



# Transforming *for* Growth

[www.lklbeds.com](http://www.lklbeds.com)

Annual Report **2021**

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## Corporate Information

### BOARD OF DIRECTORS

**Datuk Chong Loong Men**  
*Executive Director*

**Lim Ming Chang**  
*Executive Director*

**Zulkarnin Bin Ariffin**  
*Executive Director*

**Tay Ben Seng, Benson**  
*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**

### ESOS COMMITTEE

**Datuk Chong Loong Men** (*Chairman*)  
**Lim Ming Chang**  
**Yap Pei Kien**  
**Lai Pui Ling**

### 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](mailto:info@lklbeds.com)

### AUDITORS

**Messrs. PKF** (*AF 0911*)  
Level 33, Menara 1MK  
Kompleks 1 Mont Kiara  
No. 1, Jalan Kiara, Mont Kiara  
50480 Kuala Lumpur  
Wilayah Persekutuan  
Tel No. : (03) 6203 1888  
Fax No. : (03) 6201 8880

### SHARE REGISTRAR

**Tricor Investor & Issuing House  
Services Sdn Bhd**  
Unit 32-01, Level 32, Tower A  
Vertical Business Suite Avenue 3  
Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Tel No. : (03) 2783 9299  
Fax No. : (03) 2783 9222

### PRINCIPAL BANKERS

United Overseas Bank (M) Bhd  
Alliance Islamic Bank Berhad

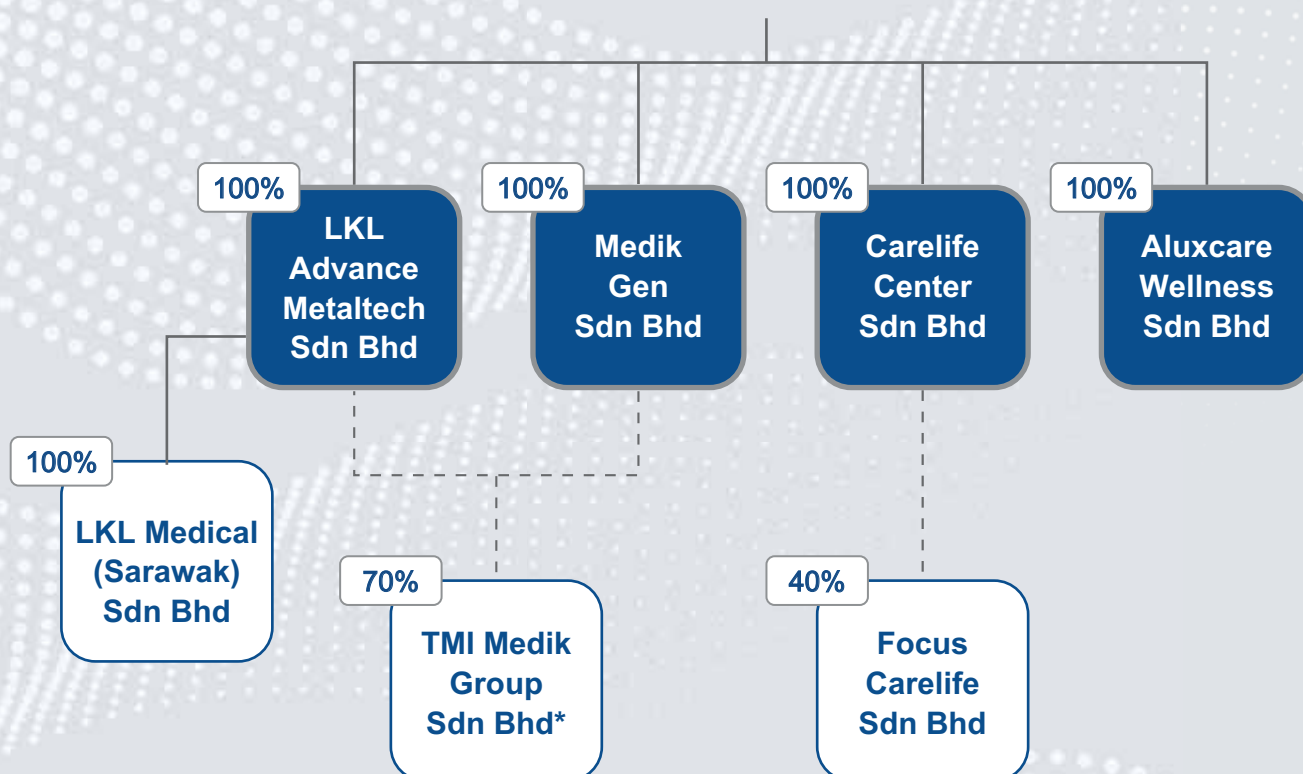
### STOCK EXCHANGE LISTING

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

## Corporate Structure



### LKL INTERNATIONAL BERHAD



**Note:**

\* 1% held via LKL Advance Metaltech Sdn Bhd and 69% held via Medik Gen Sdn Bhd.

# PRODUCT LINE-UP

For more product information please visit  
[www.lklbeds.com](http://www.lklbeds.com)



**Smart Locker**  
WP1555



**Hospital Electrical Reclining Chair**  
CCH0042



**Hospital Ultra Low Bed**



**Hospital Electrical Bed**



**Lateral Patient Transfer Trolley**



**Disposable Jumpsuit /  
protective coverall**



**Disposable  
Medical Mask**



**Nitrile Examination  
Gloves**



**Disposable  
Isolation Gown**



**Medical Emergency Cart**  
CA3360



**Surgical Table**  
BL MAX 7000



**Electrical Child Cot**  
DC2000-E



**Surgical Linen Changing Cart**  
CA5000-FE



**Nursery Crib**  
DC1001



**Surgeon Hydraulic Stool**  
WM543-N1



**Medical Laptop Mobile Stand**  
CST0373-13



**Overbed Table**  
WP2200-T



**Electrical Delivery Bed**



**Patient Transport Trolley**



**Reclining Chair Electric**



Graphene Made  
Protective Clothing/jacket

## Personal Protective Equipment (PPE)

From head to toe



[www.lklbeds.com](http://www.lklbeds.com)

# Management Discussion and Analysis

Dear valued shareholders,

On behalf of the Board of Directors of LKL International Berhad and its subsidiaries (“LKL International” or “the Group”), I hereby present to you our annual report and audited financial statements for the 17-month financial period from 1 May 2020 to 30 September 2021 (“FPE2021”).

The extended timeframe for this report is a result of a change in the Group’s financial year end from 30 April to 30 September, in order to be aligned with the change of business strategies of the Group, and to provide the Group better management of resources for financial reporting in light of the COVID-19 pandemic and Full Movement Control Order imposed by the government.

Aligned to this, LKL International is embarking on a journey of transformation to achieve greater sustainability for the business, while remaining committed to serve the healthcare needs of our community. In addition to enhancing our existing operations, we have pursued new growth opportunities, leveraging on our experience in the healthcare industry.



# Management Discussion and Analysis

## ECONOMIC REVIEW

The global economy's gross domestic product ("GDP") contracted 3.1% in 2020 compared to 2.9% in 2019, as stringent lockdown measures and voluntary social distancing to combat the COVID-19 pandemic had reduced economic activity on a global scale.<sup>1</sup>

In 2020, the domestic economy mirrored the global weakness, as GDP contracted by 5.6% in 2020 from a growth of 4.3% in 2019. This was attributed to widespread containment measures in the form of movement control orders and standard operating procedures, international border closures, as well as the resulting weak external demand environment.<sup>2</sup>

In the nine months till end-September 2021, Malaysia's GDP expanded 3.0%, compared to a 6.4% decline in the same period last year. The improvement was driven by better labour market conditions, an increase in the export of goods and services and growth in the manufacturing sector. Nonetheless, it must be noted that GDP in the third quarter of 2021 contracted by 4.5% year-on-year, as strict containment measures took effect to contain the spread of more virulent COVID-19 strains.<sup>3</sup>

## FINANCIAL REVIEW

Given the change in financial year end from 30 April to 30 September, no comparative figures are presented.

LKL recorded revenue of RM75.51 million in FPE2021, as the manufacturing segment contributed the majority of group revenue with RM46.36 million or 61.40%. The trading segment made up the balance of RM29.14 million or 38.60%.

Geographically, the local market was the larger revenue contributor at RM59.45 million or 78.73% while export sales brought in the remaining RM16.06 million or 21.27%.

The Group registered a loss before tax amounting to RM52.02 million for the period under review, mainly due to impairments in respect of property, plant and equipment, inventories written down to net realizable value, non-trade receivables arising mainly from material litigations with Crecom Burj Gloves Sdn Bhd and Genesis Gateway Sdn Bhd.

As a result, the Group recorded a loss after tax attributable to shareholders of RM51.63 million for the 17-month FPE2021.

LKL's total assets improved to RM154.21 million as of 30 September 2021, compared to RM79.14 million on 30 April 2020. Notably, cash and bank balances rose from RM5.18 million to RM65.66 million at the end of FPE2021 whereas fixed deposits with licensed banks rose from RM1.00 million to RM15.00 million. Trade receivables declined from RM19.03 million to RM9.87 million due to improvement in collection.

Meanwhile, shareholders' equity saw huge improvement to RM135.88 million at the end of the 17-month period under review, compared to RM60.48 million on 30 April 2020, mainly attributable to additional capital from private placements and issuance of employee share options. The Group's total liabilities remained largely unchanged at RM18.89 million as of 30 September 2021, compared to RM18.71 million as of 30 April 2020.

The company remained in net cash position as at 30 September 2021, providing the Group with adequate ability to fund future endeavours if required.

<sup>1</sup> IMF, *World Economic Outlook, October 2021: Recovery During a Pandemic: Health Concerns, Supply Disruptions and Price Pressures*

<sup>2</sup> Bank Negara Malaysia: *Annual Report 2020*

<sup>3</sup> Ministry of Finance Malaysia: *Malaysia's full year economic growth expected to remain positive, says Tengku Zafrul*. Available at: <<https://www.mof.gov.my/portal/en/news/press-citations/malaysia-s-full-year-economic-growth-expected-to-remain-positive-says-tengku-zafrul>> [Accessed 12 November 2021]

# Management Discussion and Analysis

Cont'd

## OPERATIONAL REVIEW

### • Manufacturing of Medical/Healthcare Beds, and Medical Peripherals and Accessories

The Group recorded revenue of RM46.36 million in its manufacturing segment during FPE2021, with RM19.35 million contributed by medical/healthcare beds and RM27.01 million contributed by medical peripherals and accessories.

During the period under review, we produced 4,526 units of medical beds to fulfil 591 orders received locally and overseas. The continued support of our customers for our manufactured products is reflective of our strong reputation.

Meanwhile, we have secured 2,771 orders for the manufacturing of medical peripherals and accessories. The stable demand in this segment is a testament to the quality of our medical peripherals and accessories.

### • Trading of Medical Peripherals and Accessories, as well as Medical Devices

The Group's trading segment registered revenue of RM29.14 million in FPE2021, with RM28.17 million contributed by medical peripherals and accessories, and RM0.97 million derived from medical devices.

The Group continued to implement multifaceted growth strategies to remain resilient in the market despite the tough business environment. In FPE2021, the Group ventured into distributing personal protective equipment ("PPE") and related products to aid the nation's COVID-19 response.

#### ➤ Gloves

On 2 September 2020, LKL International announced that its wholly-owned subsidiary, LKL Advance Metaltech Sdn Bhd ("LKL Advance Metaltech"), secured a USD18.96 million contract to supply nitrile examination gloves to Weihai Textile Group Import and Export Co., Ltd. This was followed by an announcement on 30 November 2020 for a sales contract valued at USD40.07 million from Shang Hong International (Hong Kong) Limited to supply similar products.

Additionally, on 6 November 2020, LKL International announced that LKL Advance Metaltech signed a distribution agreement with AT Glove Engineering Sdn Bhd, a wholly-owned subsidiary of AT Systematization Berhad, to market, sell and distribute its natural rubber latex gloves and nitrile gloves for a period of 1 year. Subsequently, the agreement was renewed on 2 November 2021 for a period of 1 year.

#### ➤ Face Masks

On 16 December 2020, LKL Advance Metaltech secured a distributorship agreement with Komarkcorp Berhad's wholly-owned subsidiary namely Komark Mask Sdn Bhd to sell and distribute its disposable medical grade face masks worldwide. The distributorship agreement will be valid for a period of 1 year, commencing 16 December 2020. Subsequently, the agreement has been renewed on 22 November 2021 for a period of 1 year.

#### ➤ Trace Tokens for Contact Tracing

In an effort to facilitate the COVID-19 contact tracing process initiated by the government for a safer community, the Group became an exclusive distributor of Trace Token made by iWoW Technology Pte Ltd in the Malaysia market on 23 February 2021.

Trace Token is a Bluetooth device that is able to secure and automate the contact tracing process, through the detection of nearby Trace Tokens and storage of contact history. A similar device is being supplied by iWoW Technology in Singapore as part of the Singapore Government's Trace Together Contact Tracing Program.

## Management Discussion and Analysis

*Cont'd*

### ➤ Establishing New Customer Experience Showroom

The Group opened its first Customer Experience Showroom in November 2020, which enables us to showcase our latest products and solutions to our medical and healthcare customers. The showroom also allows us to provide customers with enhanced customer service and experience, as well as a better understanding of our portfolio of solutions.

We believe these continuing efforts to engage with our customers will solidify our position as a leader in the industry.



Showroom for patient ward



Showroom for operating theater

## CORPORATE DEVELOPMENTS AND EXERCISES

During the period under review, LKL had undertaken several corporate developments and exercises alongside this objective.

### • Status of Proposed Acquisition of Tahmaz Meditech Sdn Bhd ("Tahmaz Meditech")

On 28 September 2020, the Group entered into a Share Sale Agreement ("SSA") with Tahmaz Meditech, involving the acquisition of a 60% controlling stake in the latter for RM12 million. Besides that, the Group was expected to issue 12.0 million new shares to the vendors of Tahmaz Meditech as purchase consideration once both parties had fulfilled all the conditions precedent in the SSA.

However, on 8 April 2021, LKL International had announced a mutual termination of the conditional Share Sale Agreement with Tahmaz Meditech.

### • Private Placements

During FPE2021, the Group had on 12 April 2021 completed a private placement which entailed the issuance of 85,760,000 shares, raising a total of RM62.84 million mainly for capital expenditure and expansion.

Subsequently, the Group completed two private placements on 16 November 2021 and 13 January 2022, which entailed the issuance of 327,523,200 new shares. The placements raised proceeds of RM35.55 million and RM10.70 million respectively, for use as working capital to finance the trading of rubber gloves and personal protective equipment, as well as the purchase of raw materials and ancillary goods.

# Management Discussion and Analysis

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- Employee Share Option Scheme ("ESOS")**

The Group granted 88,517,400 new shares under ESOS during FPE2021 which increased its share capital by RM29.30 million.

Additionally, on 7 January 2022, the Group issued 28,000,000 new shares under ESOS at the exercise price of RM0.0711 per share.

## OUTLOOK

According to International Monetary Fund, the global economy growth rate is forecasted at 4.9% in 2022, driven by positive prospects of commodity exports in some emerging market economies, while offset by supply chain disruptions and uncertainty on the re-implementation of lockdown measures caused by Delta as well as other new variants of COVID-19.<sup>4</sup>

Heading into 2022, the Ministry of Finance Malaysia is expecting GDP growth of between 5.5% and 6.5%, as the economic and social sectors are reopening progressively with most of the adult population fully vaccinated by the end of 2021. GDP growth would be supported by the rise in commodity prices, improvement in labour market conditions, the nation's transformation to digitalization and the execution of infrastructure projects.<sup>5</sup>

Furthermore, the Government's allocation of RM32.4 billion for the healthcare sector's operating and development expenditure in the Budget 2022 reaffirms its continued investments into improving the nation's healthcare system. Amongst others, the Government intends to construct new hospitals nationwide, establish rural clinics in Sabah and Sarawak, and increase the capacity of public health service facilities including purchases of medication, consumables, PPE and health kits.<sup>6</sup>

Meanwhile, Malaysia's hospital bed-to-total population ratio ("BPR") stood at 1.98 beds per a thousand residents in 2019, compared to the average BPR of 4.7 for Organization for Economic Cooperation and Development member countries in 2017, according to the Malaysian Investment Development Authority. This suggests that there is significant room for more hospital beds, as Malaysia's BPR rate only grew 1.1% per annum from 2014 to 2019.

The private healthcare sector is expected to capitalize on the low BPR through capacity expansion to satisfy the increase in demand for hospital beds, as local BPR is forecasted to grow to 2.05 in 2021.<sup>7</sup> With LKL International having 28 years of experience in the manufacturing of medical and healthcare beds, we are prepared to help the nation on its journey to improve Malaysia's BPR to be comparable with international standards.

## CHALLENGES

- Higher Cost of Production**

The Group faces a higher cost of steel, one of the key raw materials used in the manufacturing of hospital beds. The increased cost occurred as a result of the global supply shortage, due to the closing down of steel production facilities and disruption of steel imports in response to the pandemic. Besides that, the Group faces a higher cost of labour as fewer workers are available during the pandemic.

To address this issue, LKL International will focus on improving operational efficiency through the identification of cost-saving opportunities in its manufacturing processes, as well as investments in machineries to encourage greater automation and lessen dependence on manual labour.

<sup>4</sup> International Monetary Fund, *World Economic Outlook, October 2021: Recovery During A Pandemic*

<sup>5</sup> Ministry of Finance Malaysia, *Economic Outlook 2022: Budget 2022*

<sup>6</sup> Ministry of Finance Malaysia: *Budget 2022 will ensure continued efforts to strengthen national healthcare system –PM*. Available at: <<https://www.mof.gov.my/portal/en/news/press-citations/budget-2022-will-ensure-continued-efforts-to-strengthen-national-healthcare-system-pm>> [Accessed 27 October 2021]

<sup>7</sup> Malaysian Investment Development Authority: *Private healthcare sector poised for growth*. Available at <<https://www.mida.gov.my/mida-news/private-healthcare-sector-poised-for-growth/>> [Accessed 18 March 2021]

# Management Discussion and Analysis

*Cont'd*

- **Competitive Market Environment**

The Group faces competition from current industry players as well as new players entering the industry with the intention to profit from the soaring demand for medical equipment and other medical accessories amidst the pandemic. The increase in competition may unfavourably affect the Group's future profitability.

To remain competitive, the Group will focus on its ability to customize its manufactured products, as well as commit to research and development to cater to the evolving demands of the industry.

- **Impact of COVID-19**

Like many other businesses, the Group is faced with an unprecedented hit on its export business as the nature of the COVID-19 outbreak had forced countries to close their borders as one of the containment measures. This wave of "deglobalization" had certainly affected our exports to countries such as the Middle East and Central America.

However, the Group will continue in our international marketing efforts. Our range of products are not only internationally certified but also known to be intuitively innovative and capable of meeting customised requirements. This is the strength we rely on, while we continue making efforts and building upon these endeavours once international borders reopen.

## GROWTH STRATEGIES

New strategies are required to remain competitive in this new business environment post COVID-19, as the pandemic had certainly changed the way business is carried out in all sectors. In the face of challenges including higher costs of production and a competitive market environment in the industry, companies in the healthcare industry face a choice: transform for a sustainable future or risk losing out in the competitive environment.

At LKL International, we are undertaking a two-fold transformation in our business model. Firstly, we want to strengthen our existing business-to-business ("B2B") model by expanding our range of products, entering into new export markets, and increasing our manufacturing capacity. Secondly, we intend to venture into the business-to-consumer ("B2C") space through our upcoming pharmacy chain.

- **Broaden Product Range**

LKL International is constantly integrating high value medical products into our current portfolio to enhance our product mix as we believe that a diversified portfolio of product offerings will solidify our earnings prospects. We hope that the comprehensiveness of our portfolio will position the Group as a reliable supplier that is capable of catering to the various demands of our customers.

- **Enter New Export Markets**

LKL International constantly identifies new distribution channels and agents in foreign markets. We persistently participate in international and trade conferences to promote the "LKL" brand as a reputable manufacturer of high-quality medical beds, peripherals and associated accessories.

Since 2000, the Group had exported its range of products and services to over 30 countries and hope to keep this momentum going forward.

- **Increase Manufacturing Capacity**

Besides that, to increase our manufacturing capacity and operational efficiency, we had utilised part of the proceeds from the private placements to construct a 3-storey steel structure extension across our existing factory buildings and purchase equipment and accessories for a conveyor line. The structure is expected to be completed by the second half of 2022 whereas production is anticipated to commence by the first quarter of 2023.

## Management Discussion and Analysis

*Cont'd*

- **Venture into B2C space**

Leveraging on our extensive experience in serving various healthcare institutions, the Group is also entering into the B2C space with the expected opening of its first community lifestyle pharmacy outlet in the first quarter of 2022.

This is expected to be the first of many outlets to come, under the pharmacy chain brand, LKL Pharmacy, to be run by our wholly-owned subsidiary, Aluxcare Wellness Sdn Bhd, which was incorporated on 21 April 2021. The opening of the pharmacy shall complement our efforts to broaden our products and services and provide us an opportunity to cross-sell our products at the same time.

Through LKL Pharmacy, we seek to capitalize on the increasing demand for wellness offerings amidst the pandemic. The pharmacy will offer a diverse range of products, including 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.

### APPRECIATION

I would like to convey my sincere appreciation to the Board, management team, and our employees for their commitment towards the Group's future, each playing a crucial role in ensuring LKL International continues to assist and serve our healthcare customers amidst these trying times.

I look forward towards building further on our collective strength in steering the Group towards greater heights. We shall remain fully committed to delivering stronger performance and creating long-term shareholder value in a sustainable manner.

Sincerely,

**Datuk Chong Loong Men**  
Executive Director

# Sustainability Statement

## ABOUT THIS REPORT

With the COVID-19 pandemic continuing to cause enormous disruptions to societies and economies on a global scale, we are seeing renewed focus by businesses and organizations on sustainable practices. There is a greater sense of urgency and solidarity today, as global discussions increasingly weigh in on key issues such as climate change, economic inequality, and public health.

Similarly, LKL International Berhad, together with its subsidiaries (“LKL International” or “the Group”), is firmly guided by our business sustainability initiatives, covering the three impact areas: Economic, Environmental and Social aspects. The details of practices with regard to key factors that drive our business sustainability are outlined below.

## ECONOMIC SUSTAINABILITY

Our approach to economic sustainability focuses on value creation for our shareholders and other stakeholders. We achieve this through bringing innovative products and solutions, enhancing customer engagements, as well as adhering to good marketplace practices and corporate governance standards.

### Product Management

LKL International is committed to bring the latest innovations and solutions to reinforce our position as a trusted and forward-thinking provider to medical and healthcare organizations in Malaysia and internationally.

In the financial period ended 30 September 2021 (“FPE2021”), we expanded our product portfolio to include, amongst others:

- Natural rubber latex and nitrile gloves
- Medical grade face masks
- Trace Token COVID-19 contact tracing devices

We also place great importance on maintaining the quality excellence of our products, which are used in crucial settings by our medical and healthcare customers.

Our design and manufacturing processes are compliant with international standards and have received certifications such as ISO 9001:2015 and EN ISO 13485:2016. Further to that, our products are certified by European Commission 93/42/EEC and 2007/47/EEC, and registered under the US Food & Drug Administration.

### Customer Engagement

We conduct annual customer satisfaction surveys to identify areas for improvement, as well as gain better insights into our customers’ needs.

Besides that, in November 2020, we established our first Customer Experience Showroom at our headquarters at Seri Kembangan, Selangor, which enables us to better showcase our solutions and provide a richer experience. This forms part of our commitment to increase engagement, collaboration, and education with medical and healthcare organisations, which will support greater quality of healthcare for the public.

Additionally, supported by our in-house Research and Development team, we continue to engage in developing innovative new designs, as well as customizing products. Our capabilities and experience allow us to rapidly adapt our solutions to the latest needs of our customers, and consistently deliver our best service quality.

Overall, we strive to bring greater value to our customers, by enhancing the comprehensiveness of our product portfolio, on top of pursuing advancements through innovation and leveraging the latest industry insights.

# Sustainability Statement

*Cont'd*

## Marketplace & Corporate Governance

LKL International understands our duty as a publicly listed entity to disclose accurate and timely information to our shareholders and other stakeholders. In addition to timely announcements to Bursa Malaysia, the Group's website contains the latest news on our business activities, stock price, financial results, announcements and annual reports.

We are also committed to good corporate governance practices, with our pursuits guided by ethical foundations and responsible interactions with stakeholders. Our policies such as anti-bribery and corruption, remuneration and whistle blowing are published on our website, and are regularly reviewed and updated by the relevant Board committees.

In addition, the Group is undertaking transformation in our business model by expanding our product range, entering new export markets, increasing our manufacturing capacity, and venturing into the consumer lifestyle pharmacy space.

Furthermore, we have taken an additional step in our endeavours to build more resilient communities, by leveraging on our extensive experience in supporting the medical and healthcare sector. The Group's upcoming venture into the lifestyle pharmacy business, expected to commence in 2022, allows us to bring our rich understanding of public health, to deliver wellness services to the larger community.

We believe these efforts will improve our business sustainability, as we strive to provide holistic and comprehensive solutions to our institutional customers in the healthcare industry, and subsequently individual households and consumers.

## **ENVIRONMENTAL SUSTAINABILITY**

Our approach to environmental sustainability emphasizes the responsible use of crucial resources, to reduce wastages as well as minimize emissions in our manufacturing processes. We also strive to enhance our operational efficiency, and optimize energy usage to further reduce our environmental footprint.

### Pollution Control

LKL International is committed to environmental conservation and pollution minimization in our manufacturing process. We comply with all legal and regulatory environmental requirements set by the Government such as prohibiting open burning in our factory premises.

### Energy Conservation

Our manufacturing facilities are also equipped with rooftop solar photovoltaic systems, as part of our commitment to increase renewable energy usage and reduce our energy footprint.

### Waste Management

At LKL International, all production waste is disposed of to licensed waste management providers.

We also encourage initiatives such as reducing, reusing and recycling in our premises. These include placing different types of recycle bins for paper, plastic and glass in our offices and factories, using recycling papers for printing, digital storage and adopting paperless practices whenever possible.

## Sustainability Statement

*Cont'd*

### SOCIAL SUSTAINABILITY

Our approach to social sustainability focuses on promoting the professional and personal growth of our employees, as well as contributing to positive social development causes, towards supporting healthy and sustainable communities.

#### Equal Opportunity

We recognize that nurturing people is the key to a successful organization, which in turn contributes to resilient societies.

At LKL International, we emphasize on fostering a fulfilling workplace environment, where all employees are treated with respect and dignity. We maintain a zero-tolerance policy towards any form of discrimination and harassment, be it ethnicity, age, nationality, gender, religious beliefs, sexual orientation or disability status.

Additionally, promoting an environment that characterizes mutual trust among our employees is of utmost importance. During the period under review, no cases of workplace violence or harassment were reported.

#### Employees' Welfare

The Group recognizes the importance of our employees' welfare. We are fully compliant with the statutory requirements, including Employee Provident Fund (EPF), Social Security Organization (SOCSO), annual leaves, medical leaves, compassionate leaves and vaccination leaves.

In addition, we provide medical benefits, allowances, bonus and Employee Share Option Scheme (ESOS) to ensure competitive remuneration that help our employees generate a stable and rewarding source of income.

#### Training & Development

We continually invest in the professional growth of our employees. Our employees are given various trainings and career advancement programs to maximize their skills and potential, towards supporting their career pursuits and success. The Group organized 11 training programs in FPE2021.

1. Forklift Truck Safety Training
2. ISO 9001:2015 Awareness
3. ISO 9001:2015 Internal Auditor
4. ISO13485:2016 Awareness
5. ISO 13485:2016 Internal Auditor
6. Good Distribution Practices for Medical Devices (GDPMD) Awareness
7. GDPMD Internal Auditor
8. Electrical Safety Training IEC60601-1 Compliance
9. Team Building Training
10. Biomedical Competency Training & Certification on Electrical Safety Testing with IEC 60601-1 Compliance
11. Malaysian Import and Export Procedures, Documentation and Compliance

## Sustainability Statement

Cont'd

### Occupational Health & Safety

In the challenging operating environment in view of the pandemic, we place paramount importance in safeguarding the health and safety of our people and the community. We have implemented strict Standard Operating Procedures ("SOPs") in our operations to prevent the spread of COVID-19 which ensures personnel safety, and enhanced operational uptime to reliably serve our customers in the medical and healthcare sector.

In view of the complexities of the COVID-19 pandemic and the role of preventive practices in the workplace, the Group has implemented various containment measures:-

- (i) All employees must be fully vaccinated before reporting to work physically.
- (ii) All employees and visitors must pass temperature checks to be allowed to enter the company premises.
- (iii) Face masks are compulsory and must be worn at all times.
- (iv) Regular COVID-19 tests must be conducted by employees who are reporting to work physically.
- (v) The work environment is regularly sanitized, with hand sanitizers made available at all premises.
- (vi) Virtual meetings are encouraged.

Additionally, the Group had registered all employees for the Public-Private Partnership Industrial Immunisation Programme (PIKAS) initiated by the government to expedite the vaccination process for manufacturing sector workers. As of November 2021, 100% of our employees had completed their 2-dose COVID-19 vaccination.

Furthermore, the machineries and equipment used in the Group's manufacturing processes undergo periodical safety audits to promote workplace safety.

### Corporate Social Responsibility

The pervasive effect of the COVID-19 pandemic had caused the deaths of more than 5 million people worldwide, with total accumulated cases amounting to around 265 million people as at early December 2021.<sup>1</sup>

In an effort to support frontliners working tirelessly in the battle against COVID-19, the Group donated RM79,688 worth of essential supplies such as face masks, face shields and medical protective gowns to Sabah's Health Department on 31 January 2021.

Besides that, LKL International donated RM28,756 worth of medical equipment, including hospital reclining chairs, hospital mechanical hi-lo beds and mattresses to Tzu Chi Foundation on 5 March 2021. The donation was channelled to the Tribhuvan University Teaching Hospital Haemodialysis Service Centre in Kathmandu, Nepal, for the benefit of patients that are coping with kidney disease.

The Group is privileged to be granted the opportunity to make a difference in the local community, and will continue such pursuits in the future especially in healthcare and community building causes.

<sup>1</sup> World Health Organisation: Coronavirus (COVID-19) Dashboard. Available at: <<https://covid19.who.int/>> [Accessed 6 December 2021].

## Profile of Directors

### **Datuk Chong Loong Men**

Executive Director  
Aged 42, Malaysian, Male

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. He is currently a Partner of Messrs Chong + Kheng Hoe.

