.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Corporate Governance Overview Statement is augmented with a Corporate Governance Report based on a prescribed format as enumerated in Rule 15.25(2) of the ACE Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") so as to provide a detailed articulation of the application of LKL International Berhad ("LKL" or "the Company") and its subsidiary ("Group") corporate governance practices vis-à-vis the Malaysian Code on Corporate Governance ("MCCG").

The Board of Directors ("Board") of LKL is committed to ensuring that good corporate governance practices are implemented and maintained throughout the Group. This commitment is a fundamental part of discharging its duties to enhance shareholders' values consistent with the principles and recommendations for best practices set out in the MCCG and the Listing Requirements of Bursa Securities.

This Corporate Governance Overview Statement ("Statement") should also be read together with the Company's Corporate Governance Report ("CG Report") for the financial year ended 31 December 2024 ("FYE 2024") which is available on the Company's website at www.lklbeds.com, as well as via an announcement on the website of Bursa Securities at www.bursamalaysia.com.

This Statement gives the shareholders an overview of the corporate governance practices of the Company for the FYE 2024.

This Corporate Governance Overview Statement makes reference to the following three (3) key principles of the MCCG:-

Principle A - Board leadership and effectiveness;

Principle B - Effective audit and risk management; and

Principle C - Integrity in corporate reporting and meaningful relationship with stakeholders.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

PART I – BOARD RESPONSIBILITIES

1.1 Board and Board Committees

The Board is responsible for the overall performance and business affairs of the Group. The Board provides necessary leadership, which includes practising a high level of good governance to ensure the long-term success of the Group and the delivery of sustainable value to its stakeholders.

The Group is led and managed by an effective and experienced Board comprising members with a wide range of experience and qualifications. The Board provides stewardship to the Group's strategic direction and operations and ultimately enhances the shareholders' value.

In order to assist in the discharge of its stewardship role, the Board has established the following Board Committees to assist the Board in the running of its function:-

- a. Audit and Risk Management Committee ("ARMC");
- b. Nomination Committee ("NC"); and
- c. Remuneration Committee ("RC").

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

Apart from the responsibility of the Board Committees, the Executive Directors ("ED") and other Senior Management are also delegated certain authorities to enable them to effectively discharge their responsibilities on the day-to-day operations of the Group.

The Board Charter and TOR of the respective committees are available on the Company's website at www.lklbeds.com.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART I – BOARD RESPONSIBILITIES (CONT'D)

1.2 The Chairman of the Board

The Chairman of the Board, Dato' Haji Mohd Yazid Bin Haji Mustafa, holds an Independent Non-Executive position and he is responsible for leading the Board to ensure its effectiveness and integrity and the entrenchment of good corporate governance practices within the Group.

In adherence to MCCG guidelines, the Chairman of the Board does not sit on any Board Committees ensuring the maintenance of checks and balances as well as the preservation of objectivity.

1.3 The Chairman and ED

In line with good corporate practices, there is a clear distinction between the role of the Chairman of the Board and ED. This is to ensure that there is a balance of power and authority to promote accountability and unfettered powers in decision making.

The Chairman of the Board is primarily responsible for the leadership, effectiveness, conduct and governance of the Board while the ED has overall responsibilities over the business operations and day-to-day management of the Group and implementation of the Board's policies and decisions. The ED is accountable to the Board for the overall organisation, management, and staffing of the Group and the procedures in financial and other matters, including conduct and discipline.

1.4 Qualified and Competent Company Secretaries

The Board is supported by two (2) Company Secretaries who are experienced and qualified to act as Company Secretaries under Section 235(2) of the Companies Act, 2016 and are registered holders of the Practicing Certificate issued by the Companies Commission of Malaysia. All Directors have access to the advice and services of the Company Secretaries.

The Company Secretaries consistently participate in relevant training programs, conferences, or seminars organized by authorities and professional bodies. This ensures they stay updated on corporate governance developments and regulatory changes pertinent to their role, enabling them to provide valuable advisory services to the Board.

The Board acknowledges that the Company Secretaries play an important role and will ensure that the Company Secretaries fulfil the functions for which they have been appointed.

During the FYE 2024, all Board and Board Committees meetings were properly convened, accurate and proper records of the proceedings and resolutions passed were taken and maintained in the statutory records of the Company.

Overall, the Board is satisfied with the performance and support rendered by the Company Secretaries and their team to the Board in the discharge of their duties and functions.

1.5 Meeting of Board and Board Committees

To facilitate the Directors' time planning, an annual meeting calendar is prepared in advance of each new year by the Company Secretaries. The calendar provides the Directors with scheduled dates for meetings of the Board and Board Committees as well as the annual general meeting ("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.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART I – BOARD RESPONSIBILITIES (CONT'D)

1.5 Meeting of Board and Board Committees(Cont'd)

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 to the Chairman of the Board or Board Committee for 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.

For matters which require the Board's decision on an urgent basis outside of Board Meetings, board papers along with Directors' Written Resolution will be circulated for the Board's consideration. All written resolutions approved by the Board will be tabled for notation at the next Board Meeting.

1.6 Board Charter

The Board Charter provides guidance to the Board in the fulfilment of its roles, duties and responsibilities which are in line with the principles of good corporate governance and it is available at the Company's website at www.lklbeds.com.

The Board Charter is subject to periodic review and is 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.

1.7 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 Code of Conduct and Ethics is to be observed by all Directors and employees of the Group and will be reviewed by the Board regularly to ensure that it continues to remain relevant and appropriate.

The Code of Conduct and Ethics requires all Directors, Management and employees of the Group to observe high ethical business standards and apply these values to all aspects of the Group's business and professional practice and act in good faith in the best interests of the Group and its shareholders.

The Code of Conduct and Ethics will be reviewed regularly to ensure the information remains relevant and appropriate.

The Code of Conduct and Ethics is available on the Company's website at www.lklbeds.com.

1.8 Whistleblowing Policy

The Group is committed to the highest standard of integrity, openness and accountability in the conduct of its business and operations. The Group has established the Whistleblowing Policy setting out the appropriate communication and feedback channels to facilitate whistleblowing. The implementation of the Whistleblowing Policy is in line with the Companies Act, 2016 and Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018 ("MACC Act") ("the Acts"), where provisions have been made to protect the officers who make disclosures on breach or non-observance of any requirement or provision of the Acts or on any serious offence involving fraud and dishonesty.

The Board commits to reviewing and updating the Whistleblowing Policy at least once every three (3) years to ensure its effectiveness and alignment with governing legislation and regulatory requirements.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART I – BOARD RESPONSIBILITIES (CONT'D)

1.9 Anti-Bribery and Corruption Policy ("ABC Policy")

To promote a culture of integrity and transparency in all of the Group's activities, the Company has established an ABC Policy in accordance with the MACC Act. This ABC Policy outlines the Company's stance on bribery and corruption and establishes the responsibilities of all individuals working for the Group in observing and upholding this position. The ABC Policy also provides clear anti-bribery and corruption principles that apply to all interactions with the Group's customers, business partners, and other third parties. Furthermore, the ABC Policy offers guidelines for the prevention, management, and remediation of bribery and corruption related risks, ensuring that the Company maintains the highest standards of ethical conduct.

The ABC Policy will be reviewed at least once in every three (3) years and in accordance with the needs of the Company. The ABC Policy is made available on the Company's website at www.lklbeds.com.

1.10 Directors' Fit and Proper Policy

In line with the Rule 15.01A of the Listing Requirements of Bursa Securities. This Policy serves as a guide to the NC and the Board in their review and assessment of potential candidates for appointment to the Board of the Group, as well as retiring Directors seeking re-election at the AGM.

The Directors' Fit and Proper Policy shall be reviewed periodically by the Board and be revised at any time as it may deem necessary to ensure that they remain consistent with the Board's objectives, current law and practices. The Directors' Fit and Proper Policy is available on the Company's website at www.lklbeds.com.

The Board has also adopted the Nomination and Appointment of New Directors Process and Procedures to formalise the process for the nomination and appointment of a new Director to be undertaken by the NC and the Board in discharging their responsibilities in terms of the nomination and appointment of new Directors of the Group.

1.11 Conflict of Interest Policy

The Board has adopted a Conflict of Interest Policy which sets forth guidelines and procedures to identify, disclose, and address conflicts of interest that may arise within the Group. This ensures that any actual, potential and perceived conflicts of interest are effectively managed. This policy is also designed to ensure compliance with the Listing Requirements of Bursa Securities and the provisions under the Companies Act, 2016 as well as to uphold the highest standards of corporate governance and transparency.

The Board will review the Conflict of Interest Policy from time to time and make any necessary amendments to ensure it remains consistent with the Board's objectives, current law, and practices.

1.12 Sustainability Governance

The Board emphasizes the importance of sustainable business practices in creating long-term value, recognising that responsible business conduct is fundamental to achieving operational excellence.

Structural oversight of sustainability, including strategies, priorities, and targets, rests with the Board, while Management is entrusted with operational execution concerning Environmental, Social, and Governance (ESG) factors as integral components of the Group's corporate strategy.

As fiduciary to the Company's shareholders, the Board prioritises upholding exemplary corporate governance practices, marked by a dedication to ethics, integrity, and corporate responsibility. Additionally, the Board ensures that both internal and external stakeholders are well-informed about the Company's sustainability strategies, priorities, targets, and overall performance, as detailed in the Sustainability Statement in this Annual Report.

The Board also incorporated the assessment of the Board's understanding of sustainability issues in the annual performance evaluation that are critical to the Company's performance.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART II – COMPOSITION OF THE BOARD

2.1 Board Composition

The Board currently comprises eight (8) members and the composition of the current Board is set out in the table below:-

No.	Name	Designation
1.	Dato' Haji Mohd Yazid Bin Haji Mustafa	Independent Non-Executive Chairman
2.	Lim Pak Hong ⁽¹⁾	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

Note:

⁽¹⁾ Mr. Lim Pak Hong was appointed as an ED of the Company on 5 June 2024.

This current Board composition complies with Rule 15.02 of the Listing Requirements of Bursa Securities, which requires that at least two (2) Directors or one-third (1/3) of the Board, whichever is the higher, are Independent Directors.

The Board composition is also in line with Practice 5.2 of the MCCG of having at least half of the Board comprising Independent Non-Executive Directors. This composition is able to provide independent and objective judgement as well as provide an effective check and balance to safeguard the interest of the minority shareholders and other stakeholders, and ensure high standards of conduct and integrity are maintained.

The Board members have diverse backgrounds and experiences in various fields. Collectively, they bring a wide range of skills, experience and knowledge to manage the Group's business. The profiles of these Directors are provided in this Annual Report.

2.2 Tenure of Independent Directors

The Board acknowledges the recommendation by the MCCG that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. 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. Furthermore, the Board recognises that as per the Listing Requirements of Bursa Securities, the tenure of an Independent Director should not exceed a cumulative term of twelve (12) years.

The Board has not adopted a policy that limits the tenure of its Independent Directors to nine (9) years, being a step-up practice. Notwithstanding that, the assessment of the independence of Independent Directors will be conducted annually via the Annual Evaluation of Independence of Directors to ensure that they are independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement or the ability to act in the best interests of the Company.

During the FYE 2024, none of the Directors has served the Board as an Independent Director of the Company for a cumulative term of more than nine (9) years.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART II – COMPOSITION OF THE BOARD (CONT'D)

2.3 Appointment of Board and Senior Management

The Board acknowledges the importance of diversity in terms of skills, experience, age, gender, cultural background and ethnicity and recognises the benefits of diversity at the Board and Senior Management levels.

The NC is responsible for leading the process for the nomination of a new candidate for appointment and making the necessary recommendations.

In line with the best practices of the MCCG and the increasing attention on boardroom diversity as an important element of a well-functioning corporation, the Board shall, through the NC, accord due consideration to inculcate diversity policy in the boardroom and workplace which encapsulates not only gender but also age and ethnicity.

2.4 Board Diversity and Senior Management Team

The Board is supportive of the diversity of the Board and Senior Management Team. The Group strictly adheres to the practice of non-discrimination of any form, whether based on race, age, religion and gender throughout the organisation, including the selection of Board members and Senior Management. The Board encourages a dynamic and diverse composition by nurturing suitable and potential candidates equipped with competency, skills, experience, character, time commitment, integrity and other qualities in meeting the future needs of the Group.

Where and when appropriate, the Board, through the NC, will prioritise the female representation when suitable candidates are identified. However, the appointment of a new Board member will not be guided solely by gender but will also take into account the skillsets, experience and knowledge of the candidate. The Company's prime responsibility in new appointments is always to select the best candidates available. Hence, the normal selection criteria based on an effective blend of competencies, skills, extensive experience and knowledge to strengthen the Board remains a priority.

A Gender Diversity Policy was adopted to provide a framework for the Company to improve its gender diversity at the Board and Senior Management level and the same is available on the Company's website at www.lklbeds.com.

Currently, there is a female Director on the Board, namely Ms. Tan Su Ning.

2.5 Board Committees

The Board Committees are set up to manage specific tasks for which the Board is responsible within a defined TOR. This ensures that the Board members can spend their time more efficiently while the Board Committees are entrusted with the authority to examine particular issues.

The Board has established three (3) Board Committees and the membership of each committee is set out in the table below:-

Composition	ARMC	NC	RC
Dr. Chan Jee Peng (Independent Non-Executive Director)	Chairman	Member	Member
Ling Chi Hoong (Independent Non-Executive Director)	Member	Chairman	Chairman
Ng Fun Kim (Independent Non-Executive Director)	Member	Member	Member

The TOR of the respective Board Committees are available on the Company's website at www.lklbeds.com.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART II – COMPOSITION OF THE BOARD (CONT'D)

2.6 NC

The NC is chaired by Mr. Ling Chi Hoong, an Independent Non-Executive Director of the Company.

The NC is responsible for identifying and recommending suitable candidates for Board membership and also for assessing the performance of the Directors on an ongoing basis. The Board will have the ultimate responsibility and final decision on the appointment of the Directors. This process shall ensure that the Board membership accurately reflects the long-term strategic direction and needs of the Company and determine a skills matrix to support the strategic direction and needs of the Company.

The NC has written TOR dealing with its authority and duties which include the selection and assessment of Directors. The TOR of the NC had incorporated the relevant practices recommended under the MCCG. The TOR of the NC is available on the Company's website at www.lklbeds.com.

The activities undertaken by the NC during the FYE 2024 were as follows:-

- a. Evaluated the balance of skills, knowledge and experience of the Board. Carried out the assessment and rating of each Director's performances against the criteria as set out in the annual assessment form. The performance of Non-Executive Directors was also carefully considered, including whether he/she could devote sufficient time to the role.
- b. Undertaken an effectiveness evaluation exercise of the Board and its Committees as a whole to assess its effectiveness.
- c. Reviewed and assessed the independence of the Independent Directors of the Company.
- d. Reviewed and assessed the performance of the ARMC.
- e. Reviewed and recommended to the Board for consideration, the re-election of the Directors who were due to retire at the last AGM.

2.7 Board Appointment and Re-appointment Process

The NC is tasked by the Board to make independent recommendations for appointments to the Board. In evaluating the suitability of candidates, the NC considers, inter-alia, the character, experience, integrity, commitment, competency, qualification and track record of the proposed new nominee for appointment to the Board. In the case of a nominee for the position of Independent Non-Executive Director, NC evaluates the nominee's ability to discharge such responsibilities/functions as expected from Independent Non-Executive Directors. The Board has in the review of the skills of Directors, including information technology, legal, public relations and experience in the retailing industry as the matrix of skills of Directors that would be prioritised when selecting candidates for appointment to the Board.

In accordance with the Listing Requirements of Bursa Securities and the Company's Constitution, one-third (1/3) of the Directors of the Company for the time being shall retire at the AGM of the Company provided always that all Directors, shall retire from office at least once in every three (3) years but shall be eligible for re-election at the AGM. Additionally, the Directors appointed to fill a casual vacancy or as an addition to the Board shall hold office only until the conclusion of the next AGM and shall be eligible for re-election.

In assessing the candidates' eligibility for re-election, the NC considers their competencies, commitment, contribution, performance based on their respective performance evaluation to the Board and their ability to act in the best interest of the Company.

The Board makes recommendations concerning the re-election, re-appointment and the continuation in office of any Director for shareholders' approval at the AGM.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART II – COMPOSITION OF THE BOARD (CONT'D)

2.8 Annual Assessment of Effectiveness of the Board and Board Committees as a whole

The Board has, through the NC, undertaken a formal assessment to assess the effectiveness of the Board and Board Committees as a whole and the contribution of each individual Director, including the independence of the Independent Non-Executive Directors, referring to the guides available and the good corporate governance compliance.

In evaluating the performance of Non-Executive Directors, the assessment comprises, amongst others, the attendance at Board or Committee meetings, adequate preparation for Board and/or Board Committees' meetings, regular contribution to Board or Board Committees' meetings, personal input to the role and other contributions to the Board or Board Committees as a whole.

In evaluating the performance of ED, the assessment was carried out against diverse key performance indicators including amongst others, financial, strategic and sustainability, conformance and compliance, business acumen or increase shareholders' wealth, succession planning and personal input to the role.

2.9 Attendance of Board and Board Committees' Meetings

The Board meets at least once every quarter on a scheduled basis and additional meetings are to be convened as and when deemed necessary by the Board. All the Directors fulfilled the requirements of the Listing Requirements of Bursa Securities of having attended at least 50% of the Board meetings held by the Company for the FYE 2024.

The attendance records of each Board member at the Board and Board Committees meetings held during the FYE 2024 are as follows:-

Meeting Attendance	Board	ARMC	NC	RC
Dato' Haji Mohd Yazid Bin Haji Mustafa (Independent Non-Executive Chairman)	4/4	N/A	N/A	N/A
Lim Pak Hong ⁽¹⁾ (ED)	2/2	N/A	N/A	N/A
Zulkarnin Bin Ariffin (ED)	4/4	N/A	N/A	N/A
Dr. Chan Jee Peng (Independent Non-Executive Director)	4/4	4/4	1/1	1/1
Ling Chi Hoong (Independent Non-Executive Director)	4/4	4/4	1/1	1/1
Ng Fun Kim (Independent Non-Executive Director)	4/4	4/4	1/1	1/1
Tan Su Ning (Independent Non-Executive Director)	4/4	N/A	N/A	N/A
Lim Ming Chang (Non-Independent Non-Executive Director)	4/4	N/A	N/A	N/A
Datuk Chong Loong Men ⁽²⁾ (ED)	1/1	N/A	N/A	N/A

Notes:

(1) Mr. Lim Pak Hong was appointed as an ED of the Company on 5 June 2024.

(2) Datuk Chong Loong Men resigned as an ED of the Company on 10 May 2024.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART II – COMPOSITION OF THE BOARD (CONT'D)

2.10 Directors' Training

The Directors are encouraged to attend relevant seminars and training programmes to equip themselves with the knowledge to effectively discharge their duties as Directors. The Board will assess the training needs of the Directors and ensure Directors have access to a continuing education programme to keep abreast of changes in both the regulatory and business environments as well as with new developments within the industry in which the Group operates.

The training programmes, seminars and/or conferences attended by the Directors during the FYE 2024 are as follows:-

Name of Directors	Trainings/Seminars attended
Dato' Haji Mohd Yazid Bin Haji Mustafa	• Briefing on the Companies (Amendment) Act 2024: Guidelines for the Reporting Framework for Beneficial Ownership 2024
Lim Pak Hong	• Briefing on the Companies (Amendment) Act 2024: Guidelines for the Reporting Framework for Beneficial Ownership 2024
Zulkarnin Bin Ariffin	• Briefing on the Companies (Amendment) Act 2024: Guidelines for the Reporting Framework for Beneficial Ownership 2024
Dr. Chan Jee Peng	• Mandatory Accreditation Programme Part II: Leading for Impact (LIP) • Briefing on the Companies (Amendment) Act 2024: Guidelines for the Reporting Framework for Beneficial Ownership 2024
Ling Chi Hoong	• Briefing on the Companies (Amendment) Act 2024: Guidelines for the Reporting Framework for Beneficial Ownership 2024
Ng Fun Kim	• Mandatory Accreditation Programme Part II: Leading for Impact (LIP) • Briefing on the Companies (Amendment) Act 2024: Guidelines for the Reporting Framework for Beneficial Ownership 2024
Lim Ming Chang	• Mandatory Accreditation Programme Part II: Leading for Impact (LIP) • Briefing on the Companies (Amendment) Act 2024: Guidelines for the Reporting Framework for Beneficial Ownership 2024
Tan Su Ning	• Mandatory Accreditation Programme Part II: Leading for Impact (LIP) • Briefing on the Companies (Amendment) Act 2024: Guidelines for the Reporting Framework for Beneficial Ownership 2024

The Board would continuously, evaluate and assess the training needs of each Director to keep them abreast of the state of the economy, technological advances, regulatory updates, management strategies and development in various aspects of the business environment to enhance the Board's skills and knowledge in discharging its responsibilities.

PART III – REMUNERATION

3.1 Remuneration Policy

The Board had through the RC, established formal and transparent remuneration policies and procedures which set out the principles and guidelines for the Board and RC to determine the remuneration of Directors and/or Senior Management of the Company, which take into account the demands, complexities and performance of the Company as well as skills and experience required.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART III – REMUNERATION (CONT'D)

3.1 Remuneration Policy

Non-Executive Directors will be paid a basic fee as ordinary remuneration and will be paid a sum based on their responsibilities in committees and the Board, their attendance and/or special skills and expertise they bring to the Board. The fee shall be fixed in sum and not by a commission on or percentage of profits or turnover.

Each Director shall abstain from the deliberation and voting on matters pertaining to their own remuneration.

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

3.2 Remuneration of Directors

The remuneration payable to each of the individual Director of the Company and of the Group for the FYE 2024 are as follows:-

The Company

Name of Directors	RM'000						Total
	Fees	Allowance	Salary	Bonus	Benefits-in Kind	Other emoluments [#]	
Datuk Chong Loong Men (Resigned on 10 May 2024)	–	–	42.90	20.00	–	8.02	70.93
Zulkarnin Bin Ariffin	–	–	120.00	30.00	–	19.22	169.22
Dr. Chan Jee Peng	60.00	1.20	–	–	–	–	61.20
Ling Chi Hoong	48.00	1.20	–	–	–	–	49.20
Ng Fun Kim	48.00	1.20	–	–	–	–	49.20
Lim Ming Chang	120.00	2.00	–	–	–	–	122.00
Dato' Haji Mohd Yazid Bin Haji Mustafa	120.00	1.20	–	–	–	–	121.20
Tan Su Ning	36.00	1.20	–	–	–	–	37.20
Lim Pak Hong (Appointed on 5 June 2024)	–	–	34.33	–	–	5.13	39.46
TOTAL	432.00	8.00	197.24	50.00	–	32.37	719.61

Note:-

[#] Other emoluments include the Employees Provident Fund (EPF), Social Security Organisation (SOCSO) and Employment Insurance System (EIS).

