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INNOVATING
RESPONSIBLY
FOR A BETTER
TOMORROW



ANNUAL
REPORT
2023

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CORPORATE INFORMATION

BOARD OF DIRECTORS

DATO' HAJI MOHD YAZID BIN HAJI MUSTAFA	<i>Independent Non-Executive Chairman</i>
DATUK CHONG LOONG MEN	<i>Executive Director</i>
ZULKARNIN BIN ARIFFIN	<i>Executive Director</i>
LIM MING CHANG	<i>Non-Independent Non-Executive Director</i>
DR. CHAN JEE PENG	<i>Independent Non-Executive Director</i>
LING CHI HOONG	<i>Independent Non-Executive Director</i>
NG FUN KIM	<i>Independent Non-Executive Director</i>
TAN SU NING	<i>Independent Non-Executive Director</i>

AUDITORS

Messrs. UHY (AF1411)
Suite 11.05, Level 11
The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Tel No. : (03) 2279 3088
Fax No. : (03) 2279 3099

SHARE REGISTRAR

Workshire Share Registration Sdn. Bhd.
A3-3-8 Solaris Dutamas
No. 1, Jalan Dutamas 1
50480 Kuala Lumpur
Wilayah Persekutuan
Tel No. : (03) 6413 3271
Fax No. : (03) 6413 3270
Email : infosr@wscs.com.my

AUDIT AND RISK MANAGEMENT COMMITTEE

Dr. Chan Jee Peng (Chairman)
Ling Chi Hoong
Ng Fun Kim

REMUNERATION COMMITTEE

Ling Chi Hoong (Chairman)
Dr. Chan Jee Peng
Ng Fun Kim

NOMINATION COMMITTEE

Ling Chi Hoong (Chairman)
Dr. Chan Jee Peng
Ng Fun Kim

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
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Selangor Darul Ehsan
Tel No. : (03) 7725 1777
Fax No. : (03) 7722 3668
Email : cms_cospec@yahoo.com

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

PRINCIPAL BANKERS

United Overseas Bank (M) Bhd.
Alliance Islamic Bank Berhad

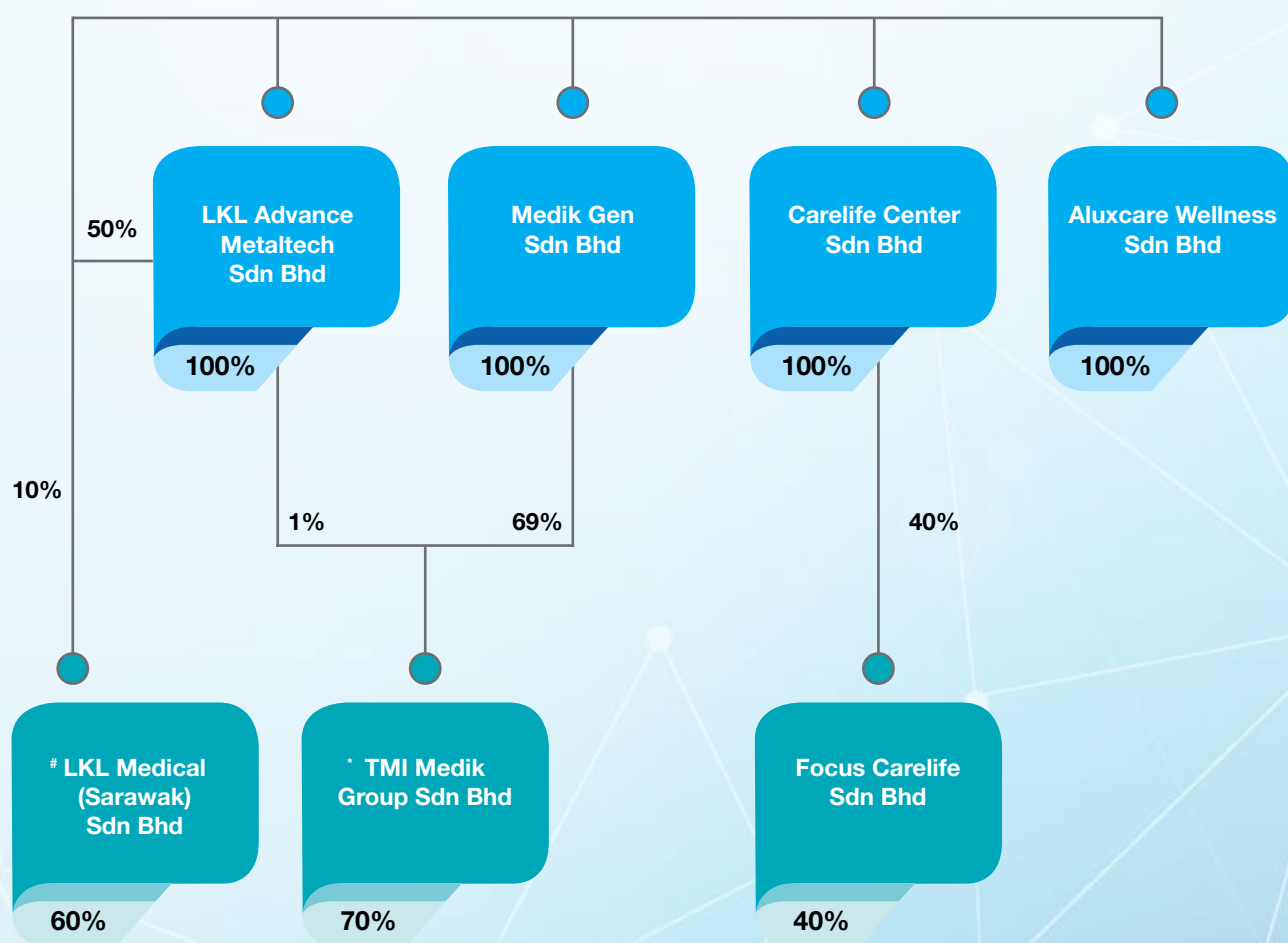
STOCK EXCHANGE LISTING

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

CORPORATE STRUCTURE



LKL INTERNATIONAL BERHAD



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

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.

CUSTOMER FOCUS & PRODUCT INNOVATION

At LKL, we believe that customers always come first. Our service team is dedicated to maintain a reputation for responding quickly to customer issues, minimising as much as possible any product "down-time". This ultimately translates to greater customer satisfaction. By constantly being there for you, we have had the priceless opportunity to gather feedback and critique of our products. It is by listening, that has allowed us to constantly re-engineer and innovate our products to provide you better, more user-friendly solutions

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

30

*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. ”

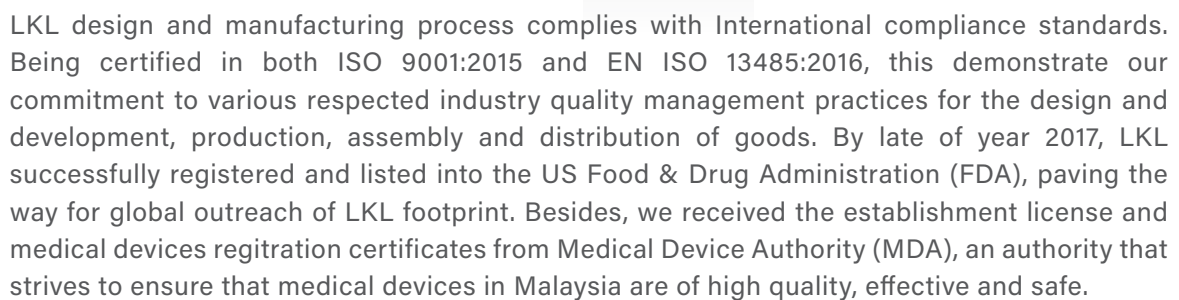
“ Our Mission

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



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.

CUSTOMER SERVICE



The *Excellent Guide* Towards Patient Care

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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.

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.



2008

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



CORPORATE STRUCTURE

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.

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 seven 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 Gmor & 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.

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.

2015

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

Rented four (4) nearby shoplot 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.

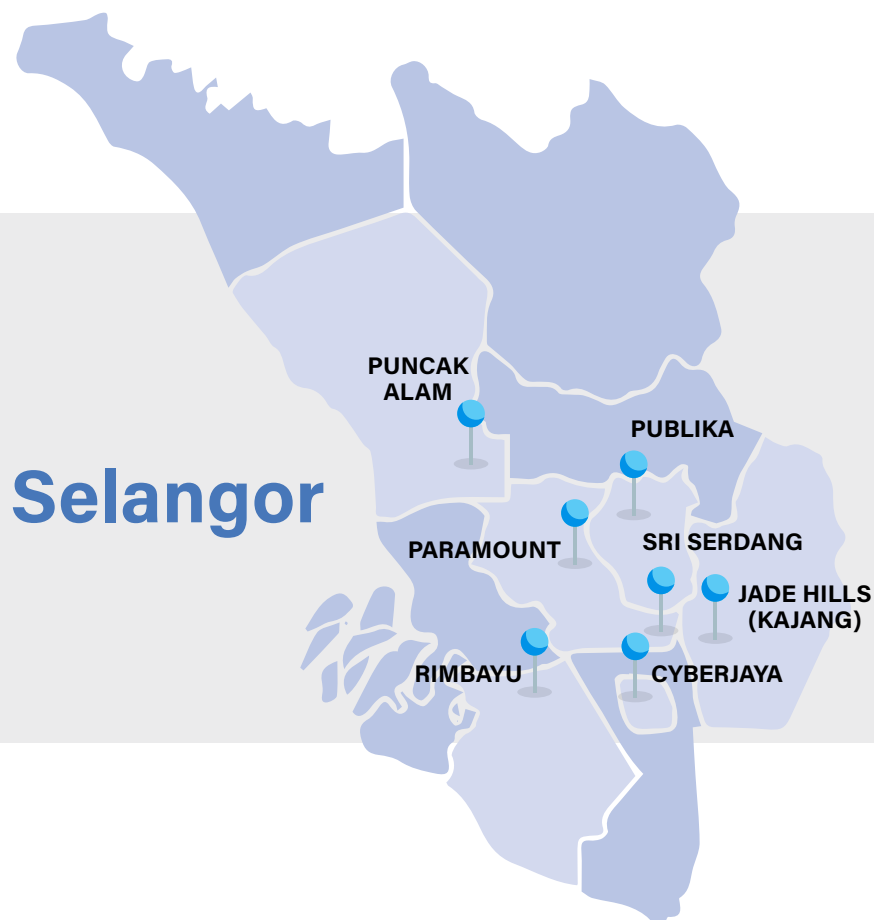
PHARMACY OUTLETS

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.



TRACK RECORD (LOCAL)

Government Hospital Projects (2000 Onwards)

Johor

Batu Pahat Hospital
Kluang Hospital
Pandan Hospital
Permai Hospital

Kedah

Alor Setar Hospital
Sungai Petani Hospital

Kelantan

Gua Musang Hospital
Hospital Universiti Sains Malaysia
Kota Bharu Hospital

Kuala Lumpur

Hospital Angkatan Tentera Tuanku Mizan
Kuala Lumpur Hospital
Pusat Perubatan Universiti Malaya (PPUM)
Rehab Cheras Hospital
U.K.M Hospital
Women & Children Hospital

Melaka

Alor Gajah Hospital
Jasin Hospital

Negeri Sembilan

Tampin Hospital
Tuanku Jaafar Hospital

Pahang

Bentong Hospital
Cameron Hospital
Kuala Lipis Hospital
Pekan Hospital
Rompin Hospital
Temerloh Hospital

Penang

Kepala Batas Hospital
Pulau Pinang Hospital

Perak

Raja Permaisuri Bainun Hospital
Slim River Hospital
Taiping Hospital

Perlis

Tuanku Fauziah Hospital

Putrajaya

National Cancer Institute
Putrajaya Hospital
Hospital Endocrine

Selangor

Serdang Hospital
Sungai Buloh Hospital
UITM, Puncak Alam
UITM, Selayang
UITM, Sungai Buloh

Terengganu

Kemaman Hospital
Setiu Hospital
Sultanah Nur Zahirah Hospital
Women & Children Hospital

Sabah

Keningau Hospital
Kuala Penyu Hospital
Kuala Pitas Hospital
Kunak Hospital
Lahad Datu Hospital
Likas Hospital
Queen Elizabeth I Hospital
Queen Elizabeth II Hospital

Sarawak

Bintulu Hospital
Kuching Hospital
Sarikei Hospital
Umum Hospital
Sri Aman Hospital

TRACK RECORD (LOCAL)

Private Hospital Projects

Johor

Columbia Asia Hospital (Nusajaya)
Gleneagles Medini
Hospital Pantai Batu Pahat
KPJ Pasir Gudang
Maharani Specialist Hospital Sdn Bhd (KPJ)

Kedah

Metro Specialist Hospital
Pantai Hospital Sungai Petani Sdn Bhd

Kelantan

KPJ Perdana Specialist Hospital Sdn Bhd

Kuala Lumpur

Assunta Hospital
Columbia Asia Hospital (Setapak)
Gleneagles Hospital (Kuala Lumpur) Sdn Bhd
Hospital Pantai Ampang
HSC Medical Centre (KL) Sdn Bhd
iHeal Medical Centre
KPJ Tawakkal Specialist Hospital
Pantai Cheras Medical Centre
Prince Court Medical Centre
Sentosa Medical Centre Sdn Bhd
KPJ Damansara Specialist Hospital 2
IMU Hospital

Melaka

Oriental Melaka Straits Medical Centre Sdn Bhd
Pantai Hospital Ayer Keroh Sdn Bhd

Negeri Sembilan

Columbia Pacific Healthcare
Mawar Haemodialysis
NCI Hospital
Senawang Specialist Hospital

Pahang

Darul Makmur Medical Centre
KPJ Pahang Specialist Hospital
Kuantan Medical Centre

Terengganu

Salam Kuala Terengganu Specialist

Perak

Anson Bay Medical Centre
Columbia Asia Hospital (Taiping)
Pantai Hospital Ipoh
Pantai Hospital Manjung
Perak Community Specialist Hospital
UTAR Kampar, Perak

Penang

Gleneagles Medical Centre
KPJ Penang Specialist Hospital
Lam Wah Ee Hospital
Loh Guan Lye Hospital
Mount Miriam Hospital (New Wing)
Optimax Eye Specialist Centre
Pantai Hospital Penang

Selangor

Beacon International Specialist Hospital
Columbia Asia Hospital (Balakong)
Columbia Asia Hospital (Bukit Rimau)
Columbia Asia Hospital (Petaling Jaya)
Columbia Asia Hospital (Puchong)
Darul Ehsan Medical Centre
Hospital Rehabilitasi Cheras
KPJ Kajang Specialist Hospital
KPJ Klang (Bandar Baru Klang Specialist Hospital)
KPJ Rawang Specialist Hospital
KPJ Sentosa Medical Centre
Pantai Medical Centre
Pusat Rawatan Islam
Pusat Rawatan Islam Az-Zahrah
Ramsay Sime Darby Healthcare
RSD- Parkcity Medical Centre
Sungai Long Hospital
Sunway Medical Centre
Sunway Medical Centre (New Wing)
Tropicana Medical Centre

Sabah

Gleneagles Kota Kinabalu
Jesselton Medical Centre
Sabah Medical Centre

Sarawak

Columbia Asia Hospital (Bintulu)
Bintulu Medical Centre
Borneo Medical Centre

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





PRODUCT RANGE



Medical Anesthetic Carts



Medical Casenote Cart



Surgeon Hydraulic Stool



Shower & Commode Chair



Hospital Delivery Bed



Examination Table for Gynae





Surgical Linen Changing Cart



Smart Locker



Overbed Table



Nursery Crib



Electrical Reclining Chair



Hospital Lazy Chair



Medical Laptop
Mobile Stand



Medical Lab Dressing Table



Hospital ICU/CCU Electrical Bed



Electrical Child Cot



Longitudinal Patient Transfer Trolley



Hospital Electrical Bed



Hospital Electrical Bed



Hospital Hydraulic Bed



Medical Instrument
Cabinet



X-Ray Viewer



Hospital Ward Screen



Medical Bedpan Rack



Examination Light
& IV Pole Stand



Infant Radiant
Warmer



Bilicare Intensive
Phototherapy

OKUMAN

MANAGEMENT DISCUSSION AND ANALYSIS

LKL International Berhad (“LKL” or “the Company”), through our wholly-owned subsidiaries (collectively referred to as “the Group”), is currently engaged in the manufacturing of medical and healthcare beds, peripherals, and accessories under the LKL brand, as well as the operation of pharmacies retailing pharmaceutical, healthcare, and personal care products.

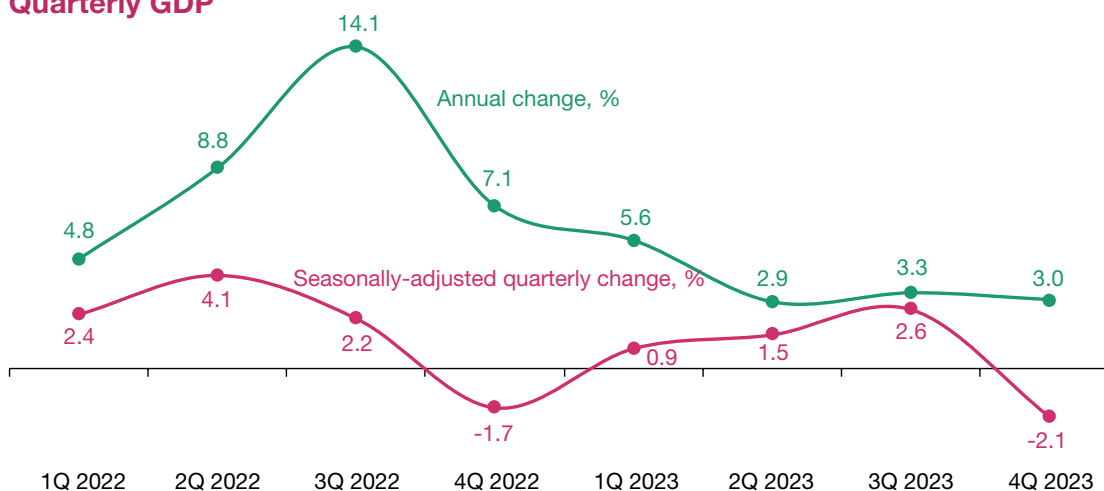
Understanding the need to meet our customer’s demands and improve our brand recognition, the Group is committed to expanding its product range by offering wider variety of medical beds in order to meet customer’s demands effectively. Given the opportunity to attend annual exhibitions, LKL continues to explore more advanced technologies and healthcare equipment, leading to the involvement in the trading and distribution of medical furniture and medical devices, offering an even broader range of products to the public.

In the post-pandemic period and after experiencing the healthcare system crisis, the Group recognizes the paramount importance of the healthcare sector and has established pharmacy outlets to meet the healthcare needs of the communities around the Klang Valley region.

ECONOMIC REVIEW

GDP grew by 3% in 4Q 2023. Overall 2023 growth normalised to 3.7% (2022: 8.7%)

Quarterly GDP



Source : BNM Quarterly Bulletin 2023

The current financial year ended 31 December 2023 (“FYE 2023”) is in effect a continuation of the previous financial period in terms of challenges that the Group continues to face.

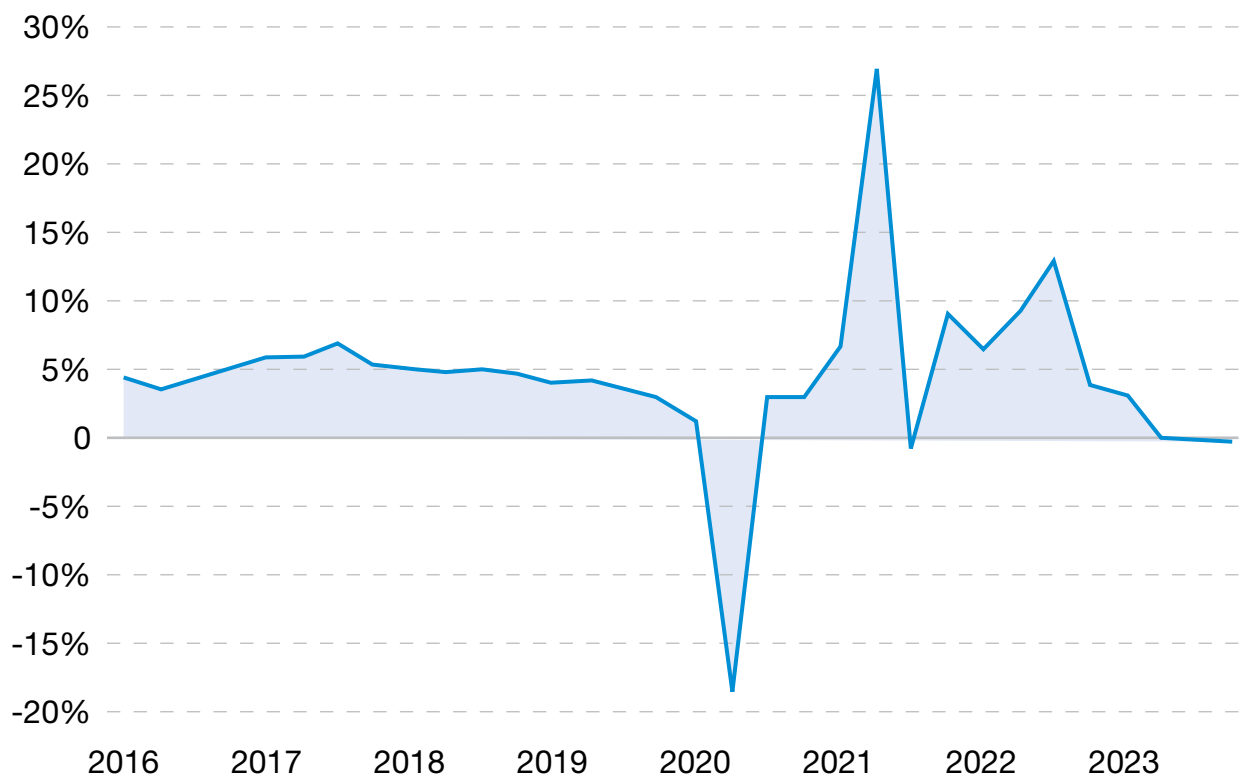
Malaysia’s economy ended 2023 on a down note, with growth slowing and exports contracting sharply as the country grappled with a challenging global economic environment and weak commodity prices. Advanced gross domestic product estimates for the fourth quarter and trade data for December both painted a gloomy portrait of the Southeast Asian country, falling short of market expectations.

MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)**ECONOMIC REVIEW (CONT'D)**

In Q4 2023, the manufacturing sector in Malaysia operated at a capacity of 79.8%, showing a year-on-year decrease of 0.4%. The manufacturing sector contracted by 0.3% in the fourth quarter, compared to a decline of 0.1% previously. The anaemic economic performance compared to the overall annual rate, resulting from a weak manufacturing export-oriented sector, influenced by China's fragile post-pandemic recovery along with the extended global supply chain disruptions and escalating geopolitical tensions.

Manufacturing

Latest (4Q 2023)

-0.3%

Source : BNM Quarterly Bulletin 2023

Within Malaysia, FYE 2023 marked a year of recovery as the disruptive effects of the Covid-19 pandemic began to wane. Local economies have received a much-needed boost as regular company operations have returned to full or near-full capacity and restrictions on social and economic sectors were virtually lifted. Downside risks to our future growth prospects include a variety of external obstacles, such as the rapid tightening of monetary policy that has raised interest rates and caused most currencies, including the Malaysian Ringgit, to drop against the US dollar.

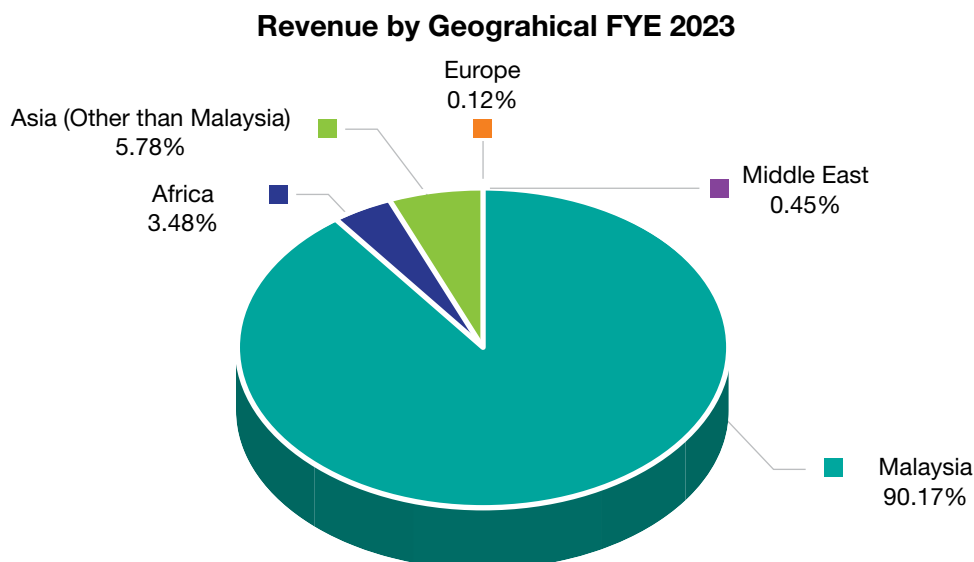
MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

FINANCIAL REVIEW

The financial year end of the Company and the Group has changed from 30 September to 31 December as announced to Bursa Malaysia Securities Berhad on 22 April 2022. The financial statements for the last financial period were prepared for a 15 months period from 1 October 2021 to 31 December 2022. This is the first set of the interim financial statements prepared for the current financial year of 12 months ending 31 December 2023. As such, there are no comparative figures available for the corresponding periods in the preceding financial period.