Datuk Chong attended four (4) out of five (5) Board meetings held during the financial period ended 30 September 2021 since his appointment to the Board on 14 October 2020.

Datuk Chong currently sits in the Board of Vizione Holding Berhad.

### **Lim Ming Chang**

Executive Director  
Aged 39, Malaysian, Male

Lim Ming Chang (“Mr. Lim”) was appointed to our Board on 16 November 2020.

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.

Mr. Lim started his career with LKL Advance Metaltech Sdn Bhd (“LKLAM”) as IT and Sales Executive after graduated from Staffordshire University with a Bachelor of Science in Computing in 2005. During the period from 2005 up to 2008, he has mainly involved in the day-to-day operations as well as the administration, inventory, and IT management. From 2008 until 2015, he was promoted to Management Information System Manager and was appointed as the Deputy Quality Management Representative of the Group. In 2015, Mr. Lim was promoted to General Manager - Operations. In this role, he oversees our Group's manufacturing operations, IT and telecommunications functions, corporate website maintenance, as well as building and facilities management. He remains as our Quality Management Representative and manages quality control and quality assurance of our operations, as well as operational safety, health and environment. Mr. Lim assumed his current position as Chief Executive Officer (“CEO”) of LKLAM on 1 June 2019.

As the CEO of LKLAM, Mr. Lim focuses in developing various business strategies and plans to achieve the company's short-term objectives and long-term goals. Together with a high calibre management team, he leads and motivates employees to foster their level of engagement in the company.

Mr. Lim attended five (5) Board meetings held during the financial period ended 30 September 2021 since his appointment to the Board on 16 November 2020.

Mr. Lim currently sits in the Board of Focus Dynamics Group Berhad.

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

## Profile of Directors

*Cont'd*

### **Zulkarnin Bin Ariffin**

Executive Director  
Aged 48, Malaysian, Male

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 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.

En. Zul attended all two (2) Board meetings held during the financial period ended 30 September 2021 since his appointment to the Board on 29 March 2021.

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

### **Tay Ben Seng, Benson**

Executive Director  
Aged 37, Malaysian, Male

Tay Ben Seng, Benson ("Mr. Tay") was appointed to our Board on 27 December 2021. Mr. Tay holds a Bachelor of Commerce Degree with a double major in Marketing and Management at Curtin University Technology, Perth.

Mr. Tay is passionate about conceiving and innovating lifestyle concepts in the Food and Beverage ("F&B") arena. He has extensive experience of more than a decade ranging from events management to F&B operations and conceptualizing new start-ups. He is actively developing the business further in e-commerce, robotics, healthcare, and technology space after joining Focus Dynamic Group Berhad as an Executive Director in 2017.

Mr. Tay currently sits in the Board of Focus Dynamics Group Berhad and its subsidiaries, Saudee Group Berhad, Oversea Enterprise Berhad and Green Ocean Corporation Berhad.

As Mr. Tay is appointed as Director on 27 December 2021, he has not attended any Board meeting held during the financial period.

## Profile of Directors

*Cont'd*

### **Chan Jee Peng**

Independent Non-Executive Director  
Aged 41, Malaysian, Male

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 two (2) Board meetings held during the financial period ended 30 September 2021 since his appointment to the Board on 12 April 2021.

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

### **Ling Chi Hoong**

Independent Non-Executive Director  
Aged 38, Malaysian, Male

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, specializes 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 two (2) Board meetings held during the financial period ended 30 September 2021 since his appointment to the Board on 6 April 2021.

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

## Profile of Directors

*Cont'd*

### Ng Fun Kim

Independent Non-Executive Director  
Aged 56, Malaysian, Male

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 one (1) Board meeting held during the financial period ended 30 September 2021 since his appointment to the Board on 21 July 2021.

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

#### Notes:-

- 1) *None of the Directors have family relationship with other Directors or major shareholders of LKL International Berhad except for the following:-*
  - (a) *Mr. Lim Ming Chang who is an Executive Director and a shareholder of Focus Dynamics Group Berhad, a major shareholder of the Company.*
  - (b) *Mr. Tay Ben Seng, Benson who is an Executive Director and a shareholder of Focus Dynamics Group Berhad, a major shareholder of the Company.*
- 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 30 September 2021, other than for traffic offences.*

## Profile of Key Senior Management

### Sia Su Lin

Chief Financial Officer  
Aged 49, Malaysian, Female

Sia Su Lin ("Ms. Sia") joined the Group on 16 August 2021 and holds the position of Chief Financial Officer who is responsible for overseeing the Finance of the Group.

Ms. Sia obtained her Association of Chartered Certified Accountants and currently she is a member of the Malaysian Institute of Accountants.

Ms. Sia had more than 25 years of experience in financial accounting and reporting, tax planning and compliance, budgetary planning and control, implementing Enterprise Resource Planning system, business planning and corporate finance. Prior to join our Group in August 2021, she had worked in various audit firms, listed and private companies including manufacturing, trading and retailing.

### Lim Pak Hong

Research and Development Director  
Aged 35, Malaysian, Male

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.

### Lee Kah Earng

Sales Director  
Aged 51, Malaysian, Male

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 within the past five (5) years, or been imposed any public sanction or penalty by the relevant regulatory bodies during the financial period ended 30 September 2021.

# Corporate Governance Overview Statement

The Board of Directors (“the Board”) of LKL International Berhad (“the Company”) is committed towards ensuring good corporate governance practices are implemented and maintained throughout the Company and its subsidiaries (“the Group”) as a fundamental part of discharging its duties to enhance shareholders’ values consistent with the broad principles, intended outcomes, guidance and recommendations for good corporate governance and best practices for listed companies as set out in the Malaysian Code on Corporate Governance (“MCCG” or “the Code”).

This Corporate Governance Overview Statement (“the Statement”) is supported with a Corporate Governance Report (“CG Report”), based on prescribed format as outlined in Rule 15.25(2) of the ACE Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) so as to provide the detailed application of the Company’s corporate governance practices against the MCCG throughout the financial period ended 30 September 2021 (“FPE 2021”). The CG Report is available on the Group’s website, [www.lklbeds.com](http://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 Roles and Responsibilities

The Board is responsible for the stewardship of the business and affairs of the Company in order to enhance long term shareholders’ value. The Board is fully aware and understand their collective responsibilities in guiding the business activities of the Group in reaching an optimum balance of a sound and sustainable business operation with an optimal corporate governance framework in order to safeguard shareholders’ value.

The Board is responsible for formulating and reviewing the Group’s strategic plans and key policies, and charting the course of the Group’s business operations whilst providing effective oversight of the performance of the Group’s senior management (“Senior Management”), risk assessment and controls over business operations. The Board is also responsible for determining the nature and extent of the principal risks of the Company’s business in achieving its strategic objectives.

Broadly, the Board assumes, amongst others, the following responsibilities in discharging its fiduciary and leadership functions:-

- Reviewing and adopting a strategic plan for the Group, including addressing the Group’s business strategies underpinning sustainability;
- Overseeing the performance of the Group’s business and determining whether its business is being properly managed;
- Identifying principal business risks faced by the Group and ensuring the implementation of appropriate risk management framework and mitigating measures to address such risks;
- Ensuring that all candidates appointed to the Board or the Senior Management are of sufficient calibre, including having in place a process to provide for the orderly succession of the Board and Senior Management;
- Overseeing the implementation of investor relations programme and stakeholder communication policy;
- Evaluating the adequacy and soundness of the Group’s internal controls and management information systems, including systems for the Group’s business to be in compliance with applicable laws, regulations, rules, directives and guidelines; and
- Ensuring the financial statements are prepared based on appropriate and consistently applied accounting policies, supported by reasonably prudent judgment and estimation and in accordance to the applicable financial reporting standards.

# Corporate Governance Overview Statement

*Cont'd*

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS *Cont'd*

### PART I – BOARD RESPONSIBILITIES *Cont'd*

#### 1.1 Board Roles and Responsibilities *Cont'd*

In order to assist in the discharge of its stewardship role, the Board has established the following Board Committees to examine specific issues within their respective terms of reference as approved by the Board and report to the Board with their recommendations. The ultimate responsibility for decision making, however, lies with the Board.

- Audit and Risk Management Committee (“ARMC”);
- Nomination Committee (“NC”);
- Remuneration Committee (“RC”); and
- Employees’ Share Option Scheme Committee.

#### 1.2 The Chairman

The Company has yet to appoint a Board Chairman since the retirement of Tan Sri Datuk Adzmi Bin Abdul Wahab on 13 October 2020. The Company is still looking for a suitable candidate to be appointed as the Chairman of the Board in terms of appropriate balance of skills, expertise, attributes and core competencies, taking into consideration the character, gender, experience, integrity, competence and time commitment.

#### 1.3 Chairman and Executive Directors (“EDs”)

The roles of the Chairman and EDs are separate with a clear distinction of responsibilities between them to provide effective leadership of the Board and the Group. The Chairman of the Board is responsible for the leadership and effective running of the Board, whereas the EDs who lead the management of the Group, has overall responsibility for the business and day-to-day management of the Company and the implementation of the Board’s policies and decisions.

#### 1.4 Qualified and competent Company Secretary

The Board is supported by a suitably qualified and competent Company Secretary. Our Company Secretary is a member of the Malaysian Association of Company Secretaries and is holding a professional certificate as qualified Company Secretary under the Companies Act 2016. She possesses over 28 years of experience in corporate secretarial practices.

The Company Secretary plays an advisory role in supporting the Board and Board Committees in advising on its roles and responsibilities, governance matters and ensuring the Company complies with its own Constitution and all the law and regulations prescribed by the Companies Act 2016 and Listing Requirements of Bursa Securities.

The Company Secretary manages the logistics of all Board, Board Committees and general meetings. She ensures the minutes of all meetings are properly recorded, including whether any Director abstained from voting or deliberating on a particular matter.

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

All Directors have unrestricted access to the advice and services of the Company Secretary to enable them to discharge their duties effectively. The Company Secretary also keeps the Directors and Principal Officers informed of the closed period for dealings in the Company’s shares.

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

# Corporate Governance Overview Statement

*Cont'd*

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS *Cont'd*

### PART I – BOARD RESPONSIBILITIES *Cont'd*

#### 1.5 Access to information and advice

The Board recognises that the decision-making process is highly dependent on the quality of information furnished. In furtherance of this, all Directors have access to the information within the Group through the following means:-

- a. Members of Senior Management attended the Board and/or Board Committees meetings by invitation, to report on areas of which are within their responsibilities for the Board's decision making and effective discharge of the Board's responsibilities.
- b. The Board and/or Board Committees meeting papers are prepared and circulated to the Directors and/or Board Committees at least five (5) market days before the Board and Board Committee meetings.
- c. The ARMC meets with the Senior Management, Internal Auditors and External Auditors regularly to review their audit plans and reports, and obtain updates and observations on the internal control system and financial reporting matters.

Furtherance to the abovementioned, the Board, as a whole, has the right to determine whether as a full Board or in their individual capacity, to seek and take independent professional advice, where necessary and under appropriate circumstances, in pursuance of their duties at the Group's expense.

#### 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.

The Board Charter was last reviewed, revised and approved by the Board on 29 September 2021 to align with the relevant best practices recommended under the MCCG issued by the Securities Commission Malaysia on 28 April 2021. The Board Charter is available on the Company's website, [www.lklbeds.com](http://www.lklbeds.com).

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.

#### 1.7 Code of Conduct and Ethics

The Board has adopted a Code of Conduct and Ethics which is incorporated in the Board Charter of the Company. The Directors continue to observe the Code of Conduct and Ethics based on the code of conduct expected of directors of companies as set out in the Code of Ethics for Company Directors established by the Companies Commission of Malaysia, and ensure implementation of corporate accountability standards to support and promote an ethical corporate environment and ensure the compliance of the Code of Conduct and Ethics.

The Board will periodically review and assess the adequacy of the Code of Conduct and Ethics and make such amendments to the Code of Conduct and Ethics as the Board may deem appropriate. The Code of Conduct and Ethics is available on the Company's website, [www.lklbeds.com](http://www.lklbeds.com).

#### 1.8 Whistle Blowing Policy

The Board has put in place a Whistle Blowing Policy to encourage its employees to report genuine concerns in relation to breach of any legal obligation (including negligence, criminal activity, breach of contract and breach of the law), miscarriage of justice, danger to health and safety or to the environment and the cover-up of any of these in the workplace. The Whistle Blowing Policy of the Company provides guidance on the appropriate communication and feedback channels to ensure legitimate concerns can be objectively investigated and addressed.

The Whistle Blowing Policy will be reviewed at least once in every three (3) years and in accordance with the needs of the Company. The Whistle Blowing Policy is available on the Company's website at [www.lklbeds.com](http://www.lklbeds.com).

# Corporate Governance Overview Statement

Cont'd

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS *Cont'd*

### PART I – BOARD RESPONSIBILITIES *Cont'd*

#### 1.9 Anti-Bribery & Corruption Policy

In line with the Malaysian Anti-Corruption Commission (Amendment) Act 2018 (MACC Act 2018), the Company has put in place Anti-Bribery & Corruption Policy (“**ABC Policy**”) to encourage a culture of integrity and transparency in all of the Group’s activities. This policy which adheres to the Listing Requirements of Bursa Securities and the Guidelines on Adequate Procedures issued pursuant to Section 17A(5) of the MACC Act 2018, generally set out the responsibilities of the Company, and all individuals who work for the Group, in observing and upholding the Group’s position on bribery and corruption and provides key anti bribery and corruption principles that apply to all interactions with the Group’s customers, business partners, and other third parties, as well as guidelines for the prevention, management, and remediation of bribery and corruption related risks.

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

### PART II – BOARD COMPOSITION

#### 2.1 Composition of the Board

The control environment sets the tone for the Group and is driven by an effective Board consisting of qualified and competent individuals with appropriate specialised skills and knowledge to ensure capable management of the Group. The appointment of Independent and Non-Independent Directors is carefully considered to ensure that the Board is well balanced on views, advice, judgment and decision making.

The Board currently has seven (7) members as set out in the table below:-

Name of Board Members	Designation
Datuk Chong Loong Men, Member <sup>(1)</sup>	Executive Director
Lim Ming Chang, Member <sup>(2)</sup>	Executive Director
Zulkarnin Bin Ariffin, Member <sup>(3)</sup>	Executive Director
Tay Ben Seng, Benson, Member <sup>(4)</sup>	Executive Director
Ling Chi Hoong, Member <sup>(5)</sup>	Independent Non-Executive Director
Chan Jee Peng, Member <sup>(6)</sup>	Independent Non-Executive Director
Ng Fun Kim, Member <sup>(7)</sup>	Independent Non-Executive Director

<sup>(1)</sup> Datuk Chong Loong Men was first appointed as an Independent Non-Executive Director of the Company on 14 October 2020 and then he was redesignated as a Non-Independent Non-Executive Director on 22 March 2021. On 23 April 2021, he was redesignated to his current designation as an Executive Director of the Company.

<sup>(2)</sup> Mr. Lim Ming Chang was appointed as an Executive Director of the Company on 16 November 2020.

<sup>(3)</sup> En. Zulkarnin Bin Ariffin was appointed as an Executive Director of the Company on 29 March 2021.

<sup>(4)</sup> Mr. Tay Ben Seng, Benson was appointed as an Executive Director of the Company on 27 December 2021.

<sup>(5)</sup> Mr. Ling Chi Hoong was appointed as an Independent Non-Executive Director of the Company on 6 April 2021.

<sup>(6)</sup> Mr. Chan Jee Peng was appointed as an Independent Non-Executive Director of the Company on 12 April 2021.

<sup>(7)</sup> Mr. Ng Fun Kim was appointed as an Independent Non-Executive Director of the Company on 21 July 2021.

The current Board composition is in compliance with Rule 15.02 of the Listing Requirements of Bursa Securities of having at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, are Independent Directors.

The presence of Independent Non-Executive Directors ensures that views, consideration, judgement and discretion exercised by the Board in decision making remain objective and independent whilst assuring the interest of other parties such as minority shareholders are fully addressed and adequately protected as well as being accorded with due consideration.

# Corporate Governance Overview Statement

Cont'd

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS Cont'd

### PART II – BOARD COMPOSITION Cont'd

#### 2.2 Tenure of Independent Directors

The MCGG recommends that the tenure of an Independent Director shall not exceed a cumulative term of nine (9) years. The Company does not have tenure limits for Independent Directors and the Board is of the opinion that the ability of an Independent Director to exercise his/her independence and objective judgment in Board deliberations shall not be determined solely or arbitrary by their tenure of service.

However, if the Board intends to retain a Director who has served as an Independent Director of the Company for a cumulative term of more than nine (9) years, the Board must justify its decision and seek the shareholders' approval at a general meeting.

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

#### 2.3 New Appointment to the Board

The Board, through the NC, is responsible for reviewing recommendations of any new appointments to the Board. In reviewing these recommendations, the NC considers the required mix of skills and experiences which the new appointments would bring to the Board and his or her time commitment. Any new nomination is to be reviewed by NC and subsequently recommended to the Board for assessment and endorsement.

The key task of the NC is to ensure that the Company recruits and retains the suitably qualified Executive and Non-Executive Directors who are competent and are able to guide the Company to meet its strategy and business plan. In searching for suitable candidates, the NC may receive suggestions from existing Board members, Senior Management and major shareholders. The NC is also open to referrals from external sources or independent recruiter firms.

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 in the listed issuer outside 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 Gender Diversity

The Board recognises that gender diversity and equitable representation at Board and Senior Management level are an essential element of good corporate governance, and is a critical attribute of a well-functioning Board and maintaining a competitive advantage. It enhances decision-making capability and a diverse Board is more effective in dealing with organisational changes.

The Company takes cognizant of the best practice recommended under the MCGG to have at least 30% female Directors. In line with the MCGG and view of gained attention of boardroom diversity as an important element of a well functioned organization, the Board had on 29 September 2021 reviewed and updated the Gender Diversity Policy which provides a framework for the Company to improve its gender diversity in both Board and Senior Management levels.

#### 2.5 Nomination Committee

The NC of the Company comprises the following members, all being Independent and Non-Executive Directors with the Chairman being the Independent Director identified by the Board:-

Name of Committee Members	Designation
Ling Chi Hoong, Chairman <sup>(1)</sup>	Independent Non-Executive Director
Chan Jee Peng, Member <sup>(2)</sup>	Independent Non-Executive Director
Ng Fun Kim, Member <sup>(3)</sup>	Independent Non-Executive Director

<sup>(1)</sup> Mr. Ling Chi Hoong was appointed as the Chairman of the NC on 6 April 2021.

<sup>(2)</sup> Mr. Chan Jee Peng was appointed as a member of the NC on 12 April 2021.

<sup>(3)</sup> Mr. Ng Fun Kim was appointed as a member of the NC on 21 July 2021.

# Corporate Governance Overview Statement

*Cont'd*

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS *Cont'd*

### PART II – BOARD COMPOSITION *Cont'd*

#### 2.5 Nomination Committee *Cont'd*

The Terms of Reference of the NC is available on the Company's website, [www.lklbeds.com](http://www.lklbeds.com).

The NC is responsible for identifying and recommending suitable candidates for new appointments to the Board. In making these recommendations, the NC considers the required mix of skills, expertise and experiences which the Directors would bring to the Board. Any new nomination received is recommended to the Board for assessment and endorsement.

The NC has developed certain criteria used in assessing the effectiveness of the Board and the Board Committees annually to ensure that the Board has an appropriate balance of skills, expertise and core competencies.

During the FPE 2021, the following are the summary of activities undertaken by the NC:-

- a. Reviewed and assessed the Managing Director, Executive Directors' and Non-Executive Directors' Annual Performance Evaluation Forms for the financial year ended 30 April 2020.
- b. Reviewed and assessed the independence of the Independent Directors.
- c. Reviewed and assessed the effectiveness of the Board and Board Committees and performance of the Directors of the Company both individually and collectively.
- d. Reviewed and assessed the performance of the ARMC.
- e. Evaluated the effectiveness of the Board and the Board Committees as a whole for assessing the contribution to the effectiveness of the decision-making process of the Board.
- f. Reviewed and recommended to the Board the re-election of Directors who retired in accordance with the Company's Constitution.
- g. Reviewed and considered the appointment of new Directors to the Board.

#### 2.6 Annual Evaluation of the Board and Board Committees as a whole

The Board has, through the NC, conducted annual evaluation to determine the effectiveness of the Board, its Board Committees and each individual Director in the FPE 2021. The process was carried out by sending the following customised assessment forms to Directors:-

- i. Performance of Managing Director and Executive Directors;
- ii. Performance of Non-Executive Directors;
- iii. Independence of the Independent Directors;
- iv. Performance of the ARMC; and
- v. Effectiveness of the Board and Board Committees as a whole.

The assessment criteria that are based on the key performance indicators cover the financial performance and business operations, strategic, operations management and business plans, product development, conformance and compliance, stakeholders' relation, succession planning, attendance, preparation and contribution to the Board Committee meetings.

# Corporate Governance Overview Statement

Cont'd

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS Cont'd

### PART II – BOARD COMPOSITION Cont'd

#### 2.7 Attendance of Board and Board Committees' Meetings

The Board meets at least once in every quarter on a scheduled basis and additional meetings to be convened as and when deemed necessary by the Board. All the Directors fulfilled the requirements of the Listing Requirements of Bursa Securities of having attended at least 50% of the Board meetings held by the Company during the FPE 2021.

The number of meetings held and attended by each member of the Board and the Board Committees during the financial period under review were as follows:-

Name of Directors	No. of Meetings Attended			
	Board	ARMC	NC	RC
Datuk Chong Loong Men <sup>(1)</sup>	4/5	1/1	-	-
Lim Ming Chang <sup>(2)</sup>	5/5	-	-	-
Zulkarnin Bin Ariffin <sup>(3)</sup>	2/2	-	-	-
Tay Ben Seng, Benson <sup>(4)</sup>	-	-	-	-
Ling Chi Hoong <sup>(5)</sup>	2/2	2/2	-	-
Chan Jee Peng <sup>(6)</sup>	2/2	2/2	-	-
Ng Fun Kim <sup>(7)</sup>	1/1	1/1	-	-
Tan Sri Datuk Adzmi Bin Abdul Wahab <sup>(8)</sup>	2/2	2/2	-	-
Selma Enolil Binti Mustapha Khalil <sup>(9)</sup>	2/2	2/2	1/1	1/1
Mok Mei Lan <sup>(10)</sup>	2/2	-	-	-
Wong Yeong Lee <sup>(11)</sup>	3/3	3/3	1/1	1/1
Sandra Mohan A/L Manthiry <sup>(12)</sup>	5/5	3/3	1/1	1/1
Lim Pak Hong <sup>(13)</sup>	5/5	-	-	-
Kong Weng Kiat <sup>(14)</sup>	-	-	-	-
Dato' Seri Dr. Chen Chaw Min <sup>(15)</sup>	1/1	-	-	-
Lim Kon Lian <sup>(16)</sup>	7/7	-	-	-

#### Notes:

<sup>(1)</sup> Datuk Chong Loong Men was first appointed as an Independent Non-Executive Director of the Company on 14 October 2020 and then he was redesignated as Non-Independent Non-Executive Director on 22 March 2021.

<sup>(2)</sup> Mr. Lim Ming Chang was appointed as an Executive Director of the Company on 16 November 2020.

<sup>(3)</sup> En. Zulkarnin Bin Ariffin was appointed as an Executive Director of the Company on 29 March 2021.

<sup>(4)</sup> Mr. Tay Ben Seng, Benson was appointed as an Executive Director of the Company on 27 December 2021.

<sup>(5)</sup> Mr. Ling Chi Hoong was appointed as an Independent Non-Executive Director of the Company on 6 April 2021.

<sup>(6)</sup> Mr. Chan Jee Peng was appointed as an Independent Non-Executive Director of the Company on 12 April 2021.

<sup>(7)</sup> Mr. Ng Fun Kim was appointed as an Independent Non-Executive Director of the Company on 21 July 2021.

<sup>(8)</sup> Tan Sri Datuk Adzmi Bin Abdul Wahab has retired as the Independent Non-Executive Chairman at the Sixth Annual General Meeting ("6<sup>th</sup> AGM") held on 13 October 2020.

<sup>(9)</sup> Puan Selma Enolil Binti Mustapha Khalil has retired as an Independent Non-Executive Director at the 6<sup>th</sup> AGM held on 13 October 2020.

<sup>(10)</sup> Madam Mok Mei Lan has resigned as an Executive Director on 16 November 2020.

<sup>(11)</sup> Mr. Wong Yeong Lee has resigned as an Independent Non-Executive Director on 16 February 2021.

<sup>(12)</sup> Mr. Sandra Mohan A/L Manthiry has resigned as Independent Non-Executive Director on 6 April 2021.

<sup>(13)</sup> Mr. Lim Pak Hong has resigned as an Executive Director on 30 April 2021.

<sup>(14)</sup> Mr. Kong Weng Kiat was appointed on 19 February 2021 and has resigned on 23 March 2021 as an Independent Non-Executive Director.

<sup>(15)</sup> Dato' Seri Dr. Chen Chaw Min was appointed on 1 March 2021 and has resigned on 29 March 2021 as the Independent Non-Executive Chairman.

<sup>(16)</sup> Mr. Lim Kon Lian has resigned as the Managing Director on 28 December 2021.

Overall, the Board is satisfied with the level of time commitment given by the Directors towards fulfilling their duties and responsibilities. This is evidenced by the attendance record of the Directors as set out herein above.

# Corporate Governance Overview Statement

*Cont'd*

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS *Cont'd*

### PART II – BOARD COMPOSITION *Cont'd*

#### 2.7 Attendance of Board and Board Committees' Meetings *Cont'd*

To facilitate the Directors' time planning, the annual Board and Board Committees meetings calendar was 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.

#### 2.8 Directors' Training

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

The Company Secretary had on 14 July 2021 briefed the Board on the latest updates on the MCCG issued by Securities Commission Malaysia on 28 April 2021.

The training programmes, seminars and/or conferences attended by the Directors during the FPE 2021 are as follows:-

Directors	Title of Seminars/Trainings attended
Datuk Chong Loong Men	<ul style="list-style-type: none"> <li>Updated MCCG 2021</li> </ul>
Lim Ming Chang	<ul style="list-style-type: none"> <li>Updated MCCG 2021</li> </ul>
Zulkarnin Bin Ariffin	<ul style="list-style-type: none"> <li>Updated MCCG 2021</li> <li>Tax Governance – It's Time to Embrace It</li> </ul>
Ling Chi Hoong	<ul style="list-style-type: none"> <li>Mandatory Accreditation Programme (MAP)</li> <li>Updated MCCG 2021</li> <li>IMKL 2021 Virtual Series 1 – Economic Reform</li> <li>Rebuilding a Sustainable Economy</li> </ul>
Chan Jee Peng	<ul style="list-style-type: none"> <li>Updated MCCG 2021</li> <li>2022 Budget Seminar</li> <li>Malaysia Tax Reference 2021</li> <li>Audit Evidence and Sampling (MIA)</li> <li>Apply Various Impairment Models (MIA)</li> </ul>
Ng Fun Kim	<ul style="list-style-type: none"> <li>Corporate Tax Strategies (MIA)</li> <li>Withholding Tax (MIA)</li> <li>Tax Audits &amp; Investigations (MIA)</li> </ul>

The Board acknowledges that continuous education is essential for the Directors to further enhance their skills and knowledge. The Board shall ensure compliance with the Mandatory Accreditation Programme as required by Bursa Securities for the newly appointed Director.

# Corporate Governance Overview Statement

Cont'd

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS *Cont'd*

### PART III – REMUNERATION

#### 3.1 Remuneration Policy

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

The remuneration is reviewed by the RC on an annual basis prior to making its recommendations to the Board for approval. In its review, the RC considers various factors including the Directors' fiduciary duties, time commitments and expertise expected from them and the Company's performance.

The Remuneration Policy is available on the Company's website, [www.lklbeds.com](http://www.lklbeds.com).

The tables below set out the main components and operation of the remuneration structure packages of Directors and Senior Management of the Company:-

#### (I) Remuneration structure for the Senior Management and/or Directors who hold an Executive role in the Company

Component of Pay	Particulars
Base Salary	A fixed salary will be paid for performing the scope of duties and responsibilities and will be reviewed based on the individual performance and achievements of the Company/the Group and comparable market rate within the industry.
Bonus	An annual bonus will be paid to reward, retain and motivate the individual and will depend on the performance of the Company/the Group and the personal contribution of the individual to the achievement of those results.
Other Benefits	Other benefits which include the contribution of EPF, SOCSO, medical fees, medical or health insurance, company car, handphone, travelling and entertainment claims, amongst others, shall be provided based on the Group's human resource policy in the context of market practices from time to time.

#### (II) Remuneration structure for the Directors who hold a Non-Executive role in the Company

Component of Pay	Particulars
Fees	<p>A fixed retainer sum shall be paid for their contribution to the Board and the Company. The fixed fee is determined based on the following factors:</p> <ul style="list-style-type: none"> <li>• On par with the rest of the market;</li> <li>• Reflect the qualifications and contribution required in view of the Group's complexity;</li> <li>• The extent of the duty and responsibilities; and</li> <li>• The number of Board meetings and Board Committees' meetings</li> </ul>
Meeting allowance and other benefits	<p>A reasonable fixed meeting allowance will be paid on a per trip basis with the condition that attendance is a prerequisite for such remittance.</p> <p>Other benefits include flight tickets, accommodation, travelling expenses, amongst others, incurred in the course of performing his duties or other things required of him as a Director of the Company.</p>

The remuneration policy will be reviewed by the Board from time to time and the Board may make any necessary amendments to the policy to ensure it remains consistent and relevant with the Board's objectives, current laws and practices.

# Corporate Governance Overview Statement

Cont'd

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS Cont'd

### PART III – REMUNERATION Cont'd

#### 3.2 Remuneration Committee

The RC is principally responsible for the development and review of the remuneration packages of the Executive Directors including Board Members, where necessary, and subsequently furnishes their recommendations to the Board for adoption. The RC plays an essential role in overseeing the quality of the remuneration for Directors by ensuring the remuneration decisions remunerate the Directors fairly and responsibly, and that it reflects the commitment of the Director concerned.

The RC also recommends the Directors' fees and/or benefits payable to Non-Executive Directors, which are deliberated and decided at the Board before it is presented at the AGM for shareholders' approval.

The Terms of Reference of the RC was revised and updated on 29 September 2021 which incorporated the relevant practices recommended under the MCGG.

The Terms of Reference of the RC is available on the Company's website at [www.lklbeds.com](http://www.lklbeds.com).

