

LKL INTERNATIONAL BERHAD ("LKL INTERNATIONAL" OR THE "COMPANY")

DISTRIBUTORSHIP AGREEMENT BETWEEN LKL ADVANCE METALTECH SDN. BHD. ("LKLAM"), A WHOLLY-OWNED SUBSIDIARY OF LKL INTERNATIONAL, AND KOMARK MASK (M) SDN. BHD. ("KOMARK MASK")

1. INTRODUCTION

The Board of Directors of LKL International ("**Board**") wishes to announce that its wholly-owned subsidiary, LKLAM, had on 16 December 2020 entered into a distributorship agreement ("**DA**") with Komark Mask to carry out the business of distributing Komark Mask's 3-ply disposable medical grade face masks, KN95 protective 5 layers face masks and 3 layers protective face masks ("**Products**").

LKLAM and Komark Mask are hereinafter collectively referred to as "**Parties**" and individually as a "**Party**".

2. INFORMATION ON KOMARK MASK

Komark Mask, a wholly-owned subsidiary of Komarkcorp Berhad, is a private limited company duly incorporated in Malaysia under the Companies Act 2016 on 15 June 2020.

Komark Mask's principal activities are the manufacturing and sales of face masks.

3. SALIENT TERMS OF THE DA

- 3.1 LKLAM will be appointed as Komark Mask's distributor with a non-exclusive right to market, sell and distribute the Products worldwide ("**Territory**").
- 3.2 The DA shall have an initial term of one (1) year from the agreement date and thereafter is renewable by mutual written agreement between the Parties hereto.
- 3.3 The Parties agree that the price of the Products shall be based on Komark Mask's price list which is to be reviewed every three (3) months. Prices are ex-factory which shall mean that it is exclusive of all taxes, insurance, and shipping and handling charges, which are the LKLAM's sole responsibility.
- 3.4 Komark Mask grants LKLAM the royalty-free, non-exclusive, non-transferable right to use Komark Mask trade names and trademarks solely in connection with LKLAM's advertising and promoting of the Products and only for the purpose of distributing, marketing and selling the Products.
- 3.5 LKLAM shall comply with the relevant laws and regulations of all governmental units or agencies within the Territory in the supply of the Products within the Territory.

3.6 Either Party shall terminate the DA forthwith without notice if the other Party commits any material breach of any term or condition of the DA and fails to cure within thirty (30) days of a written request by the non-defaulting Party, and if the other Party enters into liquidation whether compulsorily or voluntarily. Notwithstanding the above, either Party may without any penalty, terminate the DA by providing a three (3) months prior written notice to the other Party.

4. RATIONALE

The distributorship of the Products complements the existing business of LKL International and its subsidiaries (“**Group**”) in the healthcare sector. With the award of the distributorship, the Group will not only be able to broaden its products offering to its customer via the distribution of the Products, but also to expand its customers base in the Territory. The distributorship is expected to contribute positively to the future financial performance of the Group.

5. FINANCIAL EFFECTS

The DA will not have any effect on the share capital and substantial shareholders’ shareholdings of LKL International, and is not expected to have any material effect on the earnings per share, net assets per share and gearing of the Company for the financial year ending 30 April 2021.

6. RISK FACTORS

The Company does not expect any material risk arising from the DA other than the normal operational risk associated with the DA, which the Company would take appropriate measures to minimise it.

7. APPROVALS REQUIRED

The DA is entered into in the ordinary course of business of the Company and does not require the approval of the Company’s shareholders and/or any regulatory authorities.

8. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

None of the directors, major shareholders of LKL International and/or persons connected with them have any interest, whether direct or indirect, in the DA.

9. DIRECTORS’ STATEMENT

The Board, having taken into consideration all aspects of the DA, is of the opinion that the DA is in the best interests of the Company.

10. DOCUMENT AVAILABLE FOR INSPECTION

The DA will be made available for inspection at the registered office of the Company at Third Floor, No. 77, 79 & 81, Jalan SS 21/60, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan, during normal business hours (except public holidays) for a period of three (3) months from the date of this announcement.

This announcement is dated 16 December 2020.