For the FYE 2023, the Group posted revenue of RM44.578 million, driven by continuous orders of key products including medical/healthcare beds, and medical peripherals and accessories delivered from the manufacturing segment.

From a geographical standpoint, the domestic front remains as the main contributor at RM40.195 million or 90.17% of the group revenue whereby the remaining revenue of RM4.383 million or 9.83% of the group revenue was generated from exports, mainly to the Asia and Africa regions for the current financial period.



The Group reported a gross profit of RM16.020 million representing of 7.63% increase from the previous financial period ended 31 December 2022 ("FYE 2022"), totalling a gross profit margin of 35.94% for the current financial period despite a gross loss incurred during the first five months of the operations of the six (6) new pharmacy outlets which have commenced businesses in August 2023.

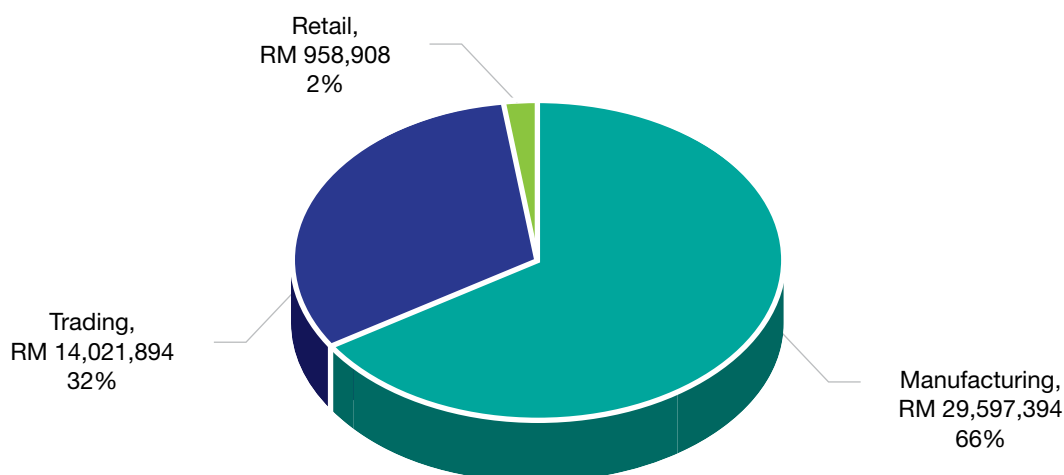
The Group posted a loss before tax ("LBT") of RM2.890 million for the current financial period mainly due to an impairment made in relation to the glove inventories and initial set up cost and operating loss incurred from pharmacy business during the current financial period.

The Group recorded a higher total non-current asset of RM115.88 million (RM91.75 million as at 31 December 2022) accompanied with a higher total current asset of RM99.09 million (RM58.73 million as at 31 December 2022). This was partially due to capital raising via Rights Issue for the expansion of pharmacy business.

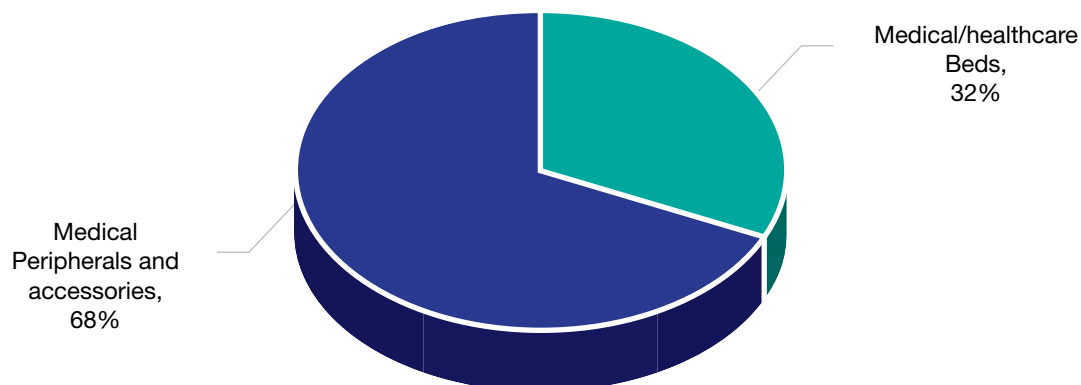
The total assets of the Group were higher at RM214.97 million as at 31 December 2023 as against RM150.47 million as at 31 December 2022, mainly due to the increase in investment in quoted shares, acquisition of more property, plant and equipment and increase in trade receivables, deposits and prepayments.

The total liabilities of the Group were higher at RM43.94 million as at 31 December 2023 as compared with RM21.07 million as at 31 December 2022 due to additional bank borrowing taken during FYE 2023.

Meanwhile, the Group's shareholders' equity improved to RM171.02 million at the end of the 12-month period, compared to RM129.41 million on 31 December 2022. This improvement can be attributed to additional capital injection from the Rights Issue.

MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)OPERATIONAL REVIEW**Revenue by Business Segment FYE 2023****Manufacturing of medical/healthcare beds, medical peripherals and accessories**

The manufacturing segment recorded a revenue of RM29.60 million or 66.39% to the Group's total revenue for the current financial period mainly contributed by higher orders received from the government and private healthcare centers.

Revenue - Manufacturing FYE 2023

The manufacturing of medical peripherals and accessories generated RM20.21 million, representing the majority revenue of 68% in this segment resulting from a higher demand for these medical apparatuses.

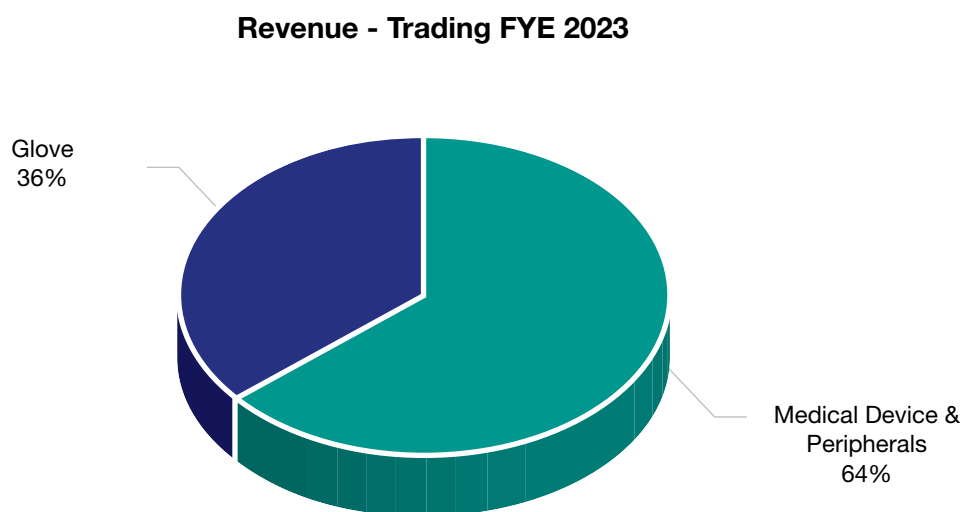
On the other hand, manufacturing of medical/healthcare beds contributed the remaining RM9.39 million in revenue, marking a decrease from RM12.92 million in FYE 2022 as customers in the healthcare sector continued to take a cautious approach towards new purchases overall.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

OPERATIONAL REVIEW (CONT'D)

Trading of medical peripherals and accessories, medical devices and PPE

The trading segment of medical peripherals, accessories and medical devices contributed RM9.035 million or 20.27% of the Group's total revenue whereas the sales of medical gloves contributed RM4.979 million or 11.17% in this segment for the current financial period.



In the current financial period, this segment posted a gross loss of RM2.608 million, resulting in a gross loss margin of -18.91% primarily stemmed from impairments made to the inventories of medical gloves.

Consequently, this segment incurred an operating loss of RM1.138 million before interest and tax expense for the current financial period mainly due to the aforementioned reasons.

Pharmacy outlets and retails

The revenue contributed from the pharmacy retail segment improved to RM0.959 million for the current financial period, following the opening of six (6) new pharmacy outlets located in Klang Valley in August 2023, representing 2.17% of the Group's revenue for the period.

However, due to the higher initial set up costs of the outlets and lower sales volume resulting from poor pricing power, this segment registered a gross loss of RM1.484 million for the current financial period, and consequently, this segment posted an operating loss of RM2.284 million before interest and tax, mainly due to reasons stated above.

Leveraging on the increasing health and wellness awareness and growing demand for preventive healthcare products in the post-Covid-19 pandemic era, the Group plans to expand further in this business segment. This expansion strategy includes the setting up more strategic outlets to achieve a higher stock turnover, allowing for negotiation of better pricing and bulk discounts for the products sold in its pharmacies.

Investment Holding

The investment holding segment continued to incur a loss of RM3.261 million for the current financial period, primarily attributable to a loss of RM2.464 million on the fair value of quoted investments.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

CORPORATE DEVELOPMENTS AND EXERCISES

There were no corporate proposals announced but not completed as at the date of this report.

Utilisation of proceeds from corporate exercise

Pursuant to the Rights Issue with Warrants, the details of the issuance of Rights Shares as at the date of this report are as follows:

Issuance Date	No. of Shares	Issue Price (RM)	Total Proceeds (RM)
28 March 2023	290,897,202	0.17	49,452,524

Status of utilisation of proceeds as at 22 March 2024 is as follows:

Purposes	Proceeds Raised	Actual Utilisation 22.03.2024	Deviation	Unutilised Proceeds	Estimated Timeframe for Utilisation
	RM'000	RM'000	RM'000	RM'000	
Expansion of the pharmacy business	48,353	22,339	206	26,220	Within 24 months
Estimated expenses in relation to the Proposals	1,100	894	(206) ¹	–	Immediate
Total	49,453	23,233	-	26,220	

Note :-

- ¹ In view that the actual listing expenses were less than estimated, the surplus has been re-allocated for expansion of the pharmacy business.

KEY CHALLENGES

In the dynamic landscape of our industry, the Group acknowledges its exposure to various risks that have the potential to affect its business operations and performance. With a firm commitment to maintaining a leading position in the competitive market, the Group remains vigilant of these challenges. It proactively implements strategic measures to mitigate risks, safeguarding its capacity to attain both operational efficiency and financial objectives.

Foreign currency exchange rate

The strong narrative of the United States Dollar ("USD"), supported by the US Federal Reserve's aggressive rate hikes, has placed considerable pressure on currencies of both advanced economies and many emerging markets, including the Malaysian Ringgit ("MYR"). The risk of unfavourable fluctuations in the exchange rate between the MYR and the USD could potentially impact the financial performance of our Group. Currency fluctuations directly affect the costs of raw materials and components, leading to unpredictable and potentially increased production costs, and posing challenges in meeting our financial targets.

The Group will proactively manage this risk by regularly monitoring the volatility of foreign exchange rates as part of our risk mitigation plan. We will minimise the adverse effects of exchange rate fluctuations through a natural hedging strategy, which involves denominating the selling prices of exported products in foreign currencies, primarily in USD and other relevant foreign currencies.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

KEY CHALLENGES (CONT'D)

Availability and cost of raw materials

Like many other businesses, we are exposed to the risk of potential supply chain disruptions that could result in operational interruptions, accompanied by fluctuations in raw material prices due to various factors such as market demand and geopolitical events. The delivery lead-time for certain raw materials and components sourced from overseas may impact our ability to ensure timely delivery of products to customers. Shortage of raw materials and fluctuating costs for these materials can pose a risk to the Group.

To mitigate this risk, the Group has implemented diligent measures where we closely monitor raw material prices and stock levels allows us to anticipate and manage supply and demand fluctuations effectively, enabling us to respond swiftly to market changes. Moreover, the Group maintains good relationships with its existing suppliers, as well as actively widens our supplier base to mitigate against supplier specific shortfalls in raw materials.

To capitalise on economies of scale, reduce expenses, and lessen daily price volatility, we are eager to centralise our raw material procurement. This initiative will improve production planning and ensure consistency in input prices. Additionally, the Group seeks to expand and enhance our product portfolio to cater to a wider range of needs and high-value segments. We aim to streamline existing manufacturing processes to improve production capacity.

Competition risks

Advancements in technology provide both opportunities and threats for traditional industry incumbents, as seen in the increasing competition and the risk of failing to innovate or meet customer needs. Digitalization, cloud computing and AI enable organisations in the sector to achieve greater efficiencies in production. Furthermore, with the increasing of health awareness rising among the public, customers are looking to acquire medical products and services of the highest quality at the most reasonable price. Industry rivals with greater financial resources may be able to provide products and services at a lower price, hence attracting customer's attention and drawing in higher revenue. Competitors with more extensive networks and exposure to potential business opportunities and have a more comprehensive range of services pose as threats to the Group.

The Group has a proven track record, reputation and expertise in providing quality products and services to customers over the years. To remain competitive, the Group remains focused on cost control (including sourcing of raw materials) and operational efficiency. The Group also continues to explore new markets and invest in research and development to meet evolving consumer preferences. Competition strengthens us and motivates us to deliver better solutions. With an objective to increase productivity without getting into a price war, we address this risk by continuously coming up with innovative features, which have been proven effective and well-accepted by our customers on many occasions.

PROSPECTS OF THE GROUP

The GDP growth forecast for 2024 is maintained at 4.9%, falling within the Finance Ministry's projection range of 4%-5%. Kenanga Investment Bank Bhd forecasted the manufacturing index expand 4.6% in the year 2024 and Malaysia's manufacturing sector is expected to experience a robust recovery in the second half of 2024.

According to a KPMG report, the global annual sales of medical devices are projected to increase by more than 5% per year, reaching around USD\$800 billion by year 2030. With the Monetary Policy Committee (MPC) of Bank Negara Malaysia deciding to maintain the Overnight Policy Rate (OPR) at 3.00%, the Group anticipates gradual recovery in Malaysia's overall industrial production and forecasted a rise in the sales volume come year 2024. In order to mitigate the possibility of warehouse overcrowding and storage issues resulting from the surge in sales orders, The Group has decided to proceed with the expansion of its headquarter to maximise its production capacity.

Medical device manufacturers must adapt to rapid changes in today's MedTech economy, which includes potentially disruptive technological advancements, changing regulations, shifting patient expectations and behaviours, growing industry momentum in areas like outcome-based reimbursement and personalised care, and complex supply chain dynamics. Notwithstanding the above, the Group continues to leverage its long-term strategic relationships with the existing and potential business associates and partners that would improve the business process efficiency and cost-effectiveness. The Group also continues to pursue progress in its joint venture arrangements to meet its objectives.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

PROSPECTS OF THE GROUP (CONT'D)

With the evolving trends of businesses, we will continue to focus on our core competencies, seize new opportunities through innovation and exploring new markets by diversifying our products and services. The Group believes that diversification into the pharmacy business, which has a favourable outlook due to the increased public health awareness, will spur the business segment and subsequently contribute to long-term stable income streams. Despite all the challenges and difficulties faced by the Group, we are committed to ensuring the Group's long-term growth by continuously exploring and pursuing available opportunities that are prospective in increasing shareholders' value.

Looking ahead, the Group strives to improve the sales volume by expanding and offering a wider variety of medical devices to our customers. Broadening our distributorship scope, we believe the recent engagement with SECA and MEDITOP enables us to further introduce more medical devices to the market. We strive to build a more resilient organisation, upholding operational efficiencies and sustainable initiatives to navigate through business challenges, thereby reinforcing our position as a reliable, one-stop solutions provider to the medical and healthcare industry.

APPRECIATION

On behalf of my fellow Board members, I would like to take this opportunity to express our heartfelt gratitude to our valued shareholders, customers, suppliers, financiers and business partners for your continued support, invaluable trust and unwavering confidence in the Group.

Our appreciation also extends to my members of the Board, management team and all employees for their dedication to duties and responsibilities to the Group.

Sincerely,

Datuk Chong Loong Men

Executive Director

SUSTAINABILITY STATEMENT

ABOUT THIS STATEMENT

LKL International Berhad (“LKL” or “the Company”) is proud to present its Sustainability Statement (“Statement”) for the financial year ended 31 December 2023 (“FYE 2023”).

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.

SUSTAINABILITY FRAMEWORK AND STANDARDS

LKL develops the Statement according to best practices sustainability framework, standards, and guidelines, such as –

- (i) ACE Market Listing Requirements, issued by the Bursa Malaysia Securities Berhad (“Bursa Malaysia”),
- (ii) Sustainability Reporting Guidelines issued by Bursa Malaysia, and
- (iii) 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 APPROACH

We stress 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. The emphasis is equal 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 the Covid-19 pandemic over the last 3 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 ahead on a sustainable basis.

We ensure all our internal stakeholders are aware of their 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 EESG matters that are relevant to our business planning, risk management and business operations.

SUSTAINABILITY STATEMENT (CONT'D)

REPORTING SCOPE

This Statement covers the sustainability performance of LKL and all its active ongoing business within Malaysia during FYE 2023, unless stated otherwise.

The core business segments of LKL are as follows:

Investment holding division	Involved in investment holding activities
Manufacturing division	Involved in manufacturing of medical/healthcare beds, medical peripherals and accessories
Trading division	Involved in trading of medical furniture, medical devices, medical peripherals and accessories.
Retail division	Involved in retail business of pharmacy

The functional currency for LKL is in Ringgit Malaysia with “RM” sign. The group structures as shown in page 3 of this Annual Report.

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. We must ensure that 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.

During FYE 2023, the Board of Directors (“Board”) was assisted by the Senior Management and divisional management in the oversight of sustainability practices. The Board carefully evaluated and determined all matters related to sustainability concerning LKL. The Management team was tasked in executing and implementing our sustainability initiatives.

LKL looks to ensure sustainability is embedded across all aspects of its organisation, the responsibilities of our Board and its Committees will be broadened to encompass elements of sustainability. The move will be reflected in the Terms of Reference of the Committees. The Board is ultimately responsible for the strategic direction of LKL on sustainability while being supported by the respective Committees, by virtue of delegation.

On 27 February 2024, the Board expanded the functions of their 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. The ARMC will be assisted by a Sustainability Working Group (“SWG”).

Board of Directors

The Board provides oversight to the sustainability practices across LKL, which is supported by the ARMC.

Audit and Risk Management Committee

The ARMC comprising members of the Board, will develop and maps out sustainability material matters and issues relevant to LKL and incorporates sustainability practices into the business model, which encompasses risks and opportunities.

SUSTAINABILITY STATEMENT (CONT'D)

SUSTAINABILITY GOVERNANCE STRUCTURE (CONT'D)

Sustainability Working Group

The SWG comprises representatives of divisions and departments and will be tasked to execute policies and practices in respect of sustainability and ESG related matters. SWG also ensures the implementation and execution of sustainability strategies that align to business operations.

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 on sustainability. The Board is also cognisant of ensuring that the required competencies in relation to sustainability is periodically assessed to strengthen board leadership and oversight of sustainability matters.

The Board plans to incorporate sustainability-linked Key Performance Indicators (“KPI”) within the performance evaluation scorecard of the Board and Senior Management, to drive group-wide accountability in driving the sustainability performance of the Group.

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 create 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, it is important for us to ensure that 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 have an effect on or are affected by our activities. Our key stakeholder groups include –

- (i) Customers
- (ii) Suppliers
- (iii) Employees
- (iv) Community
- (v) Shareholders
- (vi) Government agencies / Regulators
- (vii) 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.

SUSTAINABILITY STATEMENT (CONT'D)

STAKEHOLDER ENGAGEMENT (CONT'D)

Key Stakeholder	Engagement Channels	Area of Concerns	Our Response
Shareholders / Investors	- Annual general meetings - Annual reports, quarterly report & announcement - Audited financial statement	- 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 sustainability strategies
Board of Directors	- Board meetings - Company organised events - Annual general meetings	- Corporate governance - Company strategy & direction	- Economic sustainability - Corporate governance and ethics
Customers	- Customer Satisfaction Survey ("CSS") - Customer Service Channel - Regular visits & meetings - Exhibitions - Warehouse sales	- Products and services quality - On time delivery - Stock availability - Customer relations management	- Quality of product and services - Response to customer service - Update on customer demand - Innovative and ESG driven design without comprising quality and value
Suppliers / Vendors	- Interviews - Feedback survey - 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")

SUSTAINABILITY STATEMENT (CONT'D)

STAKEHOLDER ENGAGEMENT (CONT'D)

Key Stakeholder	Engagement Channels	Area of Concerns	Our Response
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
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
Media	- Press releases - Press conferences - Media center official website	- Company's reputation - Business continuity - Transparency of the business	- Transparent and timely reporting - Strong rapport

SUSTAINABILITY THEMES

In our efforts to achieve a 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		• Prioritizing 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			

SUSTAINABILITY STATEMENT (CONT'D)

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 believe that conducting a full-scale materiality assessment during the financial year involving our key internal and external stakeholders will ensure that their interests and concerns are addressed. Our material matters influence our business strategy and decisions on allocation of our resources to materiality sustainability issues. While we plan to conduct a comprehensive materiality assessment once every 3 years, we plan to undertake an annual review of the relevance of our previously prioritised economic, environmental, social and governance impacts arising from our day-to-day activities.

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.

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

- Supply chain management
- Business conduct, ethics & compliance
- Financial performance
- Product & service quality
- Customer satisfaction & relationship
- Technology, innovation & development



Our environmental management

- Climate change & environmental issue
- Material management
- Energy management
- Waste management



Our people

- Attracting, developing, rewarding & retaining employees
- Labour practices & rights
- Employee well-being, health and safety
- Diversity & inclusion



Our outreach

- Local community & social impact

SUSTAINABILITY STATEMENT (CONT'D)

MATERIALITY ASSESSMENT (CONT'D)

We strongly support the 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 2023, we internally selected the relevance of our chose United Nation's SDG by taking into consideration our material matters, business strategies, principal risks, stakeholder influence and effects on our community.



The 3 SDGs that were identified as the most relevant are as follows:

LKL'S TOP THREE SDGs

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

SUSTAINABILITY STATEMENT (CONT'D)

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 2023, we conducted a systematic materiality assessment process, which was guided principally by the Bursa Malaysia Sustainability Reporting Guide and their toolkits, EESG indicators.

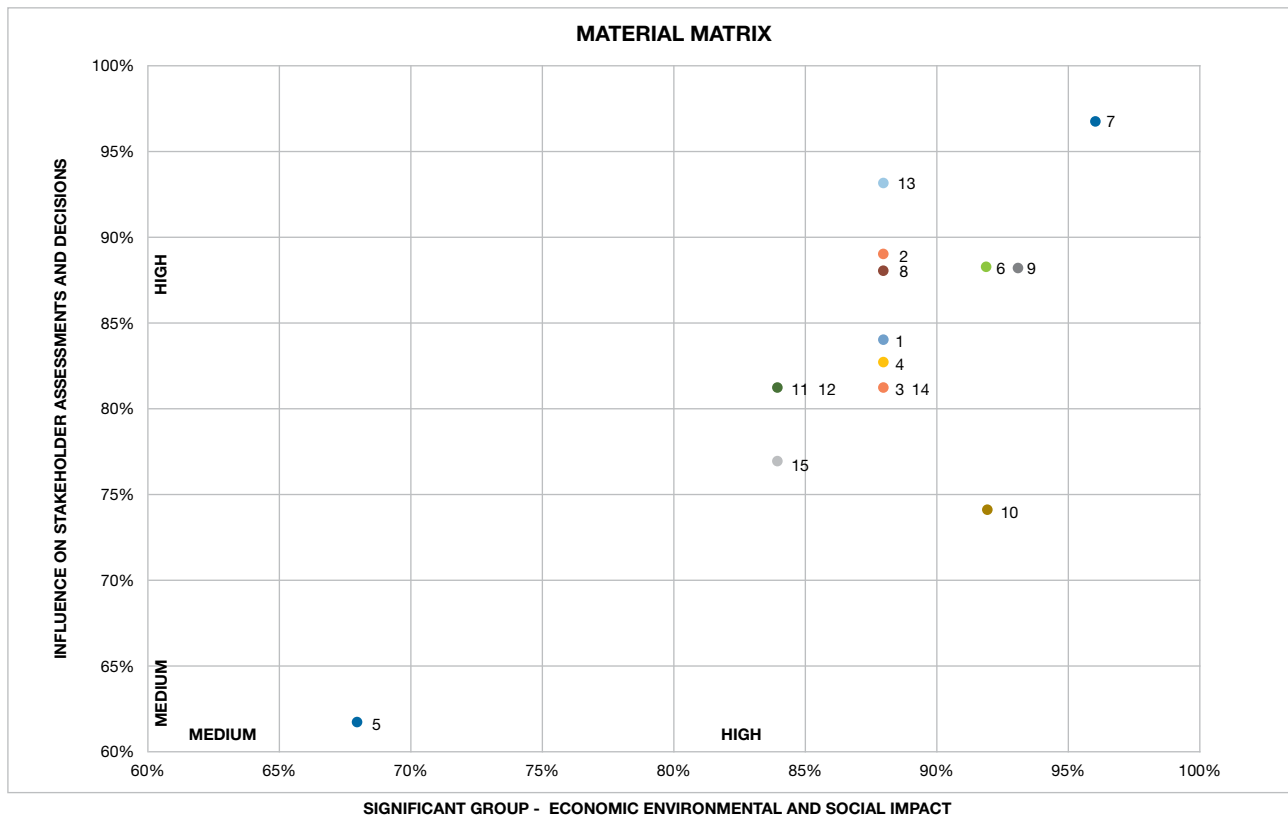
Our SWG identified all relevant sustainability aspects for our business, in conjunction with our operating context that was discussed earlier. We considered the following:

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

Our materiality matrix for FYE 2023 is shown below:



- CLIMATE CHANGE & ENVIRONMENTAL ISSUE
- MATERIAL MANAGEMENT
- ENERGY MANAGEMENT
- WASTE MANAGEMENT
- SUPPLY CHAIN MANAGEMENT
- BUSINESS CONDUCT, ETHICS & COMPLIANCE
- FINANCIAL PERFORMANCE
- PRODUCT & SERVICE QUALITY

- CUSTOMER SATISFACTION & RELATIONSHIP
- TECHNOLOGY, INNOVATION & DEVELOPMENT
- ATTRACTING, DEVELOPING, REWARDING & RETAINING EMPLOYEES
- LABOUR PRACTICES & RIGHTS
- EMPLOYEE WELL-BEING, HEALTH AND SAFETY
- LOCAL COMMUNITY & SOCIAL IMPACT
- DIVERSITY & INCLUSION

SUSTAINABILITY STATEMENT (CONT'D)

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.