#### 3.3 Directors' Remuneration

The Directors' fees and/or benefits payable to Non-Executive Directors of the Company are subject to the approval of shareholders of the Company. The remuneration payable to the Directors on the Company and the Group for the FPE 2021 are as follows:-

##### The Company

Name of Directors	Fees RM	Salaries RM	Benefits in Kind RM	Meeting Allowance RM	Bonus RM	Others RM	Total RM
Datuk Chong Loong Men <sup>(1)</sup>	55,000	250,000	-	1,000	-	30,385	336,385
Lim Ming Chang <sup>(2)</sup>	-	140,000	-	-	-	17,185	157,185
Zulkarnin Bin Ariffin <sup>(3)</sup>	-	152,419	-	-	-	18,753	171,172
Tay Ben Seng, Benson <sup>(4)</sup>	-	-	-	-	-	-	-
Ling Chi Hoong <sup>(5)</sup>	23,333	-	-	-	-	-	23,333
Chan Jee Peng <sup>(6)</sup>	28,167	-	-	-	-	-	28,167
Ng Fun Kim <sup>(7)</sup>	9,419	-	-	-	-	-	9,419
Tan Sri Datuk Adzmi Bin Abdul Wahab <sup>(8)</sup>	21,175	-	-	600	-	-	21,775
Selma Enolil Binti Mustapha Khalil <sup>(9)</sup>	18,150	-	-	600	-	-	18,750
Mok Mei Lan <sup>(10)</sup>	-	-	-	-	-	-	-
Wong Yeong Lee <sup>(11)</sup>	31,586	-	-	1,200	-	-	32,786
Sandra Mohan A/L Manthiry <sup>(12)</sup>	39,600	-	-	1,500	-	-	41,100
Lim Pak Hong <sup>(13)</sup>	-	-	-	-	-	-	-
Kong Weng Kiat <sup>(14)</sup>	3,627	-	-	-	-	-	3,627
Dato' Seri Dr. Chen Chaw Min <sup>(15)</sup>	5,500	-	-	500	-	-	6,000
Lim Kon Lian <sup>(16)</sup>	-	-	-	-	-	-	-
<b>Total</b>	<b>235,557</b>	<b>542,419</b>	<b>-</b>	<b>5,400</b>	<b>-</b>	<b>66,323</b>	<b>849,699</b>

# Corporate Governance Overview Statement

Cont'd

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS Cont'd

### PART III – REMUNERATION Cont'd

#### 3.3 Directors' Remuneration Cont'd

##### The Group

Name of Directors	Fees RM	Salaries RM	Benefits in Kind RM	Meeting Allowance RM	Bonus RM	Others RM	Total RM
Datuk Chong Loong Men <sup>(1)</sup>	55,000	250,000	-	1,000	-	30,385	336,385
Lim Ming Chang <sup>(2)</sup>	168,753	188,000	-	-	-	23,406	380,159
Zulkarnin Bin Ariffin <sup>(3)</sup>	-	152,419	-	-	-	18,753	171,172
Tay Ben Seng, Benson <sup>(4)</sup>	-	-	-	-	-	-	-
Ling Chi Hoong <sup>(5)</sup>	23,333	-	-	-	-	-	23,333
Chan Jee Peng <sup>(6)</sup>	28,167	-	-	-	-	-	28,167
Ng Fun Kim <sup>(7)</sup>	9,419	-	-	-	-	-	9,419
Tan Sri Datuk Adzmi Bin Abdul Wahab <sup>(8)</sup>	21,175	-	-	600	-	-	21,775
Selma Enolil Binti Mustapha Khalil <sup>(9)</sup>	18,150	-	-	600	-	-	18,750
Mok Mei Lan <sup>(10)</sup>	-	652,610	-	-	99,000	90,131	841,741
Wong Yeong Lee <sup>(11)</sup>	31,586	-	-	1,200	-	-	32,786
Sandra Mohan A/L Manthiry <sup>(12)</sup>	39,600	-	-	1,500	-	-	41,100
Lim Pak Hong <sup>(13)</sup>	-	135,000	-	-	92,000	27,625	254,625
Kong Weng Kiat <sup>(14)</sup>	3,627	-	-	-	-	-	3,627
Dato' Seri Dr. Chen Chaw Min <sup>(15)</sup>	5,500	-	-	500	-	-	6,000
Lim Kon Lian <sup>(16)</sup>	-	1,260,950	-	-	150,000	169,200	1,580,150
<b>Total</b>	<b>404,310</b>	<b>2,638,979</b>	<b>-</b>	<b>5,400</b>	<b>341,000</b>	<b>359,500</b>	<b>3,749,189</b>

The changes of the Board composition can be referred to the notes under item 2.7 on the Attendance of Board and Board Committees' Meetings.

#### 3.4 Remuneration of Senior Management

The remuneration of the Senior Management of the Group for the FPE 2021 are as follows:-

Range of Remuneration	No. of Senior Management
Below RM50,000 <sup>(1)</sup>	1
RM200,001 to RM250,000 <sup>(2)</sup>	1
RM250,001 to RM300,000	1
RM300,001 to RM350,000	-
RM350,001 to RM400,000	-
RM400,001 to RM450,000	-
RM450,001 to RM500,000	-
RM500,001 and above	1

<sup>(1)</sup> Key Senior Management who joined the Group during the FPE 2021.

<sup>(2)</sup> Key Senior Management who has resigned from the Group after the FPE 2021.

Due to confidentiality and sensitivity of the remuneration package of Senior Management as well as security concerns, the Company opts not to disclose the Senior Management's remuneration components on a named basis in the bands of RM50,000.

# Corporate Governance Overview Statement

*Cont'd*

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS *Cont'd*

### PART III – REMUNERATION *Cont'd*

#### 3.4 Remuneration of Senior Management *Cont'd*

The Board is of the view that the disclosure of the Senior Management's remuneration components would not be in the best interest of the Company given the competitive human resources environment as such disclosure may give rise to recruitment and talent retention issues.

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 in the Annual Report 2021 is adequate.

## PRINCIPLE B – EFFECTIVENESS 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 in the areas of financial reporting, external audit, internal control environment and internal audit process, review of related party transactions as well as conflict of interest situations. The ARMC also undertakes to provide oversight on the risk management framework of the Group. The ARMC plays a crucial role in assisting the Board to scrutinise the information for disclosure to stakeholders to ensure accuracy, validity and timeliness of the financial statements.

The ARMC is chaired by the Independent Non-Executive Director who is distinct from the Chairman of the Board. 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 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 of the ARMC.

Currently, none of the members of the ARMC of the Company were former key audit partners. The ARMC has in place a policy that requires a former key partner to observe a cooling-off period of at least three (3) years before being appointed as a member of the ARMC. The policy had been codified in the Terms of Reference of ARMC of the Company.

The ARMC is empowered by the Board to review any matters concerning the appointment and re-appointment, resignations or dismissals of External Auditors and review and evaluate factors relating to the independence of the External Auditors. The Board has established the Internal and External Auditors Assessment Policy together with the Annual Performance Evaluation Form respectively. The said Policy aims to outline the guidelines and procedures for ARMC to review, assess and monitor the performance, suitability and independence of the Internal and External Auditors respectively.

The Board, having considered the ARMC's recommendation and feedback, was satisfied with the suitability and independence of the External Auditors and has recommended their re-appointment to the shareholders for approval at the 7<sup>th</sup> AGM.

# Corporate Governance Overview Statement

*Cont'd*

## PRINCIPLE B – EFFECTIVENESS AUDIT AND RISK MANAGEMENT *Cont'd*

### PART II – Risk Management and Internal Control Framework *Cont'd*

#### 4.2 Risk Management and Internal Control Framework

The Board has delegated the responsibility of reviewing the adequacy and effectiveness of the risk management and internal control system to the ARMC with the primary objective to assist the Board in the following functions:-

- a. Overseeing the Group's risk management framework and policies;
- b. Ensuring Senior Management maintains a sound system of risk management and internal controls to safeguard shareholders' interest and the Group's assets; and
- c. Determining the nature and extent of significant risks which it is willing to take in achieving its strategic objectives.

The risk management and internal control are ongoing processes and the Company will continuously enhance the existing system of risk management and internal control by taking into consideration the changing business environment.

The review and assessment of the Company's internal control and risk management framework are conducted as and when required. Further details on the features of the risk management and internal control framework, and the adequacy and effectiveness of this framework, are disclosed in the Statement on Risk Management and Internal Control in this Annual Report 2021.

#### 4.3 Internal Audit Function

The Group's Internal Audit Function is outsourced to an independent professional consulting firm to assist the Board in maintaining a system of internal control to safeguard shareholders' investment and the Group's assets. The internal audit findings and investigations of business units of the Group will be reported directly to the ARMC.

The information on the Group's risk management and internal control is presented in the Statement on Risk Management and Internal Control in this Annual Report 2021.

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

### PART I – Communication with Stakeholders

#### 5.1 Continuous Communication with Stakeholders

The Board is committed to provide stakeholders with accurate, useful and timely information about the Company's businesses, operations and financial performance of the Group and where necessary, information filed with regulators is in accordance with the applicable legal and regulating requirements. Stakeholders will receive regular communication from the Company through the release of quarterly reports to Bursa Securities and annual reports. In addition, the Company will communicate other information to the stakeholders by way of press releases or announcements to Bursa Securities as and when necessary.

The Board has also established a dedicated section on the Company's website at [www.lklbeds.com](http://www.lklbeds.com) for corporate information on the Company's announcements, financial information, annual reports, quarterly reports, and share prices which are available to the public. The website acts as a key communication channel for the Company to reach its stakeholders and the general public.

# Corporate Governance Overview Statement

*Cont'd*

## **PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS** *Cont'd*

### **PART I – Communication with Stakeholders** *Cont'd*

#### **5.1 Continuous Communication with Stakeholders** *Cont'd*

The Investor Relations section on the Company's website enhances the investor relations function, stakeholders and the general public may direct their enquiries and concerns by contacting the Company's Investor Relations which is available at the website, [www.lklbeds.com](http://www.lklbeds.com).

Stakeholders can also access historical data and stocks chart information by clicking on the subject matter at the website.

#### **5.2 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, information filed with regulators is in accordance with all applicable legal and regulatory requirements.

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

### **PART II – Conduct of General Meetings**

#### **5.3 Conduct of General Meetings**

The AGM serves as the principal forum for direct interaction and dialogue between the shareholders, the Board and the management. The AGM provides an opportunity for the shareholders to seek and clarify any issues and to have a better understanding of the Group's performance and other matters of concern. The Company should facilitate greater shareholders participation and the shareholders will be able to make informed voting decisions. The Board will ensure that all the Board members, management team, External Auditors and Company Secretary are present to respond to shareholders queries during the AGM and any other general meetings.

In line with the Practice 12.1 of the MCCG, the Notice of 6<sup>th</sup> AGM of the Company was given to shareholders at least twenty-eight (28) days before the AGM which gives shareholders sufficient time to prepare themselves to attend the AGM or to appoint a proxy to attend and vote on their behalf. The notice of the coming 7<sup>th</sup> AGM of the Company which is scheduled to be held on 15 March 2022 will be sent to the shareholders at least twenty-eight (28) days before the date of 7<sup>th</sup> AGM this year as well.

During the proceedings of the 6<sup>th</sup> AGM, shareholders are given the opportunity to comment or raise issues and questions whether pertaining to the issues on the agenda, annual report, the Group's strategy or developments of the Group.

All resolutions set out in the Notice of 6<sup>th</sup> 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 meeting is announced to Bursa Securities at the end of the meeting day.

### **STATEMENT BY THE BOARD ON THE STATEMENT**

The Board has deliberated, reviewed and approved this 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 2021, except for the departures set out in the CG Report.

# 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 30 September 2021 ("FPE 2021").

## 2. OBJECTIVES

The Audit and Risk Management Committee ("ARMC" or "the Committee") was established with the primary objective to assist the Board in discharging its statutory duties and responsibilities, among others, providing an additional assurance to the Board by giving an objective and independent review of financial, operational and administrative controls and procedures, establishing and maintaining internal controls and reinforcing the independence of the Company's External Auditors, thereby 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 Non-Executive Directors and Independent 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 corporate website of the Company at [www.lklbeds.com](http://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
Wong Yeong Lee <sup>(1)</sup>	3/3
Tan Sri Datuk Adzmi Bin Abdul Wahab <sup>(2)</sup>	2/2
Selma Enolil Binti Mustapha Khalil <sup>(2)</sup>	2/2
Sandra Mohan A/L Manthiry <sup>(3)</sup>	3/3
Kong Weng Kiat <sup>(4)</sup>	-
Datuk Chong Loong Men <sup>(5)</sup>	1/1
Ling Chi Hoong <sup>(6)</sup>	2/2
Chan Jee Peng <sup>(7)</sup>	2/2
Ng Fun Kim <sup>(8)</sup>	1/1

# Audit and Risk Management Committee Report

*Cont'd*

## 4. ATTENDANCE OF MEETINGS *Cont'd*

**Notes:**

- (1) *Mr. Wong Yeong Lee has resigned as the Chairman of the ARMC on 16 February 2021.*
- (2) *Tan Sri Datuk Adzmi Bin Abdul Wahab and Puan Selma Enolil Binti Mustapha Khalil have ceased as members of the ARMC on 13 October 2020.*
- (3) *Mr. Sandra Mohan A/L Manthiry has resigned as a member of the ARMC on 6 April 2021.*
- (4) *Mr. Kong Weng Kiat was appointed on 19 February 2021 and has subsequently resigned on 23 March 2021. There was no meeting held during his tenure.*
- (5) *Datuk Chong Loong Men was appointed on 14 October 2020 and subsequently ceased as a member of ARMC on 23 April 2021.*
- (6) *Mr. Ling Chi Hoong was appointed as the Chairman of the ARMC on 6 April 2021 and was subsequently redesignated as a member of ARMC on 12 April 2021.*
- (7) *Mr. Chan Jee Peng was appointed as the Chairman of the ARMC on 12 April 2021.*
- (8) *Mr. Ng Fun Kim was appointed as a member of the ARMC on 21 July 2021.*

The presence of the External Auditors and/or the Internal Auditors at the Committee meetings can be requested if required by the Committee. Other members of the Board and officers of the Company and its subsidiaries ("the Group") were present by invitation at all meetings.

## 5. SUMMARY OF ACTIVITIES FOR THE FPE 2021

The Committee had carried out the following activities for the FPE 2021 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 2021 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. Considered and recommended the re-appointment of Messrs. PKF as the External Auditors and their audit fee to the Board for consideration based on the independence, competency and efficiency as demonstrated by the External Auditors during their audit;
- v. 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 responses thereon, and ensure that appropriate actions were taken in addressing the issues reported by the Internal Auditors;
- vi. Reviewed with the Internal Auditors, on the Internal Audit function of the Company against the "Key Observations of the Effectiveness of Internal Audit Function of Listed Issuers and findings of the Thematic Review and Key Takeaways" issued by Bursa Securities and Institute of Internal Auditors Malaysia;
- vii. 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;
- viii. 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 the Company's Annual Report;
- ix. Self-appraised the performance of the ARMC for the FPE 2021 and submitted the evaluation form to the Nomination Committee for assessment;

# Audit and Risk Management Committee Report

*Cont'd*

## 5. SUMMARY OF ACTIVITIES FOR THE FPE 2021 *Cont'd*

- x. Reviewed the annual performance evaluation forms of the Internal and External Auditors; and
- xi. Reviewed the verification of the options granted under the Employees' Share Option Scheme of the Company for the FPE 2021.

## 6. INTERNAL AUDIT ("IA") FUNCTION

### i. Appointment

The IA function is outsourced to Sterling Business Alignment Consulting Sdn. Bhd. ("Sterling"), an independent professional consulting firm to carry out IA services for the Group. The Internal Auditors report directly to the Committee, providing the Board with a reasonable assurance of the adequacy of the scope, functions and resources of the IA function. IA reports will be presented, together with senior management's response and proposed action plans to the Committee on a quarterly basis.

The purpose of the IA function is to provide the Board, through the Committee, assurance of the effectiveness of the system of internal control of the designated entities of the Group.

However, Sterling had on 14 July 2021 resigned as the Internal Auditors of the Company, and the Board had on 29 November 2021 appointed Talent League Sdn. Bhd., an independent professional consulting firm to carry out IA services for the Group.

### ii. IA activities

The Internal Auditors undertake IA functions based on the operational, compliance and risk-based audit plan approved by the Committee. The risk-based audit plans cover the review of the key operational and financial functions in accordance to the approved IA plan. A risk-based methodology is adopted to evaluate the adequacy and effectiveness of the risk management, financial, operational and governance processes.

The IA functions carried out by Sterling for the financial period under review includes, among others, the following:

- a. Prepared the IA plan for the Group for discussion and approval of the Committee before recommending it to the Board for adoption;
- b. Reviewed the system of internal control and key operating processes based on the approved IA plan. During the financial period under review, Sterling has reviewed critical business processes, identified risks and internal control gaps, assessed the effectiveness and adequacy of the existing state of internal control of the Group and recommended possible improvements to the existing system of internal control;
- c. IA reports incorporating the audit observations, audit recommendations and management action plans were tabled to the Committee for review and approval on a quarterly basis; and
- d. Follow-ups were conducted on previously issued audit recommendations to ensure that all recommendations and management action plans had been implemented accordingly.

### iii. Total costs incurred for the financial period

The total costs incurred for the IA function of the Group by Sterling up to their resignation on 14 July 2021 was RM44,000.

### iv. Review of IA function

For the FPE 2021, the Committee noted that the IA function is independent and Sterling has performed their audit assignments with impartiality, proficiency and due professional care. Notwithstanding the above, although several internal control deficiencies were identified during the internal audit reviews, none of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require separate disclosure in the Annual Report.

# 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 30 September 2021 (“FPE 2021”) 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 2017 (“MCCG”).

## BOARD RESPONSIBILITY

The Board acknowledges its overall responsibility for maintaining the Group’s system of risk management and internal control to protect the Group’s assets and safeguard shareholders’ investments, the interest of customers, regulators, and employees. The Board further recognises its responsibility in reviewing the adequacy and integrity of this system.

The system of risk management and internal control covers financial controls, operational, environmental and compliance controls. The Board recognizes the importance of internal audits to establish and maintain a sound system of internal control. Due to the inherent limitations of the system of internal control, it can only provide reasonable but not absolute assurance against material misstatement of financial information, loss, or fraud. Nevertheless, the Board regularly receives, and reviews the reports on internal control, and is of the view that the system of internal control is adequate to safeguard 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 there is an on-going process of identifying, evaluating, monitoring, assessing, reporting and managing significant risks by the Management to achieve the objective of the Group for the financial year under review. The Group’s system of risk management is designed to manage and control the Group’s risks within an acceptable risk appetite, rather than to totally avoid or eliminate the risks that are inherent to the Group’s activities.

The ARMC consists of 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 the effectiveness risk management framework.

The Board is of the opinion that the role of Management is to implement the Board’s policies and guidelines on risks and controls, to identify and evaluate the risks faced by the Group, and to operate a suitable system of internal controls to manage these risks.

## INTERNAL AUDIT FUNCTION

The Board had on 29 November 2021 engaged Talent League Sdn. Bhd. (“Talent League”), an independent consulting firm to assist the Board and ARMC by conducting an independent assessment of the adequacy and operating effectiveness of the Group’s internal control system.

Prior to the appointment of Talent League, Sterling Business Alignment Consulting Sdn. Bhd. (“Sterling”), an independent consulting firm had reviewed the adequacy and integrity of the Group’s system of internal control during the FPE 2021. Sterling acts as the internal auditors and reports directly to the ARMC quarterly during the ARMC Meeting. Sterling is free from any relationships or conflicts of interest, which could impair their objectivity and independence of the internal audit function. Sterling does not have any direct operational responsibility or authority over any of the activities audited.

# Statement on Risk Management and Internal Control

Cont'd

## INTERNAL AUDIT FUNCTION Cont'd

Sterling uses the internal control framework as promulgated by the Committee of Sponsoring Organisation of the Treadway Commission – Internal Control (“COSO - IC”) as internal control review approach with review procedures carried out in accordance with applicable standards of the International Professional Practices Framework adopted and recommended by the Institute of Internal Auditors Malaysia.

Based on the internal audit reviews, observations were presented by Sterling, together with Management's response and proposed action plans, to the ARMC for review during the quarterly ARMC Meeting. In addition, the internal auditors followed up on the implementation of recommendations from previous cycles of internal audit and updated the ARMC on the status of the Management agreed action plans. For the FPE 2021, the total costs incurred for the outsourced internal audit function by Sterling up to their resignation on 14 July 2021 is RM44,000.

For the FPE 2021, the following subsidiaries of the Group were audited and reported by Sterling:-

Audit Period	Reporting Month	Name of Entity Audited	Audited Areas
1st Quarter (May 2020 – Jul 2020)	Sep 2020	LKLAM TMI	Internal Audit Review <ul style="list-style-type: none"> <li>• Safety and Health</li> <li>• Maintenance</li> </ul>
2nd Quarter (Aug 2020 – Oct 2020)	Dec 2020	LKLAM	Internal Audit Review <ul style="list-style-type: none"> <li>• Research and Development</li> </ul>
3rd Quarter (Nov 2020 – Jan 2021)	Mar 2021	LKLAM TMI MGEN	Follow up actions on previously reported audited findings: <ul style="list-style-type: none"> <li>• Internal Audit Reported in December 2020</li> <li>• Internal Audit Reported in September 2020</li> <li>• Internal Audit Reported in June 2020</li> <li>• Internal Audit Reported in December 2019</li> <li>• Internal Audit Reported in September 2019</li> <li>• Internal Audit Reported in June 2019</li> <li>• Internal Audit Reported in March 2019</li> <li>• Internal Audit Reported in March 2018</li> <li>• Internal Audit Reported in December 2017</li> <li>• Internal Audit Reported in September 2017</li> <li>• Internal Audit Reported in December 2016</li> </ul>
4th Quarter (Feb 2021 – Apr 2021)	Jun 2021	LKLAM TMI	Internal Audit Review: <ul style="list-style-type: none"> <li>• Safety and Health</li> <li>• Maintenance</li> </ul>

## 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 2021, and up to the date of this Statement:-

- Organisational Structure**  
 The Group has a defined organisational structure that is aligned to its business and operation requirements. Defined lines of accountability, the delegation of responsibility and level of authorisation for all aspects of the business have been laid down and communicated throughout the Group.
- Limits of Authority**  
 Authority charts have been established within the Group to provide a functional framework of authority in approving sales orders, purchases, expenses and capital expenditure.

# Statement on Risk Management and Internal Control

*Cont'd*

## KEY ELEMENTS OF INTERNAL CONTROL *Cont'd*

- The Board and ARMC**  
 Regular Board and ARMC meetings are held at least 4 times during a financial year, where information is provided to the Board and ARMC covering financial results and operational performance, for effective monitoring and decision making.
- Monitoring and Review**  
 Management accounts containing key financial results and operational performance are prepared and presented to the 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**  
 Effective communication of critical information to the achievement of the Group's business objectives through clear reporting lines are established across the Group. This is to ensure that matters that require senior management's attention are highlighted for review, deliberation, and decision on a timely basis.
- Anti-Bribery and Corruption Policy**  
 Anti-Bribery and Corruption Policy established by the Board applies to the Directors and employees of the Group and any third parties associated with the Group. This represents the Group's effort in preventing the occurrence of bribery and corrupt practices in relation to the business of the Group.
- Whistleblowing Policy**  
 Whistleblowing Policy established by the Board applies to the Directors, officers, and employees of the Group. The Group provides an avenue for all employees as well as members of the public a safe channel to raise a concern or disclose about possible improprieties. Allegation of improprieties, if any, are reported at the ARMC meeting.
- Annual Budget and Forecasting**  
 The Group is implementing the annual budget for forthcoming financial year. The actual performance would be reported, analysed and monitored against the budget.
- Training and Development Programmes**  
 Training and development programmes are established to ensure that staff is constantly kept up-to-date with the constant technological changing environment in order to be competent in the industry which is in line with achieving the Group's business objectives.
- Certification**  
 The Group has 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-averse and control-conscious culture.

## ASSURANCE TO THE BOARD

The Board has received assurance from the Executive Director and Chief Financial Officer 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.

# Statement on Risk Management and Internal Control

*Cont'd*

## 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 2021. 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 the 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 January 2022.

## 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 year and of the operations results and cash flows of the Group and the Company for the financial year then ended.

In preparing the financial statements for the financial period ended 30 September 2021, 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 the corporate exercises

#### 1.1 Private Placement I

Proceeds totaling RM62.84 million were raised under 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 14.1.2022 RM'000	Unutilised Proceeds RM'000	Estimated timeframe for Utilisation of Proceed
Capital Expenditure and expansion	26,500	11,362	15,138	Within 24 months
Future investments or projects	6,000	6,000	-	Within 24 months
Repayment of bank borrowings	5,561	4,697	864	Within 6 months
Working capital	23,779	23,896	(117)	Within 12 months
Estimated expenses in relation to the Proposals	1,000	883	117 <sup>(1)</sup>	Within 1 month
<b>Total</b>	<b>62,840</b>	<b>46,838</b>	<b>16,002</b>	

<sup>(1)</sup> In view that the actual listing expenses were lesser 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 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 14.1.2022 RM'000	Unutilised Proceeds RM'000	Estimated timeframe for Utilisation of Proceed
Trading of rubber gloves and PPE	32,953	29,981	2,972	Within 24 months
Setting up new storage facilities	2,000	98	1,902	Within 24 months
Estimated expenses in relation to the Proposals	600	514	86	Immediate
<b>Total</b>	<b>35,553</b>	<b>30,593</b>	<b>4,960</b>	

#### 1.3 Private Placement III

Proceeds totaling RM10.70 million were raised under Private Placement III which was completed on 13 January 2022. 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 14.1.2022 RM'000	Unutilised Proceeds RM'000	Estimated timeframe for Utilisation of Proceed
Purchase of raw materials and ancillary goods	10,545	-	10,545	Within 18 months
Estimated expenses in relation to the Proposals	150	135	15	Within 1 month
<b>Total</b>	<b>10,695</b>	<b>135</b>	<b>10,560</b>	

## Additional Compliance Information

*Cont'd*

### 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 FPE 2021 were as follows:

	Company RM	Group RM
Audit fee	47,500	145,000
Non-audit fee	3,000	3,000

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

There were no material contracts entered by the Company and its subsidiaries which involved Directors' or major shareholders' interests during the financial period under review.

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

Recurrent related party transactions of the revenue or trading nature entered into by the Group are disclosed in the Note 31 to the Financial Statement for the FPE 2021 on page 106 of this Annual Report.

### 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 ("Effective Date") and the ESOS is governed by its By-Laws approved by the shareholders at an Extraordinary General Meeting held on 13 October 2020. Information in relation to the ESOS was as follows:-

- (a) Total number of options granted, exercised and outstanding during the financial period under review are as follows:-

Number of options	Grand Total	Directors and Senior Management
Granted	117,356,270	24,120,000
Exercised	(88,517,400)	(23,620,000)
Lapsed	(28,838,870)	(500,000)
Outstanding as at 30 September 2021	-	-

- (b) Percentage of options applicable to Directors and Senior Management under the ESOS during the financial period and since its commencement up to FPE 2021 are set out below:-

Directors and Senior Management	Percentage of options (%)	
	During the financial period	Since commencement up to 30 September 2021
Aggregate maximum allocation	50%	50%
Actual options granted	20.55%	20.55%

- (c) No options were granted to the Non-Executive Directors under the ESOS since its commencement up to FPE 2021.

# Financial Statements



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## Directors' Report

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial period from 1 May 2020 to 30 September 2021.

### PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of its subsidiaries are disclosed in Note 13 to the financial statements.

### CHANGE OF FINANCIAL YEAR END

The financial year end of the Company has been changed from 30 April to 30 September 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 17 months from 1 May 2020 to 30 September 2021.

### RESULTS

	Group RM	Company RM
Loss for the financial period	52,149,708	48,106,862
Attributable to:		
Owners of the Company	51,629,923	48,106,862
Non-controlling interest	519,785	-
	52,149,708	48,106,862

### RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial period from 1 May 2020 to 30 September 2021 other than those disclosed in the financial statements.

### DIVIDENDS

No dividend has been paid or declared by the Group and Company since the end of the previous financial year. The Directors do not recommend any dividend for the financial period from 1 May 2020 to 30 September 2021.

## Directors' Report

Cont'd

### DIRECTORS

The Directors of the Company in office during the financial period from the end of the financial period to the date of the report are:

Datuk Chong Loong Men	(Appointed on 14 October 2020)
Lim Ming Chang	(Appointed on 16 November 2020)
Kong Weng Kiat	(Appointed on 19 February 2021, resigned on 23 March 2021)
Dato' Seri Dr Chen Chaw Min	(Appointed on 1 March 2021, resigned on 29 March 2021)
Zulkarnin bin Ariffin	(Appointed on 29 March 2021)
Ling Chi Hoong	(Appointed on 6 April 2021)
Chan Jee Peng	(Appointed on 12 April 2021)
Ng Fun Kim	(Appointed on 21 July 2021)
Tay Ben Seng, Benson	(Appointed on 27 December 2021)
Tan Sri Datuk Adzmi bin Abdul Wahab	(Retired on 13 October 2020)
Selma Enolil Binti Mustapha Khalil	(Retired on 13 October 2020)
Mok Mei Lan	(Resigned on 16 November 2020)
Wong Yeong Lee	(Resigned on 16 February 2021)
Sandra Mohan A/L Manthiry	(Resigned on 6 April 2021)
Lim Pak Hong	(Resigned on 30 April 2021)
Lim Kon Lian	(Resigned on 28 December 2021)

The names of 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:

Lim Pak Hong	
Tan Wei Wei	(Appointed on 1 October 2021)
Chuah En Sze	(Appointed on 1 October 2021)
William Shak Soo Wei	(Appointed on 11 October 2021)
Lee Siew Ling	(Appointed on 11 October 2021)
Elaine Lim Yin See	(Resigned on 30 September 2021)
Mohamed Hasnan Che Hussin	(Resigned on 30 September 2021)
Chrisantha Samuel Mendis	

### DIRECTORS' INTEREST IN SHARES

The shareholdings and deemed shareholdings in the Ordinary Shares of the Company at the end of the financial period, as recorded in Register of Director's Shareholding kept under Section 59 of the Companies Act, 2016, in Malaysia are as follows:

	Number of Ordinary Shares		
	At 01.05.2020	Bought	Sold
In the Company:			
<b>Direct interest:</b>			
Lim Kon Lian	138,888,935	6,817,200	(145,706,045)
Mok Mei Lan	110,003,725	-	(109,692,955)
Lim Pak Hong	33,885,270	4,696,300	(38,581,500)
Lim Ming Chang	300,000	1,400,000	-
			At 30.09.2021
			90
			310,770
			70
			1,700,000

# Directors' Report

*Cont'd*

## DIRECTORS' INTEREST IN SHARES *Cont'd*

	Number of Ordinary Shares			At 30.09.2021
	At 01.05.2020	Bought	Sold	
In the Company:				
<b>Indirect interest:</b>				
Lim Kon Lian <sup>#</sup>	143,938,995	1,100,000	(144,728,225)	310,770
Mok Mei Lan <sup>#</sup>	172,824,205	-	(172,824,115)	90
Lim Pak Hong <sup>^</sup>	-	105,000	-	105,000
Lim Ming Chang	29,535,270	-	(29,535,270)	-

<sup>#</sup> Deemed interest through spouse's and child's shareholdings in the Company.

