

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

Bursa Malaysia Securities Berhad (“Bursa Securities”) has only perused through this Circular in respect of the Proposed Shareholders’ Mandate (as defined below) on a limited review basis pursuant to the provision of the Listing Requirements of Bursa Securities.

Bursa Securities takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.



LKL INTERNATIONAL BERHAD

Registration No. 201501014673 (1140005-V)
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE PROPOSED NEW SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE AND/OR TRADING NATURE (“PROPOSED SHAREHOLDERS’ MANDATE”)

The Proposed Shareholders’ Mandate will be tabled as Special Business at the Seventh Annual General Meeting (“7th AGM”) of LKL International Berhad (“LKLIB” or “the Company”) which to 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, Seksyen 7, 43300 Seri Kembangan, Selangor Darul Ehsan on Tuesday, 15 March 2022 at 10:00 a.m.

The Notice of the 7th AGM together with the Proxy Form, Administrative Notes and this Circular are available at the Company’s website at www.lklbeds.com. Please follow the procedures provided in the Administrative Notes for the 7th AGM in order to register, participate and vote remotely.

If you are unable to participate in the 7th AGM and wish to appoint proxy(ies) instead, the appointment of proxy(ies) 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 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.

The last date and time for lodging the Proxy Form	: Sunday, 13 March 2022 at 10:00 a.m.
Day, date and time of the 7 th AGM	: Tuesday, 15 March 2022 at 10:00 a.m.

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular:

“Act”	: The Companies Act 2016 as amended from time to time and any re-enactment thereof
“AGM”	: Annual General Meeting
“Annual Report 2021”	: Annual Report of LKL for the financial period ended 30 September 2021
“Audit and Risk Management Committee”	: Audit and Risk Management Committee of LKL
“Board”	: The Board of Directors of LKL
“Bursa Securities”	: Bursa Malaysia Securities Berhad [Registration No. 200301033577 (635998-W)]
“CMSA”	: Capital Markets and Services Act 2007
“Director(s)”	: The meaning given in Section 2(1) of the CMSA and for the purpose of the Proposed Shareholders’ Mandate, includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a director or a chief executive officer of LKL and/or its subsidiary or holding company
“Focus Dynamics”	: Focus Dynamics Group Berhad [Registration No. 200201015261 (582924-P)]
“Focus Dynamics Centre”	: Focus Dynamics Centre Sdn. Bhd. [Registration No. 199901003144 (478044-A)]
“Focus Group”	: Focus Dynamics and its subsidiaries (including all future subsidiaries which are acquired/incorporated by Focus Group before the next AGM of the Company) as defined in the Act
“FPE”	: Financial period ended
“LKL” or “Company”	: LKL International Berhad [Registration No. 201501014673 (1140005-V)]
“LKL Group” or “Group”	: LKL and its subsidiaries (including all future subsidiaries which are acquired/incorporated by LKL Group before the next AGM of the Company) as defined in the Act
“LKL Share(s)” or “Share(s)”	: Ordinary share(s) in LKL
“Listing Requirements”	: ACE Market Listing Requirements of Bursa Securities, including any amendments that may be made from time to time
“LPD”	: 14 January 2022, being the latest practicable date prior to the printing of this Circular

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

DEFINITIONS (CONT'D)

- “Major Shareholder” : A person who has an interest or interests in one or more of the voting shares in the Company and the nominal amount of that share, or the aggregate of the nominal amounts of those shares, is:
- (a) ten percent (10%) or more of the aggregate of the nominal amounts of all the voting shares in the Company; or
 - (b) five percent (5%) or more of the aggregate of the nominal amounts of all the voting shares in the Company where such person is the largest shareholder of the Company.
- For the purpose of this definition, “interest in shares” shall have the meaning given in Section 8 of the Act
- For the purposes of the Proposed Shareholders’ Mandate, includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a major shareholder of the Company
- “Person(s) Connected” : Person(s) connected as defined in Rule 1.01 of the Listing Requirements
- “Proposed Shareholders’ Mandate” or “Proposal” : Proposed New Shareholders’ Mandate for the RRPT
- “Recurrent Related Party Transaction(s)” or “RRPT” : Related party transaction(s) which is/are recurrent, of a revenue and/or trading nature, which are necessary for the day-to-day operations of LKL Group within the ordinary course of business of LKL Group
- “Related Party” or “Related Parties” : A Director, Major Shareholder and/or Person Connected with such Director or Major Shareholder; and “Related Parties” shall be construed accordingly
- “RM” and “sen” : Ringgit Malaysia and sen respectively