Material Matters	Risks	Opportunities
Environmental Issue	Non-compliance with environmental/ climate-related regulations leads to potential financial and trade penalties especially in export markets.	Effective mitigation and adaptation strategy ensures 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 market share.	Opting for sustainable materials enhances brand image and attracts more sustainably minded customers and investors.
Energy Management	Poor energy management leads to 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.	Waste reduction and increased resource efficiency can result in cost savings for operations.
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 include ESG assessment to uphold our commitment and high standards towards ESG aspects.
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.
Financial Performance	Poor financial performance threatens 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 and service quality lead to erosion of customers’ confidence and long-term prospects.	Excellent product and service quality attract long-term business prospects and higher margins.
Customer Satisfaction & Relationship	Inability to meet customers’ expectations impacts customers’ confidence and loyalty that leads to lower revenue.	Regular and consistent customer engagements facilitate continuous improvement to meet customers’ expectations.
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.	Robust cybersecurity and improved data management protects critical internal information and data, such as customer data, and maintains trust in the Group.
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 enable employee retention and attraction of top-quality talent as well as contribute to a high-performance culture.

SUSTAINABILITY STATEMENT
(CONT'D)

RISK MANAGEMENT (CONT'D)

Material Matters	Risks	Opportunities
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.	Strong labor 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.	Solid safety culture with conducive working environment improves employees' well being and productivity and maintains reputation.
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.
Diversity, Equity & Inclusion	Discriminatory employment practices damage reputation.	Inclusive, diverse, and empowering work culture attracts talents and bring a range of viewpoints that enhances the quality of decision-making.

OUR BUSINESS PERFORMANCE

Economic Performance

LKL is steadfast with its primary objective in maintaining ourselves as a market leader in healthcare-related equipment and services. We continue to strive to maintain this goal by constantly delivering innovative and cutting-edge solutions to healthcare-oriented businesses and consumers.

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 technology advancement and a talented team of human resource, 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 23 – 31 Dec 23 (12 months) RM'000	1 Oct 21 – 31 Dec 22 (15 months) RM'000	1 May 20 – 30 Sep 21 (17 months) RM'000
Revenue	44,578	102,476	75,505
Loss Before Tax	(2,890)	(21,393)	(52,022)
Loss After Tax	(6,983)	(20,510)	(52,150)
Shareholders' Fund	171,024	129,408	135,323
Total assets	214,966	150,474	154,213

SUSTAINABILITY STATEMENT (CONT'D)

OUR BUSINESS PERFORMANCE (CONT'D)

Financial Performance (Cont'd)

LKL achieved a revenue of RM44.6 million in FYE 2023 due to continuous orders of key products such as medical/healthcare beds and medical peripherals and accessories. About 90.2% or RM40.2 million revenue was derived from the domestic market while the balance 9.8% or RM4.4 million revenue was mainly from export to the Asian and African regions.

The bottom-line before tax showed a loss of RM2.9 million, mainly a result of an impairment made in relation to the glove inventories and initial setup cost and operating loss incurred from our pharmacy business venture during the financial year under review.



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.

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 customer.



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 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 with 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 2017.

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.

SUSTAINABILITY STATEMENT (CONT'D)

OUR BUSINESS PERFORMANCE (CONT'D)

Customer Satisfaction



LKL acknowledges our customers' value, and we pay high attention to our customers' experiences and feedback. Therefore, customer satisfaction is our high 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 conduct our customer satisfaction survey based on ten (10) major criteria –



LKL managed to achieve a higher average score of 89.0% during the year 2022 – 2023 as compared to 87.9% during the year 2021 – 2022. This improvement reflects the high confidence of customers in the high-quality products and services of the Group.

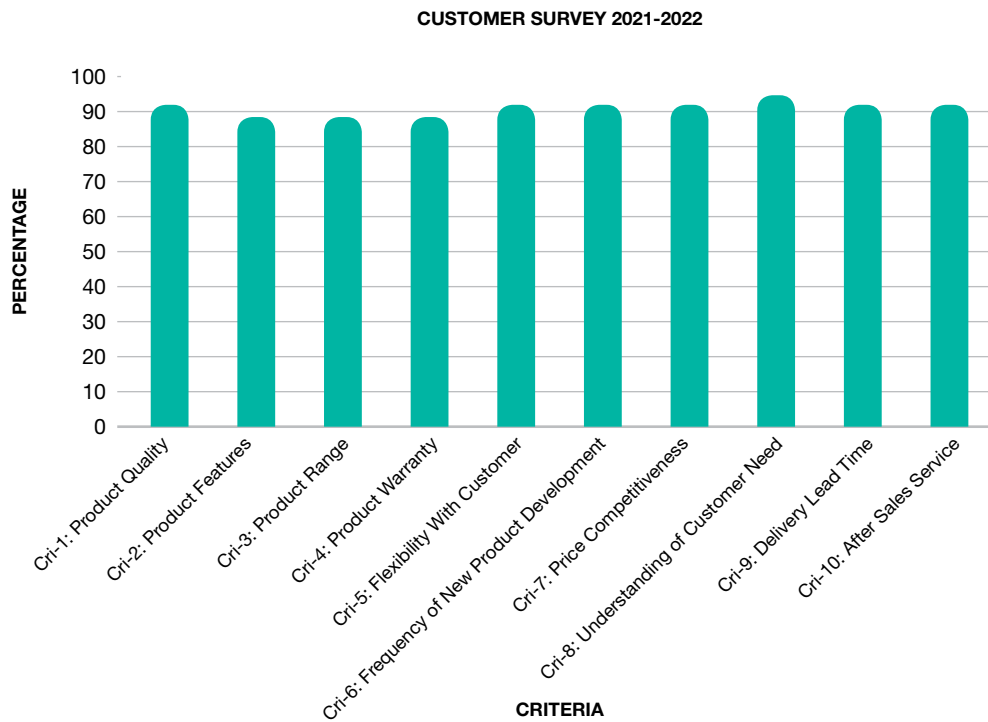
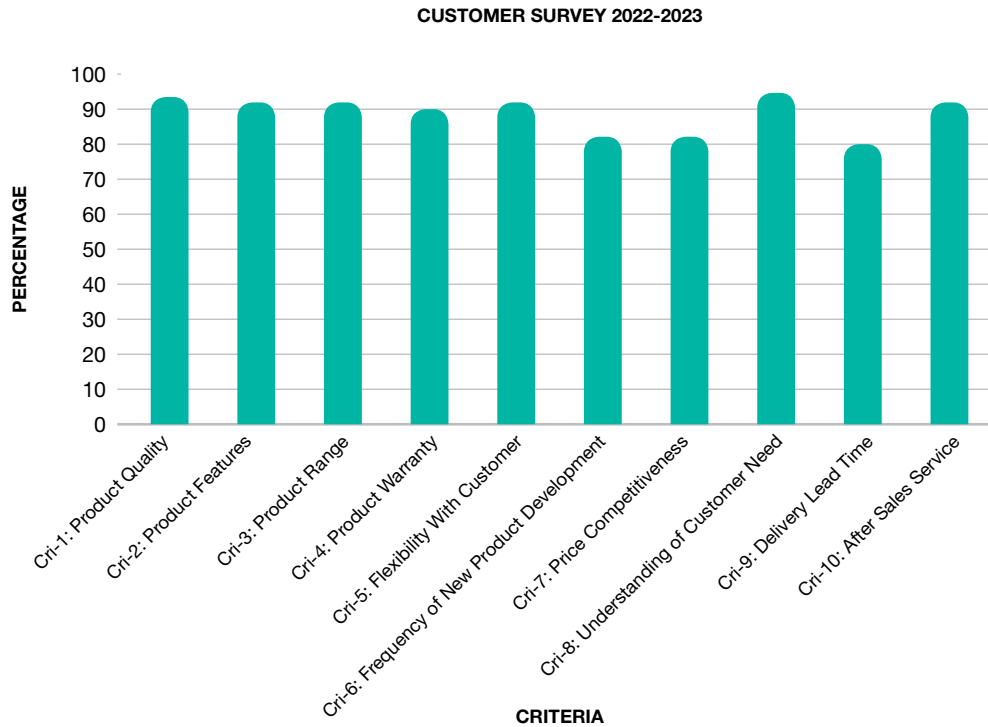
We understand the importance of these engagements where we strengthen areas in which we receive praise while we strive to rectify areas receiving negative feedback and work on constructive suggestions. The annual customer satisfaction surveys allowed us to measure our performance in various aspects, for instance, product quality, delivery lead time, communication response, enquiry response, complaint response and courtesy from our staff.

Over the year, we have strictly followed our customer satisfaction procedures. We are glad to show our efforts in maintaining and improving our customers' relationship with LKL. Customers are more satisfied with LKL products and services compared to the past few years.

SUSTAINABILITY STATEMENT
(CONT'D)

OUR BUSINESS PERFORMANCE (CONT'D)

Customer Satisfaction (Cont'd)



SUSTAINABILITY STATEMENT (CONT'D)

OUR BUSINESS PERFORMANCE (CONT'D)



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 Covid-19 pandemic has strengthened the value of having an effective business continuity 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 Covid-19 pandemic on our supply chain.

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.

LKL is guided by the following procedures and documents:

- Quality Procedure
- Quality Assurance and Production
- Purchasing Policy
- New Vendor Selection and Registration
- Supplier Evaluation Form
- Vendor Performance Review
- Approval Authorisation Policy
- Approval Suppliers List
- Limit of Purchase Approval

We adopt the ISO9001:2015 Quality Management Systems, in our procurement procedures. This is our commitment to ensure delivery of quality for our products or services.

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

OUR ENVIRONMENTAL MANAGEMENT

LKL acknowledges that our business involves energy consumption and Green House Gases (“GHG”) emissions that will contribute to climate change impacts. 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.

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 to effectively manage and minimise the negative impacts arising from our day-to-day business operations.

SUSTAINABILITY STATEMENT (CONT'D)

OUR ENVIRONMENTAL MANAGEMENT (CONT'D)

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 is committed to support Malaysia’s aspiration to achieve carbon neutrality and be net zero by year 2050. We plan to formulate our roadmap in FYE 2024 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.

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



Green Initiatives

LKL continues to encourage green initiatives in its working environment, such as utilizing 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 and with power-saving features.

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

SUSTAINABILITY STATEMENT (CONT'D)

OUR ENVIRONMENTAL MANAGEMENT (CONT'D)



Energy Management

FYE	1 Jan 23 – 31 Dec 23 (12 months) RM'000	1 Oct 21 – 31 Dec 22 (15 months) RM'000	1 May 20 – 30 Sep 21 (17 months) RM'000
Revenue	44,578	102,476	75,505
- Manufacturing Activities	66%	38%	61%
- Trading Activities	31%	62%	39%
- Retail Activities	2%	0%	0%
Factories Energy Consumption (KwH)	177.3	238.4	N/M

N/M – Not Meaningful

The energy consumption of LKL primarily derives from electricity due to heavy machinery usage in the manufacturing of medical/healthcare beds and medical equipment.

Comparison between the last 3 financial years may not be meaningful as the trading activities during FYE 2022 and FYE 2021 were over a 15-month and 17-month period respectively, and there was a spill-over effect from the Covid-19 pandemic into FYE2022.

LKL is establishing a roadmap towards reducing its carbon footprint by seeking ways to improve the efficiency of our energy consumption, by utilising energy efficient machinery and utilisation of renewable energy.



Waste Management

We believe in recycle, reuse and reduce the materials we utilise in our production process and day-to-day operations. These initiatives also include reducing the need to use unnecessary parts surface treatment. In addition, we make a point to recycle our used materials, papers and wrapping plastic sheets.



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.



Appropriate Waste Storage On-Site

Our facility team is experienced and skilled.

SUSTAINABILITY STATEMENT (CONT'D)

OUR ENVIRONMENTAL MANAGEMENT (CONT'D)

Waste Management (Cont'd)

Electronic Scheduled Waste Information System (“eSWIS”) is one of the environmental mainstreaming tools maintained by the Ministry of Natural Resources, Environment and Climate Change 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 generator, waste transporter and waste receiver shall be properly recorded, tracked, and monitored their waste movement, consignment in compliance to Environmental Quality (Scheduled Waste) Regulation 2005 and Environmental Quality (Prescribed Premises) (Scheduled Waste Treatment and Disposal Facilities) Regulation 1989).

All the scheduled waste generated shall be fully recorded into eSWIS, the details including waste information, waste code, waste name, waste component, waste type, and waste packaging. As for recurring scheduled waste, the waste code, quantity and packaging shall be updated in eSWIS.

As per environmental policy of LKL, whenever our company’s scheduled waste either accumulated 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 the scheduled waste from our premise.

Currently we are controlling the 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 minimise the waste generated from our productions and construction. We also constantly send our competent personnel to attend environmental training. This is to ensure that all the staff in LKL is aware on the scheduled waste compliance such as scheduled waste handling, labeling, packaging and storing.

OUR PEOPLE

LKL strongly believes that our employees are an asset to our Group. We continuously invest in our employees as we believe that they will propel us towards achieving sustainable growth in the long term. We 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.

We strive to ensure that our employees derive work satisfaction while providing them with a structured career development path with opportunities to gain experience with our group of companies.

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



Health and Safety

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

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.

SUSTAINABILITY STATEMENT (CONT'D)

OUR PEOPLE (CONT'D)

Health and Safety (Cont'd)

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 located to facilitate easy access to it, in the event of medical emergencies.

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 on how important and relevant of such training in dealing with crisis.



Attracting Developing, Rewarding & Retaining Employees

Our employees are our most important asset. In recognition of our 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 programme, robust training, and development programmes, assurance for employees’ wellness, and talent retention.

The diagram below shows our benefits to our employees: -

- Medical insurance (pay & claim basis)
- Hospitalization insurance
- Group Personal Accident insurance
- New born gift
- CNY Ang pow / Duit Raya
- Annual increment
- Annual bonus
- Allowance (including transportation, mobile, rental, daily full allowance, daily allowance, exhibition, outstation, service, supervisor
- Awards and gift for long service award, baby gift, bereavement contribution
- Allowances for attendance, hardship, car, handphone, transport, professional association subscription, club membership, meal and travelling
- Benefit-in-kind for company car, hostel, car insurance and road tax
- Personal accident, group hospitalization and surgical insurance
- Leaves, annual leaves, medical leaves, matrimonial leave, maternity leave, paternity leave, prolong illness leave.

Other than the above-mentioned benefits, we also celebrate employees’ birthday and various festivals such as Chinese New Year luncheon, Christmas gift exchange, Majilis Buka Puasa and Hari Raya Open House to strengthen bonding relationship between employees and create a healthy working environment.

SUSTAINABILITY STATEMENT (CONT'D)

OUR PEOPLE (CONT'D)



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 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.

The labour rights we uphold include:

- (i) No child labour
- (ii) No forced labour
- (iii) No unreasonable working hours
- (iv) Fair wages
- (v) Safe workplace
- (vi) Human treatment
- (vii) No discrimination

The Group 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.

LKL understands the importance of labour rights and therefore we will continue to update ourselves on any update on the Employment Act and related labour law.



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 are encouraging our staff to open and speak to our Human Resource ("HR") representatives if there are any grievances.

LKL always encourages its staff to share their challenges, and based on past experiences and events, we found that our staff is willing and assured to share and speak with our HR if they have any doubt or grievances. HR then will discuss with their immediate superior or head of divisions and try to get a solution for the matter.

We have not received any grievances during FYE 2023.

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.

SUSTAINABILITY STATEMENT (CONT'D)

ETHICS & COMPLIANCE (CONT'D)

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 risk management and internal controls, external audits, our Code, Anti-Bribery and Corruption Policy, and Whistle Blowing Policy.



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. The Code encompasses the following policies:

- (i) Declaration of Interests / Conflicts of Interest
- (ii) Safety, Health and Environmental
- (iii) Company Records and Internal Controls
- (iv) Integrity and Professionalism
- (v) Confidential Information
- (vi) Anti-Bribery and Corruption

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.



Anti-Bribery Corruption Policy

LKL is fully committed to ensuring the highest business conduct, upholding integrity, and good corporate governance. LKL has 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 defense 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.

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

SUSTAINABILITY STATEMENT (CONT'D)

ETHICS & COMPLIANCE (CONT'D)



Whistle Blowing Policy

The Whistle Blower Protection Act 2010 provides the guide in formulating the Whistleblowing Policy (“WBP”) of LKL. This WBP provides the 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 Chairman of ARMC.

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

DIVERSITY, EQUITY & INCLUSION



Board of Directors

In the release of the Budget of 2022, it was stated that women only hold 25% of board positions on the top 100 public listed companies in Malaysia, and 27% or 252 companies listed on Bursa Malaysia still do not have any female directors. 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.

The Board of Directors of LKL is pleased to announce that Ms. Tan Su Ning was appointed as our Independent Non-Executive Director (“INED”) on 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.



Employees

As at financial year 2023, we have a total of 225 employees (FYE 2022 – 189 employees) and the breakdown of our employees by age and gender are as follow:

Level	FYE 2023		FYE 2022		FYE 2021	
	Male	Female	Male	Female	Male	Female
Board	7	1	6	0	7	0
Top Management	3	0	2	0	2	0
Staff	147	67	123	58	129	71
Total	157	68	131	58	138	71
Board	75%	25%	100%	0%	100%	0%
Top Management	100%	0%	100%	0%	100%	0%
Staff	69%	31%	68%	32%	65%	35%
Total	70%	30%	69%	31%	66%	34%

SUSTAINABILITY STATEMENT (CONT'D)

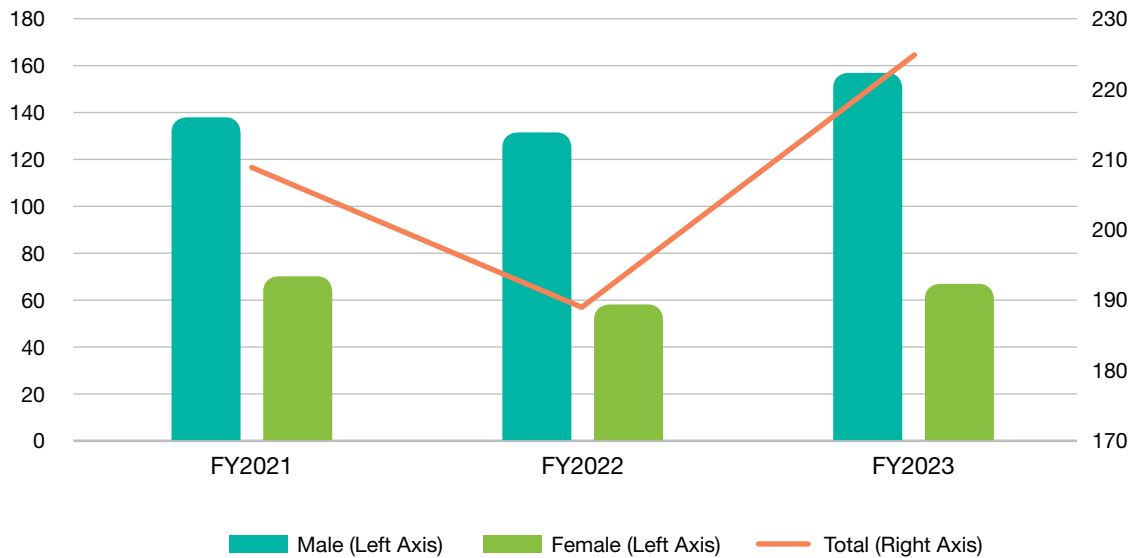
DIVERSITY, EQUITY & INCLUSION

Employees (Cont'd)

Level	FYE 2023		FYE 2022		FYE 2021	
	Male	Female	Male	Female	Male	Female
<= 30 Years Old	52	21	52	13	57	25
31 – 45 Years Old	73	37	52	36	55	38
46 – 60 Years Old	25	10	23	9	22	8
> 60 Years Old	7	0	4	0	4	0
Total	157	68	131	58	138	71

<= 30 Years Old	33%	31%	40%	22%	41%	35%
31 – 45 Years Old	46%	54%	40%	62%	40%	54%
46 – 60 Years Old	16%	15%	18%	16%	16%	11%
> 60 Years Old	5%	0%	2%	0%	3%	0%
Total	100%	100%	100%	100%	100%	100%

Employee by Gender

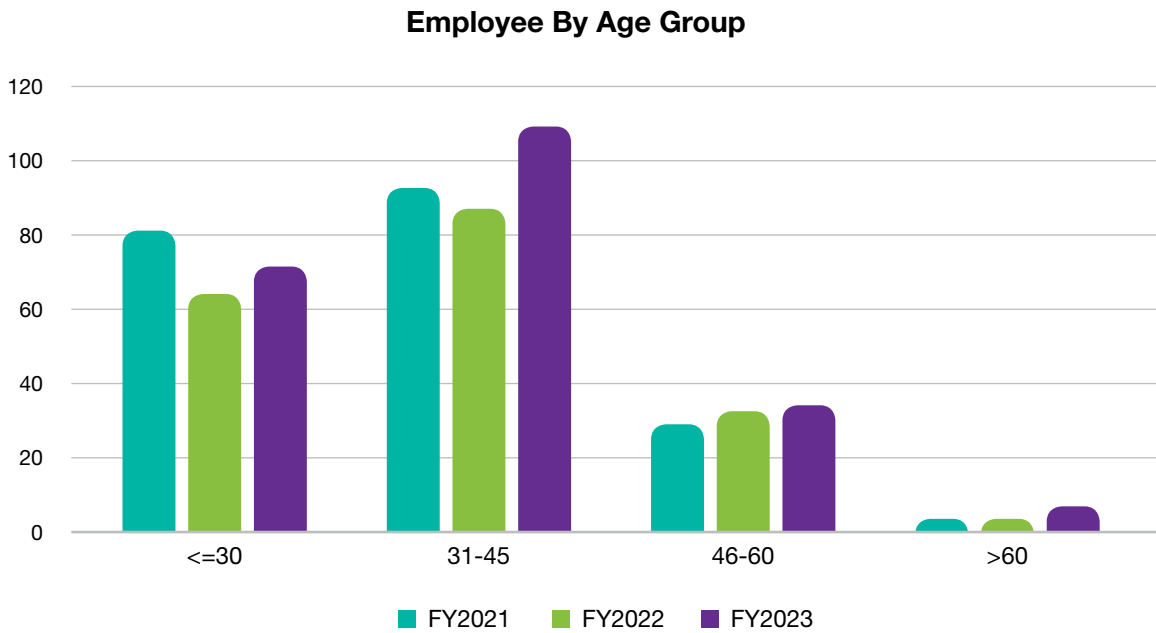


In LKL, we do not set any gender target, however, we strive to achieve a balance of genders at the departmental and Group level. We are cognizant that certain department especially in the production department may have fewer number of female representative due to the nature of the work in the department.

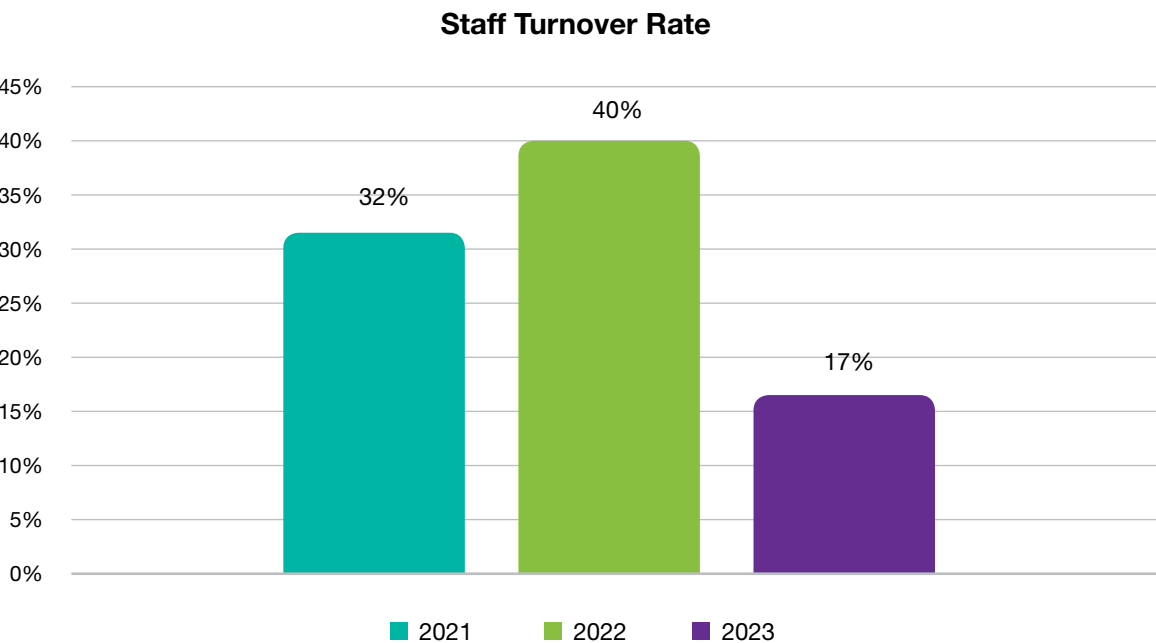
SUSTAINABILITY STATEMENT
(CONT'D)

DIVERSITY, EQUITY & INCLUSION

Employees (Cont'd)



LKL remains committed to ensuring that the 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 45 and below.