<sup>^</sup> Deemed interest through spouse's shareholdings in the Company.

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.

The other Directors in office as at the end of the financial period, did not hold any interest in the Ordinary Shares of the Company and related corporations during the financial period, according to the register required to be kept under Section 59 of the Companies Act 2016 in Malaysia.

## DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received nor become entitled to receive any benefit (other than a benefit included in aggregate amount of emoluments received or due and receivable by directors or the fixed salaries of full time employees of the Group and of the Company as disclosed in Note 8 to the financial statements) by reason of a contract made by the Group and 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 as disclosed in Note 31 to the financial statements.

There were no arrangements during and at the end of the financial period, which had the object of enabling the directors to acquire benefits by means of the acquisition of shares in or debentures of the Group and of the Company or any other body corporate.

## DIRECTOR'S REMUNERATION AND FEE

Director's remuneration including benefits-in-kind of the Group and of the Company are amounted to RM3,590,584 and RM614,142 respectively as disclosed in Note 8 to the financial statements.

Director's fee of the Group and of the Company are amounted to RM455,310 and RM235,557 respectively as disclosed in Note 8 to the financial statements.

## INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

There was no indemnity given to or insurance effected to any director, officer or auditor of the Group and of the Company.

## Directors' Report

*Cont'd*

### ISSUE OF SHARES AND DEBENTURES

During the financial period, the issued and fully paid-up ordinary share capital of the Company increased from 428,800,000 to 773,110,600 by way of issuance of new ordinary shares pursuant to the following:

- (i) 88,517,400 option exercised under Employee's Share Option Scheme ("ESOS") at exercise price ranging from RM0.225 to RM0.395 per option; and
- (ii) 255,793,200 shares exercised under the Private Placement at exercise ranging from RM0.205 to RM0.860 per placement of shares.

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 May 2020 to 30 September 2021.

### 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 are as follows:

- (a) The ESOS is made available to eligible employees and Directors who are confirmed employees of the Company and its subsidiaries ("Group") who are employed by the Group 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 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) not 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.

# Directors' Report

*Cont'd*

## EMPLOYEES' SHARE OPTION SCHEME ("ESOS") *Cont'd*

Date of offer	Exercise price	As at 01.05.2020	Number of options over ordinary shares			As at 30.09.2021
			Granted	Exercised	Lapsed	
7 May 2021	0.350	-	6,500,000	(6,000,000)	(500,000)	-
11 May 2021	0.350	-	17,000,000	(17,000,000)	-	-
12 May 2021	0.350	-	1,500,000	(1,500,000)	-	-
18 May 2021	0.350	-	728,000	(728,000)	-	-
24 May 2021	0.395	-	24,989,400	(24,989,400)	-	-
25 May 2021	0.395	-	2,000,000	(2,000,000)	-	-
4 June 2021	0.360	-	28,338,870	-	(28,338,870)	-
6 September 2021	0.225	-	36,300,000	(36,300,000)	-	-
		-	117,356,270	(88,517,400)	(28,838,870)	-

There were no options granted to Directors of the Company and its subsidiaries during the financial period.

## OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial period from 1 May 2020 to 30 September 2021.

## OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- (i) proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
- (ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

- (i) which would render the amount written off for bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; or
- (ii) which would render the value attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (iv) not otherwise dealt with in this report or the financial statements, which would render any amount stated in the financial statements of the Group and of the Company misleading.

# Directors' Report

*Cont'd*

## OTHER STATUTORY INFORMATION *Cont'd*

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

- (i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial period and which secures the liabilities of any other person; or
- (ii) any contingent liability in respect of the Group and of the Company that has arisen since the end of the financial period.

No contingent liability or other liability of the Group and of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial period which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet its obligations as and when they fall due.

In the opinion of the Directors, except as otherwise stated in the financial statements, the results of the operations of the Group and of the Company for the financial period ended 30 September 2021 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of the financial period and the date of this report.

## SIGNIFICANT EVENTS

Details of significant events during the financial period are disclosed in Note 39 to the financial statement.

## SUBSEQUENT EVENTS

Details of subsequent events after the financial period are disclosed in Note 40 to the financial statement.

## AUDITORS

The auditors, Messrs PKF, have indicated their willingness to continue in office.

The auditors' remuneration of the Group and of the Company for the financial period ended 30 September 2021 amounted to RM145,000 and RM47,500 respectively.

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

**LIM MING CHANG**

**ZULKARNIN BIN ARIFFIN**  
(MIA No.: 16942)

Kuala Lumpur

28 January 2022

## Statement by Directors

*Pursuant to Section 251(2) of The Companies Act, 2016 In Malaysia*

In the opinion of the Directors, the accompanying financial statements as set out on pages 60 to 128 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 financial position of the Group and of the Company as at 30 September 2021 and of their financial performance and their cash flows for the financial period ended on that date.

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

**LIM MING CHANG**

**ZULKARNIN BIN ARIFFIN**  
(MIA No.: 16942)

Kuala Lumpur

28 January 2022

## Statutory Declaration

*Pursuant to Section 251(1)(B) of The Companies Act, 2016 In Malaysia*

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 as set out on pages 60 to 128 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960, in Malaysia.

Subscribed and solemnly declared by )  
the above-named at Kuala Lumpur in )  
Wilayah Persekutuan on 28 January 2022 )

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**ZULKARNIN BIN ARIFFIN**  
(MIA No.: 16942)

Before me,

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COMMISSIONER FOR OATHS  
**SHI' ARATUL AKMAR BINTI SAHARI**  
(No. W-788)

# Independent Auditors' Report

To The Members of Lkl International Berhad  
Registration No.: 201501014673 (1140005-V)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of LKL INTERNATIONAL BERHAD, which comprise the statement of financial position as at 30 September 2021 of the Group and of the Company, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the financial period then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 60 to 128.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group of the Company as at 30 September 2021, and of its financial performance and its 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 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 the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### 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 and of the Company for the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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.

#### (i) Valuation of inventories

(Refer to the Notes 16 to the financial statements)

The carrying amount of inventories held by the Group is amounted to RM15,045,121 and we focus on this area as the assessment of net realisable value is an area that involves significant judgement. The Group has made a write down of RM3,823,502 on the carrying amount of the inventories on Nitrile Examination Glove and RM2,144,912 on other inventories which has been held more than two (2) years. Since the net realisable value of the Group's inventories are depended on the constant changes in the market demand, which is its inherent risk, management makes assumption based on latest available market price, together with the inventories' nature and age that involves significant judgment.

# Independent Auditors' Report

To The Members of Lkl International Berhad  
Registration No.: 201501014673 (1140005-V)  
Cont'd

## Key Audit Matters Cont'd

### (i) Valuation of inventories Cont'd (Refer to the Notes 16 to the financial statements)

As part of our audit, we performed the following procedures:

- (a) Reviewed management's assessment on the slow moving inventories;
- (b) Performed costing verification to assess whether costing system is appropriate and accurate;
- (c) Procedures to test inventories are stated at lower of cost and net realisable value; and
- (d) Evaluated the reasonableness and tested the adequacy of the inventory write-down recognised.

### (ii) Impairment of property, plant and equipment (Refer to the Notes 11 to the financial statements)

We noted that the certain subsidiaries had reported losses for the current financial period which indicated the existence of impairment of property, plant and equipment held by these subsidiaries. In assessing the impairment of these assets, the Directors have compared their carrying amounts with their recoverable amounts. The asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value-in-use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flow, described as cash-generating units ("CGU").

The Directors' assessment of the recoverable amounts is determined by cash flow projections of the respective CGU to support its value-in-use calculations. The Directors has made an impairment of RM782,507 to the property, plant and equipment based on the discounted cash flow model used.

The cash flow projections are based on assumptions using management's estimation and judgement which is inherently uncertain therefore, significant audit risk has been identified.

As part of our audit, we performed the following procedures:

- (a) Assessing the management's methodology used in estimating the VIU and the assessment on the impact of Covid-19;
- (b) Assess the reasonableness of discount rate used by the management;
- (c) critically challenged the key estimates and assumptions used including performed sensitivity analysis around the key drivers of the cash flow projections in particular, the revenue and cost estimation, checked the reliability of the management past forecast and also verified the discount rate used against independent sources.
- (d) evaluated the disclosures made in the notes to the financial statements, including the judgements and the uncertainties.
- (e) discussed the issues relating to the impairment assessment with the Directors.

# Independent Auditors' Report

To The Members of Lkl International Berhad  
Registration No.: 201501014673 (1140005-V)  
Cont'd

## Key Audit Matters Cont'd

### (iii) Impairment of investment in subsidiaries (Refer to the Notes 13 to the financial statements)

The carrying amounts of investment in subsidiaries are higher than the net tangible assets of the respective subsidiaries which indicate the existence of impairment. The cost of investment in subsidiaries are amounting to RM32,580,190.

In assessing the impairment of investment in subsidiaries, the Directors have compared their carrying amounts with their recoverable amounts. The investments' recoverable amounts are higher of the investments' fair value less costs to sell and their value-in use. the investments are grouped at the lowest levels for which there are separately identifiable cash inflows, described as cash-generating units ("CGU").

The Directors' assessment of the recoverable amounts of investment in subsidiaries are based on their net assets values of the subsidiaries which represent its fair value less costs to sell. The Directors have made an impairment of the investment in subsidiaries amounting to RM1,000,000 during the financial period.

The investments' fair value less costs to sell are based on assumptions using management's estimation and judgement which is inherently uncertain.

Our audit procedures performed includes the following:

- (a) Made enquiries to evaluate the basis of use of net asset value as approximate its fair value;
- (b) Evaluated the appropriateness of the measurement method used to determine the fair value of underlying assets of the investment;
- (c) Evaluated the disclosures made in the notes to the financial statements, including the judgements and the uncertainties; and
- (d) Discussed the issues relating to the impairment assessment with the Directors.

### (iv) Recoverability of trade receivables and amount due from subsidiaries (Refer to the Notes 17 and Notes 19 to the financial statements)

#### (a) Trade receivables

Impairment of receivables is an area of focus in the audit as there are variables that involved significant judgement during the assessment of expected credit losses of receivables. Trade receivables' expected credit losses are estimated using provision matrix, which is based on the Group's historical observed default rates and forward-looking information, which are assessed and determined by the Company at the reporting date. An impairment of RM2,090,134 was made against total trade receivable balances of RM12,026,757 as disclosed in Notes 17 to the financial statements.

#### (b) Amount due from subsidiaries

Impairment of amount due from subsidiaries is an area of focus in the audit as there are variables that involved significant judgement during the assessment of expected credit losses. An impairment of RM44,033,695 was made against total amount due from subsidiaries balances of RM95,814,602 as disclosed in Notes 19 to the financial statements.

This is considered as our key audit matters as the assessment of impairment is based on assumptions using management's estimation and judgement which is inherently uncertain.

Our procedures included:

- (a) Reviewed the ageing analysis of receivables and tested the reliability thereof;
- (b) Reviewed the recoverability of major receivables and debts which have been long outstanding including but not limited to collection subsequent to the end of reporting period;
- (c) Assessed on the recoverability of overdue amounts to historical patterns of collections;
- (d) Discuss with the management and review the appropriateness of the basis of the assumption used on credit impaired debts; and
- (e) Procedures to test the reasonableness of the Company's ECL model and key assumptions made by management.

# Independent Auditors' Report

To The Members of Lkl International Berhad  
Registration No.: 201501014673 (1140005-V)  
Cont'd

## Key Audit Matters Cont'd

### (v) Advance payment made to glove suppliers

(Refer to the Notes 18 and Note 38 to the financial statements)

LKL Advanced Metaltech ("LKLAM"), a subsidiary of LKL International Berhad ("LKLIB"), had entered into an agreement with Crecom Burj Gloves Sdn. Bhd. ("Crecom") to supply nitrile glove to LKLAM on 2 October 2020. LKLAM has made advance payment to Crecom during the current financial period. However, Crecom has failed to fulfil delivery of the gloves required. On 5 March 2021, LKLAM submitted a legal suit towards Crecom to claim for the balance of the outstanding. As at the financial period ended 30 September 2021, in assessing the recoverability of the advances made, the Directors have decided to impair the entire outstanding sum amounted to RM12,453,045.

LKLAM has also made advance payment to Genesis Gateway Sdn. Bhd. ("Genesis") for the supply of nitrile gloves during the current financial period. Genesis has made partial delivery of the during the current financial period. However, as at the financial period ended 30 September 2021, the Group has recorded total outstanding amount due from Genesis of RM12,476,036 as the delivery of the gloves was not fulfilled in full. On 8 November 2021, LKLAM had through its solicitor presented a Winding Up Petition to the High Court towards Genesis. Therefore, the Directors have made an impairment on the entire outstanding sum.

Under the distributorship agreement dated on 6 November 2020, LKLAM has made a payment of RM13,000,000 to AT Glove Engineering Sdn. Bhd. on 28 July 2021 as a deposit for the supply of glove. Subsequent to the financial period, the glove has yet to be delivered although the supplier had confirmed that it is ready for delivery. The Directors have explained that they had not requested for the delivery due to space constraint in LKLAM's warehouse. Due to no subsequent sales contract confirm, the Directors have decided to impair the deposit made of RM13,000,000.

The assessment of impairment is based on assumptions using management's estimation and judgement which is inherently uncertain.

Our procedures included:

- (a) Review of Management's assessment of impairment loss made on the advances and deposit ;
- (b) Review of subsequent delivery of the goods or repayment of the outstanding due; and
- (c) Circulation of confirmation letters and evaluate reply made on the confirmation letter.

## Information Other than the Financial Statements and Auditors' Report Thereon

The Directors are responsible for the other information. The other information comprises the Statement of Risk Management and Internal Control, Statement of Corporate Governance, Audit Committee Report, Management Discussion and Analysis Report, Sustainability Statement and Directors' Report included in the annual report, but does not include the Chairman's Statement, 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 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.

# Independent Auditors' Report

To The Members of Lkl International Berhad  
 Registration No.: 201501014673 (1140005-V)  
 Cont'd

## Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation of 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 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 Company or to cease operations, or have no realistic alternative but to do so.

## Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

# Independent Auditors' Report

*To The Members of Lkl International Berhad  
Registration No.: 201501014673 (1140005-V)  
Cont'd*

## Auditors' Responsibilities for the Audit of the Financial Statements *Cont'd*

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, related safeguards.

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

## Other matters

1. 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 contents of this report.
2. The comparative figures were audited by another firm of auditors who expressed an unmodified opinion on these statements on 25 August 2020.

**PKF**  
AF 0911  
CHARTERED ACCOUNTANTS

**NGU SIOW PING**  
03033/11/2023 J  
CHARTERED ACCOUNTANT

Kuala Lumpur

28 January 2022

# Statements of Profit or Loss and Other Comprehensive Income

For The Financial Period from 1 May 2020 to 30 September 2021

	Note	Group		Company	
		01.05.2020 to 30.09.2021	01.05.2019 to 30.04.2020	01.05.2020 to 30.09.2021	01.05.2019 to 30.04.2020
		RM	RM	RM	RM
Revenue	3	75,504,632	54,950,827	-	-
Cost of sales		(58,339,155)	(35,160,071)	-	-
Gross profit		17,165,477	19,790,756	-	-
Other income	4	1,365,363	675,808	179,509	78,128
Administrative expenses		(24,599,195)	(11,549,207)	(4,252,676)	(1,152,772)
Selling and distribution expenses		(2,331,714)	(2,161,127)	-	-
Other expenses		(2,309,788)	(933,796)	-	-
Net (loss)/gain on impairment of financial assets	5	(40,666,839)	187,852	(44,033,695)	-
Share of losses of equity accounted joint venture		-	(36,167)	-	-
Share of losses in an associate		(73,798)	-	-	-
<b>(Loss)/Profit from operations</b>		(51,450,494)	5,974,119	(48,106,862)	(1,074,644)
Finance costs	6	(571,474)	(405,706)	-	-
<b>(Loss)/Profit before tax</b>	7	(52,021,968)	5,568,413	(48,106,862)	(1,074,644)
Tax expense	9	(127,740)	(1,020,475)	-	-
<b>(Loss)/Profit and other comprehensive (loss)/income for the financial period</b>		(52,149,708)	4,547,938	(48,106,862)	(1,074,644)
<b>(Loss)/Profit and other comprehensive (loss)/income attributable to:</b>					
Owners of the Company		(51,629,923)	4,296,908	(48,106,862)	(1,074,644)
Non-controlling interests		(519,785)	251,030	-	-
		(52,149,708)	4,547,938	(48,106,862)	(1,074,644)
<b>(Loss)/Earnings per share (sen)</b>					
- Basic	10	(10.39)	1.00		
- Diluted	10	(10.39)	1.00		

The annexed notes form an integral part of these financial statements.

# Statements of Financial Position

as at 30 September 2021

		Group		Company	
		2021	2020	2021	2020
	Note	RM	RM	RM	RM
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	11	40,267,417	30,579,562	-	-
Right-of-use assets	12	3,061,084	2,418,910	-	-
Investment in subsidiaries	13	-	-	31,580,190	32,579,990
Investment in an associate	14	-	-	-	-
Goodwill	15	-	-	-	-
		43,328,501	32,998,472	31,580,190	32,579,990
<b>Current assets</b>					
Inventories	16	15,045,121	13,255,685	-	-
Trade receivables	17	9,866,356	19,030,643	-	-
Non-trade receivables, deposit and prepayments	18	2,394,726	6,598,535	19,474	19,415
Amount due from subsidiaries	19	-	-	51,780,907	18,334,993
Amount due from a related company	20	228,355	-	-	-
Amount due from an associate	21	366,202	-	-	-
Tax recoverable		2,321,789	1,078,385	85,884	61,656
Fixed deposits with licensed banks	22	15,000,000	1,000,000	-	1,000,000
Cash and bank balances		65,661,852	5,180,254	48,366,205	684,959
		110,884,401	46,143,502	100,252,470	20,101,023
<b>TOTAL ASSETS</b>		154,212,902	79,141,794	131,832,660	52,681,013

The annexed notes form an integral part of these financial statements.

# Statements of Financial Position

as at 30 September 2021

Cont'd

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	23	179,167,328	53,298,848	179,167,328	53,298,848
Merger deficit	24	(29,579,990)	(29,579,990)	-	-
(Accumulated losses)/Retained earnings		(13,702,393)	36,761,290	(47,626,194)	(685,572)
Equity attributable to owners of the Company		135,884,945	60,480,148	131,541,134	52,613,276
Non-controlling interests		(561,934)	(42,149)	-	-
		135,323,011	60,437,999	131,541,134	52,613,276
Non-current liabilities					
Lease liabilities	25	1,471,399	1,342,814	-	-
Borrowings	26	4,888,737	3,261,220	-	-
Deferred tax liabilities	27	-	574,000	-	-
		6,360,136	5,178,034	-	-
Current liabilities					
Trade payables	28	4,572,189	3,018,694	-	-
Non-trade payables and accruals	29	5,296,595	3,809,229	291,526	67,737
Provision	30	788,389	-	-	-
Lease liabilities	25	1,213,122	847,272	-	-
Borrowings	26	659,460	5,848,246	-	-
Tax payable		-	2,500	-	-
		12,529,755	13,525,941	291,526	67,737
Total liabilities		18,889,891	18,703,975	291,526	67,737
TOTAL EQUITY AND LIABILITIES		154,212,902	79,141,974	131,832,660	52,681,013

The annexed notes form an integral part of these financial statements.

# Statements of Changes In Equity

For the Financial Period from 1 May 2020 to 30 September 2021

	← Attributable to owners of the Company →					
	Share capital	Merger deficit	Distributable Retained earnings/ (Accumulated loss)	Attributable to Owners of the Company	Non- controlling interest	Total equity
	RM	RM	RM	RM	RM	RM
<b>Group</b>						
At 1 May 2019	53,298,848	(29,579,990)	32,464,382	56,183,240	(293,179)	55,890,061
Profit and other comprehensive income for the financial year	-	-	4,296,908	4,296,908	251,030	4,547,938
At 30 April 2020	53,298,848	(29,579,990)	36,761,290	60,480,148	(42,149)	60,437,999
<b>Transaction with owners</b>						
Ordinary shares issued pursuant to:						
- ESOS	29,300,312	-	1,166,240	30,466,552	-	30,466,552
- Private placement	96,568,168	-	-	96,568,168	-	96,568,168
	125,868,480	-	1,166,240	127,034,720	-	127,034,720
Loss and other comprehensive loss for the financial period	-	-	(51,629,923)	(51,629,923)	(519,785)	(52,149,708)
At 30 September 2021	179,167,328	(29,579,990)	(13,702,393)	135,884,945	(561,934)	135,323,011

	← Attributable to owners of the Company →			
	Share capital	Accumulated losses	Total equity	
	RM	RM	RM	
<b>Company</b>				
At 1 May 2019	53,298,848	389,072	53,687,920	
Loss and other comprehensive loss for the financial year	-	(1,074,644)	(1,074,644)	
At 30 April 2020	53,298,848	(685,572)	52,613,276	
<b>Transaction with owners</b>				
Ordinary shares issued pursuant to:				
- ESOS	29,300,312	1,166,240	30,466,552	
- Private placement	96,568,168	-	96,568,168	
	125,868,480	1,116,240	127,034,720	
Loss and other comprehensive loss for the financial period	-	(48,106,862)	(48,106,862)	
At 30 September 2021	179,167,328	(47,626,194)	131,541,134	

The annexed notes form an integral part of these financial statements.

# Statements of Cash Flows

For the Financial Period from 1 May 2020 to 30 September 2021

Note	Group		Company	
	01.05.2020 to 30.09.2021	01.05.2019 to 30.04.2020	01.05.2020 to 30.09.2021	01.05.2019 to 30.04.2020
	RM	RM	RM	RM
<b>Cash flows from operating activities</b>				
(Loss)/Profit before tax	(52,021,968)	5,568,413	(48,106,862)	(1,074,644)
Adjustments for:				
Depreciation of:				
- property, plant and equipment	2,391,531	1,571,287	-	-
- right-of-use assets	1,359,481	785,507	-	-
Bad debt written off	806,207	28,239	-	-
Impairment loss on trade receivables	2,090,134	83,738	-	-
Reversal of impairment on loss trade receivables	(56,900)	(271,590)	-	-
Impairment loss on non-trade receivables	38,633,605	-	-	-
Impairment loss on amount due from subsidiaries	-	-	44,033,695	-
Impairment loss on investment in a subsidiary	-	-	1,000,000	-
Net write down/(reversal) on inventories	5,968,414	(113,635)	-	-
Impairment loss on property, plant and equipment	782,507	-	-	-
Property, plant and equipment written off	3,774	-	-	-
Provision for liquidated ascertained damages	788,389	-	-	-
Interest income	(259,045)	(171,989)	(179,509)	(78,128)
Interest expense	571,474	405,706	-	-
Gain on disposal of property, plant and equipment	(102,631)	(77,464)	-	-
Right-of-use assets written off	59,738	-	-	-
Fair value adjustment on employee share option scheme	1,166,240	-	1,166,240	-
Unrealised foreign exchange loss/(gain)	48,699	(71,165)	-	-
Share of losses of equity accounted joint venture	-	36,167	-	-
Share of losses in an associate	73,798	-	-	-
<b>Operating profit/(loss) before working capital changes</b>	<b>2,303,447</b>	<b>7,773,214</b>	<b>(2,086,436)</b>	<b>(1,152,772)</b>

The annexed notes form an integral part of these financial statements.

## Statements of Cash Flows

For the Financial Period from 1 May 2020 to 30 September 2021  
Cont'd

	Note	Group		Company	
		01.05.2020 to 30.09.2021	01.05.2019 to 30.04.2020	01.05.2020 to 30.09.2021	01.05.2019 to 30.04.2020
		RM	RM	RM	RM
<b>Operating profit/(loss) before working capital changes</b>		2,303,447	7,773,214	(2,086,436)	(1,152,772)
Increase in inventories		(7,757,850)	(361,340)	-	-
(Increase)/Decrease in receivables		(28,109,340)	(14,772,475)	(59)	28,196
Increase in payables		3,043,377	309,478	223,789	14,111
Decrease in amount due to joint venture		-	(250,000)	-	-
Increase in amount due from subsidiaries		-	-	(77,479,609)	(355,100)
Increase in amount due from a related company		(228,355)	(1,166)	-	-
<b>Cash used in operations</b>		(30,748,721)	(7,302,289)	(79,342,315)	(1,465,565)
Tax refunded		898,710	1,500,000	-	-
Tax paid		(2,846,357)	(1,179,904)	(24,228)	(28,328)
<b>Net cash used in operating activities</b>		(32,696,368)	(6,982,193)	(79,366,543)	(1,493,893)
<b>Cash flows from investing activities</b>					
Interest received		259,045	171,989	179,509	78,128
Proceeds from disposal of property, plant and equipment		155,920	144,250	-	-
Acquisition of property, plant and equipment	(ii)	(12,918,956)	(1,584,922)	-	-
Acquisition of right-of-use assets	(ii)	(31,815)	(186,365)	-	-
Proceeds from disposal of a joint venture		-	213,833	-	-
Acquisition of investment in a subsidiary		-	-	(200)	(999,900)
Acquisition of investment in an associate		(40,000)	-	-	-
Advances to an associate		(400,000)	-	-	-
(Addition)/Withdrawal of fixed deposits		-	722,091	-	-
<b>Net cash (used in)/from investing activities</b>		(12,975,806)	(519,124)	179,309	(921,772)

The annexed notes form an integral part of these financial statements.

# Statements of Cash Flows

For the Financial Period from 1 May 2020 to 30 September 2021  
Cont'd

	Note	Group		Company	
		01.05.2020 to 30.09.2021	01.05.2019 to 30.04.2020	01.05.2020 to 30.09.2021	01.05.2019 to 30.04.2020
		RM	RM	RM	RM
<b>Cash flows from financing activities</b>					
Employee share option scheme exercised		29,300,312	-	29,300,312	-
Private placement funding		96,568,168	-	96,568,168	-
Drawdown of bankers' acceptance and trust receipt	(iii)	13,681	224,000	-	-
Drawdown of term loan	(iii)	2,240,400	-	-	-
Interest paid		(571,474)	(405,706)	-	-
Repayment of lease liabilities	(iii)	(1,535,143)	(756,173)	-	-
Repayment of term loans	(iii)	(2,514,555)	(409,857)	-	-
<b>Net cash from/(used in) financing activities</b>		123,501,389	(1,347,736)	125,868,480	-
<b>Net increase/(decrease) in cash and cash equivalents</b>		77,829,215	(8,849,053)	46,681,246	(2,415,685)
<b>Cash and cash equivalents at 1 May</b>		2,879,459	11,660,136	1,684,959	4,100,624
<b>Effects of foreign exchange rate changes on the balance of cash held in foreign currencies</b>		(46,822)	68,376	-	-
<b>Cash and cash equivalents at 30 September/April</b>	(i)	80,661,852	2,879,459	48,366,205	1,684,959

## Notes:

### (i) Cash and cash equivalents

Cash and cash equivalents comprise the following:

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Cash and bank balances	65,661,852	5,180,254	48,366,205	684,959
Fixed deposit with licensed banks	15,000,000	1,000,000	-	1,000,000
Bank overdraft	-	(3,300,795)	-	-
	80,661,852	2,879,459	48,366,205	1,684,959

The annexed notes form an integral part of these financial statements.

## Statements of Cash Flows

For the Financial Period from 1 May 2020 to 30 September 2021  
Cont'd

**Notes:** Cont'd

**(ii) Acquisition of property, plant and equipment and right-of-use assets**

During the financial period, the Group made the following cash payments to acquire property, plant and equipment and right-of-use assets:

	Group 2021 RM	2020 RM
Acquisition of property, plant and equipment	12,918,956	1,584,922
Acquisition right-of-use assets	2,061,393	759,445
Less: financed by lease liabilities arrangements	(2,029,578)	(573,080)
Cash payment on purchase of property, plant and equipment and right-of-use assets	31,815	186,365

**(iii) Reconciliation of liabilities arising from financing activities**

Group	1 May 2020 RM	Cash flows RM	Non-cash changes RM	30 September 2021 RM
Lease liabilities	2,190,086	(1,535,143)	2,029,578	2,684,521
Borrowings:				
- Term loan	5,584,671	(2,514,555)	2,240,400	5,310,516
- Bankers' acceptance	120,000	117,681	-	237,681
- Trust receipt	104,000	(104,000)	-	-
	7,998,757	(4,036,017)	4,269,978	8,323,718

Group	1 May 2019 RM	Cash flows RM	Non-cash changes RM	30 April 2020 RM
Lease liabilities	2,373,179	(756,173)	573,080	2,190,086
Borrowings:				
- Term loan	5,994,528	(409,857)	-	5,584,671
- Bankers' acceptance	-	120,000	-	120,000
- Trust receipt	-	104,000	-	104,000
	8,367,707	(942,030)	573,080	7,998,757

The annexed notes form an integral part of these financial statements.

# Notes To The Financial Statements

As at 30 September 2021

## 1. BASIS OF PREPARATION

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

The accompanying financial statements have been prepared assuming that the Group and the Company will continue as a going concern which contemplates the realisation of assets and settlement of liabilities in the normal course of business.

These financial statements are presented in the Ringgit Malaysia ("RM"), which is the Group's and the Company's functional and presentation currency.

### (a) Standards issued and effective

On 1 May 2020, the Group and the Company has adopted the following accounting standards, amendments and interpretations which are mandatory for annual financial periods beginning on or after 1 January 2020.

