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FOR THE WORLD OF
BETTER HEALTHCARE

ANNUAL
REPORT | 2022



C[—]ONTENT

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CORPORATE INFORMATION

BOARD OF DIRECTORS

DATUK CHONG LOONG MEN
Executive Director

ZULKARNIN BIN ARIFFIN
Executive Director

LIM MING CHANG
Non-Independent Non-Executive Director

CHAN JEE PENG
Independent Non-Executive Director

LING CHI HOONG
Independent Non-Executive Director

NG FUN KIM
Independent Non-Executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

COMPANY SECRETARY

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

REGISTERED OFFICE

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

HEAD OFFICE

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

AUDITORS

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

PRINCIPAL BANKERS

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

STOCK EXCHANGE LISTING

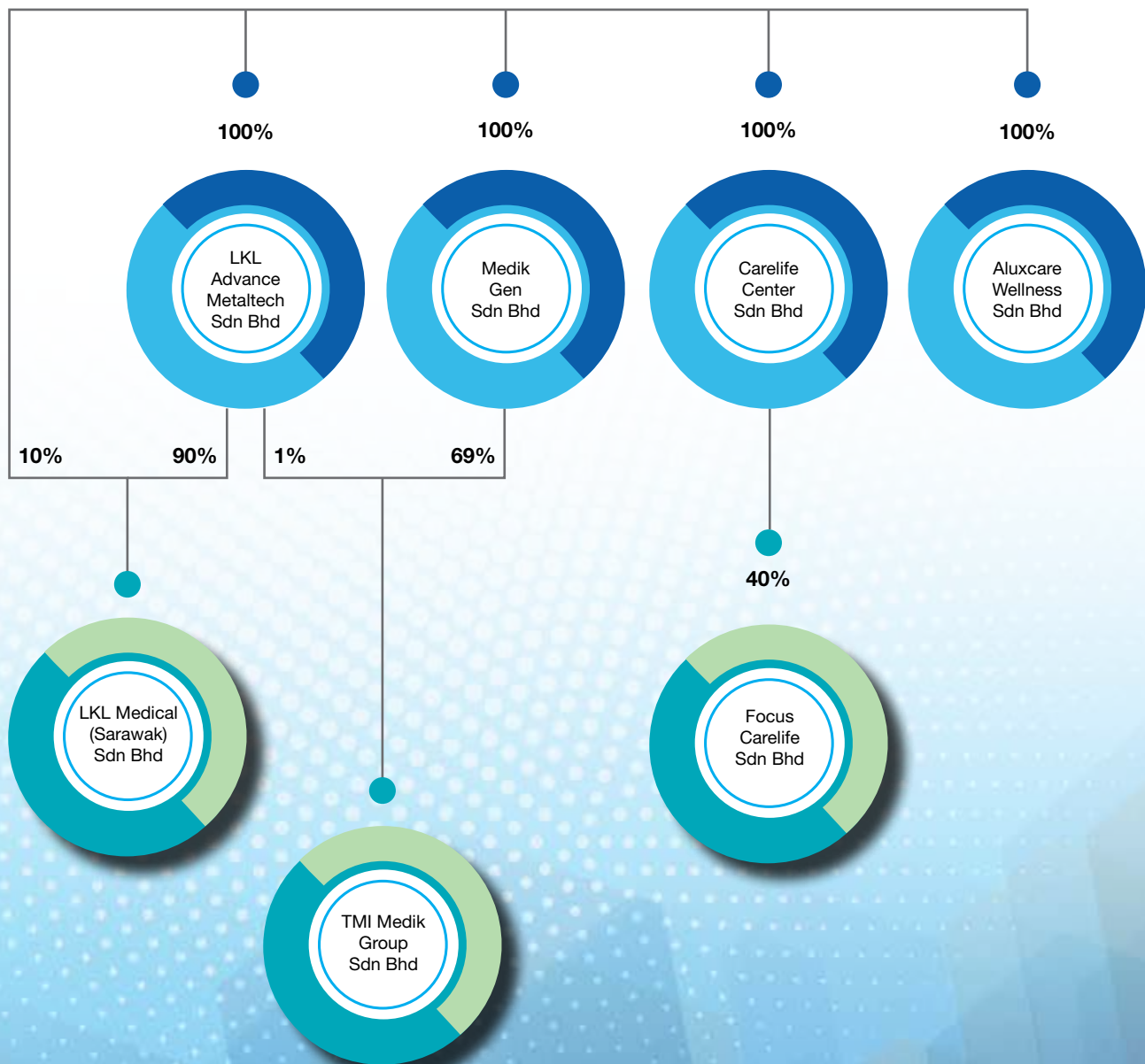
ACE Market of Bursa Malaysia
Securities Berhad
Stock Code : 0182
Stock Name : LKL



CORPORATE STRUCTURE



LKL INTERNATIONAL BERHAD





PRODUCT RANGE

For more product information please visit
www.lklbeds.com



Hospital ICU/CCU Electrical Bed



Examination Table
for Gynae



Hospital Electrical Bed



Hospital Delivery Bed



Overbed Table



Longitudinal Patient
Transfer Trolley



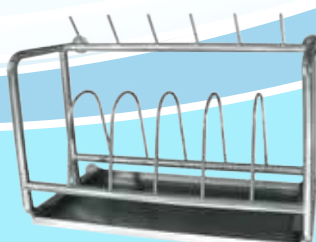
Shower &
Commode Chair



Surgeon
Hydraulic Stool



Medi-flex Mattress



Medical Bedpan Rack



Electrical
Reclining Chair



Medical Carts



Medical Trolley



Medical Instrument
Cabinet



Medical Laptop
Mobile Stand



Electrical Child Cot



IV Pole Stand



Examination Light

OKUMAN



Nursery Crib



Infant Radiant
Warmer



Bilicare Intensive
Phototherapy



Hospital Lazy Chair



Smart Locker



X-Ray Viewer



Hospital Ward Screen

MANAGEMENT DISCUSSION AND ANALYSIS

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

Dear Esteemed Shareholders,

Three years of the COVID-19 pandemic have shifted the dynamics in the global healthcare value chain. We continue to note market uncertainties and challenges attributed to rising inflation and supply chain disruptions globally, further exacerbated by the geo-political conflicts. Despite these extraordinary challenges, we remain confident in our strong fundamentals and we will continue to focus on delivering growth while managing the risks triggered by the volatile external environment.

In recent years, the Group has witnessed the growing needs for individuals to look after their own health and therefore the Group ventured into the pharmacy business via Aluxcare Wellness Sdn. Bhd. (a wholly-owned subsidiary of the Company) and its flagship pharmacy outlet in Solaris Dutamas, Kuala Lumpur under the “Pharmacy” brand name. This outlet was officially launched on 23 March 2022 and served as the Group’s pilot project in undertaking the community pharmacy business.

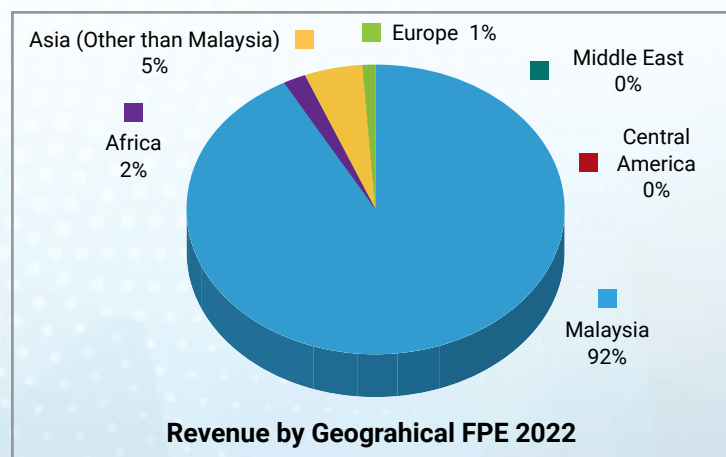
The pharmacy business complements the existing business of the Group in the healthcare sector, as the Group will be able to tap on its existing networks within the healthcare industry to operate this business as well as to expand its customer base and distribution channels to market its existing healthcare-related products.

FINANCIAL REVIEW

As announced on 22 April 2022, the Company had changed its financial year end from 30 September to 31 December. As a result, the current annual audited financial statements of the Group is made up from 1 October 2021 to 31 December 2022 (“FPE 2022”) covering a period of 15 months and subsequently, the financial year of the Company shall end on 31 December. As such, for the FPE 2022, no comparative figures are presented.

The Group recorded total revenue of RM102.48 million for the FPE 2022 on the back of seasonal trading sales of COVID-19 test kits totaled RM45.52 million. Geographically, the local market remains the pillar of revenue stream of the Group as it contributed revenue of RM93.81 million or 91.54% to the group revenue while sales to the export market were RM8.67 million or 8.46%.

The Group reported a gross profit of RM14.86 million with gross profit margin at 14.50% for the FPE 2022 mainly due to low gross profit margin recorded in the trading sales of COVID-19 test kits and loss in the gross profit margin in the trading sales of nitrile gloves.



During the financial period under review, the Group registered a Losses Before Interest, Tax, Depreciation and Amortisation (LBITDA) of RM17.56 million after taking account of non-cash accounting adjustments to write down the fair value of the quoted investments of RM12.80 million and deterioration in the net realisable value of aged nitrile glove inventories held in hand of RM16.06 million. It is noticeable that, without these non-cash accounting adjustments, the Group would have achieved an Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) of RM11.30 million for the FPE 2022.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

FINANCIAL REVIEW (CONT'D)

Consequently, the Group registered a loss after tax of RM20.51 million attributable to the shareholders after netting off a reversal of overprovision of prior year tax expense. The Group would have turned around with a profit after tax of RM8.35 million without the above-mentioned non-cash accounting adjustments made for the FPE 2022.

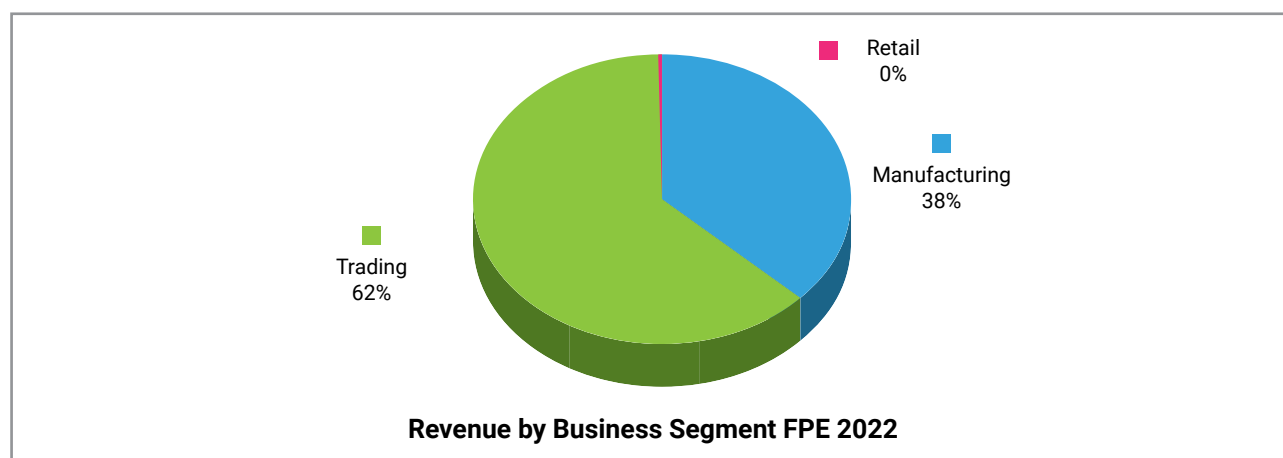
The Group recorded a higher total non-current asset of RM91.75 million (RM43.33 million as at 30 September 2021) with a lower total current asset of RM58.73 million (RM110.88 million as at 30 September 2021). This was partially due to significant portion of the Group's fund was being utilised for acquisition of new shop lots and quoted investments during the FPE 2022.

The total assets of the Group were lower at RM150.47 million as at 31 December 2022 as against RM154.21 million as at 30 September 2021, mainly due to adjustments made for lower net realisable value of the remaining aged nitrile glove inventories.

The total liabilities of the Group were higher at RM21.07 million as at 31 December 2022 as compared with RM18.89 million as at 30 September 2021 on the back of drawdowns of new term loans for financing of the new shop lots during the current financial period.

Despite an increase in the financial commitments with a lower asset base, the Group remained in a net cash position of RM15.73 million as at 31 December 2022 as compared with RM72.43 million as at 30 September 2021.

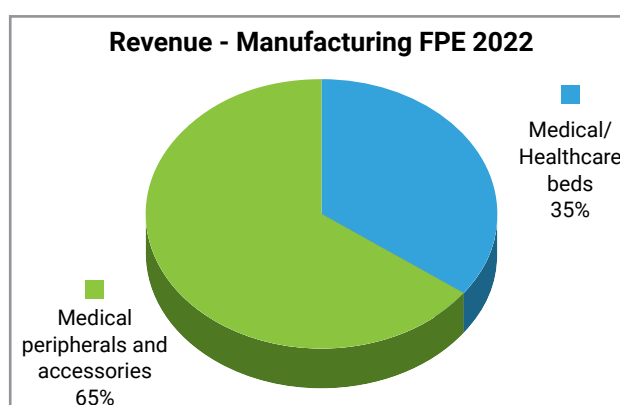
OPERATIONAL REVIEW



Manufacturing of medical/healthcare beds, medical peripherals and accessories

The manufacturing segment recorded a revenue of RM38.68 million or 37.74% to the Group's total revenue for the FPE 2022. For the FPE 2022, the Group delivered 3,106 units of medical and healthcare beds to customers locally and 10 countries abroad. Sales from the supply of the medical/healthcare beds contributed one third to this segment revenue and the remaining sales were generated from medical peripherals and accessories.

This segment registered a Profit Before Interest and Tax ("PBIT") of RM6.54 million for the FPE 2022 after taking account of a net reversal of impairment loss on trade receivables of RM1.28 million during the FPE 2022.



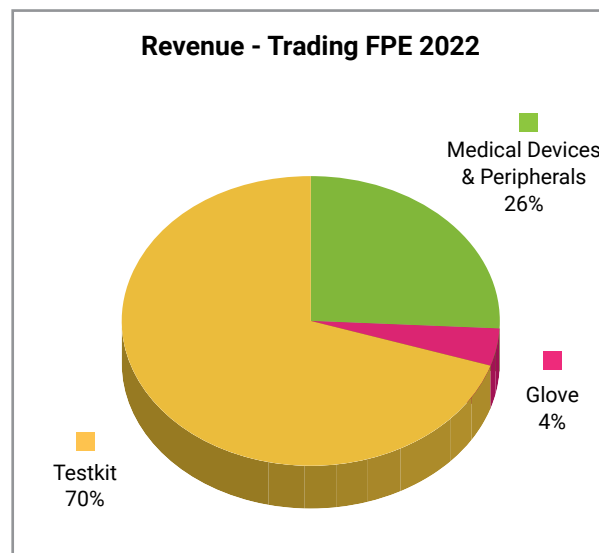
MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)

OPERATIONAL REVIEW (CON'T)

Trading of medical peripherals and accessories, medical devices and PPE

For the FPE 2022, the trading segment emerged as the largest sales contributor of RM63.47 million or 61.94% to the group revenue on the back of the seasonal sales of COVID-19 test kits totaled RM45.05 million and nitrile glove of RM2.47 million. The remaining sales were generated from medical devices and peripherals of RM15.95 million.

High turnover in the sales of COVID-19 test kits were not contributed significant profits to the Group as they have low relative prices, coupled with a continued deteriorating selling price and the adjustment made on the lower net realisable value of the remaining nitrile gloves and other trading inventories of RM17.19 million which led to a Loss Before Interest and Tax ("LBIT") of RM11.79 million recorded by this segment for the FPE 2022 after netting off a net reversal of impairment loss made in previous financial period on deposits paid for purchase of glove inventories of RM5.41 million. Without these two accounting adjustments, this segment would have a lower LBIT of RM0.01 million for the FPE 2022.



- Gloves, face masks and COVID-19 test kits**

The major global economies began to ease the pandemic protocols and travel restrictions worldwide in early year of 2022 which led an oversupply of nitrile gloves in the global market coupled by an increasing new players during the pandemic years which enticed by super-fat margins, which had eventually evaporated, finally came on line. Compounding the already dire situation is the reluctance of customers to commit to sizeable orders and hold substantial stocks on expectation of further decline in prices.

In view of this, a subsidiary of the Company, LKL Advance Metaltech Sdn. Bhd. ("LKLAM") had discontinued the contracts with Weihai Textile Group Import and Export Co., Ltd and Shang Hong International (Hong Kong) Limited during FPE 2022 for the supply of nitrile examination gloves and similar products.

In order to reduce the operating loss arising from this business segment, LKLAM did not further extend its distribution agreement with AT Glove Engineering Sdn. Bhd., a wholly-owned subsidiary of AT Systematization Berhad to market, sell and distribute natural rubber latex gloves and nitrile gloves, upon the expiry of the distribution agreement on 1 November 2022.

The disposable face masks and COVID-19 test kits do not spare the headwinds mentioned. As COVID-19 subsides and precautionary rules become more relaxed worldwide in the beginning of year 2022, we witnessed a significant decline in demands and plunging prices of these products in local and global markets. As such, LKLAM did not continue further its distributorship agreement with Komark Mask Sdn. Bhd. to sell and distribute its disposable medical grade face masks worldwide during the FPE 2022.

To clear the leftover stocks, the Group has slashed prices and offering big discounts of these products to offload the existing storage capacity as well as the cashflows of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

OPERATIONAL REVIEW (CON'T)

Trading of medical peripherals and accessories, medical devices and PPE (Cont'd)

Pharmacy outlets and retails

The Pharmacy commenced its commercial operations on 23 March 2022. It offers a wide range of pharmaceutical drugs, dietary supplements, cosmetics and personal care products, personal protective equipment, medical equipment and medical devices. This new retail segment has achieved revenue of RM0.33 million or 0.32% to the Group's total revenue for the FPE 2022.

The flagship pharmacy store was unable to optimise its pricing strategy during the FPE 2022 as it has not achieved the desired sales volume to gain supply chain advantages. Consequently, this segment registered a LBIT of RM1.64 million for the FPE 2022 coupled with high unabsorbed operational costs and pre-commencement costs incurred during the financial period under review.

The Group plans to expand further in this business segment by opening 20 to 30 pharmacy outlets in two years' time, leveraging on the increasing health and wellness awareness and growing demands for preventive healthcare products in the post-COVID-19 pandemic, to achieve a higher stock turnover and therefore be able to negotiate for better pricing and bulk discounts for the products that it sells in its pharmacy outlets.

Investment Holding

This segment posted a LBIT of RM14.12 million for the FPE 2022 mainly due to the fair value loss on quoted investments of RM12.80 million. The quoted investments were acquired during the FPE 2022 and they are designated to hold for short term profits.

CORPORATE DEVELOPMENTS AND EXERCISES

During the period under review, the Company embarked the following corporate and fund raising exercises in order to accelerate the business growth of the Group:

- On 17 October 2022, the Company completed the share consolidation of every 10 ordinary shares in LKL into 1 LKL Share ("Consolidated Share") following the listing of 97,160,054 Consolidated Shares on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities").
- On 28 March 2023, the Company completed the rights issue with warrants following the listing and quotation of 290,897,202 rights shares and 193,931,375 warrants on the ACE Market of 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.
- The proposed establishment of a share issuance scheme of up to 30% of the total number of issued Shares of LKL (excluding treasury shares, if any) to the eligible directors and eligible employees of the Group ("Proposed SIS"), announced on 17 June 2022 shall be implemented on a date to be determined.

MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)

CORPORATE DEVELOPMENTS AND EXERCISES (CONT'D)

- Private placements and utilisation of proceeds
- The details of the 1st private placement as at the date of this report are as follows:

Tranches	Issuance Date	No. of Shares	Issue Price (RM)	Total Proceeds (RM)
Tranche 1	26 November 2020	44,540,000	0.8600	38,304,400
Tranche 2	6 January 2021	12,570,000	0.8300	10,433,100
Tranche 3	18 January 2021	10,000,000	0.8466	8,466,000
Tranche 4	10 March 2021	1,000,000	0.4030	403,000
Tranche 5	15 March 2021	1,000,000	0.3840	384,000
Tranche 6	17 March 2021	3,500,000	0.3750	1,312,500
Tranche 7	9 April 2021	13,150,000	0.2690	3,537,350
		85,760,000		62,840,350

Status of utilisation of proceeds as at the date of this report is as follows:

	Purposes	Proceeds Raised (RM'000)	Actual Utilisation RM'000	Deviation RM'000	Unutilised Proceeds RM'000	Estimated Timeframe for Utilisation
(a)	Capital expenditure and expansion	26,500	22,610	–	3,890	Within 24 months
(b)	Future investments or projects	6,000	6,000	–	–	Within 24 months
(c)	Repayment of bank borrowings	5,561	5,561	–	–	Within 6 months
(d)	Working capital	23,779	23,896	(117) ⁽¹⁾	–	Within 12 months
(e)	Estimated expenses in relation to the Proposals	1,000	883	117 ⁽¹⁾	–	Within 1 month
	Total	62,840	58,950	–	3,890	

Note:-

⁽¹⁾ In view that the actual listing expenses were less than estimated, the surplus has been re-allocated for working capital purposes.