SUSTAINABILITY STATEMENT (CONT'D)

DIVERSITY, EQUITY & INCLUSION

Employees (Cont'd)

LKL managed to slash its staff turnover rate to 17% in FYE2023 from a high of 40% in FYE 2022. The vast improvement is largely due to continued emphasis on human resource development within LKL and investment in employee learning and development programs, in the group's efforts to develop its talent within the organisation.



Employee Learning & Developments

LKL believes that human resources within the Group is our most important asset. As a result, we place great importance on employee learning and development through on-job and external training. Competent staff will contribute significantly towards efficiency and effectiveness from design, development, product planning, procurement, production, business development, sales, and customer service. In addition, a well-trained staff would reduce safety issues that would affect the process flow of production and keep down-time to a minimum.

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.

Number of Training Conducted in FY 2023		Total Hours of Training in FY 2023		Number of staff Attended Training in FY 2023
On-Job	External	On-Job	External	
92	34	1,835.5	244.5	213
Total: 127		Total: 2080		

Number of Training Conducted in FY 2022		Total Hours of Training in FY 2022		Number of staff Attended Training in FY 2022
On-Job	External	On-Job	External	
72	10	527.5	108.5	106
Total: 82		Total: 636		

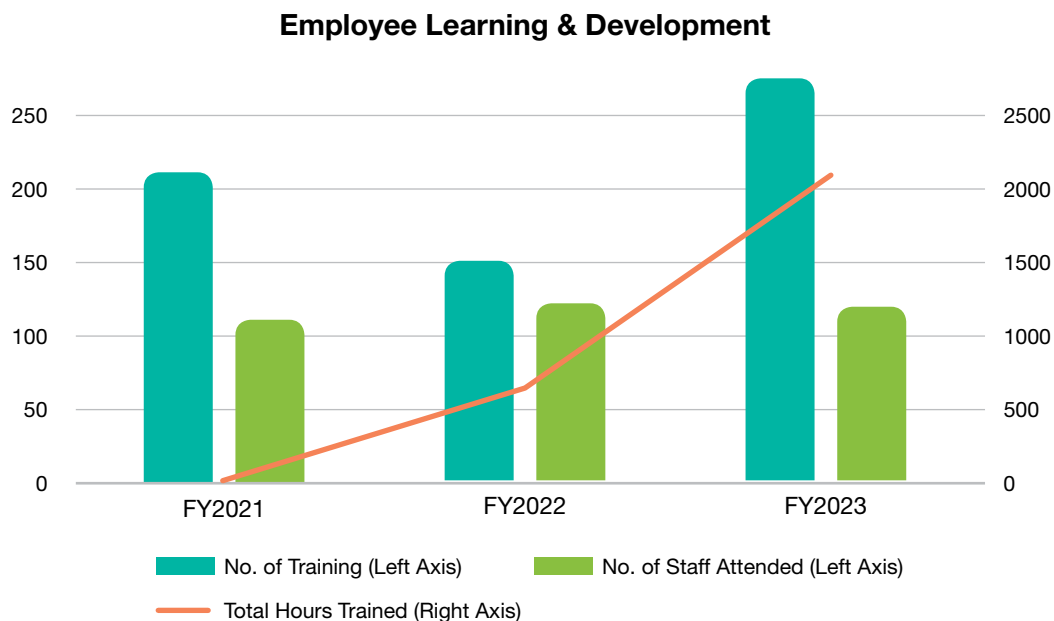
Number of Training Conducted in FY 2021		Total Hours of Training in FY 2021		Number of staff Attended Training in FY 2021
On-Job	External	On-Job	External	
0	0	0	0	Remarks: Covid19 period
Total: 0		Total: 0		

During the financial year, LKL intensified its employee learning and development program by increasing its number of trainings by more than 50%, tripling the total hours of training and doubling the number of staff attending the trainings, compared to FYE 2022. During FYE 2021, LKL could not conduct physical training due to movement control measures as a result of the Covid-19 pandemic.

SUSTAINABILITY STATEMENT (CONT'D)

DIVERSITY, EQUITY & INCLUSION (CONT'D)

Employee Learning & Developments (Cont'd)

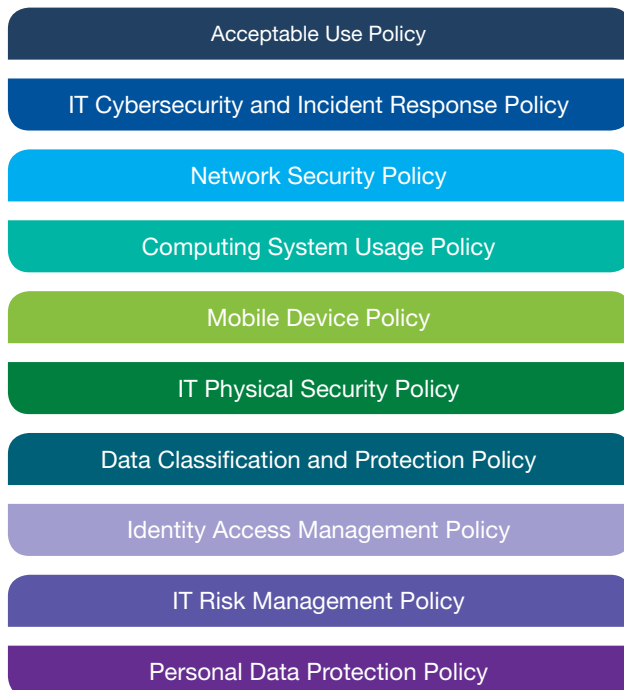


CYBERSECURITY AND IT MANAGEMENT

We have seen the acceleration of various trends involving around remote working, e-commerce and automation, which has propelled the adoption of digital technologies and infrastructure. However, it has also made data more susceptible to cybersecurity risks. As a result, LKL has a responsibility 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.

LKL will continue to remain cautious and vigilant to the growing potential cybersecurity risks that are ever present especially as our customers are mainly in the medical industry and key players in their respective industries.

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:



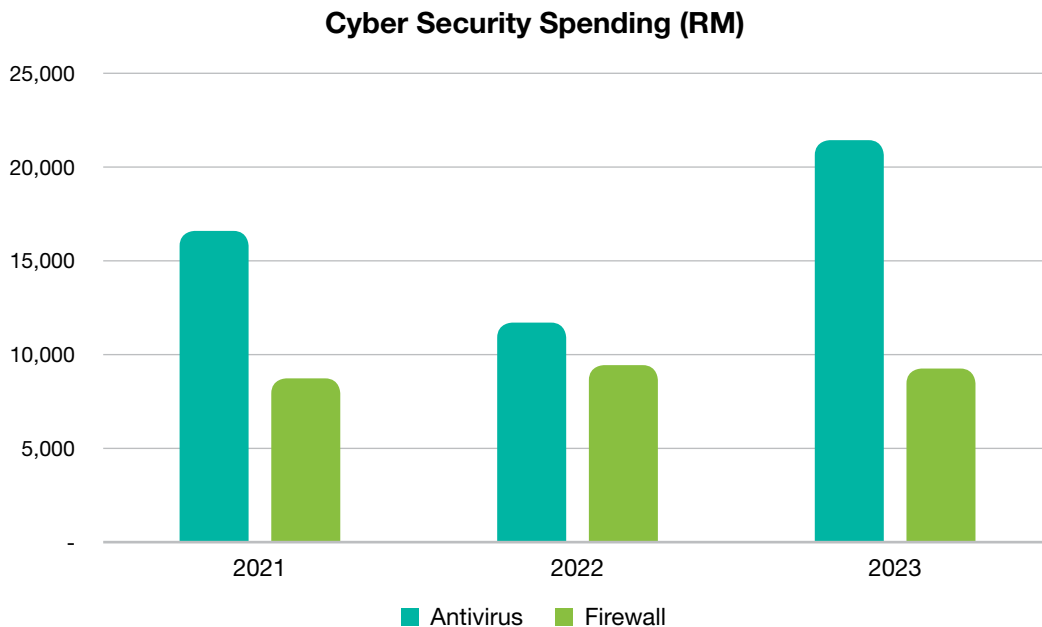
SUSTAINABILITY STATEMENT (CONT'D)

CYBERSECURITY AND IT MANAGEMENT (CONT'D)

LKL periodically review and upgrade 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.

During the FYE 2023, LKL increased its investment in anti-virus and firewall program as part of its efforts to strengthen its cybersecurity defence.



We conducted an internal Cybersecurity Gap Assessment for our factories in Malaysia 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, upgrade all firewalls to the latest stable version, disable mobile hotspot feature to disallow employees to make connections from a mobile device, and improve USB blocking with new endpoint protection software.

We make 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 Standard Operating Procedures (“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.

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.

SUSTAINABILITY STATEMENT (CONT'D)

COMMUNITY



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.

Visit to Pusat Jagaan & Rawatan Orang Tua Al Ikhlas



SUSTAINABILITY STATEMENT (CONT'D)

COMMUNITY (CONT'D)

Visit to Rumah Sejahtera Seri Kembangan



Blood Donation Campaign



Raya Open House



SUSTAINABILITY STATEMENT (CONT'D)

COMMUNITY (CONT'D)

Chinese New Year Celebration



Monthly Birthday Party



Team Building Exercise



Celebrating International Women Day



PROFILE OF DIRECTORS

Dato' Haji Mohd Yazid Bin Haji Mustafa

Independent Non-Executive Chairman

Malaysian

Male

Aged 67

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.

He has attended all two (2) Board meeting held during the financial year ended 31 December 2023 since his appointment to the Board on 6 June 2023.

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

Datuk Chong Loong Men

Executive Director

Malaysian

Male

Aged 45

Datuk Chong Loong Men ("Datuk Chong") was appointed to our Board on 14 October 2020 as Independent Non-Executive Director and had on 22 March 2021 redesignated to Non-Independent Non-Executive Director of the Company. Subsequently, Datuk Chong had on 23 April 2021 redesignated to Executive Director of the Company.

Datuk Chong graduated from the University of London (external) with a Bachelor in Law (LLB). In addition, he possessed a certificate of legal practice and a higher diploma in Quantity Surveying.

Datuk Chong started his career with the Attorney General's Chambers as a Deputy Public Prosecutor before joining the Enforcement Division of the Securities Commission Malaysia in 2007. He started his private practice as a lawyer in 2011 with Messrs Lim, Chong, Phang & Amy, Advocates & Solicitors, a legal firm that he co-founded. Subsequently, he had also co-founded Messrs Chong + Kheng Hoe. He was a partner of Messrs Chong + Kheng Hoe until he took a sabbatical leave from legal practice since 30 July 2022.

Datuk Chong has extensive experience in commercial crimes including corporate and accounting fraud, market manipulation, corruption and criminal breach of trust and corporate disputes. He also has vast experience in advising listed companies on foreign and local stock exchange in listing, rights issues, private placements, acquisitions and other corporate transactions. Datuk Chong experiences includes helping clients who may be facing significant and unusual challenges, such as governance disputes, regulatory and other business crises.

Datuk Chong attended three (3) out of four (4) Board meetings held during the financial year ended 31 December 2023.

Datuk Chong currently sits on the Board of Parlo Berhad, Bioalpha Holdings Berhad and several private limited companies.

PROFILE OF DIRECTORS (CONT'D)

Zulkarnin Bin Ariffin

Executive Director

Malaysian

Male

Aged 51

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 position as Group Chief Executive Director of Seacera Group Berhad since 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 2023.

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

Lim Ming Chang

Non-Independent
Non-Executive Director

Malaysian

Male

Aged 41

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 his position as Chief Executive Officer (“CEO”) of LKLAM since 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 2023.

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

Mr. Lim is also the brother-in-law of Mr. Lim Pak Hong.

PROFILE OF DIRECTORS (CONT'D)

Dr. Chan Jee Peng

Independent Non-Executive
Director

Malaysian

Male

Aged 43

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 graduated from Oxford Brookes University with a Bachelor of Accounting, followed by Master's Degree in Accounting from the University of London. He is a member of the Malaysia Institute of Accountants, Fellow Member of the Association of Chartered Certified Accountants and associate member for Chartered Tax Institute of Malaysia, Internal Auditors of Malaysia and Certified Fraud Examination.

Dr. Chan has about 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 2023.

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

Ling Chi Hoong

Independent Non-Executive
Director

Malaysian

Male

Aged 40

Ling Chi Hoong ("Mr. Ling") was appointed to our Board on 6 April 2021 and is the Chairman of both the Remuneration Committee and Nomination Committee as well as the Member of Audit and Risk Management Committee.

Mr. Ling graduated from International Islamic University with Bachelor of Law in 2007. He is a partner in a legal 500 law firm, specialises in areas of capital market and corporate commercial. Mr. Ling was previously Head of Legal & Corporate Affairs for various companies listed in Bursa Malaysia Securities Berhad ("Bursa Securities") and Singapore Exchange. Prior to that, he held position of Head of Group Legal in a Bursa Securities listed oil & gas conglomerate. He was also previously attached to an American Fortune 500 largest energy multi-national companies in their legal & contract department handling Asia Pacific contracts and compliance matters.

Mr. Ling attended all four (4) Board meetings held during the financial year ended 31 December 2023.

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

Malaysian

Male

Aged 58

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 meeting held during the financial year ended 31 December 2023.

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

Tan Su Ning

Independent Non-Executive
Director

Malaysian

Female

Aged 31

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 two (2) Board meeting held during the financial year ended 31 December 2023 since her appointment to the Board on 31 May 2023.

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

Notes:-

- 1) 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 interests with the Company.
- 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 2023, other than for traffic offences (if any).

PROFILE OF KEY MANAGEMENT TEAM

Lim Pak Hong

Research and Development Director

Malaysian

Male

Aged 37

Lim Pak Hong (“PH Lim”) is our Research and Development (“R&D”) Director since 1 June 2020. He is responsible for developing products and sustaining engineering initiatives to improve the quality and cost of the products.

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, 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 transferring patients longitudinally (or lengthwise) as opposed to the conventional lateral (or sideways) transfer, which was useful in narrow hospital corridors and tight spaces. He was promoted as the Group General Manager in 2015 and will be an integral part of our Group’s future growth and success.

PH Lim is the brother-in-law of Mr. Lim and cousin of KE Lee.

Lee Kah Earnng

Sales Director

Malaysian

Male

Aged 53

Lee Kah Earnng (“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.

KE Lee is the cousin of PH Lim.

PROFILE OF KEY MANAGEMENT TEAM (CONT'D)

Sia Pik Sing

Manufacturing Manager

Malaysian

Male

Aged 53

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

PS 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. He 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.

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

Notes:-

Save as disclosed above, none of the Key Senior Management has:-

- 1) any directorship in public companies and listed issuers;
- 2) any family relationship with any Director and/or major shareholder of the Company;
- 3) any conflict of interest with the Company; and
- 4) been convicted of any offence (other than for 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 31 December 2023.

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 for the financial year ended 31 December 2023 (“FYE 2023”) 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 2023.

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 MCCC 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 Practising Certificate issued by the Companies Commission of Malaysia. The new joint Secretary was appointed on 3 May 2023 for better management of the Company's secretarial and administrative duties. 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 2023, 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 her 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 published on the Company's website at www.lklbeds.com.

1.7 Code of Conduct and Ethics

The Board has adopted a Code of Ethics and Conduct which is incorporated in the Board Charter of the Company. The Code of Conduct 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 Ethics and Conduct 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 Ethics and Conduct will be reviewed regularly to ensure the information remains relevant and appropriate.

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

1.8 Whistle Blowing 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 Whistle Blowing Policy setting out the appropriate communication and feedback channels to facilitate whistleblowing. The implementation of the Whistle Blowing 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 Whistle Blowing Policy was last reviewed, revised and approved by the Board on 30 May 2023. The Board commits to reviewing and updating the Whistle Blowing Policy at least once every three (3) years to ensure its effectiveness and alignment with governing legislation and regulatory requirements.

The Whistle Blowing Policy is published 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 had on 25 August 2023 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 emphasises 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.	Names	Designation
1.	Dato' Haji Mohd Yazid Bin Haji Mustafa	Independent Non-Executive Chairman
2.	Datuk Chong Loong Men	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

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 MCGG 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 MCGG 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 2023, 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 MCGG. 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 2023 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.
- f. Reviewed and considered the appointment of new Directors to the Board.

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 2023.

The attendance records of each Board member at the Board and Board Committees meetings held during the FYE 2023 are as follows:-

Meeting Attendance	Board	ARMC	NC	RC
Dato' Haji Mohd Yazid Bin Haji Mustafa ⁽¹⁾ (Independent Non-Executive Chairman)	2/2	N/A	N/A	N/A
Datuk Chong Loong Men (ED)	3/4	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
Lim Ming Chang (Non-Independent Non-Executive Director)	4/4	N/A	N/A	N/A
Tan Su Ning ⁽²⁾ (Independent Non-Executive Director)	2/2	N/A	N/A	N/A

Notes:

⁽¹⁾ Dato' Haji Mohd Yazid Bin Haji Mustafa was appointed as the Independent Non-Executive Chairman of the Company on 6 June 2023.

⁽²⁾ Ms. Tan Su Ning was appointed as an Independent Non-Executive Director of the Company on 31 May 2023.

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 2023 are as follows:-

Name of Directors	Training/Seminar attended
Dato' Haji Mohd Yazid Bin Haji Mustafa	- Briefing on the Key Amendments to the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad relating to Sustainability Training for Directors, Conflict of Interest and Other Amendments - Mandatory Accreditation Programme (Part I)
Datuk Chong Loong Men	Briefing on the Key Amendments to the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad relating to Sustainability Training for Directors, Conflict of Interest and Other Amendments
Zulkarnin Bin Ariffin	- Briefing on the Key Amendments to the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad relating to Sustainability Training for Directors, Conflict of Interest and Other Amendments - Product Training by Biolight product specialist - GDPMD Requirement & Internal Audit - ESG Reporting: A Key to Value Creation Today - Kursus Integriti Dan Kod Etika Kontraktor - Leadership Skills - Become a better Leader
Dr. Chan Jee Peng	- Briefing on the Key Amendments to the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad relating to Sustainability Training for Directors, Conflict of Interest and Other Amendments - National Tax Conference 2023 - E-Invoicing: Is your business ready for the new regulations - Understanding and Application of Auditing Standards in Practice (Module 3) - ISA 260 & 265 Communication with those charged with Governance - Accounting for Business Combination – The Basics 2024 Budget Seminar
Ling Chi Hoong	- Briefing on the Key Amendments to the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad relating to Sustainability Training for Directors, Conflict of Interest and Other Amendments - Mandatory Accreditation Programme Part II: Leading for Impact (LIP)

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 (Cont'd)

The training programmes, seminars and/or conferences attended by the Directors during the FYE 2023 are as follows (Cont'd):-

Name of Directors	Training/Seminar attended
Ng Fun Kim	- Briefing on the Key Amendments to the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad relating to Sustainability Training for Directors, Conflict of Interest and Other Amendments - Managing Cross Border Transaction - Corporate Valuation Modelling
Lim Ming Chang	Briefing on the Key Amendments to the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad relating to Sustainability Training for Directors, Conflict of Interest and Other Amendments
Tan Su Ning	Briefing on the Key Amendments to the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad relating to Sustainability Training for Directors, Conflict of Interest and Other Amendments

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.

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.

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 remuneration payable to each of the individual Director of the Company and of the Group for the FYE 2023 are as follows:-

The Company

Name of Directors	RM'000						Total
	Fees	Allowance	Salary	Bonus	Benefits-in Kind	Other emoluments [#]	
Datuk Chong Loong Men	–	–	120.00	20.00	–	17.96	157.96
Zulkarnin Bin Ariffin	–	–	120.00	30.00	–	19.16	169.16
Dr. Chan Jee Peng	60.00	1.50	–	–	–	–	61.50
Ling Chi Hoong	48.00	1.50	–	–	–	–	49.50
Ng Fun Kim	48.00	1.50	–	–	–	–	49.50
Lim Ming Chang	120.00	2.50	–	–	–	–	122.50
Dato' Haji Mohd Yazid Bin Haji Mustafa (Appointed on 6 June 2023)	68.33	0.60	–	–	–	–	68.93
Tan Su Ning (Appointed on 31 May 2023)	21.00	0.60	–	–	–	–	21.60
TOTAL	365.33	8.20	240.00	50.00	–	37.12	700.65

The Group

Name of Directors	RM'000						Total
	Fees	Allowance	Salary	Bonus	Benefits-in Kind	Other emoluments [#]	
Datuk Chong Loong Men	–	–	360.00	50.00	50.00	51.52	511.52
Zulkarnin Bin Ariffin	105.00	–	360.00	75.00	–	54.52	594.52
Dr. Chan Jee Peng	60.00	1.50	–	–	–	–	61.50
Ling Chi Hoong	48.00	1.50	–	–	–	–	49.50
Ng Fun Kim	48.00	1.50	–	–	–	–	49.50
Lim Ming Chang	120.00	2.50	–	–	–	–	122.50
Dato' Haji Mohd Yazid Bin Haji Mustafa (Appointed on 6 June 2023)	68.33	0.60	–	–	–	–	68.93
Tan Su Ning (Appointed on 31 May 2023)	21.00	0.60	–	–	–	–	21.60
TOTAL	470.33	8.20	720.00	125.00	50.00	106.04	1,479.57

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)

3.3 Remuneration of Senior Management

The remuneration of the Key Senior Management of the Group for the FYE 2023 is as follows:-

Remuneration Band	Number of Senior Management
RM150,001 to RM200,000	1
RM200,001 to RM250,000	1
RM350,001 to RM400,000	2

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.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

PART I – AUDIT AND RISK MANAGEMENT COMMITTEE (CONT'D)

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, Messrs. UHY. 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.

PART II – RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

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 2023 are as disclosed in the ARMC Report in this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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.

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 Eighth AGM ("8th AGM") was issued to shareholders at least 28 days before the 8th AGM date, which gives shareholders sufficient time to prepare themselves to attend the 8th 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 8th AGM convened on 31 May 2023, 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 8th 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 8th 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 8th 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

PART II – CONDUCT OF GENERAL MEETING (CONT'D)

7.2 Effective Communication and Proactive Engagement

The attendance of all Directors at the 8th 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 the query box facility throughout the 8th AGM. The Company facilitates and encourages shareholder participation at its 8th 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 8th AGM before each resolution is proposed. The summary of the key matters discussed at the 8th AGM was also available on the Company's website at www.lklbeds.com for the shareholders' information.

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 2023, 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 2023 (“FYE 2023”).

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 of the Company:-

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 MCCG, 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 2023

The Committee had carried out the following activities for the FYE 2023 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 2023 presented by the External Auditors to ensure the scope of the external audit is comprehensive;
- iii. Reviewed with the External Auditors, the Audited Financial Statements of the Company and the Group and issues arising from the audit of the financial statements highlighted in the External Auditors' management letter and the Management's responses thereon;
- iv. 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;
- v. Reviewed the external audit reports and assessed the auditor's findings and Management's responses thereto in respect of the audit for the FYE 2023;
- vi. Considered and recommended the re-appointment of Messrs. UHY as the External Auditors and their audit and non-audit fees to the Board for consideration based on the independence, competency and efficiency as demonstrated by the External Auditors during their audit;
- vii. 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;
- viii. Reviewed the significant risk identified by the Risk Management Team on yearly basis and relevant measures and efforts undertake to mitigate the risks;
- ix. 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;
- x. Reviewed the proposed amendments to the Terms of Reference of the ARMC for recommendations to the Board for approval;
- xi. Reviewed the disclosures of conflict of interest ("COI") involving the Directors and Key Senior Management of the Group and concluded that there were no additional examination or mitigation measures were deemed necessary from the COI disclosed;
- xii. Held two (2) private sessions 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 2022. It was noted that the Committee had confirmed that they did not have any knowledge of fraud within the Group;
- xiii. 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;
- xiv. Reviewed the Circular to Shareholders in relation to the Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature dated 28 April 2023;

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

6. SUMMARY OF ACTIVITIES OF THE ARMC FOR THE FYE 2023 (CONT'D)

- xv. Self-appraised the performance of the ARMC for the FYE 2023 and submitted the evaluation form to the Nomination Committee for assessment;
- xvi. Reviewed the annual performance evaluation forms of the Internal and External Auditors;
- xvii. Reviewed the verification of the options granted under the Share Issuance Scheme of the Company for the FYE 2023; and
- xviii. 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 2023, 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 2023, the Internal Auditors had conducted reviews on the adequacy and effectiveness of the internal control system on Production of LKL Advance Metaltech Sdn. Bhd. ("LKLAM"), Revenue and Credit Risk Management of LKLAM and Medik Gen Sdn. Bhd., both the wholly-owned subsidiaries of the Company.

The cost incurred on the outsourced internal audit function of the Group for the FYE 2023 amounted to RM21,000.00.