#### Description

- Amendments to MFRS 3, Business Combinations: Definition of Business
- Amendments to MFRS 4, Insurance Contracts: Extension of the Temporary Exemption from Applying MFRS 9
- Amendments to MFRS 9, Financial Instruments, MFRS 139, Financial Instruments: Recognition and Measurement and MFRS 7, Financial Instruments: Disclosures: Interest Rate Benchmark Reform
- Amendments to MFRS 101, Presentation of Financial Statements and MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material
- Amendments from other Standards:
  - Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards
  - Amendments to MFRS 3, Business Combinations
  - Amendments to MFRS 5, Non-current Assets Held for Sale and Discontinued Operations
  - Amendments to MFRS 7, Financial Instruments: Disclosures
  - Amendments to MFRS 9, Financial Instruments
  - Amendments to MFRS 15, Revenue from Contracts with Customers
  - Amendments to MFRS 101, Presentation of Financial Statements
  - Amendments to MFRS 107, Statement of Cash Flows
  - Amendments to MFRS 110, Events after the Reporting Period
  - Amendments to MFRS 116, Property, Plant and Equipment
  - Amendments to MFRS 119, Employee Benefits
  - Amendments to MFRS 128, Investments in Associates and Joint Ventures
  - Amendments to MFRS 132, Financial instruments: Presentation
  - Amendments to MFRS 134, Interim Financial Reporting
  - Amendments to MFRS 136, Impairment of Assets
  - Amendments to MFRS 137, Provision, Contingent Liabilities and Contingent Assets
  - Amendments to MFRS 138, Intangible Assets
  - Amendments to MFRS 140, Investment Property
- Amendments to References to the Conceptual Framework in MFRS Standards

Adoption of above amended MFRS did not have any material impact to the financial performances or positions of the Group and of the Company.

# Notes To The Financial Statements

As at 30 September 2021  
Cont'd

## 1. BASIS OF PREPARATION *Cont'd*

### (b) Standards issued but not yet effective

The Group and the Company has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
• Amendments to MFRS 16, <i>Leases</i> : Covid-19-Related Rent Concessions	1 June 2020
• Amendments to MFRS 9, <i>Financial Instruments</i> , MFRS 139, <i>Financial Instruments: Recognition and Measurement</i> , MFRS 7, <i>Financial Instruments: Disclosures</i> , MFRS 4, <i>Insurance Contracts</i> and MFRS 16, <i>Leases</i> : Interest Rate Benchmark Reform - Phase 2	1 January 2021
• Amendments to MFRS 16, <i>Leases</i> : Covid-19 Related Rent Concessions beyond 30 June 2021	1 April 2021
• Amendments to MFRS 3, <i>Business Combinations</i> : Reference to the Conceptual Framework	1 January 2022
• Amendments to MFRS 116, <i>Property, Plant and Equipment</i> : Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
• Amendments to MFRS 137, <i>Provisions, Contingent Liabilities and Contingent Assets</i> : Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
• Annual improvements to MFRSs 2018 - 2020 cycle	
- Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards	1 January 2022
- Amendments to MFRS 9, Financial Instruments	1 January 2022
- Amendments to MFRS 16, Leases	1 January 2022
- Amendments to MFRS 141, Agriculture	1 January 2022
• MFRS 17, Insurance Contracts	1 January 2023
• Amendments to MFRS 17, Insurance Contracts	1 January 2023
• Amendments to MFRS 101, Presentation of Financial Statements: Classifications of Liabilities as Current or Non-current	1 January 2023
• Amendments to MFRS 101, Presentation of Financial Statements: Disclosure of Accounting Policies	1 January 2023
• Amendments to MFRS 101, Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	1 January 2023
• Amendments to MFRS 112, Income Tax: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
• Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128 Investment in Associate and Joint Ventures: Sales or Contribution of Assets Between an Investor and its Associate or Joint Venture	Deferred

The initial application of the above-mentioned accounting standards, amendments or interpretations are not expected to have any material impact to the financial statements of the Group and of the Company.

### (c) Basis of measurement

The financial statements have been prepared on the historical cost basis unless otherwise as indicated in the summary of significant accounting policies.

# Notes To The Financial Statements

As at 30 September 2021

Cont'd

## 1. BASIS OF PREPARATION *Cont'd*

### (d) Significant accounting estimates and judgements

Estimates and judgements are continually evaluated by the Directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's and the Company's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:

#### (i) *Income Taxes*

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group and the Company recognise tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

#### (ii) *Depreciation of Property, Plant and Equipment*

The estimates for the residual values, useful lives and related depreciation charges for property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

#### (iii) *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.

#### (iv) *Written-down 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.

#### (v) *Fair Value Estimates for Certain Financial Assets and Liabilities*

The Group and the Company carry certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group and the Company use different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity.

# Notes To The Financial Statements

As at 30 September 2021

Cont'd

## 1. BASIS OF PREPARATION *Cont'd*

### (d) Significant accounting estimates and judgements *Cont'd*

#### (vi) *Provision for Expected Credit Losses ("ECLs") of Trade Receivables*

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on the payment profiles of sales over a period of 36 months before the beginning of the reporting period and the corresponding historical credit losses experienced within this period.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The historical observed default rates are updated and changes in the forward-looking estimates are analysed at every end of the reporting period.

#### (vii) *Classification of Leasehold Land*

The classification of leasehold land as a finance lease or an operating lease requires the use of judgement in determining the extent to which risks and rewards incidental to its ownership lie. Despite the fact that there will be no transfer of ownership by the end of the lease term and that the lease term does not constitute the major part of the indefinite economic life of the land, management considered that the present value of the minimum lease payments approximated to the fair value of the land at the inception of the lease.

Accordingly, management judged that the Group and the Company has acquired substantially all the risks and rewards incidental to the ownership of the land through a finance lease.

#### (viii) *Deferred tax assets and liabilities*

Deferred tax implications arising from the changes in corporate income tax rates are measured with reference to the estimated realisation and settlement of temporary differences in the future periods in which the tax rates are expected to apply, based on the tax rates enacted or substantively enacted at the statements of financial position date. While management's estimates on the realisation and settlement of temporary differences are based on the available information at the statements of financial position date, changes in business strategy, future operating performance and other factors could potentially impact on the actual timing and amount of temporary differences realised and settled. Any difference between the actual amount and the estimated amount would be recognised in the profit or loss in the period in which actual realisation and settlement occurs.

#### (x) *Lease*

##### (a) *Lease term*

In determining the lease term, management considers all fact and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option.

Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

##### (b) *Incremental borrowing rate of leases*

In determining the incremental borrowing rate of the respective leases, the Group and the Company first determines the closest available borrowing rates before using significant judgement to determine the adjustment required to reflect the term, security, value or economic environment of the respective leases.

# Notes To The Financial Statements

As at 30 September 2021

Cont'd

## 1. BASIS OF PREPARATION *Cont'd*

### (d) Significant accounting estimates and judgements *Cont'd*

#### (xi) *Provision for liabilities*

Provision for liabilities are based on management's judgement on the likelihood of liabilities crystallising and best estimates on the amounts required to settle the liabilities arising from legal and constructive obligations. A change in circumstances which could cause estimates to change include changes in market trends and conditions, regulatory environment, employees' behaviours and other factors that may change the amount of provisions in the statement of financial position. The difference between the actual amount and the estimated amount would be recognised in the profit or loss in the period in which the change occurs.

#### (xii) *Carrying Value of Investments in Subsidiary Companies*

Investment in subsidiary companies are reviewed for impairment annually in accordance with its accounting policy as disclosed in Note 2(g)(ii) 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.

#### (xiii) *Impairment of Goodwill*

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires management to estimate the expected future cash flows of the cash-generating units to which goodwill is allocated and to apply a suitable discount rate in order to determine the present value of those cash flows. The future cash flows are most sensitive to budgeted gross margins, growth rates estimated and discount rate used. If the expectation is different from the estimation, such difference will impact the carrying value of goodwill.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (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 year.

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 full financial year.

# Notes To The Financial Statements

As at 30 September 2021

Cont'd

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *Cont'd*

### (a) Basis of consolidation *Cont'd*

#### (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 a transaction-by-transaction 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.

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.

# Notes To The Financial Statements

As at 30 September 2021

Cont'd

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *Cont'd*

### (a) Basis of consolidation *Cont'd*

#### (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 the 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 an available-for-sale financial asset depending on the level of influence retained.

#### (vii) *Associates*

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

Investments in associates are accounted for in the consolidation financial statement using the equity methods 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 included the Group's share of the profit or loss and other comprehensive income of the associates, 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.

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 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 disposal of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the 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 the profits 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.

Investments in associates 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.

# Notes To The Financial Statements

As at 30 September 2021

Cont'd

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *Cont'd*

### (a) Basis of consolidation *Cont'd*

#### (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.

### (b) Foreign currencies

#### (i) *Functional and presentation currency*

The financial statements of the Group and the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Ringgit Malaysia (RM), which is also the Group's and the Company's functional currency.

#### (ii) *Foreign currency transactions*

Transactions in foreign currencies are measured in the respective functional currencies of the Group and the Company and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates.

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.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's and the Company's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to the profit and loss of the Company on disposal of the foreign operation.

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

The principal exchange rates for every unit of foreign currency ruling used at reporting date are as follows:

	2021 RM	2020 RM
1 United States Dollar	4.19	4.33
1 European Euro	4.86	4.70

# Notes To The Financial Statements

As at 30 September 2021

Cont'd

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *Cont'd*

### (c) Revenue and other income

#### (i) *Sale of goods*

The Group manufacture and trading of medical medical/healthcare beds, peripherals and accessories to local and foreign customers. Revenue is recognised at a point in time when control of the asset is transferred, being when the products are delivered to the customer. The contract price is variable for different contracts as the revenue is recognised based on the assets price.

Trade receivables are recognised when the goods are delivered as this is the point in time that consideration is unconditional because only the passage of time required before the payment is due.

To determine the point in time at which the customer obtain control of a promised asset and satisfies the performance obligation, the Group has considered indicators of the transfer of control, which include, but are not limited to, the following:

- (A) The Group has present right to payment for the asset,
- (B) The customers had legal title to the assets,
- (C) The Group has transferred physical possession of the asset,
- (D) The customer has the significant risks and rewards of ownership of the asset; and
- (E) The customer has accepted the asset.

#### (ii) *Interest income*

Interest income is recognised on an accrual basis using effective interest method.

### (d) Employee benefits expense

#### (i) *Short term benefits*

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial period in which the associated services are rendered by employees of the Group and 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, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

#### (ii) *Defined contribution plans*

The Group's and the Company's contribution to defined contribution plans is charged to the profit or loss in the period to which they related. Once the contributions have been paid, the Group and the Company has no further liability in respect of the defined contribution plans.

The Group's and the Company's staff gratuity schemes are for employees who are eligible under their employment contracts. Gratuity for employees is provided for in the financial statements with consideration to the length of service and basic salary earnings of eligible employees and charged to the statement of profit or loss.

# Notes To The Financial Statements

As at 30 September 2021

Cont'd

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *Cont'd*

### (e) Income tax

#### (i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

#### (ii) Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

### (f) Borrowing costs

Borrowing costs are stated at cost with any difference between cost and redemption value being recognised in the profit or loss over the period of the loans and borrowings using the effective interest method.

Borrowing costs incurred in connection with financing the construction and installation of property, plant and equipment is capitalised until the property, plant and equipment are ready for their intended use. All other borrowing costs are charged to the profit or loss.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

# Notes To The Financial Statements

As at 30 September 2021

Cont'd

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *Cont'd*

### (g) Impairment

#### (i) *Financial assets*

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost, expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for cash and bank balances. Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, which 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12-months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance amount.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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 determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the 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 amounts due.

#### (ii) *Non-financial assets*

The Group and the Company assess at each reporting date whether there is an indication that a non-financial asset may be impaired. If any such indication exists or when an annual impairment assessment for an asset is required, the Group and the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

# Notes To The Financial Statements

As at 30 September 2021

Cont'd

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *Cont'd*

### (g) Impairment *Cont'd*

#### (ii) *Non-financial assets Cont'd*

In assessing value in use, the estimated future cash flows expected to be generated by the asset 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income and equity. In this case the impairment is also recognised in other comprehensive income and equity up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. The increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in subsequent periods.

### (h) Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group and the Company recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is computed on a straight-line basis over 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%

Capital work-in-progress included in the property, plant and equipment are not depreciated as these assets are not yet available for use.

# Notes To The Financial Statements

As at 30 September 2021

Cont'd

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *Cont'd*

### (h) Property, plant and equipment *Cont'd*

The carrying amount of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

### (i) Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group and the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

#### (i) *Amortised costs*

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows 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. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets where the effective interest rate is applied to the amortised cost.

#### (ii) *Fair value through other comprehensive income*

##### *Equity investments*

This category comprises investment in equity that is not held for trading, and the Group and the Company irrevocably elects to present subsequent changes in the investment's fair value in other comprehensive income. This election is made 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 other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

#### (iii) *Fair value through profit or loss*

All financial assets not measured at amortised cost or FVOCI as described above are measured at FVTPL. Financial assets categorised as FVTPL are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss and equity investments measured at fair value through other comprehensive income, are subject to impairment assessment.

# Notes To The Financial Statements

As at 30 September 2021

Cont'd

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *Cont'd*

### (j) Inventories

Inventories, comprising of raw materials, work-in-progress, finished goods and consumables, are stated at the lower of cost and net realisable value.

Cost is determined on the weighted average cost method and comprises the purchase price, production or conversion costs and incidental cost in bringing the inventories to their present location and condition. The cost of conversion includes cost directly related to the units of production, and a proportion of fixed production overheads based on normal capacity of the production facilities.

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

### (k) Cash and cash equivalents

Cash and cash equivalents comprise of cash at bank and on hand, demand deposits, short term and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in management of their short-term commitments.

### (l) Financial liabilities

#### *Amortised cost*

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

### (m) Leases

#### As a lessee

#### (i) *Initial recognition and measurement*

The Group and the Company recognised right-of-use asset and lease liability at the commencement date of the lease. The right-of-use asset is initially measured at cost, which comprises 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 the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing. Thus, the Group and the Company uses their incremental borrowing rate as the discount rate.

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

The Group and the Company excludes variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

# Notes To The Financial Statements

As at 30 September 2021

Cont'd

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *Cont'd*

### (m) Leases *Cont'd*

#### *As a lessee Cont'd*

#### (ii) Subsequent measurement

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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 an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's and the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Group and the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

### (n) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

### (o) Provisions

Provisions are recognised when the Group and the Company have 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. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risk specific to the liability and the present value of the expenditure expected to be required to settle the obligation.

### (p) Contingencies

#### (i) Contingent assets

When an inflow of economic benefit of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one of more uncertain future events not wholly within the control of the entity, the asset is not recognised in the statement of financial position but is being disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

# Notes To The Financial Statements

As at 30 September 2021

Cont'd

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *Cont'd*

### (p) Contingencies *Cont'd*

#### (ii) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statement of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability outflow of economic benefits is remote.

### (q) Operating segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenues and expenses that relate to transactions with any of the Group's and the Company's other components. Operating segment results are reviewed regularly by the chief operating decision maker, which in this case is the Chief Executive Officer of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

### (r) Equity instrument

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised out of equity in the period in which they are declared.

### (s) Earnings per ordinary shares ("EPS")

The Group presents basic and diluted earnings per share data for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

### (t) Fair value measurements

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 which must be accessible to by the Group and the Company.

For non-financial asset, the fair value measurement considers 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.

# Notes To The Financial Statements

As at 30 September 2021

Cont'd

## 3. REVENUE

	Group	
	01.05.2020 to 30.09.2021	01.05.2019 to 30.04.2020
	RM	RM
<b>At a point in time</b>		
- Sales of goods	75,504,632	54,950,827
Disaggregation of revenue:		
By primary geographical market:		
Malaysia	59,447,696	45,903,395
Africa	534,931	2,724,377
Asia (Other than Malaysia)	13,079,907	4,876,196
Europe	2,254,788	799,814
Middle East	187,310	647,045
	75,504,632	54,950,827

## 4. OTHER INCOME

	Group		Company	
	01.05.2020 to 30.09.2021	01.05.2019 to 30.04.2021	01.05.2020 to 30.09.2021	01.05.2019 to 30.04.2020
	RM	RM	RM	RM
Gain on disposal of property, plant and equipment	98,856	77,464	-	-
Gain on foreign exchange:				
- Realised	486,009	260,441	-	-
- Unrealised	-	71,165	-	-
Interest income	259,045	171,989	179,509	78,128
Rental income	5,218	3,906	-	-
Government grant	45,518	35,970	-	-
Other income	470,717	54,873	-	-
	1,365,363	675,808	179,509	78,128

# Notes To The Financial Statements

As at 30 September 2021

Cont'd

## 5. NET (LOSS)/GAIN ON IMPAIRMENT OF FINANCIAL ASSETS

	Group		Company	
	01.5.2020 to 30.09.2021	01.5.2019 to 30.04.2020	01.5.2020 to 30.09.2021	01.5.2019 to 30.04.2020
	RM	RM	RM	RM
Impairment loss on:				
- trade receivables	(2,090,134)	(83,738)	-	-
- non-trade receivables	(38,633,605)	-	-	-
- amount due from subsidiaries	-	-	(44,033,695)	-
Reversal of impairment loss no longer required on:				
- trade receivables	56,900	271,590	-	-
	(40,666,839)	187,852	(44,033,695)	-

## 6. FINANCE COSTS

	Group	
	01.05.2020 to 30.09.2021	01.05.2019 to 30.04.2020
	RM	RM
Interest expenses:		
- bank overdraft	47,236	-
- bankers' acceptances	81,935	14,860
- lease liabilities	162,805	125,963
- term loans	279,498	264,883
	571,474	405,706

## 7. LOSS/(PROFIT) BEFORE TAX

	Group		Company	
	01.5.2020 to 30.09.2021	01.5.2019 to 30.04.2020	01.5.2020 to 30.09.2021	01.5.2019 to 30.04.2020
	RM	RM	RM	RM
<b>(Loss)/Profit before tax is arrived at after charging/(crediting):</b>				
Auditors' remuneration				
- statutory audit	145,000	101,500	47,500	27,000
- non-statutory audit	3,000	10,000	3,000	5,000
Bad debt written off	806,207	28,239	-	-
Depreciation of property, plant and equipment	2,391,531	1,571,287	-	-

# Notes To The Financial Statements

As at 30 September 2021

Cont'd

## 7. LOSS/(PROFIT) BEFORE TAX Cont'd

	Group		Company	
	01.5.2020 to 30.09.2021	01.5.2019 to 30.04.2020	01.5.2020 to 30.09.2021	01.5.2019 to 30.04.2020
	RM	RM	RM	RM
<b>(Loss)/Profit before tax is arrived at after charging/(crediting):</b>				
Depreciation of right-of-use assets	1,359,481	785,507	-	-
Gain on disposal of property, plant and equipment	(102,631)	(77,464)	-	-
Property, plant and equipment written off	3,774	-	-	-
Right-of-use assets written off	59,738	-	-	-
Impairment loss on property, plant and equipment	782,507	-	-	-
Lease termination adjustment	(3,122)	-	-	-
Rental discounts received	(26,550)	-	-	-
Rental income	(5,218)	(3,906)	-	-
Interest income	(259,045)	(171,989)	(179,509)	(78,128)
Interest expense	571,474	405,706	-	-
Impairment loss on amount due from subsidiaries	-	-	44,033,695	-
Impairment loss on investment in a subsidiary	-	-	1,000,000	-
Provision for liquidated ascertained damages	788,389	-	-	-
Impairment loss on trade receivables	2,090,134	83,738	-	-
Impairment loss on non-trade receivables	38,633,605	-	-	-
Reversal of impairment loss on trade receivables no longer required	(56,900)	(271,590)	-	-
Inventories written down	8,072,324	1,228,365	-	-
Net write down/(reversal) on inventories	5,968,414	(113,635)	-	-
Realised (gain)/loss on foreign exchange	(486,009)	(260,441)	-	-
Unrealised loss/(gain) on foreign exchange	48,699	(71,165)	-	-

## 8. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	01.05.2020 to 30.09.2021	01.05.2019 to 30.04.2020	01.05.2020 to 30.09.2021	01.05.2019 to 30.04.2020
	RM	RM	RM	RM
(a) Staff costs				
Salaries, wages, allowances, bonus and overtime	13,972,504	9,925,623	110,540	-
Contributions to defined contribution plan	1,546,086	754,261	13,454	-
Social security contributions	177,645	67,888	1,178	-
Other benefits	3,235,474	208,194	-	-
	18,814,427	10,955,966	125,172	-

# Notes To The Financial Statements

As at 30 September 2021

Cont'd

## 8. EMPLOYEE BENEFITS EXPENSE Cont'd

	Group		Company	
	01.05.2020 to 30.09.2021	01.05.2019 to 30.04.2020	01.05.2020 to 30.09.2021	01.05.2019 to 30.04.2020
	RM	RM	RM	RM
(b) Directors' remuneration and fees				
Executive:				
Salaries and other emoluments	3,200,284	2,026,635	543,419	-
Contribution to defined contribution plan	382,590	239,526	65,091	-
Social security contributions	3,310	924	1,232	-
	3,586,184	2,267,085	609,742	-
Non-executive:				
Allowances	4,400	5,700	4,400	5,700
Total Directors' remuneration	3,590,584	2,272,785	614,142	5,700
Director's fees				
Executive	315,466	36,000	55,000	-
Non-executive	139,844	153,000	180,557	153,000
Total Director's fees	455,310	189,000	235,557	153,000
Total Directors' remuneration and fees	4,045,894	2,461,785	849,699	158,700
Total staff costs	22,977,603	12,602,894	934,158	158,700

## 9. TAX EXPENSE

	Group		Company	
	01.05.2020 to 30.09.2021	01.05.2019 to 30.04.2020	01.05.2020 to 30.09.2021	01.05.2019 to 30.04.2020
	RM	RM	RM	RM
Current tax expense:				
- Current	955,763	981,000	-	-
- (over)/under provision in prior year	(254,023)	39,475	-	-
	701,740	1,020,475	-	-
Deferred tax (Note 27):				
- current year	(1,088,264)	-	-	-
- underprovision in prior year	514,264	-	-	-
	(574,000)	-	-	-
	127,740	1,020,475	-	-

# Notes To The Financial Statements

As at 30 September 2021

Cont'd

## 9. TAX EXPENSE Cont'd

### Reconciliation of tax expense

	Group		Company	
	01.05.2020 to 30.09.2021	01.05.2019 to 30.04.2020	01.05.2020 to 30.09.2021	01.05.2019 to 30.04.2020
	RM	RM	RM	RM
(Loss)/Profit before tax	(52,021,968)	5,568,413	(48,106,862)	(1,074,644)
Tax calculated at statutory rate of 24%	(12,485,272)	1,336,419	(11,545,647)	(257,915)
Non-deductible expenses	11,687,890	604,581	737,560	257,915
Non-taxable income	(17,595)	-	-	-
Deferred tax asset not recognised/ (Utilisation of deferred tax assets previously not recognised)	712,476	(960,000)	10,808,087	-
	(132,501)	981,000	-	-
(Over) /Under provision of current tax in prior years	(254,023)	39,475	-	-
(Over) /Under of deferred tax in prior years	514,264	-	-	-
	127,740	1,020,475	-	-

The Group has unutilised tax losses of RM2,639,486 (2020: RM570,796) and unabsorbed capital allowances of RM175,536 (2020: RM37,460) available for offsetting against future taxable profits.

Unutilised tax losses can be carried forward for a period of 7 years of assessment ("YA") to set off against future taxable profits as follows:

	Group RM	Group Utilised up to
YA 2020 and before	570,796	YA 2027
YA 2021	2,068,690	YA 2028

## 10. BASIC/DILUTED LOSS PER SHARE

The basic/diluted loss per share amount is calculated by dividing the loss for the period attributable to owners of the Company by the number of ordinary shares in issue during the financial period.

	Group	
	2021	2020
(Loss)/Profit attributable to owners of the Company (RM)	(51,629,923)	4,296,908
Weighted average number of ordinary shares for basic earnings per share computation	496,974,418	428,800,000
Basic (loss)/profit per ordinary share attributable to the equity holders of the Company (sen)	(10.39)	1.00

There are no diluted loss per share disclosed as there were no dilutive potential ordinary shares.

## Notes To The Financial Statements

As at 30 September 2021

Cont'd

## 11. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land	Freehold buildings	Leasehold land and building	Motor vehicles	Office equipment, furniture & fittings	Plant & machinery	Renovation	Signboard	Capital work-in-progress	Total
RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
<b>2021</b>										
<b>Cost</b>										
At 1 May 2020	11,005,594	12,858,547	364,880	889,511	3,901,342	11,354,707	1,808,228	45,235	358,795	42,586,839
Additions	120,000	480,000	-	-	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	11,125,594	13,338,547	364,880	752,470	4,314,858	11,790,982	2,057,309	57,715	11,161,675	54,964,030
<b>Accumulated depreciation</b>										
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	-	2,510,653	86,072	752,461	2,531,705	7,294,242	707,049	31,924	-	13,914,106
<b>Accumulated impairment</b>										
At 1 May 2020	-	-	-	-	-	-	-	-	-	-
Charge for the financial period	-	-	-	-	500,568	-	277,236	4,703	-	782,507
At 30 September	-	-	-	-	500,568	-	277,236	4,703	-	782,507
<b>Carrying amount</b>										
At 30 September	11,125,594	10,827,894	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

As at 30 September 2021

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## 11. PROPERTY, PLANT AND EQUIPMENT Cont'd

Group	Freehold land	Freehold buildings	Leasehold land and building	Motor vehicles	Office equipment, furniture & fittings	Plant & machinery	Renovation	Signboard	Capital work-in-progress	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
<b>2020</b>										
<b>Cost</b>										
At 1 May 2019	11,005,594	13,013,292	364,880	1,074,895	3,017,051	11,442,262	1,407,925	45,235	-	41,371,134
Additions	-	-	-	-	963,369	17,200	400,303	-	204,050	1,584,922
Disposal	-	-	-	(185,384)	(79,078)	(104,755)	-	-	-	(369,217)
Reclassification	-	(154,745)	-	-	-	-	-	-	154,745	-
At 30 April	11,005,594	12,858,547	364,880	889,511	3,901,342	11,354,707	1,808,228	45,235	358,795	42,586,839
<b>Accumulated depreciation</b>										
At 1 May 2019	-	1,882,804	61,571	1,068,033	1,767,357	5,661,974	274,394	22,288	-	10,738,421
Charge for the financial year	-	257,151	10,138	6,851	313,878	823,205	156,541	3,523	-	1,571,287
Disposal	-	-	-	(185,383)	(12,294)	(104,754)	-	-	-	(302,431)
At 30 April	-	2,139,955	71,709	889,501	2,068,941	6,380,425	430,935	25,811	-	12,007,277
<b>Carrying amount</b>										
At 30 April	11,005,594	10,718,592	239,171	10	1,832,401	4,974,282	1,377,293	19,424	358,795	30,579,562

# Notes To The Financial Statements

As at 30 September 2021

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## 11. PROPERTY, PLANT AND EQUIPMENT *Cont'd*

Included in property, plant and equipment of the Group are the following fully depreciated property, plant and equipment which are still in use:

	Group	
	2021	2020
	RM	RM
At cost:		
Motor vehicles	752,470	889,511
Office equipment, furniture and fittings	1,458,584	1,092,961
Plant and machinery	3,373,959	3,296,969
Renovation	36,048	-
Signboard	10,000	10,000
	<u>5,631,061</u>	<u>5,289,441</u>

Included in the carrying amount of property, plant and equipment at the end of the reporting period were the following assets pledged to financial institutions as security for banking facilities granted to the Group:

	Group	
	2021	2020
	RM	RM
Freehold land	11,005,594	6,905,594
Freehold buildings	10,169,970	9,734,641
	<u>21,175,564</u>	<u>16,640,235</u>

### ***Impairment of property, plant and equipment***

During the financial period ended 2021, the Group has assess the recoverability of its property, plant and equipment as the subsidiaries reported losses for the current financial period which has indicated the existence of impairment. The Directors' assessment of the recoverable amounts are determined by cash flow projections of the respective CGU to support its value-in-use calculations. The total impairment of RM782,507 (2020: RM Nil) were made for those property, plant and equipment which have low recoverable amount.

### **Key assumptions used in value-in-use calculations**

The recoverable amount for the property, plant and equipment was based on its value-in-use. Value-in-use was determined by discounting the future cash flows generated from the continuing operation of business acquired and was based on the following key assumptions:

- (i) Cash flows were projected based on actual operating results and a five-year business plan.
- (ii) Revenue was projected based on current secured sales and anticipate growth in line with the business plan.

A pre-tax discount rate of 8.5% was applied in determining the recoverable amount of the unit. The discount rate was estimated based on the weighted average cost of capital of the Group.

### **Sensitivity to change in assumptions**

The values assigned to the key assumptions represent management's assessment of future trends in the industry and are based on external and internal sources.

With regards to the assessment of the value-in-use of the CGU relating to trading of goods, management believes there are possible changes in key assumptions which could cause the carrying value of the CGU lower than its recoverable amount. The total impairment of RM782,507 were made.

# Notes To The Financial Statements

As at 30 September 2021

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## 12. RIGHT-OF-USE ASSETS

Group	Leasehold land & buildings RM	Factories & office premises RM	Motor vehicles RM	Plant & machinery RM	Total RM
<b>2021</b>					
<b>Carrying amount</b>					
At 1 May 2020	95,594	1,217,786	562,372	543,158	2,418,910
Additions	-	1,746,797	314,596	-	2,061,393
Written off	-	(59,738)	-	-	(59,738)
Depreciation for the financial period	(4,710)	(817,052)	(456,005)	(81,714)	(1,359,481)
At 30 September	90,884	2,087,793	420,963	461,444	3,061,084
<b>2020</b>					
<b>Carrying amount</b>					
At 1 May 2019	98,919	1,594,838	751,215	-	2,444,972
Additions	-	-	182,640	576,805	759,445
Depreciation for the financial year	(3,325)	(377,052)	(371,483)	(33,647)	(785,507)
At 30 April	95,594	1,217,786	562,372	543,158	2,418,910

The Group leases leasehold land and building, factories and office premises, plant and machinery and motor vehicles of which the leasing activities are summarised below:

- (i) Leasehold land and building  
The Group has entered into a non-cancellable operating lease agreement for use of land and building which comprises of a single-story terrace house used as hostel. The lease is for a period of 36 years with no renewal or purchase option included in the agreement. The lease does not allow the Group to assign, transfer or sublease or create any charge, lien or trust in respect of or dispose of the whole or any part of the land. A tenancy is, however, allowed with the consent of the lessor.
- (ii) Factories and office premises  
The Group has leased a number of factories and office premises with contract term ranges between 1 to 6 years, with an option to renew the lease. Lease payment are reviewed for the optional period to reflect current market rentals. The Group is not allowed to sublease the leased premises.
- (iii) Motor vehicles  
The Group has leased its motor vehicles under hire purchase arrangements. The leases are secured by the leased assets.
- (iv) Plant and machinery  
The Group has leased certain plant and machinery under hire purchase agreements. The leases are secured by the leased assets.

