

ANNUAL
REPORT
2025



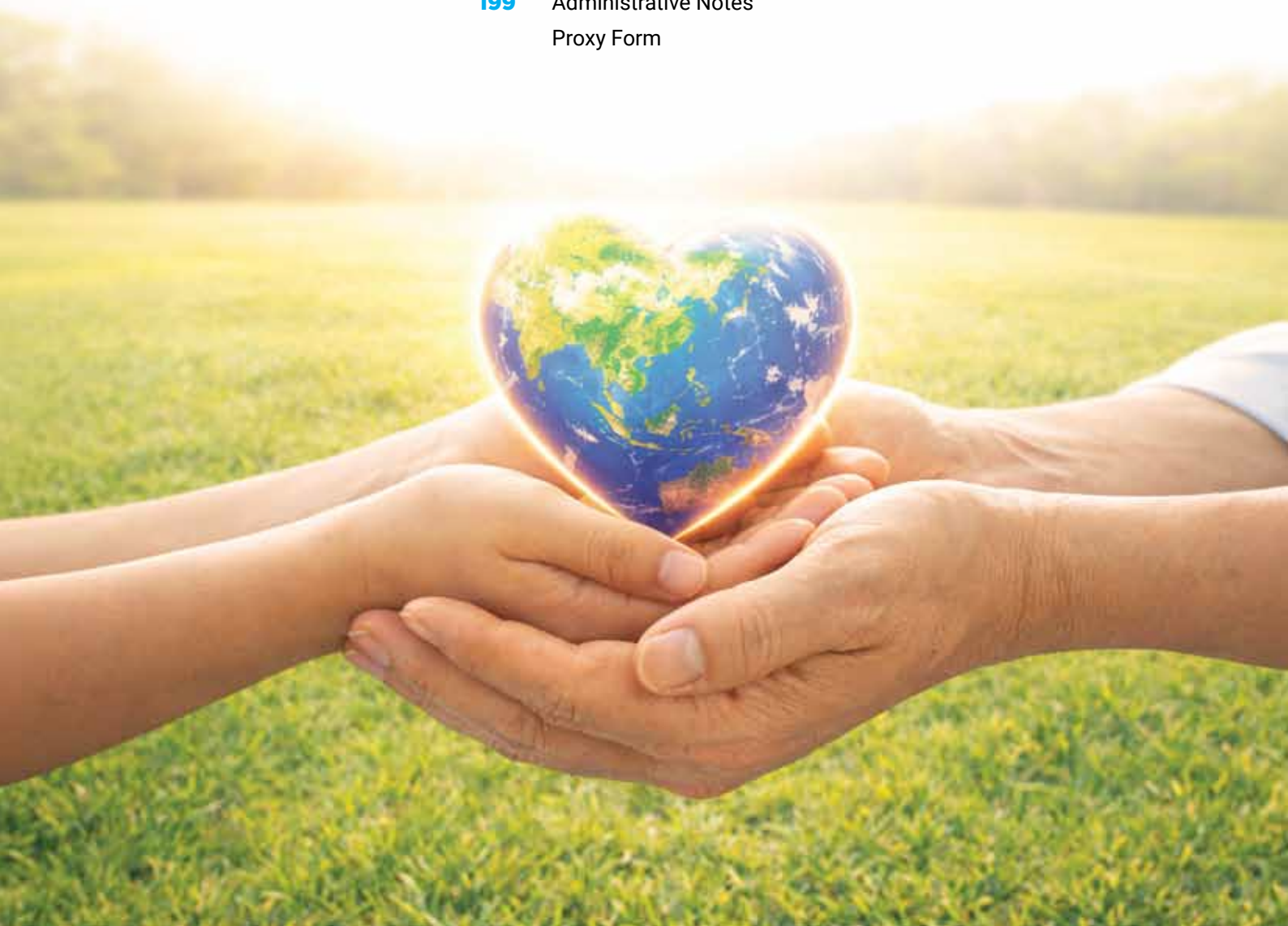
LKL INTERNATIONAL BERHAD

*We Care
We Serve*



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CORPORATE INFORMATION



BOARD OF DIRECTORS

TI LIAN SENG
Managing Director
ZULKARNIN BIN ARIFFIN
Executive Director
LIM PAK HONG
Executive Director
LIM MING CHANG
Non-Independent Non-Executive Director
DR. CHAN JEE PENG
Independent Non-Executive Director
LING CHI HOONG
Independent Non-Executive Director
NG FUN KIM
Independent Non-Executive Director
TAN SU NING
Independent Non-Executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE

Chairman **Dr. Chan Jee Peng**
Members **Ling Chi Hoong**
Ng Fun Kim

NOMINATION COMMITTEE

Chairman **Ling Chi Hoong**
Members **Dr. Chan Jee Peng**
Ng Fun Kim

REMUNERATION COMMITTEE

Chairman **Ling Chi Hoong**
Members **Dr. Chan Jee Peng**
Ng Fun Kim

COMPANY SECRETARIES

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

Thien Mui Yee
(LS0010901)
(SSM PC No. 202508000287)

REGISTERED OFFICE

 Third Floor, No. 77, 79 & 81
Jalan SS21/60, Damansara Utama
47400 Petaling Jaya
Selangor Darul Ehsan
Tel No. : (03) 7725 1777
Email : info@cospec.com.my

HEAD OFFICE

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

AUDITORS

Morison LC PLT
(202206000028 (LLP0032572-LCA) &
AF 002469)

Chartered Accountants

 Level 11-01, Uptown No. 3
Jalan SS 21/39
Damansara Utama
47400 Petaling Jaya
Selangor Darul Ehsan
Tel No. : (03) 7491 4419

SHARE REGISTRAR

Prosec Share Registration Sdn. Bhd.
DF2-09-02, Level 9, Persoft Tower
6B, Persiaran Tropicana
Tropicana Golf & Country Resort
47410 Petaling Jaya
Selangor
Tel No. : 012-766 8921
Email : sharereg@prosec.com.my

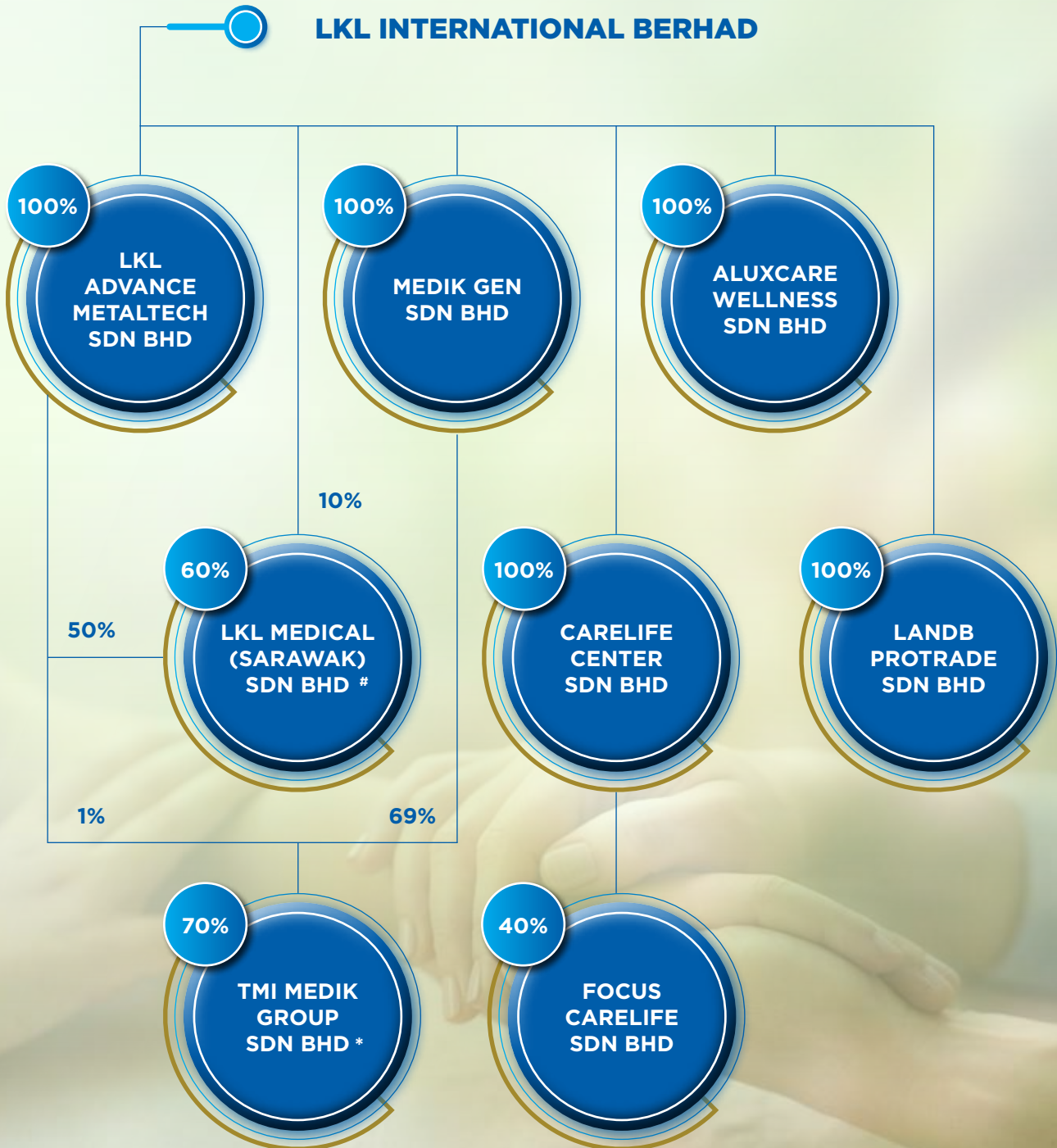
PRINCIPAL BANKERS

 Maybank Islamic Berhad
Alliance Islamic Bank Berhad
United Overseas Bank (M) Berhad

STOCK EXCHANGE LISTING

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

CORPORATE STRUCTURE



Note:

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

10% held via LKL International Berhad and 50% held via LKL Advance Metaltech Sdn. Bhd.