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 2023 (“FYE 2023”) 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 Committee of Sponsoring Organisation of the Treadway Commission - Internal Control (COSO - IC) Integrated Framework as the basis for evaluating the effectiveness of the internal control system along 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 2023, 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 2023 (Jan 2023 – Jun 2023)	Aug 2023	LKL Advance Metaltech Sdn. Bhd. ("LKLAM")	Internal Audit Review - Production Follow up actions on previously reported audited findings: - Internal Audit Reported in August 2022 - Internal Audit Reported in Feb 2023
2 nd Half of the year 2023 (Jul 2023 – Dec 2023)	Jan 2024	LKLAM	Internal Audit Review: - Research and Development Follow up actions on previously reported audited findings: - Internal Audit Reported in August 2022 - Internal Audit Reported in August 2023

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 2023, 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 ("SOP") 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 2023. 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 16 April 2024

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 (IFRSs), 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 2023, 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 EXERCISE

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 :-

Proceeds utilisation of proceeds	Proposed Raised	Actual Utilisation as at 22 March 2024	Deviation	Unutilised Proceeds	Estimated timeframe for Utilisation of Proceed
	RM'000	RM'000	RM'000	RM'000	
Expansion of the Pharmacy Business	48,353	22,339	206 ⁽¹⁾	26,220	Within 24 months
Estimated expenses in relation to the Proposals	1,100	894	(206) ⁽¹⁾	–	Immediate
Total	49,453	23,233	–	26,220	

⁽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 2023 ("FYE 2023") were as follows:

	Company RM	Group RM
Audit fee	60,000	150,000
Non-audit fee	5,000	–

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

There were 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 31 to the Financial Statement for the FYE 2023 on pages 139 and 140 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.

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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 2023.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of its subsidiary companies are disclosed in Note 7 to the financial statements.

FINANCIAL RESULTS

	Group RM	Company RM
(Loss)/Profit for the financial year	(6,982,829)	2,428,955
Attributable to:		
Owners of the Company	(6,977,616)	2,428,955
Non-controlling interest	(5,213)	–
	(6,982,829)	2,428,955

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year ended 31 December 2023 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 period. The Directors do not recommend any dividend in respect of the financial year ended 31 December 2023.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and fully paid-up 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 newly issued ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

There were no debentures issued during the financial year ended 31 December 2023.

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.

SHARE ISSUANCE SCHEME ("SIS")

The Company's SIS is governed by the By-Laws 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 2023, 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 18 to the financial statements.

DIRECTORS' REPORT (CONT'D)

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 2023, 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:

Dr. Chan Jee Peng	
Datuk Chong Loong Men *	
Lim Ming Chang	
Ling Chi Hoong	
Ng Fun Kim	
Zulkarnin Bin Ariffin *	
Tan Su Ning	(Appointed on 31 May 2023)
Dato' Haji Mohd Yazid Bin Haji Mustafa	(Appointed on 6 June 2023)

* Directors of the Company and certain subsidiaries

The Directors of the Company's subsidiaries since 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	
Lim Pak Hong	
Tan Wei Wei	
William Shak Soo Wei	
Yong Bee Kui	(Appointed on 25 July 2023)
Muhammad Ihsan Bin Sulaiman	(Appointed on 1 January 2024)
Pang Ching King	(Appointed on 1 January 2024)

DIRECTORS' INTERESTS

The interests and deemed interests in the 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 spouses or children) according to the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares		
	At 01.01.2023	Bought Disposal	At 31.12.2023
Shareholdings in the name of directors			
Direct interests:			
Datuk Chong Loong Men	10,000	—	10,000

By virtue of his shareholdings in the holding company, the Director is deemed to have interest in shares of the subsidiaries of the Company to the extent of the holding company's interest, in accordance with Section 8 of the Companies Act 2016.

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' REPORT (CONT'D)

DIRECTORS' BENEFITS

Since the end of the previous financial period, 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 Group in the ordinary course of business in which a Director is a member as disclosed in Note 31(b) to the financial statements.

The details of the Directors' remuneration for the financial year ended 31 December 2023 are set out below:

	Group RM	Company RM
Directors' remuneration		
Fees	470,333	365,333
Salaries, wages and other emoluments	903,200	298,200
Defined contribution plans	106,034	37,117
	1,479,567	700,650

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.

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 Company.

OTHER STATUTORY INFORMATION

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
- (i) 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 satisfied themselves that there were no known bad debts to be written off and that adequate allowance had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances:
- (i) which would render it necessary to write off any bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
 - (iii) 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; or
 - (iv) 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.

DIRECTORS' REPORT (CONT'D)

OTHER STATUTORY INFORMATION (CONT'D)

- (c) At the date of this report, there does not exist:
- (i) 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; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (d) In the opinion of the Directors:
- (i) 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;
 - (ii) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
 - (iii) 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 subsidiary companies are disclosed in Note 7 to the financial statements.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events are disclosed in Note 36 to the financial statements.

SUBSEQUENT EVENTS

The subsequent events are disclosed in Note 37 to the financial statements.

AUDITORS' REMUNERATION

The auditors' remuneration of the Group and of the Company for the financial year ended 31 December 2023 are RM150,000 and RM60,000 respectively.

AUDITORS

The auditors, Messrs. UHY, does not seek for reappointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 16 April 2024.

ZULKARNIN BIN ARIFFIN
(MIA No.: 16942)

DATUK CHONG LOONG MEN

KUALA LUMPUR

STATEMENT BY DIRECTORS

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

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, 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 2023 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 16 April 2024.

ZULKARNIN BIN ARIFFIN
(MIA No.: 16942)

DATUK CHONG LOONG MEN

KUALA LUMPUR

STATUTORY DECLARATION

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

I, ZULKARNIN BIN ARIFFIN, being the Director primarily responsible for the financial management of LKL International Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements are 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.

Subscribed and solemnly declared by the)
abovenamed at Kuala Lumpur in the)
Federal Territory on 16 April 2024

ZULKARNIN BIN ARIFFIN
(MIA No.: 16942)

Before me,

No. W790
ZAINUL ABIDIN BIN AHMAD
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 2023 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 98 to 155.

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 2023, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and 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 as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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.

Key Audit Matters	How we addressed the key audit matters
Impairment of trade receivables	
As at 31 December 2023, the carrying value of the Group's trade receivables amounted to RM11,976,772.	We have obtained an understanding and evaluated the appropriateness of the Group's policy on credit risk management and its credit exposures.
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.	We tested the accuracy and completeness of the data used by the management.
	We have enquired with management regarding the recoverability of trade receivables that are past due but not impaired and reviewed customers' correspondence.
	We have assessed the reasonableness of the methods and assumptions used by management in estimating the recoverable amount and impairment losses.
	We have evaluated subsequent year end receipts and recoverability of outstanding trade receivables.

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

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 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.

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):

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Other Matter

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.

UHY
Firm Number: AF 1411
Chartered Accountants

OOI CHI YEE
Approved Number: 03684/08/2024 (J)
Chartered Accountant

KUALA LUMPUR

16 April 2024

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

			Group		Company
	Note	2023 RM	2022 RM	2023 RM	2022 RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	4	68,194,713	63,923,422	11,751	2,667
Right-of-use assets	5	3,832,029	3,120,988	–	–
Investment properties	6	5,834,412	–	–	–
Investment in subsidiary companies	7	–	–	177,312,531	129,277,227
Investment in associate	8	–	–	–	–
Other investments	9	38,015,132	24,703,677	2,475,000	–
		115,876,286	91,748,087	179,799,282	129,279,894
Current Assets					
Inventories	10	16,619,308	10,413,203	–	–
Trade receivables	11	11,976,772	7,639,481	–	–
Other receivables	12	21,883,957	9,657,230	22,081	517,316
Amounts due from subsidiary companies	13	–	–	4,116,306	8,127,135
Amount due from a related party	14	228,355	228,355	–	–
Amount due from an associate	15	–	116	–	–
Tax recoverable		–	4,079,478	212,845	93,906
Other investments	9	5,202,065	–	5,202,065	–
Deposit with licensed financial institution	16	20,380,237	12,000,000	20,380,237	12,000,000
Cash and bank balances	16	10,988,231	14,707,719	366,582	9,112,547
		87,278,925	58,725,582	30,300,116	29,850,904
Assets held for sale	17	11,811,108	–	–	–
		99,090,033	58,725,582	30,300,116	29,850,904
Total Assets		214,966,319	150,473,669	210,099,398	159,130,798

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

STATEMENTS OF FINANCIAL POSITION
(CONT'D)

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
EQUITY					
Share capital	18	233,474,665	191,704,049	233,474,665	191,704,049
Warrant reserve	19	6,787,598	–	6,787,598	–
Merger deficit	20	(29,579,990)	(29,579,990)	–	–
Accumulated losses		(39,020,878)	(32,048,144)	(30,354,843)	(32,783,798)
Equity attributable to owners of the Company		171,661,395	130,075,915	209,907,420	158,920,251
Non-controlling interests		(637,842)	(667,747)	–	–
Total Equity		171,023,553	129,408,168	209,907,420	158,920,251
LIABILITIES					
Non-Current Liabilities					
Borrowings	21	–	6,733,596	–	–
Lease liabilities	22	2,050,049	1,214,454	–	–
		2,050,049	7,948,050	–	–
Current Liabilities					
Trade payables	23	338,219	1,668,005	–	–
Other payables	24	10,461,475	8,420,617	191,978	210,547
Borrowings	21	28,747,163	1,828,162	–	–
Lease liabilities	22	1,208,094	1,200,667	–	–
Provision for taxation		1,137,766	–	–	–
		41,892,717	13,117,451	191,978	210,547
Total Liabilities		43,942,766	21,065,501	191,978	210,547
Total Equity and Liabilities		214,966,319	150,473,669	210,099,398	159,130,798

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

		Group		Company	
		01.01.2023 to 31.12.2023 (12 months) RM	01.10.2021 to 31.12.2022 (15 months) RM	01.01.2023 to 31.12.2023 (12 months) RM	01.10.2021 to 31.12.2022 (15 months) RM
	Note				
Revenue	25	44,578,196	102,475,715	–	–
Cost of sales		(28,558,352)	(87,590,465)	–	–
Gross profit		16,019,844	14,885,250	–	–
Other income		1,301,635	3,271,208	785,417	176,468
Administrative expenses		(11,753,256)	(18,081,302)	(1,564,340)	(2,607,050)
Selling and distribution expenses		(1,705,438)	(2,197,501)	(16,012)	(18,865)
Other expenses		(5,748,230)	(25,666,608)	(6,127,474)	(16,844,075)
Net (loss)/gain of impairment on financial instruments		(324,822)	6,856,032	9,351,364	32,077,019
Share of losses in an associate		–	–	–	–
Finance costs	27	(679,917)	(460,283)	–	–
(Loss)/Profit before tax	26	(2,890,184)	(21,393,204)	2,428,955	12,783,497
Tax (expense)/credit	28	(4,092,645)	882,741	–	–
(Loss)/Profit for the financial year/ period, representing total comprehensive (loss)/income for the financial year/period		(6,982,829)	(20,510,463)	2,428,955	12,783,497
(Loss)/Profit and total comprehensive (loss)/income attributable to:					
Owners of the Company		(6,977,616)	(20,404,650)	2,428,955	12,783,497
Non-controlling interests		(5,213)	(105,813)	–	–
		(6,982,829)	(20,510,463)	2,428,955	12,783,497
Basic loss per share (sen)	29	(2.18)	(40.03)		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Attributable to Owners of the Company					Non-controlling interests RM	Total equity RM
	Non-distributable				Total RM		
Group	Share capital RM	Warrant Reserve RM	Merger deficit RM	Accumulated losses RM			
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)	122,425,33
Transactions 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
Share issuance cost	(894,310)	–	–	–	(894,310)	–	(894,310)
Changes in ownership interest in subsidiary	–	–	–	4,882	4,882	35,118	40,000
At 31 December 2023	233,474,665	6,787,598	(29,579,990)	(39,020,878)	171,661,395	(637,842)	171,023,553

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

STATEMENTS OF CHANGES IN EQUITY
(CONT'D)

Group	Attributable to Owners of the Company						
	Non-distributable					Non-controlling interests RM	Total equity RM
	Share capital RM	Employee Share Option Scheme (“ESOS”) reserve RM	Merger deficit RM	Accumulated losses RM	Total RM		
At 1 October 2021 (As previously stated)	179,167,328	–	(29,579,990)	(13,702,393)	135,884,945	(561,934)	135,323,011
Adjustment on ESOS	(1,642,199)	–	–	1,642,199	–	–	–
At 1 October 2021 (As restated)	177,525,129	–	(29,579,990)	(12,060,194)	135,884,945	(561,934)	135,323,011
Loss for the financial period, representing total comprehensive loss for the financial period	–	–	–	(20,404,650)	(20,404,650)	(105,813)	(20,510,463)
	177,525,129	–	(29,579,990)	(32,464,844)	115,480,295	(667,747)	114,812,548
Transactions with owners:							
Issue of shares pursuant to private placements	11,391,570	–	–	–	11,391,570	–	11,391,570
Issue of shares pursuant to exercise of ESOS	2,921,600	–	–	–	2,921,600	–	2,921,600
Share options granted under ESOS	–	416,700	–	–	416,700	–	416,700
Transferred from ESOS reserve	–	(416,700)	–	416,700	–	–	–
	14,313,170	–	–	416,700	14,729,870	–	14,729,870
Share issuance cost	(134,250)	–	–	–	(134,250)	–	(134,250)
At 31 December 2022	191,704,049	–	(29,579,990)	(32,048,144)	130,075,915	(667,747)	129,408,168

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

STATEMENTS OF CHANGES IN EQUITY
(CONT'D)

	Non-distributable Share capital RM	Warrant reserve	Accumulated losses RM	Total equity RM
Company				
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
Transactions with owners:				
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
Share issuance cost	(894,310)	–	–	(894,310)
At 31 December 2023	233,474,665	6,787,598	(30,354,843)	209,907,420

Attributable to Owners of the Company

	Non-distributable			
	Share capital RM	Employee Share Option Scheme ("ESOS") reserve RM	Accumulated losses RM	Total equity RM
Company				
At 1 October 2021 (As previously stated)	179,167,328	–	(47,626,194)	131,541,134
Adjustment on ESOS	(1,642,199)	–	1,642,199	–
At 1 October 2021 (As restated)	177,525,129	–	(45,983,995)	131,541,134
Profit for the financial period, representing total comprehensive income for the financial period	–	–	12,783,497	12,783,497
Transactions with owners:				
Issue of shares pursuant to private placements	11,391,570	–	–	11,391,570
Issue of shares pursuant to exercise of ESOS	2,921,600	–	–	2,921,600
Transferred from ESOS reserve	–	(416,700)	416,700	–
Share options granted under ESOS	–	416,700	–	416,700
	14,313,170	–	416,700	14,729,870
Share issuance cost	(134,250)	–	–	(134,250)
At 31 December 2022	191,704,049	–	(32,783,798)	158,920,251

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Group		Company	
	01.01.2023 to 31.12.2023 (12 months) RM	01.10.2021 to 31.12.2022 (15 months) RM	01.01.2023 to 31.12.2023 (12 months) RM	01.10.2021 to 31.12.2022 (15 months) RM
Cash Flows Used in Operating Activities				
(Loss)/Profit before tax	(2,890,184)	(21,393,204)	2,428,955	12,783,497
Adjustments for:				
Depreciation of:				
- Property, plant and equipment	4,049,999	2,174,307	2,686	1,212
- Right-of-use assets	1,415,311	1,682,184	-	-
Impairment loss on trade receivables	324,822	-	-	-
Reversal of impairment loss on trade receivables	-	(1,816,735)	-	-
Reversal of impairment loss on other receivables	-	(5,405,499)	-	-
Impairment loss on amounts due from an associate	-	366,202	-	-
Impairment loss on amounts due from subsidiaries	-	-	-	238,517
Reversal of impairment loss on amounts due from subsidiaries	-	-	(9,351,364)	(32,315,536)
Impairment loss on investment in subsidiaries	-	-	2,224,696	16,842,863
Inventories written down	1,802,621	17,511,682	-	-
Impairment loss on property, plant and equipment	29,856	-	-	-
Property, plant and equipment written off	-	174,420	-	-
Reversal of liquidated ascertained damages	-	(788,389)	-	-
Interest income	(659,370)	(463,874)	(627,380)	(176,468)
Interest expense	679,917	460,283	-	-
Gain on disposal of property, plant and equipment	(14,999)	(20,395)	-	-
Gain on disposal of right-of-use asset	-	(1,999)	-	-
Share-based payment	-	416,700	-	416,700
Gain on disposal of quoted investments	-	(1,499,836)	-	-
Fair value loss on other investments	2,305,599	12,799,636	3,742,054	-
Unrealised gain on foreign exchange	(77,877)	(91,794)	-	-
Gain on termination of right-of-use assets and lease liabilities	(13,192)	(56,418)	-	-
Operating profit/(loss) before working capital changes	6,952,503	4,047,271	(1,580,353)	(2,209,215)
Changes in working capital:				
Inventories	(8,008,726)	(12,879,764)	-	-
Receivables	(16,834,264)	2,191,266	495,235	(497,842)
Payables	690,005	211,039	(18,569)	(80,979)
Cash used in operations	(17,200,482)	(6,430,188)	(1,103,687)	(2,788,036)
Tax refunded	1,467,834	-	61,656	-
Tax paid	(343,235)	(874,948)	(180,595)	(8,022)
Net cash used in operating activities	(16,075,883)	(7,305,136)	(1,222,626)	(2,796,058)

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

STATEMENTS OF CASH FLOWS
(CONT'D)

	Group		Company	
	01.01.2023 to 31.12.2023 (12 months) RM	01.10.2021 to 31.12.2022 (15 months) RM	01.01.2023 to 31.12.2023 (12 months) RM	01.10.2021 to 31.12.2022 (15 months) RM
Cash Flows Used in Investing Activities				
Proceeds from disposal of property, plant and equipment	15,000	23,064	–	–
Proceeds from disposal of right of use asset	–	2,000	–	–
Proceeds from disposal of quoted shares	–	1,499,836	–	–
Acquisition of property, plant and equipment	(25,996,667)	(18,807,401)	(11,770)	(3,879)
Acquisition of right-of-use assets	–	(275,899)	–	–
Acquisition of other investments	(20,819,119)	(37,503,313)	(11,419,119)	–
Acquisition of investment in subsidiaries	–	–	(50,260,000)	(99,900)
Proceeds from part disposal of equity interest in a subsidiary company	40,000	–	–	–
Repayment from/(Advances to) an associate	116	(116)	–	–
Repayment from/(Advances to) subsidiaries	–	–	13,362,193	(38,709,209)
Interest received	659,370	463,874	627,380	176,468
Net cash used in investing activities	(46,101,300)	(54,597,955)	(47,701,316)	(38,636,520)
Cash Flows Generated from Financing Activities				
Interest paid	(679,917)	(460,283)	–	–
Employee share option scheme exercised	–	2,921,600	–	2,921,600
Proceeds from private placements	–	11,391,570	–	11,391,570
Proceeds from rights issue	49,452,524	–	49,452,524	–
Share issuance cost	(894,310)	(134,250)	(894,310)	(134,250)
Net drawdown/(repayment) of borrowings	312,579	(4,186,439)	–	–
Repayment of lease liabilities	(1,270,138)	(1,679,172)	–	–
Net cash generated from financing activities	46,920,738	7,853,026	48,558,214	14,178,920
Net decrease in cash and cash equivalents	(15,256,445)	(54,050,065)	(365,728)	(27,253,658)
Cash and cash equivalents at beginning of the financial period	26,707,719	80,661,852	21,112,547	48,366,205
Effect of exchange rate changes on cash and cash equivalents	44,368	95,932	–	–
Cash and cash equivalents at end of the financial year/period	11,495,642	26,707,719	20,746,819	21,112,547
Cash and cash equivalents comprise of:				
Cash and bank balances	10,988,231	14,707,719	366,582	9,112,547
Deposits with licensed financial institutions	20,380,237	12,000,000	20,380,237	12,000,000
Bank overdraft	(19,872,826)	–	–	–
	11,495,642	26,707,719	20,746,819	21,112,547

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

STATEMENTS OF CASH FLOWS
(CONT'D)

Note:

Reconciliation of Liabilities Arising from Financing Activities

	Lease liabilities RM	Term loans RM	Bankers' acceptance RM
Group			
At 1 October 2021	2,684,521	5,310,516	237,681
Acquisition of property, plant and equipment	–	7,200,000	–
Acquisition of right-of-use assets	2,011,200	–	–
Gain on termination of right-of-use assets and lease liabilities	(601,428)	–	–
Net (repayment)/proceeds	(1,679,172)	(5,374,758)	1,188,319
At 31 December 2022/1 January 2023	2,415,121	7,135,758	1,426,000
Acquisition of right-of-use assets	2,454,120	–	–
Gain on termination of right-of-use assets and lease liabilities	(340,960)	–	–
Net (repayment)/proceeds	(1,270,138)	(322,421)	635,000
At 31 December 2023	3,258,143	6,813,337	2,061,000

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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 7.

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

2. BASIS OF PREPARATION

(a) 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.

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

Adoption of new and amended standards

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

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 - Comparative Information
Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 101 and MFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimate
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to MFRS 112	International Tax Reform - Pillar Two Model Rules

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (Cont'd)

Adoption of new and amended standards (Cont'd)

The adoption of these new and amendments to standards did not have any significant impact on the financial statements of the Group and of the Company except for:

Amendments to MFRS 101 and MFRS Practice Statement 2 Disclosure of Accounting Policies

The Group and the Company has adopted the amendments to MFRS 101 *Presentation of Financial Statements* and MFRS Practice Statement 2 *Materiality Practice Statement* for the first time in the current financial year. The amendments change the requirements in MFRS 101 *Presentation of Financial Statements* with regard to disclosure of accounting policies. The amendments replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

Amendments to MFRS 101 *Presentation of Financial Statements* are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments have no effect on the measurement, recognition or presentation of any items in the Group’s and the Company’s financial statements but affect the disclosure of accounting policies.

Standards issued but not yet effective

The Group and the Company have not applied the following amendments to standards 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 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101	Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 121	Lack of Exchangeability	1 January 2025
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 Group and the Company intend to adopt the above amendments to standards, if applicable, when they become effective.

The initial application of the above-mentioned amendments to standards are not expected to 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)

(b) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is 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.

(c) Significant accounting judgements, estimates and assumptions

The preparation of the Group's and 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 end of the reporting period. 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.

Judgements

The following are the judgements made by management in the process of 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 - the 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.

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 4.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. BASIS OF PREPARATION (CONT'D)

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, amounts due from subsidiary companies, related party and associate 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 11, 12, 13, 14 and 15.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The Group and the Company apply the material accounting policies set out below, consistently throughout all periods presented in the financial statements unless otherwise stated.

(a) Basis of consolidation

(i) Business combinations

The Group applies the acquisition method of accounting except for one business combination which was accounted for using 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 effected throughout the financial period.

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.

(ii) 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.

(iii) Separate financial statements

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

(iv) Investment in associate

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(b) Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss.

(ii) Depreciation

Depreciation of property, plant and equipment is recognised in profit or loss on straight line basis to write off the cost of each asset to its residual value over its estimated useful life. 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 land	36 years
Leasehold building	36 years
Motor vehicles	20%
Office equipment, furniture and fittings	10% - 25%
Plant and machinery	10% - 20%
Renovations	10%
Signboard	10%

(c) Leases

As Lessee

The right-of-use ("ROU") assets are measured at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liabilities. If the lease transfers ownership of the underlying asset to the Company by the end of the lease term, the ROU assets are depreciated using the straight-line method from the commencement date to the end of the useful life of the ROU assets. Otherwise, the ROU assets are depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU assets or the end of the lease term. The estimated useful lives of the ROU assets are determined as follows:

Leasehold land and buildings	36 years
Factories and office premises	2 - 5 years
Motor vehicles	20%
Plant and machinery	10%

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

- the lease term is 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(d) Investment properties

(i) Recognition and measurement

Investment properties are measured at cost less accumulated depreciation and any accumulated impairment losses.

(ii) Depreciation

Depreciation of investment properties is recognised in profit or loss on straight line basis to write off the cost of each asset to its residual value over its estimated useful life.

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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(e) Financial assets

Financial assets are recognised in the statements 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, deposits with licensed financial institution, amount due from subsidiary companies, a related party and an associate, deposits with licensed financial institution and cash and bank balances.

(i) 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 in order 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.

(ii) 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(e) Financial assets (Cont'd)

Regular way purchase or sale of financial assets

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.

Derecognition

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.

(f) 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.

(g) Inventories

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

Cost of raw material 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(h) Impairment of assets

(i) 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.

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.

(ii) 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 and the Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in-order to comply with the Group's and the Company's procedures for recovery of amounts due.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)**3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)****(i) Revenue and other income****(a) 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 from sale of goods is recognised at a point in time when control of the goods is transferred to the customers, generally on the delivery of goods. Revenue is measured at the fair value of the consideration received or receivable, net of discounts and taxes applicable to the revenue.

(b) 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.