# Notes To The Financial Statements

As at 30 September 2021

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## 13. INVESTMENT IN SUBSIDIARIES

	Company	
	2021	2020
	RM	RM
<b>Unquoted shares, at cost:</b>		
At 1 May 2020/2019	32,579,990	31,580,090
Acquisition of subsidiaries	200	999,900
Less: Impairment		
At 1 May 2020/2019	-	-
Addition	(1,000,000)	-
At 30 September/30 April	(1,000,000)	-
At 30 September/30 April	31,580,190	32,579,990

### Impairment of investment in subsidiaries

In the financial period ended 2021, the Company has assessed the recoverability of its investment due to losses reported by certain subsidiaries, which indicated the existence of an impairment.

The Company has concluded that there is impairment require to reduce the carrying amount of the investment as the carrying amount are currently higher than their estimated recoverable value. The recoverable value are determined by its fair values of the cost of investment less costs to sell. The Director had determined its fair value less cost to sell based on the net assets value of the subsidiary. The total impairment of RM1,000,000 (2020: RM Nil) were made.

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Percentage of equity held (%)		Principal activities
		2021	2020	
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	Nil	To carry on the business wholesale, retail, importer and exporter of and dealers in all kinds of the drugs, chemicals, alkalis, cosmetics, personal care, health food, medical device, manure antibodies and pharmaceutical medicinal.
Carelife Center Sdn. Bhd. ("CCSB")#	Malaysia	100	Nil	Trading of medical and emergency equipment and accessories.

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

# AWSB and CCSB were incorporated on 21 April 2021.

# Notes To The Financial Statements

As at 30 September 2021

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## 13. INVESTMENT IN SUBSIDIARIES Cont'd

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

	Effective Equity Interest		Group	
	2021 %	2020 %	2021 RM	2020 RM
TMI Medik Group Sdn. Bhd.	30	30	(561,935)	(42,149)

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

	TMI Medik Group Sdn. Bhd.	
	2021 RM	2020 RM
<u>At 30 September/30 April</u>		
Non-current assets	-	845,713
Current assets	754,549	3,122,169
Non-current liabilities	-	(104,558)
Current liabilities	(2,627,673)	(4,003,825)
	(1,873,124)	(140,501)
	<b>01.05.2020 to 30.09.2021 RM</b>	<b>01.05.2019 to 30.04.2020 RM</b>
<u>Financial period/year ended</u>		
Revenue	517,464	5,403,426
(Loss)/Profit for the financial period/year	(1,732,618)	836,765
Total comprehensive (loss)/income	(1,732,618)	836,765
Net cash from operating activities	379,892	315,834
Net cash from/(used in) investing activities	(25,538)	(18,846)
Net cash from/(used in) financing activities	(1,287,687)	(45,800)

# Notes To The Financial Statements

As at 30 September 2021

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## 14. INVESTMENT IN AN ASSOCIATES

	Company	
	2021	2020
	RM	RM
<b>Unquoted shares, at cost:</b>		
At 1 May 2020/2019	-	-
Acquisition of investment in an associate	40,000	
Less: Share of losses during the period	(40,000)	-
At 30 September/30 April	-	-
<b>Recognised in</b>		
Investment in an associate	40,000	-
Amount due from an associate	33,798	-
Total share of losses during the financial period	73,798	-

Details of the investment in an associate are as follows:

Name of subsidiaries	Country of incorporation	Percentage of equity held (%)		Principal activities
		2021	2020	
Focus Carelife Sdn. Bhd. ("FCSB") <sup>#</sup>	Malaysia	40%	Nil	Trading, supplying, wholesaling, manufacturing of medical and healthcare equipment, products and services.

<sup>#</sup> FCSB was incorporated on 25 May 2021 and the Group hold indirect equity interest of 40%.

Summarised financial information:

	Focus Carelife Sdn. Bhd. 2021 RM
<u>At 30 September</u>	
Non-current assets	29,651
Current assets	955,712
Non-current liabilities	-
Current liabilities	(1,069,857)
	(84,494)

# Notes To The Financial Statements

As at 30 September 2021

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## 14. INVESTMENT IN AN ASSOCIATES Cont'd

Summarised financial information: Cont'd

	Focus Carelife Sdn. Bhd. 25.05.2021 to 30.09.2021 RM
<u>Financial period</u>	
Revenue	-
Loss for the financial period	(184,494)
Total comprehensive loss	(184,494)
Group's share of profit or loss	(73,798)

## 15. GOODWILL

	Group 2021 RM	2020 RM
<b>Cost</b>		
At 1 May 2020/2019	24,358	24,358
Less: Impairment		
At 1 May 2020/2019/30 September/30 April	(24,358)	(24,358)
At 30 September/30 April	-	-

### Impairment test for goodwill

At the reporting date, the Company conducted an impairment review on goodwill in accordance with MFRS 136 Impairment of Assets. The Directors' assessment of the recoverable amount of the goodwill is based on the fair value less cost of disposal of cash generating unit ("CGU").

The recoverable amount of the subsidiary is lower than goodwill generated as a result impairment of RM24,358 (2020: RM24,358) has been made for goodwill. The management estimating the fair value, which is the net assets of the subsidiary as there is no readily available market value, less cost of disposal of this subsidiary.

# Notes To The Financial Statements

As at 30 September 2021

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## 16. INVENTORIES

	Group	
	2021	2020
	RM	RM
Raw materials	5,792,704	5,189,834
Work-in-progress	982,653	1,643,167
Finished goods	8,001,284	521,549
Goods in transit	268,480	5,901,135
	<u>15,045,121</u>	<u>13,255,685</u>
<b>Recognised in profit or loss</b>		
Inventories recognised as cost of production	42,864,133	28,983,796
Net write down/(reversal) on inventories	<u>5,968,414</u>	<u>(113,635)</u>

## 17. TRADE RECEIVABLES

	Group	
	2021	2020
	RM	RM
Trade receivables	12,026,757	19,964,017
Less: Allowance for impairment	(2,160,401)	(933,374)
	<u>9,866,356</u>	<u>19,030,643</u>

The movement in impairment of trade receivables are as follows:

### Impairment

At 1 May 2020/2019	(933,374)	(1,149,465)
Addition during the period/year	(2,090,134)	(83,738)
Reversal of impairment no longer required	56,900	271,590
Written off	806,207	28,239
At 30 September/30 April	<u>(2,160,401)</u>	<u>(933,374)</u>

The Group's normal credit terms range from 30 to 90 days (2020: 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

Included in the trade receivables are retention sums totalling RM599,968 (2020: RM558,301). These retention sums are expected to be collected within the periods of 1 year (2020: 2 years).

# Notes To The Financial Statements

As at 30 September 2021

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## 18. NON-TRADE RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Non-trade receivables:				
Third parties	199,669	16,215	-	-
Advances to suppliers	39,192,485	5,914,501	-	-
	39,392,154	5,930,716	-	-
Less: Impairment				
At 1 May	-	-	-	-
Addition during the financial period/year	(38,633,605)	-	-	-
At 30 September/30 April	(38,633,605)	-	-	-
	758,549	5,930,716	-	-
Deposits	1,347,153	190,807	1,300	1,300
Prepayments	289,024	320,541	18,174	18,115
GST recoverable	-	156,471	-	-
	2,394,726	6,598,535	19,474	19,415

The advances to suppliers are unsecured and interest free. The amount owing will be offset against future purchases from the suppliers.

Included in advances to suppliers are the following advances made for purchase of gloves:

LKL Advance Metaltech ("LKLAM"), a subsidiary of LKL International Berhad ("LKLIB"), had entered into an agreement with Crecom Burj Gloves Sdn. Bhd. ("Crecom") to supply nitrile glove to LKLAM on 2 October 2020. LKLAM has made advance payment to Crecom during the current financial period. However, Crecom has failed to fulfill delivery of the gloves required. On 5 March 2021, LKLAM submitted a legal suit towards Crecom to claim for the balance of the outstanding as disclosed in Note 38 (i)(ii). As at the financial period ended 30 September 2021, in assessing the recoverability of the advances made, impairment of the entire outstanding sum amounted to RM12,453,045 was made.

LKLAM has also made advance payment to Genesis Gateway Sdn. Bhd. ("Genesis") for the supply of nitrile gloves during the current financial period. Genesis has made partial delivery of the during the current financial period. However, as at the financial period ended 30 September 2021, the Group has recorded total outstanding amount due from Genesis of RM12,476,036 as the delivery of the gloves was not fulfilled in full. On 8 November 2021, LKLAM had through its solicitor presented a Winding Up Petition to the High Court towards Genesis as disclosed in Note 38 (iii). Therefore, impairment on the entire outstanding sum was made.

Under the distributorship agreement dated on 6 November 2020, LKLAM has made a payment of RM13,000,000 to AT Glove Engineering Sdn. Bhd. on 28 July 2021 as a deposit for the supply of glove. Subsequent to the financial period, the gloves have yet to be delivered although the supplier had confirmed that it is ready for delivery. The management have explained that they had not requested for the delivery due to space constraint in LKLAM's warehouse. Due to no subsequent sales contract confirm, impairment of RM13,000,000 was made.

# Notes To The Financial Statements

As at 30 September 2021  
Cont'd

## 19. AMOUNT DUE FROM SUBSIDIARIES

	Company	
	2021	2020
	RM	RM
Amount due from subsidiaries	95,814,602	18,334,993
Less: Impairment		
At 1 May 2020/2019	-	-
Addition during the financial period/year	(44,033,695)	-
At 30 September/30 April	(44,033,695)	-
	51,780,907	18,334,993

Amount due from subsidiaries represent non-trade in nature, unsecured, interest-free advances and receivable on demand.

Significant related party transactions have been disclosed in Note 31 to the financial statements.

## 20. AMOUNT DUE FROM A RELATED COMPANY

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

Significant related party transactions have been disclosed in Note 31 to the financial statements.

## 21. AMOUNT DUE FROM AN ASSOCIATE

	Group	
	2021	2020
	RM	RM
Amount due from an associate	400,000	-
Less: Share of losses during the financial period	(33,798)	-
	366,202	-

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

Significant related party transactions have been disclosed in Note 31 to the financial statements.

## 22. FIXED DEPOSITS WITH A LICENSED BANK

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Less than 12 months	15,000,000	1,000,000	-	1,000,000

The Group's and the Company's fixed deposits with licensed banks at the end of the financial period bear interest at rates of 2.05% (2020: 3.60%) per annum and have an average maturity of 181 days (2020: 365 days) and Nil (2020: 365 days) respectively.

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## 23. SHARE CAPITAL

	2021	Group and Company		2020
		2020	2021	
	Number of Ordinary Shares		RM	RM
<b>Issued and fully paid:</b>				
At 1 May	428,800,000	428,800,000	53,298,848	53,298,848
Issuance of ordinary shares pursuant to:				
ESOS exercised	88,517,400	-	29,300,312	-
Private placement	255,793,200	-	96,568,168	-
At 30 September/30 April	773,110,600	428,800,000	179,167,328	53,298,848

\* The listing expenses of RM1,128,988 has been offset against the proceeds from private placement.

The holder of ordinary shares is entitled to receive dividends as and when declared by the Company. All ordinary shares are carrying one (1) vote per share without restriction and rank equally with regards to the Company's residual interests.

During the financial period ended 30 September 2021, the Company had:

- (i) 88,517,400 option exercised under Employee's Share Option Scheme ("ESOS") at exercise price ranging from RM0.225 to RM0.395 per option; and
- (ii) 255,793,200 shares exercised under the Private Placement at exercise ranging from RM0.205 to RM0.860 per placement of shares.

The newly issued ordinary shares 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 are as follows:

- (a) The ESOS is made available to eligible employees and Directors who are confirmed employees of the Company and its subsidiaries ("Group") who are employed by the Group 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 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;

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As at 30 September 2021

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### 23. SHARE CAPITAL *Cont'd*

#### Employees' Share Option Scheme ("ESOS") *Cont'd*

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 are as follows: *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) not 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.

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

Grant date	07.05.2021	11.05.2021	12.05.2021	18.05.2021	24.05.2021	25.05.2021	04.06.2021	06.09.2021
Share price	RM0.372	RM0.368	RM0.358	RM0.357	RM0.391	RM0.395	RM0.390	RM0.239
Exercise price	RM0.350	RM0.350	RM0.350	RM0.350	RM0.395	RM0.395	RM0.360	RM0.225
Expected volatility	179.60%	179.02%	175.48%	172.52%	109.05%	94.18%	89.37%	34.91%
Option life	5 days	1 day	7 days	1 day	3 days	2 days	10 days	2 days
Risk-free interest	1.860%	1.860%	1.860%	1.860%	0.930%	1.860%	1.859%	1.860%

The expected volatility reflects the assumption that historical volatility is indicative of future trends but may not necessarily be the actual outcome. No other features of the share options granted were incorporated into the measurement of fair value.

### 24. MERGER DEFICIT

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

As at 30 September 2021

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## 25. LEASE LIABILITIES

The following table summarises the carrying amount of the Group's lease liabilities and the movements during the financial period:

	Group	
	2021	2020
	RM	RM
Representing:		
Current liabilities	1,213,122	847,272
Non-current liabilities	1,471,399	1,342,814
	<u>2,684,521</u>	<u>2,190,086</u>
<b>Recognised in profit or loss:</b>		
Interest expense on lease liabilities	162,805	125,963
Rental discount received	(26,550)	-
Lease termination adjustment	<u>(3,122)</u>	<u>-</u>

(i) The total cash outflow for leases for the financial period ended 30 September 2021 is RM1,535,143 (2020: RM756,173) and

(ii) the lease liabilities are payable as follows:

	Group	
	2021	2020
	RM	RM
Present value of lease liabilities:		
Repayable within one year	1,213,122	847,272
Repayable between two to five years	1,418,637	1,342,814
Repayable more than five years	52,762	-
	<u>2,684,521</u>	<u>2,190,086</u>

The effective interest rate of the said lease liabilities obligations ranges from 3.79% to 5.60% (2020:5.60%) per annum.

# Notes To The Financial Statements

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## 26. BORROWINGS

		Group	
		2021	2020
		RM	RM
<b>Secured</b>			
<b>Current</b>			
Term loan	(a)	421,779	2,323,451
Bankers' acceptance	(b)	237,681	120,000
Trust receipt	(c)	-	104,000
Bank overdraft	(d)	-	3,300,795
		<hr/> 659,460	<hr/> 5,848,246
<b>Non-current</b>			
Term loan	(a)	4,888,737	3,261,220
		<hr/> 5,548,197	<hr/> 9,109,466

### (a) Term loan

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

		Group	
		2021	2020
		RM	RM
Repayable within one year		421,779	2,323,451
Repayable between two to five years		1,770,128	738,898
Repayable more than five years		3,118,609	2,522,322
		<hr/> 5,310,516	<hr/> 5,584,671

The term loan of the Group bears interest rate ranges from 3.27% to 3.62% (2020: 4.02% to 4.87%) and are secured by way of:

- (i) a first legal charge over certain properties as disclosed in Note 11 to the financial statements; and
- (ii) a joint and several guarantee of certain directors of the Group.

### (b) Bankers' acceptance

The bankers' acceptance of the Group bears interest rate ranges from 3.44% to 3.49% (2020: 4.97%) and are secured by way of:

- (i) a first legal charge over certain properties as disclosed in Note 11 to the financial statements; and
- (ii) a joint and several guarantee of certain directors of the Group.

### (c) Trust receipt

The trust receipts of the Group bears interest rate at Nil (2020: 4.35%) per annum.

# Notes To The Financial Statements

As at 30 September 2021

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## 26. BORROWINGS Cont'd

### (d) Bank overdraft

The bank overdraft of the Group bears floating interest rate at Nil (2020: 7.07%) and are secured by way of:

- (i) a first legal charge over certain properties as disclosed in Note 11 to the financial statements; and
- (ii) a joint and several guarantee of certain directors of the Group.

## 27. DEFERRED TAX LIABILITIES

	Group	
	2021 RM	2020 RM
At 1 May	574,000	574,000
Transferred to profit or loss (Note 9)	(574,000)	-
At 30 September/30 April	-	574,000

The components and movements of deferred tax liabilities and assets during the financial period prior to offsetting are as follows:

	Property, plant and equipment RM	Foreign exchange RM	Total RM
<b>Deferred tax liabilities of the Group:</b>			
At 1 May 2020	1,154,254	17,000	1,171,254
Recognised in statements of profit or loss	76,766	(11,708)	65,058
At 30 September 2021	1,231,020	5,292	1,236,312
At 1 May 2019	1,155,000	15,000	1,170,000
Recognised in statements of profit or loss	(746)	2,000	1,254
At 30 April 2020	1,154,254	17,000	1,171,254

	Unutilised tax losses RM	Unabsorbed capital allowances RM	Provisions RM	Total RM
<b>Deferred tax assets of the Group:</b>				
At 1 May 2020	(37,201)	(5,053)	(555,000)	(597,254)
Recognised in statements of profit or loss	9,104	(7,378)	(640,784)	(639,058)
At 30 September 2021	(28,097)	(12,431)	(1,195,784)	(1,236,312)
At 1 May 2019	-	(214,000)	(382,000)	(596,000)
Recognised in statements of profit or loss	(37,201)	208,947	(173,000)	(1,254)
At 30 April 2020	(37,201)	(5,053)	(555,000)	(597,254)

# Notes To The Financial Statements

As at 30 September 2021

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## 27. DEFERRED TAX LIABILITIES *Cont'd*

The amount of temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows:

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>
Provision	1,669,567	901,397
Unabsorbed capital allowances	175,536	37,460
Unutilised tax losses	2,639,486	570,796
Others	-	6,286
	<b>4,484,589</b>	<b>1,515,939</b>

## 28. TRADE PAYABLES

The normal trade credit terms granted to the Group ranging from 30 to 120 days (2020: 30 to 120 days).

## 29. NON-TRADE PAYABLES AND ACCRUALS

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Non-trade payables				
- Third parties	317,564	367,894	11,413	20,679
- Advance from customers	3,683,346	2,002,364	-	-
	4,000,910	2,370,258	11,413	20,679
Deposit received	15,183	34,000		-
Accruals	1,280,502	1,404,971	280,113	47,058
	<b>5,296,595</b>	<b>3,809,229</b>	<b>291,526</b>	<b>67,737</b>

## 30. PROVISION

	<b>Group</b>
	<b>2021</b>
	<b>RM</b>
At 1 May 2020	-
Provision during the financial period	788,389
At 30 September	<b>788,389</b>

Provision represents provision estimation for Liquidated Ascertained Damages.

# Notes To The Financial Statements

As at 30 September 2021

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## 31. SIGNIFICANT RELATED PARTY TRANSACTIONS

### (a) Identities of related parties.

Parties are considered to be related to the Group, if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties could be individuals or other parties.

Related parties of the Group include:

- (i) Direct, indirect subsidiaries and associates as disclosed in Note 13 and note 14 to the financial statements;
- (ii) Key management personnel, which comprises persons (including the Directors of the Group) having authority and responsibility for planning, deciding, and controlling the activities of the Group directly or indirectly; and
- (iii) Entities in which certain Directors, who are also the substantial shareholders of the parent, have substantial shareholding interest.

### (b) Transactions with related parties

		Group		Company	
		01.05.2020 to 30.09.2021	01.05.2019 to 30.04.2020	01.05.2020 to 30.09.2021	01.05.2019 to 30.04.2020
		RM	RM	RM	RM
<b>Name of companies:</b>	<b>Type of transactions</b>				
<b>With subsidiaries:</b>					
LKL Advance Metaltech Sdn. Bhd. ("LKLAM")	Impairment	-	-	(26,325,642)	-
	Management fee	-	-	(156,000)	-
	Employee Share Option Scheme	-	-	2,808,439	-
Medik Gen Sdn. Bhd. ("MGSB")	Impairment	-	-	(1,515,178)	-
TMI Medik Group Sdn. Bhd. ("TMG")	Impairment	-	-	(2,330,183)	-
Aluxcare Wellness Sdn. Bhd. ("AWSB")	Impairment	-	-	(13,503,799)	-
Carelife Center Sdn. Bhd. ("CCSB")	Impairment	-	-	(358,893)	-
<b>With close members of the family of certain Directors:</b>					
- salaries and other emoluments		(423,554)	(290,321)	-	-
- rental expenses		-	(70,200)	-	-

The Directors are of the opinion that the terms and conditions and prices of the above transactions are not materially different from that obtainable in transactions with unrelated parties.

Significant balances with related parties are disclosed in Note 19, Note 20 and Note 21 to the financial statements.

# Notes To The Financial Statements

As at 30 September 2021

Cont'd

## 31. SIGNIFICANT RELATED PARTY TRANSACTIONS *Cont'd*

### (c) Compensation of Key Management Personnel

	Group		Company	
	01.05.2020 to 30.09.2021	01.05.2019 to 30.04.2020	01.05.2020 to 30.09.2021	01.05.2019 to 30.04.2020
	RM	RM	RM	RM
<b>Directors</b>				
<i>Directors of the Company</i>				
Fees	404,310	153,000	235,557	153,000
Salaries and allowances	2,985,379	1,393,908	547,819	5,700
Defined contribution plan	359,500	166,308	66,323	-
	<u>3,749,189</u>	<u>1,713,216</u>	<u>849,699</u>	<u>158,700</u>
<i>Directors of the subsidiaries</i>				
Fees	51,000	36,000	-	-
Salaries and allowances	219,305	639,351	-	-
Defined contribution plan	26,400	73,218	-	-
	<u>296,705</u>	<u>748,569</u>	<u>-</u>	<u>-</u>
Total Directors' remunerations and fees	<u>4,045,894</u>	<u>2,461,785</u>	<u>849,699</u>	<u>158,700</u>
<b>Other key management personnel</b>				
Salaries and allowances	2,271,354	801,737	-	-
Defined contribution plan	295,088	108,733	-	-
	<u>2,566,442</u>	<u>910,470</u>	<u>-</u>	<u>-</u>
Total key management personnel	<u>6,612,336</u>	<u>3,372,255</u>	<u>849,699</u>	<u>158,700</u>

Key management personnel comprise of Executive and Non-Executive Directors of the Group and of the Company who have authority and responsibility for planning, directing, and controlling the activities of the Group and of the Company, directly or indirectly.

## 32. CONTINGENT LIABILITIES

### (a) Bank guarantee

	Group	
	2021	2020
	RM	RM
Bank guarantee given by financial institution to third party	<u>242,524</u>	<u>1,019,852</u>

# Notes To The Financial Statements

As at 30 September 2021

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## 32. CONTINGENT LIABILITIES *Cont'd*

### (b) Sales agreement with customers

On 1 September 2020 and 30 November 2020, the subsidiary has entered into sales agreement with Wei Hai Textile Group Import and Export Co., Ltd ("Wei Hai") and Shang Hong International (Hong Kong) Limited ("Shang Hong") for the supply of 6.618 million boxes of nitrile gloves amounted to USD59,031,000, approximately RM245,016,770. According to the contract of Wei Hai, the gloves shall be delivered within 4 months from 1 September 2020. As for Shang Hong, the gloves shall be delivered by December 2021. However, as of the financial period ended 30 September 2021 the subsidiary has not fulfilled the delivery of the contract. The Director has assessed that possibility of liabilities arise from the contracts is remote.

## 33. FINANCIAL GUARANTEES

	Group	
	2021	2020
	RM	RM
Corporate guarantees given to licensed banks for credit facilities	-	304,260

## 34. CAPITAL COMMITMENTS

	Group	
	2021	2020
	RM	RM
Capital expenditure not provided for in the financial statements are as follows:		
<b>Property, plant and equipment</b>		
Authorised and contracted for	12,129,320	20,536

## 35. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Managing Director as its chief operating decision maker in order to allocate resource 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 3 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; and
- (iii) Investment holding division

# Notes To The Financial Statements

As at 30 September 2021

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## 35. OPERATING SEGMENTS *Cont'd*

### (a) Business segments *Cont'd*

	Manufacturing Division RM	Trading Division RM	Investment holding Division RM	Group RM
<b>2021</b>				
<b>Revenue</b>				
External revenue	46,363,876	29,140,756	-	75,504,632
Inter-segment revenue	40,442	776,496	-	816,938
	46,404,318	29,917,252	-	76,321,570
Consolidation adjustments				(816,938)
Consolidated revenue				75,504,632
<b>Results</b>				
Segment profit	4,392,883	(52,926,209)	(2,917,168)	(51,450,494)
Finance costs				(571,474)
Consolidated profit before tax				(52,021,968)
Segment profit includes the followings:				
Depreciation of property, plant and equipment	(1,849,952)	(541,579)	-	(2,391,531)
Depreciation of right-of-use assets	(961,539)	(397,942)	-	(1,359,481)
Gain on disposal of property, plant and equipment	63,815	38,816	-	102,631
Impairment loss on trade receivables	(1,294,591)	(795,544)	-	(2,090,134)
Impairment loss on non-trade receivables	-	(38,633,605)	-	(38,633,605)
Impairment loss on property, plant and equipment	-	(782,507)	-	(782,507)
Reversal of impairment loss on trade receivables	35,380	21,520	-	56,900
Interest expenses	(350,916)	(220,558)	-	(571,474)
Interest income	48,390	31,146	179,509	259,045
Net write down on inventories	(757,835)	(5,210,579)	-	(5,968,414)
Unrealised loss on foreign exchange	(29,577)	(19,122)	-	(48,699)

# Notes To The Financial Statements

As at 30 September 2021

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## 35. OPERATING SEGMENTS *Cont'd*

### (a) Business segments *Cont'd*

	Manufacturing Division RM	Trading Division RM	Investment holding Division RM	Group RM
<b>2021</b>				
<b>Assets</b>				
Segment assets	64,727,094	55,017,145	131,988,660	251,732,899
Consolidated adjustments				(97,519,997)
Consolidated assets				154,212,902
Addition to non-current asset other than financial instruments are:				
Property, plant and equipment	12,438,245	480,711	-	12,918,956
Right-of-use assets	499,245	1,562,148	-	2,061,393
<b>Liabilities</b>				
Segment liabilities	61,189,443	59,099,132	447,526	120,736,101
Unallocated liabilities:				
- lease payables				2,684,521
- bankers' acceptance				237,681
- term loans				5,310,516
Consolidated adjustments				(110,078,928)
Consolidated total liabilities				18,889,891
<b>2020</b>				
<b>Revenue</b>				
External revenue	33,969,270	20,981,557	-	54,950,827
Inter-segment revenue	49,568	-	-	49,568
	34,018,838	20,981,577	-	55,000,395
Consolidation adjustments				(49,568)
Consolidated revenue				54,950,827

# Notes To The Financial Statements

As at 30 September 2021

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## 35. OPERATING SEGMENTS *Cont'd*

### (a) Business segments *Cont'd*

	Manufacturing Division RM	Trading Division RM	Investment holding Division RM	Group RM
<b>2020</b>				
<b>Results</b>				
Segment profit	5,107,800	1,940,963	(1,074,644)	5,974,119
Finance costs				(405,706)
Consolidated profit before tax				<u>5,568,413</u>
Segment profit includes the followings:				
Depreciation of property, plant and equipment	(1,271,197)	(300,090)	-	(1,571,287)
Depreciation of right-of-use assets	(534,145)	(251,362)	-	(785,507)
Gain on disposal of property, plant and equipment	52,672	24,789	-	77,464
Impairment loss on trade receivables	(56,942)	(26,796)	-	(83,738)
Reversal of impairment loss on trade receivables	184,681	86,909	-	271,590
Interest expenses	(275,880)	(129,826)	-	(405,706)
Interest income	61,492	32,369	78,128	171,989
Net reversal on inventories	-	113,635	-	113,635
Unrealised gain on foreign exchange	47,341	23,824	-	71,165
<b>Assets</b>				
Segment assets	56,764,043	22,522,280	52,681,013	131,967,336
Consolidated adjustments				(52,825,362)
Consolidated assets				<u>79,141,974</u>
Addition to non-current asset other than financial instruments are:				
Property, plant and equipment	952,996	631,926	-	1,584,921
Right-of-use assets	701,000	58,445	-	759,445

# Notes To The Financial Statements

As at 30 September 2021

Cont'd

## 35. OPERATING SEGMENTS Cont'd

### (a) Business segments Cont'd

	Manufacturing Division RM	Trading Division RM	Investment holding Division RM	Group RM
<b>2020</b>				
<b>Liabilities</b>				
Segment liabilities	13,625,689	12,372,716	67,737	26,066,142
Unallocated liabilities:				
- deferred tax liabilities				574,000
- lease payables				2,190,086
- bankers' acceptance				120,000
- term loans				5,584,671
- trust receipts				104,000
- bank overdraft				3,300,795
- tax payable				2,500
Consolidated adjustments				(19,238,219)
Consolidated total liabilities				18,703,975

### (b) Geographical information

Group	Revenue		Non-current assets	
	01.05.2020 to 30.09.2021 RM	01.05.2019 to 30.04.2020 RM	01.05.2020 to 30.09.2021 RM	01.05.2019 to 30.04.2020 RM
Africa	534,931	2,724,377	-	-
Asia (Other than Malaysia)	13,079,907	4,876,196	6,871	2,490
Europe	2,254,788	799,814	-	-
Malaysia	59,447,696	45,903,395	43,321,630	32,995,982
Middle East	187,310	647,045	-	-
	75,504,632	54,950,827	43,328,501	32,998,472

### (c) Major customer

The following is a major customer with revenue equal to or more than 10% of the Group's total revenue.

	Revenue		Segment
	01.05.2020 to 30.09.2021 RM	01.05.2019 to 30.04.2020 RM	
Customer 1	-	15,275,084	Manufacturing & trading

# Notes To The Financial Statements

As at 30 September 2021

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## 36. FINANCIAL INSTRUMENTS

### Categories of financial instruments

- (a) Financial assets measured at amortised cost ("AC"); and  
 (b) Financial liabilities measured at amortised cost ("AC").