- The details of the 2nd private placement as at the date of this report are as follows:

Tranches	Issuance Date	No. of Shares	Issue Price (RM)	Total Proceeds (RM)
Tranche 1	3 September 2021	144,000,000	0.2050	29,520,000
Tranche 2	3 September 2021	26,033,200	0.2050	5,336,806
Tranche 3	15 November 2021	7,490,000	0.0930	696,570
		177,523,200		35,553,376

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

CORPORATE DEVELOPMENTS AND EXERCISES (CONT'D)

- Private placements and utilisation of proceeds (Cont'd)

The status of utilisation of proceeds of the 2nd private placement as at the date of this report is as follows:

	Purposes	Proceeds Raised (RM'000)	Actual Utilisation RM'000	Deviation RM'000	Unutilised Proceeds RM'000	Estimated Timeframe for Utilisation
(a)	Trading of rubber gloves and PPE	32,953	30,029	(86) ⁽¹⁾	3,010	Within 24 months
(b)	Future investments or projects	2,000	252	–	1,748	Within 24 months
(c)	Estimated expenses in relation to the Proposals	600	514	86 ⁽¹⁾	–	Within 1 month
	Total	35,553	30,795	–	4,758	

Note:-

⁽¹⁾ In view that the actual listing expenses were less than estimated, the surplus has been re-allocated for trading of rubber gloves and PPE.

- The details of the 3rd private placement as at the date of this report are as follows:

Tranches	Issuance Date	No. of Shares	Issue Price (RM)	Total Proceeds (RM)
Tranche 1	13 January 2022	150,000,000	0.0713	10,695,000
		150,000,000		10,695,000

Status of utilisation of proceeds as at the date of this report is as follows:

	Purposes	Proceeds Raised (RM'000)	Actual Utilisation RM'000	Deviation RM'000	Unutilised Proceeds RM'000	Estimated Timeframe for Utilisation
(a)	Trading of rubber gloves and PPE	10,545	10,545	–	–	Within 24 months
(b)	Estimated expenses in relation to the Proposals	150	150	–	–	Within 1 month
	Total	10,695	10,695	–	–	

- Employee share option scheme ("ESOS")

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 the ESOS.

During the financial period under review, the number of ESOS options exercised was 41,000,000 where 28,000,000 new shares were issued at exercise price of RM 0.0711 on 8 January 2022 and 13,000,000 new shares were issued at RM0.0716 on 6 April 2022.

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

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

KEY CHALLENGES

- **Fluctuation in the price of raw materials**

The Group depends on a continuous supply of raw materials on a timely basis, at reasonable prices and of the required quality. The prices of steel sheets, tubes, bars and electrical components are, amongst others, subject to market supply and demand conditions, prices of raw materials for the production of steel, prevailing energy costs, Governmental regulations and fluctuations in the foreign exchange.

Any material changes in the conditions of any of the above factors may cause an increase in the price of steel and electrical components, and this may lead to a rise in the Group's cost of production. In the event of any significant increase in price in the aforesaid raw materials wherein the Group is unable to pass on such increase in costs to its customers or find a cheaper source of raw materials in a timely manner, the profit margin of the Group may be negatively impacted.

Further, there can be no assurance that passing on an increase in raw materials costs to its customers (in the form of increased prices of the Group's products) will not weaken the market demand and sales for the Group's products, which in turn would adversely affect the Group's financial performance.

To mitigate the rising costs, the Group adopted prudent cost optimisation and tight management of internal efficiencies as part of the efficiency improvement initiatives and ensures that prices of all major raw materials required are locked-in as soon as the sales order is received. The Group also seeks to expand and enhance our product portfolio to cater for a wider range of needs as well as high value segments, and streamline the existing manufacturing processes to improve production capacity.

- **Dependence on both the local and overseas healthcare industry**

The Group's business is affected by developments in the healthcare industry as its products are supplied to public and private hospitals, medical centres, clinics as well as agents and distributors. The growth in the healthcare industry depends on various factors, particularly in the number of patient admissions, as well as the increase in public and private healthcare expenditure.

If there is any decrease or reduction in public and private healthcare expenditure, it may have an impact on the spending on hospital supplies and equipment and may in turn, affect the Group's business operations and financial performance. In private hospitals, the purchase of the Group's products could be reduced due to the lowering or tightening of hospital budgets. In addition, any cutbacks on public healthcare expenditure could also negatively impact the sales of the Group's products.

The Group is confident that the demand for healthcare-related products will continue to grow and sustain in Malaysia and overseas even after the recovery of the COVID-19 pandemic due to the increasing demands in the medical industry as well as the prevailing public awareness of the need for self-protection and hygienic practices coupled with the rising population, aging population and increasing urbanisation in worldwide, as well as the Government's efforts to improve the health and wellbeing of its citizens. During the FPE 2022, the Group ventured into community pharmacy business which combines a pharmacy section with a general retail store dealing in products such as dietary supplements, medical equipment, medical devices, and cosmetics and personal care consumables. Besides retailing, the community pharmacy is also involved in dispensing and providing consultation on minor ailments or general health matters to the public. Over the years, the role of community pharmacists has evolved from merely focusing on the retail of pharmaceutical drugs to more patient-centric and have become an integral part of the community.

- **Competition risks**

The Group faces competition from other market players who provide similar products and services as well as new market entrants in the healthcare industry in Malaysia in terms of competency and reliability of services. Some of the competitors may have greater financial resources, more extensive networks and exposure to potential business opportunities, and have a more comprehensive range of services than the Group.

The Group has established track record, reputation and expertise in providing quality products and services to customers over the years. To remain competitive, the Group focuses on its ability to customise its manufactured products, explore opportunities and invest in research and development to broaden its existing product portfolio to meet various market needs. The Group also strive to improve its production processes and capacity especially in shorten the delivery lead time and to expand its marketing channels going digitalisation.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

PROSPECTS OF THE GROUP

COVID-19 left a lasting imprint on the world economy, causing permanent changes and teaching important lessons. We anticipate that the outlook for year 2023 to remain challenging but progressing. According to the press release published by Bank Negara Malaysia on 29 March 2023, after the strong performance in year 2022, the Malaysian economy is expected to expand between 4% and 5% in year 2023 amid a slower global growth.

Malaysia's growth in year 2023 will be mainly driven by firm domestic demand where household spending will be an important driver. The household spending is projected to expand at a moderate pace of 6.1% in year 2023. Further improvements in employment and income levels, as well as the continued implementation of existing and new multi-year projects will underpin household spending and investment activity. Furthermore, higher tourism activity from rising tourist arrivals is projected to lift growth in high-touch services sub-sectors, which were more impacted during the pandemic.

Growth in credit to households and businesses was stronger in year 2022, in line with the firm expansion in economic activity. Going forward, financing conditions are expected to remain supportive, underpinned by banks' strong capacity and continued willingness to lend, which will support credit demand in the economy.

Investment is expected to grow by 6.0%, supported by further capacity expansion and continuation of multi-year projects, by both the private and public sectors.

Inflation has trended higher in year 2022. Cost factors such as global commodity prices and supply chain disruptions have eased and would continue on a moderating trend in 2023. However, the continued strength in domestic demand and improvements in labour market may keep core inflation elevated in the near term. Balancing these factors, both headline and core inflation are expected to gradually trend lower over the course of the year but remain elevated relative to historical average. For the year 2023 as a whole, headline and core inflation are expected to average between 2.8% and 3.8%.

Source : The press release published by Bank Negara Malaysia on 29 March 2023

The Group's forward strategy involves reinforcing our position as a reliable, one-stop solutions provider to the medical and healthcare industry. To achieve this, we strive to offer a more comprehensive range of products in our manufacturing, trading and retail segments, as well as explore synergistic businesses.

Moving forward, the Group continues in leveraging on its strong fundamentals in technology competency, quality assurance, customer satisfaction and long-term relationship, and focus on improving its business strategy by streamlining its operations and continued monitoring of its businesses. The Group envisaged its business and earning visibility to gradually recover from the slowdown caused by the global outbreak of COVID-19 in the coming months.

In addition, it is important to invest in the infrastructure necessary to detect future viral outbreaks. We believe that COVID-19 pandemic has accelerated long-term trends such as patient's acute care transition to the patient's full health solutions and digital transformation. With the strategies already put in place by the management, the Group is ready to capitalise these new business opportunities. Nevertheless, the Group remains cautious and aims to maintain its profitability during this challenging period by improving its operational efficiency through process improvement and operational savings from leaner outfit.

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 Report

LKL International Berhad (“LKL” or “the Company”) and its subsidiaries (“the Group”) is a leading provider of hospital beds and healthcare-related equipment and services. We advocate the health and wellness of communities as part of our core principles. This sustainability statement provides a summary of our sustainability initiatives across our operations.

Governance Structure

The Group is deeply committed to pursuing sustainable practices that take into account economic, environmental, and social (“EES”) factors. Our Board of Directors and Management carefully evaluate and determine these considerations. To ensure the successful execution and implementation of our sustainability initiatives, Management takes responsibility for overseeing the process and assessing our performance. This proactive approach enables us to continuously improve our sustainability practices and be accountable to our stakeholders.

Stakeholder Engagement

The Group engages with our stakeholders regularly to align our sustainability initiatives in accordance with their needs. Our common stakeholders and the material sustainability matters are identified below:

Stakeholders	Key Concern & Interest	Engagement Approach
Employees	• Career development and learning • Diversity and inclusion • Talent retention	• Employee handbook • Inter-department meetings • Employee training and development programme • Internal emails/dialogue • Whistle-blowing policy • Anti-Bribery policy
Shareholders and Investors	• Corporate governance • Financial performance • Operational efficiency	• Corporate website • Annual general meeting and extraordinary general meeting • Corporate announcement • Quarterly report and annual report
Regulators	• Regulatory compliance • Business license • Labour practices	• Dialogue with Government Agencies • Compliance to laws and regulations • Compliance to standards and specifications
Regulators	• Product quality • Customer satisfaction • After sales service	• Corporate website • Customer service • Customer satisfaction surveys • Marketing events (exhibitions) • Adherence to quality standards
Vendors	• Timely and quality delivery • Pricing and timely payment • Anti-corruption and business integrity	• Vendor evaluation • Meetings with vendors

SUSTAINABILITY STATEMENT (CONT'D)

ECONOMY

LKL endeavours to achieve business growth and provide value to both shareholders and stakeholders. As a Group, our primary objective is to establish ourselves as a market leader in healthcare-related equipment and services. We strive to accomplish this goal by delivering innovative and cutting-edge solutions to healthcare-oriented businesses and individual consumers.

Marketplace & Corporate Governance

LKL subscribes to high standards of corporate governance and compliance, as well as professional conduct and ethics. The relevant Board committees regularly review and update key corporate policies, such as anti-corruption, remuneration and whistle blowing practices, to ensure the Group conducts business in full compliance with all applicable laws, regulations, and standards.

As a public listed company, we are committed to keeping our shareholders informed of our latest corporate developments through announcements on Bursa Malaysia Securities Berhad. These disclosures are complemented with updates on business activities, quarterly reports, and annual reports on our corporate website at <http://www.lklbeds.com>.

Product Range and Quality

LKL is committed to bringing new innovations and solutions to reinforce our position as a trusted provider to medical and healthcare organisations in Malaysia and internationally. During the financial period ended 31 December 2022 ("FPE 2022"), we introduced the following items in our product portfolio:

- X-Ray Viewer with LED
- Medical Laptop Mobile Stand

As an exporter of hospital beds and healthcare-related equipment to more than 50 countries, we prioritise meeting international quality standards. Our design and manufacturing processes have been certified to meet the rigorous standards of 9001:2015 and EN ISO 13485:2016. Additionally, our products have been granted European Commission certifications 93/42/EEC and 2007/47/EEC, and are registered with the U.S. Food and Drug Administration. By adhering to these exacting standards, we ensure that our products consistently meet the stringent regulatory requirements of global markets.

Brand Awareness

To bolster the Group's presence and raise awareness among prospective customers, we frequently participate in marketing events and exhibitions in Malaysia and abroad.

On the international front, we attended the Arab Health exhibition in Dubai from 24 to 27 January 2022, Florida International Medical Expo (FIME) in Miami from 27 to 29 July 2022, and MEDICA 2022 from 14 to 17 November 2022. Domestically, we participated in the Association of Private Hospitals, Malaysia (AHPM) Conference and Exhibition from 31 May to 2 June 2022.

SUSTAINABILITY STATEMENT
(CONT'D)

ECONOMY (CONT'D)



LKL participated in the Arab Health Exhibition 2022 in Dubai

SUSTAINABILITY STATEMENT (CONT'D)

ECONOMY (CONT'D)



LKL participated in the APHM International Healthcare Exhibition 2022 in Malaysia

SUSTAINABILITY STATEMENT
(CONT'D)

ECONOMY (CONT'D)

We have also boosted our regional presence by setting up representative offices in Bangladesh and Indonesia in year 2016 and 2022 respectively. Our products are also available in the Bangladesh market via Medistore BD, a Bangladesh-based online medical supply, health, and beauty e-commerce platform, since year 2021.

Customer Satisfaction

We recognise that delivering exceptional and consistent customer service is essential to cultivating customer satisfaction and loyalty. For this reason, we maintain regular communication with our customers to solicit feedback on our products and services.

As part of our efforts to gain insights into the needs of our customers, we conduct an annual survey that covers a range of topics including product quality, features, range, warranty, price competitiveness, timeliness of delivery, and post-sales services.

Respondents in the survey reported an average score of 35.16 out of a maximum score of 40 in FPE 2022, similar to the average score of 35.3 recorded in the financial period ended 30 September 2021 ("FPE 2021"). We systematically analyse the feedback received, identify areas of improvement, and formulate solutions to rectify them.

Employees' Welfare

In our human resource management approach, we believe that implementing effective measures to safeguard and enhance employee welfare can lead to greater productivity and improve our ability to attract and retain talent.

In FPE 2022, we refurbished our employees' hostel to provide them with comfortable and safe accommodation that complies with the latest amendments to the Employees' Minimum Standards of Housing, Accommodations, and Amenities Act. Additionally, we have established an online claims mechanism for seamless and transparent reimbursement of expenses incurred by employees on behalf of the Company. Each employee is furnished with an up-to-date employee handbook containing policies and procedures that help them navigate their work commitments with ease.

We also engage with our employees through inter-departmental meetings, internal emails, and dialogue sessions to gauge their needs and establish meaningful communication for the alignment of goals.

New Business Expansion

LKL's foray into the pharmacy business will contribute to our future growth and further diversify our business portfolio. In FPE 2022, we opened our first pharmacy chain outlet, "Pharmacy", in Solaris Dutamas, Kuala Lumpur.

We have incorporated innovative technological and digital concepts to offer consumers an elevated experience compared to conventional pharmacies. The pharmacy is designed as a one-stop wellness retail point for health-conscious consumers and is complemented by e-prescription, e-fulfilment, and delivery services.

Additionally, our new pharmacy business enables us to bring positive impact to communities, through providing curated products and services that support health and wellness. These offerings include pharmaceutical drugs such as prescription and over-the-counter medicine, dietary supplements, cosmetic and personal care consumables, as well as medical equipment and medical devices.

SUSTAINABILITY STATEMENT (CONT'D)

ENVIRONMENT

We endeavour to minimise the ecological footprint of the Group's operations in line with global efforts to combat climate change, and safeguard the environment for future generations. Furthermore, pollution and climate change are closely interlinked with public health. Hence, as a healthcare-oriented business, we take environmental sustainability seriously and integrate pro-environment policies.

Energy and Emissions Management

The Group's environmental agenda involves prudent and efficient use of energy, water, and raw materials. We monitor the use of these resources and implement mechanisms to minimise wastage such as reducing scrap, excess inventory, and energy consumption.

In FPE 2022, our operations used 396,794 kWh of electricity and 5,338,000 litres of water, compared with 385,859 kWh and 6,065,000 litres in FPE 2021.

As part of our commitment to environmental sustainability, we have integrated "Go Green" initiatives such as reducing, reusing, and recycling into our corporate culture. We have placed recycling bins in our offices and factories, and we encourage the use of digital storage to reduce paper consumption.

Energy Conservation

Our manufacturing facilities are equipped with rooftop solar photovoltaic systems to reduce the carbon footprint of our manufacturing process while reducing energy costs.



Waste Management

Our goal is to decrease the amount of metal scraps produced during our production process by optimising the use of raw materials. By doing so, we can minimise the carbon footprint of our manufacturing operations. For the FPE 2022, we generated an average monthly metal scrap output of 2,316 kilograms, which is lower than the 2,436 kilograms recorded for the FPE 2021.

We partner with vendors who hold a Commercial, Industrial, and Institutional Solid Waste Collection License to recycle and reuse our metal scraps. We also adhere to the guidelines established by the Department of Environment (DOE) of Malaysia to dispose of non-recyclable waste.

SUSTAINABILITY STATEMENT (CONT'D)

SOCIAL

LKL strives to foster a diverse, and capable workforce, as well as promote the health and well-being of communities.

Training & Development

Upskilling our employees are essential to remain competitive in the marketplace, in addition to creating a work environment which is conducive for career development.

To promote employee learning and development, the Group has hosted external training workshops for staff in both technical skills and soft management skills. We have organised the following training programs for the FPE 2022 to enhance our employees' skillsets:

1.	ISO9001:2015 Internal Auditor Training
2.	ISO9001:2015 Awareness Training
3.	GDPMD Awareness Training
4.	GDPMD Internal Auditor Training
5.	ISO13485:2016 Internal Auditor Training
6.	ISO13485:2016 Awareness Training
7.	Biomedical Competency Training And Certification on Electrical Safety Testing with IEC60601-1
8.	Solidworks Advanced Topics Training
9.	Understanding on Medical Device Regulations (MDR) 2017/745
10.	Incoterms 2020 in International Trade and Shipping Documentations



Training on Understanding on Medical Device Regulations MDR 2017/745

SUSTAINABILITY STATEMENT (CONT'D)

SOCIAL (CONT'D)



Training on Incoterms 2020 in International Trade and Shipping Documentations

Furthermore, to enhance camaraderie, appreciation of diversity, and goodwill amongst our employees, we hold festive open houses during the major festive seasons.



2021 Secret Santa Gift Exchange Event

SUSTAINABILITY STATEMENT
(CONT'D)

SOCIAL (CONT'D)



Appreciation ceremony for the retirement of former Managing Director, Mr. Lim Kon Lian



2022 Chinese New Year Celebration

SUSTAINABILITY STATEMENT (CONT'D)

SOCIAL (CONT'D)



2022 Hari Raya Aidilfitri Celebration

Labour Practices

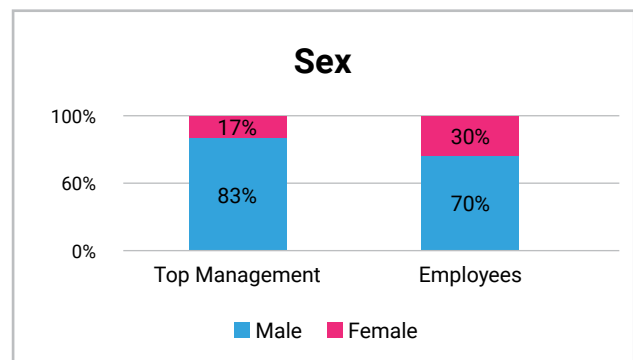
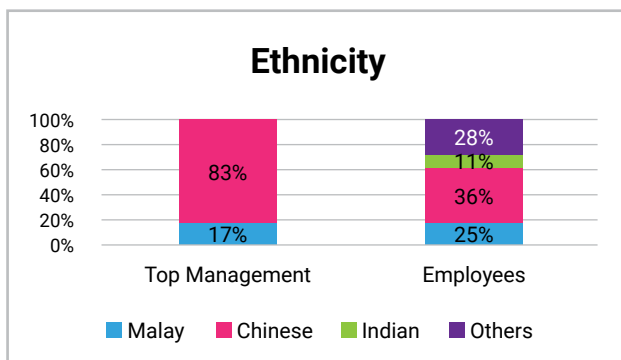
LKL operates in full compliance of Malaysian labour laws and aims to nurture a healthy and conducive work environment.

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.

Employee Diversity and Inclusion

LKL maintains a zero-tolerance policy on discrimination based on ethnicity, age, nationality, gender, religious beliefs, sexual orientation, or disability status.

For the FPE 2022, we employed a total of 179 employees, comprising 70% men and 30% women. The ethnic composition of our workforce is 36% Chinese Malaysians, 28% others (mostly foreign workers), 25% ethnic Malays and 11% Indian Malaysians.



SUSTAINABILITY STATEMENT
(CONT'D)

SOCIAL (CONT'D)

Occupational Health and Safety

To ensure the well-being and safety of our employees, we adhere to the regulations set by the Occupational Safety and Health Act. Furthermore, we provide training programmes to equip our employees with the necessary knowledge to prevent workplace accidents and mishaps.

Health and Safety Training Programmes for the FPE 2022:



Covid-19 testing for employees in year 2022

SUSTAINABILITY STATEMENT (CONT'D)

SOCIAL (CONT'D)

Programme	Date
Safety, Health & Environment Awareness	During employee induction
Loading Safety	February 2022
Electrical Safety Training IEC60601-1	October 2022



Semi-monthly Covid-19 disinfection exercises at LKL premises in year 2022

Corporate Social Responsibility

LKL endeavours to make a positive difference to the lives of communities, particularly in the areas of health and wellness. We have offered a helping hand to several organisations through the following contributions for the FPE 2022:

	Contribution Type
1.	Contribution to flood victims
2.	Contribution in conjunction with Nurses Day to various hospitals
3.	Sponsorship for Annual Scientific Meeting on Intensive Care (ASMIC) 2022
4.	Contribution to Go Green Carnival

Conclusion

LKL will continue pursuing sustainable initiatives that will fortify the Group's position and deliver greater value to our stakeholders.

PROFILE OF DIRECTORS

Datuk Chong Loong Men

Executive Director

Nationality	Gender	Age
Malaysia	Male	43

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 attended five (5) out of six (6) Board meetings held during the financial period ended 31 December 2022.

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

Zulkarnin bin Ariffin

Executive Director

Nationality	Gender	Age
Malaysia	Male	49

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 is presently the Group Chief Executive Officer of Seacera Group Berhad.

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 six (6) Board meetings held during the financial period ended 31 December 2022.