LKL INTERNATIONAL BERHAD

PRODUCT LINE-UP



CARE MOTION BED



CRITICAL CARE BED



BIRTH CARE BED



COMFORT CARE CHAIR



KID CARE BED



CARE TRANSIT SYSTEM

For more product information, please visit www.lklbeds.com



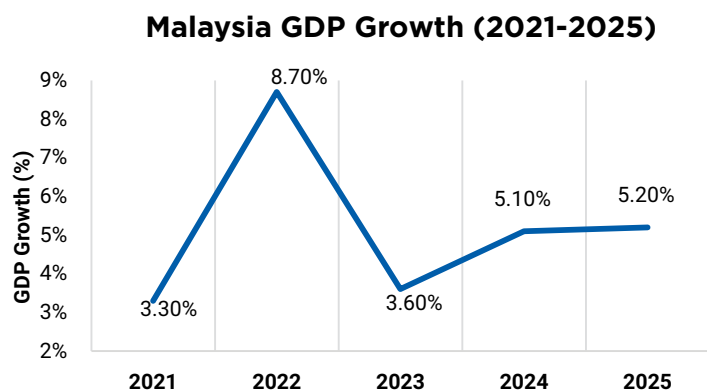
MANAGEMENT DISCUSSION AND ANALYSIS

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

The financial year ended 31 December 2025 (“FYE 2025”) marked a period of strategic transition for the Group. Under the stewardship of a reconstituted management team, the Group undertook a comprehensive review of its business operations, investment portfolios, and growth strategies. While the Group continued to face challenges including elevated operating costs, fair value losses on quoted investments, and competitive market pressures, meaningful progress was achieved in strengthening revenue, rationalising loss-making divisions, and laying the groundwork for operational improvements. The Group remains committed to delivering quality medical devices and healthcare solutions, with a sharper focus on operational efficiency, market responsiveness, and sustainable growth.

ECONOMIC REVIEW

The Malaysian economy demonstrated commendable resilience in 2025, achieving full-year GDP growth of 5.2%, surpassing earlier forecasts of 4.0% to 4.8% set by Bank Negara Malaysia (“BNM”). The fourth quarter registered an accelerated expansion of 6.3%, the strongest quarterly performance since the fourth quarter of 2022, driven by broad-based gains across the services, manufacturing, and agriculture sectors. Domestic demand continued to anchor growth, with household spending supported by robust labour market conditions and targeted government income-support measures, while investment activity surged on the back of increased spending on machinery and equipment, particularly for data centre infrastructure. Exports strengthened, led by electrical and electronic goods, while services exports benefited from inbound tourism and ICT-related activities.



Headline and core inflation remained moderate throughout 2025, with BNM implementing a pre-emptive 25 basis point rate cut in July 2025 before holding steady for the remainder of the year. Ringgit Malaysia appreciated by approximately 10.1% against the US dollar during the year, the largest gain among regional currencies.

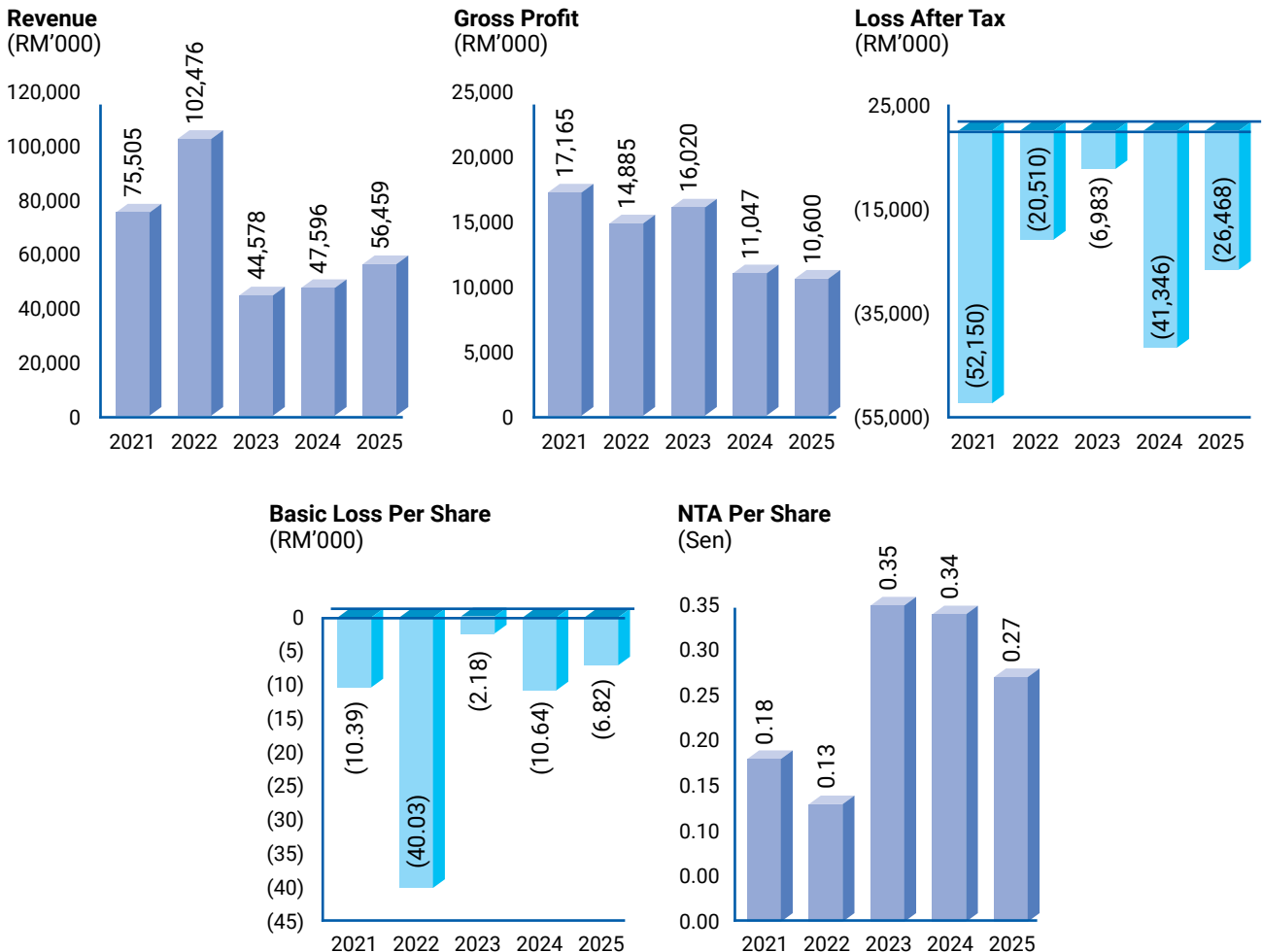
Notwithstanding the positive domestic backdrop, the global operating environment was characterised by heightened uncertainty. The escalation of US trade tariffs, including sweeping measures announced in April 2025, introduced significant volatility in global trade flows and supply chain configurations. Geopolitical tensions, including the ongoing conflicts in Eastern Europe and the Middle East, and the intensification of US-China strategic competition, continued to weigh on business sentiment and cross-border investment decisions across the ASEAN region. These external headwinds underscored the importance of operational agility, prudent capital allocation, and strategic diversification for businesses operating in export-oriented markets.

MANAGEMENT DISCUSSION AND ANALYSIS

(CONT'D)

FINANCIAL HIGHLIGHTS

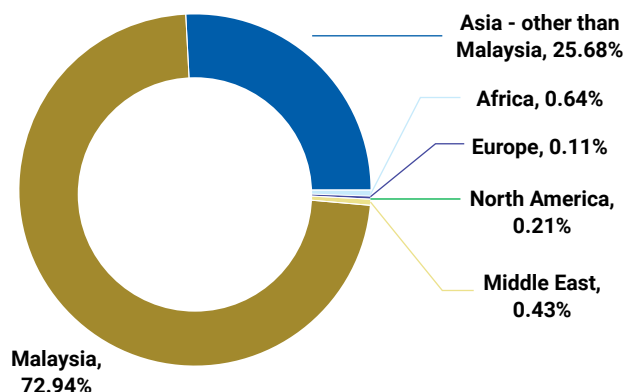
For the FYE 2025, the Group achieved revenue of RM56.46 million, gross profit of RM10.60 million and loss after taxation of RM26.47 million.