Group	Carrying amount RM	AC RM
<b>2021</b>		
<b>Financial assets</b>		
Trade receivables	9,866,356	9,866,356
Non-trade receivables and deposits (excluding prepayment)	2,105,702	2,105,702
Amount due from a related company	228,355	228,355
Amount due from an associate	366,202	366,202
Fixed deposits with a licensed bank	15,000,000	15,000,000
Cash and bank balances	65,661,852	65,661,852
	<b>93,228,467</b>	<b>93,228,467</b>
<b>Financial liabilities</b>		
Trade payables	4,572,189	4,572,189
Non-trade payables and accruals	5,296,595	5,296,595
Borrowings	5,548,197	5,548,197
Lease liabilities	2,684,521	2,684,521
	<b>18,101,502</b>	<b>18,101,502</b>
	<b>Carrying amount RM</b>	<b>AC RM</b>
<b>Company</b>		
<b>2021</b>		
<b>Financial assets</b>		
Non-trade receivables and deposits (excluding prepayment)	1,300	1,300
Amount due from subsidiaries	51,780,907	51,780,907
Cash and bank balances	48,366,205	48,366,205
	<b>100,148,412</b>	<b>100,148,412</b>
<b>Financial liabilities</b>		
Non-trade payables and accruals	291,526	291,526

# Notes To The Financial Statements

As at 30 September 2021

Cont'd

## 36. FINANCIAL INSTRUMENTS Cont'd

### Categories of financial instruments Cont'd

Group	Carrying amount RM	AC RM
<b>2020</b>		
<b>Financial assets</b>		
Trade receivables	19,030,643	19,030,643
Non-trade receivables and deposits (excluding prepayment)	6,277,994	6,277,994
Fixed deposits with a licensed bank	1,000,000	1,000,000
Cash and bank balances	5,180,254	5,180,254
	<b>31,448,891</b>	<b>31,448,891</b>
<b>Financial liabilities</b>		
Trade payables	3,018,694	3,018,694
Non-trade payables and accruals	3,809,229	3,809,229
Borrowings	9,109,466	9,109,466
Lease liabilities	2,190,086	2,190,086
	<b>18,127,475</b>	<b>18,127,475</b>
	<b>Carrying amount RM</b>	<b>AC RM</b>
<b>Company</b>		
<b>2020</b>		
<b>Financial assets</b>		
Non-trade receivables and deposits (excluding prepayment)	1,300	1,300
Amount due from subsidiaries	18,334,993	18,334,993
Fixed deposits with a licensed bank	1,000,000	1,000,000
Cash and bank balances	684,959	684,959
	<b>20,021,252</b>	<b>20,021,252</b>
<b>Financial liabilities</b>		
Non-trade payables and accruals	67,737	67,737

# Notes To The Financial Statements

As at 30 September 2021  
Cont'd

## 36. FINANCIAL INSTRUMENTS *Cont'd*

### Net gains and (losses) arising from financial instruments

	Group		Company	
	01.5.2020 to 30.09.2021	01.5.2019 to 30.04.2020	01.5.2020 to 30.09.2021	01.5.2019 to 30.04.2020
	RM	RM	RM	RM
<b>Net gains/(losses) arising on:</b>				
<b><i>Financial assets measured at amortised cost</i></b>				
Impairment loss on trade receivables	(2,090,134)	(83,738)	-	-
Impairment loss on non-trade receivables	(38,633,605)	-	-	-
Impairment loss on amount due from subsidiaries	-	-	(44,033,695)	-
Reversal of impairment loss on trade receivables	56,900	271,590		
Interest income	259,045	171,989	179,509	78,128
Realised gain on foreign exchange	486,009	260,441	-	-
Unrealised (loss)/gain on foreign exchange	(48,699)	71,165	-	-
	(39,970,484)	691,447	(43,854,186)	78,128
<b><i>Financial liabilities measured at amortised cost</i></b>				
Lease termination adjustment	3,122	-	-	-
Rental discounts received	26,550	-	-	-
Interest expense	(571,474)	(405,706)	-	-
	(541,802)	(405,706)	-	-
	(40,512,286)	285,741	(43,854,186)	78,128

### Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, market risk, foreign currency risk, interest rate risk and liquidity risk.

The Group's and the Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's and of the Company's businesses whilst managing its credit risk, market risk, foreign currency risk, interest rate risk and liquidity risk.

The following sections provide details regarding the Group's and the Company's exposure to the above mentioned financial risks and the objectives, policies and processes for the management of these risks.

# Notes To The Financial Statements

As at 30 September 2021

Cont'd

## 36. FINANCIAL INSTRUMENTS *Cont'd*

### Financial risk management objectives and policies *Cont'd*

#### 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 and the Company's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and non-trade receivables. The Group and the Company manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including quoted investments, cash and bank balances and derivatives), the Group and the Company minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group and the Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and non-trade receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that might have been incurred but not yet identified. Impairment is estimated by management based on prior experience and the current economic environment.

#### Credit risk concentration profile

The Group's major concentration of credit risk relates to the amounts owing by 3 (2020: 2) major customers which constituted approximately 32% (2020: 46%) of its trade receivables as at the end of the reporting period.

In addition, the Group also determines concentration of credit risk by monitoring the geographical region of its trade receivables on an ongoing basis. The credit risk concentration profile of trade receivables at the end of the reporting period as follows:

	2021 RM	2020 RM
Africa	408	94
Asia (Other than Malaysia)	114,352	223,549
Malaysia	9,751,596	18,805,995
Middle East	-	1,005
	<u>9,866,356</u>	<u>19,030,643</u>

#### Exposure to credit risk

As the Group and the Company does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting period.

#### Recognition and measurement of impairment loss

The Group uses a provision matrix to measure ECLs of trade receivables.

Loss rates are based on actual credit loss experience over the past three (3) years. The Group also considers differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Group's view of economic conditions over the expected lives of the receivables. Nevertheless, the Group believes that these factors are immaterial for the purpose of impairment calculation for the financial period from 1 May 2020 to 30 September 2021.

#### Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

# Notes To The Financial Statements

As at 30 September 2021  
Cont'd

## 36. FINANCIAL INSTRUMENTS Cont'd

### Financial risk management objectives and policies Cont'd

#### Credit risk Cont'd

##### Credit-impaired financial assets Cont'd

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default;
- The restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- It is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for a security because of financial difficulties.

##### Ageing analysis

The ageing analysis of the Group's trade receivables, as at reporting date is as follows:

Group	Gross carrying amount RM	Loss allowances RM	Net carrying amount RM
<b>2021</b>			
Not past due:	4,709,778	-	4,709,778
Past due:			
Less than 30 days	3,090,845	-	3,090,845
31 to 60 days	954,290	-	954,290
60 to 90 days	522,297	-	522,297
More than 90 days	1,410,587	(821,441)	589,146
	10,687,797	(821,441)	9,866,356
<b>Credit impaired</b>			
Individually impaired	1,338,960	(1,338,960)	-
	12,026,757	(2,160,401)	9,866,356

# Notes To The Financial Statements

As at 30 September 2021

Cont'd

## 36. FINANCIAL INSTRUMENTS Cont'd

### Financial risk management objectives and policies Cont'd

#### Credit risk Cont'd

#### Ageing analysis Cont'd

Group	Gross carrying amount RM	Loss allowances RM	Net carrying amount RM
<b>2020</b>			
Not past due:	4,661,562	-	4,661,562
Past due:			
Less than 30 days	10,808,780	-	10,808,780
31 to 60 days	1,167,324	-	1,167,324
60 to 90 days	818,280	-	818,280
More than 90 days	1,574,697	-	1,574,697
	19,030,643	-	19,030,643
<b>Credit impaired</b>			
Individually impaired	933,374	(933,374)	-
	19,964,017	(933,374)	19,030,643

#### Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

As at the end of the reporting period, the Group did not recognised any allowance for impairment losses.

#### Deposits

Credit risks on deposits are mainly arising from deposits paid for utilities and premises rented. These deposits will be refunded at the end of each lease terms. The Group and the Company manages the credit risk together with the leasing arrangement.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

As at the end of the reporting period, the Group did not recognise any allowance for impairment losses.

# Notes To The Financial Statements

As at 30 September 2021

Cont'd

## 36. FINANCIAL INSTRUMENTS *Cont'd*

### Financial risk management objectives and policies *Cont'd*

#### Credit risk *Cont'd*

##### Non-trade receivables

The Group has made advances payment to suppliers, for future purchases which shall be offset against future purchases upon delivery of goods and services perform.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Due to the failure on delivery of goods, LKLAM has had through its solicitor presented Winding Up Petition to the High Court and submitted a legal suit towards suppliers for breach of contracts. Subsequent to the financial period, the goods have yet to be delivered although the goods are ready for delivery.

The following table provides information about the exposure to credit risk and ECLs for non-trade receivables as follows:

Group	Gross carrying amount	Loss allowances	Net carrying amount
<b>2021</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Significant increase in credit risk	39,192,485	(38,633,605)	558,880
<b>2020</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Significant increase in credit risk	5,914,501	-	5,914,501

#### Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's financial position or cash flows.

# Notes To The Financial Statements

As at 30 September 2021

Cont'd

## 36. FINANCIAL INSTRUMENTS Cont'd

### Financial risk management objectives and policies Cont'd

#### Foreign currency risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than Ringgit Malaysia. The currency giving rise to this risk is US Dollar ("USD"), Euro ("EUR"), Singapore Dollar ("SGD") and Chinese Yuan Renminbi ("CNY"). The exposure of foreign currency risk is monitored on an on-going basis to ensure that the net exposure is at an acceptable level.

The Group's exposure to foreign currency is as follows:

Group	USD RM	EUR RM	SGD RM	Total RM
<b>2021</b>				
<b>Financial assets</b>				
Trade receivables	89,494	-	26,965	116,459
Non-trade receivables, deposits and prepayments	291,611	36,261	-	327,872
Amount due from a related company	228,355	-	-	228,355
Cash and bank balances	583,504	967	-	584,471
	1,192,964	37,228	26,965	1,257,157
<b>Financial liabilities</b>				
Trade payables	(919,197)	(149,533)	-	(1,068,730)
Net currency exposure	273,767	(112,305)	26,965	188,427
<b>2020</b>				
<b>Financial assets</b>				
Trade receivables	170,370	-	65,543	235,913
Amount due from a related company	241,693	-	-	241,693
Cash and bank balances	315,473	5,454	-	320,927
	727,536	5,454	65,543	798,533
<b>Financial liabilities</b>				
Trade payables	(191,537)	(168,103)	-	(359,640)
Net currency exposure	535,999	(162,649)	65,543	438,893

# Notes To The Financial Statements

As at 30 September 2021

Cont'd

## 36. FINANCIAL INSTRUMENTS Cont'd

### Financial risk management objectives and policies Cont'd

#### Foreign currency risk Cont'd

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies as at the end of the reporting period, with all other variables held constant:

	2021 %	2020 %	2021 RM Increase/ (Decrease)	2020 RM Increase/ (Decrease)
<b>Effect on profit after tax</b>				
USD/RM				
Strengthened by	10.00	10.00	20,806	53,000
Weakened by	10.00	10.00	(20,806)	(53,000)
EUR/RM				
Strengthened by	10.00	10.00	(8,535)	(16,000)
Weakened by	10.00	10.00	8,535	16,000
SGD/RM				
Strengthened by	10.00	10.00	2,049	7,000
Weakened by	10.00	10.00	(2,049)	(7,000)

#### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises mainly from interest-earning financial assets and liabilities. The Group's and the Company's policy is to obtain the most favourable interest rates available.

The Company primary interest rate risk relates to interest earning from fixed deposits with licensed banks and other investment.

# Notes To The Financial Statements

As at 30 September 2021

Cont'd

## 36. FINANCIAL INSTRUMENTS Cont'd

### Financial risk management objectives and policies Cont'd

#### Interest rate risk Cont'd

##### Effective interest rates and repricing analysis

The following table shows information on the Group's and Company's exposure to interest rate risk.

Group	Effective interest rate per annum %	Less than one year RM	More than one year RM	Total RM
<b>2021</b>				
<b>Financial asset</b>				
Fixed deposits with a licensed bank	2.05	15,000,000	-	15,000,000
<b>Financial liabilities</b>				
Lease liabilities	3.79 - 5.60	(1,213,122)	(1,471,399)	(2,684,521)
Borrowings:				
- term loans	3.27 - 3.62	(421,779)	(4,888,737)	(5,310,516)
- short-term borrowings	3.44 - 3.49	(237,681)	-	(237,681)
		(1,872,582)	(6,360,136)	(8,232,718)
		13,127,418	(6,360,136)	6,767,282
<b>2020</b>				
<b>Financial asset</b>				
Fixed deposits with a licensed bank	3.60	1,000,000	-	1,000,000
<b>Financial liabilities</b>				
Lease liabilities	5.60	(847,272)	(1,342,814)	(2,190,086)
Borrowings:				
- term loans	4.02 - 4.87	(2,323,451)	(3,261,220)	(5,584,671)
- short-term borrowings	4.35 - 4.97	(224,000)	-	(224,000)
- bank overdraft	7.07	(3,300,795)	-	(3,300,795)
		(6,695,518)	(4,604,034)	(11,299,552)
		(5,695,518)	(4,604,034)	(10,299,552)
<b>Company</b>				
<b>2020</b>				
<b>Financial asset</b>				
Fixed deposits with a licensed bank	3.60	1,000,000	-	1,000,000

# Notes To The Financial Statements

As at 30 September 2021

Cont'd

## 36. FINANCIAL INSTRUMENTS Cont'd

### Financial risk management objectives and policies Cont'd

#### Interest rate risk Cont'd

##### Interest rate risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the interest rates as at the end of the reporting period, with all other variables held constant:

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
<b>Effect on profit after taxation</b>				
Increase of 10 basis points	5,143	(7,828)	-	760
Decrease of 10 basis points	(5,143)	7,828	-	(760)

#### Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

##### Maturity analysis

The table below summarises the maturity profile of the Group financial liabilities as at the reporting period based on undiscounted contractual payments:

Group	Carrying amount RM	Contractual cash flows RM	Within 1 year RM	Within 1 to 5 years RM	More than 5 years RM
<b>2021</b>					
Trade payables	4,572,189	4,572,189	4,572,189	-	-
Non-trade payables and accruals	1,598,066	1,598,066	1,598,066	-	-
Lease liabilities	2,684,521	2,877,327	1,466,892	1,356,435	54,000
Borrowings:					
- term loans	5,310,516	6,631,644	563,736	2,818,680	3,249,228
- short-term borrowings	237,681	237,681	237,681	-	-
	14,402,973	15,916,907	8,438,564	4,175,115	3,303,228

# Notes To The Financial Statements

As at 30 September 2021

Cont'd

## 36. FINANCIAL INSTRUMENTS Cont'd

### Financial risk management objectives and policies Cont'd

#### Liquidity risk Cont'd

#### Maturity analysis Cont'd

Group Cont'd	Carrying amount RM	Contractual cash flows RM	Within 1 year RM	Within 1 to 5 years RM	More than 5 years RM
<b>2020</b>					
Trade payables	3,018,694	3,018,694	3,018,694	-	-
Non-trade payables and accruals	1,772,865	1,772,865	1,772,865	-	-
Lease liabilities	2,190,086	2,364,057	931,738	1,432,319	-
Borrowings:					
- term loans	5,584,671	6,710,149	2,527,511	981,115	3,201,523
- short-term borrowings	224,000	224,000	224,000	-	-
- bank overdraft	3,300,795	3,300,795	3,300,795	-	-
	16,091,111	17,390,560	11,775,603	2,413,434	3,201,523
Company	Carrying amount RM	Contractual cash flows RM	Within 1 year RM	Within 1 to 5 years RM	More than 5 years RM
<b>2021</b>					
Non-trade payables and accruals	291,526	291,526	291,526	-	-
<b>2020</b>					
Non-trade payables and accruals	67,737	67,737	67,737	-	-

#### Fair values

The following summarises the methods used to determine the fair values of the financial instruments:

- (i) The financial assets and financial liabilities maturing within the next twelve (12) months approximated their fair values due to the relatively short-term maturity of the financial instruments.
- (ii) The fair value of lease liabilities is determined by discounting the relevant cash flows using current interest rates for similar instruments as at the end of the reporting period.

# Notes To The Financial Statements

As at 30 September 2021

Cont'd

## 37. CAPITAL MANAGEMENT

The Group manages its capital by maintaining an optimal capital structure so as to support its business and maximise shareholders' value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares. The Group's strategies were unchanged from the previous financial year. The Group monitors its capital based on the debt-to-equity ratio.

The debt-to-equity ratio is calculated as net debt divided by total equity, and where net debt is calculated as borrowings less cash and cash equivalents. The debt-to-equity ratio of the Group as at the reporting date was as follows:

	2021 RM	2020 RM
Lease liabilities	2,684,521	2,190,086
Borrowings:		
- term loans	5,310,516	5,584,671
- short-term borrowings	237,681	224,000
- bank overdraft	-	3,300,795
	8,232,718	11,299,552
Less: Cash and bank balances	(65,661,852)	(5,180,254)
Less: Fixed deposit with a licensed bank	(15,000,000)	(1,000,000)
Net debt	(72,429,134)	5,119,298
Total equity	135,323,011	60,437,999
Gearing ratio (times)	n/a	0.08

## 38. MATERIAL LITIGATION

- (i) LKL Advance Metaltech Sdn. Bhd. vs Crecom Burj Gloves Sdn. Bhd.

On 16 December 2020, LKL Advance Metaltech Sdn. Bhd. 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").

On the same date, the High Court had granted a Mareva injunction to freeze the Defendant's asset up to the amount of RM12,542,783 after hearing all parties involved.

On 9 April 2021, the Defendant filed an affidavit to declare and list out all the necessary details of its assets and current locations of the same. The Defendant had filed an appeal bearing appeal no. W-02(NCC)(A)-719-04/2021 to the Court of Appeal, Putrajaya to appeal against the injunction granted by the High Court in Kuala Lumpur to the Plaintiff. However, the Defendant has withdrawn its appeal No. W-02(NCC)(A)-719-04/2021 at the Court of Appeal on 9 September 2021.

In line with the OS, the Plaintiff had also filed a Notice of Arbitration ("Arbitration") against the Defendant. The Plaintiff's claim against the Defendant in the Arbitration arose from the Purchase Agreement dated 2 October 2020 ("PA"). The Plaintiff had paid RM12,673,500 to the Defendant to purchase gloves from the Defendant pursuant to the PA, in which was breached by the latter. In the Arbitration, the Plaintiff is seeking from the Defendant RM12,542,783, 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.

## Notes To The Financial Statements

As at 30 September 2021

*Cont'd*

### 38. MATERIAL LITIGATION *Cont'd*

- (ii) LKL Advance Metaltech Sdn. Bhd. vs Crecom Burj Gloves Sdn. Bhd. ("Crecom") and 6 others.

On 13 September 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 the 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"). for the return of RM12,540,757 being payment made by the Plaintiff for the purchase of gloves from Crecom pursuant to the Purchase Agreement dated 2 October 2020. and the suit is fixed for trial on 23 to 27 May 2022.

- (iii) LKL Advance Metaltech Sdn Bhd. vs Genesis Gateway Sdn. Bhd.

On 8 November 2021, LKLAM has had through its solicitors, Messrs. Chong + Kheng Hoe, presented a Winding Up Petition at the Kuala Lumpur High Court registered under Companies (Winding-Up) No. WA-28NCC-800-11/2021 against Genesis Gateway Sdn Bhd [Registration No.: 200801030164 (831493-D)] ("Respondent") for the sum of RM13,311,960, 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 had fixed the aforesaid matter for case management on 8 December 2021 and the hearing of the Petition on 8 March 2022.

On 8 December 2021, the solicitors, Messrs. Chong + Kheng Hoe has informed Court that Genesis Gateway Sdn. Bhd. has complied with the winding up procedures and wait for the hearing of Petition on 8 March 2022.

- (iv) LKL International Berhad vs The Edge Communications Sdn. Bhd.

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.

LKL International 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.

The Edge has filed a striking out application and it is fixed for hearing on 17 November 2021. The Court had vacated the hearing dates and further fixed a case management on 10 December 2021. The hearing of The Edge's striking out application and the case management of the main suit is fixed on 8 March 2022.

### 39. SIGNIFICANT EVENT DURING THE FINANCIAL PERIOD

- (i) The directors of the Group and the Company are of the opinion that the outbreak of the COVID-19 may affect the business performance and position of the Group and the Company mainly due to travel and movement restriction and other precautionary measures imposed by relevant local authorities that resulted in delays in commencement of work and delivery of products to customers. Meanwhile, due to inherent nature and unpredictability of future development of the pandemic and market sentiment, the extent of the impact depends on (i) ongoing precautionary measures introduced by each country to address this pandemic and (ii) the durations of the pandemic. Accordingly, the financial impact of the COVID-19 outbreak to the Group and the Company cannot be reasonably estimated as at this juncture. The directors will continue to monitor the situations and respond proactively to mitigate the impact on the Group's and the Company's financial performance and financial position.

## Notes To The Financial Statements

As at 30 September 2021

Cont'd

### 39. SIGNIFICANT EVENT DURING THE FINANCIAL PERIOD *Cont'd*

- (ii) On 17 July 2020, the Company proposed to undertake the following proposals:
- (a) Proposed private placement of up to 85,760,000 new ordinary shares in LKL International ("LKL International Shares" or "Shares"), representing not more than 20% of the total number of issued LKL International Shares to parties to be identified at a later date ("Proposed Private Placement"); and
  - (b) Proposed establishment of an employees' share option scheme of up to 15% of the total number of issued LKL International Shares (excluding treasury shares, if any) at any point in time to the eligible employees and directors of the Company and its subsidiaries ("Proposed ESOS").

On 22 September 2020, Bursa Malaysia Securities Berhad ("Bursa Securities") had approved the listing of and quotation for the new shares to be issued pursuant to the Company's Proposals. The Proposals were approved by the shareholders at the Company's Extraordinary General Meeting held on 13 October 2020.

On 12 April 2021, the Company had completed the private placement, raising total proceeds of RM62.48 million.

As of the end reporting period, 88,517,400 option were exercised under the Employee's Share Option Scheme ("ESOS") at exercise price ranging from RM0.225 to RM0.395 per option

- (iii) On 17 June 2021, the Company proposed to undertake a private placement up to 177,523,200 new ordinary shares representing 30% of the existing total number of issued shares of the Company. On 23 June 2021 Bursa Securities had approved the proposed private placement. The Proposals were approved by the shareholders at the Company's Extraordinary General Meeting held on 19 July 2021.

### 40. SUBSEQUENT EVENTS AFTER THE FINANCIAL PERIOD

- (i) On 11 October 2021, the Group acquired 100,000 ordinary shares, representing 100% of the total paid-up capital in LKL Medical (Sarawak) Sdn. Bhd., for a cash consideration of RM100,000 and which a wholly-owned subsidiary of the Group.
- (ii) On 16 November 2021, the Company had completed the listing of and quotation for 177,523,200 Placement Shares on the Ace Market of Bursa Securities pursuant to the Private Placement of up to 177,523,200 new ordinary shares proposed on 17 June 2021.
- (iii) On 22 November 2021, Aluxcare Wellness increased its share capital from RM100 to RM1,000,000 by allotment of 999,900 shares subscribed by the Company at RM1.00 each for the purpose of providing additional working capital.
- (iv) On 7 January 2022, 28,000,000 of new ordinary shares were issued under the Employees' Share Option Scheme of the Company ("ESOS") at the exercise price of RM0.0711 per ordinary share.
- (v) On 23 November 2021, the Company proposed to undertake a private placement up to 150,000,000 new ordinary shares representing 19% of the existing total number of issued shares. On 3 January 22 Bursa Securities had approved the proposed private placement. The private placement was completed on 13 January 2022 by way of issuance of ordinary share at issue price of RM0.0713.
- (vi) On 27 January 2022, LKLAM, a wholly-owned subsidiary of the Company had entered into a Sale and Purchase Agreement ("SPA") with Thirty Keystone Sdn. Bhd. for acquisition of 60,196,966 ordinary shares of Parlo Berhad for a total cash consideration of RM13,243,332 at share price of RM0.22 each. The acquisition has been completed on the same day.

# Notes To The Financial Statements

As at 30 September 2021

*Cont'd*

## 41. GENERAL INFORMATION

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

The Company is principally engaged in the business of investment holding. The principal activities of its subsidiaries are disclosed in Note 13 to the financial statements.

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 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 financial statements were approved and authorised for issue by the Board of Directors on 28 January 2022.

## Analysis of Shareholdings

As at 14 January 2022

Total Number of Issued Shares	:	958,600,600 ordinary shares
Class of Equity Securities	:	Ordinary shares (" <b>shares</b> ")
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	21	0.10	617	0.00
100 - 1,000 shares	1,959	9.70	1,336,412	0.14
1,001 - 10,000 shares	8,852	43.83	51,040,301	5.32
10,001 - 100,000 shares	8,109	40.15	292,406,700	30.50
100,001 - less than 5% of issued shares	1,255	6.21	463,816,570	48.39
5% and above of issued shares	1	0.01	150,000,000	15.65
<b>Total</b>	<b>20,197</b>	<b>100.00</b>	<b>958,600,600</b>	<b>100.00</b>

### SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

(As per the Register of Substantial Shareholders)

Name of Substantial Shareholders	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Focus Dynamics Centre Sdn. Bhd.	161,667,800	16.86	-	-
Focus Dynamics Group Berhad	-	-	161,667,800 *	16.86

\* Deemed interested in the shares held by Focus Dynamics Centre 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	100,000	0.01	-	-
Lim Ming Chang	29,700,000	3.10	-	-
Zulkarnin Bin Ariffin	-	-	-	-
Ling Chi Hoong	-	-	-	-
Chan Jee Peng	-	-	-	-
Ng Fun Kim	-	-	-	-
Tay Ben Seng, Benson	-	-	-	-

## Analysis of Shareholdings

As at 14 January 2022

Cont'd

### THIRTY LARGEST SHAREHOLDERS AS AT 14 JANUARY 2022

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

No	Name	No. of Shares	%
1	UOBM Nominees (Tempatan) Sdn Bhd <i>Exempt An for Sanston Financial Group Limited</i>	150,000,000	15.65
2	CGS-CIMB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Lim Ming Chang (MY4052)</i>	29,700,000	3.10
3	Focus Dynamics Centre Sdn Bhd	11,667,800	1.22
4	Yeat Sew Chuong	9,308,600	0.97
5	Affin Hwang Nominees (Tempatan) Sdn. Bhd. <i>Exempt An for Lazarus Corporate Finance Pty Ltd</i>	8,675,900	0.91
6	Yii Ming Sung	7,000,000	0.73
7	Public Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Teoh Wei Liang (E-PRA)</i>	6,000,000	0.63
8	RHB Capital Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Wee Boon Kiong (LBU)</i>	5,320,000	0.55
9	CGS-CIMB Nominees (Tempatan) Sdn Bhd <i>Exempt An for CGS-CIMB Securities (Singapore) Pte. Ltd. (Retail Clients)</i>	4,290,500	0.45
10	Mohd Hafiz Bin Halim (Dato Sri)	4,100,000	0.43
11	Ng Kok Seng	3,800,000	0.40
12	Boo Hung Kung	3,600,000	0.38
13	TA Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Leong Siew Mooi</i>	3,000,000	0.31
14	Liew Thau Sen	2,978,000	0.31
15	K Mayah A/P Kuppusamy @ Naghuran	2,750,000	0.29
16	Lee Chong Choon	2,500,000	0.26
17	Outstanding Entrepreneurs Sdn. Bhd.	2,306,300	0.24
18	Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ahmad Idzhar Bin Ismail (6000052)</i>	2,200,000	0.23
19	Lee Bon Long	2,180,000	0.23
20	Chooi Mei Yee	2,044,000	0.21
21	CGS-CIMB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Koh Kin Lip (MY0502)</i>	2,000,000	0.21
22	CGS-CIMB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Tan Kim Heung (MY1989)</i>	2,000,000	0.21
23	Public Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ng Choy Yoon (E-SKN)</i>	2,000,000	0.21
24	Sin Bee Lean	1,850,000	0.19
25	Chan Yim Peng	1,834,100	0.19
26	Kee Ku Huak	1,798,100	0.19
27	Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Koh Boon Poh (008)</i>	1,739,100	0.18
28	Tan Meng Kiang	1,557,000	0.16
29	CGS-CIMB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ng Say Heng (MY1733)</i>	1,500,000	0.16
30	CGS-CIMB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Chew Hian Tat (MY3742)</i>	1,500,000	0.16

## List of Properties

No.	Registered owner/ Location/Title	Description/ Existing use	Tenure	Approximate age of building (Years)	Land area/ Built-up area (Square feet)	Audited net book value as at 30 September 2021 (RM'000)	Date of acquisition
1	LKL Advance Metaltech Sdn Bhd  No. 3, Jalan BS7/18, Kawasan Perindustrian Bukit Serdang, Seksyen 7, 43300 Seri Kembangan, Selangor Darul Ehsan.  HSD 202531, PT1386, Mukim Petaling, Daerah Petaling, Selangor Darul Ehsan.	A double-storey detached factory with a three (3)-storey office and other ancillary buildings used as an office and manufacturing plant	Freehold	13	43,560 / 57,690	5,632	12-Nov-04
2	LKL Advance Metaltech Sdn Bhd  Level 3 - 29, Block B, Jalan Indah 2/6, Taman Universiti Indah, 43300 Seri Kembangan, Selangor Darul Ehsan.  Geran 109573/M1-B/4/182, Lot 34479 Mukim Pekan Serdang, Daerah Petaling, Selangor Darul Ehsan.	Apartment used as hostel	Freehold	16	- / 830	58	28-Mar-05
3	LKL Advance Metaltech Sdn Bhd  Level 2 - 29, Block B, Jalan Indah 2/6, Taman Universiti Indah, 43300 Seri Kembangan, Selangor Darul Ehsan.  Geran 109573/M1-B/3/152, Lot 34479 Mukim Pekan Serdang, Daerah Petaling, Selangor Darul Ehsan.	Apartment used as hostel	Freehold	16	- / 830	61	28-Mar-05

# List of Properties

Cont'd

No.	Registered owner/ Location/Title	Description/ Existing use	Tenure	Approximate age of building (Years)	Land area/ Built-up area (Square feet)	Audited net book value as at 30 September 2021 (RM'000)	Date of acquisition
4	LKL Advance Metaltech Sdn Bhd  Level 1 - 29, Block B, Jalan Indah 2/6, Taman Universiti Indah, 43300 Seri Kembangan, Selangor Darul Ehsan.  Geran 109573/M1-B/2/122, Lot 34479 Mukim Pekan Serdang, Daerah Petaling, Selangor Darul Ehsan.	Apartment used as hostel	Freehold	16	- / 817	65	28-Mar-05
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	5,694	11-Apr-07
6	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	370	16-Nov-12

Cont'd

No.	Registered owner/ Location/Title	Description/ Existing use	Tenure	Approximate age of building (Years)	Land area/ Built-up area (Square feet)	Audited net book value as at 30 September 2021 (RM'000)	Date of acquisition
7	LKL Advance Metaltech Sdn Bhd  No. 15, Jalan BS7/20, Taman Perindustrian Bukit Serdang, Sek 7, 43300 Seri Kembangan, Selangor Darul Ehsan.  HSD 252834, PT1981 Mukim Pekan Serdang, Daerah Petaling, Selangor Darul Ehsan.	An intermediate semi-detached one and a half (1 ½)- storey factory used as a manufacturing plant and warehouse	Freehold	11	11,282 / 9,720	4,832	16-Apr-15
8	LKL Advance Metaltech Sdn Bhd  No. 5, Jalan BS7/20, Taman Perindustrian Bukit Serdang, Sek 7, 43300 Seri Kembangan, Selangor Darul Ehsan.  HSD 252829, PT1976 Mukim Pekan Serdang, Daerah Petaling, Selangor Darul Ehsan.	An intermediate semi-detached one and a half (1 ½)- storey factory used as a manufacturing plant and warehouse	Freehold	11	11,135 / 9,000	5,018	15-Apr-17
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	594	24-Dec-20
<b>Total</b>						<b>22,324</b>	

## Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the Seventh Annual General Meeting (“7<sup>th</sup> AGM” or “Meeting”) of LKL INTERNATIONAL BERHAD (“LKL International” or “the Company”) will be held on a fully virtual 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 Board Room of Wisma LKL, No. 3, Jalan BS 7/18, Kawasan Perindustrian Bukit Serdang, 43300 Seri Kembangan, Selangor Darul Ehsan on Tuesday, 15 March 2022 at 10:00 a.m. or at any adjournment thereof, to transact the following businesses: -

### AGENDA

#### AS ORDINARY BUSINESS:

1. To receive the Audited Financial Statements for the financial period ended 30 September 2021 together with the reports of the Directors and Auditors thereon. *Please refer to Explanatory Note 1*
2. To approve the payment of Directors’ fees and benefits of up to RM250,000.00 for the financial year ending 30 September 2022. *Ordinary Resolution 1*
3. To re-elect the following Directors who retire pursuant to Clause 91 of the Company’s Constitution:
  - i. Datuk Chong Loong Men *Ordinary Resolution 2*
  - ii. Mr. Lim Ming Chang *Ordinary Resolution 3*
  - iii. En. Zulkarnin Bin Ariffin *Ordinary Resolution 4*
  - iv. Mr. Ling Chi Hoong *Ordinary Resolution 5*
  - v. Mr. Chan Jee Peng *Ordinary Resolution 6*
  - vi. Mr. Ng Fun Kim *Ordinary Resolution 7*
  - vii. Mr. Tay Ben Seng, Benson *Ordinary Resolution 8*
4. To re-appoint Messrs. PKF as Auditors of the Company until the conclusion of the next Annual General Meeting (“AGM”) and to authorise the Directors to fix their remuneration. *Ordinary Resolution 9*

#### AS SPECIAL BUSINESS:

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

5. **GENERAL AUTHORITY FOR THE DIRECTORS TO ALLOT AND ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016** *Ordinary Resolution 10*

“THAT subject always to the Constitution of the Company, the Companies Act 2016 (“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 shares in the Company 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 20% of the total number of issued shares of the Company (excluding treasury shares) or such other percentage / number of shares as may be prescribed by Bursa Securities or any other relevant authorities at the relevant point in time at any point of time AND THAT the Directors be and also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities AND THAT such authority shall continue in force until the conclusion of the next AGM of the Company held next after the approval was given or at the expiry of the period within which the next AGM is required to be held after the approval was given, whichever is the earlier.”