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART III – REMUNERATION (CONT'D)

3.2 Remuneration of Directors

The Group

Name of Directors	RM'000						Total
	Fees	Allowance	Salary	Bonus	Benefits-in Kind	Other emoluments [#]	
Datuk Chong Loong Men (Resigned on 10 May 2024)	–	–	175.90	60.00	–	29.27	265.17
Zulkarnin Bin Ariffin	180.00	–	540.00	90.00	104.88	78.03	992.91
Dr. Chan Jee Peng	60.00	1.20	–	–	–	–	61.20
Ling Chi Hoong	48.00	1.20	–	–	–	–	49.20
Ng Fun Kim	48.00	1.20	–	–	–	–	49.20
Lim Ming Chang	120.00	2.00	–	–	–	–	122.00
Dato' Haji Mohd Yazid Bin Haji Mustafa	120.00	1.20	–	–	–	–	121.20
Tan Su Ning	36.00	1.20	–	–	–	–	37.20
Lim Pak Hong (Appointed on 5 June 2024)	–	48.00	633.32	35.36	–	88.23	804.91
TOTAL	612.00	56.00	1,349.22	185.36	104.88	195.53	2,503.00

Note:-

Other emoluments include the Employees Provident Fund (EPF), Social Security Organisation (SOCSO) and Employment Insurance System (EIS).

3.3 Remuneration of Senior Management

The remuneration of the Key Senior Management of the Group for the FYE 2024 is as follows:-

Remuneration Band	Number of Senior Management
RM200,001 to RM250,000	1
RM250,001 to RM300,000	1

Due to the confidentiality and sensitivity of the remuneration packages of Key Senior Management as well as security concerns, the Board opts not to disclose the Key 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 remuneration of Key Senior Management on a named basis would be not in the best interest of the Company given the competitive human resources environment that may give rise to recruitment and talent retention issues. The Board is of the opinion that the disclosure of Key Senior Management's aggregated remuneration on an unnamed basis in the bands of RM50,000 is adequate.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT

PART I – AUDIT AND RISK MANAGEMENT COMMITTEE

4.1 Effective and Independent ARMC

The ARMC is relied upon by the Board to, amongst others, provide advice and oversee in the areas of financial reporting, external audit, internal control environment and internal audit processes, review of related party transactions as well as conflict of interest situations.

The ARMC is chaired by Dr. Chan Jee Peng, an Independent Non-Executive Director who is distinct from the Chairman of the Board. The 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 ARMC comprises three (3) members. The composition of the ARMC complies with Rules 15.09 and 15.10 of the Listing Requirements of Bursa Securities and the recommendation of MCCG whereby all three (3) AC members are Independent Non-Executive Directors. None of them has appointed alternate directors.

The TOR of ARMC had been updated to reflect the change of the cooling off period from at least two (2) to at least three (3) years before a former audit partner is appointed as a member of the ARMC and the same is accessible on the Company's website at www.lklbeds.com.

None of the members of ARMC were former key audit partners and to uphold utmost independence, the Board has no intention to appoint any former key audit partner as a member of the ARMC.

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 TOR.

4.2 External Auditors

The Board has also established the External Auditors Assessment Policy together with the Annual Performance Evaluation Form. The said policy aims to outline the guidelines and procedures for ARMC to review, assess and monitor the performance, suitability and independence of the External Auditors. The factors considered by the ARMC in its assessment include the adequacy of professionalism and experience of the staff, the resources of the External Auditors, fees, independence, and the level of non-audit services rendered to the Group.

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.

In addition, during the ARMC Meetings, the members were also briefed by the External Auditors on the following:-

- (a) Financial Reporting developments;
- (b) Adoption of Malaysian Financial Reporting Standards; and
- (c) Other changes in the regulatory environment.

The ARMC is satisfied with the performance, suitability and independence of the External Auditors of the Company, Morison LC PLT. Having assessed their performance, the ARMC is satisfied with the competence and independence of the External Auditors and has recommended to the Board, the re-appointment of the External Auditors upon which the shareholders' approval will be sought at the forthcoming AGM of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

PART II – RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONT'D)

5.1 Risk Management and Internal Control Framework

The Board has put 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 acknowledges its overall responsibilities in establishing a sound risk management framework and internal control system within the Group. The risk management framework and internal control system are designed to manage the Group's risks within an acceptable risk appetite, rather than eliminate the risk of failure to achieve the policies, goals and objectives of the Group. It provides reasonable assurance against material misstatement of financial information and records or against financial losses or fraud.

Details of the Group's risk management and internal control framework are disclosed in the Statement on Risk Management and Internal Control in this Annual Report.

5.2 Internal Audit Function

The Group's internal audit function is outsourced to an independent professional firm namely Talent League Sdn. Bhd. ("Talent League" or "Internal Auditors") to assist the ARMC in managing the risks and establishing the internal control system and processes of the Group by providing an independent assessment of the adequacy, efficiency and effectiveness of the Group's risk management and internal control system and processes. Talent League reports directly to the ARMC during the ARMC Meeting on a half yearly basis.

The Internal Auditors are free from any relationship or conflict of interest, which could impair their objectivity and independence.

The ARMC had obtained assurance from the Internal Auditors confirming that they are, and have been, independent throughout the conduct of the internal audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

The internal audit functions and activities carried out during the FYE 2024 are as disclosed in the ARMC Report in this Annual Report.

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

PART I – COMMUNICATION WITH STAKEHOLDERS

6.1 Continuous Communication with Stakeholders

The Company recognises the need for stakeholders and the wider investment community to ensure that they are kept informed of all material business matters affecting the Group. This is done through the timely dissemination of information on the Group's performance and major developments.

To ensure the effective dissemination of information to the shareholders and stakeholders, the Group makes necessary announcements on the Group's affairs and development in accordance with the Listing Requirements of Bursa Securities through the website of Bursa Securities. In addition, the Company also maintains a corporate website at www.lklbeds.com where pertinent information on the Group can be easily accessible by the shareholders and stakeholders in matters as follows:-

- Quarterly interim financial reports on the Group's operations and business development
- Annual audited financial statements and reports on the Group's governance, affairs, financial performance, and cash flows
- Corporate announcements to Bursa Securities on material developments
- Access to the Company's corporate information, such as the Board Charter, TOR for Board Committees, and Whistle Blowing Policy.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

PART I – COMMUNICATION WITH STAKEHOLDERS (CONT'D)

6.2 Corporate Disclosure Policy

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

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

PART II – CONDUCT OF GENERAL MEETING

7.1 Conduct of General Meetings

The AGM remains the principal forum for dialogue with shareholders where they may seek clarifications on the Company's business and reports.

In line with Practice 13.1 of MCGG, the notice convening the Ninth AGM ("9th AGM") was issued to shareholders at least 28 days before the 9th AGM date, which gives shareholders sufficient time to prepare themselves to attend the 9th AGM or to appoint a proxy to attend and vote on their behalf.

Members of the Board and Key Senior Management of the Company as well as the External Auditors of the Company are available to respond to shareholders' questions during the meetings. During the proceedings of the 9th AGM convened on 30 May 2024, the Chairman of the meeting ensured that the shareholders are allowed to comment or raise issues and questions pertaining to issues on the agenda, in the annual report, Group's strategy and business developments. All questions raised by the shareholders were answered and addressed accordingly.

The 9th AGM of the Company was held on a fully virtual basis and entirely via remote participation and voting. The detailed procedures to participate in the meeting remotely were provided to the shareholders in the Administrative Guide prior to the 9th AGM. This has allowed shareholders to participate online, using a smartphone, tablet or computer as well as view live webcast of the meeting.

All resolutions set out in the Notice of the 9th AGM were put to vote by poll and the votes cast were validated by an independent scrutineer appointed by the Company. The outcome of all resolutions proposed at the general meetings is announced to Bursa Securities at the end of the meeting day.

7.2 Effective Communication and Proactive Engagement

The attendance of all Directors at the 9th AGM ensured their accountability to the shareholders for their stewardship of the Company. The Chairman and Board Committee members were also present to address any queries raised by shareholders during the meeting. The External Auditors were invited to assist the Board in responding to relevant queries from shareholders. The Chairman facilitated the proceedings by inviting shareholders to raise questions on the audited financial statements and other agenda items, and all questions were addressed satisfactorily.

Shareholders were encouraged to post their questions to the Board using question & answer panel throughout the 9th AGM. The Company facilitates and encourages shareholder participation at its 9th AGM. This meeting provides an update for shareholders on its performance and offers an opportunity for shareholders to ask questions and vote.

The Board had ensured that a reasonable time is provided to the shareholders for discussion at the 9th AGM before each resolution is proposed. The summary of the key matters discussed at the 9th AGM was also available on the Company's website at www.lklbeds.com for the shareholders' information.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

STATEMENT BY THE BOARD ON CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board has deliberated, reviewed and approved this Corporate Governance Overview 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 Listing Requirements of Bursa Securities on corporate governance and all applicable laws and regulations throughout the FYE 2024, except for the departures set out in the CG Report.

The Board is committed to ongoing improvement and transparency in its corporate governance practices and will continue to regularly review and enhance its policies and procedures to ensure that the Company operates with the highest level of accountability, transparency, and integrity.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

1. INTRODUCTION

Pursuant to Rule 15.15 of the ACE Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Board of Directors of LKL International Berhad ("the Board") is pleased to present the Audit and Risk Management Committee Report which lays out the activities held for the financial year ended 31 December 2024 ("FYE 2024").

2. OBJECTIVES

The Audit and Risk Management Committee ("ARMC" or "the Committee") was established with the primary objective of assisting the Board in fulfilling its statutory duties and responsibilities in relation to corporate governance, internal control systems, management and financial reporting practices of the Company and its subsidiaries ("the Group") and to ensure proper disclosure to the shareholders of the Company.

3. COMPOSITION OF ARMC

The ARMC comprises the following members, all of whom are Independent Non-Executive Directors:-

Name of Committee members	Designation
Dr. Chan Jee Peng	Chairman, Independent Non-Executive Director
Ling Chi Hoong	Member, Independent Non-Executive Director
Ng Fun Kim	Member, Independent Non-Executive Director

The composition of the ARMC complies with the requirements of Rule 15.09 of the Listing Requirements of Bursa Securities as well as Practice 9.1 and Practice 9.4 of the Malaysian Code on Corporate Governance, where all members of the ARMC fulfil the requirements as prescribed.

The Chairman of the ARMC, Dr. Chan Jee Peng is a member of the Malaysian Institute of Accountants and a Chartered Accountant. In this respect, the composition of the ARMC complies with Rules 15.09 and 15.10 of the Listing Requirements of Bursa Securities.

4. TERMS OF REFERENCE

The Terms of Reference of the ARMC which sets out its duties and responsibilities are accessible via the Company's website at www.lklbeds.com.

5. ATTENDANCE OF MEETINGS

The Committee convened four (4) meetings during the financial year under review. The attendance of the Committee members are set out as follows:

Name of Committee members	Meeting Attendance
Dr. Chan Jee Peng	4/4
Ling Chi Hoong	4/4
Ng Fun Kim	4/4

The presence of the External Auditors, Internal Auditors and/or officers of the Company at the ARMC meetings, if required, will be requested by the Committee. They attended the ARMC meetings by invitation to provide clarification on audit issues, the Group operations and any other matters of interests.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

6. SUMMARY OF ACTIVITIES OF THE ARMC FOR THE FYE 2024

The Committee had carried out the following activities for the FYE 2024 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. The 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 2024 presented by the External Auditors to ensure the scope of the external audit is comprehensive;
- iii. Reviewed the Audit Review Memorandum in respect of the Audited Financial Statements for the financial year ended 31 December 2023;
- iv. 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;
- v. Reviewed and discussed with the External Auditors, the applicability and the impact of the new accounting standards and new financial reporting regime issued by the Malaysian Accounting Standards Board;
- vi. Reviewed the external audit reports and assessed the auditor's findings and Management's responses thereto in respect of the audit for the FYE 2024;
- vii. Reviewed the suitability, objectivity and independence of the current External Auditors, namely Morison LC PLT, in order to recommend their appointment to the Board following the retirement of Messrs. UHY as External Auditors at the conclusion of the 9th AGM held on 30 May 2024.
- viii. 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's responses thereon, and ensure that appropriate actions were taken in addressing the issues reported by the Internal Auditors;
- ix. Reviewed the significant risk identified by the Risk Management Team on yearly basis and relevant measures and efforts undertake to mitigate the risks;
- x. 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;
- xi. Reviewed the conflict of interest questionnaires submitted by the Group's Directors and key members of senior management. Based on this review, no significant conflicts of interest were identified that would necessitate further examination and implementation of specific mitigation measures. The only exceptions were related party transactions that had been duly disclosed and entered into with the Group, which are being managed in accordance with the established governance and approval processes;
- xii. Reviewed the Sustainability Framework and Policy and recommended them to the Board for adoption;
- xiii. Held one (1) private session with the External Auditors without the presence of the Executive Directors and Management, to review key issues within their sphere of coverage and responsibilities in regards to the audit of the financial statements of the Group for financial year 2024. It was noted that the Committee had confirmed that they did not have any knowledge of fraud within the Group;
- xiv. 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 this Annual Report;

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

6. SUMMARY OF ACTIVITIES OF THE ARMC FOR THE FYE 2024 (CONT'D)

The Committee had carried out the following activities for the FYE 2024 in discharging their duties and responsibilities: (Cont'd)

- xv. Reviewed the Circular to Shareholders in relation to the Proposed Renewal of Existing Shareholders' Mandate and the Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature dated 30 April 2024;
- xvi. Self-appraised the performance of the ARMC for the FYE 2024 and submitted the evaluation form to the Nomination Committee for assessment;
- xvii. Reviewed the annual performance evaluation forms of the Internal and External Auditors;
- xviii. Reviewed the verification of the options granted under the Share Issuance Scheme of the Company for the FYE 2024; and
- xix. Reviewed and confirmed the minutes of the ARMC meetings.

7. INTERNAL AUDIT FUNCTION

The Group has appointed an outsourced internal audit service provide, Talent League Sdn. Bhd. ("Talent League" or "Internal Auditors") to carry out the Internal Audit Function. Talent League is independent of the activities and operations of the Group. It reports directly to the ARMC.

The internal audit function has undertaken independent and systematic audit reviews in accordance with the 3-year internal audit plan approved by the Board on 22 February 2022. The audit plan covers key functional areas and business activities of the Group emphasising best practices and encompassing all business risks with core focus as well as provide reasonable assurance that the following aspects continue to operate satisfactorily and effectively:

- Adherence with established policies and standard operating procedures;
- Compliance with relevant legal and regulatory requirements;
- Reliability and integrity of information; and
- Safeguarding of assets.

During the FYE 2024, the summary of works undertaken by the Internal Auditors comprised the following:-

- (a) Reviewed compliance with policies, procedures and standards, relevant external rules and regulations;
- (b) Assessed the adequacy and effectiveness of the Group's system of internal control and recommended appropriate actions to be taken where necessary;
- (c) The internal audits performed met the objective of highlighting to the ARMC the outstanding audit issues which required corrective actions to be taken to ensure an adequate and effective internal control system within the Group, as well as any weaknesses in the Group's internal control system;
- (d) Ensured that those weaknesses were appropriately addressed and that recommendations from the internal audit reports and corrective actions on reported weaknesses were taken appropriately within the required timeframe by the Management; and
- (e) Presentation of audit findings and corrective actions to be taken by Management in the ARMC Meetings.

During the FYE 2024, the Internal Auditors had conducted reviews on the adequacy and effectiveness of the internal control system on Management Information System and Human Resource Management of the Group.

The cost incurred on the outsourced internal audit function of the Group for the FYE 2024 amounted to RM21,000.

The ARMC is of the opinion that the internal audit function is independent and the Internal Auditors have performed their audit assignments with impartiality, proficiency and due professional care.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors ("the Board") of LKL International Berhad ("the Company") is pleased to provide the Statement on Risk Management and Internal Control ("Statement") of the Company and its subsidiaries ("the Group") for financial year ended 31 December 2024 ("FYE 2024") which outlines the nature and scope of risk management and internal control systems of the Group. This Statement has been prepared in accordance with Rule 15.26(b) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"), along with the guidelines stipulated in the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers and Malaysian Code on Corporate Governance.

BOARD RESPONSIBILITY

The Board acknowledges its overall responsibility for maintaining the Group's risk management and internal control system to safeguard the interests of shareholders, customers, regulators, and employees, as well as to protect the Group's assets. Furthermore, the Board recognises its responsibility for regularly reviewing the effectiveness and integrity of these system.

The risk management and internal control system encompasses various areas, including financial, operational, environmental and compliance controls. The Board acknowledges the importance of internal audits in establishing and sustaining a sound internal control system. However, due to the inherent limitations of the internal control system, it can only offer reasonable, but not absolute assurance against material misstatement of financial information, loss, or fraud. Despite these limitations, the Board regularly receives and reviews reports on internal control, and is of the view that the internal control system is sufficient to protect 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 exercise 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 that the benefits outweigh the costs of operating the controls.

RISK MANAGEMENT

The Board acknowledges that Management is continuously engaged in identifying, evaluating, monitoring, assessing, reporting, and managing significant risks to achieve the Group's objectives for the financial year under review. The Group has established a risk management framework designed to control and manage risks within an acceptable risk appetite rather than eliminating all risks inherent to the Group's activities.

The ARMC, comprising all Independent Non-Executive Directors, is responsible for discharging 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 and control framework, review the risk registry, monitor ongoing risk management implementation and assess effectiveness of the risk management framework.

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

The Board is of the opinion that it is Management's role to implement the Board's policies and guidelines on risks and controls, evaluate the risks faced by the Group, and maintain an appropriate system of internal controls to manage such risks. Management is responsible for fostering a risk-aware culture and creating the necessary environment for risk management.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

INTERNAL AUDIT FUNCTION

The Board outsourced its internal audit function to an independent professional firm, namely Talent League Sdn. Bhd. ("Talent League") to assist the Board and ARMC by conducting independent assessment of the adequacy and operating effectiveness of the Group's internal control system.

Talent League serves as the Internal Auditors and directly reports to the ARMC during the ARMC Meeting on a half yearly basis. Talent League is free from any relationships or conflicts of interest, which could impair their objectivity and independence in performing the internal audit function. Talent League does not have any direct operational responsibility or authority over any of the activities audited.

Talent League uses the International Professional Practices Framework 2024 – Global Internal Audit Standards, as adopted and recommended by the Institute of Internal Auditors Malaysia, as the basis for evaluating the effectiveness of the internal control system with reference to the International Professional Practices Framework during the course of the assignments.

Based on the internal audit reviews, observations were presented by Talent League, along with Management's response and proposed action plans, to the ARMC for review during the ARMC Meeting. The internal audit fee incurred for the outsourced internal audit function in respect of the financial year under review amounted to RM21,000.

For the FYE 2024, the following subsidiaries of the Group were audited and reported by Talent League:-

Audit Period	Reporting Month	Name of Entity Audited	Audited Areas
1 st Half of the year 2024 (Jan 2024 – Jun 2024)	Aug 2024	The Group	Internal Audit Review • Management Information System Follow up actions on previously reported audited findings: • Internal Audit Reported in August 2022 • Internal Audit Reported in August 2023 • Internal Audit Reported in Feb 2024
2nd Half of the year 2024 (Jul 2024 – Dec 2024)	Feb 2025	The Group	Internal Audit Review: • Human Resource Management Follow up actions on previously reported audited findings: • Internal Audit Reported in August 2023 • Internal Audit Reported in Feb 2024 • Internal Audit Reported in August 2024

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 2024, and up to the date of this Statement:-

- Organisational Structure**
The Group has established a clear and well-defined organisational structure that is tailored to its specific business and operational needs. The structure includes clearly defined lines of accountability, delegation of responsibilities, and levels of authorisation for all aspects of the Group's operations. This structure has been communicated effectively throughout the Group to ensure that all employees understand their roles and responsibilities within the organisation. The Group also periodically reviews its organisational structure to ensure its continued effectiveness and alignment with business objectives.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

KEY ELEMENTS OF INTERNAL CONTROL (CONT'D)

- **Limits of Authority**
The Group has implemented authority charts to establish a clear framework of responsibility for approving sales orders, purchases, expenses, and capital expenditures.
- **The Board and ARMC**
The Board and ARMC convene meetings at least four times per financial year, during which comprehensive information on financial and operational performance is presented to facilitate effective decision-making and monitoring.
- **Monitoring and Review**
Management accounts containing key financial results and operational performance are prepared and presented to management team for monitoring and review on monthly basis. The quarterly financial statements are presented to the Board for their review, consideration and approval.
- **Regular Management Meetings**
The management meetings are conducted on a regular basis, with attendance from the Executive Directors and Heads of the Business Units to discuss operational performance and address operational matters.
- **Information and Communication**
Clear reporting lines are established throughout the Group to facilitate effective communication of critical information necessary for the achievement of the Group's business objectives. This ensures that matters requiring Senior Management's attention are promptly highlighted for review, deliberation, and timely decision-making.
- **Anti- Bribery and Corruption Policy**
The Anti-Bribery and Corruption Policy extends to the Group's Directors, employees, and affiliated third parties, indicating the Group's commitment to prevent bribery and corrupt practices in its business operations...
- **Whistleblowing Policy**
The Board has implemented a Whistleblowing Policy that applies to all employees, officers, and Directors of the Group. The policy provides a safe channel for individuals, including members of the public, to raise concerns about potential improprieties. Any allegations of impropriety are reported at the ARMC meeting.
- **Annual Budget and Forecasting**
Each operating unit prepares an annual budget which is subsequently reviewed and adopted by the Board. The Group then reports, analyses, and monitors the actual performance against the budget.
- **Training and Development Programmes**
Given the ever-changing technological landscape, the Group has implemented training and development programs to ensure that its staff is equipped with the necessary skills and knowledge to remain competitive in the industry. This is in line with the Group's objective of achieving its business goals.
- **Insurance**
Adequate insurance coverage has been obtained for major assets, buildings, inventory, and machinery in all operating divisions and subsidiaries of the Group. This is to mitigate the impact of any potential calamities that may result in significant losses to the Group.
- **Certification**
The Group have been accredited with ISO Certification, CE Marking Certification, and FDA registration by global group certification bodies. Documented internal procedures and Standard Operating Procedures have been put in place since their accreditation. Continuous training and development programmes are also provided to enhance employees' competencies and maintain a risk adverse and control conscious culture.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

ASSURANCE TO THE BOARD

The Board has received assurance from the Executive Directors and Management team 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 Listing Requirements, the External Auditors have reviewed this Statement for inclusion in the Annual Report of the Group for the FYE 2024. Their review was 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 Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, 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 an ongoing process is in place to identify, evaluate, and manage significant risks faced by the Group. The Board remains proactive in implementing appropriate action plans to strengthen the risk management and internal control system, aligning with the Group's objectives.