Words denoting the singular shall, where applicable, include the plural and vice versa. Words denoting the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Any reference to persons shall include corporations, unless otherwise specified.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of a day in this Circular shall be a reference to Malaysian time, unless otherwise specified.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

TABLE OF CONTENTS

	Page
LETTER FROM THE BOARD TO THE SHAREHOLDERS OF LKL IN RELATION TO THE PROPOSED SHAREHOLDERS' MANDATE	1
1. INTRODUCTION	1
2. PROPOSED SHAREHOLDERS' MANDATE	
2.1 Details of the Proposed Shareholders' Mandate	2
2.2 Principal activities of LKL Group	2-3
2.3 Related Party and Nature of RRPT contemplated	4
2.4 Basis of estimates	4
2.5 Validity period of the Proposed Shareholders' Mandate	5
2.6 Review procedures for the RRPT	5-6
2.7 Threshold for approval of RRPT	6
2.8 Statement by the Audit and Risk Management Committee	6
2.9 Disclosure in annual report	6-7
2.10 Rationale for and benefits of the Proposed Shareholders' Mandate	7
2.11 Effects of the Proposed Shareholders' Mandate	7
3. APPROVAL REQUIRED	7
4. AMOUNT OWING BY THE RELATED PARTIES PURSUANT TO RRPT	7
5. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDER AND/OR PERSONS CONNECTED TO THEM	7-8
6. DIRECTORS' RECOMMENDATION	8
7. 7 TH AGM OF THE COMPANY	8-9
8. FURTHER INFORMATION	9
APPENDIX I – FURTHER INFORMATION	10-12
APPENDIX II – EXTRACT OF NOTICE OF 7 TH AGM	13

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK
--



LKL INTERNATIONAL BERHAD

Registration No. 201501014673 (1140005-V)
(Incorporated in Malaysia)

Registered Office:

Third Floor, No. 77, 79 & 81
Jalan SS 21/60
Damansara Utama
47400 Petaling Jaya
Selangor Darul Ehsan

31 January 2022

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*)
Ling Chi Hoong (*Independent Non-Executive Director*)
Chan Jee Peng (*Independent Non-Executive Director*)
Ng Fun Kim (*Independent Non-Executive Director*)

To: The Shareholders of LKL

Dear Sir/Madam,

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

1 INTRODUCTION

On 5 January 2022, the Board had announced to Bursa Securities that the Company intends to seek its shareholders' approval for the Proposed Shareholders' Mandate at the forthcoming 7th AGM of the Company for LKL Group to enter into the RRPT with the Related Parties which is necessary for its day-to-day operations.

The purpose of this Circular is to provide you with relevant details and information pertaining to the Proposal together with the Board's recommendation, and to seek your approval for the ordinary resolution to be tabled at the forthcoming 7th AGM of the Company. The notice convening the 7th AGM is set out in the Annual Report 2021, the extract of which is enclosed with this Circular.

SHAREHOLDERS OF LKL ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSAL AT THE FORTHCOMING 7TH AGM OF THE COMPANY.

2 PROPOSED SHAREHOLDERS' MANDATE

2.1 Details of the Proposed Shareholders' Mandate

In the ordinary course of the Group's businesses, the Company anticipates that the Group would enter into certain RRPT with the Related Parties. It is likely that such transactions will occur with some degree of frequency and could arise at any time.

Pursuant to Rule 10.09(2) of the Listing Requirements, the Company may seek a shareholders' mandate in respect of RRPT which are necessary for its day-to-day operations subject to the following:

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;
- (b) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where the aggregate value of the RRPT is equal to or more than the prescribed threshold prescribed in Rule 10.09(1) of the Listing Requirements;
- (c) the issuance of a circular to shareholders by the listed issuer, which includes the information as may be prescribed by the Exchange, together with a checklist showing compliance with such information when submitting the circular to the Exchange;
- (d) in a meeting to obtain shareholders' mandate, the relevant Related Party must comply with the requirements set out in Rule 10.08(7) of the Listing Requirements;
- (e) the Company immediately announces to Bursa Securities when the actual value of a RRPT entered into by the Company, exceeds the estimated value of the RRPT disclosed in the circular by 10% or more and must include the information as may be prescribed by Bursa Securities in its announcement.