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

PROFILE OF DIRECTORS
(CONT'D)**Lim Ming Chang**

Non-Independent Non-Executive Director

Nationality	Gender	Age
Malaysia	Male	40

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 current position as Chief Executive Officer ("CEO") of LKLAM on 1 June 2019 and resigned from his position as CEO of LKLAM on 23 May 2022.

Mr. Lim attended all six (6) Board meetings held during the financial period ended 31 December 2022.

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.

Chan Jee Peng

Independent Non-Executive Director

Nationality	Gender	Age
Malaysia	Male	42

Chan Jee Peng ("Mr. 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.

Mr. 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.

Mr. 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 which provides assurance, tax and advisory services.

Mr. Chan attended all six (6) Board meetings held during the financial period ended 31 December 2022.

Mr. Chan presently sits on the Board of Tex Cycle Technology (M) Berhad and Komarkcorp Berhad.

PROFILE OF DIRECTORS
(CONT'D)**Ling Chi Hoong**

Independent Non-Executive Director

Nationality	Gender	Age
Malaysia	Male	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 six (6) Board meetings held during the financial period ended 31 December 2022.

Mr. Ling presently sits on the Board of Vizione Holdings Berhad, Jadi Imaging Holdings Berhad, JCCW Trustee (M) Berhad and Arkwood Trustee (M) Berhad.

Ng Fun Kim

Independent Non-Executive Director

Nationality	Gender	Age
Malaysia	Male	57

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 six (6) Board meeting held during the financial period ended 31 December 2022.

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

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 period ended 31 December 2022, other than for traffic offences.

PROFILE OF KEY MANAGEMENT TEAM

Lim Pak Hong

Research and Development Director

Nationality	Gender	Age
Malaysia	Male	36

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 Earng

Sales Director

Nationality	Gender	Age
Malaysia	Male	52

Lee Kah Earng ("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.

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 traffic offences, if any) within the past five (5) years, or been imposed any public sanction or penalty by the relevant regulatory bodies during the financial period ended 31 December 2022.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") of LKL International Berhad ("Company") is pleased to present this statement to provide shareholders and investors with an overview of the corporate governance practices of the Company during the financial period ended 31 December 2022 ("FPE 2022"). The statement is also presented in compliance with Rule 15.25(2) of the ACE Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities").

This Corporate Governance Overview Statement ("CG Overview Statement") is based on the three (3) principles as set out in the Malaysian Code of Corporate Governance ("MCCG") which was further updated by the Securities Commission Malaysia on 28 April 2021, which are:

Principle A - Board leadership and effectiveness

Principle B - Effective audit and risk management

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

This CG Overview Statement is augmented with a Corporate Governance Report ("CG Report") which provides a detailed articulation on the application of the Company and its subsidiaries' ("the Group") corporate governance practices as set out in the MCCG throughout the FPE 2022. This CG Report is available on the Company's corporate website at www.lklbeds.com, as well as via an announcement on the website of Bursa Securities.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

PART I – BOARD RESPONSIBILITIES

1.1 Board and Board Committees

The Board is responsible for overseeing the conduct and sustainability of the Group business, assuming the responsibility for succession planning, reviewing the risk management process and internal control system to minimise the downside risks for the Group, and ensuring compliance with the relevant rules and regulations applicable to the Group. To fulfil this role, the Board determines the strategic objectives and policies of the Group to ensure the sustainability of the business.

The Board has the responsibility of leading and directing the Group towards realising long term corporate objectives and increasing shareholders' value. An effective Board is made up of a combination of Executive Directors ("ED") with intimate knowledge of the business and Non-Executive Directors from diversified industry/business backgrounds to bring broad business and commercial experience to the Group.

In discharging its fiduciary duties and responsibilities, the Board is guided by its Board Charter which outlines the duties and responsibilities of the Board. The Board also delegates certain responsibilities to the following Board Committees as follows 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. These Committees are authorised by the Board to deal with and to deliberate on matters delegated to them within their respective terms of reference and report to the Board on their proceedings and deliberation together with its recommendations to the Board for approval.

Apart from the responsibility of the Board Committees, the 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

PART I – BOARD RESPONSIBILITIES (CONT'D)

1.2 Chairman of the Board

The Company is currently seeking a suitable candidate to be appointed as the Chairman of the Board, following the retirement of Tan Sri Datuk Adzmi Bin Abdul Wahab on 13 October 2020. The Company is looking for an individual who possesses an appropriate balance of skills, expertise, attributes, and core competencies, while considering factors such as character, gender, experience, integrity, competence, and time commitment.

1.3 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 Secretary

The Board is supported by a qualified and experienced Company Secretary who is a member of the Malaysian Association of Companies Secretaries and she is holding a professional certificate as a qualified Company Secretary under Section 235(2) of the Companies Act 2016 ("Act"). She possesses over 29 years of experience in corporate secretarial practices.

The Company Secretary plays an important role in facilitating overall compliance with the Act, Listing Requirements of Bursa Securities and other relevant laws and regulations. The Company Secretary also assists the Board and Board Committees to function effectively and in accordance with their Terms of Reference and best practices and ensure adherence to the existing Board policies and procedures. In order to discharge the roles effectively, the Company Secretary has been continuously attending the necessary training programmes, conferences, seminars and/or forums so as to keep herself abreast with the latest developments in the corporate governance realm and changes in regulatory requirements that are relevant to her profession and enable her to provide the necessary advisory role to the Board.

The Company Secretary holds a crucial responsibility in ensuring compliance with the Act, Listing Requirements of Bursa Securities, and other laws and regulations. The Company Secretary and her team aid the Board and Board Committees in performing their duties according to their Terms of Reference and best practices, while also ensuring adherence to existing policies and procedures. To effectively fulfill these roles, the Company Secretary consistently attends training programs, conferences, seminars, and forums, staying up-to-date with the latest corporate governance advancements and regulatory changes relevant to their profession. This enables her to provide necessary advisory support to the Board.

The Board has direct access to the professional advice and services of the Company Secretary when performing their duties and discharging their responsibilities.

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

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**

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

The deliberations and conclusions of matters discussed in the Board or Board Committees meetings are duly recorded in the minutes of meetings. The draft minutes are circulated for the Board or Committee Chairman's review within a reasonable timeframe after the meetings. The minutes of meetings accurately captured the deliberations and decisions of the Board and/or the Board Committees, including whether any Director abstains from voting or deliberating on a particular matter.

All the records of proceedings and resolutions passed are kept at the registered office of the Company.

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

In addition to the Board Charter, the governance framework of the Company is supported by the Group's Limit of Authority which defines further the matters as well as the applicable limits specifically reserved for the Board's approval and those delegated to the ED and Management.

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

The Board Charter is published on the Company's website at www.lklbeds.com.

1.7 Code of Conduct and Ethics

The Board has implemented a Code of Conduct and Ethics to proactively promote and maintain an ethical corporate culture and enhance corporate governance standards across the Group. The Code of Conduct and Ethics outlines general principles and provides guidance on ethical behavior and professional conduct for Directors and employees, emphasising their duties and obligations. To underscore the importance of the Code of Conduct and Ethics, it has been incorporated into the Company's Board Charter, which sets out the Board's functions, authority, roles, and responsibilities. The Code of Conduct and Ethics also emphasises the expectation of professionalism and trustworthiness from all Directors and employees of the Group.

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

The Board will review the Code of Conduct and Ethics from time to time to ensure that it continues to remain relevant and appropriate with the prescribed requirements and best corporate governance practices.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

PART I – BOARD RESPONSIBILITIES (CONT'D)

1.8 Whistle Blowing Policy

The Group has also adopted a Whistle Blowing Policy to promote good business conduct and maintain business integrity. It recognises the whistle blowing as an important mechanism in the prevention and detection of improper conduct, harassment or corruption in the conduct of the Group's businesses and operations.

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

The Board will review and update the Whistle Blowing Policy as and when necessary to ensure that it remains relevant to the Group's changing business circumstances and/or comply with the applicable laws and regulations.

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 Malaysian Anti-Corruption Commission (Amendment) Act 2018. 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 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 from time to time to ensure that it continues to remain relevant and appropriate. The ABC Policy is made available on the Company's website at www.lklbeds.com.

1.10 Directors' Fit and Proper Policy

The Board has adopted the Directors' Fit and Proper Policy on 26 May 2022, in accordance with the new 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, as well as retiring Directors seeking re-election at the AGM. The Directors' Fit and Proper Policy ensures that the NC and the Board adhere to rigorous standards in their evaluation of candidates, enabling them to select Directors who possess the necessary qualifications, experience, and integrity to serve effectively on the Board.

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.

1.11 Sustainability Governance

The Board recognises the importance of sustainable business practices in creating long-term value, and it believes that responsible business operations are essential to achieving operational excellence.

As fiduciaries to the Company's shareholders, the Board is committed to upholding exemplary corporate governance practices, including ethics, integrity, and corporate responsibility. The Board is also dedicated to keeping internal and external stakeholders informed about sustainability strategies, priorities, targets, and overall performance. The Sustainability Statement in this Annual Report provides a detailed articulation of the Company's sustainability initiatives and performance.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

PART I – BOARD RESPONSIBILITIES (CONT'D)

1.11 Sustainability Governance

The Board has demonstrated its commitment to sustainability by reviewing, revising, and approving relevant amendments, including the assessment of its understanding of sustainability issues as a critical component of the annual performance evaluation. The Board's rigorous evaluation process reflects its commitment to driving sustainable business practices across the Group, which is essential to achieving long-term value for the Company and its stakeholders.

The Board evaluates its understanding of sustainability issues critical to the Company's performance as part of its annual performance evaluation. This helps ensure that the Board remains informed and can make informed decisions that promote long-term value creation for the Company and its stakeholders.

PART II – COMPOSITION OF THE BOARD

2.1 Board Composition

The Board presently has six (6) members comprised of one (1) Non-Independent Non-Executive Director, three (3) Independent Non-Executive Directors and two (2) EDs. The current composition complies with Rule 15.02 of the Listing Requirements of Bursa Securities, which requires 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 this Practice 5.2 of the MCCG of having at least half of the Board comprising Independent Non-Executive Directors. This composition is able to provide independent and objective judgement as well as provide an effective check and balance to safeguard the interest of the minority shareholders and other stakeholders, and ensure high standards of conduct and integrity are maintained.

The Board members have diverse backgrounds and experiences in various fields. Collectively, they bring a wide range of skills, experience and knowledge to manage the Group's business. The profiles of these Directors are provided on pages 26 to 28 in this Annual Report.

2.2 Tenure of Independent Directors

The Board acknowledges the recent amendments to the Listing Requirements by Bursa Securities on 19 January 2022. According to the new regulations, the tenure of an Independent Non-Executive Director shall not exceed a cumulative term of twelve (12) years effective on or after 1 June 2023. Furthermore, if the Board intends to retain an Independent Non-Executive Director who has served the Board a cumulative term of more than nine (9) years, it must justify its decision and seek the shareholders' approval through a two-tier voting process at a general meeting as recommended by the MCCG.

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

Based on the assessment carried out during the financial period under review, the Board is satisfied with the level of independence demonstrated by all the Independent Non-Executive Directors and their abilities to act in the best interest of the Company.

The Company has not adopted a policy that limits the tenure of its Independent Non-Executive Directors to nine (9) years. Notwithstanding that, the Company conducts an annual evaluation of their independence through the Annual Evaluation of Independence of Directors. This evaluation ensures that the Independent Non-Executive Directors remain free from any business or other relationship that could compromise their independent judgement or their ability to act in the best interests of the Company.

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 through the NC is responsible for reviewing recommendations for any new appointments of the Board and Senior Management. In reviewing these recommendations, the NC will review the Board and Senior Management's appointment based on merit, taking into account the skills, experience, independence and knowledge that the Board and Senior Management as a whole require to be effective. Any new nominations is to be reviewed by NC and subsequently recommended to the full Board for assessment and endorsement.

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

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.

If a Board vacancy occurs, the Board will consider female candidates when suitable candidates are identified. However, the selection of new Board members will not be based solely on gender but will also take into account the candidate's skill sets, experience, and knowledge. The Company's top priority in new appointments is to choose the most qualified candidates. Therefore, the selection criteria that prioritise an effective combination of competencies, skills, extensive experience, and knowledge to strengthen the Board remain a priority.

In view of the gained attention of boardroom diversity as an important element of a well functioned organisation, the Board had reviewed and revised the Gender Diversity Policy which provides 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.

Presently, there are no women directors on the Board. The NC has actively sought out suitable candidates to improve gender diversity at the Board level.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

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

2.5 Board Committees

The Board Committees are set up to manage specific tasks for which the Board is responsible within clearly defined Terms of Reference. 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
<i>Chan Jee Peng</i> (Independent Non-Executive Director)	Chairman	Member	Member
<i>Ling Chi Hoong</i> (Independent Non-Executive Director)	Member	Chairman	Chairman
<i>Ng Fun Kim</i> (Independent Non-Executive Director)	Member	Member	Member

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

2.6 NC

The NC, which is chaired by the Independent Non-Executive Director, 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 Terms of Reference dealing with its authority and duties which include the selection and assessment of directors. The Terms of Reference of the NC had incorporated the relevant practices recommended under the MCCG. The Terms of Reference of the NC is available on the Company's website at www.lklbeds.com.

The activities undertaken by the NC during the FPE 2022 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

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

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 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 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.

2.8 Annual Evaluation of the Directors, Board and Board Committees as a whole

The Board has, through the NC, undertaken a formal and objective annual evaluation to assess the effectiveness of the Board and the Board Committees as a whole and the contribution of each Director, including the independence of the Independent Non-Executive Director, making reference to the guides available and the good corporate governance compliance. The evaluation process was carried out by sending the following customised assessment forms to Directors:-

- i. Performance of ED;
- ii. Performance of Non-Executive Directors/Chairman;
- iii. Independence of the Independent Directors;
- iv. Performance of the ARMC; and
- v. Effectiveness of the Board and Board committees as a whole.

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.

The annual assessment criteria of the Board and Board Committees and individual Directors were last reviewed and updated on 29 September 2021 which to stay aligned with the MCCG practices.

Based on the evaluations conducted in the FPE 2022, the NC and the Board were satisfied with the performance of the individual Directors, Board Committees, and Board as a whole, as well as the independence and objective judgements that the Independent Directors have brought to the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

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

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

2.9 Attendance of Board and Board Committees' Meetings

The Board schedules at least four (4) meetings in a financial year with additional meetings to be convened where necessary. During the FPE 2022, the Board conducted six (6) Board meetings where they deliberated and approved various reports and matters, including the quarterly financial results of the Group for the announcement to Bursa Securities as well as the Group's budget, strategy, operational and financial performance.

The attendance records of the Directors at Board and Board Committees' meetings for the FPE 2022 are set out as follows:-

Meeting Attendance	Board	ARMC	NC	RC
Datuk Chong Loong Men (ED)	5/6	N/A	N/A	N/A
Zulkarnin Bin Ariffin (ED)	6/6	N/A	N/A	N/A
Chan Jee Peng (Independent Non-Executive Director)	6/6	5/5	1/1	1/1
Ling Chi Hoong (Independent Non-Executive Director)	6/6	5/5	1/1	1/1
Ng Fun Kim (Independent Non-Executive Director)	6/6	5/5	1/1	1/1
Lim Ming Chang ⁽¹⁾ (Non-Independent Non-Executive Director)	6/6	N/A	N/A	N/A
Lim Kon Lian ⁽²⁾ (Managing Director)	0/1	N/A	N/A	N/A
Tay Ben Seng, Benson ⁽³⁾ (ED)	3/3	N/A	N/A	N/A

Notes:

⁽¹⁾ Mr. Lim Ming Chang was first appointed as an ED of the Company on 16 November 2020 and then he was redesignated as a Non-Independent Non-Executive Director on 23 May 2022.

⁽²⁾ Mr. Lim Kon Lian resigned as a Managing Director of the Company on 28 December 2021.

⁽³⁾ Mr. Tay Ben Seng, Benson resigned as an ED of the Company on 30 May 2022.

2.10 Directors' Training

The NC has taken on the responsibility of evaluating and determining the specific and continuous training needs of the Directors on a regular basis. The Directors have attended courses/conferences and/or in-house training from time to time to enhance their skills and knowledge and to keep abreast with the relevant changes in laws, Listing Requirements, regulations and business environment in order to discharge their duties more effectively.

The Directors are mindful that they should continually attend seminars and courses to keep themselves abreast with the latest economic and corporate developments as well as new regulations and statutory requirements. The Directors are also encouraged to evaluate their own training needs on a continuous basis and to determine the relevant programmes, seminars, briefings or dialogues available that would best enable them to enhance their knowledge and contribution to the Board.

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)

Relevant guidelines on statutory and regulatory requirements were circulated to the Board from time to time for Board reference. During the FPE 2022, the Directors have attended the following training programmes in compliance with Rule 15.08 of the Listing Requirements of Bursa Securities:-

Name of Directors	Training /seminar attended
Datuk Chong Loong Men	- Amendments to the Listing Requirements of Bursa Securities relating to Director Appointment, Independence and Other Amendments - Amendments to the Listing Requirements of Bursa Securities relating to Enhanced Sustainability Reporting Framework - The Secrets Behind Corporate Actions
Zulkarnin Bin Ariffin	- Amendments to the Listing Requirements of Bursa Securities relating to Director Appointment, Independence and Other Amendments - Amendments to the Listing Requirements of Bursa Securities relating to Enhanced Sustainability Reporting Framework 2022 Investor Day of ICAP - Transfer Pricing
Chan Jee Peng	- Amendments to the Listing Requirements of Bursa Securities relating to Director Appointment, Independence and Other Amendments - Amendments to the Listing Requirements of Bursa Securities relating to Enhanced Sustainability Reporting Framework - MIA - ISQC 1, ISQM 1 & ISQM 2, and ISA 220 (Revised), Incorporating Root Cause Analysis - MIA - Fraud and the Auditor's Responsibilities - Incorporating ISAs 240, 315, 450, 550 and 580 and selected case studies - CTIM - National Indirect Tax Conference 2022 - CTIM - Malaysian Property Tax, Estates and Trusts - CTIM – National Tax Conference - Anti-Money Laundering & Counter Financing of Terrorism (AML/CFT) Masterclass
Ling Chi Hoong	- Amendments to the Listing Requirements of Bursa Securities relating to Director Appointment, Independence and Other Amendments - Amendments to the Listing Requirements of Bursa Securities relating to Enhanced Sustainability Reporting Framework
Ng Fun Kim	- Amendments to the Listing Requirements of Bursa Securities relating to Director Appointment, Independence and Other Amendments - Amendments to the Listing Requirements of Bursa Securities relating to Enhanced Sustainability Reporting Framework
Lim Ming Chang	- Amendments to the Listing Requirements of Bursa Securities relating to Director Appointment, Independence and Other Amendments - Amendments to the Listing Requirements of Bursa Securities relating to Enhanced Sustainability Reporting Framework

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)**

In order to effectively carry out their roles and duties, the Directors are committed to participating in professional development programs as necessary. This ongoing commitment to professional development ensures that Directors stay up-to-date with best practices and emerging trends in their respective areas of expertise. The Company encourages and supports the Directors' participation in such programs, recognising the importance of maintaining a skilled and knowledgeable Board.

PART III – REMUNERATION**3.1 Remuneration Policy**

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

The Remuneration Policy aims to:

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

The Board will determine the remuneration package of the ED, taking into consideration the recommendations of the RC for ED. The remuneration package for the ED is structured in such a way that it links rewards to both corporate and individual performance.

The annual Directors' fees and benefits are payable to the Non-Executive Directors and are endorsed by the Board for approval by the shareholders of the Company at the AGM.

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

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 FPE 2022 are as follows:-

The Company

Name of Directors	RM'000						
	Fees	Allowance	Salary	Bonus	Benefits-in Kind	Other emoluments#	Total
Datuk Chong Loong Men	–	–	150.0	–	–	19.3	169.3
Zulkarnin Bin Ariffin	–	–	150.0	–	–	19.2	169.2
Chan Jee Peng	75.0	2.1	–	–	–	–	77.1
Ling Chi Hoong	60.0	2.1	–	–	–	–	62.1
Ng Fun Kim	60.0	2.1	–	–	–	–	62.1
Lim Ming Chang	80.0	2.0	70.0	–	–	8.9	160.9
Lim Kon Lian (Resigned on 28 December 2021)	–	–	–	–	–	–	–
Tay Ben Seng, Benson (Appointed on 27 December 2021 and resigned on 30 May 2022)	–	–	50.0	–	–	6.4	56.4
TOTAL	275.0	8.3	420.0	–	–	53.8	757.1

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

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

PART III – REMUNERATION (Cont'd)

3.2 Remuneration of Directors (Cont'd)

The Group

Name of Directors	RM'000						
	Fees	Allowance	Salary	Bonus	Benefits-in Kind	Other emoluments#	Total
Datuk Chong Loong Men	–	–	525.0	–	–	65.5	590.5
Zulkarnin Bin Ariffin	–	–	375.0	–	–	47.5	422.5
Chan Jee Peng	75.0	2.1	–	–	–	–	77.1
Ling Chi Hoong	60.0	2.1	–	–	–	–	62.1
Ng Fun Kim	60.0	2.1	–	–	–	–	62.1
Lim Ming Chang	80.0	95.0	212.0	–	–	38.0	425.0
Lim Kon Lian (Resigned on 28 December 2021)	–	1.3	8.8	–	–	1.2	11.3
Tay Ben Seng, Benson (Appointed on 27 December 2021 and resigned on 30 May 2022)	–	–	90.0	–	–	11.3	101.3
TOTAL	275.0	102.6	1,210.8	–	–	163.5	1,751.9

Note:-

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

3.3 Remuneration of Senior Management

The Board is of the view that the disclosure of the Senior Management's remuneration components on a named basis would not be in the best interest of the Company as it may be detrimental to the Company's human resource management due to the competitive nature of talents within the construction industry.