FINANCIAL REVIEW

In FYE 2025, the Group recorded total revenue of RM56.46 million, representing a significant increase of 18.62% from RM47.60 million in financial year ended 31 December 2024 ("FYE 2024"). This revenue growth was predominantly driven by increased export sales, supported by stronger demand and deliveries from the medical peripherals and accessories. The Malaysian market remained the principal contributor, generating RM41.18 million or 72.94% of total revenue, while other Asian markets contributed RM14.50 million (25.68%), reflecting the Group's enhanced export capabilities. Contributions from Africa, Europe, North America, and the Middle East were RM0.36 million (0.64%), RM0.06 million (0.11%), RM0.12 million (0.21%), and RM0.24 million (0.43%), respectively.

Geographical Breakdown by Revenue



MANAGEMENT DISCUSSION AND ANALYSIS

(CONT'D)

FINANCIAL REVIEW (CONT'D)

The Group's gross profit margin decreased from 23.21% in FYE 2024 to 18.77% in FYE 2025, mainly attributable to changes in product mix across segments, the impact of competitive pricing pressures and expired inventory write off from the pharmacy operations. As a result, gross profit in absolute terms decreased to RM10.60 million from RM11.05 million in the prior year.

During FYE 2025, the Group incurred a Loss Before Interest, Tax, Depreciation and Amortisation ("LBITDA") of approximately RM17.83 million. This included non-cash adjustments totaling approximately RM11.41 million, mainly comprising write-offs of property, plant and equipment of RM8.95 million, fair value losses on investments in quoted shares of RM1.68 million, net impairment losses on trade receivables of RM1.13 million, and expenses relating to the Shares Issuance Scheme of RM1.35 million. These were partially offset by a reversal of impairment loss on right-of-use assets of RM1.70 million. Excluding these non-cash and non-recurring items, the Group's adjusted LBITDA stood at approximately RM6.42 million, reflecting a significant improvement compared to the adjusted position in the preceding financial year.

Consequently, the Group reported a net loss of RM26.47 million for FYE 2025, representing a significant improvement from the net loss of RM41.35 million in FYE 2024. The narrower loss was primarily attributable to lower fair value losses on investments in quoted shares of RM1.68 million compared to RM20.64 million in the preceding year, as well as the absence of several impairment charges recognised in FYE 2024, including right-of-use assets of RM1.70 million, goodwill of RM2.40 million, and non-trade receivables of RM2.00 million.

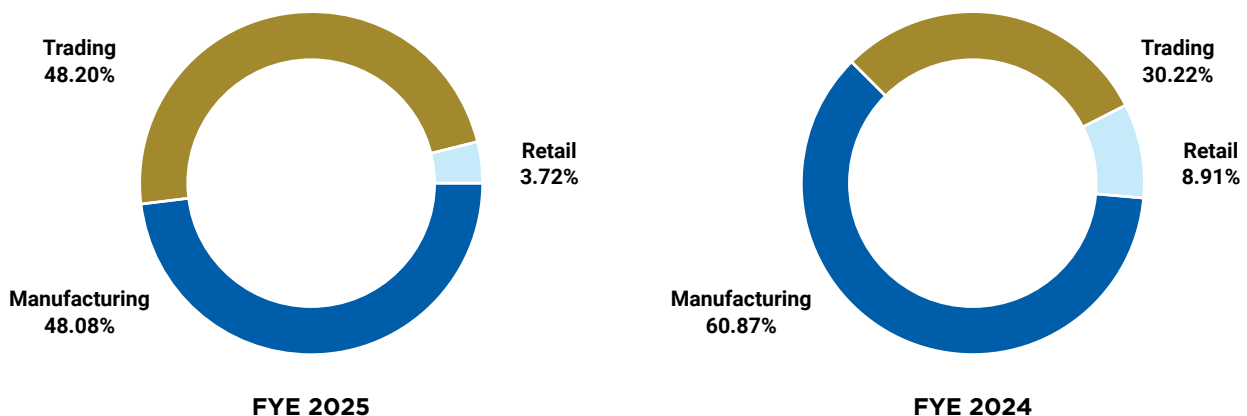
Total non-current assets increased to RM119.87 million as at 31 December 2025, compared to RM107.60 million in the FYE 2024. This was mainly driven by the reclassification and recognition of investment properties, which rose to RM35.43 million from RM11.97 million, following the completion and reclassification of the Bangunan KWSP@ Damansara ("Fairway Damansara"). Total current assets decreased to RM40.94 million from RM83.93 million, primarily due to the utilisation of fixed deposits with licensed banks and the reclassification of deposits paid for the acquisition of Fairway Damansara to investment properties upon completion of the acquisition. Accordingly, the Group's total assets stood at RM160.81 million as at 31 December 2025, compared to RM191.52 million in the preceding year.

Total borrowings decreased to RM49.86 million from RM53.71 million, reflecting the Group's continued commitment to prudent debt management. The Group's cash and bank balances strengthened to RM14.78 million as at year-end, up from RM4.35 million in the prior year. The improvement in cash position was supported by the withdrawal of pledged fixed deposits, partially offset by capital expenditure and debt servicing. Looking ahead, the Group remains focused on optimising its capital structure, closely monitoring working capital requirements, and allocating resources judiciously to navigate persistent cost pressures and pursue strategic initiatives.

OPERATIONAL REVIEW

During FYE 2025, the Group's operations were structured around three primary segments: manufacturing, trading, and retail. The manufacturing and trading segments demonstrated strong performance and growth, while the retail segment underwent a strategic rationalisation during the year.

Revenue by Segmental



MANAGEMENT DISCUSSION AND ANALYSIS

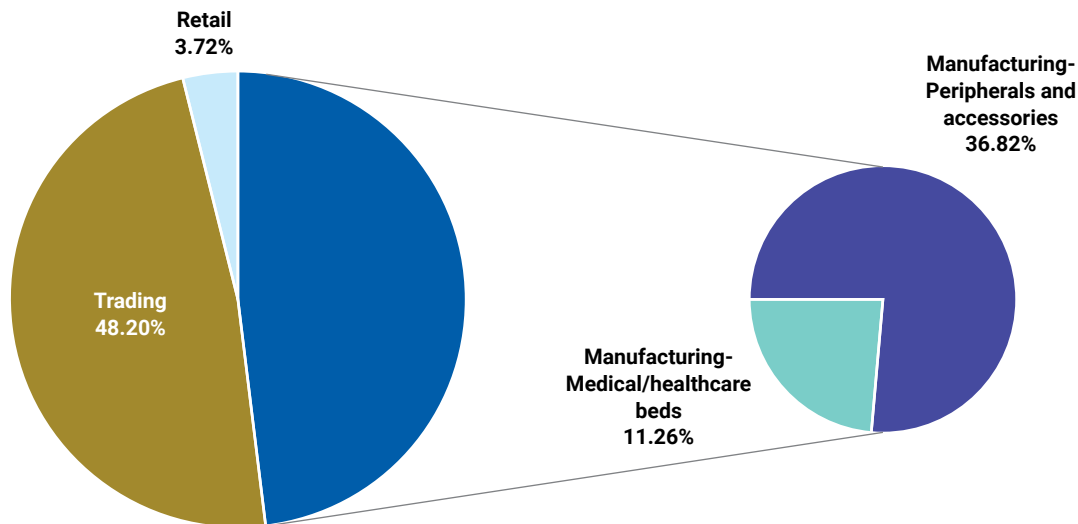
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OPERATIONAL REVIEW (CONT'D)

The revenue composition across the Group's business segments shifted notably in FYE 2025 compared to FYE 2024. The manufacturing segment contributed RM27.15 million (48.08% of total revenue), while the trading segment contributed RM27.21 million (48.20%), and the retail segment contributed RM2.10 million (3.72%). This compares with manufacturing at RM28.97 million (60.87%), trading at RM14.38 million (30.22%), and retail at RM4.24 million (8.91%) in FYE 2024. The significant growth of the trading segment, which nearly doubled in revenue, was a defining feature of the year's performance.

MANUFACTURING

Revenue FYE 2025 - Manufacturing



The manufacturing segment contributed RM27.15 million or 48.08% of the Group's total revenue in FYE 2025, compared to RM28.97 million (60.87%) in FYE 2024. Within this segment, revenue from medical/healthcare beds decreased to RM6.36 million (11.26% of total revenue) from RM11.28 million (23.70%) in FYE 2024, primarily reflecting the timing of project deliveries and order fulfilment cycles. Revenue from medical peripherals and accessories increased to RM20.79 million (36.82%) from RM17.69 million (37.16%), demonstrating continued demand for the Group's peripheral products from both government and private healthcare centres.