This Statement is made in accordance with the resolution of the Board dated 25 April 2025.

STATEMENT OF DIRECTORS' RESPONSIBILITY

The Directors are required by the Companies Act, 2016 ("CA 2016") to prepare financial statements which give a true and fair view of the state of affairs of the Company and its subsidiaries ("Group") at the end of each financial year and of their results and cash flows for the financial year then ended in accordance with the applicable Malaysian Financial Reporting Standards (MFRSs), the International Financial Reporting Standards and the provisions of the CA 2016 and the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

In preparing the financial statements of the Group for the financial year ended 31 December 2024, the Directors have:

- a. adopted appropriate and relevant accounting policies and applied them consistently;
- b. made judgments and estimates that are prudent and reasonable;
- c. ensured that applicable accounting standards have been complied with; and
- d. applied the going concern basis for the preparation of the financial statements.

The Directors are also responsible for ensuring that the Company maintains proper accounting records and other records that disclose with reasonable accuracy the financial position of the Group and of the Company, and that the financial statements comply with the regulatory requirements. The Directors have general responsibility for taking reasonably steps to safeguard the assets of the Group and of the Company, and to take all necessary measures to prevent fraud and other irregularities.

In undertaking the responsibilities placed upon them by the law, the Directors have relied upon the Group's system of internal control and the independent functioning of the internal audit function to provide them with assurance that the Group's accounting records and other relevant records have been maintained by the Group in a manner that enables them to sufficiently explain the transactions and financial position of the Group, and to ensure that true and fair financial statements and documents required by the CA 2016 are prepared for the financial year to which these financial statements relate.

ADDITIONAL COMPLIANCE INFORMATION

1. Utilisation of proceeds from corporate exercises

1.1 Right Issue with Warrant

Proceeds totaling RM49.45 million were raised under the Right Issue with Warrant which was completed on 28 March 2023. The status of the utilisation of these proceeds is as set out below :-

Proposed utilisation of proceeds	Proceeds Raised RM'000	Actual Utilisation as at 31.3.2025 RM'000	Deviation RM'000	Unutilised Proceeds RM'000	Estimated timeframe for Utilisation of Proceed
Expansion of the Pharmacy Business	48,353	34,630	206 ⁽¹⁾	13,929	Within 24 months
Estimated expenses in relation to the Proposals	1,100	894	(206) ⁽¹⁾	–	Immediate
Total	49,453	35,525	–	13,929	

⁽¹⁾ In view that the actual listing expenses were less than estimated, the surplus has been re-allocated for the expansion of the Pharmacy Business.

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 financial year ended 31 December 2024 ("FYE 2024") were as follows:

	Company RM	Group RM
Audit fee	60,000	155,000
Non-audit fee	–	5,000

3. Material contracts involving directors' and major shareholders' interests

There was no material contracts entered into by the Company and its subsidiaries which involved the interest of the Directors, chief executive or major shareholders during the financial year under review.

4. Recurrent related party transactions of a revenue or trading nature

Recurrent related party transaction of the revenue or trading nature entered into by the Group are disclosed in the Note 34 to the Financial Statement for the FYE 2024 on pages 154 of this Annual Report.

5. Share Issuance Scheme ("SIS")

The SIS of the Company for eligible Directors and employees of the Group was in force for a period of five (5) years commencing from 6 April 2023 and the SIS is governed by its By-Laws approved by the shareholders at an Extraordinary General Meeting held on 20 September 2022.

The maximum number of new ordinary shares of the Company that may be issued and allotted under the scheme shall not exceed thirty (30%) percent of the total number of issued shares of the Company (excluding treasury shares, if any) at any point in time during the duration of the SIS.

There was no SIS option granted as at the date of the issuance of this Annual Report.



FINANCIAL STATEMENTS

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DIRECTORS' REPORT

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of its subsidiary companies are disclosed in Note 14 to the financial statements.

FINANCIAL RESULTS

	Group RM	Company RM
Loss before tax	(43,820,543)	(19,697,067)
Income tax credit	2,474,111	–
Loss for the financial year	(41,346,432)	(19,697,067)
Attributable to:		
Owners of the Company	(41,293,784)	(19,697,067)
Non-controlling interest	(52,648)	–
	(41,346,432)	(19,697,067)

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year ended 31 December 2024 other than as disclosed in the financial statements.

DIVIDENDS

There were no dividends proposed, declared or paid by the Company since the end of the previous financial year. The Directors do not recommend any dividend in respect of the financial year ended 31 December 2024.

ISSUE OF SHARES AND DEBENTURES

There were no issuance of shares or debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year except for warrants issued during the year as disclosed below.

DIRECTORS' REPORT (CONT'D)

SHARE ISSUANCE SCHEME ("SIS")

The Company's SIS is governed by the By-Laws on New Issues of Securities of ACE Market Listing Requirements and is administered by the SIS Committee which is appointed by the Board of Directors, in accordance with the By-Laws of SIS. The effective date for the implementation of the SIS was 6 April 2023 and shall be in force for a period of 5 years. As at 31 December 2024, no option has been offered to any employee or Director of the Company and its subsidiaries.

The salient features of the SIS are disclosed in Note 27 to the financial statements.

WARRANTS A 2023/2026

On 28 March 2023, the Company listed the rights issue of 290,897,202 new ordinary shares ("Rights Shares") together with 193,931,375 units of free detachable warrants in the Company on the basis of 2 free warrants for every 3 Right Shares subscribed for.

Each Warrant carries the entitlement to subscribe for 1 new LKL Share at any time on or after 22 March 2023 up to the date of expiry on 21 March 2026 at the exercise price of RM0.17 each or such adjusted price in accordance with the provisions in the Deed Poll.

As at 31 December 2024, the total numbers of warrants that remain unexercised are 193,931,375.

DIRECTORS

The Directors of the Company in office during the financial year until the date of this report are:

Dato' Haji Mohd Yazid Bin Haji Mustafa
Dr. Chan Jee Peng
Lim Ming Chang
Ling Chi Hoong
Ng Fun Kim
Zulkarnin Bin Ariffin *
Tan Su Ning
Lim Pak Hong *
Datuk Chong Loong Men

(Appointed on 5 June 2024)
(Resigned on 10 May 2024)

* Directors of the Company and certain subsidiaries

The Directors of the Company's subsidiaries from the beginning of the financial year to the date of this report, excluding those who are already listed above are:

Caryn Foo
Chuah En Sze
Chrisantha Samuel Mendis
Tan Wei Wei
William Shak Soo Wei
Yong Bee Kui
Pang Ching King
Mohamad Shazreen Bin Mohamad Yunus
Muhammad Ihsan Bin Sulaiman

(Appointed on 13 December 2024)
(Resigned on 13 December 2024)

DIRECTORS' REPORT (CONT'D)

DIRECTORS' INTERESTS

The interests in shares of the Company or its related corporations (other than wholly-owned subsidiary companies) of those who were Directors at financial year end (including their spouse or children) according to the Register of Directors' Shareholdings are as follows:

	Balance as at 01.01.2024	Number of ordinary shares		Balance as at 31.12.2024
		Bought	Disposal	
Shareholdings in the name of directors				
Direct interests:				
Lim Pak Hong (<i>Appointed on 5 June 2024</i>)	7	–	–	7
Indirect interests:				
Lim Pak Hong* (<i>Appointed on 5 June 2024</i>)	10,500	–	–	10,500

* Deemed interest by virtue of his spouse's shareholdings in the Company pursuant to Section 59(11)(c) of the Companies Act, 2016.

By virtue of his shareholdings in the shares of the Company, he is deemed to have beneficial interest in the shares of the subsidiary companies to the extent the Company has an interest.

Other than disclosed above, none of the other directors in office at the end of the financial year had any interest in the ordinary shares of the Company or of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by the Directors as shown below) 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, other than certain Directors who have significant financial interests in the companies which traded with certain companies in the ordinary course of business in which a Director is a member as disclosed in Note 34 (c) to the financial statements.

The details of the Directors' remuneration of the Group and of the Company are as follows:

	Group RM	Company RM
Directors' remuneration		
Fees	612,000	432,000
Salaries, wages and other emoluments	1,700,702	257,562
Defined contribution plans	190,289	30,045
	2,502,991	719,607

Neither during nor at the end of the financial year, was the Company a party to any arrangement whose object was 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' REPORT (CONT'D)

INDEMNITY AND INSURANCE COSTS

During the financial year, the total amount of the indemnity coverage and insurance premium paid for the Directors and certain officers of the Company were RM10,000,000 and RM14,000 respectively. No indemnity given to or insurance effected for auditors of the Group and of the Company.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

- (a) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and have satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the values of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

- (a) which would require the writing off of bad debts or render the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) 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.

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

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

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

In the opinion of the Directors, 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 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.

SUBSIDIARY COMPANIES

The details of the name, place of incorporation, principal activities and effective equity interest of the subsidiary companies are disclosed in Note 14 of the financial statements.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events are disclosed in Note 39 to the financial statements.

DIRECTORS' REPORT (CONT'D)

AUDITORS' REMUNERATION

The amount paid or payable as remuneration of the auditors of the Group and of the Company for the financial year ended 31 December 2024 are as follows:

	Group RM	Company RM
Auditors' remuneration		
Statutory audit	155,000	60,000
Non statutory audit	5,000	–
	160,000	60,000

AUDITORS

The auditors, Morison LC PLT, have indicated their willingness to continue in office.

Signed on behalf of the Board, as approved by the Board
in accordance with a resolution of the Directors,

ZULKARNIN BIN ARIFFIN

LIM PAK HONG

Petaling Jaya,
25 April 2025

STATEMENT BY DIRECTORS

The Directors of LKL INTERNATIONAL BERHAD state that, in their opinion, the accompanying financial statements, 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 at 31 December 2024 and of their financial performance and their cash flows for the financial year then ended.

Signed on behalf of the Board, as approved by the Board
in accordance with a resolution of the Directors,

ZULKARNIN BIN ARIFFIN

LIM PAK HONG

Petaling Jaya,
25 April 2025

STATUTORY DECLARATION

BY THE DIRECTOR PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

I, **ZULKARNIN BIN ARIFFIN**, the Director primarily responsible for the financial management of **LKL INTERNATIONAL BERHAD**, do solemnly and sincerely declare that the accompanying financial statements are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

ZULKARNIN BIN ARIFFIN
(MIA No.: 16942)

Subscribed and solemnly declared by the
abovenamed at PETALING JAYA
in the state of Selangor Darul Ehsan on
25th day of April, 2025.

Before me,

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF LKL INTERNATIONAL BERHAD

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 31 December 2024 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 financial statements, including material accounting policy information, as set out on pages 111 to 169.

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 31 December 2024, and 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"), as applicable to audits of financial statements of public interest entities 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 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 this matter.

Key Audit Matters	How the matter was addressed in the audit
Impairment of trade receivables Refer to Notes 3, 4 and 20 to the financial statements for the Group's accounting policies on impairment of financial assets, key sources of estimation uncertainty and related disclosures. As at 31 December 2024, the carrying value of the Group's trade receivables amounted to RM11,747,254. The assessment for impairment for trade receivables involves significant management judgement, taking into consideration the age of the trade debts, historical payment patterns, existence of disputes and other available information concerning the recoverability of the receivables. Accordingly, impairment of trade receivables has been identified as a key audit matter.	Our audit procedures, amongst others, included the following: (a) Obtained an understanding and evaluated the appropriateness of the Group's policy on credit risk management and its credit exposures. (b) Tested the accuracy and completeness of the data used by the management. (c) Enquired with management regarding the recoverability of trade receivables that are past due but not impaired and reviewed customers' correspondence. (d) Assessed the reasonableness of the methods and assumptions used by management in estimating the recoverable amount and impairment losses. (e) Evaluated subsequent year end receipts and recoverability of outstanding trade receivables.

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to communicate in our auditors' report.

INDEPENDENT AUDITORS' REPORT (CONT'D)

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 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.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of the 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 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 of 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 and 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.

INDEPENDENT AUDITORS' REPORT (CONT'D)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

As 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 (Cont'd):

- 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 represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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.

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.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we also report that the subsidiary companies of which we have not acted as auditors, are disclosed in Note 14 to the financial statements.

Other Matters

- (i) The financial statements of the Company for the financial year ended 31 December 2023 were audited by another auditor who expressed an unmodified opinion on those financial statements on 16 April 2024.
- (ii) 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.

MORISON LC PLT (AF 002469)
202206000028 (LLP0032572-LCA)
Chartered Accountants

OOI CHI YEE
03684/08/2026 J
Chartered Accountant

Petaling Jaya
25 April 2025

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

		Group		Company	
	Note	2024 RM	2023 RM	2024 RM	2023 RM
Revenue	5	47,596,290	44,578,196	–	–
Cost of sales		(36,549,743)	(28,558,352)	–	–
Gross profit		11,046,547	16,019,844	–	–
Other income		2,961,742	1,301,635	651,630	785,417
Administrative expenses		(15,025,144)	(11,753,256)	(1,430,675)	(1,564,340)
Selling and distribution expenses		(3,602,192)	(1,705,438)	(11,940)	(16,012)
Other expenses		(33,325,302)	(5,748,230)	(18,953,808)	(6,127,474)
Net impairment (loss)/gain on financial instruments		(4,142,369)	(324,822)	47,726	9,351,364
Share of loss of an associate		–	–	–	–
Finance costs	6	(1,733,825)	(679,917)	–	–
(Loss)/Profit before tax	7	(43,820,543)	(2,890,184)	(19,697,067)	2,428,955
Income tax credit/(expense)	8	2,474,111	(4,092,645)	–	–
(Loss)/Profit for the financial year, representing total comprehensive (loss)/income for the financial year		(41,346,432)	(6,982,829)	(19,697,067)	2,428,955
(Loss)/Profit and total comprehensive (loss)/income attributable to:					
Owners of the Company		(41,293,784)	(6,977,616)	(19,697,067)	2,428,955
Non-controlling interests		(52,648)	(5,213)	–	–
		(41,346,432)	(6,982,829)	(19,697,067)	2,428,955
Loss per share attributable to owners of the Company (sen per share):					
Basic and diluted	9	(10.64)	(2.18)		

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

			Group		Company
	Note	2024 RM	2023 RM	2024 RM	2023 RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	11	72,868,280	68,194,713	7,839	11,751
Investment properties	12	11,966,490	5,834,412	–	–
Right-of-use assets	13	1,385,899	3,832,029	–	–
Investment in subsidiary companies	14	–	–	160,787,836	177,312,531
Investment in associate	15	–	–	–	–
Other investments	16	21,375,046	38,015,132	3,462,500	2,475,000
		107,595,715	115,876,286	164,258,175	179,799,282
Current Assets					
Inventories	19	17,706,299	16,619,308	–	–
Trade receivables	20	11,747,254	11,976,772	–	–
Other receivables	21	26,260,443	21,883,957	21,757	22,081
Amounts due from subsidiary companies	22	–	–	5,973,336	4,116,306
Amounts due from related parties	23	400,551	228,355	–	–
Amount due from an associate	24	–	–	–	–
Tax recoverable		2,073,317	–	388,658	212,845
Other investments	16	–	5,202,065	–	5,202,065
Deposits with licensed institution	25	21,384,791	20,380,237	20,953,163	20,380,237
Cash and bank balances		4,354,258	10,988,231	219,096	366,582
		83,926,913	87,278,925	27,556,010	30,300,116
Assets held for sale	26	–	11,811,108	–	–
		83,926,913	99,090,033	27,556,010	30,300,116
Total Assets		191,522,628	214,966,319	191,814,185	210,099,398
EQUITY					
Share capital	27	233,474,665	233,474,665	233,474,665	233,474,665
Warrant reserve	28	6,787,598	6,787,598	6,787,598	6,787,598
Merger deficit	29	(29,579,990)	(29,579,990)	–	–
Accumulated losses		(80,314,662)	(39,020,878)	(50,051,910)	(30,354,843)
Equity attributable to owners of the Company		130,367,611	171,661,395	190,210,353	209,907,420
Non-controlling interests		(690,490)	(637,842)	–	–
Total Equity		129,677,121	171,023,553	190,210,353	209,907,420

STATEMENTS OF FINANCIAL POSITION (CONT'D)

		Group		Company	
	Note	2024 RM	2023 RM	2024 RM	2023 RM
LIABILITIES					
Non-Current Liability					
Lease liabilities	30	1,955,697	2,050,049	–	–
Total Non-Current Liability		1,955,697	2,050,049	–	–
Current Liabilities					
Trade payables	31	2,139,715	338,219	–	–
Other payables	32	5,995,774	10,461,475	191,131	191,978
Amount due to subsidiary companies	22	–	–	1,412,701	–
Borrowings	33	50,606,920	28,747,163	–	–
Lease liabilities	30	1,147,401	1,208,094	–	–
Tax payable		–	1,137,766	–	–
Total Current Liabilities		59,889,810	41,892,717	1,603,832	191,978
Total Liabilities		61,845,507	43,942,766	1,603,832	191,978
Total Equity and Liabilities		191,522,628	214,966,319	191,814,185	210,099,398

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Attributable to Owners of the Company						
	Non-distributable				Total RM	Non- controlling interests RM	Total equity RM
	Share capital RM	Warrant reserve RM	Merger deficit RM	Accumulated losses RM			
Group							
As at 1 January 2023	191,704,049	–	(29,579,990)	(32,048,144)	130,075,915	(667,747)	129,408,168
Loss for the financial year, representing total comprehensive loss for the financial year	–	–	–	(6,977,616)	(6,977,616)	(5,213)	(6,982,829)
	191,704,049	–	(29,579,990)	(39,025,760)	123,098,299	(672,960)	122,425,339
Transaction with owners:							
Issue of shares pursuant to rights issue	49,452,524	–	–	–	49,452,524	–	49,452,524
Rights issue of shares with warrants	(6,787,598)	6,787,598	–	–	–	–	–
	42,664,926	6,787,598	–	–	49,452,524	–	49,452,524
Shares issuance cost (894,310)	(894,310)	–	–	–	(894,310)	–	(894,310)
Changes in ownership interest in subsidiary	–	–	–	4,882	4,882	35,118	40,000
As at 31 December 2023	233,474,665	6,787,598	(29,579,990)	(39,020,878)	171,661,395	(637,842)	171,023,553
Group							
As at 1 January 2024	233,474,665	6,787,598	(29,579,990)	(39,020,878)	171,661,395	(637,842)	171,023,553
Loss for the financial year, representing total comprehensive loss for the financial year	–	–	–	(41,293,784)	(41,293,784)	(52,648)	(41,346,432)
As at 31 December 2024	233,474,665	6,787,598	(29,579,990)	(80,314,662)	130,367,611	(690,490)	129,677,121

STATEMENTS OF CHANGES IN EQUITY (CONT'D)

	Non-distributable			
	Share capital RM	Warrant reserve RM	Accumulated losses RM	Total RM
Company				
As at 1 January 2023	191,704,049	–	(32,783,798)	158,920,251
Profit for the financial year, representing total comprehensive income for the financial year	–	–	2,428,955	2,428,955
	191,704,049	–	(30,354,843)	161,349,206
Transaction with Owners of the Company:				
Issue of shares pursuant to rights issue	49,452,524	–	–	49,452,524
Rights issue of shares with warrants	(6,787,598)	6,787,598	–	–
	42,664,926	6,787,598	–	49,452,524
Shares issuance cost	(894,310)	–	–	(894,310)
As at 31 December 2023/1 January 2024	233,474,665	6,787,598	(30,354,843)	209,907,420
Loss for the financial year, representing total comprehensive loss for the financial year	–	–	(19,697,067)	(19,697,067)
As at 31 December 2024	233,474,665	6,787,598	(50,051,910)	190,210,353

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Cash Flows From/(Used In) Operating Activities				
(Loss)/Profit before tax	(43,820,543)	(2,890,184)	(19,697,067)	2,428,955
Adjustments for:				
Amortisation of right-of-use assets	1,784,617	1,415,311	–	–
Depreciation of investment properties	35,760	–	–	–
Depreciation of property, plant and equipment	5,679,130	4,049,999	3,912	2,686
Fair value loss on other investments	20,581,349	2,305,599	953,763	3,742,054
Gain on disposal of assets held for sale	(1,738,892)	–	–	–
Gain on disposal of property, plant and equipment	(1,998)	(14,999)	–	–
Gain on termination of lease	(26,192)	(13,192)	–	–
Impairment loss on trade receivables	2,555,187	324,822	–	–
Impairment loss on other receivables	2,000,000	–	–	–
Impairment loss on investment in subsidiaries	–	–	17,937,396	2,224,696
Impairment loss on goodwill	2,400,000	–	–	–
Impairment loss on property, plant and equipment	2,490,030	29,856	–	–
Impairment loss on amount due from a related party	228,355	–	–	–
Impairment loss on amounts due from subsidiary companies	–	–	32,274	–
Impairment loss on right-of-use assets	1,698,934	–	–	–
Interest income	(607,275)	(659,370)	(592,893)	(627,380)
Interest expense	1,733,825	679,917	–	–
Inventories written down	–	1,173,036	–	–
Inventories written off	1,509,508	–	–	–
Other receivables written off	707,028	–	–	–
Property, plant and equipment written off	435,906	–	–	–
Provision for slow-moving stocks	43,370	1,879,074	–	–
Reversal of impairment loss on trade receivables	(641,173)	–	–	–
Reversal of impairment loss on amounts due from subsidiary companies	–	–	(80,000)	(9,351,364)
Reversal of provision for slow-moving stocks	(808,314)	(1,249,489)	–	–
Unrealised loss/(gain) on foreign exchange	6,001	(77,877)	–	–
Operating (loss)/profit before working capital changes	(3,755,387)	6,952,503	(1,442,615)	(1,580,353)
Changes in working capital:				
(Increase)/Decrease in:				
Inventories	(831,555)	(8,008,726)	–	–
Receivables	(9,210,834)	(16,834,264)	324	495,235
(Decrease)/Increase in:				
Payables	(2,641,299)	690,005	(847)	(18,569)