The Board also took into consideration of sensitivity and security of the remuneration package of Senior Management, hence, opts not to disclose on a named basis the remuneration or in bands of RM50,000.00 for the Senior Management.

Alternatively, the Board is of the view that the disclosure of the Senior Management's aggregated remuneration on an unnamed basis in the bands of RM50,000.00 in this Annual Report is adequate.

The aggregate remuneration and benefits paid to the Senior Management of the Group for the FPE 2022 are as follows:-

Remuneration Band	Number of Senior Management
RM300,001 to RM350,000	1
RM400,001 to RM450,000	1
RM450,001 to RM500,000	1

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT

PART I – AUDIT AND RISK MANAGEMENT COMMITTEE

4.1 Effective and Independent ARMC

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

The ARMC is chaired by Mr. 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) ARMC members are Independent Non-Executive Directors. None of the Independent Non-Executive Directors has appointed alternate directors.

The Terms of Reference of ARMC had been updated on 29 September 2021 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 terms of reference.

4.2 External Auditors

The Group has established a transparent and appropriate relationship with the External Auditors which has been accorded the authority to communicate directly with the External Auditors. The External Auditors in turn are able to highlight matters which require the attention of the Board to the ARMC in terms of compliance with the accounting standards and other related regulatory requirements.

The Board also has established the External Auditors Assessment Policy together with an Annual Performance Evaluation Form. The Policy is to outline the guidelines and procedures for the ARMC to review, assess and monitor the performance, suitability and independence of the External Auditors.

The ARMC had carried out an annual performance assessment of the External Auditors and requested the EDs, Chief Financial Officer and Corporate Manager to join the assessment.

The ARMC is satisfied with the performance, suitability and independence of the External Auditors of the Company and had recommended their re-appointment to the shareholders for approval at the forthcoming AGM.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

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

5.1 Risk Management and Internal Control Framework (Cont'd)

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 FPE 2022 are as disclosed in the ARMC Report in this Annual Report.

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

PART I – COMMUNICATION WITH STAKEHOLDERS

6.1 Continuous Communication with Stakeholders

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

To ensure the effective dissemination of information to the shareholders and stakeholders, the Group makes necessary announcements on the Group's affairs and development in accordance with the Listing Requirements of Bursa Securities through the website of Bursa Securities. In addition to that, 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, Terms of Reference 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.

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

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 MCCG, the notice convening the Seventh AGM ("7th AGM") was issued to shareholders at least 28 days before the 7th AGM date, which gives shareholders sufficient time to prepare themselves to attend the 7th 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 7th AGM convened on 15 March 2022, 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 7th 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 7th 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 7th AGM were put to vote by poll and the votes cast were validated by an independent scrutineer appointed by the Company. The outcome of all resolutions proposed at the general meetings is announced to Bursa Securities at the end of the meeting day.

7.2 Effective Communication and Proactive Engagement

The attendance of all Directors at the 7th 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 7th AGM. The Company facilitates and encourages shareholder participation at its 7th 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 7th AGM before each resolution is proposed. The summary of the key matters discussed at the 7th AGM was also available on the Company's website at www.lklbeds.com for the shareholders' information.

STATEMENT BY THE BOARD ON CG OVERVIEW STATEMENT

The Board has deliberated, reviewed and approved this CG 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 FPE 2022, 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 period ended 31 December 2022 ("FPE 2022").

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. Among other things, the Committee provides additional assurance to the Board by conducting objective and independent reviews of financial, operational, and administrative controls and procedures. The Committee is responsible for establishing and maintaining internal controls and reinforcing the independence of the Company's External Auditors, ensuring that they have free reign in the audit process.

3. COMPOSITION OF ARMC

The Committee comprises of three (3) members, all of whom are Independent Non-Executive Directors in compliance with the requirements of Rule 15.09 of the Listing Requirements of Bursa Securities.

The members of the Committee comprises of the following Directors:

Name of Committee members	Designation
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 Terms of Reference of the ARMC can be accessed from the Company's website at www.lklbeds.com.

4. ATTENDANCE OF MEETINGS

The Committee met five (5) times for the financial period under review. The attendance of the Committee members are set out as follows:

Name of Committee members	Meeting Attendance
Ling Chi Hoong	5/5
Chan Jee Peng	5/5
Ng Fun Kim	5/5

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 Company and its subsidiaries' ("Group") operations and any other matters of interests.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

5. SUMMARY OF ACTIVITIES OF THE ARMC FOR THE FPE 2022

The Committee had carried out the following activities for the FPE 2022 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 FPE 2022 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 FPE 2022;
- vi. Reviewed the suitability, objectivity and independence of the previous External Auditors, namely Messrs. PKF, in order to recommend their re-appointment to the Board for recommendation to the shareholders for approval during the Seventh Annual General Meeting ("7th AGM") of the Company;
- vii. Reviewed the suitability, objectivity and independence of the current External Auditors, namely Messrs. UHY, in order to recommend their appointment to the Board after Messrs. PKF's retirement as External Auditor at the conclusion of the 7th AGM dated 15 March 2022.
- viii. Reviewed the audit and non-audit fees prior to recommending the same for the Board's approval;
- ix. 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;
- x. Reviewed if there were any related party transactions and/or recurrent related party transactions that transpired within the Group to ensure that the transactions entered into were at arm's length basis and on normal commercial terms;
- xi. Reviewed the 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;
- xii. 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 31 January 2022;
- xiii. Self-appraised the performance of the ARMC for the FPE 2022 and submitted the evaluation form to the Nomination Committee for assessment;
- xiv. Reviewed the annual performance evaluation forms of the Internal and External Auditors;
- xv. Reviewed the verification of the options granted under the Employees' Share Option Scheme of the Company for the FPE 2022; and
- xvi. Reviewed and confirmed the minutes of the ARMC meetings.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT
(CONT'D)**6. 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 annual 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 FPE 2022, 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.

The cost incurred on the outsourced internal audit function of the Group for the FPE 2022 amounted to RM21,000.

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors ("the Board") of LKL International Berhad ("the Company") is pleased to provide the Statement on Risk Management and Internal Control ("Statement") of the Company and its subsidiaries ("the Group") for financial period ended 31 December 2022 ("FPE 2022") which outlines the nature and scope of risk management and the 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"), the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers and Malaysian Code on Corporate Governance 2021.

BOARD RESPONSIBILITY

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

The system of risk management and internal control encompasses various areas, including financial, operational, environmental and compliance controls. The Board recognises the importance of internal audits in establishing and sustaining a sound internal control system. However, due to the inherent limitations of the system of internal control, 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 apply good judgement in assessing the risks faced by the Group, identifying the Group's ability to reduce the incidence and impact of risks, and ensuring the benefits outweigh the costs of operating the controls.

RISK MANAGEMENT

The Board acknowledges that Management is continuously engaged in identifying, evaluating, monitoring, assessing, reporting, and managing significant risks to achieve the Group's objectives for the financial period under review. The Group's risk management system is 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 to discharge the risk management function of the Group on behalf of the Board. The ARMC reports to the Board in respect of the identified risks and has been delegated to oversee the risk management framework and control framework, to review the risk registry, ongoing risk management implementation and assess effectiveness risk management framework.

The Board is of the view 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.

INTERNAL AUDIT FUNCTION

The Board had 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 acts as the Internal Auditor 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 of 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 a 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.

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

INTERNAL AUDIT FUNCTION (CONT'D)

Based on the internal audit reviews, observations were presented by Talent League, together 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 period under review amounted to RM21,000.

For the FPE 2022, 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 2022 (Jan 2022 – Jun 2022)	Aug 2022	LKL Advance Metaltech Sdn. Bhd. ("LKLAM")	Internal Audit Review: • Inventory Management
2 nd Half of the year 2022 (Jul 2022 – Dec 2022)	Feb 2023	LKLAM and Medik Gen Sdn. Bhd.	Internal Audit Review: • Revenue • Credit Risk Management Follow up actions on previously reported audited findings: • Internal Audit Reported in August 2022

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 FPE 2022, 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.
- 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.
- 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.

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

KEY ELEMENTS OF INTERNAL CONTROL (CONT'D)

- **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.

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 FPE 2022. 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 period under review and up to the date of this Statement, the Board is of the opinion that there is an ongoing process of identifying, evaluating, and managing significant risks faced by the Group. The Board continues to take appropriate action plans to strengthen the risk management and internal control system to meet the Group's objectives.

This Statement is made in accordance with the resolution of the Board dated 28 April 2023.

STATEMENT OF DIRECTORS' RESPONSIBILITY

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

In preparing the financial statements for the financial period ended 31 December 2022, the Directors have:

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

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

ADDITIONAL COMPLIANCE INFORMATION

1. Utilisation of proceeds from corporate exercises

1.1 Private Placement I

Proceeds totaling RM62.84 million were raised under the Private Placement I which was completed on 12 April 2021. The status of the utilisation of these proceeds is as set out below :-

Proposed Utilisation of Proceeds	Proceeds Raised RM'000	Actual Utilisation as at 18.4.2023 RM'000	Deviation RM'000	Unutilised Proceeds RM'000	Estimated Timeframe for Utilisation of Proceeds
Capital Expenditure and expansion	26,500	22,610	–	3,890	Within 24 months
Future investments or projects	6,000	6,000	–	–	Within 24 months
Repayment of bank borrowings	5,561	5,561	–	–	Within 6 months
Working capital	23,779	23,896	⁽¹⁾ (117)	–	Within 12 months
Estimated expenses in relation to the Proposals	1,000	883	⁽¹⁾ 117	–	Within 1 month
Total	62,840	58,950	–	3,890	

⁽¹⁾ In view that the actual listing expenses were less than estimated, the surplus has been re-allocated for working capital purposes.

1.2 Private Placement II

Proceeds totaling RM35.55 million were raised under the Private Placement II which was completed on 16 November 2021. The status of the utilisation of these proceeds is as set out below :-

Proposed Utilisation of Proceeds	Proceeds Raised RM'000	Actual Utilisation as at 18.4.2023 RM'000	Deviation RM'000	Unutilised Proceeds RM'000	Estimated Timeframe for Utilisation of Proceeds
Trading of rubber gloves and PPE	32,953	30,029	⁽²⁾ (86)	3,010	Within 24 months
Setting up new storage facilities	2,000	252	–	1,748	Within 24 months
Estimated expenses in relation to the Proposals	600	514	⁽²⁾ 86	–	Within 1 month
Total	35,553	30,795	–	4,758	

⁽²⁾ In view that the actual listing expenses were less than estimated, the surplus has been re-allocated for trading of rubber gloves and PPE.

ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

1. Utilisation of proceeds from corporate exercises (Cont'd)

1.3 Right Issue with Warrant

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

Proposed Utilisation of Proceeds	Proceeds Raised RM'000	Actual Utilisation as at 18.4.2023 RM'000	Deviation RM'000	Unutilised Proceeds RM'000	Estimated Timeframe for Utilisation of Proceeds
Expansion of the Pharmacy Business	48,353	–	–	48,353	Within 24 months
Estimated expenses in relation to the Proposals	1,100	864	–	236	Immediate
Total	49,453	864	–	48,589	

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 period ended 31 December 2022 ("FPE 2022") were as follows:

	Company RM	Group RM
Audit fee	55,000	137,000
Non-audit fee	47,500	70,000

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 period 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 29 to the Financial Statements for the FPE 2022.

ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

5. Employees' Share Option Scheme ("ESOS")

The ESOS of the Company for eligible Directors and employees of the Group was in force for a period of five (5) years commencing from 26 October 2020 and the ESOS is governed by its By-Laws approved by the shareholders at an Extraordinary General Meeting held on 13 October 2020. Movements in the Company's ESOS during the FPE 2022 is as follows:-

- (a) Total number of options granted, exercised and outstanding since its commencement up to the financial period under review are as follows:-

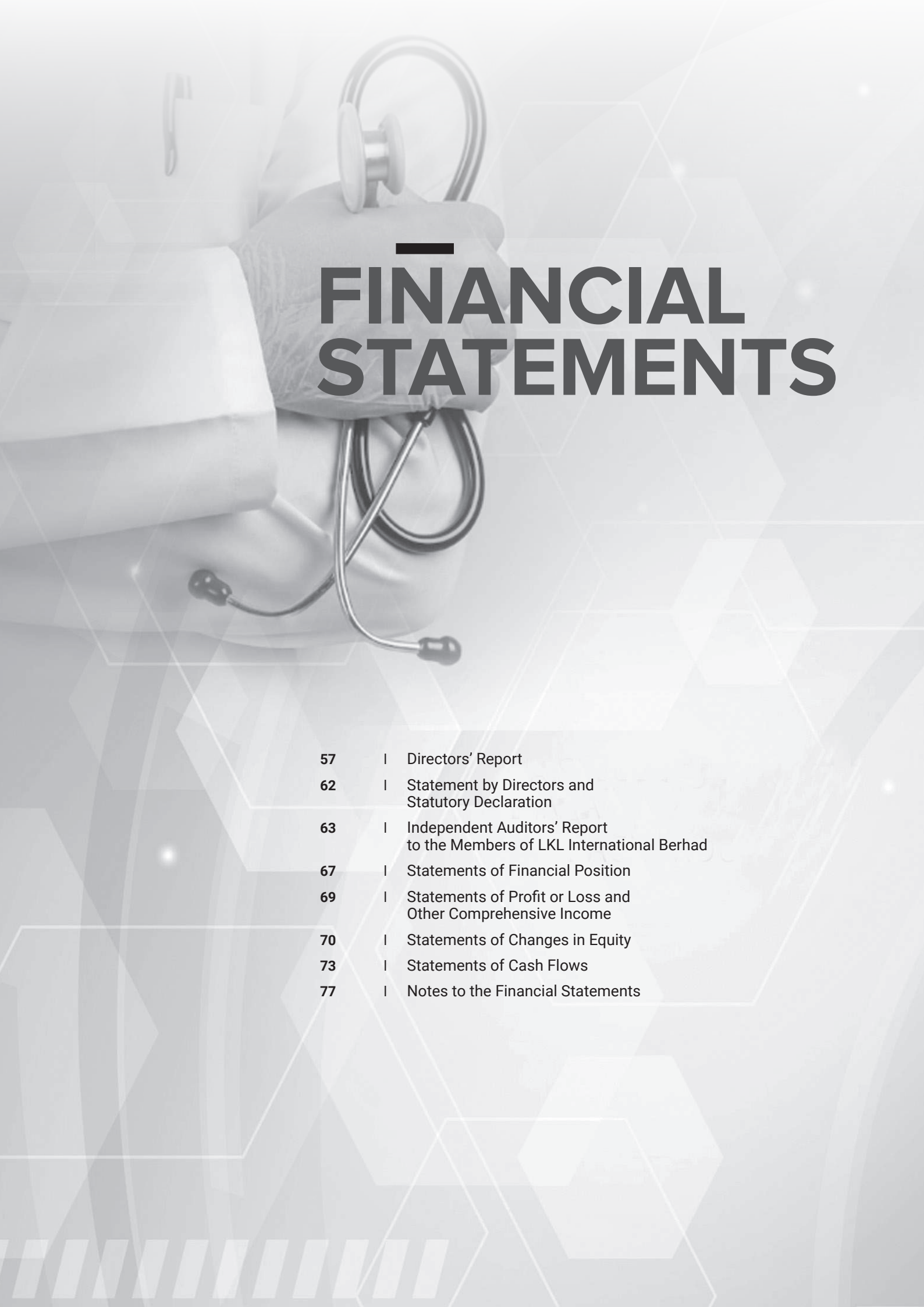
Number of options	Grand Total	Directors and Senior Management
Granted	158,356,270	65,120,000
Exercised	(129,517,400)	(64,620,000)
Lapsed	(28,838,870)	(500,000)
Outstanding as at 31 December 2022	—	—

- (b) Percentage of options applicable to Directors and Senior Management under the ESOS during the financial period and since its commencement up to FPE 2022 are set out below:-

Directors and Senior Management	Percentage of options (%)	
	During the financial period	Since commencement up to 31 December 2022
Aggregate maximum allocation	50.00%	50.00%
Actual options granted	25.89%	41.12%

- (c) No options were granted to the Non-Executive Directors under the ESOS since its commencement up to FPE 2022.

The ESOS was terminated effective from 16 June 2022.



FINANCIAL STATEMENTS

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DIRECTORS' REPORT

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial period ended 31 December 2022.

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.

There have been no significant changes in the nature of these activities during the financial period.

CHANGE OF FINANCIAL YEAR END

The financial year end of the Company had been changed from 30 September to 31 December and this is the first set of financial statements prepared to end on the new accounting date. As a result of this, the audited financial statements are prepared for a period of 15 months from 1 October 2021 to 31 December 2022.

FINANCIAL RESULTS

	Group RM	Company RM
(Loss)/Profit for the financial period	(20,510,463)	12,783,497
Attributable to:		
Owners of the Company	(20,404,650)	12,783,497
Non-controlling interest	(105,813)	–
	20,510,463	12,783,497

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial period from 1 October 2021 to 31 December 2022 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 period from 1 October 2021 to 31 December 2022.

ISSUE OF SHARES AND DEBENTURES

During the financial period, the issued and fully paid-up ordinary share capital of the Company increased from 773,110,600 to 971,600,600 by way of issuance of new ordinary shares pursuant to the following:

- (i) 41,000,000 options exercised under Employee's Share Option Scheme ("ESOS") at exercise price ranging from RM0.0711 to RM0.0716 per option; and
- (ii) 157,490,000 shares issued under the private placements at issue price ranging from RM0.0713 to RM0.0930 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 period from 1 October 2021 to 31 December 2022.

DIRECTORS' REPORT
(CONT'D)

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial period apart from the issue of options pursuant to Employee Share Option Scheme ("ESOS").

EMPLOYEE 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;
- (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 employees and Directors throughout the entire duration of the ESOS does not exceed the maximum allowable allotment permitted by Bursa Securities as stated above.

ESOS exercised during the financial period from 1 October 2021 to 31 December 2022 were:

	Exercise price (RM)	At 01.10.2021	Granted	Exercised	At 31.12.2022
Grant date					
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)	–

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.

DIRECTORS' REPORT
(CONT'D)

DIRECTORS

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

Chan Jee Peng	
Datuk Chong Loong Men	
Lim Ming Chang	
Ling Chi Hoong	
Ng Fun Kim	
Zulkarnin Bin Ariffin	
Lim Kon Lian	(Resigned on 28 December 2021)
Tay Ben Seng, Benson	(Appointed on 27 December 2021 and resigned on 30 May 2022)

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

Chrisantha Samuel Mendis	
Lim Pak Hong	
Chuah En Sze	(Appointed on 1 October 2021)
Tan Wei Wei	(Appointed on 1 October 2021)
Lee Siew Ling	(Appointed on 11 October 2021)
Tan Lee Ching	(Appointed on 11 October 2021)
William Shak Soo Wei	(Appointed on 11 October 2021)
Caryn Foo	(Appointed on 23 May 2022)

DIRECTORS' INTERESTS

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

	Number of ordinary shares			
	At 01.10.2021	Bought	Disposal	At 31.12.2022
Shareholdings in the name of directors				
Direct interests:				
Datuk Chong Loong Men	–	100,000	–	10,000*
Lim Ming Chang	1,700,000	41,000,000	(42,700,000)	–
	Number of share options			
	At 01.10.2021	Granted	Exercised	At 31.12.2022
Share options in the name of directors				
Lim Ming Chang	–	41,000,000	(41,000,000)	–

*Share consolidation of every 10 existing ordinary shares into 1 consolidated share completed on 17 October 2022.

By virtue of their shareholdings in the holding company, the Directors are deemed to have interest in shares in the subsidiaries of the Company 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 period had any interest in the ordinary shares of the Company or of its related corporations during the financial period.

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 29(b) to the financial statements.

The details of the directors' remuneration for the financial period ended 31 December 2022 are set out below:

	Group RM	Company RM
Directors' remuneration		
Fees	293,000	275,000
Salaries, wages and other emoluments	2,024,575	428,300
Defined contribution plans	252,778	53,789
	2,570,353	757,089

Neither during nor at the end of the financial period, 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

There was no indemnity given to or insurance effected for any Directors, officers and auditors of the Company in accordance with Section 289 of the Companies Act 2016.

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 no bad debts had been 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 period 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 period.
- (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 period 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) except for the fair value loss on quoted investment of RM12,799,636 and the write down of slow-moving inventories of RM17,511,682, the results of the operations of the Group and of the Company during the financial period 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 period 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 period in which this report is made.

SUBSIDIARY COMPANIES

The details of the subsidiary companies are disclosed in Note 7 of the financial statements.

SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

The significant events are disclosed in Note 34 to the financial statements.

SUBSEQUENT EVENTS

The subsequent events are disclosed in Note 35 to the financial statements.

AUDITORS' REMUNERATION

The auditors' remuneration of the Group and of the Company for the financial period ended 31 December 2022 are RM137,000 and RM55,000 respectively.

AUDITORS

The auditors, Messrs. UHY, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 28 April 2023.

ZULKARNIN BIN ARIFFIN
(MIA No.: 16942)

KUALA LUMPUR

DATUK CHONG LOONG MEN

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 2022 and of their financial performance and cash flows for the financial period then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 28 April 2023.

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 28 April 2023

ZULKARNIN BIN ARIFFIN
 (MIA No.: 16942)

Before me,

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF LKL INTERNATIONAL BERHAD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of LKL INTERNATIONAL BERHAD, which comprise the statements of financial position as at 31 December 2022 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 period then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 67 to 133.