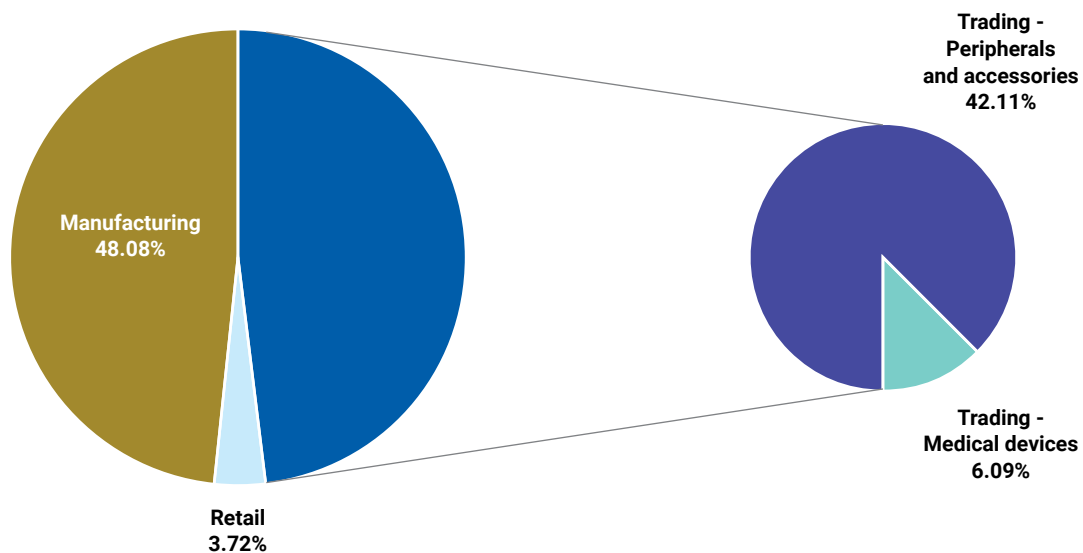
The segment recorded a gross profit of RM5.05 million for the year, reflecting margin compression from higher input costs and changes in product mix. The Group has initiated targeted measures to improve manufacturing margins, including the planned expansion of factory capacity through the construction of a two-storey steel structure extension, investments in production process improvements, and a sharper focus on higher-margin product lines. Moving forward, LKL's manufacturing arm will focus on strengthening production efficiency, optimising its product mix, and deepening its penetration into both domestic and export markets to drive improved profitability.

MANAGEMENT DISCUSSION AND ANALYSIS

(CONT'D)

TRADING

Revenue FYE2025 -Trading



The trading segment was the standout performer in FYE 2025, contributing RM27.21 million or 48.20% to total revenue, a significant increase from RM14.38 million (30.22%) in FYE 2024. Within this segment, medical peripherals and accessories accounted for RM23.77 million (42.11% of total revenue), while medical devices contributed RM3.44 million (6.09%). The strong growth in the trading segment was driven by the successful fulfilment of several government and private healthcare contracts, as well as an expanded distribution network for medical peripherals and devices.

The segment posted a gross profit of RM8.28 million, reflecting healthy margins on trading activities. Management remains focused on expanding the trading product range to include complementary healthcare products, forging new partnerships with international principals, and strengthening the Group's distribution network to capture additional market share. The new management team has introduced more structured market monitoring systems for both domestic and international markets, enabling a more agile approach to responding to shifts in customer demand and market dynamics.

RETAIL

The retail segment, which focused primarily on pharmacy and healthcare-related products, recorded revenue of RM2.10 million (3.72% of total revenue) in FYE 2025, declining from RM4.24 million (8.91%) in FYE 2024. The segment recorded a gross loss of RM2.73 million, attributed to high cost of sales and operating expenses.

The Group made the strategic decision to close all physical pharmacy retail outlets during the financial year. This decision was taken after careful evaluation of the segment's financial performance, which had consistently underperformed relative to expectations and was exerting a disproportionate drag on the Group's overall profitability. The closure of the physical outlets is expected to eliminate ongoing operating losses associated with maintaining brick-and-mortar premises and allow the Group to redirect resources and management attention towards its core manufacturing and trading competencies.

Notwithstanding the closure of physical outlets, the Group remains open to exploring opportunities in the pharmacy and healthcare retail space through online and digital channels, which offer a more cost-efficient model for reaching customers while maintaining a presence in the retail healthcare market.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

CAPITAL INVESTMENT AND PRODUCTION CAPACITY EXPANSION

In early 2025, the Group completed the acquisition of Fairway Damansara comprising a 12-storey commercial office block with a five-storey car park. The property has been classified as an investment property, contributing to the increase in the Group's investment properties to RM35.43 million as at 31 December 2025.

The Group is also planning to enhance its production capacity to better support growing demand for medical devices and healthcare equipment. In light of this, the Group intends to increase the future capacity of its existing manufacturing plant by constructing a two-storey steel structure extension across its existing factory buildings ("Two-Storey Extension"). This extension will convert the vacated office spaces and adjacent areas into additional factory floors and warehousing facilities, enabling the Group to accommodate larger production volumes, improve inventory management, reduce delivery lead times, and ultimately strengthen its competitive positioning in securing sizeable government and private healthcare contracts both domestically and for export markets.

The Board of Directors ("Board") considers these capital investments to be strategically important in positioning the Group for the next phase of growth. The expanded production capacity, combined with the operational efficiencies expected from the consolidation of corporate functions at Fairway Damansara, is anticipated to deliver meaningful improvements in manufacturing throughput, cost efficiency, and customer service delivery.

CORPORATE EXERCISE

On 28 January 2026, the Board announced that the Company proposed to undertake a reduction of RM120,000,000 of the issued share capital of the Company pursuant to Section 117 of the Companies Act 2016 ("Proposed Capital Reduction"). The Proposed Capital Reduction entails the cancellation of the Company's issued share capital which is lost and unrepresented by available assets, with the corresponding credit of RM120,000,000 to be utilised to set off against the accumulated losses of the Company.

On 11 February 2026, Bursa Malaysia Securities Berhad granted its approval for the Proposed Capital Reduction. On 26 February 2026, the Company issued a Circular to shareholders in relation to the Proposed Capital Reduction, and an Extraordinary General Meeting was convened on 25 March 2026 for shareholders to consider and, if thought fit, approve the special resolution pertaining to the Proposed Capital Reduction.

The Proposed Capital Reduction is intended to rationalise the Company's and the Group's financial positions by reducing the accumulated losses of the Company. This is expected to enhance both the Company's and the Group's credibility with its bankers, customers, suppliers, and investors. The Proposed Capital Reduction will not result in any change to the total number of shares in issue, any payment to shareholders, or any material change in the net assets of the Group, save for the estimated expenses to be incurred in relation thereto. Subject to the approval of shareholders, the Proposed Capital Reduction is expected to be completed in the second quarter of 2026.

OPERATIONAL HIGHLIGHTS

In FYE 2024, the Group entered into joint venture arrangements in Indonesia and the Philippines to expand its manufacturing and distribution footprint across the ASEAN region. In Indonesia, the Company partnered with PT Fasilitas Teknologi Nusantara to establish PT LKL Indonesia Makmur, while in the Philippines, the Company entered into a joint venture with Karl Group Holdings Corp to incorporate LKL-Karl Medical International, Inc.

Following the onboarding of the new management team during FYE 2025, a thorough reassessment of these international joint venture investments was undertaken. After careful evaluation of the capital requirements, operational readiness, and projected returns of both ventures, the Board determined that it would be prudent to pause further capital deployment into these joint ventures pending a more comprehensive evaluation. This decision was also informed by the prevailing global geopolitical landscape, including the ongoing conflicts in Eastern Europe and the Middle East, the escalation of US-China trade tensions and the associated ripple effects on ASEAN economies, and heightened supply chain and foreign exchange volatility. The Board considers that exercising caution in committing additional capital to overseas ventures during a period of elevated global uncertainty is consistent with the Group's commitment to prudent capital allocation and the protection of shareholder value. The Indonesian subsidiary, PT LKL Indonesia Makmur, was subsequently deregistered during the year. The Group continues to monitor market developments in both Indonesia and the Philippines and will reassess the viability and timing of potential capital investments when conditions are more conducive.

MANAGEMENT DISCUSSION AND ANALYSIS

(CONT'D)

OPERATIONAL HIGHLIGHTS (CONT'D)

On the domestic front, the new management team has introduced strengthened systems and processes to monitor market movements and customer demand trends across both domestic and international markets. These enhanced market intelligence capabilities are designed to enable the Group to adopt a more agile and responsive approach to business development, allowing it to pivot more swiftly towards evolving customer requirements. The Group's strategy is anchored on leveraging its existing customer framework and manufacturing capabilities to offer quality medical devices and integrated healthcare solutions that meet the needs of government hospitals, private healthcare providers, and international distributors.

The structured approach introduced by the new management team provides the Group with deeper insights into medical industry trends, supported by improved coordination between the Group's commercial and manufacturing functions. This alignment of market intelligence with production planning and capacity is expected to enhance the Group's ability to respond to tender opportunities, fulfil orders efficiently, and deliver value-added solutions to its customers.