(j) Statements of cash flows

The Group and the Company adopt the indirect method in the preparation of the statements of cash flows. Cash and cash equivalents comprise cash and bank balances, deposits with licensed banks that are readily convertible into cash with insignificant risk of changes in value against which bank overdrafts are deducted.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

4. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land and buildings RM	Leasehold building 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									
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
Disposal	-	-	(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)
At 31 December 2023	30,706,441	364,880	569,610	20,726,465	11,908,032	5,257,963	446,365	18,272,202	88,251,958
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
Disposal	-	-	(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	3,192,635	108,948	569,603	4,779,429	9,275,945	1,252,862	65,460	-	19,244,882
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	-	-	-	530,424	-	277,236	4,703	-	812,363
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

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

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

Group	Freehold land and buildings RM	Leasehold building 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									
At 1 October 2021	24,464,141	364,880	752,470	4,314,858	11,790,982	2,057,309	57,715	11,161,675	54,964,030
Additions	12,173,600	-	-	11,866,627	148,400	530,654	83,800	1,204,320	26,007,401
Disposal	-	-	(71,356)	(18,401)	-	-	-	-	(89,757)
Written off	-	-	-	(540,379)	(40,000)	-	-	-	(580,379)
Transfer	12,003,200	-	-	-	-	-	-	(12,003,200)	-
At 31 December 2022	48,640,941	364,880	681,114	15,622,705	11,899,382	2,587,963	141,515	362,795	80,301,295
Accumulated depreciation									
At 1 October 2021	2,510,653	86,072	752,461	2,531,705	7,294,242	707,049	31,924	-	13,914,106
Charge for the financial period	431,393	12,673	-	394,384	1,094,892	231,154	9,811	-	2,174,307
Disposal	-	-	(71,355)	(15,733)	-	-	-	-	(87,088)
Written off	-	-	-	(401,126)	(4,833)	-	-	-	(405,959)
At 31 December 2022	2,942,046	98,745	681,106	2,509,230	8,384,301	938,203	41,735	-	15,595,366
Accumulated impairment									
At 1 October 2021/ 31 December 2022	-	-	-	500,568	-	277,236	4,703	-	782,507
Carrying Amount									
At 31 December 2022	45,698,895	266,135	8	12,612,907	3,515,081	1,372,524	95,077	362,795	63,923,422

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

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

	Office equipment, furniture and fittings 2023 RM	2022 RM
Company		
Cost		
At 1 January 2023/1 October 2021	3,879	–
Additions	11,770	3,879
At 31 December 2023/2022	15,649	3,879
Accumulated depreciation		
At 1 January 2023/1 October 2021	1,212	–
Charge for the financial year/period	2,686	1,212
At 31 December 2023/2022	3,898	1,212
Carrying Amount		
At 31 December 2023/2022	11,751	2,667

- (a) Freehold land and buildings of the Group with carrying amount of RM12,173,600 (2022: RM22,167,504) are pledged as security for banking facilities granted to the Group as disclosed in Note 21.
- (b) Purchase of property, plant and equipment

The aggregate cost for the property, plant and equipment of the Group and of the Company during the financial year/period under term loan and cash payments are as follows:

	Group		Company	
	01.01.2023 to 31.12.2023 (12 months) RM	01.10.2021 to 31.12.2022 (15 months) RM	01.01.2023 to 31.12.2023 (12 months) RM	01.10.2021 to 31.12.2022 (15 months) RM
Cash	25,996,667	18,807,401	11,770	3,879
Term loan financing	–	7,200,000	–	–
	25,996,667	26,007,401	11,770	3,879

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

5. 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	119,700	3,459,203	4,411,353	576,805	8,567,061
Accumulated depreciation					
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	36,297	1,366,854	3,086,738	245,143	4,735,032
Carrying amount					
At 31 December 2023	83,403	2,092,349	1,324,615	331,662	3,832,029
At 1 October 2021	119,700	3,203,927	2,496,507	576,805	6,396,939
Additions	–	817,156	1,469,943	–	2,287,099
Disposal	–	–	(71,861)	–	(71,861)
Termination adjustment	–	(1,412,195)	–	–	(1,412,195)
Written off	–	(114,849)	–	–	(114,849)
At 31 December 2022	119,700	2,494,039	3,894,589	576,805	7,085,133
Accumulated depreciation					
At 1 October 2021	28,816	1,116,134	2,075,544	115,361	3,335,855
Charge for the financial period	4,156	1,141,116	464,811	72,101	1,682,184
Disposal	–	–	(71,860)	–	(71,860)
Termination adjustment	–	(867,185)	–	–	(867,185)
Written off	–	(114,849)	–	–	(114,849)
At 31 December 2022	32,972	1,275,216	2,468,495	187,462	3,964,145
Carrying amount					
At 31 December 2022	86,728	1,218,823	1,426,094	389,343	3,120,988

(a) ROU assets under hire purchase arrangements

Included in the above are motor vehicles and plant and machinery with carrying amount of RM1,324,615 (2022: RM1,426,094) of the Group which are pledged as securities for the related lease liabilities.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

5. RIGHT-OF-USE ASSETS (CONT'D)

(b) Additions of ROU assets during the financial year are financed by:

	Group 01.01.2023 to 31.12.2023 (12 months) RM	01.10.2021 to 31.12.2022 (15 months) RM
Cash	–	275,899
Lease liabilities	2,454,120	2,011,200
	2,454,120	2,287,099

6. INVESTMENT PROPERTIES

	Group 2023 RM
Cost	
At 1 January	–
Transfer from property, plant and equipment	5,931,300
At 31 December	5,931,300
Accumulated depreciation	
At 1 January	–
Transfer from property, plant and equipment	96,888
At 31 December	96,888
Carrying Amount	
At 31 December	5,834,412
Fair value of investment properties	5,890,000

(a) Investment properties of the Group with carrying amount of RM5,834,412 are pledged as security for banking facilities granted to the Group as disclosed in Note 21.

(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 amounting to RM5,890,000 (2022: Nil). The 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 close 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 level within fair value during the financial year.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

6. INVESTMENT PROPERTIES (CONT'D)

(d) Income and expenses recognised in profit or loss

The following are recognised in profit or loss in respect of investment properties:

	Group 2023 RM
Rental income	149,400
Direct operating expenses	5,925

7. INVESTMENT IN SUBSIDIARY COMPANIES

	2023 RM	Company 2022 RM
In Malaysia		
Unquoted shares, at cost	197,380,090	147,120,090
Less: Accumulated impairment loss	(20,067,559)	(17,842,863)
	177,312,531	129,277,227

Movements in the impairment loss on investment in subsidiary companies during the financial year are as follow:

	2023 RM	Company 2022 RM
At beginning of the financial year/period	17,842,863	1,000,000
Impairment loss recognised	2,224,696	16,842,863
At end of the financial year/period	20,067,559	17,842,863

Details of the subsidiary companies are as follows:

Name of company	Country of incorporation	Effective equity interest (%)		Principal activities
		2023	2022	
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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

7. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

Details of the subsidiary companies are as follows (Cont'd):

Name of company	Country of incorporation	Effective equity interest (%)		Principal activities
		2023	2022	
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
LKL Medical (Sarawak) Sdn. Bhd. ("LKLMS") ^	Malaysia	60	100	Trading of medical and emergency equipment and accessories

* 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.

(a) Incorporation of subsidiary companies

On 11 October 2021, the Group, through LKL Advance Metaltech Sdn. Bhd. ("LKLAM"), incorporated a subsidiary, LKL Medical (Sarawak) Sdn. Bhd. ("LKLMS") with a paid up share capital of 100,000 shares for RM1 each.

(b) Addition of investment in subsidiary companies

During the 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;
- increase 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.

In prior financial period, the Company increased its investment in subsidiaries as follows:

- increased equity interest of RM90,000,000 in LKLAM;
- increased equity interest of RM20,599,900 in AWSB;
- increase equity interest of RM1,040,000 in CCSB; and
- increased equity interest of RM2,900,000 in MGSB.

(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 RM2,224,696 (2022: RM16,842,863) were made for the financial year under review.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

7. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(d) Disposal of equity interest in LKLMS

On 1 June 2023, the Group has entered into a share sales agreement with Asia Living Young Sdn. Bhd. to dispose 40,000 ordinary shares in LKLMS with a consideration of RM40,000, decreasing the equity interest in LKLMS from 100% to 60%. The transaction has been completed on 6 June 2023.

(e) Non-controlling interest ("NCI") in a subsidiary company

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

	Effective equity interest of NCI		Loss allocated to NCI		Accumulated NCI	
	2023 %	2022 %	01.01.2023 to 31.12.2023 RM	01.10.2021 to 31.12.2022 RM	2023 RM	2022 RM
TMG	30	30	(1,486)	(105,813)	(669,233)	(667,747)
LKLMS	40	–	(3,727)	–	31,391	–
			(5,213)	(105,813)	(637,842)	(667,747)

The summarised financial information before intra-group elimination for subsidiaries that has non-controlling interests to the Group is as follows:

(a) Summarised statement of financial position

	TMG	
	2023 RM	2022 RM
Current assets	382,371	389,311
Current liabilities	(2,613,160)	(2,615,145)
Net liabilities	(2,230,789)	(2,225,834)
		LKLMS 2023 RM
Non-current assets		31,960
Current assets		406,020
Non-current liabilities		(6,462)
Current liabilities		(353,041)
Net liabilities		78,477

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

7. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(e) Non-controlling interest ("NCI") in a subsidiary company (Cont'd)

(b) Summarised statement of profit or loss and other comprehensive income

	TMG	
	01.01.2023 to 31.12.2023 RM	01.10.2021 to 31.12.2022 RM
Revenue	2,800	8,750
Loss for the financial year/period	(4,954)	(352,710)
Total comprehensive loss	(4,954)	(352,710)
	LKLMS	
	01.01.2023 to 31.12.2023 RM	
Revenue		294,976
Loss for the financial year		(11,827)
Total comprehensive loss		(11,827)

(c) Summarised statement of cash flows

	TMG	
	01.01.2023 to 31.12.2023 RM	01.10.2021 to 31.12.2022 RM
Net cash generated from/(used in) operating activities	10,344	(25,429)
Net cash used in investing activities	–	455
	LKLMS	
	01.01.2023 to 31.12.2023 RM	
Net cash generated from operating activities		190,733
Net cash used in investing activities		(10,950)
Net cash generated from financing activities		27,058

8. INVESTMENT IN ASSOCIATE

	Group	
	2023 RM	2022 RM
At cost		
Unquoted shares in Malaysia	40,000	40,000
Share of post-acquisition reserves	(40,000)	(40,000)
	–	–

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

8. INVESTMENT IN ASSOCIATE (CONT'D)

Details of the associate company are as follows:

Name of company	Country of incorporation	Effective equity interest (%)		Principal activities
		2023	2022	
Focus Carelife Sdn. Bhd. ("FCSB")*	Malaysia	40%	40%	Trading, supplying, wholesaling, manufacturing of medical and healthcare equipment, products and services

* Associate company not audited by UHY.

9. OTHER INVESTMENTS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Financial asset at fair value through profit or loss				
Non-current				
Investment in quoted shares	38,015,132	24,703,677	2,475,000	–
Current				
Investment in money market fund	5,202,065	–	5,202,065	–
	43,217,197	24,703,677	7,677,065	–

10. INVENTORIES

	2023 RM	Group 2022 RM
At cost		
Raw materials	6,481,189	3,664,814
Work-in-progress	1,928,360	1,542,609
Finished goods	5,798,336	3,737,541
Goods in transit	221,096	217,056
	14,428,981	9,162,020
At net realisable value		
Finished goods	2,190,327	1,251,183
	16,619,308	10,413,203
Recognised in profit or loss		
Inventories recognised as cost of production	24,097,690	71,064,848
Inventories written down	1,802,621	17,511,682

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

11. TRADE RECEIVABLES

	2023 RM	Group 2022 RM
Trade receivables	12,636,460	7,974,347
Less: Accumulated impairment loss	(659,688)	(334,866)
	11,976,772	7,639,481

The Group's normal trade credit terms range from 30 to 90 days (2022: 30 to 90 days). Other credit terms are determined on a case-to-case basis. Trade receivables are not secured by any collateral or credit enhancements.

Movements in the impairment loss on trade receivables during the financial year/period are as follows:

	2023 RM	Group 2022 RM
At beginning of the financial year/period	334,866	2,160,401
Impairment loss recognised	324,822	–
Reversal of impairment loss	–	(1,816,735)
Amount written off	–	(8,800)
At end of the financial year/period	659,688	334,866

The aged analysis of the trade receivables as at the end of the reporting year/period:

	Gross amount RM	Impairment loss RM	Carrying amount RM
Group 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
91 to 120 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

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

11. TRADE RECEIVABLES (CONT'D)

	Gross amount RM	Impairment loss RM	Carrying amount RM
Group			
2022			
Not past due	3,046,570	(20,142)	3,026,428
Past due:			
Less than 30 days	2,668,277	(3,580)	2,664,697
31 - 60 days	346,619	(10,629)	335,990
61 - 90 days	515,780	(21,703)	494,077
91 to 120 days	1,183,259	(64,970)	1,118,289
	4,713,935	(100,882)	4,613,053
Individually impaired	7,760,505	(121,024)	7,639,481
	213,842	(213,842)	–
	7,974,347	(334,866)	7,639,481

Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group.

As at 31 December 2023, trade receivables of the Group amounting to RM9,301,886 (2022: RM4,613,053) were past due but not impaired. These relate to a number of independent customers for whom there is no history of default.

12. OTHER RECEIVABLES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Other receivables	108,678	424,086	–	–
Advances to suppliers	36,704,362	40,583,641	–	500
Less: Accumulated impairment loss	(25,633,606)	(33,228,106)	–	–
	11,070,756	7,355,535	–	500
Deposits	3,648,139	987,068	1,300	1,300
Prepayments	7,056,384	890,541	20,781	515,516
	21,883,957	9,657,230	22,081	517,316

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

12. OTHER RECEIVABLES (CONT'D)

The movements in the impairment loss on other receivables during the financial year are as follows:

	2023 RM	Group 2022 RM
At beginning of the financial year/period	33,228,106	38,633,605
Reversal of impairment loss	–	(5,405,499)
Written off	(7,594,500)	–
At end of the financial year/period	25,633,606	33,228,106

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 3 suppliers (2022: 3 suppliers) for the purchases of nitrile gloves by a wholly-owned subsidiary, LKL Advance Metaltech Sdn. Bhd. ("LKLAM"), totalling RM25,633,606 (2022: RM25,633,606).

As the deliveries of the gloves have not been fulfilled, LKLAM has made a full impairment on the advances made to these 3 suppliers during the previous financial period.

The orders of nitrile gloves from 2 of the suppliers are discontinued and LKLAM is taking legal proceedings against the 2 suppliers. The details of the litigation are disclosed under Note 35.

13. AMOUNTS DUE FROM SUBSIDIARY COMPANIES

	2023 RM	Company 2022 RM
Amounts due from subsidiary companies	6,721,618	20,083,811
Less: Accumulated impairment loss	(2,605,312)	(11,956,676)
	4,116,306	8,127,135

The movements in the impairment loss on amounts due from subsidiary companies during the financial year are as follows:

	2023 RM	Company 2022 RM
At beginning of the financial year/period	11,956,676	44,033,695
Impairment loss recognised	–	238,517
Reversal of impairment loss	(9,351,364)	(32,315,536)
At end of the financial year/period	2,605,312	11,956,676

The amounts due from subsidiary companies are non-trade in nature, non-interest bearing, unsecured and receivable on demand.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)**14. AMOUNT DUE FROM A RELATED PARTY**

	2023 RM	Group 2022 RM
Amount due from a related party	228,355	228,355

Amount due from a related party is non-trade in nature, unsecured, interest-free advances and receivable on demand.

15. AMOUNT DUE FROM AN ASSOCIATE

	2023 RM	Group 2022 RM
Amount due from an associate	366,202	366,318
Less: Accumulated impairment loss	(366,202)	(366,202)
	–	116

The movement in the impairment loss on amount due from an associate during the financial year is as follows:

	2023 RM	Group 2022 RM
At beginning of the financial year/period	366,202	–
Impairment loss recognised	–	366,202
At end of the financial year/period	366,202	366,202

Amount due from an associate is non-trade in nature, unsecured, interest-free advance and receivable on demand.

16. CASH AND CASH EQUIVALENTS

	2023 RM	Group 2022 RM	2023 RM	Company 2022 RM
Cash and bank balances	10,988,231	14,707,719	366,582	9,112,547
Fixed deposits with a licensed bank	20,380,237	12,000,000	20,380,237	12,000,000
	31,368,468	26,707,719	20,746,819	21,112,547

Deposits of the Group and of the Company have a maturity period of 1 month (2022: 1 month) and the effective interest rates are ranging from 2.95% - 3.40% (2022: 2.05% - 2.35%).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

17. ASSETS HELD FOR SALE

On 10 October 2023, the wholly-owned subsidiary company, LKLAM, had 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 storey 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 storey semi-detached factory with postal address of No.13, Jalan BS 7/1C, Taman Perindustrian Bukit Serdang, 43300 Seri Kembangan, Selangor Darul Ehsan, for a total disposal consideration of RM6,900,000.

As of 31 December 2023, both disposals had yet to complete as the conditions precedent of the SPA has not been completed.

18. SHARE CAPITAL

	2023 Units	Group and Company		2022 RM
		2022 Units	2023 RM	
Ordinary shares issued and fully paid (no par value):				
At beginning of the financial year/period	97,160,054	773,110,600	191,704,049	177,525,129
Share consolidation	–	(874,440,546)	–	–
Issue of shares pursuant to private placements	–	157,490,000	–	11,391,570
Issue of shares pursuant to exercise of ESOS	–	41,000,000	–	2,921,600
Issue of shares pursuant to right issue with warrants	290,897,202	–	49,452,524	–
Right issue of shares with warrants	–	–	(6,787,598)	–
Share issuance cost	–	–	(894,310)	(134,250)
At end of the financial year/period	388,057,256	97,160,054	233,474,665	191,704,049

During the current financial year, the ordinary share capital of the Company was 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.

In previous financial period, the ordinary share capital of the Company was decreased from 773,110,600 units to 97,160,054 units pursuant to the following:

- share consolidation of every 10 ordinary shares in the Company into 1 share ("Consolidated Shares") following the listing and quotation of 97,160,054 Consolidated Shares on the Ace Market of Bursa Malaysia Securities Berhad;
- Private placement of 7,490,000 new ordinary shares of RM0.0930 each;
- Private placement of 150,000,000 new ordinary shares of RM0.0713 each;
- 28,000,000 options exercised under ESOS at an exercise price of RM0.0711 each; and
- 13,000,000 options exercised under ESOS at an exercise price of RM0.0716 each.

The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

18. SHARE CAPITAL (CONT'D)

Share issuance scheme ("SIS")

The share option comprises the SIS and cumulative value of employee services received for the issue of share options. The reserve 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 an 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 offer, subject to a discount of not more than 10% which the Company may at its discretion decide to give.
- 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 2023, no option has been offered to any employee or Director of the Company and its subsidiaries.

Employees' share option scheme ("ESOS")

The Company implemented an ESOS for a period of five (5) years until 25 October 2025 ("the option period"). The salient features of the ESOS were as follows:

- (a) The ESOS is made available to eligible employees and Directors who are confirmed employees employed by the Group or the Company and confirmed in service;
- (b) The total number of new shares which may be issued and allotted under ESOS shall not in aggregate exceed 15% 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 ESOS;

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

18. SHARE CAPITAL (CONT'D)

Employees' share option scheme ("ESOS") (Cont'd)

- (c) The option price under the ESOS shall be determined by the Board upon the recommendation of the ESOS committee based on the 5-day weighted average market price of the Company shares as quoted on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") immediately preceding to the date of the ESOS granted with a discount of not more than 10%, if deemed appropriate;
- (d) The actual number of shares, which may be offered to any eligible employee shall be at the discretion of the ESOS committee and are subject to the following:
- (i) no more than 10% (or such other percentage as may be permitted by Bursa Securities or any other relevant authorities from time to time) of the total shares made available under the scheme shall be allocated to any eligible person who, either singly or collectively through persons connected with the eligible person, holds 20% (or such other percentage as may be permitted by Bursa Securities or any other relevant authorities from time to time) or more of the total number of issued shares (excluding treasury shares, if any) of the Company; and
 - (ii) no more than 50% of the total number of shares to be issued under the scheme shall be allocated, in aggregate, to the Directors and senior management of the Group.
- (e) ESOS Committee may make more than one ESOS offer to eligible employees and Directors provided that the aggregate number of ESOS offered to that eligible employee and Director throughout the entire duration of the ESOS does not exceed the maximum allowable allotment.

The ESOS of the Company was terminated effective from 16 June 2022 in accordance with the By-Laws governing the ESOS in view that the Board of Directors of the Company does not intend to grant any further options under ESOS.

Upon termination, all offers which were yet to be accepted by the eligible employees and all unexercised or partially exercised options lapsed automatically.

The fair values of the share options granted since the effective date of the ESOS were measured using the Trinomial Option Pricing with the following inputs:

Group	06.01.2022 RM	22.02.2022 RM
Fair value of share options and assumptions		
Weighted average fair value at grant date (RM)	0.0088	0.0131
Share price (RM)	0.080	0.079
Exercise price (RM)	0.071	0.072
Expected volatility (%)	145.39	96.54
Option life (days)	1	37
Risk-free interest rate (%)	2.015	1.967

The following table illustrates the share options granted and exercised during the financial period:

Grant dates	Exercise price RM	At beginning of the financial period	Granted	Exercised	At end of the financial period
2022					
06.01.2022	0.0711	–	28,000,000	(28,000,000)	–
22.02.2022	0.0716	–	13,000,000	(13,000,000)	–
		–	41,000,000	(41,000,000)	–

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)**19. WARRANTS RESERVE**

	Group and Company	
	2023	2022
	RM	RM
At beginning of the financial year/period	–	–
Right issue of shares with warrants	6,787,598	–
At end of financial year/period	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 2023, the total numbers of warrants that remain unexercised are 193,931,375.

20. MERGER DEFICIT

	2023	Group
	RM	2022
	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.

21. BORROWINGS

	Notes	2023	Group
		RM	2022
		RM	RM
Secured			
Current			
Term loans	(a)	6,813,337	402,162
Bankers' acceptance	(b)	2,061,000	1,426,000
Bank overdraft	(c)	19,872,826	–
		28,747,163	1,828,162
Non-current			
Term loans	(a)	–	6,733,596
		28,747,163	8,561,758

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

21. BORROWINGS (CONT'D)

(a) Term loans

The term loans of the Group bear an average interest rate of 4.64% (2022: 2.49%) per annum and are secured by way of:

- (i) a first legal charge over certain properties as disclosed in Notes 4 and 6 to the financial statements;
- (ii) a joint and several guarantee of certain directors of the Group; and
- (iii) corporate guarantee by the Company.

During the financial year, the Group had breached certain loan covenants as stated in the loan agreement. As a result, this loan has been classified from non-current liabilities to current liabilities as of 31 December 2023.

(b) Bankers' acceptance

The bankers' acceptance of the Group bear interest rates ranging from 4.67% to 5.19% (2022: 3.44% to 3.49%) per annum and are secured by way of:

- (i) a first legal charge over certain properties as disclosed in Note 4 to the financial statements; and
- (ii) a joint and several guarantee of certain directors of the Group.

(c) Bank overdraft

The bank overdraft of the Group bear an average interest rate of 6.83% (2022: Nil)

22. LEASE LIABILITIES

	2023 RM	Group 2022 RM
Minimum lease liabilities repayments		
Within 1 year	1,323,851	1,277,917
Later than 1 year but not later than 5 years	2,147,408	1,287,880
More than 5 years	38,300	–
	3,509,559	2,565,797
Less: Future finance charges	(251,416)	(150,676)
	3,258,143	2,415,121
Present value of minimum lease liabilities repayments		
Within 1 year	1,208,094	1,200,667
Later than 1 year but not later than 5 years	2,011,801	1,214,454
More than 5 years	38,248	–
	3,258,143	2,415,121
Analysed by:		
Current portion	1,208,094	1,200,667
Non-current portion	2,050,049	1,214,454
	3,258,143	2,415,121

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)**22. LEASE LIABILITIES (CONT'D)**

	Group	
	01.01.2023 to 31.12.2023 (12 months) %	01.10.2021 to 31.12.2022 (15 months) %
Interest rates charged per annum	3.20 to 4.60	3.23 to 6.06

(a) The following are the amounts recognised in profit or loss:

	Group	
	01.01.2023 to 31.12.2023 (12 months) RM	01.10.2021 to 31.12.2022 (15 months) RM
Interest on lease liabilities	82,349	168,361
Gain on termination of right-of-use asset and lease liabilities	(13,192)	(56,418)

23. TRADE PAYABLES

	Group	
	2023 RM	2022 RM
Third parties	338,219	1,668,005

The normal trade credit terms granted to the Group ranges from 30 to 120 days (2022: 30 to 120 days).