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 2022, and of their financial performance and their cash flows for the financial period 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 period. 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
1. Valuation of inventories As at 31 December 2022, the Group's carrying amount of inventories, which are stated at the lower of cost and net realisable value, is RM10,413,203 which represents 7% of the Group's total assets as disclosed in Note 10. The management applied significant judgement and estimation in determining the net realisable value as the net realisable value of the Group's inventories are dependent on the constant changes in the market demand and the assumptions are based on latest available market price, inventories' nature and age. Potential changes in these estimates could result in revisions to the valuation of inventories.	We have obtained an understanding of the management control process in respect of the determination of the net realisable value of the inventories and evaluated the design and implementation of the relevant controls. We have tested the accuracy of the aging of inventories by testing the age profile of the inventory balances to the respective goods received notes. We have evaluated the Group's inventory net realisable values for finished goods as at 31 December 2022 by comparing the carrying value of the inventories to sales made to external customers subsequent to financial period end. Tested management's assessment on the net realisable value by comparing it to the recent transacted price and taking into consideration the estimation selling costs and market sentiments.

INDEPENDENT AUDITORS' REPORT (CONT'D)

Key Audit Matters (Cont'd)

Key Audit Matters	How we addressed the key audit matters
2. Impairment of trade receivables As at 31 December 2022, the carrying value of the Group's trade receivables amounted to RM7,639,481. 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 have obtained an understanding and evaluated the appropriateness of the Group's policy on management credit risk and its credit exposures. We have assessed the reasonableness of the methods and assumptions used by management in estimating the recoverable amount and impairment loss. We have tested the accuracy and completeness of the data used by the management. We reviewed the adequacy of the amount of impairment loss and enquired with management regarding the recoverability of trade receivables that are past due but not impaired.

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.

INDEPENDENT AUDITORS' REPORT (CONT'D)

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 skepticism throughout the audit. We also:

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

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

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 period 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.

INDEPENDENT AUDITORS' REPORT
(CONT'D)**Other Matters**

- (a) The financial statements of the Group and the Company for the financial period ended 30 September 2021 were audited by another auditor and are presented here merely for comparative purposes. The report issued by the predecessor auditors, which was dated 28 January 2022, expressed an unmodified opinion.
- (b) 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

28 April 2023

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Note	Group		Company	
		31.12.2022	30.09.2021 (Restated)	31.12.2022	30.09.2021 (Restated)
		RM	RM	RM	RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	4	63,923,422	40,267,417	2,667	–
Right-of-use assets	5	3,120,988	3,061,084	–	–
Goodwill	6	–	–	–	–
Investment in subsidiary companies	7	–	–	129,277,227	31,580,190
Investment in associate	8	–	–	–	–
Investment in quoted shares	9	24,703,677	–	–	–
		91,748,087	43,328,501	129,279,894	31,580,190
Current Assets					
Inventories	10	10,413,203	15,045,121	–	–
Trade receivables	11	7,639,481	9,866,356	–	–
Other receivables	12	9,657,230	2,394,726	517,316	19,474
Amounts due from subsidiary companies	13	–	–	8,127,135	51,780,907
Amount due from a related company	14	228,355	228,355	–	–
Amount due from an associate	15	116	366,202	–	–
Tax recoverable		4,079,478	2,321,789	93,906	85,884
Deposit with licensed financial institution	16	12,000,000	15,000,000	12,000,000	–
Cash and bank balances	16	14,707,719	65,661,852	9,112,547	48,366,205
		58,725,582	110,884,401	29,850,904	100,252,470
Total Assets		150,473,669	154,212,902	159,130,798	131,832,660

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

STATEMENTS OF FINANCIAL POSITION
(CONT'D)

	Note	Group		Company	
		31.12.2022 RM	30.09.2021 (Restated) RM	31.12.2022 RM	30.09.2021 (Restated) RM
EQUITY					
Share capital	17	191,704,049	177,525,129	191,704,049	177,525,129
Merger deficit	18	(29,579,990)	(29,579,990)	–	–
Accumulated losses		(32,048,144)	(12,060,194)	(32,783,798)	(45,983,995)
Equity attributable to owners of the Company		130,075,915	135,884,945	158,920,251	131,541,134
Non-controlling interests		(667,747)	(561,934)	–	–
Total Equity		129,408,168	135,323,011	158,920,251	131,541,134
LIABILITIES					
Non-Current Liabilities					
Borrowings	19	6,733,596	4,888,737	–	–
Lease liabilities	20	1,214,454	1,471,399	–	–
		7,948,050	6,360,136	–	–
Current Liabilities					
Trade payables	21	1,668,005	4,572,189	–	–
Other payables	22	8,420,617	6,084,984	210,547	291,526
Borrowings	19	1,828,162	659,460	–	–
Lease liabilities	20	1,200,667	1,213,122	–	–
		13,117,451	12,529,755	210,547	291,526
Total Liabilities		21,065,501	18,889,891	210,547	291,526
Total Equity and Liabilities		150,473,669	154,212,902	159,130,798	131,832,660

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2021 TO 31 DECEMBER 2022

	Note	Group		Company	
		01.10.2021 to 31.12.2022 (15 months) RM	01.05.2020 to 30.09.2021 (17 months) RM	01.10.2021 to 31.12.2022 (15 months) RM	01.05.2020 to 30.09.2021 (17 months) RM
Revenue	23	102,475,715	75,504,632	–	–
Cost of sales		(87,612,905)	(58,339,155)	–	–
Gross profit		14,862,810	17,165,477	–	–
Other income		3,271,208	1,365,363	176,468	179,509
Administrative expenses		(18,081,302)	(24,599,195)	(2,607,050)	(4,252,676)
Selling and distribution expenses		(2,197,501)	(2,331,714)	(18,865)	–
Other expenses		(25,666,608)	(2,309,788)	(16,844,075)	–
Net gain/(loss) of impairment on financial instruments		6,856,032	(40,666,839)	32,077,019	(44,033,695)
Share of losses in an associate		–	(73,798)	–	–
Finance costs	25	(437,843)	(571,474)	–	–
(Loss)/Profit before tax	24	(21,393,204)	(52,021,968)	12,783,497	(48,106,862)
Tax credit/(expense)	26	882,741	(127,740)	–	–
(Loss)/Profit for the financial period representing total comprehensive (expense)/ income for the financial period		(20,510,463)	(52,149,708)	12,783,497	(48,106,862)
(Loss)/Profit and total comprehensive (expense)/ income attributable to:					
Owners of the Company		(20,404,650)	(51,629,923)	12,783,497	(48,106,862)
Non-controlling interests		(105,813)	(519,785)	–	–
		(20,510,463)	(52,149,708)	12,783,497	(48,106,862)
Basic loss per share (sen)	27	(2.20)	(10.39)		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2021 TO 31 DECEMBER 2022

	Attributable to Owners of the Company					Non-controlling interests RM	Total equity RM
	Share capital RM	Employee Share Option Scheme ("ESOS") reserves RM	Merger deficit RM	Accumulated losses RM	Total RM		
Group							
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 expense 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)

	Attributable to Owners of the Company				Total RM	Non- controlling interests RM	Total equity RM
	Share capital RM	Employee Share Option Scheme ("ESOS") reserves RM	Merger deficit RM	Retained earnings/ (Accumulated losses) RM			
Group							
At 1 May 2020	53,298,848	–	(29,579,990)	36,761,290	60,480,148	(42,149)	60,437,999
Loss for the financial period, representing total comprehensive expense for the financial period	–	–	–	(51,629,923)	(51,629,923)	(519,785)	(52,149,708)
	53,298,848	–	(29,579,990)	(14,868,633)	8,850,225	(561,934)	8,288,291
Transactions with owners:							
Issue of shares pursuant to private placements	97,697,156	–	–	–	97,697,156	–	97,697,156
Issue of shares pursuant to exercise of ESOS	27,658,113	–	–	–	27,658,113	–	29,300,312
Share options granted under ESOS	–	2,808,439	–	–	2,808,439	–	2,808,439
Lapsed share options	–	(1,166,240)	–	1,166,240	–	–	–
Prior year adjustment	–	(1,642,199)	–	1,642,199	–	–	–
	125,355,269	–	–	2,808,439	128,163,708	–	128,163,708
Share issuance cost	(1,128,988)	–	–	–	(1,128,988)	–	(1,128,988)
At 30 September 2021 (As restated)	177,525,129	–	(29,579,990)	(12,060,194)	135,884,945	(561,934)	135,323,011

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

STATEMENTS OF CHANGES IN EQUITY
(CONT'D)

	Attributable to Owners of the Company			
	Non-distributable	Employee Share Option Scheme ("ESOS") reserves	Accumulated losses	Total equity
	Share capital RM	RM	RM	RM
Company				
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
At 1 May 2020	53,298,848	–	(685,572)	52,613,276
Loss for the financial period, representing total comprehensive expense for the financial period	–	–	(48,106,862)	(48,106,862)
Transactions with owners:				
Issue of shares pursuant to private placements	97,697,156	–	–	97,697,156
Issue of shares pursuant to exercise of ESOS	27,658,113	–	–	27,658,113
Share options granted under ESOS	–	2,808,439	–	2,808,439
Lapsed share options	–	(1,166,240)	1,166,240	–
Prior year adjustment	–	(1,642,199)	1,642,199	–
	125,355,269	–	2,808,439	128,163,708
Share issuance cost	(1,128,988)	–	–	(1,128,988)
At 31 September 2021 (As restated)	177,525,129	–	(45,983,995)	131,541,134

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2021 TO 31 DECEMBER 2022

	Group		Company	
	01.10.2021 to 31.12.2022 (15 months) RM	01.05.2020 to 30.09.2021 (17 months) (Restated) RM	01.10.2021 to 31.12.2022 (15 months) RM	01.05.2020 to 30.09.2021 (17 months) (Restated) RM
Cash Flows Used in Operating Activities				
(Loss)/Profit before tax	(21,393,204)	(52,021,968)	12,783,497	(48,106,862)
Adjustments for:				
Depreciation of:				
- Property, plant and equipment	2,174,307	2,391,531	1,212	-
- Right-of-use assets	1,682,184	1,359,481	-	-
Impairment loss on trade receivables	-	2,090,134	-	-
Reversal of impairment loss on trade receivables	(1,816,735)	(56,900)	-	-
Impairment loss on other receivables	-	38,633,605	-	-
Reversal of impairment loss on other receivables	(5,405,499)	-	-	-
Impairment loss on amount due from an associate	366,202	-	-	-
Impairment loss on amounts due from subsidiaries	-	-	238,517	44,033,695
Reversal of impairment loss on amounts due from subsidiaries	-	-	(32,315,536)	-
Impairment loss on investment in subsidiaries	-	-	16,842,863	1,000,000
Net write-down on inventories	17,511,682	5,968,414	-	-
Impairment loss on property, plant and equipment	-	782,507	-	-
Property, plant and equipment written off	174,420	3,774	-	-
(Reversal of)/Provision for liquidated ascertained damages	(788,389)	788,389	-	-
Interest income	(463,874)	(259,045)	(176,468)	(179,509)
Interest expense	437,843	571,474	-	-
Gain on disposal of property, plant and equipment	(20,395)	(102,631)	-	-
Gain on disposal of right-of-use asset	(1,999)	-	-	-
Right-of-use assets written off	-	59,738	-	-
Share-based payment	416,700	2,808,439	416,700	-
Gain on disposal of quoted investments	(1,499,836)	-	-	-
Fair value loss on quoted investments	12,799,636	-	-	-
Unrealised (gain)/loss on foreign exchange	(91,794)	48,699	-	-
Share of losses in an associate	-	73,798	-	-
Rent discounts received	-	(26,550)	-	-
Gain on termination of right-of-use assets and lease liabilities	(56,418)	(3,122)	-	-

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

STATEMENTS OF CASH FLOWS
(CONT'D)

	Group		Company	
	01.10.2021 to 31.12.2022 (15 months) RM	01.05.2020 to 30.09.2021 (17 months) (Restated) RM	01.10.2021 to 31.12.2022 (15 months) RM	01.05.2020 to 30.09.2021 (17 months) (Restated) RM
Operating profit/(loss) before working capital changes	4,024,831	3,109,767	(2,209,215)	(3,252,676)
Changes in working capital:				
Inventories	(12,879,764)	(7,757,850)	–	–
Receivables	2,191,266	(27,303,133)	(497,842)	(59)
Payables	211,039	3,043,377	(80,979)	223,789
Cash used in operations	(6,452,628)	(28,907,839)	(2,788,036)	(3,028,946)
Tax refunded	–	898,710	–	–
Tax paid	(874,948)	(2,846,357)	(8,022)	(24,228)
Net cash used in operating activities	(7,327,576)	(30,855,486)	(2,796,058)	(3,053,174)
Cash Flows Used in Investing Activities				
Proceeds from disposal of property, plant and equipment	23,064	155,920	–	–
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	(18,807,401)	(12,918,956)	(3,879)	–
Acquisition of right-of-use assets	(275,899)	(31,815)	–	–
Acquisition of investment in quoted investments	(37,503,313)	–	–	–
Acquisition of investment in subsidiaries	–	–	(99,900)	(200)
Acquisition of investment in an associate	–	(40,000)	–	–
Interest received	463,874	259,045	176,468	179,509
Advance to an associate	(116)	(400,000)	–	–
Advances to subsidiaries	–	–	(38,709,209)	(74,671,170)
Repayment to a related company	–	(228,355)	–	–
Interest received	463,874	259,045	176,468	179,509
Net cash used in investing activities	(54,597,955)	(13,204,161)	(38,636,520)	(74,491,861)

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

STATEMENTS OF CASH FLOWS (CONT'D)

	Group		Company	
	01.10.2021 to 31.12.2022 (15 months) RM	01.05.2020 to 30.09.2021 (17 months) (Restated) RM	01.10.2021 to 31.12.2022 (15 months) RM	01.05.2020 to 30.09.2021 (17 months) (Restated) RM
Cash Flows Generated from Financing Activities				
Interest paid	(437,843)	(571,474)	–	–
Employee share option scheme exercised	2,921,600	27,658,113	2,921,600	27,658,113
Proceeds from private placements	11,391,570	97,697,156	11,391,570	97,697,156
Share issuance cost	(134,250)	(1,128,988)	(134,250)	(1,128,988)
Net repayment of borrowings	(4,186,439)	(260,474)	–	–
Net repayment of lease liabilities	(1,679,172)	(1,505,471)	–	–
Net cash generated from financing activities	7,875,466	121,888,862	14,178,920	124,226,281
Net (decrease)/increase in cash and cash equivalents	(54,050,065)	77,829,215	(27,253,658)	46,681,246
Cash and cash equivalents at beginning of the financial period	80,661,852	2,879,459	48,366,205	1,684,959
Effect of exchange rate changes on cash and cash equivalents	95,932	(46,822)	–	–
Cash and cash equivalents at end of the financial period	26,707,719	80,661,852	21,112,547	48,366,205
Cash and cash equivalents comprise of:				
Cash and bank balances	14,707,719	65,661,852	9,112,547	48,366,205
Deposits with licensed financial institutions	12,000,000	15,000,000	12,000,000	–
	26,707,719	80,661,852	21,112,547	48,366,205

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

STATEMENTS OF CASH FLOWS
(CONT'D)

Note:

(i) Reconciliation of liabilities arising from financial liabilities

	Lease liabilities RM	Term loans RM	Bankers' acceptance RM	Trust receipt RM
Group				
At 1 May 2020	2,190,086	5,584,671	120,000	104,000
Acquisition of right-of-use assets	2,029,578	–	–	–
Gain on termination of right-of-use assets and lease liabilities	(3,122)	–	–	–
Rent discount received	(26,550)	–	–	–
Net (repayment)/proceeds	(1,505,471)	(274,155)	117,681	(104,000)
At 30 September 2021/ 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	2,415,121	7,135,758	1,426,000	–

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2021 TO 31 DECEMBER 2022

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 period.

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 significant accounting policies below.

Adoption of amended standards

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

Amendments to MFRS 16	Covid-19-Related Rent Concessions
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform - Phase 2
Amendments to MFRS 16	Covid-19-Related Rent Concessions Beyond 30 June 2021

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

Standards issued but not yet effective

The Group and the Company have not applied the following new standard and 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 3	Reference of the Conceptual Framework	1 January 2022
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds Before Intended Use	1 January 2022
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)**2. BASIS OF PREPARATION (CONT'D)****(a) Statement of compliance (Cont'd)****Standards issued but not yet effective (Cont'd)**

The Group and the Company have not applied the following new standard and amendments to standards that have been issued by the MASB but are not yet effective for the Group and the Company: (Cont'd)

		Effective dates for financial periods beginning on or after
Annual Improvements to MFRSs Standards 2018 - 2020:		1 January 2022
• Amendments to MFRS 1		
• Amendments to MFRS 9		
• Amendments to MFRS 16		
• Amendments to MFRS 141		
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 - Comparative Information	1 January 2023
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101	Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108	Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101	Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 10 and MFRS128	Sales 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 new standard and amendments to standards, if applicable, when they become effective.

The initial application of the above-mentioned new standard and amendments to standards are not expected to have any significant impact on the financial statements of the Company.

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. BASIS OF PREPARATION (CONT'D)

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

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 applies 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 land, building, motor vehicles and plant and machinery with non-cancellable period included as part of the lease term 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/amortisation of property, plant and equipment and right-of-use ("ROU") assets

The Group and the Company regularly review the estimated useful lives of property, plant and equipment and ROU assets 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 and ROU assets would increase the recorded depreciation and decrease the value of property, plant and equipment and ROU assets. The carrying amount at the reporting date for property, plant and equipment and ROU assets are disclosed in Notes 4 and 5 respectively.

Impairment of non-financial assets

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

Valuation of inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)**2. BASIS OF PREPARATION (CONT'D)****(c) Significant accounting judgements, estimates and assumptions (Cont'd)****Key sources of estimation uncertainty (Cont'd)**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 and related companies 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.

Discount rate used in leases

Where the interest rate implicit in the lease cannot be readily determined, the Group uses the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the interest rate that the Group would have to pay to borrow over a similar term, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, the incremental borrowing rate requires estimation, particularly when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs when available and is required to make certain entity-specific estimates.

Employee share options

The Group and the Company measure the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date of which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including expected life of the share option, volatility and dividend yield and making assumptions about them. Details of assumptions made in respect of the share-based payments scheme are disclosed in Note 17.

Carrying value of investments in subsidiary companies

Investment in subsidiary companies is reviewed for impairment annually in accordance with its accounting policy as disclosed in Note 3(k)(i) to the financial statements, or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Significant judgement is required in the estimation of the present value of future cash flows generated by the subsidiaries, which involves uncertainties and are significantly affected by assumptions and judgements made regarding estimated of future cash flows and discount rates. Changes in assumptions could significantly affect the Company amount of investment in subsidiary.

Income taxes

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group and the Company recognise liabilities for tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these tax matters is different from the amounts that were initially recognised, such differences will impact the income tax and/or deferred tax provisions in the period in which such determination is made. As at 31 December 2022, the Group has tax recoverable of RM4,079,478 (30.09.2021: RM2,321,789) and the Company has tax recoverable of RM93,906 (30.09.2021: RM85,884).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of consolidation

(i) Merger accounting for common control business combinations

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

Subsidiaries acquired which have met the criteria for pooling of interest are accounted for using merger accounting principles. Under the merger method of accounting, the results of the subsidiaries are presented as if the merger had been effected throughout the current financial 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 at the time of the common control business combination to the extent of the continuation of the controlling party and parties' interests.

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

(ii) Business combinations

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

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

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

(iii) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The Group considers it has de-facto power over an investee when, despite not having the majority of voting rights, it has the current ability in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders to direct the activities of the investee that significantly affect the investee's return. Potential voting rights are considered when assessing control only when such rights are substantive.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (Cont'd)

(iii) Subsidiaries (Cont'd)

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(iv) Non-controlling interest

Non-controlling interest at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, is presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interest in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit and loss and the other comprehensive income for the year between non-controlling interest and the owners of the Company.

Losses applicable to the non-controlling interest in a subsidiary are allocated to the non-controlling interest even if doing so caused the non-controlling interest to have a deficit balance.

(v) Transactions with non-controlling interest

Transactions with non-controlling interest are accounted for using the entity concept method, whereby, transactions with non-controlling interest are accounted for as transactions with owners.

On acquisition of non-controlling interest, the difference between the consideration and the Group's share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to non-controlling interest is recognised directly in equity.

(vi) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interest and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as equity accounted investee or as a financial asset depending on the level of influence retained.

(vii) Associate

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investment in associate are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The cost of the investment includes transaction costs. The consolidated financial statements includes the Group's share of the profit or loss and other comprehensive income of the associate, after adjustment if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (Cont'd)

(vii) Associate (Cont'd)

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of future losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in profit or loss.

When the Group's interest in an associate decrease but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investment in associate is measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(viii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity accounted associates are eliminated against the investment to the extent of the Group's interest in the associates. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(ix) Goodwill on consolidation

The excess of the aggregate if the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary company acquired (ie. A bargain purchase), the gain is recognised in profit or loss.

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying amount may be impaired. The policy of recognition and measurement of impairment losses is in accordance with Note 3(k)(i) on impairment of non-financial assets.

(b) Foreign currency translation and balances

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(b) Foreign currency translation and balances (Cont'd)**

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end reporting date are included in profit or loss.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the reporting period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised in other comprehensive income.

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss. The policy of recognition and measurement of impairment losses is in accordance with Note 3(k)(i) on impairment of non-financial assets.

(i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

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

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group or the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) 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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(c) Property, plant and equipment (Cont'd)****(iii) Depreciation (Cont'd)**

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%

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the property, plant and equipment.

(d) LeasesAs Lessee

The Group recognises a ROU asset and a lease liability at the lease commencement date. The ROU assets are initially measured at cost, which comprise the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or site on which it is located, less any lease incentives received.

The ROU assets are subsequently measured at cost less any accumulated depreciation, accumulated impairment loss and, if applicable, adjusted for any remeasurement of lease liabilities. The policy of recognition and measurement of impairment losses is in accordance with Note 3(k)(i) on impairment of non-financial assets.

The ROU assets under cost model 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 ROU assets are subject to impairment.

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. Lease payments included in the measurement of the lease liability include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Group is reasonably certain to exercise.