A key strategic priority for the new management is the acceleration of export sales growth. In FYE 2025, export revenue increased substantially to RM15.28 million, representing 27.06% of total revenue, compared to RM7.59 million or 15.96% in FYE 2024. This growth was particularly pronounced in the Asia region (excluding Malaysia), where revenue surged to RM14.50 million from RM4.70 million in the prior year, driven by stronger demand from healthcare providers and government procurement programmes across the region. The new management team recognises the strategic importance of building a more balanced revenue base between domestic and international markets, as export diversification not only broadens the Group's revenue streams but also reduces concentration risk on any single market. To this end, the Group has recently strengthened its presence in Latin America through an exclusive distribution agreement, which is expected to contribute to further revenue diversification. The management is actively identifying and pursuing new distributorship opportunities in high-growth markets across Asia, the Middle East, and other emerging regions, leveraging the Group's established reputation for quality medical devices and healthcare solutions. The planned expansion of manufacturing capacity through the Two-Storey Extension is integral to supporting this export growth ambition, as it will enable the Group to accept and fulfil larger international orders that were previously constrained by production capacity limitations.

DIVIDEND POLICY

LKL does not have a formal dividend policy and no dividend was declared for FYE 2025. This approach ensures that the necessary resources are retained to support capital investments and strategic initiatives for long-term shareholder value creation.

LOOKING AHEAD

The Malaysian healthcare sector continues to present significant growth opportunities, supported by the government's sustained commitment to healthcare infrastructure development. In the 2026 national budget, the Ministry of Health was allocated RM46.5 billion, representing 11.04% of the total Federal Budget, with key allocations directed towards the construction, maintenance, and upgrading of healthcare facilities, procurement of new medical equipment, and the enhancement of digital healthcare services. Malaysia's medical device market is projected to reach approximately USD4.5 billion by 2028, driven by the growing prevalence of chronic diseases, an ageing population, rising healthcare expenditure, and the government's strategic focus on developing local manufacturing capabilities under the New Industrial Master Plan 2030. These developments create favourable conditions for local manufacturers and distributors such as LKL.

Looking ahead, the Group's strategic priorities for financial year ending 31 December 2026 and beyond are centred on expanding manufacturing capacity through the Two-Storey Extension to compete for larger orders, strengthening trading and distribution capabilities in both domestic and international markets, and accelerating export sales growth by deepening its presence across Asia and the Middle East while developing new markets in Latin America and other emerging regions. The Group will also continue to implement enhanced market monitoring systems to remain responsive to evolving customer demand, while managing its investment portfolios prudently to reduce volatility in financial performance.

MANAGEMENT DISCUSSION AND ANALYSIS

(CONT'D)

LOOKING AHEAD (CONT'D)

The Board remains cautiously optimistic about the Group's prospects, anchored by resilient demand for medical devices from both government and private healthcare sectors, and the strategic initiatives being implemented by the new management team. While challenges including currency fluctuations, supply chain costs, and market volatility may persist, the Group is committed to strengthening its competitive position and working towards a return to profitability for the benefit of all stakeholders.

APPRECIATION

The Board and Management extend their sincere appreciation to shareholders, customers, suppliers, financiers, and business partners for their continued confidence and support. The Board also recognises the dedication and commitment of the Group's employees in navigating a challenging operating environment and supporting the Group's transformation initiatives. Despite the headwinds faced during FYE 2025, the Group is confident that the strategic measures being undertaken will position LKL for improved performance in the years ahead. With steadfast determination, the Group remains committed to enhancing operational efficiency, strengthening its product offerings, and achieving sustainable growth for the benefit of all stakeholders.

SUSTAINABILITY STATEMENT

ABOUT THIS STATEMENT

LKL International Berhad (“LKL” or “the Company”) is pleased to present its Sustainability Statement for the financial year ended 31 December 2025 (“FYE 2025”).

This Statement outlines our sustainability approach and the related economic, environmental, social and governance (“ESG”) impacts on LKL and its subsidiaries (“the Group”). It provides an update on key sustainability matters, initiatives and performance during the financial year under review, and describes how sustainability considerations are integrated into our operations and business planning.

This Statement is intended to provide stakeholders (including customers, suppliers, employees, directors, investors, regulators and local communities) with a consolidated view of what sustainability means to LKL and how we aim to deliver long-term value.

We welcome feedback from the stakeholders in relation to our Sustainability Statement by contacting us at sustainability@lklbeds.com.

Assurance Statement

The information presented in this Sustainability Statement has not been subjected to assurance by our internal audit function or by an independent sustainability/ESG assurance provider.

The Board of Directors (“Board”) provides oversight of sustainability governance and is collectively responsible for the Group’s sustainability direction. The Board has reviewed and approved this Sustainability Statement for FYE 2025, and considered that the disclosures presented are, to the best of its knowledge, supported by underlying records and prepared based on management’s reasonable judgement.

Limitations

LKL recognizes that there are ongoing challenges in collecting certain sustainability data indicators. We are actively strengthening our data collection processes and performance monitoring to improve the completeness and quality of sustainability information over time.

SUSTAINABILITY FRAMEWORK AND STANDARDS

LKL develops this Sustainability Statement with reference to applicable sustainability reporting requirements and recognised guidance, including:

- (i) the ACE Market Listing Requirements (“Listing Requirements”) issued by Bursa Malaysia Securities Berhad (“Bursa Securities”),
- (ii) the Sustainability Reporting Guide issued by Bursa Securities,
- (iii) the Enhanced Sustainability Reporting Framework issued by Bursa Securities,
- (iv) Guidance Note 11 (ACE Market) on Risk Management and Internal Control, Corporate Governance and Sustainability Statement issued by Bursa Securities, and
- (v) the United Nations Sustainable Development Goals (“UN SDGs”).

In addition, we are progressively strengthening our sustainability disclosures by aligning, where applicable, with the IFRS Sustainability Disclosure Standards, including:

- (i) IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information (“IFRS S1”); and
- (ii) IFRS S2 Climate-related Disclosures (“IFRS S2”).

We monitor relevant sustainability-related regulations and guidelines that may affect the Group and incorporate sustainability considerations into our decision-making, including risk management and business planning processes.

This Sustainability Statement highlights the Group’s approach and initiatives to manage sustainability-related risks and opportunities, including efforts to reduce our environmental footprint, safeguard employee welfare and workplace safety, strengthen responsible supply chain practices, innovate in products and services, and uphold high standards of corporate governance and ethics.

SUSTAINABILITY STATEMENT

(CONT'D)

SUSTAINABILITY APPROACH

LKL's sustainability approach aims to contribute to a more sustainable future while creating long-term value through responsible business practices. We recognise the importance of embedding sustainability considerations into our strategy and operations to manage impacts on stakeholders, including customers, suppliers, employees, directors, investors, regulators and the communities in which we operate.

Our approach is guided by the ESG considerations, which are integrated into day-to-day operations and decision-making, including business planning and risk management processes.

To support consistent implementation, the Group has established a Sustainability Framework and Policy to guide the Board, relevant Board Committees and Senior Management in overseeing and driving our sustainability agenda.

The disruptions experienced in recent years, which included the COVID-19 pandemic, climate-related events and broader economic uncertainty, have reinforced the importance of sustainability and resilience. These events highlighted the need to strengthen risk management and business continuity planning, and to prioritise the welfare of employees and engagement with local communities.

We continue to build internal awareness and capability by encouraging the Board, management and employees, especially Heads of Department and key personnel, to participate in relevant ESG-related training, seminars and workshops that support operational improvement, compliance readiness and effective risk management.

Progress against key sustainability priorities is monitored through management reporting, with oversight by the Board and relevant Committees.

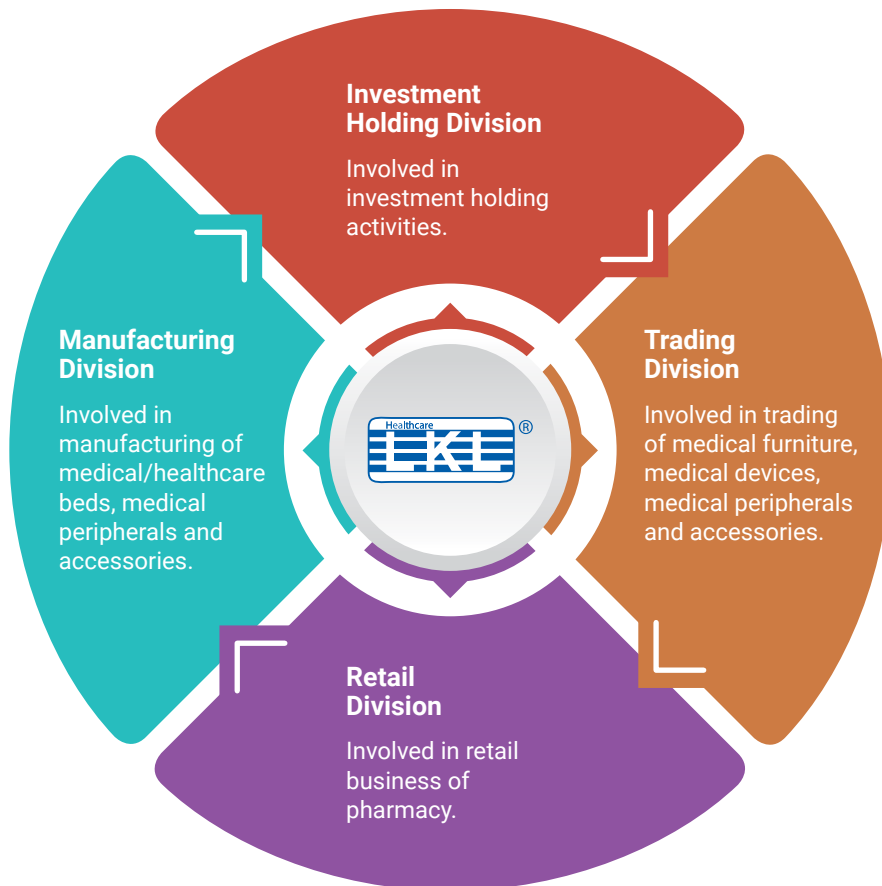
By embedding sustainability into our operations, the Group seeks to balance business growth with social and environmental responsibility and to support a resilient and sustainable future for our stakeholders.