STATEMENTS OF CASH FLOWS (CONT'D)

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Cash used in operations	(16,439,075)	(17,200,482)	(1,443,138)	(1,103,687)
Tax paid	(794,117)	(343,235)	(175,813)	(180,595)
Tax refunded	57,145	1,467,834	–	61,656
Net Cash Used In Operating Activities	(17,176,047)	(16,075,883)	(1,618,951)	(1,222,626)
Cash Flows (Used In)/From Investing Activities				
Acquisition of business	(4,200,000)	–	–	–
Acquisition of investment in subsidiaries	–	–	(1,412,701)	(50,260,000)
Acquisition of other investments	(4,000,000)	(20,819,119)	(2,000,000)	(11,419,119)
Acquisition of property, plant and equipment	(18,327,956)	(25,996,667)	–	(11,770)
Proceeds from disposal of other investments	5,260,802	–	5,260,802	–
Proceeds from disposal of assets held for sale	13,550,000	–	–	–
Proceeds from disposal of property, plant and equipment	2,000	15,000	–	–
Proceeds from part disposal of equity interest in a subsidiary company	–	40,000	–	–
Repayment from an associate	–	116	–	–
(Advances to)/Repayment from subsidiary companies	–	–	(1,809,304)	13,362,193
Interest received	607,275	659,370	592,893	627,380
Net Cash (Used In)/From Investing Activities	(7,107,879)	(46,101,300)	631,690	(47,701,316)
Cash Flows From Financing Activities				
Advances from subsidiary companies	–	–	1,412,701	–
Placement of pledged fixed deposits	(1,004,554)	(20,380,237)	(572,926)	(20,380,237)
Proceeds from rights issue	–	49,452,524	–	49,452,524
Share issuance cost	–	(894,310)	–	(894,310)
Net of drawdown of borrowings	20,285,028	19,587,837	–	–
Repayment of lease liabilities	(1,643,887)	(1,352,487)	–	–
Net Cash From Financing Activities	17,636,587	46,413,327	839,775	28,177,977
NET DECREASE IN CASH AND CASH EQUIVALENTS	(6,647,339)	(15,763,856)	(147,486)	(20,745,965)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	10,988,231	26,707,719	366,582	21,112,547
Effects of exchange rate differences	13,366	44,368	–	–
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	4,354,258	10,988,231	219,096	366,582

STATEMENTS OF CASH FLOWS (CONT'D)

(a) The details of cash and cash equivalents are as follows:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Cash and bank balances	4,354,258	10,988,231	219,096	366,582
Fixed deposits with licensed banks	21,384,791	20,380,237	20,953,163	20,380,237
Bank overdraft	(20,114,360)	(19,872,826)	–	–
	5,624,689	11,495,642	21,172,259	20,746,819
Less: Non cash and cash equivalents				
Fixed deposits pledged with licensed banks	(21,384,791)	(20,380,237)	(20,953,163)	(20,380,237)
Bank overdraft	20,114,360	19,872,826	–	–
Cash and cash equivalents	4,354,258	10,988,231	219,096	366,582

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

	Bank overdraft RM	Lease liabilities RM	Term loans RM	Bankers' acceptance RM
Group				
At 1 January 2023	–	2,415,121	7,135,758	1,426,000
Acquisition of right-of-use assets	–	2,454,120	–	–
Termination of lease	–	(340,960)	–	–
Interest expense	187,883	82,349	308,541	101,144
Net drawdown/(repayment)	19,684,943	(1,352,487)	(630,962)	533,856
At 31 December 2023/ 1 January 2024	19,872,826	3,258,143	6,813,337	2,061,000
Acquisition of right-of-use assets	–	1,664,436	–	–
Termination of lease	–	(334,690)	–	–
Interest expense	1,090,018	159,096	368,002	116,709
Net drawdown/(repayment)	(848,484)	(1,643,887)	21,444,220	(310,708)
At 31 December 2024	20,114,360	3,103,098	28,625,559	1,867,001

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the ACE Market of Bursa Malaysia Securities Berhad.

The principal place of business of the Company is located at Wisma LKL, No. 3, Jalan BS 7/18, Kawasan Perindustrian Bukit Serdang, Seksyen 7, 43300 Seri Kembangan, Selangor Darul Ehsan.

The registered office of the Company is located at Third Floor, No. 77, 79 & 81, Jalan SS 21/60, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan.

The Company is principally engaged in the business of investment holding. The principal activities of its subsidiary companies are disclosed in Note 14.

There have been no significant changes in the nature of these activities of the Company and its subsidiary companies during the financial year.

The financial statements of the Group and of the Company have been authorised by the Board of Directors for issuance on 25 April 2025.

2. BASIS OF PREPARATION

Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Adoption of amendments to MFRSs

During the financial year, the Group and the Company have adopted the following amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial year:

Amendments to MFRS 16	Lease Liability in a Sale and Leaseback
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current
Amendments to MFRS 101	Non-current Liabilities with Covenants
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements

The adoption of these amendments to MFRSs did not have any significant impact on the financial statements of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. BASIS OF PREPARATION (CONT'D)

New MFRSs and amendments to MFRSs in issue but not yet effective

The Group and the Company have not applied the following new MFRSs and amendments to MFRSs that have been issued by the MASB but are not yet effective for the Group and the Company:

		Effective dates for financial periods beginning on or after
Amendments to MFRS 121	Lack of Exchangeability	1 January 2025
Amendments to MFRS 9 and MFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to MFRS 9 and MFRS 7	Contracts Referencing Nature-dependent Electricity	1 January 2026
Amendments to MFRSs	Annual Improvements to MFRS Accounting 11 Standards-Volume	1 January 2026
MFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
MFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The Directors anticipate that the abovementioned new MFRSs and amendments to MFRSs will be adopted in the annual financial statements of the Group and of the Company when they become effective, if applicable, and that the adoption of the new MFRSs and amendments to MFRSs will have no material impact on the financial statements of the Group and the Company in the period of initial application.

3. MATERIAL ACCOUNTING POLICY INFORMATION

Basis of accounting

The financial statements of the Group and of the Company have been prepared on the historical cost unless otherwise indicated in the accounting policy information below.

Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operate ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Group's and the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest RM except when otherwise stated.

Basis of consolidation

(a) Business combination

The Group applies the acquisition method of accounting except for one business combination which was accounted for using a merger method of accounting.

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.

Under the merger method of accounting, the results of the subsidiaries are presented as if the merger had been affected throughout the financial period.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

Basis of consolidation (Cont'd)

(a) Business combination (Cont'd)

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.

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.

(b) Non-controlling interests

Non-controlling interests in the acquiree is initially measured at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition.

(c) Separate financial statements

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses.

(d) Investment in subsidiary companies

Investment in subsidiary companies are stated at cost less any impairment losses in the Company's statement of financial position.

(e) Investment in associate

Investment in associate is accounted for in the consolidated financial statements using the equity method less any impairment losses.

Revenue from contract with customers

Sale of goods

The Group manufactures and trades a range of medical and healthcare beds, peripheral, accessories, medical equipment and hospital furniture. The Group also sells a range of drugs, chemicals, alkalis, cosmetics, personal care, health food, medical device, manure antibodies and pharmaceutical medicine through its retail pharmacy business.

Revenue is recognised at a point in time when the customer obtains control of the goods, which is generally at the time of delivery or at the point of sale in the case of pharmacy operations. Revenue is measured at the fair value of the consideration received or receivable, net of any applicable discounts and taxes.

Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

Interest Income

Interest income is recognised on a time proportion basis, taking into account the principal outstanding and the effective interest rate over the period to maturity, when it is determined that such income will accrue to the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

Revenue from contract with customers

Leases

As lessee

Right-of-use assets are initially measured at cost less accumulated amortisations and any accumulated impairment losses and adjusted for any remeasurement of the lease liabilities.

The right-of-use assets are amortised using the straight-line method from the commencement date to the earlier of the useful life of the right-of-use asset or the end of the lease term. The useful lives or the lease terms of the right-of-use assets are as per below:

Leasehold land	36 years
Factories and office premises	2 - 6 years
Motor vehicles	20%
Plant and machinery	10 - 20%

The lease liabilities are initially measured at the present value of future lease payments at the commencement date, discounted using the respective Group entities' incremental borrowing rates.

The Group remeasures the lease liabilities (and make a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- a lease contract is modified, and the lease modification is not accounted for as a separate asset, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low value assets. The Group recognises the lease payments associated with these leases as an operating expense on a straight-line basis over the lease term.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated. Capital work-in-progress is not depreciated until it is ready for its intended use.

Except for freehold land and capital work-in-progress, property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

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

Investment properties

Investment properties are measured at cost less accumulated depreciation and any accumulated impairment losses. Investment properties are depreciated on straight line basis based on the estimated useful lives of the assets as follows:

Freehold buildings	2%
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NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

Goodwill

Goodwill is initially measured at cost and is subsequently measured at cost less accumulated impairment losses, if any.

Goodwill is allocated to cash generating units and is subject to annual impairment testing annually.

Inventories

Inventories are measured at the lower of cost and net realisable value.

Cost of raw materials comprise cost of purchase and other costs incurred in bringing it to their present location and conditions are determined on a weighted average basis. Cost of finished goods and work-in-progress consists of direct material, direct labour and an appropriate proportion of production overheads are stated on a weighted average basis.

Financial assets

Financial assets are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss ("FVTPL"), directly attributable transaction costs.

The Group and the Company determine the classification of financial assets at initial recognition and the categories include other investments, trade and other receivables, amount due from subsidiary companies, related parties and an associate, deposits with licensed financial institution and cash and bank balances.

(a) Financial assets at amortised cost

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

(b) Financial assets at fair value through profit or loss ("FVTPL")

All financial assets not classified as measured at amortised cost or FVTOCI, as described above, are measured at FVTPL. This includes derivative financial assets (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument). On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as FVTPL are subsequently measured at their fair value with gains or losses, including any interest and dividend income recognised in profit or loss.

Regular way purchase or sale are purchase or sale of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchase or sale of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

Financial assets (Cont'd)

(b) Financial assets at fair value through profit or loss ("FVTPL") (Cont'd)

A financial asset or part of it is derecognised when, and only when the contractual rights to receive cash flows from the financial asset expire or is transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial assets and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

Financial liabilities

Financial liabilities are recognised when, and only when, the Group or the Company become a party to the contractual provisions of the financial instruments. All financial liabilities are recognised initially at fair value plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company classify their financial liabilities at initial recognition at amortised cost.

After initial recognition, financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains or losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

The Group's and Company's financial liabilities designated at amortised cost comprise trade and other payables, borrowings and lease liabilities.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Impairment of non-financial assets

The carrying amounts of non-financial assets (except for inventories) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs of disposal. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

Impairment of non-financial assets (Cont'd)

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

Impairment of financial assets

The Group and the Company recognise an allowance for expected credit loss ("ECL") on financial assets measured at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the However, financial assets that are 'Written off' could still be subject to enforcement activities in-order to comply with the Group's procedures for recovery of amounts due.

Statements of cash flows

The Group and the Company adopt the indirect method in the preparation of the statements of cash flows.

For the purpose of the statements cash flows, cash and cash equivalents are presented after excluding pledged fixed deposits held with licensed banks. Bank overdrafts that are repayable on demand and form an integral part of the Group's and the Company's cash management are deducted from the total of cash and cash equivalents. Movements in the bank overdrafts are classified as financing activities in the statements of cash flows.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Directors have used estimates and assumptions in measuring the reported amounts of assets and liabilities at the end of the reporting period and the reported amounts of expenses during the reporting period. Judgements and assumptions are applied in the measurement and hence, the actual results may not coincide with the report amounts.

a) Significant accounting judgements, estimates and assumptions

The preparation of the Group's and of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

b) Judgements

There are no significant areas of critical judgements in applying the Group's and the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements:

Determining the lease term of contracts with renewal options - Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group applies judgement in evaluating whether to exercise the option to renew the lease. It considers all relevant factors that create an economic incentive for it to exercise the renewal option. After the commencement date, the Group reassess the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew.

The Group includes the renewal period as part of the lease term for such leases of factories and office premises as these are reasonably certain to be exercised because there will be a significant negative effect on operations if a replacement asset is not readily available. The Group typically exercises its option to renew for those leases with renewal options.

Classification between investment properties and property, plant and equipment

The Group determines whether a property should be classified as an investment property or as property, plant and equipment based on the intended use of the asset. Judgment is required in determining whether a property is held to earn rentals or for capital appreciation (or both), in which case it is classified as an investment property, or whether it is used for the production or supply of goods or services, or for administrative purposes, in which case it is classified as property, plant and equipment.

In certain cases, properties may have a mixed-use purpose. In such instances, the Group assesses whether the portions can be sold or leased out separately. If they can be, the portions are accounted for separately. If not, the entire property is classified based on the predominant use.

Management reviews the classification of properties at each reporting date to ensure that the use of the asset continues to support its classification.

c) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are set out below:

Useful lives of property, plant and equipment

The Group and the Company regularly review the estimated useful lives of property, plant and equipment based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation and decrease the value of property, plant and equipment. The carrying amount at the reporting date for property, plant and equipment are disclosed in Note 11.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

c) Key sources of estimation uncertainty (Cont'd)

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating units ("CGU") to which the goodwill is allocated. Estimating the recoverable amount requires management to make an estimate of the expected future cash flows from the CGUs and also to choose suitable discount rate in order to calculate the present value of those cash flows. The recoverable amounts of CGUs were determined based on the value-in-use ("VIU") calculations. The VIU is the net present value of the projected future cash flows derived from the CGU discounted at an appropriate discount rate. Projected cash flows are estimates made based on historical and industry trends, general market and economic conditions and other available information.

As a result of the impairment assessment, the Group recognised an impairment loss of RM2,400,000 (2023: Nil) for goodwill relating to acquisition of business during the financial year. The key assumptions and the sensitivity analysis are as disclosed in Note 17.

Impairment of non-financial assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

Valuation 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.

Provision for expected credit loss of financial assets at amortised cost

The Group and the Company review the recoverability of its receivables, including trade and other receivables, at each reporting date to assess whether an impairment loss should be recognised. The impairment provisions for receivables are based on assumptions about risk of default and expected loss rates. The Group and the Company use judgement in making these assumptions and selecting inputs to the impairment calculation, based on the Group's and the Company's past history, existing market condition as well as forward looking estimates at the end of each reporting period.

The carrying amounts at the reporting date for receivables are disclosed in Notes 20, 21, 22, 23 and 24.

5. REVENUE

	2024 RM	Group 2023 RM
At a point in time:		
Revenue from contracts with customers:		
Sales of goods	47,596,290	44,578,196

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

6. FINANCE COSTS

	2024 RM	Group 2023 RM
Interest expenses on:		
Bank overdraft	1,090,018	187,883
Banker's acceptance	116,709	101,144
Lease liabilities	159,096	82,349
Terms loans	368,002	308,541
	1,733,825	679,917

7. (LOSS)/PROFIT BEFORE TAX

	2024 RM	Group 2023 RM	Company 2024 RM	2023 RM
Auditors remuneration:				
- statutory audit	155,000	150,000	60,000	60,000
- non-statutory	5,000	5,000	-	-
Amortisation of right-of-use assets	1,784,617	1,415,311	-	-
Depreciation of investment properties	35,760	-	-	-
Depreciation of property, plant and equipment	5,679,130	4,049,999	3,912	2,686
Expenses relating to short-term leases - premises	31,828	34,800	-	-
Fair value loss on other investments	20,581,349	2,305,599	953,763	3,742,054
Gain on disposal of assets held for sale	(1,738,892)	-	-	-
Gain on disposal of property, plant and equipment	(1,998)	(14,999)	-	-
(Gain)/Loss on foreign exchange				
- realised	(8,996)	(89,231)	-	-
- unrealised	6,001	(77,877)	-	-
Gain on termination of lease	(26,192)	(13,192)	-	-
Impairment loss on trade receivables	2,555,187	324,822	-	-
Impairment loss on other receivables	2,000,000	-	-	-
Impairment loss on amount due from related parties	228,355	-	-	-
Impairment loss on investment in subsidiaries	-	-	17,937,396	2,224,696
Impairment loss on goodwill	2,400,000	-	-	-
Impairment loss on amounts due from subsidiary companies	-	-	32,274	-
Impairment loss on property, plant and equipment	2,490,030	29,856	-	-
Impairment loss on right-of-use assets	1,698,934	-	-	-
Interest income	(607,275)	(659,370)	(592,893)	(627,380)
Inventories written down	-	1,173,036	-	-
Inventories written off	1,509,508	-	-	-
Other receivables written off	707,028	-	-	-
Property, plant and equipment written-off	435,906	-	-	-
Provision for slow-moving stocks	43,370	1,879,064	-	-
Rental income	(330,865)	(148,965)	-	-
Reversal of impairment loss on trade receivables	(641,173)	-	-	-
Reversal of impairment loss on amounts due from subsidiary companies	-	-	(80,000)	(9,351,364)
Reversal of provision for slow-moving stocks	(808,314)	(1,249,489)	-	-
Staff costs (Note 10)	15,878,233	13,824,523	942,710	1,133,285

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

8. INCOME TAX (CREDIT)/EXPENSE

	2024 RM	Group 2023 RM
Estimated tax payable:		
Current tax expense	14,168	2,624,143
(Over)/Under provision prior years	(2,624,083)	1,317,638
	(2,609,915)	3,941,781
Real property gain tax	135,804	150,864
	(2,474,111)	4,092,645

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

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
(Loss)/Profit before tax	(43,820,543)	(2,890,184)	(19,697,067)	2,428,955
At Malaysian statutory tax rate of 24% (2023: 24%)	(10,516,930)	(693,644)	(4,727,296)	582,949
Non-deductible expenses	14,110,709	3,008,545	4,738,704	1,661,378
Non-taxable income	(419,599)	(358,796)	–	–
Deferred tax assets not recognised	1,847,668	668,038	–	–
Utilisation of deferred tax assets previously not recognised	(5,007,680)	–	(11,408)	(2,244,327)
(Over)/Underprovision of current tax in prior years	(2,624,083)	1,317,638	–	–
Real property gain tax	135,804	150,864	–	–
	(2,474,111)	4,092,645	–	–

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

9. LOSS PER SHARE

The basic loss per share is calculated based on the consolidated loss for the financial year attributable to owners of the Company and the weighted average number of ordinary shares in issue during the financial year as follows:

	2024 RM	Group 2023 RM
Loss attributable to owners of the company	(41,293,784)	(6,977,616)
Weighted average number of ordinary shares for basic loss per share (units)	388,057,256	319,517,093
Basic loss per share (sen)	(10.64)	(2.18)

The Group's diluted loss per share for the financial year ended 31 December 2024 is equal to the basic loss per share since the Group does not have any potential ordinary shares that are dilutive in nature.

10. STAFF COSTS

	2024 RM	Group 2023 RM	2024 RM	Company 2023 RM
Salaries, wages and other emoluments	14,531,226	12,580,950	889,385	1,052,405
Defined contribution plans	1,347,007	1,243,573	53,325	80,880
	15,878,233	13,824,523	942,710	1,133,285

Included in staff cost is aggregate amount of remuneration received and receivable by the Executive Directors of the Group and of the Company as disclosed in Note 34 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

11. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land and buildings RM	Leasehold buildings RM	Motor vehicles RM	Office equipment, furniture and fittings RM	Plant and machinery RM	Renovations RM	Signboard RM	Capital work-in- progress RM	Total RM
Cost									
As at 1 January 2023	48,640,941	364,880	681,114	15,622,705	11,899,382	2,587,963	141,515	362,795	80,301,295
Additions	-	-	-	5,103,760	8,650	2,670,000	304,850	17,909,407	25,996,667
Disposals	-	-	(111,504)	-	-	-	-	-	(111,504)
Transfer to asset held for sale	(12,003,200)	-	-	-	-	-	-	-	(12,003,200)
Transfer to investment properties	(5,931,300)	-	-	-	-	-	-	-	(5,931,300)
As at 31 December 2023/ 1 January 2024	30,706,441	364,880	569,610	20,726,465	11,908,032	5,257,963	446,365	18,272,202	88,251,958
Additions	3,946,600	-	330,184	1,190,787	51,471	637,878	-	12,171,036	18,327,956
Arising from acquisition of business	-	-	-	476,000	-	294,000	30,000	-	800,000
Disposals	-	-	(7,050)	-	(24,500)	-	-	-	(31,550)
Written off	-	-	-	(163,061)	-	(445,000)	-	-	(608,061)
Transfer from right-of-use asset	-	-	2,242,008	-	576,805	-	-	-	2,818,813
Transfer to investment properties	(6,242,300)	-	-	-	-	-	-	-	(6,242,300)
At 31 December 2024	28,410,741	364,880	3,134,752	22,230,191	12,511,808	5,744,841	476,365	30,443,238	103,316,816

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Freehold land and buildings RM	Leasehold buildings RM	Motor vehicles RM	Office equipment, furniture and fittings RM	Plant and machinery RM	Renovations RM	Signboard RM	Capital work-in- progress RM	Total RM
Accumulated depreciation									
At 1 January 2023	2,942,046	98,745	681,106	2,509,230	8,384,301	938,203	41,735	-	15,595,366
Charge for the financial year	539,569	10,203	-	2,270,199	891,644	314,659	23,725	-	4,049,999
Disposals	-	-	(111,503)	-	-	-	-	-	(111,503)
Transfer to asset held for sale	(192,092)	-	-	-	-	-	-	-	(192,092)
Transfer to investment properties	(96,888)	-	-	-	-	-	-	-	(96,888)
At 31 December 2023/ 1 January 2024	3,192,635	108,948	569,603	4,779,429	9,275,945	1,252,862	65,460	-	19,244,882
Charge for the financial year	346,436	10,203	20,911	3,983,143	738,046	536,923	43,468	-	5,679,130
Disposals	-	-	(7,049)	-	(24,499)	-	-	-	(31,548)
Written off	-	-	-	(109,114)	-	(63,041)	-	-	(172,155)
Transfer from right-of-use asset	-	-	2,197,472	-	302,824	-	-	-	2,500,296
Transfer to investment properties	(74,462)	-	-	-	-	-	-	-	(74,462)
At 31 December 2024	3,464,609	119,151	2,780,937	8,653,458	10,292,316	1,726,744	108,928	-	27,146,143
Accumulated impairment									
At 1 January 2023	-	-	-	500,568	-	277,236	4,703	-	782,507
Charge for the financial year	-	-	-	29,856	-	-	-	-	29,856
At 31 December 2023/ 1 January 2024	-	-	-	530,424	-	277,236	4,703	-	812,363
Charge for the financial year	-	-	-	-	-	2,490,030	-	-	2,490,030
At 31 December 2024	-	-	-	530,424	-	2,767,266	4,703	-	3,302,393
Carrying amount									
At 31 December 2023	27,513,806	255,932	7	15,416,612	2,632,087	3,727,865	376,202	18,272,202	68,194,713
At 31 December 2024	24,946,132	245,729	353,815	13,046,309	2,219,492	1,250,831	362,734	30,443,238	72,868,280

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Company Office equipment, furniture and fittings	
	2024 RM	2023 RM
Cost		
At 1 January	15,649	3,879
Additions	–	11,770
At 31 December	15,649	15,649
Accumulated depreciation		
At 1 January	3,898	1,212
Additions	3,912	2,686
At 31 December	7,810	3,898
Carrying amount		
At 31 December	7,839	11,751

Freehold land and buildings of the Group with carrying amount of RM8,826,829 (2023: RM12,173,600) are pledged as security for banking facilities granted to the Group as disclosed in Note 30.