24. OTHER PAYABLES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Other payables	4,066,371	155,961	–	56,084
Advances from customers	1,717,193	1,996,966	–	–
Accruals	3,102,591	6,219,553	191,978	154,463
Deposits received	1,575,320	48,137	–	–
	10,461,475	8,420,617	191,978	210,547

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

25. REVENUE

	Group	
	01.01.2023 to 31.12.2023 (12 months) RM	01.10.2021 to 31.12.2022 (15 months) RM
At point in time		
Revenue from contracts with customers:		
- Sale of goods	44,578,196	102,475,715

26. (LOSS)/PROFIT BEFORE TAX

(Loss)/Profit before tax is determined after charging/(crediting):

	Group		Company	
	01.01.2023 to 31.12.2023 (12 months) RM	01.10.2021 to 31.12.2022 (15 months) RM	01.01.2023 to 31.12.2023 (12 months) RM	01.10.2021 to 31.12.2022 (15 months) RM
Auditors' remuneration				
- statutory audit	150,000	137,000	60,000	55,000
- non-audit services	5,000	70,000	-	-
Depreciation of property, plant and equipment	4,049,999	2,174,307	2,686	1,212
Depreciation of right-of-use assets	1,415,311	1,682,184	-	-
Gain on disposal of property, plant and equipment	(14,999)	(20,395)	-	-
Gain on disposal of right-of-use assets	-	(1,999)	-	-
Property, plant and equipment written off	-	174,420	-	-
Impairment loss on property, plant and equipment	29,856	-	-	-
Gain on disposal of quoted investment	-	(1,499,836)	-	-
Gain on termination of right-of-use assets and lease liabilities	(13,192)	(56,418)	-	-
Interest expenses	679,917	460,283	-	-
Rental income	(148,965)	(142,900)	-	-
Interest income	(659,370)	(463,874)	(627,380)	(176,468)
Reversal of impairment loss on amounts due from subsidiaries	-	-	(9,351,364)	(32,315,536)
Impairment loss on amounts due from subsidiaries	-	-	-	238,517
Impairment loss on investment in subsidiaries	-	-	2,224,696	16,842,863
Reversal of provision for liquidated ascertained damages	-	(788,389)	-	-
Impairment loss on trade receivables	324,822	-	-	-
Fair value loss on other investments	2,305,599	12,799,636	3,742,054	-
Share-based payment	-	416,700	-	416,700
Impairment loss on amount due from an associate	-	366,202	-	-
Reversal of impairment loss on other receivables	-	(5,405,499)	-	-
Reversal of impairment loss on trade receivables	-	(1,816,735)	-	-
Net write-down on inventories	1,802,621	17,511,682	-	-
Realised gain on foreign exchange	(89,231)	(33,683)	-	-
Unrealised (gain)/loss on foreign exchange	(77,877)	(91,794)	-	-
Staff costs (Note 30)	13,986,884	19,277,038	1,898,493	1,889,888

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

27. FINANCE COSTS

	Group	
	01.01.2023 to 31.12.2023 (12 months) RM	01.10.2021 to 31.12.2022 (15 months) RM
Interest expenses on		
- Bank overdraft	187,883	–
- Bankers' acceptance	101,144	22,440
- Lease liabilities	82,349	168,361
- Term loans	308,541	269,482
	679,917	460,283

28. TAX EXPENSE/(CREDIT)

	Group	
	01.01.2023 to 31.12.2023 (12 months) RM	01.10.2021 to 31.12.2022 (15 months) RM
Tax expense/(credit) recognised in profit or loss		
Current tax expense	2,775,007	72,944
Under/(Over)provision in prior year	1,317,638	(955,685)
Income tax expense/(credit) recognised in profit or loss	4,092,645	(882,741)

Reconciliation of tax expense/(credit):

	Group		Company	
	01.01.2023 to 31.12.2023 (12 months) RM	01.10.2021 to 31.12.2022 (15 months) RM	01.01.2023 to 31.12.2023 (12 months) RM	01.10.2021 to 31.12.2022 (15 months) RM
(Loss)/Profit before tax	(2,890,184)	(21,393,204)	2,428,955	12,783,497
At Malaysian statutory tax rate of 24% (2022: 24%)	(693,644)	(5,134,369)	582,949	3,068,039
Non-deductible expenses	3,159,409	4,597,638	1,661,378	684,240
Non-taxable income	(358,796)	(397,045)	–	–
Deferred tax assets not recognised	668,038	3,477,885	–	–
Utilisation of deferred tax assets previously not recognised	–	(2,471,165)	(2,244,327)	(3,752,279)
Overprovision of current tax in prior year	1,317,638	(955,685)	–	–
	4,092,645	(882,741)	–	–

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)**28. TAX EXPENSE/(CREDIT) (CONT'D)**

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Unabsorbed capital allowances	595,286	505,563	–	–
Unutilised tax losses	17,758,103	15,706,920	3,042	3,042
Provisions	19,020,529	18,377,944	2,605,312	11,956,676
	37,373,918	34,590,427	2,608,354	11,959,718

Deferred tax assets have not been recognised in respect of these items as it is not probable that future taxable profits will be available against which the Group and the Company can utilise the benefits therefrom.

Pursuant to Section 8 of the Finance Act 2021 (Act 833), the amendments to Section 44(5F) of Income Tax Act 1967, the time limit of the carried forward unutilised tax losses has been extended to maximum of 10 consecutive years of assessment. This amendment is deemed to have effect from the year of assessment 2019 and subsequent years of assessment.

Any unutilised business losses brought forward from year of assessment 2018 can be carried forward for another 10 consecutive years of assessment (i.e. from year of assessments 2018 to 2028) under the current tax legislation.

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	
	2023 RM	2022 RM	2023 RM	2022 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	2,051,183	–	–	–
	17,758,103	15,706,920	3,042	3,042

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

29. LOSS PER SHARE

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

	Group 01.01.2023 to 31.12.2023 (12 months) RM	01.10.2021 to 31.12.2022 (15 months) RM
Loss attributable to owners of the company	(6,977,616)	(20,404,650)
Weighted average number of ordinary shares for basic loss per share (units)	319,517,093	50,975,066
Basic loss per share (sen)	(2.18)	(40.03)

No diluted earnings/(loss) per share disclosed in these financial statements as there is no dilutive potential ordinary share.

30. STAFF COSTS

	Group 01.01.2023 to 31.12.2023 (12 months) RM	01.10.2021 to 31.12.2022 (15 months) RM	Company 01.01.2023 to 31.12.2023 (12 months) RM	01.10.2021 to 31.12.2022 (15 months) RM
Salaries, wages and other emoluments	11,908,518	17,675,492	1,682,426	1,753,590
Defined contribution plans	2,078,366	1,601,546	216,067	136,298
	13,986,884	19,277,038	1,898,493	1,889,888

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 31 to the financial statements.

31. 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)

(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 13, 14 and 15 the significant related party transactions of the Group and of the Company are as follows:

	Group		Company	
	01.01.2023 to 31.12.2023 (12 months) RM	01.10.2021 to 31.12.2022 (15 months) RM	01.01.2023 to 31.12.2023 (12 months) RM	01.10.2021 to 31.12.2022 (15 months) RM
Transactions with a related party:				
- Purchase of goods	2,217,155	211,622	-	-
Transactions with Directors and their close family members:				
- Salaries and other emoluments	-	2,000,000	-	-

(c) Compensation of key management personnel

Remuneration of Directors and other members of key management are as follows:

	Group		Company	
	01.01.2023 to 31.12.2023 (12 months) RM	01.10.2021 to 31.12.2022 (15 months) RM	01.01.2023 to 31.12.2023 (12 months) RM	01.10.2021 to 31.12.2022 (15 months) RM
Executive Directors				
Fees	470,333	293,000	365,333	275,000
Salaries, wages and other emoluments	903,200	2,024,575	298,200	428,300
Defined contribution plans	106,034	252,778	37,117	53,789
	1,479,567	2,570,353	700,650	757,089
Other key management personnel				
Salaries and allowance			956,180	834,930
Defined contribution plans			127,264	103,227
			1,083,444	938,157

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

32. 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 division | Involved in manufacturing of medical/healthcare beds, medical peripherals and accessories |
| (ii) | Trading division | Involved in trading of medical furniture, medical devices, medical peripherals and accessories |
| (iii) | Investment holding division | Involved in investment holding activities |
| (iv) | Retail division | Involved in retail business of pharmacy |

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

32. SEGMENT INFORMATION (CONT'D)

2023	Manufacturing division RM	Trading division RM	Retail division RM	Investment holding division RM	Total segments RM	Adjustments and eliminations RM	Consolidated total 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)
Depreciation 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	(293,717)	(1,508,904)	-	-	(1,802,621)	-	(1,802,621)
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)

32. SEGMENT INFORMATION (CONT'D)

2022	Manufacturing division RM	Trading division RM	Retail division RM	Investment holding division RM	Total segments RM	Adjustments and eliminations RM	Consolidated total RM
Revenue							
External revenue	38,678,699	63,468,994	328,022	-	102,475,715	-	102,475,715
Inter-segment revenue	21,725	694,449	-	-	716,174	(716,174)	-
Total revenue	38,700,424	64,163,443	328,022	-	103,191,889	(716,174)	102,475,715
Results							
Segment profit/(loss) before tax	6,701,007	(11,812,616)	(2,103,969)	1,483,697	(5,731,881)	(15,661,323)	(21,393,204)
Finance cost	(150,122)	(96,897)	(224,981)	-	(472,000)	11,717	(460,283)
Depreciation of property, plant and equipment	(1,755,420)	(243,235)	(174,441)	(1,211)	(2,174,307)	-	(2,174,307)
Depreciation of right-of-use assets	(902,002)	(823,450)	(115,486)	-	(1,840,938)	158,754	(1,682,184)
Gain on disposal of property, plant and equipment	14,400	5,995	-	-	20,395	-	20,395
Gain on disposal of right-of-use assets	1,411	588	-	-	1,999	-	1,999
Interest income	195,037	91,794	575	176,468	463,874	-	463,874
Fair value loss on quoted investments	-	-	-	(12,799,636)	(12,799,636)	-	(12,799,636)
Inventories written down	(317,074)	(17,194,608)	-	-	(17,511,682)	-	(17,511,682)
Impairment gain on financial instruments	1,322,106	5,962,853	-	32,077,019	39,361,978	(32,496,946)	6,856,032
Assets							
Segment assets	62,222,094	42,044,302	1,023,482	183,934,475	289,224,353	(138,750,684)	150,473,669
Additions to non-current assets other than financial instruments are:							
- Property, plant and equipment	9,147,756	3,794,482	13,061,284	3,879	26,007,401	-	26,007,401
- Right-of-use assets	1,651,470	704,863	377,950	-	2,734,283	(447,184)	2,287,099
Liabilities							
Segment liabilities	21,367,968	19,917,608	503,982	210,547	42,000,105	(20,934,604)	21,065,501

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

32. SEGMENT INFORMATION (CONT'D)

Geographic information

Revenue information based on the geographical location of customers are as follows:

Group	Revenue	
	01.01.2023 to 31.12.2023 (12 months) RM	01.10.2021 to 31.12.2022 (15 months) RM
Africa	1,552,926	2,535,572
Asia (other than Malaysia)	2,574,844	4,898,860
Central America	–	227,238
Europe	55,470	654,398
Malaysia	40,194,657	93,804,740
Middle East	200,299	354,907
	44,578,196	102,475,715

33. FINANCIAL INSTRUMENTS

(a) 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 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 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 a related party	228,355	–	228,355
Deposits with licensed financial institution	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)	8,744,282	–	8,744,282
Borrowings	28,747,163	–	28,747,163
Lease liabilities	3,258,143	–	3,258,143

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

33. FINANCIAL INSTRUMENTS (CONT'D)

(a) Classification of financial instruments (Cont'd)

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 (Cont'd):

	Amortised cost RM	Fair value through profit or loss RM	Total carrying amount RM
Group			
2022			
Financial assets			
Other investments	–	24,703,677	24,703,677
Trade receivables	7,639,481	–	7,639,481
Other receivables (excluded prepayments and advances to suppliers)	1,411,154	–	1,411,154
Amount due from a related party	228,355	–	228,355
Amount due from an associate	116	–	116
Deposits with licensed financial institution	12,000,000	–	12,000,000
Cash and bank balances	14,707,719	–	14,707,719
Financial liabilities			
Trade payables	1,668,005	–	1,668,005
Other payables (excluded advances from customers)	6,423,651	–	6,423,651
Borrowings	8,561,758	–	8,561,758
Lease liabilities	2,415,121	–	2,415,121
	Amortised cost RM	Fair value through profit or loss RM	Total carrying amount RM
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 financial institution	20,380,237	–	20,380,237
Cash and bank balances	366,582	–	366,582
Financial liabilities			
Other payables	191,978	–	191,978
2022			
Financial assets			
Other receivables (excluded prepayments)	1,300	–	1,300
Amount due from subsidiary companies	8,127,135	–	8,127,135
Deposits with licensed financial institution	12,000,000	–	12,000,000
Cash and bank balances	9,112,547	–	9,112,547
Financial liabilities			
Other payables	210,547	–	210,547

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

33. FINANCIAL INSTRUMENTS (CONT'D)

(b) 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 a related party. 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's has two customers (2022: three customers) that accounted for approximately 45% (2022: 29%) 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 RM6,813,337 (2022: RM7,001,952) 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)

33. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (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:

	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
Group					
2023					
Non-derivative financial liabilities					
Trade payables	338,219	–	–	338,219	338,219
Other payables (excluded advances from customers)	8,744,282	–	–	8,744,282	8,744,282
Term loans	10,494,378	–	–	10,494,378	6,813,337
Bankers' acceptance	2,061,000	–	–	2,061,000	2,061,000
Bank overdrafts	19,872,826	–	–	19,872,826	19,872,826
Lease liabilities	1,323,851	2,147,408	38,300	3,509,559	3,258,143
	42,834,556	2,147,408	38,300	45,020,264	41,087,807
2022					
Non-derivative financial liabilities					
Trade payables	1,668,005	–	–	1,668,005	1,668,005
Other payables (excluded advances from customers)	6,423,651	–	–	6,423,651	6,423,651
Term loans	630,197	1,985,568	6,962,763	9,578,528	7,135,758
Bankers' acceptance	1,426,000	–	–	1,426,000	1,426,000
Lease liabilities	1,277,917	1,287,880	–	2,565,797	2,415,121
	11,425,770	3,273,448	6,962,763	21,661,981	19,068,535

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

33. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (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 (Cont'd):

	On demand or within 1 year RM	Total contractual cash flows RM	Total carrying amount RM
Company			
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
2022			
Non-derivative financial liabilities			
Other payables	210,547	210,547	210,547
Financial guarantee	7,001,952	7,001,952	–
	7,212,499	7,212,499	210,547

(iii) Market risk

(i) Foreign currency risk

The Group is exposed to foreign currency risk on 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/period are as follows:

	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

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

33. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risk (Cont'd)

(i) Foreign currency risk (Cont'd)

	USD RM	EUR RM	SGD RM	Total RM
Group				
2022				
Cash and bank balances	526,886	415	–	527,301
Trade receivables	1,351,008	–	3,336	1,354,344
Other receivables	207,753	–	–	207,753
Amount due from a related party	228,355	–	–	228,355
Trade payables	(35,354)	–	–	(35,354)
	2,278,648	415	3,336	2,282,399

Foreign currency sensitivity analysis

The following table demonstrates the sensitivity of the Group's loss after tax to a reasonably possible change in the USD, EUR and SGD exchange rates against RM, with all other variables held constant.

	2023	2022	01.01.2023 to 31.12.2023 (12 months) RM Increase/ (Decrease)	01.10.2021 to 31.12.2022 (15 months) RM Increase/ (Decrease)
	%	%		
Effect on loss after tax				
USD / RM				
Strengthened by	10	10	(50,840)	(173,177)
Weakened by	10	10	50,840	173,177
EUR / RM				
Strengthened by	10	10	(355)	(32)
Weakened by	10	10	355	32
SGD / RM				
Strengthened by	10	10	(24)	(254)
Weakened by	10	10	24	254

(ii) Interest rate risk

Interest rate 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 rate 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

33. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risk (Cont'd)

(ii) Interest rate risk (Cont'd)

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.

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amount at the end of the reporting year/period was:

	2023 RM	Group 2022 RM
Floating rate instruments		
Term loans	6,813,337	7,135,758
Bankers' acceptance	2,061,000	1,426,000
Bank overdraft	19,872,826	–
	28,747,163	8,561,758

Cash flow 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 expense 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.

	Group 01.01.2023 to 31.12.2023 (12 months) RM	01.10.2021 to 31.12.2022 (15 months) RM
Floating rate instruments	(218,478)	(65,069)

(iii) Market price risk

Market price risk is the risk that the fair value or 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 investment 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 on an individual basis and all buy and sell decisions are approved by the Risk Management Committee of the Group.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)**33. FINANCIAL INSTRUMENTS (CONT'D)**

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risk (Cont'd)

(iii) Market price risk (Cont'd)

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 RM380,151 (2022: 247,037) and RM24,750 (2022: Nil) lower/higher respectively, arising as a result 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.

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 fair values and carrying amounts shown in the statements of financial position.

	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value		Total fair value RM	Carrying amount RM
	Level 1 RM	Level 2	Total RM	Level 3 RM	Total RM		
Group 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	3,294,955	3,294,955	3,258,143

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

33. FINANCIAL INSTRUMENTS (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 fair values and carrying amounts shown in the statements of financial position. (Cont'd)

	Fair value of financial instruments carried at fair value		Fair value of financial instruments not carried at fair value		Total fair value RM	Carrying amount RM
	Level 1 RM	Total RM	Level 3 RM	Total RM		
Group 2022						
Financial assets						
Investment in quoted shares	24,703,677	24,703,677	–	–	24,703,677	24,703,677
Financial liabilities						
Lease liabilities	–	–	2,417,701	2,417,701	2,417,701	2,415,121

(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).

Non-derivative financial instruments

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

(iii) Level 3 fair value

Level 3 fair values for the financial assets and liabilities are estimated using unobservable inputs.

34. 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 amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)**34. CAPITAL MANAGEMENT (CONT'D)**

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	2023 RM	Group 2022 RM
Borrowings	21	28,747,163	8,561,758
Lease liabilities	22	3,258,143	2,415,121
		32,005,306	10,976,879
Less: Cash and bank balances and fixed deposits	16	(31,368,468)	(26,707,719)
		636,838	(15,730,840)
Total equity		171,023,553	129,408,168
Gearing ratio (times)		0.004	#

Gearing ratio is not applicable as the Group has sufficient cash and cash equivalent to settle the outstanding debt.

There were no changes in the Group's approach to capital management during the financial year.

35. MATERIAL LITIGATION**(i) LKL Advance Metaltech Sdn. Bhd. vs Crecom Burj Gloves Sdn. Bhd. (WA-24NCC(ARB)-37-12/2020)**

On 16 December 2020, LKL Advance Metaltech Sdn. Bhd. ("LKLAM") had through its solicitors, Messrs. Chong + Kheng Hoe, filed an Originating Summons in the High Court in Kuala Lumpur bearing registration number: WA-24NCC(ARB)-37-12/2020 ("OS") against Crecom Burj Gloves Sdn. Bhd. ("Defendant").

The High Court had on 5 March 2021 granted a Mareva injunction to freeze the Defendant's asset up to the amount of RM12,542,784 after hearing all parties involved.

In line with the OS, LKLAM had also filed a Notice of Arbitration dated 11 January 2021 ("Arbitration") against the Defendant. LKLAM claims against the Defendant for breach of the Purchase Agreement dated 2 October 2020 which was entered into by both parties for the purchase of gloves from the Defendant. In the Arbitration, LKLAM is seeking from the Defendant the sum of RM12,542,784, general damages, interest, costs and any further relief that the arbitral tribunal thinks fit and just.

The Defendant filed a Response to the Arbitration dated 16 February 2021 counterclaiming for the sum of RM20,374,500 for the purported balance amount due to the Defendant. The Arbitration is pending appointment of arbitrator by the director of Asian International Arbitration Centre. There was no progress in the case as at the date of this report.

(ii) 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").

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

35. MATERIAL LITIGATION (CONT'D)

- (ii) LKL Advance Metaltech Sdn. Bhd. vs Crecom Burj Gloves Sdn. Bhd. and 6 others (WA-22NCC-331-07/2021) (Cont'd)

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.

Pending the leave hearing and also pending appointment of solicitors for Crecom Burj Group Sdn. Bhd. and Crecome Burj Gloves Sdn. Bhd., the new trial dates are fixed on 20 to 24 May 2024.

- (iii) LKL Advance Metaltech Sdn. Bhd. vs Genesis Gateway Sdn. Bhd. (WA-28NCC-800-11/2021)

On 8 November 2021, LKLAM ("Petitioner") has had through its solicitors, Messrs. Chong + Kheng Hoe, presented a Winding Up Petition at the Kuala Lumpur High Court (Winding-Up) No. WA-28NCC-800-11/2021 against Genesis Gateway Sdn. Bhd. ("Respondent") for the sum of RM13,311,961, indebted by the Respondent to the Petitioner wherein the Petitioner is seeking inter alia for the Respondent to be wound up by the Court and the incidental reliefs related thereto. The Court has also appointed a liquidator of the Respondent and Petitioner has filed their proof of debt to the liquidator on 31 October 2022.

- (iv) 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 Court has vacated the trial scheduled on 15 to 17 January 2024. The matter is fixed for trial on 18 November 2024 and 19 November 2024.

36. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (i) On 21 February 2023, a wholly-owned subsidiary of the Company, LKL Advance Metaltech Sdn. Bhd. had on 21 February 2023 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 proposed acquisition of all that piece of leasehold land measuring approximately 2,301 square metres in area held under Pajakan Negeri 12257, Lot 934, Bandar Damansara, Daerah Petaling, Negeri Selangor together with a 12-storey commercial office block with a 5-storey car park containing 130 car park bays known as Bangunan KWSP Damansara Fairway erected thereon bearing the postal address of No. 6A, Persiaran Tropicana, Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan (collectively referred to as "the Property") for a total cash consideration of RM24,000,000.00 only ("Proposed Acquisition"). As of 31 December 2023, the acquisition had yet to complete as the conditions precedent of the SPA has not been completed.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

36. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (ii) On 28 March 2023, the Company completed the rights issue with warrants following the listing and quotation of 290,897,202 right shares and 193,931,375 warrants on the ACE Market of the Bursa Securities on 28 March 2023. The issue price of the rights shares at RM0.17 per rights share and the exercise price of the warrants at RM0.17 per warrant on the basis of 3 rights shares together with 2 free warrants for every 1 consolidated share held by the entitled shareholders of LKL.
- (iii) On 10 October 2023, the wholly-owned subsidiary company, LKLAM, had 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 storey 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. As of 31 December 2023, the disposal had yet to complete as the conditions precedent of the SPA has not been completed.
- (iv) 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 storey semi-detached factory with postal address of No.13, Jalan BS 7/1C, Taman Perindustrian Bukit Serdang, 43300 Seri Kembangan, Selangor Darul Ehsan, for a total disposal consideration of RM6,900,000. As of 31 December 2023, the disposal had yet to complete as the conditions precedent of the SPA has not been completed.

37. SUBSEQUENT EVENTS

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 associated rights, properties, assets and inventory for a total purchase consideration of RM4,800,000.

38. COMPARATIVE FIGURE

Reclassification of account

The following comparative items in the statement of profit or loss and other comprehensive income have been reclassified to conform to current year's presentation.

	As previously stated RM	Reclassification RM	As reclassified RM
2022			
Group			
Cost of sales	(87,612,905)	22,440	(87,590,465)
Finance costs	(437,843)	(22,440)	(460,283)

39. 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 16 April 2024.

ANALYSIS OF SHAREHOLDINGS

AS AT 22 MARCH 2024

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	1,184	7.14	44,703	0.01
100 - 1,000 shares	7,093	42.77	3,582,311	0.92
1,001 - 10,000 shares	5,702	34.38	22,328,698	5.75
10,001 - 100,000 shares	2,260	13.63	76,051,889	19.60
100,001 - less than 5% of issued shares	344	2.07	194,459,935	50.11
5% and above of issued shares	2	0.01	91,589,720	23.60
Total	16,585	100.00	388,057,256	100.00

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

(As per the Register of Substantial Shareholders)

Name of Substantial Shareholders	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Ang Kian You	20,974,660	5.41	–	–
Botanical Distribution Sdn. Bhd.	47,010,000	12.11	–	–
Bioalpha Holdings Berhad	–	–	47,010,000 ^	12.11

^ Deemed interested in the shares held by Botanical Distribution Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.