Variable lease payments that do not depend on an index or a rate and are dependent on a future activity are recognised as expenses in profit or loss in the period in which the event or condition that triggers the payment occurs.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(d) Leases (Cont'd)**As Lessee (Cont'd)

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in rate, or if the Group changes its assessment of whether it will exercise an extension or termination option.

The Group has elected not to recognise ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or leases of low-value assets. Lease payments associated with short term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short term leases are leases with a lease term of 12 months or less and do not contain a purchase option. Low value assets are those assets valued at less than RM20,000 each when purchased new.

As Lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases.

If the lease arrangement contains lease and non-lease components, the Group applies MFRS 15 *Revenue from Contracts with Customers* to allocate the consideration in the contract based on the stand-alone selling price.

The Group recognises assets held under a finance lease in its statements of financial position and presents them as a receivable at an amount equal to the net investment in the lease. The Group uses the interest rate implicit in the lease to measure the net investment in the lease.

The Group recognises lease payments under operating leases as income on a straight-line basis over the lease term unless another systematic basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished. The lease payment recognised is included as part of "other income". Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(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 investment in quoted shares, trade and other receivables, deposits with licensed financial institution, amount due from subsidiary companies, a related company and an associate 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Financial assets (Cont'd)

(i) Financial assets at amortised cost (Cont'd)

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 other comprehensive income ("FVTOCI")

(a) Debt instruments

A debt security is measured at FVTOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt investment not designated at fair value through profit or loss, interest income calculated using effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income.

On derecognition, gains and losses accumulated in other comprehensive income ("OCI") are reclassified to profit or loss.

(b) Equity instruments

On initial recognition of an equity investment that is not held for trading, the Group and the Company may irrevocably elect to present subsequent changes in fair value in OCI on an investment-by-investment basis.

Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in OCI.

On derecognition, gain and losses accumulated in OCI are not reclassified to profit or loss.

(iii) 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 recognised in profit or loss.

All financial assets, except for those measured at FVTPL and equity investments measured at FVTOCI, are subject to impairment assessment as disclosed in Note 3(k)(ii) on impairment of financial assets.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(e) Financial assets (Cont'd)****(iii) Financial assets at fair value through profit or loss ("FVTPL") (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, into the following categories:

(i) Financial liabilities 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, bank borrowings and lease liabilities.

(ii) Financial liabilities at fair value through profit or loss

The Group and the Company have not designated any financial liabilities at FVTPL.

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) Offsetting of financial instruments

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Financial guarantee contract

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs when the guaranteed debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as financial liabilities at fair value, net of transaction costs. Subsequently, the liability is measured at the higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15 *Revenue from Contract with Customers*.

(i) 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.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, short term deposit, and bank overdraft. For the purpose of statements of cashflows, cash and cash equivalents are presented net of bank overdraft.

(k) 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 goodwill, the recoverable amount is estimated at each period.

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. Subject to operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(k) Impairment of assets (Cont'd)****(i) Non-financial assets (Cont'd)**

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 respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, 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 and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have 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.

(l) Share capital**Ordinary shares**

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Share capital (Cont'd)

Ordinary shares (Cont'd)

Dividend distribution to the Company's shareholders is recognised as a liability in the period they are approved by the Board of Directors except for the final dividend which is subject to approval by the Company's shareholders.

(m) Employee benefits

(i) Short-term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the reporting period in which the associated services are rendered by employees of the Group and of the Company. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick and medical leave are recognised when the absences occur.

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

(ii) Defined contribution plans

As required by law, companies in Malaysia contribute to the state pension scheme, the Employee Provident Fund ("EPF"). Such contributions are recognised as an expense in profit or loss as incurred. Once the contributions have been paid, the Group and the Company have no further payment obligations.

(iii) Share-based payments

Employee services received in exchange for the grant of share options are recognised as an expense in profit or loss over the vesting periods of the grant with corresponding increase in equity.

The grant date fair value of share-based payment granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the employee share options is measured using the Trinomial Option Pricing Model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised. When the options are not exercised and lapsed, the share option reserve is transferred to retained earnings.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(n) Revenue and other income recognition****(i) Revenue from contracts with customers**

Revenue is recognised when the Group satisfied a performance obligation ("PO") by transferring a promised goods or services to the customer, which is when the customer obtains control of the good or service. A PO may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied PO.

The Group recognises revenue from the following major sources:

(a) Sale of goods

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

(ii) Interest income

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

(iii) Rental income

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

(o) Provisions

Provisions are recognised when the Group or the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(p) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Income taxes

Tax expense in profit or loss comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method for all temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that future taxable profits will be available against which the unutilised tax incentive can be utilised.

(r) Segments reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers are responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions. The Group's operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

(s) 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 and other short-term, highly liquid investments that are readily convertible into cash with insignificant risk of changes in value against which bank overdrafts, if any, are deducted.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(t) Fair value measurement**

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follow:

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

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

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 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)

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 May 2020	23,864,141	364,880	889,511	3,901,342	11,354,707	1,808,228	45,235	358,795	42,586,839
Additions	600,000	-	-	550,820	703,695	249,081	12,480	10,802,880	12,918,956
Disposal	-	-	(137,041)	(90,544)	(267,420)	-	-	-	(495,005)
Written off	-	-	-	(46,760)	-	-	-	-	(46,760)
At 30 September 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
Accumulated depreciation									
At 1 May 2020	2,139,955	71,709	889,501	2,068,941	6,380,425	430,935	25,811	-	12,007,277
Charge for the financial period	370,698	14,363	-	543,009	1,181,234	276,114	6,113	-	2,391,531
Disposal	-	-	(137,040)	(37,259)	(267,417)	-	-	-	(441,716)
Written off	-	-	-	(42,986)	-	-	-	-	(42,986)
At 30 September 2021	2,510,653	86,072	752,461	2,531,705	7,294,242	707,049	31,924	-	13,914,106
Accumulated impairment									
At 1 May 2020	-	-	-	-	-	-	-	-	-
Charge for the financial period	-	-	-	500,568	-	277,236	4,703	-	782,507
At 30 September 2021	-	-	-	500,568	-	277,236	4,703	-	782,507
Carrying Amount									
At 30 September 2021	21,953,488	278,808	9	1,282,585	4,496,740	1,073,024	21,088	11,161,675	40,267,417

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

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

Company	Office equipment, furniture & fittings RM
Cost	
At 1 October 2021	–
Additions	3,879
At 31 December 2022	3,879
Accumulated depreciation	
At 1 October 2021	–
Charge for the financial period	1,212
At 31 December 2022	1,212
Carrying Amount	
At 31 December 2022	2,667

- (a) Freehold land and buildings of the Group with carrying amount of RM22,167,504 (2021: RM21,175,564) are pledged as security for banking facilities granted to the Group.
- (b) Purchase of property, plant and equipment

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

	Group		Company	
	01.10.2021 to 31.12.2022 RM	01.05.2020 to 30.09.2021 RM	01.10.2021 to 31.12.2022 RM	01.05.2020 to 30.09.2021 RM
Cash	18,807,401	12,918,956	3,879	–
Term loan financing	7,200,000	–	–	–
	26,007,401	12,918,956	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 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
Cost					
At 1 May 2020	119,700	1,594,838	2,181,911	576,805	4,473,254
Additions	–	1,746,797	314,596	–	2,061,393
Written off	–	(137,708)	–	–	(137,708)
At 30 September 2021	119,700	3,203,927	2,496,507	576,805	6,396,939
Accumulated depreciation					
At 1 May 2020	24,106	377,052	1,619,539	33,647	2,054,344
Charge for the financial period	4,710	817,052	456,005	81,714	1,359,481
Written off	–	(77,970)	–	–	(77,970)
At 30 September 2021	28,816	1,116,134	2,075,544	115,361	3,335,855
Carrying amount					
At 30 September 2021	90,884	2,087,793	420,963	461,444	3,061,084

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

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

- (a) ROU assets under hire purchase arrangements

Included in the above are motor vehicles and plant and machinery with carrying amount of RM1,426,094 (30.09.2021: RM882,407) of the Group which are pledged as securities for the related lease liabilities.

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

	01.10.2021 to 31.12.2022 RM	Group 01.05.2020 to 30.09.2021 RM
Cash	275,899	31,815
Lease liabilities	2,011,200	2,029,578
	2,287,099	2,061,393

6. GOODWILL

	31.12.2022 RM	Group 30.09.2021 RM
Cost		
At beginning of the financial period	24,358	24,358
Less: Accumulated impairment loss	(24,358)	(24,358)
At end of the financial period	–	–

7. INVESTMENT IN SUBSIDIARY COMPANIES

	31.12.2022 RM	Company 30.09.2021 RM
In Malaysia		
Unquoted shares, at cost	147,120,090	32,580,190
Less: Accumulated impairment loss	(17,842,863)	(1,000,000)
	129,277,227	31,580,190

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

7. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

Movements in the impairment loss on investment in subsidiary companies during the financial period are as follows:

	31.12.2022 RM	Company 30.09.2021 RM
At beginning of the financial period	1,000,000	–
Impairment loss recognised	16,842,863	1,000,000
At end of the financial period	17,842,863	1,000,000

Details of the subsidiary companies are as follows:

Name of company	Country of incorporation	Effective equity interest (%)		Principal activities
		31.12.2022	30.09.2021	
LKL Advance Metaltech Sdn. Bhd. ("LKLAM")	Malaysia	100	100	Provision of medical/healthcare beds, peripheral and accessories
Medik Gen Sdn. Bhd. ("MGSB")	Malaysia	100	100	Trading in hospital furniture, laboratory furniture, medical equipment, utensils and accessories, and providing management and advisory services
TMI Medik Group Sdn. Bhd. ("TMG")*	Malaysia	70	70	Trading in medical equipment, medical peripherals and accessories, and distribution of pharmaceutical products
Aluxcare Wellness Sdn. Bhd. ("AWSB")	Malaysia	100	100	To carry on the business wholesale, retail, importer and exporter of and dealers in all kinds of drugs, chemicals, alkalis, cosmetics, personal care, health food, medical device, manure antibodies and pharmaceutical medicinal
Carelife Center Sdn. Bhd. ("CCSB")	Malaysia	100	100	Trading of medical and emergency equipment and accessories
LKL Medical (Sarawak) Sdn. Bhd. ("LKLMS")	Malaysia	100	Nil	Trading of medical and emergency equipment and accessories

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

(a) Incorporation of subsidiary companies

On 21 April 2021, the Group incorporated a subsidiary, Carelife Center Sdn. Bhd. ("CCSB") with a paid up share capital of 100 shares for RM1 each. On the same date, the Group incorporated another subsidiary, Aluxcare Wellness Sdn. Bhd. ("AWSB") with a paid up share capital of 100 shares for RM1 each.

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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)**7. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)****(b) Addition of investment in subsidiary companies**

During the 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;
- increased 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 recoverable value is determined by the fair value of the cost of investment less costs to sell. The Directors have determined the fair value less cost to sell based on the net assets value of the subsidiaries. The total impairment of RM16,842,863 (30.09.2021: RM 1,000,000) were made for the financial period under review.

(d) Non-controlling interest ("NCI") in a subsidiary Company

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

Effective equity interest of NCI		TMI Medik Group Sdn. Bhd.			
		Loss allocated to NCI		Accumulated NCI	
		01.10.2021 to 31.12.2022 RM	01.05.2020 to 30.09.2021 RM		
31.12.2022 %	30.09.2021 %			31.12.2022 RM	30.09.2021 RM
30	30	(105,813)	(519,785)	(667,747)	(561,934)

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

(a) Summarised statement of financial position

	TMG	
	31.12.2022 RM	30.09.2021 RM
Current assets	389,311	754,549
Current liabilities	(2,615,145)	(2,627,673)
Net liabilities	(2,225,834)	(1,873,124)

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

7. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

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

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

	TMG	
	01.10.2021 to 31.12.2022 RM	01.05.2020 to 30.09.2021 RM
Revenue	8,750	517,464
Loss for the financial period	(352,710)	(1,732,618)
Total comprehensive expense	(352,710)	(1,732,618)

(c) Summarised statement of cash flows

	TMG	
	01.10.2021 to 31.12.2022 RM	01.05.2020 to 30.09.2021 RM
Net cash (used in)/generated from operating activities	(24,974)	379,892
Net cash used in investing activities	–	(25,538)
Net cash used in financing activities	–	(1,287,687)

8. INVESTMENT IN ASSOCIATE

	Group	
	31.12.2022 RM	30.09.2021 RM
At cost		
Unquoted shares in Malaysia	40,000	40,000
Share of post-acquisition reserves	(40,000)	(40,000)
	–	–

Details of the associate company are as follows:

Name of company	Country of incorporation	Effective equity interest (%)		Principal activities
		31.12.2022	30.09.2021	
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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

9. INVESTMENT IN QUOTED SHARES

	Group 31.12.2022 RM	30.09.2021 RM
Financial asset at fair value through profit or loss		
Investment in quoted shares	24,703,677	–

10. INVENTORIES

	Group 31.12.2022 RM	30.09.2021 RM
At cost		
Raw materials	3,664,814	5,792,704
Work-in-progress	1,542,609	982,653
Finished goods	3,737,541	5,426,744
Goods in transit	217,056	268,480
	9,162,020	12,470,581
At net realisable value		
Finished goods	1,251,183	2,574,540
	10,413,203	15,045,121
Recognised in profit or loss		
Inventories recognised as cost of production	71,064,848	42,864,133
Inventories written down	17,511,682	5,968,414

11. TRADE RECEIVABLES

	Group 31.12.2022 RM	30.09.2021 RM
Trade receivables	7,974,347	12,026,757
Less: Accumulated impairment loss	(334,866)	(2,160,401)
	7,639,481	9,866,356

The Group's normal trade credit terms range from 30 to 90 days (30.09.2021: 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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

11. TRADE RECEIVABLES (CONT'D)

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

	Group 31.12.2022 RM	30.09.2021 RM
At beginning of the financial period	2,160,401	933,374
Impairment loss recognised	–	2,090,134
Reversal of Impairment loss	(1,816,735)	(56,900)
Amount written off	(8,800)	(806,207)
At end of the financial period	334,866	2,160,401

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

	Gross amount RM	Impairment loss RM	Carrying amount RM
Group			
31.12.2022			
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
30.09.2021			
Not past due	4,709,778	–	4,709,778
Past due:			
Less than 30 days	3,090,845	–	3,090,845
31 - 60 days	954,290	–	954,290
61 - 90 days	522,297	–	522,297
91 to 120 days	1,410,587	(821,441)	589,146
	5,978,019	(821,441)	5,156,578
Individually impaired	10,687,797	(821,441)	9,866,356
	1,338,960	(1,338,960)	–
	12,026,757	(2,160,401)	9,866,356

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

11. TRADE RECEIVABLES (CONT'D)

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

As at 31 December 2022, trade receivables of the Group amounting to RM4,613,053 (30.09.2021: RM5,156,578) 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	
	31.12.2022 RM	30.09.2021 RM	31.12.2022 RM	30.09.2021 RM
Other receivables	424,086	199,669	–	–
Advances to suppliers	40,583,641	39,192,485	500	–
Less: Accumulated impairment loss	(33,228,106)	(38,633,605)	–	–
	7,355,535	558,880	500	–
Deposits	987,068	1,347,153	1,300	1,300
Prepayments	890,541	289,024	515,516	18,174
	9,657,230	2,394,726	517,316	19,474

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

	Group	
	31.12.2022 RM	30.09.2021 RM
At beginning of the financial period	38,633,605	–
Reversal of impairment loss	(5,405,499)	–
Impairment loss recognised	–	38,633,605
At end of the financial period	33,228,106	38,633,605

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 for the purchases of nitrile gloves by a wholly-owned subsidiary, LKL Advance Metaltech Sdn. Bhd. ("LKLAM"), totalling RM37,929,081.

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.

During the current financial period, one of the glove supplier has delivered the nitrile gloves partially to LKLAM. As such, LKLAM has made a net reversal of impairment loss of RM5,405,499 in the current financial period with regard to the impairment loss made during the previous financial period.

The remaining orders of nitrile gloves from the other 2 suppliers are discontinued and LKLAM is taking legal proceedings against the 2 suppliers. The details of the litigation are disclosed under Note 33.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)**13. AMOUNTS DUE FROM SUBSIDIARY COMPANIES**

	Company	
	31.12.2022	30.09.2021
	RM	RM
Amounts due from subsidiary companies	20,083,811	95,814,602
Less: Accumulated impairment loss	(11,956,676)	(44,033,695)
	8,127,135	51,780,907

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

	Company	
	31.12.2022	30.09.2021
	RM	RM
At beginning of the financial period	44,033,695	–
Impairment loss recognised	238,517	44,033,695
Reversal of impairment loss	(32,315,536)	–
At end of the financial period	11,956,676	44,033,695

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

14. AMOUNT DUE FROM A RELATED COMPANY

	Group	
	31.12.2022	30.09.2021
	RM	RM
Amount due from a related company	228,355	228,355

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

15. AMOUNT DUE FROM AN ASSOCIATE

	Group	
	31.12.2022	30.09.2021
	RM	RM
Amount due from an associate	366,318	400,000
Less: Accumulated impairment loss	(366,202)	–
Less: Share of losses during the financial period	–	(33,798)
	116	366,202

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

15. AMOUNT DUE FROM AN ASSOCIATE (CONT'D)

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

	Group	
	31.12.2022 RM	30.09.2021 RM
At beginning of the financial period	–	–
Impairment loss recognised	366,202	–
At end of the financial period	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

	Group		Company	
	31.12.2022 RM	30.09.2021 RM	31.12.2022 RM	30.09.2021 RM
Cash and bank balances	14,707,719	65,661,852	9,112,547	48,366,205
Fixed deposits with a licensed bank	12,000,000	15,000,000	12,000,000	–
	26,707,719	80,661,852	21,112,547	48,366,205

Deposits of the Group and of the Company have a maturity period of 1 month (30.09.2021: 181 days) and the effective interest rates are ranging from 2.05% - 2.35% (30.09.2021: 2.05%).

17. SHARE CAPITAL

	31.12.2022 Units	30.09.2021 Units	Group and Company 31.12.2022 RM	30.09.2021 RM (Restated)
Ordinary shares issued and fully paid:				
At beginning of the financial period	773,110,600	428,800,000	177,525,129	53,298,848
Issue of shares pursuant to private placements	157,490,000	255,793,200	11,391,570	97,697,156
Issue of shares pursuant to exercise of ESOS	41,000,000	88,517,400	2,921,600	27,658,113
Share issuance cost	–	–	(134,250)	(1,128,988)
At end of financial the period	971,600,600	773,110,600	191,704,049	177,525,129

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)**17. SHARE CAPITAL (CONT'D)**

During the current financial period, the ordinary share capital of the Company was increased from 773,110,600 units to 971,600,600 units by way of issuance of new ordinary shares pursuant to the following:

- (a) Private placement of 7,490,000 new ordinary shares of 0.0930 each;
- (b) Private placement of 150,000,000 new ordinary shares of RM0.0713 each;
- (c) 28,000,000 options exercised under ESOS at an exercise price of RM0.0711 each; and
- (d) 13,000,000 options exercised under ESOS at an exercise price of RM0.0716 each.

In previous financial period, the ordinary share capital of the Company was increased from 428,800,000 units to 773,110,600 units by way of issuance of new ordinary shares pursuant to the following:

- (a) Private placement of 44,540,000 new ordinary shares of RM0.8600 each;
- (b) Private placement of 12,570,000 new ordinary shares of RM0.8300 each;
- (c) Private placement of 10,000,000 new ordinary shares of RM0.8466 each;
- (d) Private placement of 1,000,000 new ordinary shares of RM0.4030 each;
- (e) Private placement of 1,000,000 new ordinary shares of RM0.3840 each;
- (f) Private placement of 3,500,000 new ordinary shares of RM0.3750 each;
- (g) Private placement of 13,150,000 new ordinary shares of RM0.2690 each;
- (h) Private placement of 170,033,200 new ordinary shares of RM0.2050 each;
- (i) 25,228,000 options exercised under ESOS at an exercise price of RM0.3500 each;
- (j) 26,989,400 options exercised under ESOS at an exercise price of RM0.3950 each; and
- (k) 36,300,000 options exercised under ESOS at an exercise price of RM0.2250 each.

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

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;
- (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;

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

17. SHARE CAPITAL (CONT'D)

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

- (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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

17. SHARE CAPITAL (CONT'D)

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

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	07.05.2021	11.05.2021	12.05.2021	18.05.2021	24.05.2021	25.05.2021	04.06.2021	06.09.2021	06.01.2022	22.02.2022
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Fair value of share options and assumptions										
Weighted average fair value at grant date (RM)	0.0427	0.0245	0.0386	0.0169	0.0136	0.0111	0.0404	0.0148	0.0088	0.0131
Share price (RM)	0.372	0.368	0.358	0.357	0.391	0.395	0.390	0.240	0.080	0.079
Exercise price (RM)	0.350	0.350	0.350	0.350	0.395	0.395	0.360	0.225	0.071	0.072
Expected volatility (%)	179.60	179.02	175.47	172.52	109.05	94.18	89.37	34.91	145.39	96.54
Option life (days)	5	1	7	1	3	2	10	2	1	37
Risk-free interest rate (%)	1.860	1.860	1.860	1.860	0.930	1.860	1.859	1.860	2.015	1.967

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

17. SHARE CAPITAL (CONT'D)

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

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	Lapsed	At end of the financial period
31.12.2022						
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)	–	–
30.09.2021						
07.05.2021	0.350	–	6,500,000	(6,000,000)	(500,000)	–
11.05.2021	0.350	–	17,000,000	(17,000,000)	–	–
12.05.2021	0.350	–	1,500,000	(1,500,000)	–	–
18.05.2021	0.350	–	728,000	(728,000)	–	–
24.05.2021	0.395	–	24,989,400	(24,989,400)	–	–
25.05.2021	0.395	–	2,000,000	(2,000,000)	–	–
04.06.2021	0.360	–	28,338,870	–	(28,338,870)	–
06.09.2021	0.225	–	36,300,000	(36,300,000)	–	–
		–	117,356,270	(88,517,400)	(28,838,870)	–

18. MERGER DEFICIT

	Group	
	31.12.2022 RM	30.09.2021 RM
Merger deficit	29,579,990	29,579,990

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

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

19. BORROWINGS

	Notes	31.12.2022 RM	Group 30.09.2021 RM
Secured Current			
Term loans	(a)	402,162	421,779
Bankers' acceptance	(b)	1,426,000	237,681
		1,828,162	659,460
Secured Non-current			
Term loans	(a)	6,733,596	4,888,737
		8,561,758	5,548,197

(a) Term loans

The maturity structure of the term loans can be analysed as follows:

	31.12.2022 RM	Group 30.09.2021 RM
Repayable within one year	402,162	421,779
Repayable between two to five years	1,161,205	1,770,128
Repayable more than five years	5,572,391	3,118,609
	7,135,758	5,310,516

The term loans of the Group bear an average interest rate of 2.49% (30.09.2021: 3.27% to 3.62%) 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;
- (ii) a joint and several guarantee of certain directors of the Group; and
- (ii) Corporate guarantee by the Company.