12. INVESTMENT PROPERTIES

	Group	
	2024 RM	2023 RM
Cost		
At 1 January	5,931,300	–
Transfer from property, plant and equipment	6,242,300	5,931,300
At 31 December	12,173,600	5,931,300
Accumulated depreciation		
At 1 January	96,888	–
Charge for the financial year	35,760	–
Transfer from property, plant and equipment	74,462	96,888
At 31 December	207,110	96,888
Carrying amount		
At 31 December	11,966,490	5,834,412
Fair value of investment properties	11,990,000	5,890,000

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

12. INVESTMENT PROPERTIES (CONT'D)

- (a) Investment properties of the Group carrying amount of RM11,966,490 (2023: RM5,834,412) are pledged as security for banking facilities granted to the Group as disclosed in Note 30.

- (b) Investment properties under leases

Investment properties comprise of freehold land and buildings that are leased to third parties. Leases contains a cancellable period ranging from 1 to 3 years, Subsequent renewals are negotiated with the lessee on an average renewal period of 1 to 3 years. No contingent rents are charged.

- (c) Fair value basis of investment properties

Investment properties are carried at cost. The fair value of investment properties are based on market values determined by independent qualified valuers in 2022 amounted to RM11,990,000 (2023: RM5,890,000). Fair values are within level 2 of the fair value hierarchy. The fair values have been derived using the sales comparison approach. Sales prices of comparable land and buildings in proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties. There was no transfer between different levels within fair value during the financial year.

- (d) Income and expenses recognised in profit or loss

The following are recognised in profit or loss in respect of investment properties:

	Group	
	2024 RM	2023 RM
Rental income	329,800	148,965
Direct operating expenses	15,808	5,925

- (e) Operating lease commitments - as lessor

The Group leases several of their investment properties which have remaining lease terms between two and six years. Rental charges are revised every three years to reflect current market conditions.

The maturity analysis of the Group's lease payments, showing the undiscounted lease payments to be received after the reporting date are as follows:

	Group	
	2024 RM	2023 RM
- Not later than one year	314,500	102,000
- One to two years	300,000	14,500
- Two to three years	125,000	-
	739,500	116,500

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

13. RIGHT-OF-USE ASSETS

	Leasehold land and buildings RM	Factories and office premises RM	Motor vehicles RM	Plant and machinery RM	Total RM
Group Cost					
At 1 January 2023	119,700	2,494,039	3,894,589	576,805	7,085,133
Additions	–	1,937,356	516,764	–	2,454,120
Termination adjustment	–	(972,192)	–	–	(972,192)
At 31 December 2023/ 1 January 2024	119,700	3,459,203	4,411,353	576,805	8,567,061
Additions	–	1,659,439	4,997	–	1,664,436
Termination adjustment	–	(1,095,390)	–	–	(1,095,390)
Transfer to property, plant and equipment	–	–	(2,242,008)	(576,805)	(2,818,813)
At 31 December 2024	119,700	4,023,252	2,174,342	–	6,317,294
Accumulated amortisation					
At 1 January 2023	32,972	1,275,216	2,468,495	187,462	3,964,145
Charge for the financial year	3,325	736,062	618,243	57,681	1,415,311
Termination adjustment	–	(644,424)	–	–	(644,424)
At 31 December 2023/ 1 January 2024	36,297	1,366,854	3,086,738	245,143	4,735,032
Charge for the financial year	3,325	1,080,272	643,339	57,681	1,784,617
Termination adjustment	–	(786,892)	–	–	(786,892)
Transfer to property, plant and equipment	–	–	(2,197,472)	(302,824)	(2,500,296)
At 31 December 2024	39,622	1,660,234	1,532,605	–	3,232,461
Accumulated impairment					
At 1 January 2024	–	–	–	–	–
Charge for the financial year	–	1,698,934	–	–	1,698,934
At 31 December 2024	–	1,698,934	–	–	1,698,934
Carrying amount					
At 31 December 2023	83,403	2,092,349	1,324,615	331,662	3,832,029
At 31 December 2024	80,078	664,084	641,737	–	1,385,899

(a) Right-of-use assets under hire purchase arrangements

Included in the above are motor vehicles with carrying amount of RM641,736 (2023: RM1,324,615) of the Group which are pledged as securities for the related lease liabilities.

(b) Lease term of the factories and office premises

The Group leases factories and office premises with remaining lease terms ranging from 1 to 6 years (2023: 2 to 3 years) with an option to renew after the expiry of lease term. Lease payments are negotiated at the end of lease term to reflect market rentals.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

14. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2024 RM	2023 RM
In Malaysia		
Unquoted shares, at cost	197,380,091	197,380,090
Less: Accumulated impairment loss	(38,004,955)	(20,067,559)
	159,375,136	177,312,531
Outside Malaysia		
Unquoted shares, at cost	1,412,700	–
	160,787,836	177,312,531

Movements in the impairment loss on investment in subsidiary companies during the financial year are as follows:

	Company	
	2024 RM	2023 RM
At beginning of the financial year	20,067,559	17,842,863
Impairment loss recognised	17,937,396	2,224,696
At end of the financial year	38,004,955	20,067,559

Details of the subsidiary companies are as follows:

Name of company	Country of incorporation	Effective equity interest (%)		Principal activities
		2024	2023	
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
Aluxcare Wellness Sdn. Bhd. ("AWSB")	Malaysia	100	100	To carry on the business wholesale, retail, importer and exporter of and dealers in all kinds of drugs, chemicals, alkalis, cosmetics, personal care, health food, medical device, manure antibodies and pharmaceutical medicinal
Carelife Center Sdn. Bhd. ("CCSB")	Malaysia	100	100	Trading of medical and emergency equipment and accessories

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

14. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

Details of the subsidiary companies are as follows:

Name of company	Country of incorporation	Effective equity interest (%)		Principal activities
		2024	2023	
LKL Medical (Sarawak) Sdn. Bhd. ("LKLMS") [^]	Malaysia	60	60	Trading of medical and emergency equipment and accessories
Landb Protrade Sdn. Bhd. ("LPSB") [#]	Malaysia	100	–	To engage in the business of property development and general trading
PT LKL Indonesia Makmur ("LKLIM") ⁺	Indonesia	51	–	Manufacturing of furniture for surgical activities, medical care, dentistry, and veterinary and wholesale trading of laboratory equipment, pharmaceutical equipment, and medical instruments.

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

[^] LKLAM and the Company hold 50% and 10% equity interest in LKLMS respectively.

[#] Not audited by Morison LC PLT.

⁺ Not required to be audited.

(a) Incorporation of subsidiary companies

On 26 November 2024, the Company incorporated two new subsidiaries:

- (i) Landb Protrade Sdn. Bhd. ("LPSB") with a paid up share capital of 1 share for RM1 each.
- (ii) PT LKL Indonesia Makmur ("LKLIM") with a paid up share capital of 10,000 shares for IDR10,000 each, equivalent to approximately RM277 each.

(b) Addition of investment in subsidiary companies

In prior financial year, the Company increased its investment in subsidiaries as follows:

- increased equity interest of RM31,000,000 in LKLAM;
- increased equity interest of RM15,000,000 in AWSB;
- increased equity interest of RM160,000 in CCSB;
- increased equity interest of RM4,090,000 in MGSB; and
- increased equity interest of RM10,000 in LKLMS.

(c) Impairment of investment in subsidiary companies

The Company has assessed the recoverability of its investment in subsidiary companies due to losses reported by certain subsidiaries, which indicated the existence of an impairment.

The Company has concluded that there is impairment required to reduce the carrying amount of the investments as the carrying amount are currently higher than their estimated recoverable value. The total impairment of RM17,937,396 (2023: RM2,224,696) were made for the financial year under review.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

14. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(d) Material partly-owned subsidiary companies

	Effective equity interest of NCI		Profit/(Loss) allocated to NCI		Accumulated NCI	
	2024 %	2023 %	2024 RM	2023 RM	2024 RM	2023 RM
TMG	30	30	(72,402)	(1,486)	(741,638)	(669,236)
LKLMS	40	40	19,754	(3,727)	51,148	31,394
			(52,648)	(5,213)	(690,490)	(637,842)

The summarised financial information before intra-group elimination for subsidiaries that have non-controlling interests in the Group is as follows:

(i) Summarised statement of financial position

	TMG	
	2024 RM	2023 RM
Current assets	190,389	382,371
Current liabilities	(2,662,514)	(2,613,160)
Net liabilities	(2,472,125)	(2,230,789)

	LKLMS	
	2024 RM	2023 RM
Non-current assets	15,737	31,960
Current assets	546,752	406,020
Non-current liabilities	–	(6,462)
Current liabilities	(434,620)	(353,033)
Net liabilities	127,869	78,485

(ii) Summarised statement of profit or loss and other comprehensive income

	TMG	
	2024 RM	2023 RM
Revenue	20,096	2,800
Loss for the financial year	(241,336)	(4,954)
Total comprehensive loss	(241,336)	(4,954)

	LKLMS	
	2024 RM	2023 RM
Revenue	992,864	294,976
Profit/(Loss) for the financial year	49,384	(11,827)
Total comprehensive income/(loss)	49,384	(11,827)

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

14. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(d) Material partly-owned subsidiary companies (Cont'd)

(iii) Summarised statement of cash flows

	TMG	
	2024 RM	2023 RM
Net cash (used in)/from operating activities	(60,380)	10,344
Net cash from investing activities	16,850	–
	LKLMS	
	2024 RM	2023 RM
Net cash generated from operating activities	171,489	190,733
Net cash used in investing activities	291	(10,950)
Net cash (used in)/generated from financing activities	(58,702)	27,058

15. INVESTMENT IN ASSOCIATE

	Company	
	2024 RM	2023 RM
Unquoted shares in Malaysia, at cost	40,000	40,000
Share of post-acquisition reserves	(40,000)	(40,000)
	–	–

Details of the associate company are as follows:

Name of company	Country of incorporation	Effective equity interest (%)		Principal activities
		2024	2023	
Focus Carelife Sdn. Bhd. ("FCSB")*	Malaysia	40	40	Trading, supplying, wholesaling, manufacturing of medical and healthcare equipment, products and services.

* Associate company is not audited by Morison LC PLT

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

16. OTHER INVESTMENTS

		2024 RM	Group 2023 RM	2024 RM	Company 2023 RM
Financial asset at fair value through profit or loss					
Non-current					
Investment in quoted shares	(a)	21,375,046	38,015,132	3,462,500	2,475,000
Current					
Investment in money market fund	(b)	–	5,202,065	–	5,202,065
		21,375,046	43,217,197	3,462,500	7,677,065

- (a) The fair value of the investment in quoted shares is determined by reference to the market prices published by Bursa Malaysia as at the reporting date. These investments are categorised within Level 1 of the fair value hierarchy, as they are based on quoted prices in active markets.

Movements in the investment in quoted shares during the financial year are as follows:

	2024 RM	Group 2023 RM	2024 RM	Company 2023 RM
At beginning of the financial year	38,015,132	24,703,677	2,475,000	–
Additions	4,000,000	15,775,000	2,000,000	6,375,000
Fair value changes	(20,640,086)	(2,463,545)	(1,012,500)	(3,900,000)
At end of the financial year	21,375,046	38,015,132	3,462,500	2,475,000

- (b) The fair value of the investment in a money market fund is categorised within Level 2 of the fair value hierarchy, as the valuation is based on observable inputs, specifically the net asset value (NAV) per unit of the fund.

Movements in the investment in money market fund during the financial year are as follows:

	2024 RM	Group 2023 RM	2024 RM	Company 2023 RM
At beginning of the financial year	5,202,065	–	5,202,065	–
Additions	–	5,044,119	–	5,044,119
Fair value changes	58,737	157,946	58,737	157,946
Disposals	(5,260,802)	–	(5,260,802)	–
At end of the financial year	–	5,202,065	–	5,202,065

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

17. GOODWILL

During the financial year, the wholly-owned subsidiary of the Company, Aluxcare Wellness Sdn. Bhd. had entered into a Sale and Purchase Agreement with Mediconstant Pharmacy (Ampang) Sdn. Bhd. for the acquisition of the business of three (3) pharmacy outlets including assets and inventories for a total purchase consideration of RM4,800,000. Upon completion of the acquisition, liabilities in relation to the cost incurred on certain expenses is amounting to RM600,000, resulted in a reduction of purchase consideration from RM4,800,000 to RM4,200,000.

Assets acquired at the date of acquisition as per below:

	Group 2024 RM
Property, plant and equipment	800,000
Inventories	1,000,000
	1,800,000
Total purchase consideration	(4,200,000)
Goodwill	2,400,000

	Group 2024 RM
Cost	
At beginning of the financial year	–
Addition	2,400,000
At end of the financial year	2,400,000
Accumulated impairment	
At beginning of the financial year	–
Charge for the financial year	2,400,000
At end of the financial year	2,400,000
Carrying amount	
At 31 December 2024	–

Allocation of goodwill to cash-generating units ("CGUs")

The Group's goodwill has been allocated to the respective CGUs, which operate in the retail segment as follows:

	Group 2024 RM
Outlet A	1,488,000
Outlet B	624,000
Outlet C	288,000
	2,400,000

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

17. GOODWILL (CONT'D)

Key assumptions used in value-in-use computations

The recoverable amounts for the CGUs have been determined based on value-in-use calculations using pre-tax cash flows projections based on financial budgets estimated by management covering a 5-year period using a terminal value calculation.

The values assigned to key assumptions are based on both external and internal sources of information. The following describes each key assumption for which management has based its cash flows projections to undertake the impairment testing of goodwill:

	Gross margin	Revenue growth	Discount rate
2024			
Outlet A	5.8%	24.8%	7.9%
Outlet B	-12.9%	24.2%	7.9%
Outlet C	16.2%	17.1%	7.9%

Based on the impairment assessment, the carrying amounts of CGUs to which the goodwill were allocated to as at 31 December 2024 exceeded its recoverable amount. Accordingly, impairment loss of RM2,400,000 (2023: RM Nil) is recognised which is fully allocated to the goodwill recognised and is recorded within other expenses line in profit or loss of the Group.

18. DEFERRED TAX ASSETS

The net deferred tax assets and liabilities shown on the statement of financial position after appropriate offsetting are as follows:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Deferred tax assets	2,301,650	2,543,089	280	327
Deferred tax liabilities	(2,301,650)	(2,543,089)	(280)	(327)
	—	—	—	—

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

18. DEFERRED TAX ASSETS (CONT'D)

The components and movements of deferred tax assets and liabilities during the financial year before the offsetting are as follows:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Deferred tax assets (before offsetting)				
Temporary differences arising from:				
Lease liabilities	744,743	513,000	–	–
Provisions	1,556,907	2,030,089	280	327
	2,301,650	2,543,089	280	327
Offsetting	(2,301,650)	(2,543,089)	(280)	(327)
Deferred tax asset (after offsetting)	–	–	–	–
Deferred tax liabilities (before offsetting)				
Temporary differences arising from:				
Property, plant and equipment	1,969,035	1,752,178	280	327
Right-of-use assets	332,615	790,911	–	–
	2,301,650	2,543,089	280	327
Offsetting	(2,301,650)	(2,543,089)	(280)	(327)
Deferred tax liabilities (after offsetting)	–	–	–	–

The amount of unutilised tax losses, unabsorbed capital allowance and deductible temporary differences for which the gross deferred tax assets are not recognised in the financial statements due to uncertainty of realisation are as follows:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Unutilised capital allowances	4,690,872	3,434,428	–	–
Unabsorbed tax losses	33,193,199	27,814,442	3,042	3,042
Provisions	2,849,646	22,651,562	2,556,418	2,603,950
	40,733,717	53,900,432	2,559,460	2,606,992

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

18. DEFERRED TAX ASSETS (CONT'D)

The unutilised tax losses for which no deferred tax assets have been recognised are available for offset against future taxable profits of the Group and of the Company up to the following financial years:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Years of assessment				
- 2028	3,042	3,042	3,042	3,042
- 2029	90,410	90,410	—	—
- 2030	477,344	477,344	—	—
- 2031	2,148,058	2,148,058	—	—
- 2032	12,988,066	12,988,066	—	—
- 2033	12,107,522	12,107,522	—	—
- 2034	5,378,757	—	—	—
	33,193,199	27,814,442	3,042	3,042

Deferred tax assets of the Group and of the Company have not been recognised in respect of these items as it is not probable that future taxable profits would be available against which the deductible temporary differences could be utilised. The amount and availability of these items to be carried forward up to the period as disclosed above are subject to the agreement of the tax authorities.

19. INVENTORIES

	2024 RM	Group 2023 RM
At cost		
Raw materials	4,507,030	6,481,189
Work-in-progress	3,771,830	1,928,360
Finished goods	8,873,059	5,798,336
Goods in transit	554,380	221,096
	17,706,299	14,428,981
At net realisable value		
Finished goods	—	2,190,327
	17,706,299	16,619,308
Recognised in profit or loss		
Inventories recognised as cost of production	25,124,708	24,097,690
Inventories written down	—	1,173,036
Inventories written off	1,509,508	—
Provision for slow-moving stocks	43,370	1,879,074
Reversal of provision for slow-moving stocks	(808,314)	(1,249,489)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

20. TRADE RECEIVABLES

The aged analysis of the trade receivables as at the end of the reporting year:

	Gross amount RM	Impairment loss RM	Carrying amount RM
Group			
2024			
Not past due	6,984,163	(26,197)	6,957,966
Past due:			
Less than 30 days	2,329,191	(9,315)	2,319,876
31 - 60 days	295,770	(4,099)	291,671
61 - 90 days	400,295	(6,534)	393,761
More than 90 days	2,023,670	(239,690)	1,783,980
	5,048,926	(259,638)	4,789,288
Individually impaired	12,033,089	(285,835)	11,747,254
	2,287,867	(2,287,867)	-
	14,320,956	(2,573,702)	11,747,254
2023			
Not past due	2,682,902	(8,016)	2,674,886
Past due:			
Less than 30 days	3,777,334	(46,988)	3,730,346
31 - 60 days	854,207	(24,867)	829,340
61 - 90 days	3,960,384	(199,770)	3,760,614
More than 90 days	1,012,815	(31,229)	981,586
	9,604,740	(302,854)	9,301,886
Individually impaired	12,287,642	(310,870)	11,976,772
	348,818	(348,818)	-
	12,636,460	(659,688)	11,976,772

Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group.

As at 31 December 2024, trade receivables of the Group amounting to RM4,789,288 (2023: RM9,301,886) were past due but not impaired. These relate to several independent customers for whom there is no history of default.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

21. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

		Group		Company	
		2024 RM	2023 RM	2024 RM	2023 RM
Other receivables		119,733	108,678	–	–
Advances to suppliers	(a)	3,349,703	36,704,362	–	–
Less: Accumulated impairment loss		(2,704,484)	(25,633,606)	–	–
		645,219	11,070,756	–	–
Deposits		488,695	3,648,139	1,300	1,300
Prepayments	(b)	25,006,796	7,056,384	20,457	20,781
		26,260,443	21,883,957	21,757	22,081

The movements in the impairment loss on other receivables during the financial year are as follows:

	Group	
	2024 RM	2023 RM
At beginning of the financial year	25,633,606	33,228,106
Impairment loss recognised	2,000,000	–
Written off	(24,929,122)	(7,594,500)
At end of financial year	2,704,484	25,633,606

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

The advances to suppliers included advances made to 1 supplier (2023: 3 suppliers) for the purchases of nitrile gloves by a wholly owned subsidiary, LKL Advance Metaltech Sdn. Bhd. ("LKLAM"), totalling RM704,484 (2023: RM 25,633,606).

As the deliveries of the gloves have not been fulfilled, LKLAM has made a full impairment on the advances made to one of its suppliers during the previous financial period. The remaining advances from 2 other suppliers have been written off during the year.

- (b) The non-refundable deposit of the Group is in relation to the acquisition of 12-storey commercial office building with a 5-storey car park containing 130 car park bays known as Bangunan KWSP Damansara Fairway.

On 21 February 2023, a wholly-owned subsidiary of the Company, LKL Advance Metaltech Sdn. Bhd. entered into a sale and purchase agreement ("SPA") with Lembaga Kumpulan Wang Simpanan Pekerja ("KWSP") or also known as Employees Provident Fund Board, for the acquisition of a leasehold property measuring approximately 2,301 square metres, situated at No. 6A, Persiaran Tropicana, Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan for a total cash consideration of RM24,000,000.

As at 31 December 2024, the acquisition had not been completed as the vacant possession had not been delivered.

Subsequently, the acquisition was completed on 20 March 2025 upon delivery of vacant possession of the building to LKLAM.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

22. AMOUNT DUE FROM/(TO) SUBSIDIARY COMPANIES

	2024 RM	Company 2023 RM
Amounts due from subsidiary companies	8,530,922	6,721,618
Less: Accumulated impairment loss	(2,557,586)	(2,605,312)
	5,973,336	4,116,306

The movements in the impairment loss on amounts due from subsidiary companies during the financial year are as follows:

	2024 RM	Company 2023 RM
At beginning of the financial year	2,605,312	11,956,676
Impairment loss recognised	32,274	–
Reversal of impairment loss	(80,000)	(9,351,364)
At end of financial year	2,557,586	2,605,312

	2024 RM	Company 2023 RM
Amount due to subsidiary companies	1,412,701	–

The amounts due from/(to) subsidiary companies are non-trade in nature, non-interest bearing, unsecured and receivable/(payables) on demand.