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	–	–	–	–
Datuk Chong Loong Men	10,000	0.003	–	–
Zulkarnin Bin Ariffin	–	–	–	–
Lim Ming Chang	–	–	–	–
Ling Chi Hoong	–	–	–	–
Dr. Chan Jee Peng	–	–	–	–
Ng Fun Kim	–	–	–	–
Tan Su Ning	–	–	–	–

ANALYSIS OF SHAREHOLDINGS
(CONT'D)**THIRTY LARGEST SHAREHOLDERS AS AT 22 MARCH 2024***(without aggregating securities from different securities accounts belonging to the same registered holder)*

No	Name	No. of Shares	%
1.	Botanical Distribution Sdn Bhd	47,010,000	12.11
2.	AMSEC Nominees (Tempatan) Sdn Bhd <i>Exempt An for KGI Securities (Singapore) Pte. Ltd (66581 T CL)</i>	44,579,720	11.49
3.	Attractive Venture Sdn. Bhd.	19,317,665	4.98
4.	G Rubber 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	3.20
7.	Ang Kian You	11,005,880	2.84
8.	Ang Kian You	9,968,780	2.57
9.	HSBC Nominees (Asing) Sdn Bhd <i>Exempt An for Morgan Stanley & Co. International PLC (IPB Client Account)</i>	5,098,300	1.31
10.	CitiGroup Nominees (Asing) Sdn Bhd <i>Exempt An for CLSA Limited (Cust-Non Res)</i>	4,116,000	1.06
11.	Chee Chan Yau @ Cheah Chan Yau	3,524,900	0.91
12.	Maybank Securities Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Vincent Phua Chee Ee</i>	2,000,000	0.52
13.	Ng Kok Seng	2,000,000	0.52
14.	Yong Chai Ing	1,500,040	0.39
15.	CGS International Nominees Malaysia (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Ng Geok Wah (B BRKLANG-CL)</i>	1,500,000	0.39
16.	Malacca Securities Sdn Bhd <i>IVT(201) Team KL01</i>	1,482,100	0.38
17.	Malacca Securities Sdn Bhd <i>IVT(201) Team KL01</i>	1,441,500	0.37
18.	Inter-Pacific Equity Nominees (Tempatan) Sdn.Bhd. <i>Pledged Securities Account for Haw Kim Ek</i>	1,350,000	0.35
19.	Ong Yong Hang	1,300,000	0.34
20.	Tan Xia Xin	955,900	0.25
21.	Lee Seng Yong	950,000	0.24
22.	Yap Hai Chew	900,000	0.23
23.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Yeat Sew Chuong</i>	813,210	0.21
24.	Affin Hwang Investment Bank Berhad <i>IVT (MLY) Micah Lau Yung Shern</i>	806,700	0.21
25.	Eric Ha Chung Zheng	800,000	0.21
26.	Ong Meng Han	800,000	0.21
27.	Ee Chin Boon	790,000	0.20
28.	Tan Seng Chye	700,000	0.18
29.	Y.P. Construction Sdn Bhd	700,000	0.18
30.	Ahmad Fazlin Bin Nasaruddin	690,000	0.18

ANALYSIS OF WARRANTS HOLDINGS

AS AT 22 MARCH 2024

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	56	2.76	2,661	0.00
100 - 1,000 warrants	255	12.56	160,870	0.08
1,001 - 10,000 warrants	783	38.57	3,498,399	1.80
10,001 - 100,000 warrants	652	32.12	27,385,948	14.12
100,001 - less than 5% of issued warrants	283	13.94	150,253,497	77.48
5% and above of issued warrants	1	0.05	12,630,000	6.51
Total	2,030	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	–	–	–	–
Datuk Chong Loong Men	–	–	–	–
Zulkarnin Bin Ariffin	–	–	–	–
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 22 MARCH 2024***(without aggregating securities from different securities accounts belonging to the same registered holder)*

No	Name	No. of Warrants	%
1.	Botanical Distribution Sdn. Bhd.	12,630,000	6.51
2.	Maybank Securities Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Wan Mohd Zahari Bin Wan Embong (STF)</i>	6,500,000	3.35
3.	Kong Oon Chee	4,304,900	2.22
4.	Kasim Bin Awang	4,121,900	2.13
5.	Wong Kam Sang	3,700,000	1.91
6.	Lim Kau	3,500,000	1.80
7.	Ong Loo Choon	3,350,000	1.73
8.	Ong Yong Hang	3,300,000	1.70
9.	Tan Lee Keong	3,300,000	1.70
10.	Maybank Securities Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Vincent Phua Chee Ee</i>	3,000,000	1.55
11.	Tan Lee Nar	2,852,200	1.47
12.	Soh Geok Bee	2,830,000	1.46
13.	Tan Ah Seng	2,378,000	1.23
14.	Lui Eng Tee	2,300,000	1.19
15.	Amsec Nominees (Tempatan) Sdn Bhd <i>Exempt An for KGI Securities (Singapore) Pte.Ltd (66581 T CL)</i>	2,190,700	1.13
16.	Tee Kim Lee	2,100,000	1.08
17.	CGS International Nominees Malaysia (Tempatan) Sdn. Bhd. <i>Exempt An for CGS International Securities Singapore Pte. Ltd. (Retail Clients)</i>	2,000,000	1.03
18.	Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Tan Choon Ping</i>	1,980,000	1.02
19.	Chan Kai Kien	1,970,000	1.02
20.	Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Len Book Learn</i>	1,898,600	0.98
21.	Yeoh Cheor Eng	1,876,800	1.00
22.	Y.P. Construction Sdn Bhd	1,800,000	0.93
23.	Lee Bon Long	1,799,800	0.93
24.	Ong Jun Kai	1,600,000	0.83
25.	Lim Kau	1,590,000	0.82
26.	Gan Poh Beng	1,500,066	0.77
27.	Yat Yee Tong	1,271,500	0.66
28.	Chu Soo Guat	1,158,200	0.60
29.	Lee Kam Kit	1,100,000	0.57
30.	Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Tan Swee Boon</i>	1,066,000	0.55

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 2023 (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	6,168	28/1/2022
2	LKL Advance Metaltech Sdn Bhd Factory Building Plot 7 (No. 13), No. 13, Jalan BS 7/1C, Taman Perindustrian Bukit Serdang, Seksyen 7, 43300 Seri Kembanagan, Selangor H.S.(D) 321667, PT 3282, Pekan Sedang, Daerah Petaling, Negeri Selangor	Three-storey Semi-detached Factory	Freehold	2	10,800 sqft	5,913	20/12/2022
3	LKL Advance Metaltech Sdn Bhd Factory Building Plot 8 (No. 15), No. 15, Jalan BS 7/1C, Taman Perindustrian Bukit Serdang, Seksyen 7, 43300 Seri Kembanagan, Selangor H.S.(D) 321668, PT 3283, Pekan Sedang, Daerah Petaling, Negeri Selangor	Three-storey Semi-detached Factory	Freehold	2	10,800 sqft	5,898	20/12/2022
4	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 Kuala Lumpur	Four-storey intermediate terraced Shopoffice	Freehold	16	164 sqm 1765 sqft	5,834	24/12/2021

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 2023 (RM'000)	Date of acquisition
5	LKL Advance Metaltech Sdn Bhd No. 1, Jalan BS7/18, Kawasan Perindustrian Bukit Serdang, Seksyen 7, 43300 Seri Kembangan, Selangor Darul Ehsan HSD 202530, PT1385, Mukim Petaling, Daerah Petaling, Selangor Darul Ehsan	A double storey detached factory used as an office, manufacturing plant and warehouse	Freehold	8	43,560 / 34,050	5,469	11/4/2007
6	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	5,376	12/11/2004
7	LKL Advance Metaltech Sdn Bhd No. 5, Jalan BS7/20, Taman Perindustrian Bukit Serdang, Seksyen 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	4,973	15/4/2017
8	LKL Advance Metaltech Sdn Bhd No. 15, Jalan BS7/20, Taman Perindustrian Bukit Serdang, Seksyen 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	4,784	16/4/2015

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 2023 (RM'000)	Date of acquisition
9	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	572	24/12/2020
10	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	256	16/11/2012

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Ninth Annual General Meeting (“9th AGM” or “Meeting”) of LKL INTERNATIONAL BERHAD (“LKL” or “the Company”) will be held on a fully virtual basis and entirely via remote participation and electronic voting via an online meeting platform at <https://rebrand.ly/LKL-AGM> operated by Inshub Sdn. Bhd. from the Main Venue at the Lot 4.1, 4th Floor, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Thursday, 30 May 2024 at 10:00 a.m. or at any adjournment thereof, to transact the following businesses: -

AGENDA

AS ORDINARY BUSINESS:

1. To receive the Audited Financial Statements for the financial year ended 31 December 2023 together with the reports of the Directors and Auditors thereon. ***Please refer to Explanatory Note 1***
2. To approve the payment of additional Directors’ fees and benefits of RM159,533.33 for the period commencing from 1 January 2023 until this 9th AGM of the Company. ***Ordinary Resolution 1***
3. 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 9th AGM until the next Annual General Meeting of the Company (“AGM”). ***Ordinary Resolution 2***
4. To re-elect the following Directors who retire by rotation pursuant to Clause 85 of the Company’s Constitution:
 - i. En. Zulkarnin Bin Ariffin; and
 - ii. Dr. Chan Jee Peng***Ordinary Resolution 3***
Ordinary Resolution 4
5. To re-elect the following Directors who retires pursuant to Clause 91 of the Company’s Constitution:
 - i. Ms. Tan Su Ning; and
 - ii. Dato’ Haji Mohd Yazid Bin Haji Mustafa***Ordinary Resolution 5***
Ordinary Resolution 6
6. To note the retirement of Messrs. UHY as Auditors of the Company at the conclusion of the 9th AGM. ***Please refer to Explanatory Note 5***

AS SPECIAL BUSINESS:

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

7. **GENERAL AUTHORITY FOR THE DIRECTORS TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 (“ACT”)** ***Ordinary Resolution 7***

“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 THAT the Directors be and also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities AND THAT such authority shall continue in force until the conclusion of the next AGM 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.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

AND 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 which may be declared, made or paid before the date of allotment of such new Shares.”

8. 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 8

“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(i) of the Circular to Shareholders dated 30 April 2024 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.”

NOTICE OF ANNUAL GENERAL MEETING
(CONT'D)

9. **PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE AND/OR TRADING NATURE ("PROPOSED NEW SHAREHOLDERS' MANDATE")** *Ordinary Resolution 9*

"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 parties as set out in Section 2.3(ii) of the Circular to Shareholders dated 30 April 2024 in relation to the Proposed New 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 New 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 New 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 New Shareholders' Mandate in the best interest of the Company."

10. **PROPOSED AMENDMENTS TO THE CONSTITUTION OF THE COMPANY** *Special Resolution*

"THAT the proposed amendments to the Constitution of the Company as set out in "Appendix A", be approved and adopted with immediate effect AND THAT the Directors and/or Secretaries of the Company be authorised to take all steps as are necessary and expedient in order to implement, finalise and give full effect to the said proposed amendments for and on behalf of the Company."

11. 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 2024

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 Poll Administrator's office at A3-3-8, Solaris Dutamas, No. 1, Jalan Dutamas 1, 50480 Kuala Lumpur, Wilayah Persekutuan or email to infosr@wscs.com.my not less than forty-eight (48) hours before the time 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 the General Meeting Record of Depositors as at 24 May 2024. Only members whose names appear in the General Meeting Record of Depositors as at 24 May 2024 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 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 2023

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 will not be put forward for voting.

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

The shareholders had at the Eighth AGM held on 31 May 2023 ("8th AGM") approved the Directors' fees and benefits of up to RM400,000.00 for the period commencing from 1 January 2023 until the 9th AGM of the Company. However, the proposed amount was insufficient due to the enlarged Board size during the financial period. This resolution is to facilitate the payment of the shortfall of Directors' fees and benefits of RM159,533.33 for the period commencing from 1 January 2023 until this 9th AGM of the Company.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

EXPLANATORY NOTES TO ORDINARY AND SPECIAL BUSINESS (CONT'D)

3. Item 3 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 31 May 2024 until the next AGM of the Company to be held in the year 2025. 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.

4. Items 4 and 5 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, En. Zulkarnin Bin Ariffin and Dr. Chan Jee Peng will retire by rotation pursuant to Clause 85 of the Company's Constitution whereas Ms. Tan Su Ning and Dato' Haji Mohd Yazid Bin Haji Mustafa 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 9th 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 59 to 62 of the Company's Annual Report 2023.

5. Item 6 of the Agenda – Retirement of Auditors

Messrs. UHY has recently informed the Company of their decision to not seek re-appointment as Auditors of the Company at the 9th AGM. In view of this, the Company will be appointing a new and reputable audit firm as its Auditors. The Company will provide an update on the appointment of the new Auditors via an announcement on the website of Bursa Securities in due course.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

EXPLANATORY NOTES TO ORDINARY AND SPECIAL BUSINESS (CONT'D)

6. Item 7 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 7 proposed under item 7 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 future investment project(s), working capital and/or acquisition(s).

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 31 May 2023 which will lapse at the conclusion of the Meeting.

7. Items 8 and 9 of the Agenda – Proposed Renewal of Existing Shareholders' Mandate and Proposed New Shareholders' Mandate

The Ordinary Resolutions 8 and 9 proposed under items 8 and 9 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 2024 for further information.

8. Item 10 of the Agenda – Proposed Amendments to the Constitution of the Company (“Proposed Amendments”)

The Proposed Amendments are mainly to streamline the Constitution with the relevant regulatory requirements as well as to enhance administrative efficiency.

The Proposed Amendments shall take effect once the special resolution has been passed by a majority of not less than seventy-five per centum (75%) of such members who are entitled to vote and do vote in person or by proxy at the Meeting.

APPENDIX A

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

This is Appendix A referred to in Agenda 10 of the Notice of Ninth Annual General Meeting of the Company dated 30 April 2024.

Clause No.	Existing Clause	Proposed Clause
69 <i>Chairman</i>	The Chairman of the Board (if any) shall preside as Chairman at every general meeting. If the Company has no Chairman or if at any general meeting, the Chairman is not present within fifteen (15) minutes after the time appointed for holding the meeting or if the Chairman of the Board is not willing to act as Chairman for the general meeting, the Directors present shall choose one of their number to act as Chairman or if one (1) Director only is present, he shall preside as Chairman if he is willing to act. If no Director is present, or if each of the Directors present declines to preside as Chairman, the Members present and entitled to vote shall elect one (1) of their number to be the Chairman. The election of the Chairman shall be by a show of hands. However, a proxy shall not be eligible for election as chairman of the meeting.	The Chairman of the Board (if any) shall preside as Chairman at every general meeting. If the Company has no Chairman or if at any general meeting, the Chairman is not present within fifteen (15) minutes after the time appointed for holding the meeting or if the Chairman of the Board is not willing to act as Chairman for the general meeting, the Directors present shall choose one of their number to act as Chairman or if one (1) Director only is present, he shall preside as Chairman if he is willing to act. If no Director is present, or if each of the Directors present declines to preside as Chairman, the Members present and entitled to vote shall elect one (1) of their number to be the Chairman. The election of the Chairman shall be by a show of hands. However, a proxy shall not be eligible for election as chairman of the meeting.
71 <i>Polls</i>	A resolution put to vote at any meeting of Members (other than the election of the chairman of the meeting or the adjournment of the meeting which may be voted by way of show of hands) shall be determined by poll. A poll shall be taken in such manner and either forthwith or after an interval or adjournment or otherwise as the Chairman directs and the result of the poll shall be the resolution of the meeting at which the poll was taken. The Company shall appoint at least one (1) scrutineer for the purposes of a poll in accordance with the Listing Requirements, Applicable Laws, and may, in addition to the power of adjourning meetings contained in this Constitution, adjourn the meeting to some place and time fixed for the purpose of declaring the result of the poll. The poll may be conducted manually using voting slips or electronically using various forms of electronic voting devices. Such votes shall be counted by the poll administrator and verified by the scrutineer(s), as may be appointed for the purpose of determining the outcome of the resolution(s) to be decided by poll.	A resolution put to vote at any meeting of Members (other than the election of the chairman of the meeting or the adjournment of the meeting which may be voted by way of show of hands) shall be determined by poll. A poll shall be taken in such manner and either forthwith or after an interval or adjournment or otherwise as the Chairman directs and the result of the poll shall be the resolution of the meeting at which the poll was taken, but a poll demanded on the election of the chairman of the meeting or on a question of adjournment shall be taken forthwith. The Company shall appoint at least one (1) scrutineer for the purposes of a poll in accordance with the Listing Requirements, Applicable Laws, and may, in addition to the power of adjourning meetings contained in this Constitution, adjourn the meeting to some place and time fixed for the purpose of declaring the result of the poll. The poll may be conducted manually using voting slips or electronically using various forms of electronic voting devices. Such votes shall be counted by the poll administrator and verified by the scrutineer(s), as may be appointed for the purpose of determining the outcome of the resolution(s) to be decided by poll.

ADMINISTRATIVE NOTES

ADMINISTRATIVE NOTES FOR THE FULLY VIRTUAL NINTH ANNUAL GENERAL MEETING (“9th AGM” OR “MEETING”) OF LKL INTERNATIONAL BERHAD (“LKL” OR “THE COMPANY”)

Meeting Day, Date	:	Thursday, 30 May 2024
Time	:	10:00 a.m.
Main Venue	:	Lot 4.1, 4 th Floor, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan

The 9th AGM will be held on a fully virtual basis and entirely via remote participation and electronic voting via an online meeting platform at <https://rebrand.ly/LKL-AGM> operated by Inshub Sdn. Bhd.

MODE OF MEETING

In line with the Government’s directive and the revised Guidance Note and Frequently Asked Questions (FAQs) on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 7 April 2022, the 9th AGM of the Company will be conducted on **a fully virtual basis and entirely via remote participation and electronic voting**.

REMOTE PARTICIPATION AND VOTING (“RPV”) FACILITIES

Shareholders are to attend, speak (in the form of real time submission of typed texts) and vote (collectively, “participate”) remotely at the 9th AGM using the RPV facilities operated by <https://rebrand.ly/LKL-AGM> operated by Inshub Sdn. Bhd. (“Inshub”) via <https://rebrand.ly/LKL-AGM>.

A shareholder who has appointed a proxy or attorney or authorised representative to participate at this 9th AGM via RPV facilities must request his/her proxy or attorney or authorised representative to register himself/herself for RPV at <https://rebrand.ly/LKL-AGM> operated by Inshub.

As the 9th AGM will be held as a fully virtual meeting, shareholders who are unable to participate in this 9th AGM via RPV facilities may appoint the Chairman of the Meeting as his/her proxy and indicate the voting instructions in the proxy form.

PROCEDURES FOR THE RPV

Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) who wish to participate remotely in the 9th AGM using the RPV facilities are advised to follow the requirements and procedures as indicated below:-

Procedures	Actions
BEFORE THE 9th AGM DAY	
(a) Register as a participant in LKL Virtual 9 th AGM	- Using your computer, access the website at https://rebrand.ly/LKL-AGM. Click on the Register link to register for the 9th AGM session. - If you are using mobile devices, you can also scan the QR provided on the left to access the registration page. - Click Register and enter your email followed by Next to fill in your details to register for the 9th AGM session. - Upon submission of your registration, you will receive an email notifying you that your registration has been received and is pending verification. - The event is powered by Cisco Webex. You are recommended to download and install Cisco Webex Meetings (available for PC, Mac, Android, and iOS). Refer to the tutorial guide posted on the same page for assistance.



ADMINISTRATIVE NOTES
(CONT'D)

PROCEDURES FOR THE RPV (CONT'D)

Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) who wish to participate remotely in the 9th AGM using the RPV facilities are advised to follow the requirements and procedures as indicated below (Cont'd):-

Procedures		Actions
BEFORE THE 9th AGM DAY (Cont'd)		
(b)	Submit your online registration	- Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) who wish to participate remotely in the 9th AGM via RPV facilities are required to register prior to the meeting. Registration for the 9th AGM is open from 5:00 p.m. on Tuesday, 30 April 2024 and close at 10:00 a.m. on Tuesday, 28 May 2024. - Clicking on the link in item 1 will redirect you to the 9th AGM event page. Click on the Register link for the online registration form. - Complete your particulars in the registration page. Your name MUST match your CDS account name. - Kindly fill in the CDS account number and indicate the number of shares you hold. If you have more than one CDS account, please state the CDS account number and indicate the number of shares held separately with a comma (,). - Read and agree to the Terms & Conditions and confirm the Declarations. - Please ensure all information given is accurate before you click Submit to register your remote participation. Failure to do so will result in your registration being rejected. - The system will send an email to notify you that your registration for remote participation is received and is pending verification. - After verification of your registration against the General Meeting Record of Depositors dated 24 May 2024, the system will send you an e-mail to notify you if your registration is approved or rejected after 24 May 2024. - If your registration is rejected, you can contact Inshub for clarifications or to appeal.
ON THE DAY OF THE 9th AGM		
(c)	Attending LKL Virtual 9 th AGM	- Two reminder emails will be sent to your inbox. First is one day before the 9th AGM day, while the 2nd will be sent 1 hour before the 9th AGM session. - Click Join Event in the reminder email to participate the RPV. - Please ensure you have downloaded and installed Cisco Webex Meetings application before attending the Virtual 9th AGM.
(d)	Participating with live video	- You will be given a short brief about the system. - Your microphone is muted throughout the whole session. - If you have any questions for the Chairman/Board, you may use the Q&A panel to send your questions. The Chairman/Board will try to respond to relevant questions if time permits. All relevant questions will be collected throughout the session and replied later through your registered email. - The session will be recorded. - Please note that the quality of the live streaming is dependent on the bandwidth and stability of the internet connection at your location.

ADMINISTRATIVE NOTES (CONT'D)

PROCEDURES FOR THE RPV (CONT'D)

Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) who wish to participate remotely in the 9th AGM using the RPV facilities are advised to follow the requirements and procedures as indicated below (Cont'd):-

Procedures		Actions
ON THE DAY OF THE 9 th AGM (Cont'd)		
(e)	Online Remote Voting	- The Chairman will announce the announcement of the Voting session and the duration allowed at the 9th AGM. - The list of resolutions for voting will appear at the right-hand side of your computer screen under the "Slido" panel. You are required to indicate your votes for the resolutions that are tabled for voting within the given time frame. - Click on the Submit button when you have completed it. - Votes cannot be changed once it is submitted.
(f)	End of remote participation	Upon the announcement by the Chairman on the closure of the 9th AGM, the live streaming will end.

RECORD OF DEPOSITORS ("ROD")

Only a depositor whose name appears on the ROD as at 24 May 2024 shall be entitled to attend, speak and vote at the 9th AGM or appoint proxy(ies)/corporate representative(s)/attorney(s) to attend and/or vote on his/her behalf.

INDIVIDUAL SHAREHOLDERS

Individual shareholders are strongly encouraged to take advantage of RPV facilities to participate and vote remotely at the 9th AGM. Please refer to the details as set out above for information.

If an individual member is unable to attend the 9th 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.

CORPORATE MEMBERS

Corporate members (through Corporate Representatives or appointed proxies) are also strongly advised to participate and vote remotely at the 9th AGM using the RPV Facilities. Corporate members who wish to participate and vote remotely at the 9th AGM must deposit the following documents to the Poll Administrator's office at A3-3-8, Solaris Dutamas, No. 1, Jalan Dutamas 1, 50480 Kuala Lumpur, Wilayah Persekutuan no later than **Tuesday, 28 May 2024 at 10:00 a.m.** :

- Certificate of appointment of its Corporate Representative or Proxy Form under the seal of the corporation;
- Copy of the Corporate Representative's or proxy's MyKad (front and back)/Passport; and
- Corporate Representative's or proxy's email address and mobile phone number.

Upon receipt of such documents, Inshub or the Company will respond to your remote participation request.

If a corporate shareholder (through Corporate Representative(s) or appointed proxy(ies)) is unable to attend the 9th AGM, it 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)**NOMINEE COMPANY MEMBERS**

The beneficiaries of the shares under a Nominee Company's CDS account ("Nominee Company member(s)") are also strongly advised to participate and vote remotely at the 9th AGM using RPV Facilities. Nominee Company members who wish to participate and vote remotely at the 9th AGM can request its Nominee Company to appoint him/her as a proxy to participate and vote remotely at the 9th AGM. Nominee Company must deposit the following documents to the Poll Administrator's office at A3-3-8, Solaris Dutamas, No. 1, Jalan Dutamas 1, 50480 Kuala Lumpur, Wilayah Persekutuan no later than **Tuesday, 28 May 2024 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.

Upon receipt of such documents, Inshub or the Company will respond to your remote participation request.

If a Nominee Company member is unable to attend the 9th 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.

If a shareholder is unable to attend the 9th AGM, he/she may appoint a proxy or 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.

REVOCATION OF PROXY

Please note that if a Shareholder has submitted his/her Form of Proxy prior to the 9th AGM and subsequently decides to personally participate in the 9th AGM via RPV Platform, the Shareholder must contact the Poll Administrator to revoke the appointment of his/her proxy no later than **Tuesday, 28 May 2024 at 10:00 a.m.**

POLL VOTING

The voting at the 9th 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 Workshire Share Registration Sdn. Bhd. as Poll Administrator to conduct the poll by way of electronic means 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 9th AGM and on Bursa Securities' website at www.bursamalaysia.com.

RECORDING/PHOTOGRAPHY

By participating at the 9th AGM, you agree that no part of the 9th 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.

BREAKFAST/LUNCH PACKS, DOOR GIFTS OR VOUCHERS

There will be **NO** distribution of breakfast / lunch packs, door gifts or vouchers.

ADMINISTRATIVE NOTES (CONT'D)

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):-

For Registration, logging in and system related:	For Proxy and other matters:
Name: Ms. Eris/ Mr. Calvin Telephone No.: 03-7688 1013 Email: vgm@mlabs.com	Name: Mr. Vemalan / Mr. Tee Yee Loon Telephone No.: 03-6413 3271 Email: infosr@wscs.com.my

PERSONAL DATA POLICY

By registering for the remote participation and electronic voting meeting and/or submitting the instrument appointing a proxy(ies) and/or representative(s), the member of the Company has consented to the use of such data for purposes of processing and administration by the Company (or its agents); and to comply with any laws, listing rules, regulations and/or guidelines. The member agrees that he/she will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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 _____ mobile phone 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 Ninth Annual General Meeting ("9th AGM" or "Meeting") of the Company to be held on a fully virtual basis and entirely via remote participation and electronic voting via an online meeting platform at <https://rebrand.ly/LKL-AGM> operated by Inshub Sdn. Bhd. from the Main Venue at the Lot 4.1, 4th Floor, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Thursday, 30 May 2024 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 Resolution	For	Against
1.	To approve the payment of additional Directors' fees and benefits of RM159,533.33 for the period commencing from 1 January 2023 until this 9 th AGM of the Company.		
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 9 th AGM until the next Annual General Meeting of the Company.		
3.	To re-elect En. Zulkarnin Bin Ariffin as a Director who retires by rotation pursuant to Clause 85 of the Company's Constitution.		
4.	To re-elect Dr. Chan Jee Peng as a Director who retires by rotation pursuant to Clause 85 of the Company's Constitution.		
5.	To re-elect Ms. Tan Su Ning as a Director who retires pursuant to Clause 91 of the Company's Constitution.		
6.	To re-elect Dato' Haji Mohd Yazid Bin Haji Mustafa as a Director who retires pursuant to Clause 91 of the Company's Constitution.		
7.	To approve the general authority for the Directors to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016.		
8.	To approve the Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue and/or Trading Nature.		
9.	To approve the Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue and/or Trading Nature.		

No.	Special Resolution	For	Against
1.	To approve the proposed amendments to the Constitution of the Company.		

*delete whichever is not applicable

Dated this _____ day of _____ 2024

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 Poll Administrator's office at A3-3-8, Solaris Dutamas, No. 1, Jalan Dutamas 1, 50480 Kuala Lumpur, Wilayah Persekutuan or email to infosr@wscs.com.my not less than forty-eight (48) hours before the time 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 the General Meeting Record of Depositors as at 24 May 2024. Only members whose names appear in the General Meeting Record of Depositors as at 24 May 2024 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 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 Poll Administrator of
LKL INTERNATIONAL BERHAD
Registration No. 201501014673 (1140005-V)

Workshire Share Registration Sdn. Bhd.
A3-3-8, Solaris Dutamas
No. 1, Jalan Dutamas 1
50480 Kuala Lumpur
Wilayah Persekutuan

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Fold This Flap For Sealing

www.lklbeds.com



LKL INTERNATIONAL BERHAD

201501014673 (1140005-V)

Head Office:

Wisma LKL

No 3, Jalan BS 7/18

Kawasan Perindustrian Bukit Serdang

Seksyen 7, 43300 Seri Kembangan

Selangor Darul Ehsan, Malaysia

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