(b) Bankers' acceptance

The bankers' acceptance of the Group bear interest rates ranging from 3.44% to 3.49% (30.09.2021: 3.37% 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

20. LEASE LIABILITIES

	Group 31.12.2022 RM	30.09.2021 RM
Minimum lease liabilities repayments		
Within 1 year	1,277,917	1,466,892
Later than 1 year but not later than 5 years	1,287,880	1,356,435
More than 5 years	–	54,000
	2,565,797	2,877,327
Less: Future finance charges	(150,676)	(192,806)
	2,415,121	2,684,521
Present value of minimum lease liabilities repayments		
Within 1 year	1,200,667	1,213,122
Later than 2 years but not later than 5 years	1,214,454	1,418,637
More than 5 years	–	52,762
	2,415,121	2,684,521
Analysed by:		
Current portion	1,200,667	1,213,122
Non-current portion	1,214,454	1,471,399
	2,415,121	2,684,521

	Group 01.10.2021 to 31.12.2022 (15 months) %	01.05.2020 to 30.09.2021 (17 months) %
Interest rates charged per annum	3.23 to 6.06	3.79 to 5.60

The following are the amounts recognised in profit or loss:

	Group 01.10.2021 to 31.12.2022 (15 months) RM	01.05.2020 to 30.09.2021 (17 months) RM
Interest on lease liabilities	168,361	162,805
Rental discounts received	–	(26,550)
Gain on termination of right-of-use asset and lease liabilities	(56,418)	(3,122)

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

21. TRADE PAYABLES

	Group 31.12.2022 RM	30.09.2021 RM
Third parties	1,668,005	4,572,189

The normal trade credit terms granted to the Group ranging from to 30 to 120 days (30.09.2021: 30 to 120 days).

22. OTHER PAYABLES

	Note	Group 31.12.2022 RM	30.09.2021 RM	Company 31.12.2022 RM	30.09.2021 RM
Other payables		155,961	317,564	56,084	11,413
Advances from customers		1,996,966	3,683,346	–	–
Accruals		6,219,553	1,280,502	154,463	280,113
Deposits received		48,137	15,183	–	–
Provision	(a)	–	788,389	–	–
		8,420,617	6,084,984	210,547	291,526

(a) Provision represents estimation for liquidated ascertained damages.

23. REVENUE

	Group 01.10.2021 to 31.12.2022 (15 months) RM	01.05.2020 to 30.09.2021 (17 months) RM
At point in time		
Revenue from contracts with customers:		
- Sale of goods	102,475,715	75,504,632

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

24. (LOSS)/PROFIT BEFORE TAX

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

	Group		Company	
	01.10.2021 to 31.12.2022 (15 months) RM	01.05.2020 to 30.09.2021 (17 months) RM	01.10.2021 to 31.12.2022 (15 months) RM	01.05.2020 to 30.09.2021 (17 months) RM
Auditors' remuneration				
– statutory audit	137,000	145,000	55,000	47,500
– non-audit services	70,000	3,000	–	3,000
Depreciation of property, plant and equipment	2,174,307	2,391,531	1,212	–
Depreciation of right-of- use assets	1,682,184	1,359,481	–	–
Gain on disposal of property, plant and equipment	(20,395)	(102,631)	–	–
Gain on disposal of right-of-use assets	(1,999)	–	–	–
Gain on disposal of quoted investment	(1,499,836)	–	–	–
Property, plant and equipment written off	174,420	3,774	–	–
Right-of-use assets written off	–	59,738	–	–
Bad debt written off	–	806,207	–	–
Impairment loss on property, plant and equipment	–	782,507	–	–
Gain on termination of right-of-use assets and lease liabilities	(56,418)	(3,122)	–	–
Rental discounts received	–	(26,550)	–	–
Rental income	(142,900)	(5,218)	–	–
Interest income	(463,874)	(259,045)	(176,468)	(179,509)
Interest expenses	437,843	571,474	–	–
Reversal of impairment loss on amounts due from subsidiaries	–	–	(32,315,536)	–
Impairment loss on amounts due from subsidiaries	–	–	238,517	44,033,695
Impairment loss on investment in subsidiaries	–	–	16,842,863	1,000,000
(Reversal of provision)/Provision for liquidated ascertained damages	(788,389)	788,389	–	–
Impairment loss on trade receivables	–	2,090,134	–	–
Reversal of impairment loss on trade receivables	(1,816,735)	(56,900)	–	–
Fair value loss on quoted investments	12,799,636	–	–	–
Share-based payment	416,700	2,808,439	416,700	–
Impairment loss on amount due from an associate	366,202	–	–	–
Impairment loss on other receivables	–	38,633,605	–	–
Net reversal of impairment loss on other receivables	(5,405,499)	–	–	–
Net write-down on inventories	17,511,682	5,968,414	–	–
Realised gain on foreign exchange	(33,683)	(486,009)	–	–
Unrealised (gain)/loss on foreign exchange	(91,794)	48,699	–	–
Staff costs (Note 28)	19,277,038	22,977,603	1,889,888	934,158

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

25. FINANCE COSTS

	01.10.2021 to 31.12.2022 (15 months) RM	Group 01.05.2020 to 30.09.2021 (17 months) RM
Interest expenses on		
- Bank overdraft	–	47,236
- Bankers' acceptance	–	81,935
- Lease liabilities	168,361	162,805
- Term loans	269,482	279,498
	437,843	571,474

26. TAX (CREDIT)/EXPENSE

	01.10.2021 to 31.12.2022 (15 months) RM	Group 01.05.2020 to 30.09.2021 (17 months) RM
Tax expense recognised in profit or loss		
Current tax expense	72,944	955,763
Overprovision in prior year	(955,685)	(254,023)
	(882,741)	701,740
Deferred tax		
Relating to reversal of temporary differences	–	(1,088,264)
Underprovision in prior year	–	514,264
	–	(574,000)
Income tax (credit)/expense recognised in profit or loss	(882,741)	127,740

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)**26. TAX (CREDIT)/EXPENSE (CONT'D)***Reconciliation of tax (credit)/expense:*

	Group		Company	
	01.10.2021	01.05.2020	01.10.2021	01.05.2020
	to	to	to	to
	31.12.2022	30.09.2021	31.12.2022	30.09.2021
	(15 months)	(17 months)	(15 months)	(17 months)
	RM	RM	RM	RM
(Loss)/Profit before tax	(21,393,204)	(52,021,968)	12,783,497	(48,106,862)
At Malaysian statutory tax rate of 24% (30.09.2021: 24%)	(5,134,369)	(12,485,272)	3,068,039	(11,545,647)
Non-deductible expenses	4,597,638	11,657,890	684,240	737,560
Non-taxable income	(397,045)	(17,595)	–	–
Deferred tax assets not recognised	3,477,885	712,476	–	10,808,087
Utilisation of deferred tax assets previously not recognised	(2,471,165)	–	(3,752,279)	–
Overprovision of current tax in prior year	(955,685)	(254,023)	–	–
Underprovision of deferred tax in prior year	–	514,264	–	–
	(882,741)	127,740	–	–

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

	Group		Company	
	31.12.2022	30.09.2021	31.12.2022	30.09.2021
	RM	RM	RM	RM
Unabsorbed capital allowances	2,136,803	375,223	–	–
Unutilised tax losses	19,345,729	5,579,351	3,042	3,042
Provisions	23,479,143	34,706,552	29,399,200	45,033,695
Others	170,673	276,553	–	–
	45,132,348	40,937,679	29,402,242	45,036,737

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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)**26. TAX (CREDIT)/EXPENSE (CONT'D)**

The unutilised tax losses for which no deferred tax assets have been recognised are available for offset against future taxable profits of the Group and of the Company up to the following financial years:

	31.12.2022 RM	Group 30.09.2021 RM	31.12.2022 RM	Company 30.09.2021 RM
Years of assessment				
- 2028	3,042	3,042	3,042	3,042
- 2029	90,410	90,410	-	-
- 2030	477,344	477,344	-	-
- 2031	5,008,555	5,008,555	-	-
- 2032	13,766,379	-	-	-
	19,345,730	5,579,351	3,042	3,042

27. LOSS PER SHARE

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

	Group 01.10.2021 to 31.12.2022 (15 months) RM	01.05.2020 to 30.09.2021 (17 months) RM
Loss attributable to owners of the Company	(20,404,650)	(51,629,923)
Weighted average number of ordinary shares for basic loss per share (units)	925,415,612	496,974,418
Basic loss per share (sen)	(2.20)	(10.39)

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

28. STAFF COSTS

	Group 01.10.2021 to 31.12.2022 (15 months) RM	01.05.2020 to 30.09.2021 (17 months) RM	Company 01.10.2021 to 31.12.2022 (15 months) RM	01.05.2020 to 30.09.2021 (17 months) RM
Salaries, wages and other emoluments	17,675,492	20,867,972	1,753,590	853,203
Defined contribution plans	1,601,546	2,109,631	136,298	80,955
	19,277,038	22,977,603	1,889,888	934,158

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 29 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)**29. SIGNIFICANT RELATED PARTY DISCLOSURES****(a) Identifying related parties**

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel comprise the Directors and management personnel of the Group, having authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly.

(b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed in Notes 13 and 14 and 15 the significant related party transactions of the Group and of the Company are as follows:

	Group		Company	
	01.10.2021 to 31.12.2022 (15 months) RM	01.05.2020 to 30.09.2021 (17 months) RM	01.10.2021 to 31.12.2022 (15 months) RM	01.05.2020 to 30.09.2021 (17 months) RM
Transactions with subsidiary companies:				
- Management fee	—	—	—	156,000
- Employee share option scheme	—	—	—	2,808,439
Transactions with a related party:				
- Purchase of goods	211,622	—	—	—
Transactions with Directors and their close family members:				
- Salaries and other emoluments	2,000,000	423,554	—	—

(c) Compensation of key management personnel

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

	Group		Company	
	01.10.2021 to 31.12.2022 (15 months) RM	01.05.2020 to 30.09.2021 (17 months) RM	01.10.2021 to 31.12.2022 (15 months) RM	01.05.2020 to 30.09.2021 (17 months) RM
Executive Directors				
Fees	293,000	455,310	275,000	235,557
Salaries and allowance	2,024,575	3,204,684	428,300	547,819
Defined contribution plans	252,778	385,900	53,789	66,323
	2,570,353	4,045,894	757,089	849,699

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)**29. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)****(c) Compensation of key management personnel (Cont'd)**

Remuneration of Directors and other members of key management are as follows: (Cont'd)

	Group	
	01.10.2021 to 31.12.2022 (15 months) RM	01.05.2020 to 30.09.2021 (17 months) RM
Other key management personnel		
Salaries and allowance	834,930	2,271,354
Defined contribution plans	103,227	295,088
	938,157	2,566,442

30. SEGMENT INFORMATION

Operating segments are prepared in a manner consistent with the internal reporting provided to the Group chief operating 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)

30. SEGMENT INFORMATION (CONT'D)

31.12.2022	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	(127,682)	(96,897)	(224,981)	-	(449,560)	11,717	(437,843)
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)

30. SEGMENT INFORMATION (CONT'D)

	Manufacturing division RM	Trading division RM	Investment holding division RM	Total segments RM	Adjustments and eliminations RM	Consolidated total RM
30.09.2021						
Revenue						
External revenue	46,363,876	29,140,756	-	75,504,632	-	75,504,632
Inter-segment revenue	40,442	776,496	-	816,938	(816,938)	-
Total revenue	46,404,318	29,917,252	-	76,321,570	(816,938)	75,504,632
Results						
Segment profit/(loss) before tax	4,392,883	(52,926,209)	(2,917,168)	(51,450,494)	(571,474)	(52,021,968)
Finance cost	(350,916)	(220,558)	-	(571,474)	-	(571,474)
Depreciation of property, plant and equipment	(1,849,952)	(541,579)	-	(2,391,531)	-	(2,391,531)
Depreciation of right-of-use assets	(961,539)	(397,942)	-	(1,359,481)	-	(1,359,481)
Gain on disposal of property, plant and equipment	63,815	38,816	-	102,631	-	102,631
Interest income	77,823	1,713	179,509	259,045	-	259,045
Inventories written down	(757,835)	(5,210,579)	-	(5,968,414)	-	(5,968,414)
Impairment gain on financial instruments	1,321,935	39,407,629	44,033,695	84,763,259	(44,096,420)	40,666,839
Assets						
Segment assets	64,727,094	55,017,145	131,988,660	251,732,899	(97,519,997)	154,212,902
Additions to non-current assets other than financial instruments are:						
- Property, plant and equipment	12,438,245	480,711	-	12,918,956	-	12,918,956
- Right-of-use assets	499,245	1,562,148	-	2,061,393	-	2,061,393
Liabilities						
Segment liabilities	68,733,194	59,788,099	447,526	128,968,819	(110,078,928)	18,889,891

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

30. SEGMENT INFORMATION (CONT'D)

Geographic information

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

	Revenue	
	01.10.2021 to 31.12.2022 RM	01.05.2020 to 30.09.2021 RM
Group		
Africa	2,535,572	534,931
Asia (other than Malaysia)	4,898,860	13,079,907
Central America	227,238	–
Europe	654,398	2,254,788
Malaysia	93,804,740	59,447,696
Middle East	354,907	187,310
	102,475,715	75,504,632

31. 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			
31.12.2022			
Financial assets			
Investment in quoted shares	–	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

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

31. FINANCIAL INSTRUMENTS (CONT'D)

(b) 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/ cost/Total carrying amount RM
Group	
30.09.2021	
Financial assets	
Trade receivables	9,866,356
Other receivables (excluded prepayments and advances to suppliers)	1,546,822
Amount due from a related party	228,355
Amount due from an associate	366,202
Deposits with licensed financial institution	15,000,000
Cash and bank balances	65,661,852
Financial liabilities	
Trade payables	4,572,189
Other payables (excluded advances from customers and provision)	1,613,249
Borrowings	5,548,197
Lease liabilities	2,684,521
Company	
31.12.2022	
Financial assets	
Other receivables (excluded prepayments and advances to suppliers)	1,300
Amount due from subsidiary companies	8,127,135
Deposits with licensed financial institution	12,000,000
Cash and bank balances	9,112,547
Financial liabilities	
Other payables	210,547
30.09.2021	
Financial assets	
Other receivables (excluded prepayments)	1,300
Amount due from subsidiary companies	51,780,907
Cash and bank balances	48,366,205
Financial liabilities	
Other payables	291,526

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31. FINANCIAL INSTRUMENTS (CONT'D)

(c) 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, deposit with bank and amount due from a related party. The Company's exposure to credit risk arises principally from other receivables and advances to 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 three customers (30.09.2021: three customers) that accounted for approximately 29% (30.09.2021: 32%) 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 Company's maximum exposure in this respect is RM15,529,087 (30.09.2021: RM51,780,907) 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.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the financial period represents the Group's and the Company's maximum exposure to credit risk.

(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)

31. FINANCIAL INSTRUMENTS (CONT'D)

(c) 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:

[illegible]

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

31 FINANCIAL INSTRUMENTS (CONT'D)

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

(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 period are as follows:

	USD RM	EUR RM	SGD RM	Total RM
Group				
31.12.2022				
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	(2,490,109)	(10,733)	(32,205)	(2,533,047)
	(176,107)	(10,318)	(28,869)	(215,294)
30.09.2021				
Cash and bank balances	583,504	967	–	584,471
Trade receivables	89,494	–	26,965	116,459
Other receivables	291,611	36,261	–	327,872
Amount due from a related party	228,355	–	–	228,355
Trade payables	(919,197)	(149,533)	–	(1,068,730)
	273,767	(112,305)	26,965	188,427

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

31. FINANCIAL INSTRUMENTS (CONT'D)

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

(iii) Market risk (Cont'd)

(i) Foreign currency risk (Cont'd)

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.

	31.12.2022	30.09.2021	01.10.2021 to 31.12.2022 (15 months) RM Increase/ (Decrease)	01.05.2020 to 30.09.2021 (17 months) RM Increase/ (Decrease)
	%	%		
Effect on loss after tax				
USD / RM				
Strengthened by	10	10	(13,384)	20,806
Weakened by	10	10	13,384	(20,806)
EUR / RM				
Strengthened by	10	10	(784)	(8,535)
Weakened by	10	10	784	8,535
SGD / RM				
Strengthened by	10	10	(2,194)	2,049
Weakened by	10	10	2,194	(2,049)

(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.

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

31. FINANCIAL INSTRUMENTS (CONT'D)

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

(iii) Market risk (Cont'd)

(ii) Interest rate risk (Cont'd)

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

	31.12.2022 RM	Group 30.09.2021 RM
Floating rate instruments		
Term loans	7,135,758	5,310,516
Bankers' acceptance	1,426,000	237,681
	8,561,758	5,548,197

Cash flow sensitivity analysis for floating rate instruments

A change in 100 basis point (bp) interest rate at the end of the reporting period would have increased/ (decreased) 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.

	01.10.2021 to 31.12.2022 (15 months) RM	Group 01.05.2020 to 30.09.2021 (17 months) RM
Floating rate instruments	65,069	42,166

(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.

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 loss before tax would have been RM247,037 (30.09.2021: Nil) higher/ lower, arising as a result of higher/lower fair value gains held for trading investments in equity instruments.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

31. FINANCIAL INSTRUMENTS (CONT'D)

(d) 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 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	Total RM	Level 3 RM	Total RM		
Group						
31.12.2022						
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
			Fair value of financial instruments not carried at fair value		Total fair value RM	Carrying amount RM
			Level 3 RM	Total RM		
Group						
30.09.2021						
Financial liabilities						
Fixed rate lease liabilities		2,877,327	2,877,327		2,877,327	2,684,521

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)**31. FINANCIAL INSTRUMENTS (CONT'D)****(d) Fair value of financial instruments (Cont'd)****(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.

32. 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.

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 period are as follows:

		Group	
	Note	31.12.2022 RM	30.09.2021 RM
Borrowings	19	8,561,758	5,548,197
Lease liabilities	20	2,415,121	2,684,521
		10,976,879	8,232,718
Less: Cash and bank balances and fixed deposits	16	(26,707,719)	(80,661,852)
		(15,730,840)	(72,429,134)
Total equity		129,408,168	135,323,011
Gearing ratio (times)		#	#

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 period.

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

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

33. MATERIAL LITIGATION (CONT'D)

(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 the 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 further fixed the Suit for trial on 15 to 17 January 2024.

34. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

- (i) On 23 June 2021, Bursa Securities approved the proposed private placement up to 177,523,200 new ordinary shares representing 30% of the existing total number of issued shares of the Company. The private placement completed on 16 November 2021 by way of issuance of remaining 7,490,000 new ordinary shares at issue price of RM0.0930.

On 3 January 2022, Bursa Securities approved the proposed private placement up to 150,000,000 new ordinary shares representing 19% of the existing total number of issued shares of the Company. The private placement completed on 13 January 2022 by way of issuance of 150,000,000 new ordinary share at issue price of RM0.0713.

- (ii) As of the end reporting period, 129,517,400 options were exercised under the ESOS at exercise price ranging from RM0.0711 to RM0.3950 per option, where 28,000,000 new shares were issued under the ESOS at exercise price of RM0.0711 on 8 January 2022 and 13,000,000 new shares were issued at exercise price of RM0.0716 on 6 April 2022.

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.

- (iii) On 17 October 2022, the Company completed the share consolidation of every 10 ordinary shares in the Company into 1 LKL Share ("Consolidated Share") following the listing and quotation of 97,160,054 Consolidated Shares on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities").

35. SUBSEQUENT EVENTS

- (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").

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)**35. SUBSEQUENT EVENTS (CONT'D)**

- (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) The proposed establishment of a share issuance scheme of up to 30% of the total number of issued shares of LKL (excluding treasury shares, if any) to the eligible directors and eligible employees of the Group ("Proposed SIS"), announced on 17 June 2022 shall be implemented on a date to be determined.

36. COMPARATIVE FIGURES

The Group and the Company have changed their financial year from 30 September to 31 December. Accordingly, the financial statement of the Group and of the Company for the current financial period ended 31 December 2022 covers a 15 months period compared with a 17 months period for the previous financial period. The comparative amounts are therefore not comparable for the statements of profit or loss and other comprehensive income, statements of changes in equity, statements of cash flows and related notes of current financial period.

37. PRIOR YEAR ADJUSTMENTS

During the financial period, the Group and the Company have restated the transfer of Employee Share Option Scheme ("ESOS") reserve upon exercise which was previously recognised in the share capital to accumulated losses.