23. AMOUNTS DUE FROM RELATED PARTIES

	2024 RM	Group 2023 RM
Amounts due from related parties	628,906	228,355
Less: Accumulated impairment loss	(228,355)	–
	400,551	228,355

The movements in the impairment loss on amounts due from related parties during the financial year are as follows:

	2024 RM	Group 2023 RM
At beginning of the financial year	–	–
Impairment loss recognised	228,355	–
At end of the financial year	228,355	–

Amounts due from related parties are non-trade in nature, non-interest bearing, unsecured and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

24. AMOUNT DUE FROM AN ASSOCIATE

	2024 RM	Group 2023 RM
Amount due from a related company	366,202	366,202
Less: Accumulated impairment loss	(366,202)	(366,202)
	–	–

The movement in the impairment loss on amount due from an associate during the financial year is as follows:

	2024 RM	Group 2023 RM
At beginning/end of the financial year	366,202	366,202

The amount due from an associate is non-trade in nature, unsecured, interest-free advance and receivable on demand.

25. DEPOSITS WITH LICENSED BANKS

Deposits with licensed banks earn interest at rates ranging from 2.45% - 2.95% (2023: 2.95% - 3.40%) for the Group and of the Company and are pledged with licensed banks for banking facilities granted to the Group as disclosed in Note 33.

Deposits with licensed banks of the Group and of the Company have maturity terms ranging from 1 to 12 months (2023: 1 month).

26. ASSETS HELD FOR SALE

On 10 October 2023, the wholly owned subsidiary company, LKLAM, entered into a Sale and Purchase Agreement ("SPA") with JLL Electrical Sdn. Bhd. for the disposal of freehold land together with a unit of three-story semi-detached factory with postal address of No. 15, Jalan BS 7/1C, Seksyen 7, Taman Perindustrian Bukit Serdang, 43300 Seri Kembangan, Selangor, for a total disposal consideration of RM6,650,000.

On 20 December 2023, the wholly owned subsidiary company, LKLAM, had entered into a SPA with 8 Food Avenue Sdn. Bhd. for the disposal of freehold land held together with a three-story semi-detached factory with postal address of No. 13, Jalan BS 7/1 C, Taman Perindustrian Bukit Serdang, 43300 Seri Kembangan, Selangor Darul Ehsan, for a total disposal consideration of RM6,900,000.

During the financial year, the disposals have been completed as the conditions precedent of the SPA have been fulfilled.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

27. SHARE CAPITAL

	2024 Units	2023 Units	Group and Company 2024 RM	2023 RM
Ordinary shares issued and fully paid (no par value):				
At beginning of the financial year	388,057,256	97,160,054	233,474,665	191,704,049
Issue of shares pursuant to right issue with warrants	–	290,897,202	–	49,452,524
Rights issue of shares with warrants	–	–	–	(6,787,598)
Shares issuance cost	–	–	–	(894,310)
At end of the financial year	388,057,256	388,057,256	233,474,665	233,474,665

In the previous financial year, the ordinary share capital of the Company increased from 97,160,054 units to 388,057,256 units pursuant to 290,897,202 shares issued under the rights issue with warrants at issue price of RM0.17 per share.

The new ordinary shares issued rank in pari passu in all respects with the existing ordinary shares of the Company.

Share issuance scheme ("SIS")

The share option comprises the SIS and cumulative value of employee services received for the issue of share options. The reservation is recorded over the vesting period commencing from the grant date and is reduced by the expiry or exercise of the share options. When the option is exercised, the amount from the share option is transferred to share capital. When the share options expire, the amount from the share option is transferred to retained earnings.

The SIS was implemented on 6 April 2023 and will be in force for a maximum period of 5 years from the effective date.

Salient features of the SIS are as follows:

- In respect of an employee of the Group, the employee must fulfil the following criteria as at the Date of Offer:
 - o he/she is at least 18 years of age, and he/she is not undischarged bankrupt or subject to any bankruptcy proceedings.
 - o he/she is employed on the Date of Offer:
 - i. on a full-time basis and is on the payroll of any company in the Group (which are not dormant) and his/her employment has been confirmed by any company in the Group (which are not dormant) on the Date of Offer; or
 - ii. under an employment contract for a fixed duration and has been in the employment of any company in the Group (which are not dormant) for such period as may be determined by the SIS Committee.
- In respect of an Eligible Director, the Eligible Director must fulfil the following criteria as at the Date of Offer:
 - o he/she is at least 18 years of age and he/she is not an undischarged bankrupt or subject to any bankruptcy proceedings;
 - o he/she has been appointed as a director to the board of directors of any member of the Group which is not dormant.
- The price of which the grantee is entitled to subscribe for shares under SIS is the volume-weighted average market price for the 5 market days preceding the date of the offer, subject to a discount of not more than 10% which the Company may at its discretion decide to give.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

27. SHARE CAPITAL (CONT'D)

Share issuance scheme ("SIS") (Cont'd)

Salient features of the SIS are as follows:

- The shares to be allotted upon the exercise of the option shall, upon issue and allotment, rank pari passu in all respects with the existing issued and paid up capital of the Company, except that such shares will not be entitled for any dividend, rights, transfer, allotment or distribution declared, made or paid to shareholders prior to the date of allotment and issuance of the new holding company's shares.

As at 31 December 2024, no option has been offered to any employee or Director of the Company and its subsidiaries.

28. WARRANTS RESERVE

	Group and Company	
	2024	2023
	RM	RM
At beginning of the financial year	6,787,598	–
Rights issue of shares with warrants	–	6,787,598
At the end of the financial year	6,787,598	6,787,598

On 28 March 2023, the Company listed the rights issue of 290,897,202 new ordinary shares ("Rights Shares") together with 193,931,375 units of free detachable warrants in the Company on the basis of 2 free warrants for every 3 Right Shares subscribed for. Each Warrant carries the entitlement to subscribe for 1 new LKL Share at any time on or after 22 March 2023 up to the date of expiry on 21 March 2026 at the exercise price of RM0.17 each or such adjusted price in accordance with the provisions in the Deed Poll.

As at 31 December 2024, the total numbers of warrants that remain unexercised are 193,931,375.

29. MERGER DEFICIT

	Group	
	2024	2023
	RM	RM
Merger deficit	29,579,990	29,579,990

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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

30. LEASE LIABILITIES

	2024 RM	Group 2023 RM
Minimum lease liabilities repayments		
Within 1 year	1,254,976	1,323,851
Later than 1 year but not later than 5 years	1,993,071	2,147,408
More than 5 years	65,450	38,300
	3,313,497	3,509,559
Less: Future finance charges	(210,399)	(251,416)
	3,103,098	3,258,143
Present value of minimum lease liabilities repayments		
Within 1 year	1,147,401	1,208,094
Later than 1 year but not later than 5 years	1,937,765	2,011,801
More than 5 years	17,932	38,248
	3,103,098	3,258,143
Analysed by:		
Current portion	1,147,401	1,208,094
Non-current portion	1,955,697	2,050,049
	3,103,098	3,258,143

The lease liabilities comprise lease of premises and obligations under finance lease on motor vehicles.

Lease of premises

The Group applied the incremental borrowing rate to the lease liabilities ranging from 3.23% to 4.60% (2023: 3.20% to 4.60%) per annum.

Obligations under finance lease

The Group's obligations under finance lease bear effective interest rate ranging from 2.01% to 3.49% (2023: 2.01% to 3.49%) per annum.

The following are the amounts recognised in profit or loss:

	2024 RM	Group 2023 RM
Interest on lease liabilities	159,096	82,349
Gain on termination of lease	(26,192)	(13,192)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31. TRADE PAYABLES

	2024 RM	Group 2023 RM
Third parties	2,139,715	338,219

The normal trade credit terms granted to the Group range from 30 to 120 days (2023: 30 to 120 days).

32. OTHER PAYABLES

	2024 RM	Group 2023 RM	2024 RM	Company 2023 RM
Other payables	1,264,662	4,066,371	43,330	–
Advances from customers	1,364,197	1,717,193	–	–
Accruals	3,110,840	3,102,591	147,801	191,978
Deposits received	256,075	1,575,320	–	–
	5,995,774	10,461,475	191,131	191,978

33. BORROWINGS

	Notes	2024 RM	Group 2023 RM
Secured			
Current			
Terms loans	(a)	28,625,559	6,813,337
Bankers' acceptance	(b)	1,867,001	2,061,000
Bank overdraft	(c)	20,114,360	19,872,826
		50,606,920	28,747,163

(a) Term loans

Term loans I and II

The term loans of the Group bear an interest rate ranging from 4.60% to 4.61% (2023: 4.70%) per annum and are secured by way of:

- (i) First legal charge over properties as disclosed in Note 12;
- (ii) Corporate guaranteed by the Company; and
- (iii) Assignment of rental proceeds over the properties.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

33. BORROWINGS (CONT'D)

(a) Term loans (Cont'd)

Term loan III

Term loan III of the Group bears an interest rate of 4.61% (2023: Nil) per annum and is secured by way of:

- (i) First legal charge over property as disclosed in Note 11;
- (ii) Charges over fixed deposits as disclosed in Note 25; and
- (iii) Corporate guaranteed by the Company.

Term loan IV

Term loan IV of the Group bears an interest rate of 4.45% (2023: Nil) per annum and is secured by way of:

- (i) First legal charge over property as disclosed in Note 21;
- (ii) Charges over fixed deposits as disclosed in Note 25;
- (iii) Corporate guaranteed by the Company; and
- (iv) Assignment of rental proceeds from the properties.

(b) Bankers' acceptance

The bankers' acceptance of the Group bear interest rates ranging from 4.45% to 4.71% (2023: 4.67% to 5.19%) per annum and are secured by way of:

- (i) A first legal charge over certain properties as disclosed in Note 11 to the financial statements; and
- (ii) A joint and several guarantees of certain Directors of the Group.

(c) Bank overdraft

The bank overdraft of the Group bears an average interest rate of 5.72% (2023: 6.83%).

The bank overdraft is secured by charge over fixed deposits with licensed bank as disclosed in Note 25.

Breach of covenants

During the financial year ended 31 December 2024, the Group breached certain covenant under its loan agreements, resulting in the reclassification of related term loans from non-current liabilities to current liabilities. The breaches and their implications are detailed as follows:

- (i) AWSB, a wholly owned subsidiary of the Company, had outstanding Term loans I and II amounting to RM6,628,805 as at 31 December 2024. During the financial year, AWSB breached a loan covenant stipulated in the loan agreements of failure to maintain a Debt Service Coverage Ratio ("DSCR") of not less than 1.0 times at all times, as required by the terms of the financing arrangement.

As a result of this breach, the related bank borrowings have been reclassified from non-current liabilities to current liabilities in the Group's statements of financial position as at 31 December 2024.

In addition, Term Loan III, with an outstanding balance of RM2,796,754 as at 31 December 2024, contains a cross-default clause linked to breach of loan covenant in Term Loans I and II. Consequently, this loan was also deemed to be in default and has similarly been reclassified to current liabilities.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

33. BORROWINGS (CONT'D)

(c) Bank overdraft (Cont'd)

Breach of covenants (Cont'd)

- (ii) LKL Advance Metaltech Sdn. Bhd. ("LKLAM"), also a wholly owned subsidiary of the Company breached a non-financial covenant by failing to obtain written consent letter from the bank prior to giving advance to the related parties. This constituted a breach of loan covenants.

Term Loan IV, with an outstanding balance of RM19,200,000 as at 31 December 2024, includes a cross-default clause linked to the aforementioned breach of loan covenant borrowings. As a result of the breach, Term Loan IV was also considered to be in default and has been reclassified to current liabilities.

34. SIGNIFICANT RELATED PARTY DISCLOSURES

(a) Identifying related parties

For the purposes of these financial statements, 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. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel comprise the Directors and management personnel of the Group, having authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly.

(b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed in Notes 22, 23 and 24 the significant related party transactions of the Group and of the Company are as follows:

	2024 RM	Group 2023 RM
Transactions with related parties:		
Purchase of goods	4,860,261	2,217,155
Management fee paid	576,000	–
Labour charges	599,349	327,631
Rental payable	123,000	413,363
Other expenses	600,000	–

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

34. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)

(c) Compensation of key management personnel

Remuneration of Directors and other members of key management are as follows:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Executive Directors				
Fees	612,000	470,333	432,000	365,333
Salaries, wages and other emoluments	1,700,702	903,200	257,562	298,200
Defined contribution plans	190,289	106,034	30,045	37,117
	2,502,991	1,479,567	719,607	700,650
			2024 RM	Group 2023 RM
Other key management personnel				
Salaries and allowance			733,109	956,180
Defined contribution plan			104,093	127,264
			837,202	1,083,444

35. SEGMENT INFORMATION

Operating segments are prepared in a manner consistent with the internal reporting provided to Group chief executive officer 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 4 main reportable segments as follows:

- (i) Manufacturing divisionInvolved in manufacturing of medical/healthcare beds, medical peripherals and accessories
- (ii) Trading divisionInvolved in trading medical furniture, medical devices, medical peripherals and accessories
- (iii) Investment holding divisionInvolved in investment holding activities
- (iv) Retail division Involved in retail business of pharmacy

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

35. SEGMENT INFORMATION (CONT'D)

2024	Manufacturing division RM	Trading division RM	Retail division RM	Investment holding division RM	Total segments RM	Adjustments and elimination RM	Consolidated RM
Revenue							
External revenue	28,972,138	14,384,659	4,239,493	-	47,596,290	-	47,596,290
Inter-segment revenue	1,046,813	6,600	2,800	-	1,056,213	(1,056,213)	-
Total revenue	30,018,951	14,391,259	4,242,293	-	48,652,503	(1,056,213)	47,596,290
Results							
Segment profit/(loss) before tax	(4,440,046)	(4,080,043)	(13,848,869)	(39,324,653)	(61,693,611)	17,873,068	(43,820,543)
Finance cost	(913,564)	(364,759)	(456,058)	-	(1,734,381)	556	(1,733,825)
Depreciation of investment properties	-	-	(35,760)	-	(35,760)	-	(35,760)
Depreciation of property, plant and equipment	(1,946,656)	(784,867)	(2,943,695)	(3,912)	(5,679,130)	-	(5,679,130)
Amortisation of right-of-use assets	(827,958)	(398,007)	(558,652)	-	(1,784,617)	-	(1,784,617)
Gain on disposal of assets held for sale	1,738,892	-	-	-	1,738,892	-	1,738,892
Gain on disposal of property, plant and equipment	-	1,998	-	-	1,998	-	1,998
Gain on termination of lease	-	-	26,192	-	26,192	-	26,192
Interest income	6,194	6,138	2,050	592,893	607,275	-	607,275
Other receivables written off	(693,898)	(13,130)	-	-	(707,028)	-	(707,028)
Inventories written down	-	(1,508,191)	(1,317)	-	(1,509,508)	-	(1,509,508)
Property, plant and equipment written off	-	-	(435,906)	-	(435,906)	-	(435,906)
Provision of slow-moving inventories	-	(43,370)	-	-	(43,370)	-	(43,370)
Reversal of slow-moving inventories	374,505	433,809	-	-	808,314	-	808,314
Unrealised gain/(loss) on foreign exchange	1,210	(672)	(6,539)	-	(6,001)	-	(6,001)
Fair value loss on other investment	-	-	-	(20,581,349)	(20,581,349)	-	(20,581,349)
Impairment loss on property, plant and equipment	-	-	(2,490,030)	-	(2,490,030)	-	(2,490,030)
Impairment loss on right-of-use assets	-	-	(1,698,934)	-	(1,698,934)	-	(1,698,934)
Impairment loss on goodwill	-	-	(2,400,000)	-	(2,400,000)	-	(2,400,000)
Impairment (loss)/gain on financial instruments	(1,168,387)	(2,683,220)	(290,762)	47,726	(4,094,643)	(47,726)	(4,142,369)

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

35. SEGMENT INFORMATION (CONT'D)

2024 (Cont'd)	Manufacturing division RM	Trading division RM	Retail division RM	Investment holding division RM	Total segments RM	Adjustments and elimination RM	Consolidated RM
Assets							
Segment assets	95,822,942	38,011,413	30,376,451	225,813,209	390,024,015	(198,501,387)	191,522,628
Additions to non-current assets other than financial instruments are:							
Property, plant and equipment	10,640,644	3,344,028	5,143,284	-	19,127,956	-	19,127,956
Right-of-use assets	722,981	281,160	660,295	-	1,664,436	-	1,664,436
Liabilities							
Segment liabilities	39,655,098	19,052,193	24,345,140	1,603,832	84,656,263	(22,810,756)	61,845,507

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

35. SEGMENT INFORMATION (CONT'D)

2023	Manufacturing division RM	Trading division RM	Retail division RM	Investment holding division RM	Total segments RM	Adjustments and elimination RM	Consolidated RM
Revenue							
External revenue	29,597,394	14,021,894	958,908	-	44,578,196	-	44,578,196
Inter-segment revenue	302,353	347,024	2,448	-	651,825	(651,825)	-
Total revenue	29,899,747	14,368,918	961,356	-	45,230,021	(651,825)	44,578,196
Results							
Segment profit/(loss) before tax	4,013,110	(1,043,757)	(2,598,045)	3,865,410	4,236,718	(7,126,902)	(2,890,184)
Finance cost	(247,802)	(124,618)	(307,777)	-	(680,197)	280	(679,917)
Depreciation of property, plant and equipment	(2,559,836)	(1,038,185)	(449,292)	(2,686)	(4,049,999)	-	(4,049,999)
Amortisation of right-of-use assets	(888,476)	(323,724)	(340,633)	-	(1,552,833)	137,522	(1,415,311)
Gain on disposal of property, plant and equipment	-	14,999	-	-	14,999	-	14,999
Interest income	17,705	14,092	193	627,380	659,370	-	659,370
Fair value loss on other investments	-	-	-	(2,305,599)	(2,305,599)	-	(2,305,599)
Inventories written down	-	(1,173,036)	-	-	(1,173,036)	-	(1,173,036)
Provision of slow-moving inventories	(787,145)	(1,091,929)	-	-	(1,879,074)	-	(1,879,074)
Reversal of slow-moving inventories	493,428	756,061	-	-	1,249,489	-	1,249,489
Unrealised gain on foreign exchange	49,131	28,746	-	-	77,877	-	77,877
Impairment loss on property, plant and equipment	-	(29,856)	-	-	(29,856)	-	(29,856)
Impairment (loss)/gain on financial instruments	(230,192)	(94,630)	-	9,351,364	9,026,542	(9,351,364)	(324,822)
Assets							
Segment assets	86,513,317	35,577,115	29,315,488	245,689,530	397,095,450	(182,129,131)	214,966,319
Additions to non-current assets other than financial instruments are:							
- Property, plant and equipment	20,248,347	36,550	5,700,000	11,770	25,996,667	-	25,996,667
- Right-of-use assets	516,764	30,256	1,907,100	-	2,454,120	-	2,454,120
Liabilities							
Segment liabilities	27,362,990	14,247,778	9,516,168	191,978	51,318,914	(7,376,148)	43,942,766

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

35. SEGMENT INFORMATION (CONT'D)

Geographic information

Revenue information based on the geographical location of customers are as follows:

	Revenue	
	2024 RM	2023 RM
Group		
Africa	1,965,060	1,552,926
Asia (other than Malaysia)	4,703,435	2,574,844
Europe	880,102	55,470
Malaysia	40,002,134	40,194,657
Middle East	45,559	200,299
	47,596,290	44,578,196

Major customers

There is no single customer that contributed 10% or more to the Group's revenue for 2024 and 2023.

36. FINANCIAL INSTRUMENTS

Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or amortised cost. The principal accounting policies in Note 3 describe how the classes of the financial instruments are measured, and how income and expense including fair value gains and losses are recognised.

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	Amortised cost RM	Fair value through profit or loss RM	Total carrying amount RM
Group			
2024			
Financial assets			
Other investments	–	21,375,046	21,375,046
Trade receivables	11,747,254	–	11,747,254
Other receivables (excluded prepayments and advances to suppliers)	608,428	–	608,428
Amount due from related parties	400,551	–	400,551
Deposits with licensed banks	21,384,791	–	21,384,791
Cash and bank balances	4,354,258	–	4,354,258
Financial liabilities			
Trade payables	2,139,715	–	2,139,715
Other payables (excluded advances from customers and deposits received)	4,375,502	–	4,375,502
Borrowings	50,606,920	–	50,606,920
Lease liabilities	3,103,098	–	3,103,098

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

36. FINANCIAL INSTRUMENTS (CONT'D)

	Amortised cost RM	Fair value through profit or loss RM	Total carrying amount RM
Group			
2023			
Financial assets			
Other investments	–	43,217,197	43,217,197
Trade receivables	11,976,772	–	11,976,772
Other receivables (excluded prepayments and advances to suppliers)	3,756,817	–	3,756,817
Amount due from related parties	228,355	–	228,355
Deposits with licensed banks	20,380,237	–	20,380,237
Cash and bank balances	10,988,231	–	10,988,231
Financial liabilities			
Trade payables	338,219	–	338,219
Other payables (excluded advances from customers and deposits received)	7,168,962	–	7,168,962
Borrowings	28,747,163	–	28,747,163
Lease liabilities	3,258,143	–	3,258,143
Company			
2024			
Financial assets			
Other investments	–	3,462,500	3,462,500
Other receivables (excluded prepayments)	1,300	–	1,300
Amount due from subsidiary companies	5,973,336	–	5,973,336
Deposits with licensed banks	20,953,163	–	20,953,163
Cash and bank balances	219,096	–	219,096
Financial liabilities			
Other payables	191,131	–	191,131
Amount due to subsidiary companies	1,412,701	–	1,412,701
Company			
2023			
Financial assets			
Other investments	–	7,677,065	7,677,065
Other receivables (excluded prepayments)	1,300	–	1,300
Amount due from subsidiary companies	4,116,306	–	4,116,306
Deposits with licensed banks	20,380,237	–	20,380,237
Cash and bank balances	366,582	–	366,582
Financial liabilities			
Other payables	191,978	–	191,978

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

36. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management objectives and policies

The Group's and the Company's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's and the Company's operations whilst managing its credit, liquidity, foreign currency and interest rate risks. The Group and the Company operate within clearly defined guidelines that are approved by the Board and the Group's and the Company's policy is not to engage in speculative transactions.