SUSTAINABILITY STATEMENT (CONT'D)

REPORTING SCOPE

This Statement covers the sustainability performance of the Group within Malaysia during FYE 2025, unless stated otherwise.

The core business segments of the Group are as follows:



SUSTAINABILITY GOVERNANCE AND BOARD LEADERSHIP

Strong governance underpins the Group’s sustainability journey. LKL is committed to conducting business responsibly and in accordance with applicable laws, principles of good governance, and high standards of integrity. Our governance structure is designed to promote transparency and accountability through clearly defined roles and responsibilities to support effective decision-making and implementation of sustainability priorities.

Board Oversight

The Board of Directors (“Board”) holds ultimate accountability for sustainability governance and ESG integration. The Board ensures that ESG considerations are embedded into the Group’s strategic decision-making and enterprise risk management, and it oversees sustainability-related disclosures.

SUSTAINABILITY STATEMENT (CONT'D)

SUSTAINABILITY GOVERNANCE AND BOARD LEADERSHIP (CONT'D)

Audit and Risk Management Committee

The Audit and Risk Management Committee (“ARMC”) supports the Board in discharging its oversight responsibilities. The ARMC provides oversight of sustainability-related matters, including monitoring the Group’s ESG initiatives, performance indicators and progress against sustainability priorities, as well as reviewing the adequacy of related processes and reporting.

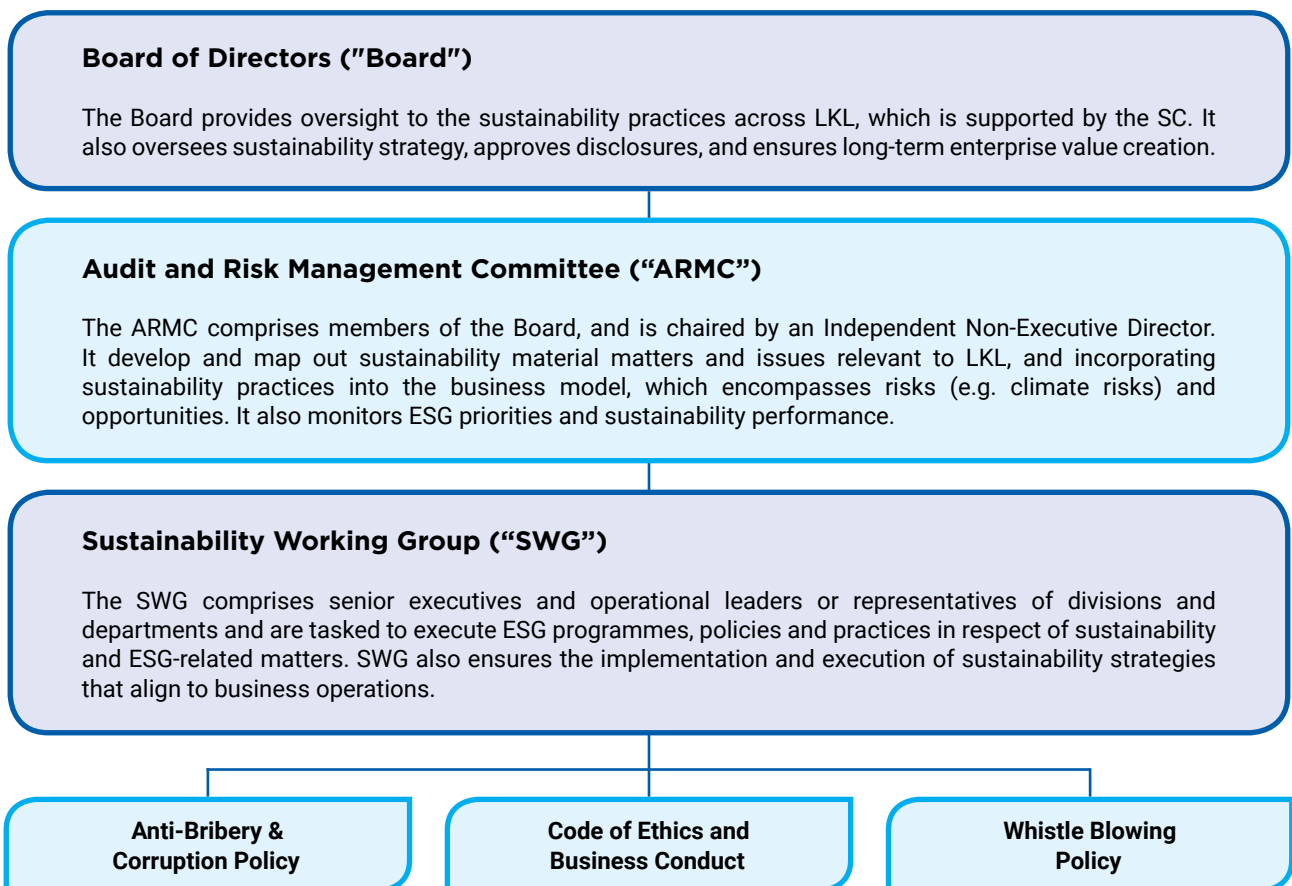
Sustainability Working Group

The ARMC is supported by the Sustainability Working Group (“SWG”), which coordinates the implementation of sustainability initiatives across the Group. The SWG is responsible for executing approved action plans, facilitating data collection and performance monitoring, and reporting progress and key issues to the ARMC for review and escalation, where required.

Policies Supporting Sustainability Governance

The Group’s sustainability governance is supported by relevant policies and standards, including the Anti-Bribery and Corruption (“ABC”) Policy, Whistle Blowing Policy, Supplier Code of Conduct, Employee Discipline Policy, and Code of Ethics and Business Conduct. These policies provide guidance on expected conduct, controls and accountability across the Group and relevant business partners.

Governance Structure



The Board continues to strengthen its sustainability oversight through periodic training and briefings on sustainability developments. The Board also considers the adequacy of sustainability-related competencies as part of its ongoing efforts to enhance Board effectiveness and leadership on sustainability matters.

SUSTAINABILITY STATEMENT

(CONT'D)

SUSTAINABILITY GOVERNANCE AND BOARD LEADERSHIP (CONT'D)

Integration of Governance and Leadership

This governance structure is intended to ensure that sustainability is integrated into leadership priorities and not treated as a peripheral agenda. The Board provides oversight across key areas of responsibility aligned to the Group's strategic priorities and risk landscape, including financial stewardship, compliance, innovation and workforce welfare.

By integrating governance structures with leadership oversight, the Group reinforces that sustainability is both people-driven and policy-driven, supported by accountability, implementation discipline and continuous improvement.

STAKEHOLDER ENGAGEMENT

LKL recognises that meaningful stakeholder engagement is a cornerstone of effective sustainability management and reporting. The Group engages a broad range of stakeholders who influence, or are impacted by, our operations and decisions. These engagements help us understand stakeholder concerns and expectations, identify emerging risks and opportunities, and strengthen collaboration to support long-term value creation.

Stakeholder Engagement During FYE 2025

During FYE 2025, the Group carried out structured engagements with key stakeholder groups, including:

Stakeholders	Common Engagement Methods	Key Focus Areas
Customers	Surveys and feedback sessions	Product quality, delivery standards, sustainability attributes
Suppliers and Contractors	Supplier assessments (including ESG practices), briefings, surveys, compliance audits against Supplier Code of Conduct	Responsible sourcing, compliance, supplier performance
Employees	Surveys, town halls, grievance mechanism	Workplace safety, welfare, career development
Communities	Corporate Social Responsibility ("CSR") programs, community consultation, engagement with Non-Governmental Organizations ("NGOs") and local community leaders	Social impact, community needs and priorities
Shareholders and Investors	Annual General Meetings ("AGMs"), analyst briefings, ESG-focused investor discussions	Performance outlook, governance, sustainability initiatives
Government Agencies / Regulators	Ongoing compliance dialogues with Bursa Securities and relevant agencies	Regulatory compliance, approvals, OSH, environmental compliance

SUSTAINABILITY STATEMENT (CONT'D)

STAKEHOLDER ENGAGEMENT (CONT'D)

Regular Engagement and Communication Channels

The Group engages stakeholders regularly to provide updates on sustainability initiatives, address areas of concern, and reinforce responsible business practices. We aim to achieve mutually beneficial outcomes for the Group and our stakeholders.

Stakeholders are identified based on their level of influence on, and dependence on, our business. Engagement is conducted through formal and informal channels. Through these interactions, the Group identifies relevant material matters, strengthens stakeholder trust, and responds to stakeholder needs effectively.