In this regard, the Board proposes to seek shareholders' mandate for the Group to enter into arrangements or transactions with the Related Party, details of which are set out in Section 2.3 below, which are necessary for the day-to-day operations of the Group and are based on normal commercial terms that are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

If approved, the Proposed Shareholders' Mandate shall be valid for the period described in Section 2.5 below.

2.2 Principal activities of LKL Group

The Company is an investment holding company. As at LPD, the principal activities of its subsidiaries are as follows:

Name of company	Effective interest (%)	Principal activities
Direct		
LKL Advance Metaltech Sdn. Bhd. [199301023839 (278577-X)]	100%	Engaged in the business of providing medical/healthcare beds, peripherals and accessories

Name of company	Effective interest (%)	Principal activities
Medik Gen Sdn. Bhd. [201401038690 (1114838-W)]	100%	Engaged in the business of trading in hospital furniture, laboratory furniture, medical equipment, utensils and accessories and providing management and advisory services
Aluxcare Wellness Sdn. Bhd. [202101015036 (1415336-K)]	100%	Engaged in the business of 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 Centre Sdn. Bhd. [202101015060 (1415360-A)]	100%	Engaged in the business of trading of medical and emergency equipment and accessories
<u>Subsidiary company of LKL Advance Metaltech Sdn. Bhd.</u>		
LKL Medical (Sarawak) Sdn. Bhd.	100%	Engaged in the business of trading, supplying, wholesaling of medical and healthcare equipments, products and services
<u>Subsidiary company of Medik Gen Sdn. Bhd.</u>		
TMI Medik Group Sdn. Bhd. [201701006394 (1220559-W)]	69%	Engaged in the business of trading in medical equipment, medical peripherals and accessories, and distribution of pharmaceutical products
<u>Associate Company of Carelife Centre Sdn. Bhd.</u>		
Focus Carelife Sdn. Bhd. [202101019340 (1419640-M)]	40%	(i) Trading, supplying, wholesaling, manufacturing of medical and healthcare equipment, products and services; and (ii) To carry on the business of wholesale, retail, importers and exporters of and dealers in all kind of drugs, chemicals, alkalis, manure antibodies and pharmaceutical medicinal.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

2.3 Related Party and Nature of RRPT contemplated

In the normal course of the Group's businesses, transactions of a revenue and/or trading nature between company(ies) in the Group and the Related Party(ies) are likely to occur and are necessary for its day-to-day operations.

Transactions contemplated for which the Proposed Shareholders' Mandate (based on the Group's structure as at LPD) is sought are set out below:

Transacting company	Related Party	Nature of Transaction	Estimated aggregate value ⁽¹⁾ during the validity period of the mandate ⁽²⁾ (RM)	Actual Value Transacted from the date of the first transaction up to LPD ⁽³⁾ (RM)	Estimated Value of Transaction(s) from the LPD up to the Date of the 7 th AGM (15 March 2022) ⁽³⁾ (RM)	Interested Directors/ Major Shareholders/ persons connected to Directors or Major Shareholders ⁽⁴⁾
LKL Group	Focus Group	Sales and purchase of pharmaceutical products, medical and healthcare equipment to/or from Focus Group (trade in nature)	10,000,000	-	1,000,000	Refer to note 4 below

Notes:

⁽¹⁾ The estimated values stated are determined by the Group's management. Actual transaction values may differ from the values stated.

⁽²⁾ The validity period of the Proposed Shareholders' Mandate is from the forthcoming 7th AGM to the next AGM.

⁽³⁾ The percentage ratio for the transaction(s) from the date of the first transaction up to the date of the forthcoming AGM is less than 5%.

⁽⁴⁾ Interested Directors, Major Shareholders and Persons Connected are as follows:-

- Focus Dynamics Center is the major shareholder of LKL.
- Focus Dynamics, the indirect major shareholder of LKL, is deemed interested in the Proposed Shareholders' Mandate by virtue of its shareholdings in Focus Dynamics Centre pursuant to Section 8 of the Act. Focus Dynamics is the holding company of Focus Dynamics Centre.
- Mr. Lim Ming Chang is the Executive Director of LKL and he also sits on the Board of Focus Dynamics.
- Mr. Tay Ben Seng, Benson is the Executive Director of LKL and he also sits on the Board of Focus Group.