## Notice of Annual General Meeting

*Cont'd*

### 6. **PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE AND/OR TRADING NATURE ("PROPOSED SHAREHOLDERS' MANDATE")** *Ordinary Resolution 11*

"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 transactions with the related parties as set out in Section 2.3 of the Circular to Shareholders in relation to the Proposed Shareholders' Mandate dated 31 January 2022 which are necessary for the day-to-day operations of the Company and/or its subsidiaries within the ordinary course of business of the Company and/or its subsidiaries, 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 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 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 Shareholders' Mandate in the best interest of the Company."

### 7. **PROPOSED AMENDMENTS TO THE CONSTITUTION OF THE COMPANY**

*Special Resolution*

"THAT the proposed amendments to the Constitution of the Company as set out in the "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."

8. 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  
31 January 2022

## Notes:

- a) *A member who is entitled to attend 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 Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor Darul Ehsan or email to [admin@aldpro.com.my](mailto:admin@aldpro.com.my) or fax to +603 7890 1032 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 7 March 2022. Only members whose names appear in the General Meeting Record of Depositors as at 7 March 2022 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) *Given the constantly evolving COVID-19 situation in Malaysia, we may be required to change the arrangements of our 7<sup>th</sup> AGM at short notice. Kindly check Bursa Securities' website and the Company's website at <https://www.lklbeds.com/> for the latest updates on the status of the Meeting.*

## EXPLANATORY NOTES TO ORDINARY BUSINESS AND SPECIAL BUSINESS

### 1. Item 1 of the Agenda – Audited Financial Statements for the financial period ended 30 September 2021

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 – Directors' Fees and Benefits for the financial year ending 30 September 2022

The estimated Directors' fees and benefits proposed for the financial year ending 30 September 2022 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 benefit on a current financial year basis. In the event the proposed amount is insufficient due to more meetings or enlarged Board size, approval will be sought at the next AGM for such shortfall.

# Notice of Annual General Meeting

*Cont'd*

## 3. **Item 5 of the Agenda - General Authority for the Directors to Allot and Issue Shares pursuant to Sections 75 and 76 of the Act**

The Company had at its Sixth AGM held on 13 October 2020 ("6<sup>th</sup> AGM"), obtained a general mandate pursuant to Sections 75 and 76 of the Act from its shareholders, to empower the Directors to issue and allot shares in the Company 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 20% of the total number of issued shares of the Company (excluding treasury shares) at any point of time ("20% General Mandate"). This 20% General Mandate will expire at the conclusion of this 7<sup>th</sup> AGM.

As at 14 January 2022, there was 150,000,000 new ordinary shares in the Company were issued and allotted pursuant to the mandate granted to the Directors at the 6<sup>th</sup> AGM held on 13 October 2020 which will lapse at the conclusion of this 7<sup>th</sup> AGM.

In view of the challenging time due to the COVID-19 pandemic, Bursa Securities had on 16 April 2020 introduced this 20% General Mandate and on 23 December 2021 further extended the implementation and utilisation of this 20% General Mandate to 31 December 2022 to allow as an interim relief measure to allow a listed issuer to seek a higher general mandate under Rule 6.03 of the Listing Requirements of Bursa Securities of not more than twenty per centum (20%) of the total number of issued shares (excluding treasury shares) for issue of new securities.

This Ordinary Resolution 10 proposed under item 5 of the Agenda, is to seek the 20% General Mandate to empower the Directors of the Company pursuant to Sections 75 and 76 of the Act. This 20% General Mandate may be utilised by the Company to issue and allot new ordinary shares until 31 December 2022 and thereafter, unless extended by Bursa Securities, the 10% limit under Paragraph 6.03(1) of the Listing Requirements of Bursa Securities will be reinstated. This authority, unless revoked or varied at a general meeting, will expire at the next AGM of the Company.

### **The Board of Directors' Statement**

The Board of Directors of LKL ("Board"), after due consideration, is of the opinion that in the face of unprecedented challenges brought by the COVID-19 pandemic, this 20% General Mandate is the most appropriate avenue of fund raising at this juncture. This 20% General Mandate will enable the Company to raise funds expeditiously without having to incur interest costs as compared to bank borrowings, thereby allowing the Company to preserve its cash flow. The funds raised will be used to finance the day-to-day operational expenses, working capital for the on-going projects or future projects/investments to ensure the long-term sustainability of the Company.

The Board, having considered the current and prospective financial position, needs and capacity of the Company, is of the opinion that the 20% General Mandate is in the best interest of the Company and its shareholders.

## 4. **Item 6 of the Agenda – Proposed Shareholders' Mandate**

The Ordinary Resolution 11 proposed under item 6 of the Agenda, if passed, will give the mandate for the Company and/or its subsidiaries 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 31 January 2022 for further details.

## 5. **Item 7 of the Agenda – Proposed Amendments to the Constitution of the Company**

The proposed amendments to the Constitution of the Company under item 7 of the Agenda are mainly to enhance administrative efficiency.

The proposed amendments to the Constitution of the Company 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 Company's Constitution*

The following existing clauses of the Company's Constitution are proposed to be amended in the following manner:-

Clause No.	Existing Clause	Proposed Clause
56. Power to alter capital	<p>Subject to the provisions of this Constitution and the Act, the Company may by special resolution:</p> <ul style="list-style-type: none"> <li>(i) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;</li> <li>(ii) subdivide its share capital or any part thereof into shares of smaller amounts by subdivision of its existing shares or any of them subject nevertheless to the provisions of the Act;</li> <li>(iii) convert and/or re-classify any class of shares into any other class of shares; or</li> <li>(iv) cancel shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled.</li> </ul>	<p>Subject to the provisions of this Constitution and the Act, the Company may by <b>special ordinary</b> resolution:</p> <ul style="list-style-type: none"> <li>(i) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;</li> <li>(ii) subdivide its share capital or any part thereof into shares of smaller amounts by subdivision of its existing shares or any of them subject nevertheless to the provisions of the Act;</li> <li>(iii) convert and/or re-classify any class of shares into any other class of shares; or</li> <li>(iv) cancel shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled.</li> </ul>
61. Meetings of members at two or more venues	<p>The meeting of its Members may be held by fully virtual or hybrid at more than one venue using any technology or method that allows the Members of the Company to participate and to exercise their rights to speak and vote at the meeting, and using any available technology to provide notice, conduct and record or facilitate voting at that meeting or any adjournment of that meeting of members subject to rules, regulations and laws prevailing. The main venue of the meeting shall be in Malaysia and subject to Clause 69, the Chairman shall be present at the main venue of the meeting. For fully virtual general meeting, the broadcast venue shall be the main venue of the meeting and all the provisions of this Constitution as to meetings of Members shall also apply to such fully virtual general meeting.</p>	<ul style="list-style-type: none"> <li>(a) The meeting of its Members may be held by fully virtual or hybrid at more than one venue using any technology or method that allows the Members of the Company to participate and to exercise their rights to speak and vote at the meeting, and using any available technology to provide notice, conduct and record or facilitate voting at that meeting or any adjournment of that meeting of members subject to rules, regulations and laws prevailing.</li> <li>(b) <b>For a hybrid general meeting</b>, the main venue of the meeting shall be in Malaysia and subject to Clause 69, the Chairman shall be present at the main venue of the meeting.</li> <li>(c) For a fully virtual general meeting, the broadcast venue <b>or the online meeting platform which located in Malaysia</b> shall be <b>recognised as</b> the main venue of the meeting and all the provisions of this Constitution as to meetings of Members shall also apply to such fully virtual general meeting.</li> <li>(d) <b>For a fully virtual general meeting, the main venue of the meeting shall be the broadcast venue which shall be located in Malaysia and the Chairman shall be present at the broadcast venue of the meeting; or the Uniform Resource Locator ("URL") address of the online meeting platform or the physical address of the Registrant shall be in Malaysia and the chairman who is present virtually at the meeting shall be deemed to be present at the main venue of the meeting.</b></li> </ul>

## Appendix A

### Proposed Amendments To The Company's Constitution Cont'd

Clause No.	Existing Clause	Proposed Clause
105.  Director may hold other office	Subject always to Sections 221, 228 and 229 of the Act, a Director may hold any other office or place of profit under the Company (other than the office of Auditor) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine and no Director or intending Director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit or as vendor, purchaser or otherwise nor shall any such contract, or any contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested, be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established.	Subject always to the <del>Sections 221, 228 and 229 of the Act</del> <b>Act and the Listing Requirements</b> , a Director may hold any other office or place of profit under the Company (other than the office of Auditor) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine and no Director or intending Director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit or as vendor, purchaser or otherwise nor shall any such contract, or any contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested, be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established.
107(b)  Meeting of Directors	A member of the Board may participate in a meeting of the Board by means of a telephone conference or any other audio, or audio visual, communication means which allows all persons participating in the meeting to hear and speak with each other and such Director shall be regarded for all purposes as personally attending such a meeting and shall be counted in a quorum and be entitled to vote on the resolution tabled at a meeting of the Board.	<b>The meeting of the Directors may be held by fully virtual or hybrid at more than one venue using any technology or method. A member of the Board or any invitees may participate in the meeting by means of a telephone conference, or any other audio, or audio visual, or communication means which allows all persons participating in the meeting to hear and speak with each other and such Director or person shall be regarded for all purposes as personally attended such a meeting and such Director shall be counted in a quorum and be entitled to vote on the resolutions tabled at the meeting.</b>
107(c)  Meeting of Directors	Any meeting held in such manner shall be deemed to be held at such place as shall be agreed upon by the Directors attending the meeting PROVIDED that at least one (1) of the Directors present at the meeting was at such place for the duration of that meeting.	<b>- Deleted -</b>

## Appendix A

*Proposed Amendments To The Company's Constitution*  
*Cont'd*

Clause No.	Existing Clause	Proposed Clause
123(a) Participation at Committee Meeting by way of telephone and video conference	Notwithstanding any provisions to the contrary contained in this Constitution, any member of a committee may participate at a committee meeting by means of a telephone conference or any other audio, or audio visual, communication means which allows all persons participating in the meeting to hear and speak with each other and such committee member shall be regarded for all purposes as personally attending such a meeting and shall be counted in a quorum and be entitled to vote on the resolution tabled at a meeting of the committee.	Notwithstanding any provisions to the contrary contained in this Constitution, <b>the committee meeting may be held by fully virtual or hybrid at more than one venue using any technology or method. A committee member or any invitees may participate in the meeting</b> by means of a telephone conference, or any other audio, or audio visual, or communication means which allows all persons participating in the meeting to hear and speak with each other and such committee member or person shall be regarded for all purposes as personally attended such a meeting <b>and such committee member</b> shall be counted in a quorum and be entitled to vote on the resolution tabled at <b>the committee meeting</b> .
123(b) Participation at Committee Meeting by way of telephone and video conference	Any meeting held in such manner shall be deemed to be held at such place as shall be agreed upon by the committee members attending the meeting PROVIDED that at least one (1) of the members present at the meeting was at such place for the duration of that meeting.	- Deleted -
132(b) Secretary	The office of the Secretary shall be vacated if the Secretary resigns by notice in writing to the Directors, left at the Office and copies sent to the Directors for the time being at their last known addresses. The Secretary shall cease to be the secretary of the Company on the expiry of a date specified in the notice.	<b>The Secretary or Secretaries may resign by giving notice in writing to the Board in accordance to Section 237 of the Act ("Notice")</b> , left at the Office and copies sent to the Directors for the time being at their last known addresses <b>and</b> shall cease to be the Secretary or <b>Secretaries</b> of the Company on the expiry of <b>thirty (30) days from the date of the Notice lodged with the Board or on the expiry of thirty (30) days from the date of notification to the Registrar of Companies</b> .
135(a) Preparation, <del>and</del> circulation <b>and publication</b> of audited financial statements and reports of directors and auditors thereon	The Directors shall cause to be prepared, sent to every Member and laid before the Company in its annual general meeting, the audited financial statements and the reports of directors and auditors thereon in accordance to the Act. The interval between the close of a financial year of the Company and the issue of such reports shall not exceed four (4) months or such other period as may be allowed by the Act and/or the provisions in the Listing Requirements.	The Directors shall cause to be prepared, <del>sent and circulated</del> to every Member and laid before the Company in its annual general meeting, the audited financial statements and the reports of directors and auditors thereon in accordance to the Act. The interval between the close of a financial year of the Company and the issue of such reports shall not exceed four (4) months or such other period as may be allowed by the Act and/or the provisions in the Listing Requirements.

## Appendix A

### Proposed Amendments To The Company's Constitution Cont'd

Clause No.	Existing Clause	Proposed Clause
135(b)  Preparation, and circulation and publication of audited financial statements and reports of directors and auditors thereon	A copy of each the audited financial statements and reports of directors and auditors thereon in printed form or in CD-ROM form or in such other form of electronic media or means or any combination thereof as permitted under the Act and the Listing Requirements, shall not less than twenty-one (21) days before the date of the meeting (or such shorter period as may be agreed by all Members entitled to attend and vote at the meeting), be sent to every Member of, and to every holder of debentures of the Company, the auditors of the Company and every person who is entitled to receive notices of general meeting under the provision of the Act or of this Constitution, provided that this Clause shall not require a copy of these documents to be sent to any person of whose address the Company is not aware (or to the several persons entitled thereto in consequence of the death or bankruptcy of the holder or otherwise) and which does not appear on the Record of Depositors or the Register as the case may be, but any Member to whom a copy of these documents has not been sent shall be entitled to receive a copy, free of charge on application at the Office.	A copy of each the audited financial statements and reports of directors and auditors thereon in printed form or in CD-ROM form or in such other form of electronic media or means or any combination thereof as permitted under the Act and the Listing Requirements, shall not less than twenty-one (21) days before the date of the meeting (or such shorter period as may be agreed by all Members entitled to attend and vote at the meeting), be sent <b>or circulated</b> to every Member of <b>the Company</b> , and to every holder of debentures of the Company, the auditors of the Company and every person who is entitled to receive notices of general meeting under the provision of the Act or of this Constitution, provided that this Clause shall not require a copy of these documents to be sent to any person of whose address the Company is not aware (or to the several persons entitled thereto in consequence of the death or bankruptcy of the holder or otherwise) and which does not appear on the Record of Depositors or the Register as the case may be, but any Member to whom a copy of these documents has not been sent shall be entitled to receive a copy, free of charge on application at the Office.
137.  Declaration of dividends	Subject to the provisions of the Act, the Company in general meeting may declare dividend, but no dividend shall exceed the amount recommended by the Directors. No dividend shall be payable otherwise than out of profits of the Company available if the Company is solvent or shall bear interest against the Company.	Subject to the provisions of the Act, the Company in general meeting may declare dividend, but no dividend shall exceed the amount recommended by the Directors <b>and the Directors may, if they think fit from time to time pay to the Members such interim dividends as appear to them to be justified by the profits of the Company.</b> No dividend shall be payable otherwise than out of profits of the Company available if the Company is solvent or shall bear interest against the Company.
149(b)  Service of notices and/or documents	Any notice and/or documents may be served by the Company or the Secretary to the Members either in hard copy or electronic form or partly in hard copy and partly in electronic form, where a notice and/or documents served in hard copy, can either be served personally or through the post in a prepaid letter addressed to the Member at his last known registered address; or where it is served by way of electronic form, be transmitted to the last known electronic mail address of the Member; or publishing the notice and/or documents on the Company's website, provided that a notification of the publication of the notice and/or documents on the website via hard copy or electronic mail or short messaging service has been given in accordance with the Act, stating that: <ul style="list-style-type: none"> <li>the place, date and time of the meeting; and</li> <li>whether the meeting is an annual general meeting.</li> </ul>	Any notice and/or documents may be served by the Company or the Secretary to the Members either in hard copy or electronic <b>form means</b> or partly in hard copy and partly in electronic <b>form means</b> , where a notice and/or documents served in hard copy, can either be served personally or through the post in a prepaid letter addressed to the Member at his last known registered address; or where it is served by way of electronic <b>form means (including using any other electronic platform maintained by the Company or third parties that can host the information in a secure manner or access by the Members)</b> be transmitted to the last known electronic mail address of the Member; or publishing the notice and/or documents on the Company's website, provided that a notification of the publication of the notice and/or documents on the website via hard copy or electronic mail or short messaging service has been given in accordance with the Act, stating that: <ul style="list-style-type: none"> <li>the place, date and time of the meeting; and</li> <li>whether the meeting is an annual general meeting.</li> </ul>

## Administrative Notes

### ADMINISTRATIVE NOTES FOR THE SEVENTH ANNUAL GENERAL MEETING (“7<sup>th</sup> AGM” OR “MEETING”) OF LKL INTERNATIONAL BERHAD (“LKL” OR “THE COMPANY”)

Meeting Day, Date	:	Tuesday, 15 March 2022
Time	:	10:00 a.m.
Main Venue	:	Board Room of Wisma LKL, No. 3, Jalan BS 7/18, Kawasan Perindustrian Bukit Serdang, Seksyen 7, 43300 Seri Kembangan, Selangor Darul Ehsan

The 7<sup>th</sup> AGM will be held on a fully virtual 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 16 July 2021 (“SC Guidance”), the 7<sup>th</sup> AGM of the Company will be conducted on a **fully virtual basis and entirely via remote participation and 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 7<sup>th</sup> 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 7<sup>th</sup> 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 7<sup>th</sup> AGM will be held as a fully virtual meeting, shareholders who are unable to participate in this 7<sup>th</sup> 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 7<sup>th</sup> AGM using the RPV facilities are advised to follow the requirements and procedures as indicated below:-

Procedures	Actions
<b>BEFORE THE 7<sup>th</sup> AGM DAY</b>	
(a) Register as a participant in LKL Virtual 7 <sup>th</sup> AGM	<ul style="list-style-type: none"> <li>Using your computer, access the website at <a href="https://rebrand.ly/LKL-AGM">https://rebrand.ly/LKL-AGM</a>. Click on the <b>Register</b> link to register for the 7<sup>th</sup> AGM session.</li> <li>If you are using mobile devices, you can also scan the QR provided on the left to access the registration page.</li> <li>Click <b>Register</b> and enter your email followed by <b>Next</b> to fill in your details to register for the 7<sup>th</sup> AGM session.</li> <li>Upon submission of your registration, you will receive an email notifying you that your registration has been received and is pending verification.</li> <li>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.</li> </ul>



## Administrative Notes

*Cont'd*

Procedures	Actions
(b) Submit your online registration	<ul style="list-style-type: none"> <li>All the Shareholders are required to register prior to the meeting. Registration for the 7<sup>th</sup> AGM is open from Monday, 31 January 2022 until Monday, 14 March 2022. Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) are required to pre-register their attendance for the 7<sup>th</sup> AGM to ascertain their eligibility to participate in the 7<sup>th</sup> AGM using the RPV.</li> <li>Clicking on the link in item 1 will redirect you to the 7<sup>th</sup> AGM event page. Click on the <b>Register</b> link for the online registration form.</li> <li>Complete your particulars in the registration page. Your name <b>MUST</b> match your CDS account name.</li> <li>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 (,).</li> <li>Read and agree to the Terms &amp; Conditions and confirm the Declarations.</li> <li>Please ensure all information given is accurate before you click <b>Submit</b> to register your remote participation. Failure to do so will result in your registration being rejected.</li> <li>The system will send an email to notify that your registration for remote participation is received and pending verification.</li> <li>After verification of your registration against the General Meeting Record of Depositors dated 7 March 2022, the system will send you an e-mail to notify you if your registration is approved or rejected after 8 March 2022.</li> <li>If your registration is rejected, you can contact Mlabs for clarifications or to appeal.</li> </ul>

### ON THE DAY OF THE 7<sup>th</sup> AGM

(c) Attending LKL Virtual 7 <sup>th</sup> AGM	<ul style="list-style-type: none"> <li>Two reminder emails will be sent to your inbox. First is one day before the 7<sup>th</sup> AGM day, while the 2nd will be sent 1 hour before the 7<sup>th</sup> AGM session.</li> <li>Click <b>Join Event</b> in the reminder email to participate the RPV.</li> <li>Please ensure you have downloaded and installed Cisco WebEX Meetings application before attending the Virtual 7<sup>th</sup> AGM.</li> </ul>
(d) Participating with live video	<ul style="list-style-type: none"> <li>You will be given a short brief about the system.</li> <li>Your microphone is muted throughout the whole session.</li> <li>If you have any questions for the Chairman/Board, you may use the <b>Q&amp;A panel</b> 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.</li> <li>The session will be recorded.</li> <li>Please note that the quality of the live streaming is dependent on the bandwidth and stability of the internal connection at your location.</li> </ul>
(e) Online Remote Voting	<ul style="list-style-type: none"> <li>The Chairman will announce the announcement of the Voting session and the duration allowed at the 7<sup>th</sup> AGM.</li> <li>The list of resolutions for voting will appear at the right-hand side of your computer screen. You are required to indicate your votes for the resolutions within the given time frame.</li> <li>Click on the <b>Submit</b> button when you have completed.</li> <li>Votes cannot be changed once it is submitted.</li> </ul>
(f) End of remote participation	<ul style="list-style-type: none"> <li>Upon the announcement by the Chairman on the closure of the 7<sup>th</sup> AGM, the live streaming will end.</li> </ul>

## Administrative Notes

*Cont'd*

### RECORD OF DEPOSITORS ("ROD")

Only a depositor whose name appears on the ROD as at 7 March 2022 shall be entitled to attend, speak and vote at the 7<sup>th</sup> 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 7<sup>th</sup> AGM. Please refer to the details as set out above for information.

If an individual member is unable to attend the 7<sup>th</sup> 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 SHAREHOLDERS

Corporate members (through Corporate Representatives or appointed proxies) are also strongly advised to participate and vote remotely at the 7<sup>th</sup> AGM using the RPV Facilities. Corporate shareholders who wish to participate and vote remotely at the 7<sup>th</sup> AGM must be deposited the following documents to the Poll Administrator's office at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor Darul Ehsan no later than Sunday, 13 March 2022 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 7<sup>th</sup> 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 SHAREHOLDERS

The beneficiaries of the shares under a Nominee Company's CDS account ("Nominee Company shareholder(s)") are also strongly advised to participate and vote remotely at the 7<sup>th</sup> AGM using RPV Facilities. Nominee Company shareholders who wish to participate and vote remotely at the 7<sup>th</sup> AGM can request its Nominee Company to appoint him/her as a proxy to participate and vote remotely at the 7<sup>th</sup> AGM. Nominee Company must be deposited the following documents to the Poll Administrator's office at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor Darul Ehsan no later than Sunday, 13 March 2022 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 shareholder is unable to attend the 7<sup>th</sup> 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 7<sup>th</sup> AGM, he/she may appoint a proxy or the Chairman of the meeting as his/her proxy and to 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 7<sup>th</sup> AGM and subsequently decides to personally participate in the 7<sup>th</sup> AGM via RPV Platform, the Shareholder must contact AldPro Corporate Services Sdn. Bhd. to revoke the appointment of his/her proxy no later than Sunday, 13 March 2022 at 10.00 a.m.

### POLL VOTING

The voting at the 7<sup>th</sup> 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 AldPro Corporate Services Sdn. Bhd. as Poll Administrator to conduct the poll by way of electronic means and BTS Solutions 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 whether the resolution is duly passed or otherwise.

The results of the voting for all resolutions will be announced at the 7<sup>th</sup> AGM and on Bursa Securities' website at [www.bursamalaysia.com](http://www.bursamalaysia.com)

### RECORDING/PHOTOGRAPHY

By participating at the 7<sup>th</sup> AGM, you agree that no part of the 7<sup>th</sup> 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/ Mr. Bryan/ Mr. Hong Telephone No.: 03-7688 1013 Email: <a href="mailto:vgm@mlabs.com">vgm@mlabs.com</a>	Name: Ms Jennie Wong / Ms Lily Telephone No.: 03-7890 0638 (Ext. 223/220) Email: <a href="mailto:admin@aldpro.com.my">admin@aldpro.com.my</a>

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# PROXY FORM



## LKL INTERNATIONAL BERHAD

[201501014673 (1140005-V)]  
(Incorporated in Malaysia)

CDS Account No.	No. of Shares Held

I/We\* \_\_\_\_\_ NRIC/Company No.\* \_\_\_\_\_  
(full name in capital letters)

of \_\_\_\_\_  
(full address)

with email address/members\* \_\_\_\_\_ 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 Seventh Annual General Meeting ("7<sup>th</sup> AGM" or "Meeting") of the Company to be held on fully virtual 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 Board Room of Wisma LKL, No. 3, Jalan BS 7/18, Kawasan Perindustrian Bukit Serdang, 43300 Seri Kembangan, Selangor Darul Ehsan on Tuesday, 15 March 2022 at 10:00 a.m. or at any adjournment thereof.

Please indicate with an "X" in the appropriate spaces how you wish your votes to be cast. If no specific direction as to vote is given, the Proxy will vote or abstain from voting at his/her discretion.

No.	Ordinary Resolutions	For	Against
1.	To approve the payment of Directors' fees and benefits of up to RM250,000.00 for the financial year ending 30 September 2022.		
2.	To re-elect Datuk Chong Loong Men as Director of the Company.		
3.	To re-elect Mr. Lim Ming Chang as Director of the Company.		
4.	To re-elect En. Zulkarnin Bin Ariffin as Director of the Company.		
5.	To re-elect Mr. Ling Chi Hoong as Director of the Company.		
6.	To re-elect Mr. Chan Jee Peng as Director of the Company.		
7.	To re-elect Mr. Ng Fun Kim as Director of the Company.		
8.	To re-elect Mr. Tay Ben Seng, Benson as Director of the Company.		
9.	To re-appoint Messrs. PKF as Auditors of the Company.		
10.	To approve the general authority for the Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016.		
11.	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 not applicable

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2022.

Signature/ Common Seal of Member(s)

**Notes:**

- a) A member who is entitled to attend 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 Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor Darul Ehsan or email to [admin@aldpro.com.my](mailto:admin@aldpro.com.my) or fax to +603 7890 1032 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 7 March 2022. Only members whose names appear in the General Meeting Record of Depositors as at 7 March 2022 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) Given the constantly evolving COVID-19 situation in Malaysia, we may be required to change the arrangements of our 7<sup>th</sup> AGM at short notice. 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.

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Stamp

*The Poll Administrator*

**LKL INTERNATIONAL BERHAD**

Registration No. 201501014673 (1140005-V)

**c/o ALDPRO CORPORATE SERVICES SDN BHD**

Level 5, Block B, Dataran PHB

Saujana Resort, Section U2

40150 Shah Alam

Selangor Darul Ehsan

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**www.lklbeds.com**



**LKL INTERNATIONAL BERHAD**

201501014673 (1140005-V)

Head Office:

Wisma LKL

No 3, Jalan BS 7/18

Kawasan Perindustrian Bukit Serdang

Seksyen 7, 43300 Seri Kembangan

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