The disclosure sets out below explains how the impact of the prior year adjustments have affected the statement of financial position of the Group and of the Company:

	As previously reported RM	Prior year adjustments RM	As restated RM
Group			
30.09.2021			
Statement of financial position			
Share Capital	179,167,328	(1,642,199)	177,525,129
Accumulated losses	(13,702,393)	1,642,199	(12,060,194)
Company			
30.09.2021			
Statement of financial position			
Share Capital	179,167,328	(1,642,199)	177,525,129
Accumulated losses	(47,626,194)	1,642,199	(45,983,995)

38. 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 28 April 2023.

ANALYSIS OF SHAREHOLDINGS

AS AT 18 APRIL 2023

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	1,105	6.60	41,284	0.01
100 - 1,000 shares	7,575	45.23	3,862,274	1.00
1,001 - 10,000 shares	5,976	35.69	22,641,050	5.83
10,001 - 100,000 shares	1,853	11.06	58,194,393	15.00
100,001 - less than 5% of issued shares	234	1.40	167,387,335	43.13
5% and above of issued shares	3	0.02	135,930,920	35.03
Total	16,746	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	%
Datuk Chong Loong Men	10,000	0.003	—	—
Zulkarnin Bin Ariffin	—	—	—	—
Lim Ming Chang	—	—	—	—
Ling Chi Hoong	—	—	—	—
Chan Jee Peng	—	—	—	—
Ng Fun Kim	—	—	—	—

ANALYSIS OF SHAREHOLDINGS
 (CONT'D)

THIRTY LARGEST SHAREHOLDERS AS AT 18 APRIL 2023

(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.	M & A Nominee (Tempatan) Sdn. Bhd. <i>Exempt An for Sanston Financial Group Limited (Account Client)</i>	44,341,200	11.43
4.	Attractive Venture Sdn. Bhd.	19,317,665	4.98
5.	Ace Edible Oil Industries Sdn. Bhd.	19,100,000	4.92
6.	AE Multi Industries Sdn. Bhd.	19,000,000	4.90
7.	Perusahaan Saudee Sdn. Bhd.	12,399,600	3.20
8.	Ang Kian You	11,005,880	2.84
9.	Ang Kian You	9,968,780	2.57
10.	AFFIN Hwang Nominees (Asing) Sdn. Bhd. <i>Exempt An for Sanston Financial Group Limited (Account Client)</i>	8,688,100	2.24
11.	HSBC Nominees (Asing) Sdn. Bhd. <i>Exempt An for the HongKong and Shanghai Banking Corporation Limited (GCHK-LAZARUS)</i>	5,316,000	1.37
12.	Sersol Marketing Sdn. Bhd.	4,510,000	1.16
13.	Yong Chai Ing	1,606,240	0.41
14.	Ong Yong Hang	1,421,300	0.37
15.	Ng Kok Seng	1,200,000	0.31
16.	Liou Kwee Hui	1,070,000	0.28
17.	Koh Poh Keong	1,000,000	0.26
18.	Stephen Lee How Hwang	921,200	0.24
19.	RHB Capital Nominees (Tempatan) Sdn. Bhd. <i>Chua Yok Kwee</i>	870,000	0.22
20.	Chow Teik Soon	850,100	0.22
21.	Maybank Nominees (Tempatan) Sdn. Bhd. <i>Tan Sun Ping</i>	850,000	0.22
22.	Wong Li Chu	850,000	0.22
23.	AFFIN Hwang Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Yeat Sew Chuong</i>	813,210	0.21
24.	Lui Eng Tee	811,200	0.21
25.	Norazlina Binti Rosman	780,000	0.20
26.	Yii Ming Sung	700,000	0.18
27.	Ahmad Fazlin Bin Nasaruddin	690,000	0.18
28.	Noor Azree Bin Nordin	645,900	0.17
29.	Y.P. Construction Sdn. Bhd.	634,000	0.16
30.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Ng Say Heng (MY1733)</i>	600,000	0.15

ANALYSIS OF WARRANTS HOLDINGS

AS AT 18 APRIL 2023

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	24	1.28	1,122	0.00
100 - 1,000 warrants	274	14.63	177,346	0.09
1,001 - 10,000 warrants	900	48.05	4,047,553	2.09
10,001 - 100,000 warrants	569	30.38	18,868,140	9.73
100,001 - less than 5% of issued warrants	101	5.39	48,957,455	25.24
5% and above of issued warrants	5	0.27	121,879,759	62.85
Total	1,873	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	%
Datuk Chong Loong Men	—	—	—	—
Zulkarnin Bin Ariffin	—	—	—	—
Lim Ming Chang	—	—	—	—
Ling Chi Hoong	—	—	—	—
Chan Jee Peng	—	—	—	—
Ng Fun Kim	—	—	—	—

ANALYSIS OF WARRANTS HOLDINGS
 (CONT'D)

THIRTY LARGEST WARRANTS HOLDERS AS AT 18 APRIL 2023

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

No	Name	No. of Warrants	%
1.	M & A Nominee (Tempatan) Sdn. Bhd. <i>Exempt An for Sanston Financial Group Limited (Account Client)</i>	35,420,000	18.26
2.	Botanical Distribution Sdn. Bhd.	31,340,000	16.16
3.	AMSEC Nominees (Tempatan) Sdn. Bhd. <i>Exempt An for KGI Securities (Singapore) Pte. Ltd (66581 T CL)</i>	29,719,760	15.32
4.	Ace Edible Oil Industries Sdn. Bhd.	12,733,333	6.57
5.	AE Multi Industries Sdn. Bhd.	12,666,666	6.53
6.	Attractive Venture Sdn. Bhd.	8,707,443	4.49
7.	Lim Poh Fong	2,498,173	1.29
8.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Ng Wai Yuan (MY0867)</i>	2,383,800	1.23
9.	Ng Bee Bee	2,130,000	1.10
10.	Tey Tong Sing	1,799,900	0.93
11.	Koh Soh Hong	1,483,333	0.76
12.	Ong Yong Hang	1,320,000	0.68
13.	Ong Loo Choon	1,300,000	0.67
14.	Lui Eng Tee	1,100,000	0.57
15.	Tan Kim Yet	1,100,000	0.57
16.	Heng Mok Seng	1,000,000	0.52
17.	Ong Beng Tiong	1,000,000	0.52
18.	Tee Chai Huat	1,000,000	0.52
19.	Ng Kok Seng	800,000	0.41
20.	Maybank Nominees (Tempatan) Sdn. Bhd. <i>Tan Sun Ping</i>	666,666	0.34
21.	Che Alias Bin Mat	630,000	0.32
22.	Lee Hong Sang	566,666	0.29
23.	Chong Chee Ming	550,000	0.28
24.	Julaina Binti Mohd Abu Bakar	500,000	0.26
25.	R.Azmi Bin Mahyan	500,000	0.26
26.	Tan Hou Bu	500,000	0.26
27.	Ahmad Fazlin Bin Nasaruddin	460,000	0.24
28.	Kee Book Hua	456,666	0.24
29.	TA Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Lai Zhi Sheng</i>	434,800	0.22
30.	Tan Swee Piew	420,000	0.22

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)"	Nnet book value as at 31 December 2022 (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 Kuala Lumpur	Three-storey intermediate terraced shopoffice	Freehold	47	1,875	6,207	28 January 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	1	10,800	6,009	20 December 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	1	10,800	5,978	20 December 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	15	1,765	5,885	24 December 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)"	Nnet book value as at 31 December 2022 (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	7	43,560 / 34,050	5,573	11 April 2017
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 storey office and other ancillary buildings used as an office and manufacturing plant	Freehold	13	43,560 / 57,690	5,490	12 November 2014
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 storey factory used as a manufacturing plant and warehouse	Freehold	11	11,135 / 9,000	4,993	15 April 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 storey factory used as a manufacturing plant and warehouse	Freehold	11	11,282 / 9,720	4,805	16 April 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)"	Nnet book value as at 31 December 2022 (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	12	1,647/1,672	582	24 December 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	25	3,400 / 1,862	266	16 November 2012

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Eighth Annual General Meeting ("8th 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 Mlabs Research 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 Wednesday, 31 May 2023 at 10:00 a.m. or at any adjournment thereof, to transact the following businesses: -

A G E N D A

AS ORDINARY BUSINESS:

- | | |
|--|---|
| 1. To receive the Audited Financial Statements for the financial period ended 31 December 2022 together with the reports of the Directors and Auditors thereon. | <i>Please refer to
Explanatory Note 1</i> |
| 2. To approve the payment of additional Directors' fees and benefits of RM250,000.00 for the financial period ended 31 December 2022. | <i>Ordinary Resolution 1</i> |
| 3. To approve the payment of Directors' fees and benefits of up to RM400,000.00 for the period commencing from the date immediately after this 8 th AGM until the next Annual General Meeting of the Company ("AGM"). | <i>Ordinary Resolution 2</i> |
| 4. To re-elect the following Directors who retire by rotation pursuant to Clause 85 of the Company's Constitution: | |
| i. Datuk Chong Loong Men | <i>Ordinary Resolution 3</i> |
| ii. Mr. Lim Ming Chang | <i>Ordinary Resolution 4</i> |
| 5. To re-appoint Messrs. UHY as Auditors of the Company until the conclusion of the next AGM and to authorise the Directors to fix their remuneration. | <i>Ordinary Resolution 5</i> |

AS SPECIAL BUSINESS:

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

- | | |
|--|------------------------------|
| 6. GENERAL AUTHORITY FOR THE DIRECTORS TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 ("ACT") | <i>Ordinary Resolution 6</i> |
|--|------------------------------|

"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.

THAT pursuant to Section 85 of the Act read together with the Company's Constitution, approval be given to waive the statutory pre-emptive rights conferred upon the shareholders of the Company AND THAT the Board of Directors is exempted from the obligation to offer such new Shares first to the existing shareholders of the Company in respect of the issuance and allotment of new Shares pursuant to the Mandate.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

AND FURTHER THAT the new Shares to be issued pursuant to the Mandate, shall, upon issuance and allotment, rank pari passu in all respects with the existing shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or any other forms of distribution that which may be declared, made or paid before the date of allotment of such new Shares."

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

Ordinary Resolution 7

"THAT, authority be and is hereby given in line with Rule 10.09 of the Listing Requirements of Bursa Securities, for the Company and/or its subsidiaries to enter into any of the recurrent related party transactions with the related parties as set out in Section 2.3 of the Circular to Shareholders dated 28 April 2023 in relation to the Proposed New Shareholders' Mandate which are necessary for the day-to-day operations of the Company and/or its subsidiaries ("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 until:

- (i) the conclusion of the next 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."

8. 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 Secretary of the Company be authorised to take all steps as are necessary and expedient in order to implement, finalise and give full effect to the said proposed amendments for and on behalf of the Company."

9. To transact any other business of which due notice shall have been given.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

By order of the Board

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

Petaling Jaya, Selangor Darul Ehsan
28 April 2023

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 2023. Only members whose names appear in the General Meeting Record of Depositors as at 24 May 2023 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.*

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

EXPLANATORY NOTES TO ORDINARY AND SPECIAL BUSINESS

1. Item 1 of the Agenda – Audited Financial Statements for the financial period ended 31 December 2022

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 Seventh AGM held on 15 March 2022 ("7th AGM") approved the Directors' fees and benefits of up to RM250,000.00 for the financial year ended 30 September 2022. However, the proposed amount was insufficient due to the change of financial year of the Company. This resolution is to facilitate the payment of the shortfall of Directors' fees and benefits of RM250,000.00 for the financial period ended 31 December 2022.

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 1 January 2023 until the next AGM of the Company to be held in the year 2024. 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. Item 4 of the Agenda – Re-election of Directors

Clause 85 of the Company's Constitution provides that one-third (1/3) of the Directors of the Company for the time being or, if their number is not three or a multiple of three, then the number nearest to one-third (1/3) shall retire from office 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. Hence, two (2) out of six (6) Directors of the Company are to retire pursuant to Clause 85 of the Company's Constitution.

Datuk Chong Loong Men and Mr. Lim Ming Chang ("Retiring Directors") who were appointed to the Board on 14 October 2020 and 16 November 2020 respectively, will retire and being eligible, have offered themselves for re-election at the 8th AGM pursuant to Clause 85 of the Company's Constitution.

The Board has endorsed the Nomination Committee's recommendation to seek for 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 26 to 28 of the Company's Annual Report 2022.

NOTICE OF ANNUAL GENERAL MEETING
(CONT'D)**EXPLANATORY NOTES TO ORDINARY AND SPECIAL BUSINESS *Cont'd*****5. Item 6 of the Agenda - General Authority for the Directors to issue and allot shares pursuant to Sections 75 and 76 of the Act**

The Ordinary Resolution 6 proposed under item 6 of the Agenda, is to seek a general mandate for issuance and allotment of shares by the Company pursuant to Sections 75 and 76 of the Act. This Ordinary Resolution, if passed, will empower the Directors to issue and allot new shares in the Company up to an amount not exceeding in total ten per centum (10%) of the total number of issued shares of the Company for such purposes as the Directors consider would be in the interest of the Company. This would avoid any delay and cost involved in convening a general meeting to approve the issuance and allotment of such shares. This authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next AGM or the expiration of the period within which the next AGM is required by law to be held, whichever is earlier.

This general mandate will provide flexibility to the Company for issuance and allotment of shares for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding 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 15 March 2022 which will lapse at the conclusion of the Meeting.

Pursuant to Section 85 of the Act and the Company's Constitution, shareholders have pre-emptive rights to be offered any new shares in the Company which rank equally to the existing issued shares in the Company. This Ordinary Resolution 6, if passed, will exclude the shareholders' pre-emptive right to be offered new shares to be issued by the Company.

6. Item 7 of the Agenda – Proposed New Shareholders' Mandate

The Ordinary Resolution 7 proposed under item 7 of the Agenda, if passed, will give the mandate for the Group to enter into recurrent related party transactions of a revenue and/or trading nature in accordance with Rule 10.09 of the Listing Requirements of Bursa Securities. This 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 28 April 2023 for further information.

7. Item 8 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 8 of the Notice of Eighth Annual General Meeting of the Company dated 28 April 2023.

Clause No.	Existing Clause	Proposed Clause
54 <i>Offer of new Shares</i>	Subject to any direction to the contrary that may be given by the Company in general meeting, any new shares or other convertible Securities from time to time to be created shall, before they are issued, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as nearly as the circumstances admit, to the amount of the existing shares or Securities to which they are entitled. The offer shall be made by notice specifying the number of shares or Securities offered, limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of any intimation from the person to whom the offer is made that he declines to accept the shares or Securities offered, the Directors may dispose of those shares and/or Securities in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares and/or Securities which (by reason of the ratio which the new shares or Securities bear to shares or Securities held by persons entitled to any offer of new shares or Securities) cannot, in the opinion of the Directors be conveniently offered under this Constitution. Notwithstanding the above, the Directors shall not be required to offer any new ordinary shares for the time being unissued and not allotted and any new shares or other convertible securities from time to time to be created to the holders of the existing shares where the said shares or securities are to be issued as consideration or part consideration for the acquisition of shares or assets by the Company.	Subject to any direction to the contrary that may be given by the Company in general meeting, any new shares or other convertible Securities from time to time to be created shall, before they are issued, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as nearly as the circumstances admit, to the amount of the existing shares or Securities to which they are entitled. The offer shall be made by notice specifying the number of shares or Securities offered, limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of any intimation from the person to whom the offer is made that he declines to accept the shares or Securities offered, the Directors may dispose of those shares and/or Securities in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares and/or Securities which (by reason of the ratio which the new shares or Securities bear to shares or Securities held by persons entitled to any offer of new shares or Securities) cannot, in the opinion of the Directors be conveniently offered under this Constitution. Notwithstanding the above, the Directors shall not be required to offer any new ordinary shares for the time being unissued and not allotted and any new shares or other convertible securities from time to time to be created to the holders of the existing shares where the said shares or securities are to be issued as consideration or part consideration for the acquisition of shares or assets by the Company. For the avoidance of doubt, where the approval of Members is obtained in a general meeting for any issuance of shares or convertible securities, including approvals obtained for implementation of a scheme that involves a new issuance of shares or other convertible securities to employees of the Company and its subsidiaries and approval obtained under Sections 75 and 76 of the Act, such approval shall be deemed to be a direction to the contrary given in general meeting which will render the pre-emptive rights above inapplicable. In any case and in respect of any issuance of shares or convertible securities, the pre-emptive rights of Members are strictly as contained in the Constitution and accordingly, the provisions of Section 85 of the Act in respect of pre-emptive rights to new shares, shall not apply and the Company is not required to offer new shares or convertible securities in proportion to the shareholdings of the existing Members.

APPENDIX A
(CONT'D)

Clause No.	Existing Clause	Proposed Clause
125A <i>Validity of Electronic / Digital Signature</i>	New provision	For the avoidance of doubt, any document or instrument transmitted by any technology purporting to include a signature and/or electronic or digital signature of any of the following persons: (a) a holder of Shares; (b) a Director (including Alternate Director); (c) a committee member; (d) in the case of a corporation, which is a holder of shares, its director or secretary or a duly appointed attorney or duly authorised representative, shall in the absence of express evidence to the contrary available to the person relying on such document or instrument at the relevant time, be deemed to be a document or instrument signed by such person in the terms in which it is received.

ADMINISTRATIVE NOTES

ADMINISTRATIVE NOTES FOR THE FULLY VIRTUAL EIGHTH ANNUAL GENERAL MEETING (“8th AGM” OR “MEETING”) OF LKL INTERNATIONAL BERHAD (“LKL” OR “THE COMPANY”)

Meeting Day, Date	:	Wednesday, 31 May 2023
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 8th 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 Mlabs Research 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 8th 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 8th AGM using the RPV facilities operated by Mlabs Research Sdn. Bhd. (“Mlabs”) via <https://rebrand.ly/LKL-AGM>.

A shareholder who has appointed a proxy or attorney or authorised representative to participate at this 8th 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 Mlabs.

As the 8th AGM will be held as a fully virtual meeting, shareholders who are unable to participate in this 8th 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 8th AGM using the RPV facilities are advised to follow the requirements and procedures as indicated below:-

Procedures	Actions
BEFORE THE 8th AGM DAY	
(a) Register as a participant in LKL Virtual 8 th AGM	- Using your computer, access the website at https://rebrand.ly/LKL-AGM. Click on the Register link to register for the 8th 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 8th 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	Actions
BEFORE THE 8th AGM DAY	
(b) Submit your online registration	- Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) who wish to participate remotely in the 8th AGM via RPV facilities are required to register prior to the meeting. Registration for the 8th AGM is open from 5:00 p.m. on Friday, 28 April 2023 and close at 10:00 a.m. on Monday, 29 May 2023. - Clicking on the link in item 1 will redirect you to the 8th 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 2023, the system will send you an e-mail to notify you if your registration is approved or rejected after 24 May 2023. - If your registration is rejected, you can contact Mlabs for clarifications or to appeal.
ON THE DAY OF THE 8th AGM	
(c) Attending LKL Virtual 8 th AGM	- Two reminder emails will be sent to your inbox. First is one day before the 8th AGM day, while the 2nd will be sent 1 hour before the 8th 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 8th 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.
(e) Online Remote Voting	- The Chairman will announce the announcement of the Voting session and the duration allowed at the 8th AGM. - The list of resolutions for voting will appear on the right-hand side of your computer screen. You are required to indicate your votes for the resolutions 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 8th AGM, the live streaming will end.

ADMINISTRATIVE NOTES (CONT'D)

RECORD OF DEPOSITORS ("ROD")

Only a depositor whose name appears on the ROD as at 24 May 2023 shall be entitled to attend, speak and vote at the 8th 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 8th AGM. Please refer to the details as set out above for information.

If an individual member is unable to attend the 8th 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 8th AGM using the RPV Facilities. Corporate members who wish to participate and vote remotely at the 8th 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 **Monday, 29 May 2023 at 10:00 a.m.:**

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

Upon receipt of such documents, Mlabs 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 8th 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.

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 8th AGM using RPV Facilities. Nominee Company members who wish to participate and vote remotely at the 8th AGM can request its Nominee Company to appoint him/her as a proxy to participate and vote remotely at the 8th 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 **Monday, 29 May 2023 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, Mlabs or the Company will respond to your remote participation request.

If a Nominee Company member is unable to attend the 8th 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 8th 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.

ADMINISTRATIVE NOTES
(CONT'D)**REVOCATION OF PROXY**

Please note that if a Shareholder has submitted his/her Form of Proxy prior to the 8th AGM and subsequently decides to personally participate in the 8th AGM via RPV Platform, the Shareholder must contact the Poll Administrator to revoke the appointment of his/her proxy no later than **Monday, 29 May 2023 at 10:00 a.m.**

POLL VOTING

The voting at the 8th 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 8th AGM and on Bursa Securities' website at www.bursamalaysia.com.

RECORDING/PHOTOGRAPHY

By participating at the 8th AGM, you agree that no part of the 8th 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.

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/ Ms. Jey	Name	: Mr. Tee Yee Loon
Telephone No.	: 03-7688 1013	Telephone No.	: 03-6413 3271
Email	: vgm@mlabs.com	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 _____ (full name in capital letters) NRIC/Passport/Registration No.* _____

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 Eighth Annual General Meeting ("8th 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 Mlabs Research 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 Wednesday, 31 May 2023 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 RM250,000.00 for the financial period ended 31 December 2022.		
2.	To approve the payment of Directors' fees and benefits of up to RM400,000.00 for the period commencing from the date immediately after this 8 th AGM until the next Annual General Meeting of the Company.		
3.	To re-elect Datuk Chong Loong Men as a Director who retires by rotation pursuant to Clause 85 of the Company's Constitution.		
4.	To re-elect Mr. Lim Ming Chang as a Director who retires by rotation pursuant to Clause 85 of the Company's Constitution.		
5.	To re-appoint Messrs. UHY as Auditors of the Company.		
6.	To approve the general authority for the Directors to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016.		
7.	To approve the Proposed 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 _____ 2023

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 info@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 2023. Only members whose names appear in the General Meeting Record of Depositors as at 24 May 2023 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.klbeds.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

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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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