2.4 Basis of estimates

The abovementioned estimated values in respect of each transaction referred to above are based on prevailing prices obtained from the Related Parties which are reasonable market-competitive prices and are derived based on the normal level of transactions to be entered into by the Group for the period up to the conclusion of the next AGM. The estimated amounts are further based on the assumptions that the current level of operations will continue and all external conditions remain constant. Due to the nature of the transactions, the actual value of transactions may vary from the estimated value disclosed above.

The basis of arriving at the amount stated in the estimated values column above is from the forthcoming AGM to the date of the next AGM and based on actual value transacted during the financial period ended 30 September 2021 as well as the latest available information relating to the aforesaid transactions.

2.5 Validity period of the Proposed Shareholders' Mandate

The authority from the shareholders of LKL to undertake the Proposed Shareholders' Mandate, if granted, shall be effective upon the passing of the ordinary resolution for the Proposed Shareholders' Mandate at the forthcoming 7th AGM until:

- (i) the conclusion of the next AGM of LKL following the general meeting at which this 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 ordinary resolution passed by the shareholders of the Company at a general meeting,

whichever is earlier.

2.6 Review procedures for the RRPT

LKL has internal control systems to ensure that the RRPT are undertaken on an arm's length basis and on normal commercial terms consistent with the Company's usual business practices and policies, which are no more favourable to the interested parties than those extended to third parties/public and are not detrimental to the interest of the minority shareholders. The management of LKL will ensure that the RRPT with interested parties will only be transacted at the prevailing market rates/prices for the services or products on the usual commercial terms, or otherwise in accordance with applicable industry norms, after taking into account the pricing, the level of services, quality of products and other related factors.

The following methods and procedures have been implemented by LKL Group to ensure proper identification and reporting of RRPT and to ensure that RRPT contemplated under the Proposed Shareholders' Mandate are undertaken on transaction prices and terms not more favourable to the related party than those generally available to the public and are not to the detriment of the minority shareholders:

- (i) Any tender, quotation or contract received from or proposed to be entered with a Related Party will be reviewed by the senior management who will ascertain if it is an approved RRPT. Such tender, quotation or contract will not be approved unless the terms offered to the Group are comparable with those offered by other unrelated parties for the same or substantially similar type of transactions. The transactions with a Related Party will only be entered into after taking into account the pricing, quality, deliverables, level of service and other related facts including competitors' prices of similar products and services in the open market;
- (ii) All transactions entered into pursuant to the Proposed Shareholders' Mandate will be tabled to the Audit and Risk Management Committee for review on a quarterly basis. In its review of such transactions, the Audit and Risk Management Committee may, as it deems fit, request for additional information pertaining to the transactions from independent sources;
- (iii) Records will be maintained by the Company to capture all RRPT entered into pursuant to the Proposed Shareholders' Mandate to ensure that relevant approvals have been obtained and review procedures in respect of such transactions are adhered to;

- (iv) The Audit and Risk Management Committee has and shall continuously review the adequacy and appropriateness of the procedures, as and when required, with the authority to sub-delegate to individuals or committee within the Company as they deem appropriate;
- (v) The pricing for services and products to be provided/supplied and/or received is determined based on the Group's business practices and policies to ensure that prices and terms and conditions are based on competitive prices of similar products and services in the open market;
- (vi) Where practicable and/or feasible, at least two (2) other contemporaneous transactions with unrelated third parties for substantially similar products or services and/or quantities will be used as a comparison to determine whether the price and terms offered to/by the Related Party are fair and reasonable and comparable to those offered to/by other unrelated third parties, for the same or substantially similar type of products/services and/or quantities; and
- (vii) In the event that quotations or comparative pricing from unrelated third parties cannot be obtained for the proposed transactions, the Audit and Risk Management Committee shall review the transaction price based on the usual business practices of the Group to ensure that the RRPT are not detrimental to the Company and the Group.