The following sections provide details regarding the Group's and the Company's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

(i) Credit Risk

Credit risk is the risk of a financial loss to the Group and the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables, deposits with licensed financial institution, cash and bank balances, other investments and amount due from related parties. The Company's exposure to credit risk arises principally from other receivables, deposits with licensed financial institution, cash and bank balances, other investments and amount due from subsidiary companies.

The Group and the Company have adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposit with banks and financial institutions with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

At each reporting date, the Group and the Company assess whether any of its receivables are credit impaired.

The gross carrying amounts of credit impaired receivables are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amount subject to the write-off. Nevertheless, receivables that are written off could still be subject to enforcement activities.

As at the end of the reporting period, the Group has four customers (2023: two customers) that accounted for approximately 42% (2023: 45%) of its trade receivables.

The Company provides unsecured advances to subsidiary companies. It also provides financial guarantee to banks for banking facilities granted to a subsidiary company. The Company monitors on an ongoing basis the results of the subsidiary companies and repayments made by the subsidiary companies.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the financial year represents the Group's and the Company's maximum exposure to credit risk except for financial guarantees provided to banks.

The Company's maximum exposure in respect of the financial guarantee is RM30,909,411 (2023: RM6,813,337) at the end of the reporting period. There was no indication that the subsidiary companies would default on repayment as at the end of the reporting period.

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

36. FINANCIAL INSTRUMENTS (CONT'D)

(ii) Liquidity risk (Cont'd)

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay:

Group	Interest rate %	On demand or within 1 year RM	Within 2 to 5 years RM	More than 5 years RM	Total contractual cash flows RM	Total carrying amount RM
2024						
Non-derivative financial liabilities						
Trade payables		2,139,715	-	-	2,139,715	2,139,715
Other payables (excluded advances from customers and deposits received)		4,375,502	-	-	4,375,502	4,375,502
Term loans	4.55 - 4.61	43,237,139	-	-	43,237,139	28,625,559
Bankers' acceptance	4.45 - 4.71	1,867,001	-	-	1,867,001	1,867,001
Bank overdrafts	5.80 - 8.90	20,114,360	-	-	20,114,360	20,114,360
Lease liabilities	2.01 - 4.60	1,254,976	1,993,071	65,450	3,313,497	3,103,098
		72,988,693	1,993,071	65,450	75,047,214	60,225,235
2023						
Non-derivative financial liabilities						
Trade payables		338,219	-	-	338,219	338,219
Other payables (excluded advances from customers and deposits received)		7,168,962	-	-	7,168,962	7,168,962
Term loans	4.51 - 4.52	10,494,378	-	-	10,494,378	6,813,337
Bankers' acceptance	4.67 - 5.19	2,061,000	-	-	2,061,000	2,061,000
Bank overdrafts	5.80 - 8.90	19,872,826	-	-	19,872,826	19,872,826
Lease liabilities	2.01 - 4.60	1,323,851	2,147,408	38,300	3,509,559	3,258,143
		41,259,236	2,147,408	38,300	43,444,944	39,512,487

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

36. FINANCIAL INSTRUMENTS (CONT'D)

(ii) Liquidity risk (Cont'd)

	On demand or within 1 year RM	Total contractual cash flows RM	Total carrying amount RM
Company			
2024			
Non-derivative financial liabilities			
Other payables	191,131	191,131	191,131
Amount due to subsidiary companies	1,412,701	1,412,701	1,412,701
Financial guarantee *	30,909,411	30,909,411	–
	32,513,243	32,513,243	1,603,832
2023			
Non-derivative financial liabilities			
Other payables	191,978	191,978	191,978
Financial guarantee *	6,813,337	6,813,337	–
	7,005,315	7,005,315	191,978

* Being corporate guarantee granted for banking facilities of certain subsidiary companies which will only be encashed in the event of default by the subsidiary companies.

(iii) Market risk

(a) Foreign currency risk

The group is exposed to foreign currency risk on to transactions that are denominated in currencies other than the respective functional currencies of the group entities. The currencies giving rise to this risk is primarily United States Dollar ("USD"), Euro ("EUR") and Singapore Dollar ("SGD").

The Group has not entered into any derivative instruments for hedging or trading purposes. Where possible, the Group will apply natural hedging by selling and purchasing in the same currency. However, the exposure to foreign currency risk is monitored from time to time by management.

The carrying amount of the Group's foreign currency denominated financial assets and financial liabilities of the reporting year are as follows:

	USD RM	EUR RM	SGD RM	Total RM
Group				
2024				
Cash and bank balances	299,560	444	–	300,004
Trade receivables	170,000	–	–	170,000
Other receivables	–	66,865	–	66,865
Trade payables	(18,017)	(9,123)	–	(27,140)
	451,543	58,186	–	509,729

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

36. FINANCIAL INSTRUMENTS (CONT'D)

(iii) Market risk (Cont'd)

(a) Foreign currency risk (Cont'd)

The carrying amount of the Group's foreign currency denominated financial assets and financial liabilities of the reporting year are as follows: (Cont'd)

	USD RM	EUR RM	SGD RM	Total RM
Group				
2023				
Cash and bank balances	234,131	446	–	234,577
Trade receivables	300,893	–	317	301,210
Other receivables	13,974	4,229	–	18,203
Amount due from a related party	228,355	–	–	228,355
Trade payables	(108,409)	–	–	(108,409)
	668,944	4,675	317	673,936

Foreign currency sensitivity analysis

The following table demonstrates the sensitivity of the Group's loss after tax a reasonably possible change in the USD, EUR and SGD exchange rates against RM, with all other variables held constant.

	2024 %	2023 %	2024 RM Increase/ (Decrease)	2023 RM Increase/ (Decrease)
Effect on loss after tax				
USD/RM				
Strengthened by	10	10	(34,317)	(50,840)
Weakened by	10	10	34,317	50,840
EUR/RM				
Strengthened by	10	10	(4,422)	(355)
Weakened by	10	10	4,422	355
SGD/RM				
Strengthened by	10	10	–	(24)
Weakened by	10	10	–	24

(b) Interest rate risk

Interest risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rates risk arises primarily from their loans and borrowings at variable rates. The Company is not exposed to any interest rate risk as the Company has no variable rate financial instruments.

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

36. FINANCIAL INSTRUMENTS (CONT'D)

(iii) Market risk (Cont'd)

(b) Interest rate risk (Cont'd)

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amount at the end of the reporting year was:

	2024 RM	Group 2023 RM
Floating rate instruments		
Term loans	28,625,559	6,813,337
Bankers' acceptance	1,867,001	2,061,000
Bank overdraft	20,114,360	19,872,826
	50,606,920	28,747,163

Cash flows sensitivity analysis for floating rate instruments

A change in 100 basis point (bp) interest rate at the end of the reporting year would have (decreased)/increased the Group's loss after tax by the amount shown below and, arising mainly as a result of lower/higher interest expenses on floating rate loans and borrowings. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

	2024 RM	Group 2023 RM
Floating rate instruments	(384,612)	(218,478)

Market price risk is the risk that the fair value of future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is exposed to equity price risk arising from its investments in quoted instruments. These investments are listed on Bursa Malaysia and are classified as fair value through profit or loss.

The management of the Group monitors investments in quoted instruments on a portfolio basis. Material investments within the portfolio are managed by on an individual basis and all buy and sell decisions are approved by the Risk Management Committee of the Group.

Market price risk sensitivity analysis

At the reporting date, if the various stock indices had been 1% higher/lower, with all other variables held constant, the Group's and the Company's loss before tax would have been RM213,750 and RM34,625 (2023: RM380,151) and (2023: RM24,750) lower/higher respectively, arising because of higher/lower fair value gains held for trading investments in equity instruments.

(c) Fair value of financial instruments

The carrying amounts of short-term receivables and payables, cash and cash equivalents and borrowings approximate their fair value due to the relatively short-term nature of these financial instruments and insignificant impact of discounting or that they bear interest at rates approximating market interest rates on or near the reporting date.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

36. FINANCIAL INSTRUMENTS (CONT'D)

(iii) Market risk (Cont'd)

(c) Fair value of financial instruments (Cont'd)

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their values and carrying amounts shown in the statements of financial position.

	Level 1	Fair value of financial instruments carried at fair value Level 2	Level 3	Total fair value	Carrying amount
Group 2024					
Financial assets					
Investment in quoted shares	21,375,046	–	21,375,046	21,375,046	21,375,046
Financial liabilities					
Lease liabilities	–	–	–	3,313,497	3,103,098
2023					
Financial assets					
Investment in quoted shares	38,015,132	–	38,015,132	38,015,132	38,015,132
Investment in money market fund	–	5,202,065	5,202,065	5,202,065	5,202,065
Financial liabilities					
Lease liabilities	–	–	–	3,294,955	3,258,143

(i) Level 1 fair value

Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

(ii) Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

(iii) Level 3 fair value

Level 3 fair value for the financial assets and liabilities are estimated using unobservable inputs.

There were no transfers between Levels 1, 2 and 3 during the financial year

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

37. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the number of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital using a gearing ratio. The Group's policy is to maintain a prudent level of gearing ratio that complies with debt covenants and regulatory requirements. The gearing ratios at the end of the reporting year are as follows:

	Note	2024 RM	Group 2023 RM
Borrowings	30	50,606,920	28,747,163
Lease liabilities	31	3,103,098	3,258,143
		53,710,018	32,005,306
Less: cash and bank balances and fixed deposits	25	(25,739,049)	(31,368,468)
		27,970,969	636,838
Total equity		129,677,121	171,023,553
Gearing ratio		0.216	0.004

There were no changes in the Group's approach to capital management during the financial year.

38. MATERIAL LITIGATION

- (i) LKL Advance Metaltech Sdn. Bhd. vs Crecom Burj Gloves Sdn. Bhd. and 6 others (WA-22NCC-331-07/2021)

On 26 July 2021, LKLAM had through its solicitors, Messrs Chong + Kheng Hoe, filed a Writ and Statement of Claim in the High Court in Kuala Lumpur bearing suit number: WA-22NCC-331-07/2021 ("Suit") against Crecom Burj Gloves Sdn. Bhd., Crecom Burj Group Sdn. Bhd., Datin Roslinda Binti Jaafar, Khairil Anuar Bin A. Rahman, Nurul Ashikin Binti Muhammad Muhiyuddin, Chew Seng Ker and Nurul Balqis Binti Khairul Anuar ("Defendant").

LKLAM is claiming against Defendants for the return of RM12,540,757 being payment made by LKLAM for the purchase of gloves from Crecom Burj Group Sdn. Bhd. pursuant to the purchase agreement dated 2 October 2020.

On 23 August 2022, the second Defendant, Crecom Burj Group Sdn. Bhd. has been wound up by the Kuala Lumpur High Court. LKLAM has filed a post-winding up suit no. WA-28PW-620-12/2022 to obtain leave from the Kuala Lumpur High Court to continue the proceeding against the second Defendant, Crecom Burj Group Sdn. Bhd. in suit WA-22NCC-331-07/2021.

On 29 September 2022, the first Defendant, Crecom Burj Gloves Sdn. Bhd. has been wound up by the Shah Alam High Court. LKLAM has filed a post-winding up suit no. BA-28PW-314-12/2022 to obtain leave from the Shah Alam High Court to continue the proceeding against the first Defendant, Crecom Burj Gloves Sdn. Bhd. in suit WA-22NCC-331-07/2021.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

38. MATERIAL LITIGATION (CONT'D)

- (i) LKL Advance Metaltech Sdn. Bhd. vs Crecom Burj Gloves Sdn. Bhd. and 6 others (WA-22NCC-331-07/2021) (Cont'd)

On 17 November 2023, Consent Judgment was entered between LKLAM and the first Defendant, Crecom Burj Gloves Sdn. Bhd. whereby the official receiver for the first Defendant had admitted its debt against LKLAM for RM12,542,784. Proof of debt against the first Defendant was filed.

On 19 September 2024, the High Court has granted direction for LKLAM to file its proof of debt against the second Defendant, Crecom Burj Group Sdn. Bhd. for RM12,542,784, as the official receiver for the second Defendant had no objections on the same. Proof of debt against the second Defendant was filed.

During the last case management on 4 November 2024, the Court recorded that the claims against the 3rd to 7th Defendants are withdrawn with liberty to file afresh and no order as to costs. The trial dates fixed from 28 July to 1 August 2025 are thereby vacated. There is no further action to be taken in relation to this Suit as the claim has been withdrawn.

- (ii) LKL Advance Metaltech Sdn. Bhd. vs Manico New Impact Sdn. Bhd (WA-22NCC-898-12/2024)

On 24 December 2024, LKLAM had through its solicitor, Messrs Terrence Lee & Co filed a suit in Kuala Lumpur High Court bearing suit number: WA-22NCC-898-12/2024 ("Suit 898") against Manico New Impact Sdn. Bhd. ("Manico" or "Defendant"), among other, to order Manico to pay RM2,000,000 to LKLAM. LKLAM has paid RM4,000,000 as down payment to Manico to acquire machineries in 2023, of which they failed do so and only after a year, Manico refunded RM2,000,000.

On 15 January 2025, due to failure to enter appearance by 10 January 2025, LKLAM has obtained a Judgment in Default of Appearance against Manico for a sum RM2,000,000 and costs of RM1,500. Following that, on 21 February 2025, a Winding Up Notice had been issued to the Defendant, whereby Winding Up Proceedings shall commence winding up proceeding against the Defendant in the event that the Defendant fails to reimburse LKLAM the aforementioned sum within 21 days. The Winding Up Petition against Defendant has been filed on 17 March 2025. The case is fixed for hearing on 24 June 2025.

- (iii) LKL International Berhad vs The Edge Communications Sdn. Bhd. (WA-23NCvC-50-05/2021)

On 25 May 2021, the Company had through its solicitors, Messrs, Wong Kian Kheong, filed a Writ and Statement of Claim in the High Court in Kuala Lumpur against The Edge Communications Sdn. Bhd. ("The Edge"). The suit was initiated against The Edge for the article published at pages 62 to 64 of "The Edge Malaysia" on 12 April 2021 entitled "Hidden hands behind penny stock surge under scrutiny" ("Article"), of which the Company alleged that certain words in the Article were defamatory of LKL International Berhad.

The Company is seeking from The Edge, amongst others, damages and an injunction to restrain The Edge whether by itself, its agents or servants or otherwise from publishing or causing to be published the same or similar words defamatory of LKL International Berhad.

On 19 August 2021, The Edge has filed a striking out application to strike out the Company's claim, and the High Court has on 17 May 2022 dismissed The Edge's striking out application with costs in the cause. The matter was initially fixed for trial on 21 and 24 February 2025. However, the Court has since vacated those dates and rescheduled the trial to 14 to 16 October 2025. A case management has been fixed on 17 September 2025 to facilitate trial preparations.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

39. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) On 5 April 2024, Aluxcare Wellness Sdn. Bhd., a wholly-owned subsidiary of the Company, had entered into a Sale and Purchase Agreement with Mediconstant Pharmacy (Ampang) Sdn. Bhd. for the acquisition of the business of three (3) pharmacy outlets including associate rights, properties, assets and inventory for a total purchase consideration of RM4,800,000 and the acquisition was completed during the financial year.
- (b) The Company had on 10 October 2024 entered into a Joint Venture Agreement with Kar Group Holdings Corp. to explore investment opportunities and the manufacturing of hospital furniture in Philippines.

The above agreement has yet to be commenced. Thus, there is no financial impact to the financial year.

- (c) On 17 October 2024, the Company had entered into a Joint Venture and Shareholders Agreement with Fastech to establish a joint venture company ("JV Company"), that primarily engages in the business of manufacturing, selling, trading and distribution of medical equipment, medical devices and medical furniture in Indonesia.

There is no financial impact to the current financial year as the JV Company has not yet commenced operations.

- (d) LKL Advance Metaltech Sdn. Bhd., a wholly-owned subsidiary of the Company, had on 20 December 2024 received a Surat Setuju Terima (SST) dated on 19 December 2024 being awarded a sales contract for supplying, delivering, installing, testing, and commissioning dental chairs and accessory packages, and related renovation works for UKM for a contract sum of RM24,551,970.

As the contract has not yet commenced, there is no financial impact on the current financial year.

40. DATE OF AUTHORISATION FOR ISSUE

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 25 April 2025.

ANALYSIS OF SHAREHOLDINGS

AS AT 3 APRIL 2025

Total Number of Issued Shares : 388,057,256 ordinary shares
Class of Equity Securities : Ordinary shares ("shares")
Voting Rights : One (1) vote for every share held

DISTRIBUTION SCHEDULE OF SHAREHOLDERS

Size of Holdings	No. of Holders	%	No. of Shares	%
Less than 100 shares	1,221	7.85	46,394	0.01
100 - 1,000 shares	6,726	43.27	3,368,751	0.86
1,001 - 10,000 shares	5,273	33.92	20,513,417	5.29
10,001 - 100,000 shares	1,997	12.85	67,535,919	17.40
100,001 - less than 5% of issued shares	326	2.10	203,493,055	52.44
5% and above of issued shares	2	0.01	93,099,720	24.00
Total	15,545	100.00	388,057,256	100.00

DIRECTORS' SHAREHOLDINGS

(As per the Register of Directors' Shareholdings)

Name of Directors	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Dato' Haji Mohd Yazid Bin Haji Mustafa	—	—	—	—
Zulkarnin Bin Ariffin	—	—	—	—
Lim Pak Hong	7	Negligible	10,500 ⁽¹⁾	Negligible
Lim Ming Chang	—	—	—	—
Ling Chi Hoong	—	—	—	—
Dr. Chan Jee Peng	—	—	—	—
Ng Fun Kim	—	—	—	—
Tan Su Ning	—	—	—	—

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

(As per the Register of Substantial Shareholders)

Name of Substantial Shareholders	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Ang Kian You	21,194,660	5.46	—	—
Botanical Distribution Sdn. Bhd.	57,010,000	14.69	—	—
Bioalpha Holdings Berhad	—	—	57,010,000 ⁽²⁾	14.69

Notes:

- (1) Deemed interested by virtue of his wife, Ms. Tan Lee Ching's ordinary shares held in the Company.
- (2) Deemed interested in the shares held by Botanical Distribution Sdn. Bhd. pursuant to Section 8 of the Companies Act, 2016.

ANALYSIS OF SHAREHOLDINGS
(CONT'D)

THIRTY LARGEST SHAREHOLDERS AS AT 3 APRIL 2025

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

No	Name	No. of Shares held	%
1	Botanical Distribution Sdn. Bhd.	57,010,000	14.69
2	AMSEC Nominees (Tempatan) Sdn Bhd <i>Exempt An for KGI Securities (Singapore) Pte. Ltd (66581 T Cl)</i>	36,089,720	9.30
3	Attractive Venture Sdn. Bhd.	19,317,665	4.98
4	Unik Makmur Sdn. Bhd.	19,080,000	4.92
5	AE Multi Industries Sdn. Bhd.	19,000,000	4.90
6	Perusahaan Saudee Sdn. Bhd.	12,399,600	3.19
7	Ang Kian You	11,005,880	2.84
8	Ang Kian You	10,188,780	2.62
9	Maybank Securities Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Wan Mohd Zahari Bin Wan Embong (STF)</i>	7,500,000	1.93
10	Jadi Chemicals Sdn. Bhd.	7,200,800	1.8556
11	Citigroup Nominees (Asing) Sdn Bhd <i>Exempt An for CLSA Limited (Cust-Non Res)</i>	4,116,000	1.06
12	Ng Kok Seng	2,600,000	0.67
13	Maybank Securities Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Vincent Phua Chee Ee</i>	2,500,000	0.64
14	Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Tan Leg Rong</i>	2,241,200	0.58
15	Ong Yong Hang	1,950,000	0.50
16	Yong Chai Ing	1,500,040	0.39
17	Y.P. Construction Sdn. Bhd.	1,400,800	0.36
18	Divesh Navinchandra Sheth	1,216,400	0.31
19	Lee Kam Kit	1,210,200	0.31
20	Affin Hwang Nominees (Tempatan) Sdn. Bhd. <i>Exempt An for Lazarus Securities Pty Ltd</i>	1,065,900	0.27
21	Leong May Khee	1,044,700	0.27
22	Public Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Chen Mee Sun (E-SKN)</i>	1,000,700	0.26
23	Oo Keang Meng	1,000,000	0.26
24	Public Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Tey Heong Tiong (E-TCS)</i>	1,000,000	0.26
25	Lee Seng Piow	900,000	0.23
26	Kenanga Nominees (Tempatan) Sdn Bhd <i>Rakuten Trade Sdn Bhd for Lee Soon Kit</i>	801,000	0.21
27	Public Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Heng Miew Hiang (E-BPT)</i>	700,000	0.18
28	Tan Seng Chye	700,000	0.18
29	Ahmad Fazlin Bin Nasaruddin	690,000	0.18
30	Daniel Wong Kai Meng	683,500	0.18

ANALYSIS OF WARRANTS HOLDINGS

AS AT 3 APRIL 2025

Type of Securities : Warrants A 2023/2026
Number of Warrants Issued : 193,931,375
Exercise Price : RM 0.17
Exercise Period : 22 March 2023 to 21 March 2026

DISTRIBUTION SCHEDULE OF WARRANTS HOLDERS

Size of Holdings	No. of Holders	%	No. of Warrants	%
Less than 100 warrants	64	3.47	3,013	0.00
100 - 1,000 warrants	249	13.51	156,737	0.08
1,001 - 10,000 warrants	728	39.51	3,249,726	1.68
10,001 - 100,000 warrants	527	28.59	20,620,469	10.63
100,001 - less than 5% of issued warrants	273	14.81	141,271,430	72.85
5% and above of issued warrants	2	0.11	28,630,000	14.76
Total	1,843	100.00	193,931,375	100.00

DIRECTORS' WARRANTS HOLDINGS

(As per the Register of Directors' Warrants Holdings)

Name of Directors	Direct Interest		Indirect Interest	
	No. of Warrants	%	No. of Warrants	%
Dato' Haji Mohd Yazid Bin Haji Mustafa	—	—	—	—
Zulkarnin Bin Ariffin	—	—	—	—
Lim Pak Hong	—	—	—	—
Lim Ming Chang	—	—	—	—
Ling Chi Hoong	—	—	—	—
Dr. Chan Jee Peng	—	—	—	—
Ng Fun Kim	—	—	—	—
Tan Su Ning	—	—	—	—