We emphasise open and transparent communication to maintain stakeholder trust. The evolving risk environment continues to drive improvements in how we operate, including initiatives to safeguard employee welfare and strengthen resilience across our operations.

Stakeholder engagement outcomes are systematically recorded, categorised and evaluated to identify emerging sustainability risks and opportunities. These outcomes inform the Group's materiality assessment and the prioritisation of sustainability initiatives and KPIs. The SWG tracks agreed actions arising from stakeholder feedback, including owners, timelines and status, and reports progress to the ARMC for oversight and direction.

For significant issues, the Group applies a "listen-assess-act-report" approach: (i) gather feedback, (ii) assess materiality and risk implications, (iii) implement corrective or improvement actions, and (iv) report progress internally and, where relevant, to stakeholders.

Addressing Concerns and Expectations

Our stakeholders are key business partners and play an important role in supporting day-to-day operations and sustainable growth amid local and global challenges. The Group seeks to ensure that legitimate stakeholder concerns and expectations are considered through established engagement processes and internal actions.

Key Stakeholders: Engagement, Concerns and Responses

Key Stakeholder	Engagement Channels	Area of Concerns	Our Response
Shareholders / Investors	<ul style="list-style-type: none"> - AGMs - Annual report - Quarterly reports - Announcements - Audited financial statements 	<ul style="list-style-type: none"> - Growth opportunities/ threats - Funding needs - Risk management - Corporate governance - ESG initiatives - Board diversity / representation - Succession planning 	<ul style="list-style-type: none"> - Timely disclosures; - Strengthening investor relations; - Uphold governance; - Clearly outline sustainability strategies
Board of Directors	<ul style="list-style-type: none"> - Board meetings - Company events - AGMs 	<ul style="list-style-type: none"> - Corporate governance - Strategy & direction 	<ul style="list-style-type: none"> - Oversight of economic sustainability - Governance and ethics
Customers	<ul style="list-style-type: none"> - Customer Satisfaction Survey ("CSS") - Customer service channels - Regular visits & meetings - Exhibitions 	<ul style="list-style-type: none"> - Product/ service quality - On-time delivery - Stock availability - Customer Relation Management ("CRM") 	<ul style="list-style-type: none"> - Maintain quality - Improve responsiveness - Monitor demand - Innovate with ESG-driven design without compromising quality/ value

SUSTAINABILITY STATEMENT

(CONT'D)

STAKEHOLDER ENGAGEMENT (CONT'D)

Key Stakeholders: Engagement, Concerns and Responses (Cont'd)

Key Stakeholder	Engagement Channels	Area of Concerns	Our Response
Suppliers / Vendors / Contractors	<ul style="list-style-type: none"> - Interviews - Feedback surveys - Ongoing engagements - Supplier/subcontractor performance evaluations 	<ul style="list-style-type: none"> - Ethical and fair procurement - Pricing of services 	<ul style="list-style-type: none"> - Improve procurement process and payment practices - Strengthen transparency - Improve communication
Employees / Management	<ul style="list-style-type: none"> - Workshops - Induction - Learning & development - Performance appraisals - Internal communications - Employee meetings - Engagement surveys - Operations meetings - Site visits - Job training 	<ul style="list-style-type: none"> - Business direction - Workplace safety - Inclusive environment - Rewards/ recognition - Remuneration/ benefits - Career development - Satisfaction 	<ul style="list-style-type: none"> - Promote transparent communication - Equal employment opportunities - Promote Diversity, Equity and Inclusion ("DEI") - Offer industry-competitive remuneration and compensation package - Ensure compliance with Occupational Safety and Health Act ("OSHA") and Safety Management System ("OHSMS") - Promote transparent communication - Equal employment opportunities - Promote Diversity, Equity and Inclusion ("DEI") - Provide competitive remuneration - Occupational Safety and Health Act ("OSHA") compliance and Safety Management System
Community	<ul style="list-style-type: none"> - Corporate volunteering - Contributions/ donations - Public community events 	<ul style="list-style-type: none"> - CSR focus - Community impact 	<ul style="list-style-type: none"> - Budget and annual plan for CSR programs - Adoption of welfare programs - Annual CSR budget and plan - Adoption of welfare programs

SUSTAINABILITY STATEMENT (CONT'D)

STAKEHOLDER ENGAGEMENT (CONT'D)

Key Stakeholders: Engagement, Concerns and Responses (Cont'd)

Key Stakeholder	Engagement Channels	Area of Concerns	Our Response
Government Agencies / Regulators	<ul style="list-style-type: none"> - Regulatory events/ briefings/ dialogues - Inspections - Audits/verification - Permits/approvals; - OSH and environmental compliance engagements - Internal meetings 	<ul style="list-style-type: none"> - Regulatory compliance - Permits - OSH - Environmental compliance - Tax transparency - Anti-bribery & anti-corruption 	<ul style="list-style-type: none"> - Regular review/ monitoring of compliance - Adoption of Malaysian code of Corporate Governance ("MCCG") practices - Support government initiatives
Media	<ul style="list-style-type: none"> - Press releases - Press conferences - Website media center 	<ul style="list-style-type: none"> - Reputation - Business continuity - Transparency 	<ul style="list-style-type: none"> - Timely and transparent reporting - Maintain strong rapport

RISK MANAGEMENT

The Group recognises that effective risk management is integral to sustainability planning and long-term resilience. We align our risk management processes to strengthen readiness through the identification, assessment and management of key risks encountered by the Group. Accordingly, the Group integrates sustainability-related risks into our Enterprise Risk Management ("ERM") framework, alongside corporate, operational and financial risks.

The Group monitors identified risks against our capacity, capability and risk appetite. Designated risk owners are responsible for implementing controls and mitigation plans, with periodic review and monitoring to ensure risks remain appropriately managed.

Material Matters, Key Risks and Opportunities

The table below summarises selected risks and opportunities linked to the Group's material matters:

Material Matters	Key Risks	Opportunities / Value Creations
Our Business Performance		
Supply Chain Management	Supplier, vendor or contractor non-compliance may undermine ethical standards and safety culture, and expose the Group to operational disruption.	Strong procurement governance helps attract and retain credible business partners. Regular assessments, including ESG considerations, support consistent standards across the supply chain.
Business Conduct, Ethics & Compliance	Weak governance practices may damage reputation, credibility and stakeholder confidence.	Strong governance and ethical practices strengthen trust and the Group's reputation among stakeholders.
Financial Performance	Weak financial performance may affect creditworthiness, business continuity and investment capacity.	Sustainable financial performance supports long-term value creation and strengthens investor confidence.

SUSTAINABILITY STATEMENT

(CONT'D)

RISK MANAGEMENT (CONT'D)

Material Matters, Key Risks and Opportunities (Cont'd)

The table below summarises selected risks and opportunities linked to the Group's material matters: (Cont'd)

Material Matters	Key Risks	Opportunities / Value Creations
Our Business Performance (Cont'd)		
Product & Service Quality	Poor product quality or service may erode customer confidence and impact long-term business prospects; reputational risk.	Strong quality and service standards can strengthen customer loyalty, improve prospects and support better margins.
Customer Satisfaction & Relationship	Failure to meet customer expectations may reduce customer confidence and loyalty, affecting revenue.	Proactive engagement and feedback loops support continuous improvement and stronger customer relationships.
Technology, Innovation & Development	Cyber threats, loss of sensitive information (e.g., design/IP), or breaches of customer data may cause reputational harm and loss of trust.	Robust cybersecurity and data governance protect critical information and sustain stakeholder trust.
Our Environmental Management		
Climate Change & Environmental Issue	Non-compliance with environmental or climate-related regulations may result in penalties and potential trade implications, particularly in export markets.	Effective mitigation and adaptation planning supports continuity and helps manage potential trade barriers.
Material Management	Inability to meet demand for sustainable materials may result in loss of sales and/or market share.	Using more sustainable materials can enhance brand positioning and attract sustainability-conscious customers and investors.
Energy Management	Inefficient energy management may increase costs and expose the Group to energy supply risks.	Improved efficiency can reduce operating costs and strengthen energy conservation practices.
Waste Management	Non-compliance with environmental requirements may result in regulatory action and reputational risk.	Waste reduction and resource efficiency can create cost savings and improve operational performance.
Our People		
Attracting, Developing, Rewarding & Retaining Employees	Disengaged or underdeveloped employees may reduce productivity. Unattractive remuneration/benefits may weaken motivation and retention.	Talent development and upskilling, supported by competitive remuneration and benefits, can improve retention, attract talent and strengthen performance culture.
Labour Practices & Human Rights	Breaches may lead to penalties, reputational damage and adverse impacts on culture and retention.	Strong labour and human rights practices reinforce reputation as a responsible employer.