2.7 Threshold for approval of RRPT

There is no specific threshold for approval of RRPT within the LKL Group. All RRPT are subject to the same authority limit threshold established by the respective business units for its other business transactions where transactions of different nature and value are subject to approval by the appropriate level of authority as determined by senior management and/or the Board. Where a Director has an interest (direct or indirect) in an RRPT, such Director shall abstain from deliberating over such transaction.

In addition, the Audit and Risk Management Committee shall review and approve all aspects of the RRPT where the consideration, value of the assets, capital outlay or costs thereof, equal or exceed RM1,000,000, and ensure that they are conducted at arm's length basis. Whilst the senior management (Chief Executive Officer, Chief Financial Officer, Head of Department) shall review RRPT of consideration less than RM1,000,000 and approve by a non-interested director.

2.8 Statement by the Audit and Risk Management Committee

The procedures and processes of RRPT as set out in the sections above are and will be reviewed annually. The Audit and Risk Management Committee of the Company is of the view that the Group has in place adequate procedures and processes to monitor, track and identify the RRPT in a timely and orderly manner.

The Audit and Risk Management Committee has also reviewed the RRPT and is of the opinion that the review procedures in Section 2.6 above are sufficient to ensure that RRPT will be carried out at arm's length and on commercial terms which are not more favourable to the Related Party than those generally available to the public and are not to the detriment of the minority shareholders.

2.9 Disclosure in the annual report

Disclosure will be made in the Company's annual report on the breakdown of the aggregate value of the RRPT made during the financial year, amongst others, based on the following information:-

- (i) the type of the RRPT made; and
- (ii) the names of the Related Parties involved in each type of the RRPT made and their relationship with the Company.

2.10 Rationale for and benefits of the Proposed Shareholders' Mandate

The rationale for and benefits of the Proposed Shareholders' Mandate to the Group are as follows:

- (i) the Proposed Shareholders' Mandate will empower the Group to enter into transactions with the Related Parties which are necessary in the day-to-day operations of the Group, undertaken at arm's length, normal commercial terms, are not more favourable to the Related Parties than those generally made available to the public and are not detrimental to the minority shareholders;
- (ii) the Proposed Shareholders' Mandate will eliminate the need for the convening of general meetings on an ad hoc basis and hence will reduce substantially the administrative time, inconvenience and the expenses associated therewith;
- (iii) the RRPT entered into by the Group are intended to meet business needs at the best possible terms and to allow the Group to tap into the expertise of the Related Parties which will be of benefit to all the companies within the Group; and
- (iv) The benefits of transacting with Related Parties are that their experience and expertise in healthcare to generate revenue for the Group.

2.11 Effects of the Proposed Shareholders' Mandate

The Proposed Shareholders' Mandate will not have effect on the issued share capital, substantial shareholders' shareholdings, net assets and gearing of the Group.

3 APPROVAL REQUIRED

The Proposed Shareholders' Mandate is subject to the approval of LKL's shareholders to be obtained at the forthcoming 7th AGM of the Company.

4 AMOUNT OWING BY THE RELATED PARTIES PURSUANT TO RRPT

As at LPD, there is no amount due and owing to LKL Group by Related Parties pursuant to RRPT which has exceeded the credit term.

5 INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM

Saved as disclosed below, none of the Directors, Major Shareholders and/or persons connected with them have any interest, direct or indirect, in the Proposed Shareholders' Mandate as at LPD:-

Name	Direct		Indirect	
	No. of shares	%*	No. of shares	%*
<u>Interested Major Shareholders</u>				
Focus Dynamics Centre	161,667,800	16.865	-	-
Focus Dynamics ⁽¹⁾	-	-	161,667,800	16.865
<u>Interested Director</u>				
Mr. Tay Ben Seng, Benson ⁽²⁾	-	-	-	-
Mr. Lim Ming Chang ⁽³⁾	29,700,000	3.098	-	-

Notes:

* Based on the number of issued shares of 958,600,600 Shares.

(1) Deemed interested by virtue of its shareholdings in Focus Dynamics Centre pursuant to Section 8 of the Act.

(2) Mr. Tay Ben Seng, Benson is the Executive Director of LKL and he also sits on the Board of Focus Group.

(3) Mr. Lim Ming Chang is the Executive Director of LKL and he also sits on the Board of Focus Dynamics.