ANALYSIS OF WARRANTS HOLDINGS
(CONT'D)

THIRTY LARGEST WARRANTS HOLDERS AS AT 3 APRIL 2025

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

No	Name	No. of Warrants	%
1	Maybank Securities Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Wan Mohd Zahari Bin Wan Embong (STF)</i>	16,000,000	8.25
2	Botanical Distribution Sdn. Bhd.	12,630,000	6.51
3	Lim Kau	5,000,000	2.58
4	Ong Loo Choon	4,840,000	2.49
5	Ong Yong Hang	4,822,800	2.49
6	Y.P. Construction Sdn Bhd	4,156,300	2.14
7	Maybank Securities Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Vincent Phua Chee Ee</i>	4,000,000	2.06
8	Soh Geok Bee	3,531,300	1.82
9	Maybank Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Len Book Learn</i>	3,278,400	1.69
10	Liew Yew Sung	3,074,000	1.58
11	Lim Kau	2,999,700	1.55
12	How Yang Shee	2,500,000	1.29
13	Tan Ah Seng	2,378,000	1.23
14	AMSEC Nominees (Tempatan) Sdn. Bhd. <i>Exempt An for KGI Securities (Singapore) Pte.Ltd (66581 T CL)</i>	2,190,700	1.13
15	Public Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Leong Che Wey (E-SKN)</i>	2,100,000	1.08
16	Tee Kim Lee	2,100,000	1.08
17	Wong Kam Sang	2,000,000	1.03
18	Ong Chin Hai	1,840,000	0.95
19	Gan Poh Beng	1,500,066	0.77
20	Mohd Zukri Bin Musa	1,498,400	0.77
21	LEE KAM KIT	1,392,700	0.72
22	Maybank Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Tan Eng Keat</i>	1,366,700	0.70
23	Chong Chan Foo	1,306,000	0.67
24	Chia Yan Chen	1,200,000	0.62
25	Chu Soo Guat	1,158,200	0.60
26	Loh Kiong Fook	1,150,000	0.59
27	Kenanga Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Tan Swee Boon</i>	1,066,000	0.55
28	TA Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Lai Zhi Sheng</i>	1,050,000	0.54
29	Ahmad Adil Luqman Bin Nor Ismail	1,044,000	0.54
30	Goi Boon Giap	1,000,000	0.51

LIST OF TOP 10 PROPERTIES

No.	Registered owner/ Location/Title	Description/ Existing use	Tenure	Approximate age of building (Years)	"Land area/ Built-up area (Square feet)"	net book value as at 31 December 2024 (RM'000)	Date of acquisition
1	Aluxcare Wellness Sdn Bhd No.26, 26A,B, Jalan Tun Mohd Fuad 1, Taman Tun Dr Ismail 60000 WP Kuala Lumpur H.S.(D) 3328, Lot 29464, Mukim Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan KL	Three-storey intermediate terraced Shopoffice	Freehold	48	174.188 sqm 1875 sqft	6,152	28-Jan-22
2	Aluxcare Wellness Sdn Bhd No.16, 16-1, Jalan 25/70A, Desa Sri Hartamas, 50480 Kuala Lumpur Geran 62380, Lot 47568, Mukim Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan KL	Four-storey intermediate terraced Shopoffice	Freehold	16	164 sqm 1765 sqft	5,814	24-Dec-21
3	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	8	43,560 / 34,050	5,365	11-Apr-07
4	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	14	43,560 / 57,690	5,263	12-Nov-04
5	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	12	11,135 / 9,000	4,953	15-Apr-17

LIST OF TOP 10 PROPERTIES (CONT'D)

No.	Registered owner/ Location/Title	Description/ Existing use	Tenure	Approximate age of building (Years)	"Land area/ Built-up area (Square feet)"	net book value as at 31 December 2024 (RM'000)	Date of acquisition
6	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	12	11,282 / 9,720	4,763	16-Apr-15
7	Aluxcare Wellness Sdn Bhd A3-G2-07, Solaris Dutamas, No.1, Jalan Dutamas 1, 50480 Kuala Lumpur Geran 60861/M1-C/1/166, Lot 58690, Mukim Batu Negeri Wilayah Persekutuan KL	Intermediate terraced Shopoffice	Freehold	10	116 sqm 1249 sqft	3,766	19-Feb-24
8	LKL Advance Metaltech Sdn Bhd No.7, Jalan 14/4 Taman Serdang Utama 43300 Seri Kembangan, Selangor Darul Ehsan Geran 184270, Lot 26419 Mukim Pekan Serdang, Daerah Petaling Selangor Darul Ehsan	Double-Storey terrace house used as hostel	Freehold	13	1,647/1,672	562	24-Dec-20
9	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	26	3,400 / 1,862	326	16-Nov-12
10	LKL Advance Metaltech Sdn Bhd Level 1 - 29, Block B, Jalan Indah 2/6 Taman Universiti Indah 43300 Seri Kembangan, Selangor Darul Ehsan Geran 109573/M1-B/2/122, Lot 34479 Mukim Pekan Serdang, Daerah Petaling Selangor Darul Ehsan	Apartment used as hostel	Freehold	17	- / 817	59	28-Mar-05

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Tenth Annual General Meeting ("10th AGM" or "Meeting") of LKL INTERNATIONAL BERHAD ("LKL" or "the Company") will be held at Lot 4.1, 4th Floor, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Thursday, 29 May 2025 at 10:00 a.m. or at any adjournment thereof, to transact the following businesses: -

A G E N D A

AS ORDINARY BUSINESS:

- | | | |
|----|--|--|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 December 2024 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 RM600,000.00 for the period commencing from the date immediately after this 10 th AGM until the next Annual General Meeting ("AGM") of the Company. | Ordinary Resolution 1 |
| 3. | To re-elect the following Directors who retire by rotation pursuant to Clause 85 of the Company's Constitution:

i. Mr. Ling Chi Hoong; and
ii. Mr. Ng Fun Kim | Ordinary Resolution 2
Ordinary Resolution 3 |
| 4. | To re-elect Mr. Lim Pak Hong who retires pursuant to Clause 91 of the Company's Constitution. | Ordinary Resolution 4 |
| 5. | To re-appoint Morison LC PLT as Auditors of the Company until the conclusion of the next AGM of the Company and to authorise the Directors to fix their remuneration. | Ordinary Resolution 5 |

AS SPECIAL BUSINESS:

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

- | | | |
|----|--|------------------------------|
| 6. | GENERAL AUTHORITY FOR THE DIRECTORS TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016 ("ACT") | Ordinary Resolution 6 |
| | <p>"THAT subject always to the Constitution of the Company, the 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 new ordinary shares in the Company ("Shares") 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 ten per centum (10%) of the total number of issued shares of the Company (excluding treasury shares, if any) at any point of time ("Mandate") AND 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 of the Company held next after the approval was given or at the expiry of the period within which the next AGM is required to be held after the approval was given, whichever is the earlier.</p> | |

AND FURTHER THAT the new Shares to be issued pursuant to the Mandate, shall, upon issuance and allotment, rank pari passu in all respects with the existing shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or any other forms of distribution that may be declared, made or paid before the date of allotment of such new Shares."

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

7. **PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE AND/OR TRADING NATURE ("PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE")**

Ordinary Resolution 7

"THAT authority be and is hereby given in line with Rule 10.09 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, for the Company and/or its subsidiaries ("Group") to enter into any of the recurrent related party transactions with the related party(ies) as set out in Section 2.3 of the Circular to Shareholders dated 30 April 2025 in relation to the Proposed Renewal of Existing Shareholders' Mandate which are necessary for the day-to-day operations of the Group within the ordinary course of business of the Group, made on an arm's length basis and on normal commercial terms which are those generally available to the public and are not detrimental to the minority shareholders of the Company.

AND THAT such authority shall commence immediately upon the passing of this resolution and shall continue to be in force until:

- (i) the conclusion of the next Annual General Meeting ("AGM") of the Company following the general meeting at which the ordinary resolution for the Proposed Renewal of Existing Shareholders' Mandate was passed, at which time it shall lapse, unless the authority is renewed by a resolution passed at the next AGM; or
- (ii) the expiration of the period within which the next AGM after that date it is required by law to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (iii) revoked or varied by an ordinary resolution passed by the shareholders of the Company at a general meeting,

whichever is earlier.

AND FURTHER THAT the Directors of the Company be and are hereby authorised to do all acts, deeds and things as they may be deemed fit, necessary, expedient and/or appropriate in order to implement the Proposed Renewal of Existing Shareholders' Mandate with full power to assent to all or any conditions, variations, modifications and/or amendments in any manner as may be required by any relevant authorities or otherwise and to deal with all matters relating thereto and to take all such steps and to execute, sign and deliver for and on behalf of the Company all such documents, agreements, arrangements and/or undertakings, with any party or parties and to carry out any other matters as may be required to implement, finalise and complete, and give full effect to the Proposed Renewal of Existing Shareholders' Mandate in the best interest of the Company."

8. To transact any other business of which due notice shall have been given.

By order of the Board

TEA SOR HUA (MACS 01324) (SSM PC No. 201908001272)
WINNIE GOH KAH MUN (MAICSA 7068836) (SSM PC No. 202308000205)
Company Secretaries

Petaling Jaya, Selangor Darul Ehsan
30 April 2025

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

Notes:

- a) A member who is entitled to present, participate, speak 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) To be valid, the instrument appointing a proxy must be deposited at the Share Registrar's office, Prosec Share Registration Sdn. Bhd. at DF2-09-02, Level 9, Persoft Tower, 6B, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan or email to shareereg@prosec.com.my not less than forty-eight (48) hours before the time appointed for holding the Meeting or adjourned meeting as the case may be.
- g) 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 a General Meeting Record of Depositors as at 22 May 2025. Only members whose names appear in the General Meeting Record of Depositors as at 22 May 2025 shall be regarded as members and entitled to attend, speak and vote at the Meeting.
- h) All resolutions as set out in the Notice of the Meeting will be put to vote by poll.
- i) The members are advised to refer to the Administrative Notes on the registration and voting process for the Meeting.
- j) Kindly check Bursa Securities' website at www.bursamalaysia.com and the Company's website at <https://www.lklbeds.com> for the latest updates on the status of the Meeting.

EXPLANATORY NOTES TO ORDINARY AND SPECIAL BUSINESS

1. Item 1 of the Agenda – Audited Financial Statements for the financial year ended 31 December 2024

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 were calculated based on the current Board size and the number of scheduled Board and Committee meetings to be held. This resolution is to facilitate payment of Directors' fees and benefits for the period from 30 May 2025 until the next AGM of the Company to be held in the year 2026. In the event the proposed amount is insufficient due to more meetings or an enlarged Board size, approval will be sought at the next AGM for such shortfall.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

EXPLANATORY NOTES TO ORDINARY AND SPECIAL BUSINESS (Cont'd)

3. Items 3 and 4 of the Agenda – Re-election of Directors

Clause 85 of the Company's Constitution provides that one-third (1/3) of the Directors of the Company for the time being or, if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3) shall retire by rotation at an AGM of the Company and be eligible for re-election PROVIDED ALWAYS that all Directors shall retire from office at least once every three (3) years but shall be eligible for re-election.

Clause 91 of the Company's Constitution provides that the Directors shall have power at any time and from time to time, to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next AGM, and shall then be eligible for re-election but shall not be taken into account in determining the number of Directors to retire by rotation at such meeting.

Following thereto, Mr. Ling Chi Hoong and Mr. Ng Fun Kim will retire by rotation pursuant to Clause 85 of the Company's Constitution whereas Mr. Lim Pak Hong will retire pursuant to Clause 91 of the Company's Constitution (collectively referred to as "the Retiring Directors"). The Retiring Directors being eligible, have offered themselves for re-election at the 10th AGM.

The Board has endorsed the Nomination Committee's recommendation to seek shareholders' approval to re-elect the Retiring Directors as they possess the required skill sets to facilitate and contribute to the Board's effectiveness and value.

The Retiring Directors had abstained from all deliberations and decisions on their own eligibility to stand for re-election at the Board meeting.

The details and profiles of the Retiring Directors are provided in the Directors' Profile on pages 73 to 75 of the Company's Annual Report 2024.

4. Item 6 of the Agenda - General Authority for the Directors to Issue and Allot Shares pursuant to Sections 75 and 76 of the Act

The Ordinary Resolution 6 proposed under item 6 of the Agenda, is to seek a general mandate for issuance and allotment of shares by the Company pursuant to Sections 75 and 76 of the Act. This Ordinary Resolution, if passed, will empower the Directors to issue and allot new shares in the Company up to an amount not exceeding in total ten per centum (10%) of the total number of issued shares of the Company for such purposes as the Directors consider would be in the interest of the Company. This would avoid any delay and cost involved in convening a general meeting to approve the issuance and allotment of such shares. This authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next AGM or the expiration of the period within which the next AGM is required by law to be held, whichever is earlier.

This general mandate will provide flexibility to the Company for issuance and allotment of shares for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding current and/or future project(s), working capital, acquisitions, investments and/or for issuance of shares as a form of settlement of purchase consideration or such other applications as the Directors may deem fit and expedient in the best interest of the Company.

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 last AGM held on 30 May 2024 which will lapse at the conclusion of the Meeting.

5. Item 7 of the Agenda – Proposed Renewal of Existing Shareholders' Mandate

The Ordinary Resolution 7 proposed under item 7 of the Agenda, if passed, will give the mandate to the Group to enter into recurrent related party transactions of a revenue and/or trading nature pursuant to Rule 10.09 of the Listing Requirements of Bursa Securities. The mandate, unless revoked or varied by the Company at a general meeting, will expire at the next AGM of the Company.

Please refer to the Circular to Shareholders dated 30 April 2025 for further information.

ADMINISTRATIVE NOTES

ADMINISTRATIVE NOTES FOR THE TENTH ANNUAL GENERAL MEETING (“10TH AGM” OR “MEETING”) OF LKL INTERNATIONAL BERHAD (“LKL” OR “THE COMPANY”)

Meeting Day, Date : Thursday, 29 May 2025
Time : 10:00 a.m.
Venue : Lot 4.1, 4th Floor, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan

REGISTRATION AT THE 10TH AGM

- (a) Registration will commence at 9:00 a.m. and will end at a time as directed by the Chairman of the Meeting.
- (b) Kindly present your original MyKad or passport (for Non-Malaysian) to the registration personnel at the registration counter for verification.
- (c) Upon verification, you are required to sign the Attendance List and will be given a wristband for entry to the Meeting venue. There will be no replacement of wristband in the event you lose or misplace the wristband.
- (d) Registration on behalf of another person even with his/her original MyKad or passport is strictly **NOT ALLOWED**.
- (e) If you are attending the 10th AGM as shareholder as well as proxy, you will be registered once and will only be given one wristband.

RECORD OF DEPOSITORS

The date of Record of Depositors for the 10th AGM is 22 May 2025. As such, only members whose name appears in the Record of Depositors of LKL as at 22 May 2025 shall be entitled to attend, speak and vote at the 10th AGM or appoint proxy(ies)/corporate representative(s)/attorney(s) to attend and/or vote on his/her behalf.

APPOINTMENT OF PROXY

The Proxy Form and/or documents relating to the appointment of proxy(ies) or corporate representative(s) or attorney(s) for the 10th AGM shall be deposited by hand or post with the Share Registrar's office at DF2-09-02, Level 9, Persoft Tower, 6B, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan or email to sharereg@prosec.com.my no later than **Tuesday, 27 May 2025 at 10:00 a.m.**

The procedures and requisite documents to be submitted by the respective members are summarised below:-

(I) Individual Members

If an individual member is unable to attend the 10th AGM, he/she is encouraged to appoint the Chairman of the Meeting as his/her proxy and indicate the voting instructions in the Proxy Form in accordance with the notes and instructions printed therein.

(II) Corporate Members

Corporate members (through Corporate Representatives or appointed proxies) who wish to participate and vote at the 10th AGM must deposit the following documents to the Share Registrar's office at DF2-09-02, Level 9, Persoft Tower, 6B, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan no later than **Tuesday, 27 May 2025 at 10:00 a.m.**:-

- i. Certificate of appointment of its Corporate Representative or Proxy Form under the seal of the corporation;
- ii. Copy of the Corporate Representative's or proxy's MyKad (front and back)/Passport; and
- iii. Corporate Representative's or proxy's email address and mobile phone number.

If a corporate member (through Corporate Representative(s) or appointed proxy(ies)) is unable to attend the 10th AGM, the corporate member is encouraged to appoint the Chairman of the Meeting as its proxy and indicate the voting instructions in the Proxy Form in accordance with the notes and instructions printed therein.

ADMINISTRATIVE NOTES (CONT'D)

(III) Nominee Company Members

The beneficiaries of the shares under a Nominee Company's CDS account ("Institutional member(s)") who wish to participate and vote at the 10th AGM may request its Nominee Company to appoint him/her as a proxy to participate and vote at the 10th AGM. The Nominee Company is required to deposit the following documents to the Share Registrar's office at DF2-09-02, Level 9, Persoft Tower, 6B, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan no later than **Tuesday, 27 May 2025 at 10:00 a.m.**:-

- i. Proxy Form under the seal of the Nominee Company;
- ii. Copy of the proxy's MyKad (front and back)/Passport; and
- iii. Proxy's email address and mobile phone number.

If a Nominee Company member is unable to attend the 10th AGM, it is encouraged to request its Nominee Company to appoint the Chairman of the meeting as its proxy and to indicate the voting instructions in the Proxy Form in accordance with the notes and instructions printed therein.

REVOCATION OF PROXY

Please note that if a Shareholder has submitted his/her Proxy Form prior to the 10th AGM and subsequently decides to personally participate in the 10th AGM, the Shareholder must contact the Share Registrar to revoke the appointment of his/her proxy no later than **Tuesday, 27 May 2025 at 10:00 a.m.**.

POLL VOTING

The voting at the 10th AGM will be conducted by poll in accordance with Rule 8.31A of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). The Company has appointed Prosec Share Registration Sdn. Bhd. as Poll Administrator and SharePolls Sdn. Bhd. as Scrutineers to verify the poll results.

Shareholders can proceed to vote on the resolutions before the end of the voting session which will be announced by the Chairman of the Meeting. The Scrutineers will verify and announce the poll results followed by the Chairman's declaration of whether the resolution is duly passed or otherwise.

The results of the voting for all resolutions will be announced at the 10th AGM and on Bursa Securities' website at www.bursamalaysia.com.

NO RECORDING/PHOTOGRAPHY

By participating at the 10th AGM, you agree that no part of the 10th 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.

ENQUIRY

If you have any enquiry prior to the Meeting, please contact the following persons during office hours (from 9:00 a.m. to 5:30 p.m. (Monday to Friday except public holidays)):-

Prosec Share Registration Sdn. Bhd.

Name	:	Mr. Vemalan A/L Naraynan / Mr. Tee Yee Loon
Contact No.	:	03-3008 1123 / 012-766 8921
Email Address	:	sharereg@prosec.com.my

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PROXY FORM



LKL INTERNATIONAL BERHAD
[201501014673 (1140005-V)]
(Incorporated in Malaysia)

CDS Account No.	No. of Shares held

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

of _____
(full address)

with email address _____ Contact no. _____

being a member/members* of **LKL INTERNATIONAL BERHAD** ("the Company") hereby appoint(s):-

Full Name (in capital letters)	NRIC/Passport No.:	Proportion of Shareholdings		
		No. of Shares	%	
Full Address (in capital letters)				
Contact No.:				
Email Address:				

and / or*

Full Name (in capital letters)	NRIC/Passport No.:	Proportion of Shareholdings		
		No. of Shares	%	
Full Address (in capital letters)				
Contact No.:				
Email 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 Tenth Annual General Meeting ("10th AGM" or "Meeting") of the Company to be held at Lot 4.1, 4th Floor, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Thursday, 29 May 2025 at 10:00 a.m. or 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 RM600,000.00 for the period commencing from the date immediately after this 10 th AGM until the next Annual General Meeting of the Company.		
2.	To re-elect Mr. Ling Chi Hoong as a Director who retires by rotation pursuant to Clause 85 of the Company's Constitution.		
3.	To re-elect Mr. Ng Fun Kim as a Director who retires by rotation pursuant to Clause 85 of the Company's Constitution.		
4.	To re-elect Mr. Lim Pak Hong as a Director who retires pursuant to Clause 91 of the Company's Constitution.		
5.	To re-appoint Morison LC PLT as Auditors of the Company until the conclusion of the next Annual General Meeting of the Company and to authorise the Directors to fix their remuneration.		
6.	To approve the general authority for the Directors to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act, 2016.		
7.	To approve the Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue and/or Trading Nature.		

*delete whichever is not applicable

Dated this _____ day of _____ 2025

Signature/ Common Seal of Member(s)



Notes:

- a) A member who is entitled to present, participate, speak 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) To be valid, the instrument appointing a proxy must be deposited at the Share Registrar's office, Prosec Share Registration Sdn. Bhd. at DF2-09-02, Level 9, Persoft Tower, 6B, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan or email to shareg@prosec.com.my not less than forty-eight (48) hours before the time appointed for holding the Meeting or adjourned meeting as the case may be.
- g) 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 a General Meeting Record of Depositors as at 22 May 2025. Only members whose names appear in the General Meeting Record of Depositors as at 22 May 2025 shall be regarded as members and entitled to attend, speak and vote at the Meeting.
- h) All resolutions as set out in the Notice of the Meeting will be put to vote by poll.
- i) The members are advised to refer to the Administrative Notes on the registration and voting process for the Meeting.
- j) Kindly check Bursa Malaysia Securities Berhad's website at www.bursamalaysia.com and the Company's website at <https://www.lklbeds.com> for the latest updates on the status of the Meeting.

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AFFIX
STAMP

The Share Registrar of
LKL INTERNATIONAL BERHAD
Registration No. 201501014673 (1140005-V)

Prosec Share Registration Sdn. Bhd.
DF2-09-02, Level 9, Persoft Tower
6B, Persiaran Tropicana
Tropicana Golf & Country Resort
47410 Petaling Jaya
Selangor Darul Ehsan

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LKL INTERNATIONAL BERHAD

201501014673 (1140005-V)

Wisma LKL, No 3, Jalan BS 7/18
Kawasan Perindustrian Bukit Serdang, Seksyen 7
43300 Seri Kembangan
Selangor Darul Ehsan, Malaysia

Tel +603 8948 2990 (Hunting Lines) **Fax** +603 8948 7904

www.lklbeds.com