Mr. Tay Ben Seng, Benson and Mr. Lim Ming Chang ("Interested Directors") had abstained and/or will continue to abstain from all Board deliberations and voting on the resolution pertaining to the Proposed Shareholders' Mandate.

Accordingly, the Interested Directors and Interested Major Shareholders will abstain from deliberation and voting in respect of their direct and indirect shareholdings on the resolution deliberating or approving the Proposed Shareholders' Mandate at the forthcoming 7th AGM of the Company. Further, the Interested Directors and Interested Major Shareholders have undertaken to ensure that persons connected to them will abstain from deliberation and voting in respect of their direct and/or indirect shareholdings on the resolution deliberating or approving the Proposed Shareholders' Mandate at the forthcoming 7th AGM of the Company.

6 DIRECTORS' RECOMMENDATION

The Board (save of the Interested Directors), having considered all aspects of the Proposed Shareholders' Mandate, is of the opinion that the Proposed Shareholders' Mandate is in the best interest of the Group.

Accordingly, the Board (save for the Interested Directors) recommends that you vote in favour of the Ordinary Resolution pertaining to the Proposed Shareholders' Mandate to be tabled at the forthcoming 7th AGM of the Company.

7 7TH AGM OF THE COMPANY

The Notice of 7th AGM of the Company which is enclosed in this Circular, can be downloaded from the Company's website at www.lklbeds.com. The 7th AGM of 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> provided 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, Seksyen 7, 43300 Seri Kembangan, Selangor Darul Ehsan on the date and time indicated below or at any adjournment thereof for the purpose of considering and, if thought fit, passing the resolution, with or without modifications, to give effect to the Proposal.

If you are unable to participate in the 7th AGM of the Company and wish to appoint proxy(ies) instead, the appointment of proxy(ies) 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 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.

The last date and time for lodging the Proxy Form	:	Sunday, 13 March 2022 at 10:00 a.m.
Day, date and time of the 7 th AGM	:	Tuesday, 15 March 2022 at 10:00 a.m.

The lodging of form of proxy does not preclude you from attending and voting in person should you subsequently decide to do so.

Shareholders are advised to refer to the Administrative Notes on the registration and voting process for the 7th AGM of LKL.

8 FURTHER INFORMATION

Shareholders are advised to refer to the attached Appendix I for further information.

Yours faithfully,
For and on behalf of the Board of
LKL INTERNATIONAL BERHAD

DATUK CHONG LOONG MEN
Executive Director

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Directors of LKL who collectively and individually, accept full responsibility for the accuracy of the information contained in this Circular and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there is no other fact, the omission of which would make any statement herein misleading.

2. MATERIAL CONTRACTS

Save as disclosed below, there are no material contracts, not being contracts entered into in the ordinary course of business, which has been entered into by LKL and/or its subsidiaries within the two (2) years preceding the date of this Circular:-

- (i) On 17 December 2020, LKL Advance Metaltech Sdn. Bhd. a wholly-owned subsidiary of the Company had entered into Sale and Purchase Agreements with Positive Frontier Sdn. Bhd. for the acquisition of two (2) pieces of adjoining freehold land together with two (2) units of adjoining three (3) storey semi-detached factory buildings for a total cash consideration of RM12,003,200.00.
- (ii) On 24 September 2021, Aluxcare Wellness Sdn. Bhd., a wholly-owned subsidiary of the Company had entered into Sale and Purchase Agreement with Mr. Ho Ban Leong for the acquisition of a parcel of freehold land, held under the H.S. (D) 3328, Lot 29464, Mukim Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur, together with a three (3) storey shop office for a total cash consideration of RM6,000,000.00.
- (iii) On 5 November 2021, Aluxcare Wellness Sdn. Bhd., a wholly-owned subsidiary of the Company had entered into Sale and Purchase Agreement with Nik Mohamed Holdings Sdn. Bhd. for the acquisition of a parcel of freehold land, held under the individual title Geran 62380, Lot 47568, Mukim Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur, together with a four (4) storey shop office for a total cash consideration of RM5,700,000.00.
- (iv) On 27 January 2022, LKL Advance Metaltech Sdn. Bhd., a wholly-owned subsidiary of the Company had entered into Sale and Purchase Agreement with Thirty Keystone Sdn. Bhd. for the acquisition of 60,196,966 ordinary shares of Parlo Berhad ("Parlo"), representing approximately 13.78% of the total number of issued shares of Parlo, at the price of RM0.22 each, for a total cash consideration of RM13,243,332.52.

3. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

Save as disclosed below, LKL Group is not engaged in any other material litigation, claim or arbitration either as plaintiff or defendant or otherwise and the Directors of LKL are not aware of any proceeding pending or threatened against LKL and/or its subsidiaries, or of any fact likely to give rise to any proceeding which might materially or adversely affect the financial position or business of LKL Group:-

FURTHER INFORMATION (CONT'D)

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

On 16 December 2020, the Company's wholly-owned subsidiary, LKLAM ("Plaintiff"), had filed an Originating Summons ("OS") in the High Court in Kuala Lumpur against Crecom Burj Gloves Sdn. Bhd. ("Defendant"). The High Court had on 5 March 2021 granted a Mareva injunction to freeze the Defendant's assets up to the amount of RM12,542,783.60 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 dated 11 January 2021 ("Arbitration") against the Defendant. The Plaintiff claims against the Defendant for breach of the Purchase Agreement dated 2 October 2020 which was entered into by both parties for the purchase of gloves from the Defendant. In the Arbitration, the Plaintiff is seeking from the Defendant the sum of RM12,542,783.60, 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 RM20,374,500.00 for the purported balance amount due to the Defendant. The Arbitration is pending appointment of arbitrator by the director of Asian International Arbitration Centre.

(ii) LKL International Berhad vs The Edge Communications Sdn. Bhd. (WA-23NCvC-50-05/2021)

On 25 May 2021, the Company had through its solicitors, Messrs. Wong Kian Kheong, filed a Writ and Statement of Claim in the High Court in Kuala Lumpur against The Edge Communications Sdn. Bhd. ("The Edge"). The suit was initiated against The Edge for the article published at pages 62 to 64 of "The Edge Malaysia" on 12 April 2021 entitled "Hidden hands behind penny stock surge under scrutiny" ("Article"), of which the Company alleged that certain words in the Article were defamatory of LKL International.

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.

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

On 13 September 2021, the Company's wholly-owned subsidiary, LKLAM ("Plaintiff"), had through its solicitors, Messrs Chong + Kheng Hoe, filed a Writ and Statement of Claim in the High Court in Kuala Lumpur against Crecom Burj Gloves Sdn. Bhd. Crecom Burj Group Sdn Bhd, Datin Roslinda Binti Jaafar, Khairil Anuar Bin A. Rahman, Nurul Ashikin Binti Muhammad Muhiyuddin, Chew Seng Ker and Nurul Balqis Binti Khairul Anuar ("Defendant").

FURTHER INFORMATION (CONT'D)

The Plaintiff claiming against all defendants for the return of RM12,540,757.20 being payment made by the Plaintiff for the purchase of gloves from CBGSB pursuant to the Purchase Agreement dated 2 October 2020. The Suit is fixed for trial on 23 to 27 May 2022.

The Company will make the necessary announcement in the event of any material development arising thereto.

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

On 8 November 2021, the Company's wholly owned subsidiary, LKLAM ("Petitioner") had through its solicitors, Messrs. Chong + Kheng Hoe, presented a Winding Up Petition at the Kuala Lumpur High Court against Genesis Gateway Sdn Bhd ("Respondent") for the sum of RM13,311,960.96, 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 hearing of the Petition is fixed for on 8 March 2022.

4. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection at the registered office of the Company at Third Floor, No. 77, 79 and 81, Jalan SS 21/60, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan, during normal business hours from Monday to Friday (except for Public Holidays) from the date of this Circular up to and including the date of the 7th AGM:

- (a) Constitution of the Company;
- (b) Audited consolidated financial statements of the Company for the financial year ended 30 April 2020 and 17-month FPE 30 September 2021;
- (c) The material contracts referred to in the Section 2 of this Appendix I; and
- (d) The relevant cause papers in respect of material litigation referred to in the Section 3 of this Appendix I.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK
--

EXTRACT OF NOTICE OF 7TH AGM

**ORDINARY RESOLUTION 11
PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS
OF A REVENUE AND/OR TRADING NATURE ("PROPOSED SHAREHOLDERS' MANDATE")**

"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."

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK
--