SUSTAINABILITY STATEMENT (CONT'D)

RISK MANAGEMENT (CONT'D)

Material Matters, Key Risks and Opportunities (Cont'd)

The table below summarises selected risks and opportunities linked to the Group's material matters: (Cont'd)

Material Matters	Key Risks	Opportunities / Value Creations
Our People (Cont'd)		
Employee Well Being, Health & Safety	Accidents and injuries may lead to productivity loss, legal exposure and reputational damage.	A strong safety culture and conducive workplace improve well-being and productivity and strengthen employer reputation.
Diversity, Equity & Inclusion ("DEI")	Discriminatory practices may damage reputation and employee trust.	Inclusive and empowering culture supports talent attraction and retention and brings diverse viewpoints that strengthen decision-making.
Our Outreach		
Local Community and Social Impact	Negative community impacts may affect the Group's social license to operate.	Community programs and regular engagement can strengthen relationships and trust with local communities.

Key sustainability risks are reviewed at least annually as part of ERM, and material changes are escalated to the ARMC and the Board. Selected risk indicators ("KRIs") are tracked for priority ESG risks (e.g., safety incidents, compliance findings, supplier ESG screening coverage).

Strengthening ESG Risk Awareness

The Group plans to further strengthen understanding of significant ESG issues among stakeholders. Considering ESG implications across our value chain supports clearer sustainability goal-setting and the implementation of relevant practices to advance our sustainability targets. We also plan to enhance sustainability awareness through training and workshops for internal and external stakeholders, including coverage of sustainability trends, ESG-related risks and potential impacts on business strategy and performance.

Business Continuity Planning ("BCP")

As part of our BCP, the Group continues to invest in resources and capabilities to respond to operational disruptions arising from market, environmental and social changes.

Key focus areas include:

- **Strengthening Crisis Management governance:** Reinforcing the roles and responsibilities of an Emergency Response Committee ("ERC") and its team members. We have defined the roles and responsibilities of designated personnel from functional to outlet leads, within the ERC.
- **Enhancing crisis escalation and reporting process:** Strengthening crisis escalation and reporting processes, with the ERC supporting coordinated response, stabilisation and recovery.
- **Building crisis readiness and awareness:** Conducting ongoing training and periodic simulations for significant risk scenarios to strengthen management readiness and crisis response capabilities.

SUSTAINABILITY STATEMENT

(CONT'D)

MATERIALITY ASSESSMENT

The Group recognises that material sustainability matters covering the ESG considerations may directly or indirectly affect our ability to create long-term value for stakeholders. A robust materiality process helps us prioritise the sustainability matters that are most relevant to our business, stakeholders and risk profile, and informs our strategy, resource allocation and management actions.

The Group intends to conduct a comprehensive materiality assessment involving key internal and external stakeholders once every three (3) years, complemented by an annual review to assess whether previously prioritised matters remain relevant and whether emerging risks, regulatory expectations or stakeholder concerns require updates. This approach supports the ongoing management of sustainability-related risks and opportunities and helps ensure that our priorities remain aligned with business strategy and operational realities.

During the materiality review, the Group assessed the relevance of our previously identified material matters against our strategic priorities and stakeholder expectations. We also considered emerging risks and relevant sustainability frameworks and benchmarked our material matters against local and regional peer practices to support continuous improvement.

In the materiality assessment, we assessed and confirmed the continued relevance of the 15 material matters and are aligned with our strategic priorities and stakeholder expectations. These matters were further categorised into sustainability themes, providing us with a focused approach to achieving our sustainability objectives. These were also benchmarked against our local and regional peers as well as considered emerging risks and relevant frameworks.

The Group's top 15 material matters are categorised under the following sustainability themes:



Our Business Performance

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

Our Environmental Management

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

Our People

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

Our Outreach

- Local community & social impact

SUSTAINABILITY STATEMENT (CONT'D)

MATERIALITY ASSESSMENT (CONT'D)

United Nations Sustainable Development Goals

The United Nations Sustainable Development Goals (“UN SDGs”) provide a globally recognized framework to connect sustainability challenges with business practices. The Group considers the UN SDGs as a useful reference for strategic alignment, stakeholder communication and consistent reporting, and to support identification of sustainability-related risks and opportunities.

The importance can be explained in several dimensions -



(i) Strategic Alignment and Global Relevance

By aligning business operations with the UN SDGs, we demonstrate that we are not only meeting local regulatory expectations but also contributing to global priorities. This enhances the Group’s international credibility and positions it as a responsible corporate citizen.

(ii) Stakeholder Trust and Transparency

Stakeholders, such as investors, regulators, customers, and communities, expect LKL to demonstrate how our activities contribute to sustainable development. Linking activities to the UN SDGs provides a transparent and standardised way of reporting. This helps build trust, as stakeholders can clearly see the company’s positive contributions to issues that matter globally, such as climate action (SDG 13) or decent work (SDG 8).

(iii) Risk Management and Opportunity Creation

The UN SDGs highlight areas where businesses may face emerging risks (e.g., climate change, inequality, resource scarcity) and where we can create and capture new opportunities. In addition, we can proactively manage risks while positioning ourselves for growth in sustainable markets.

SUSTAINABILITY STATEMENT (CONT'D)

MATERIALITY ASSESSMENT (CONT'D)

United Nations Sustainable Development Goals (Cont'd)

(iv) Access to Capital and ESG Financing

Global investors and financial institutions increasingly use the UN SDGs as a framework for sustainability-linked loans, bonds and SUKUKs, and investment screening. We plan to clearly align their strategies and disclosures with the UN SDGs, which are usually more attractive to ESG-conscious investors, which can lower our cost of capital and improve our access to financing alternatives.

(v) Benchmarking and Performance Measurement

The UN SDGs provide measurable targets that help companies benchmark their performance. For example, energy efficiency and renewable adoption align with SDG 7, while gender equality metrics align with SDG 5. By embedding UN SDGs targets into corporate KPIs, we can set clear sustainability goals, track progress, and report consistently.

(vi) Integration Across Business Segments




LKL strongly supports the UN SDG's 2030 Global Goals where the 17 identified Goals are to lead communities, corporations, and governments into creating a better world for all of us. We are integrating the relevant Sustainable Development Goals ("SDGs") into our main business segments.

This multi-layered governance structure ensures that ESG risks and opportunities are not considered in isolation but are integrated into enterprise risk management, capital allocation, and business decision-making. In addition, this combined framework ensures accountability from the top down, with Directors directly responsible for ESG integration in their respective domains.

During FYE 2025, we also internally selected the relevance of our SDGs for LKL and its subsidiaries, by taking into consideration our material matters, business strategies, principal risks, stakeholder influence and effects on our community.

The 3 SDGs that were identified as the most relevant to the Group and our key stakeholders are as follows:

Top Three SDGs of LKL

Sustainable Development Goals	Definition	Key Stakeholders Impacted
	Ensure healthy lives and promote wellbeing for all at all ages	<ul style="list-style-type: none"> • Employees/ Management/ Directors • Community
	Promote sustainable economic growth, full and productive employment, and decent work for all	<ul style="list-style-type: none"> • Customers • Investors and Shareholders • Employees/ Management/ Directors • Community
	Ensure sustainable consumption and production patterns	<ul style="list-style-type: none"> • Customers • Community • Vendors/Suppliers/ Contractors

SUSTAINABILITY STATEMENT

(CONT'D)

MATERIALITY MATRIX

LKL views materiality as a critical part of our corporate sustainability strategy, particularly in a volatile and unpredictable operating environment. A robust materiality process helps ensure that we provide stakeholders with sustainability information that is most relevant to them and to our business operations.

The Materiality Matrix is not only a reporting tool but also a strategic compass that enables LKL to:

- prioritise sustainability initiatives that matter most to stakeholders and the business,
- allocate resources efficiently, ensuring high-impact areas are addressed first,
- anticipate sustainability-related risks and opportunities that may influence long-term enterprise value; and
- align sustainability priorities and disclosures with relevant frameworks and guidance, including the UN SDGs and with reference to other reporting references, such as IFRS S1/S2, where applicable.

By visualising stakeholder expectations against business relevance, the Materiality Matrix supports transparency and helps build stakeholder trust.

Materiality Sustainability Assessment Process

LKL conducted its MSA survey, guided principally by Bursa Securities' Sustainability Reporting Guide and related toolkits.

Step 1 – Scope and stakeholder identification

The Group defined the scope of the assessment and identified key stakeholder groups relevant to LKL's operations, including employees, management, directors, customers, suppliers/contractors, investors/shareholders, regulators and local communities.

Step 2 – Topic identification (long list)

The SWG identified sustainability topics relevant to the Group, based on the operating context, stakeholder engagement outcomes, prior-year material matters, principal risks and business priorities, and relevant reporting guidance.

Step 3 – Stakeholder engagement and data collection

Stakeholders were engaged through structured methods (including surveys and internal discussions) to obtain views on which topics matter most and why.

Step 4 – Assessment and prioritisation criteria

Topics were assessed to determine which matters are "material" to the Group, with reference to:

- (i) issues that matter to the Group's business performance and strategy,
- (ii) issues that matter to the Group's stakeholders, and
- (iii) issues that presently have, or could potentially have, a significant impact on the Group.

This initial analysis was then refined by evaluating each topic based on:

- (i) the significance of its potential impact on economic, environmental and social matters; and/or
- (ii) the extent of its influence on stakeholder assessments and decisions.

SUSTAINABILITY STATEMENT (CONT'D)

MATERIALITY MATRIX (CONT'D)

Materiality Sustainability Assessment Process (Cont'd)

Step 5 – Validation and governance review

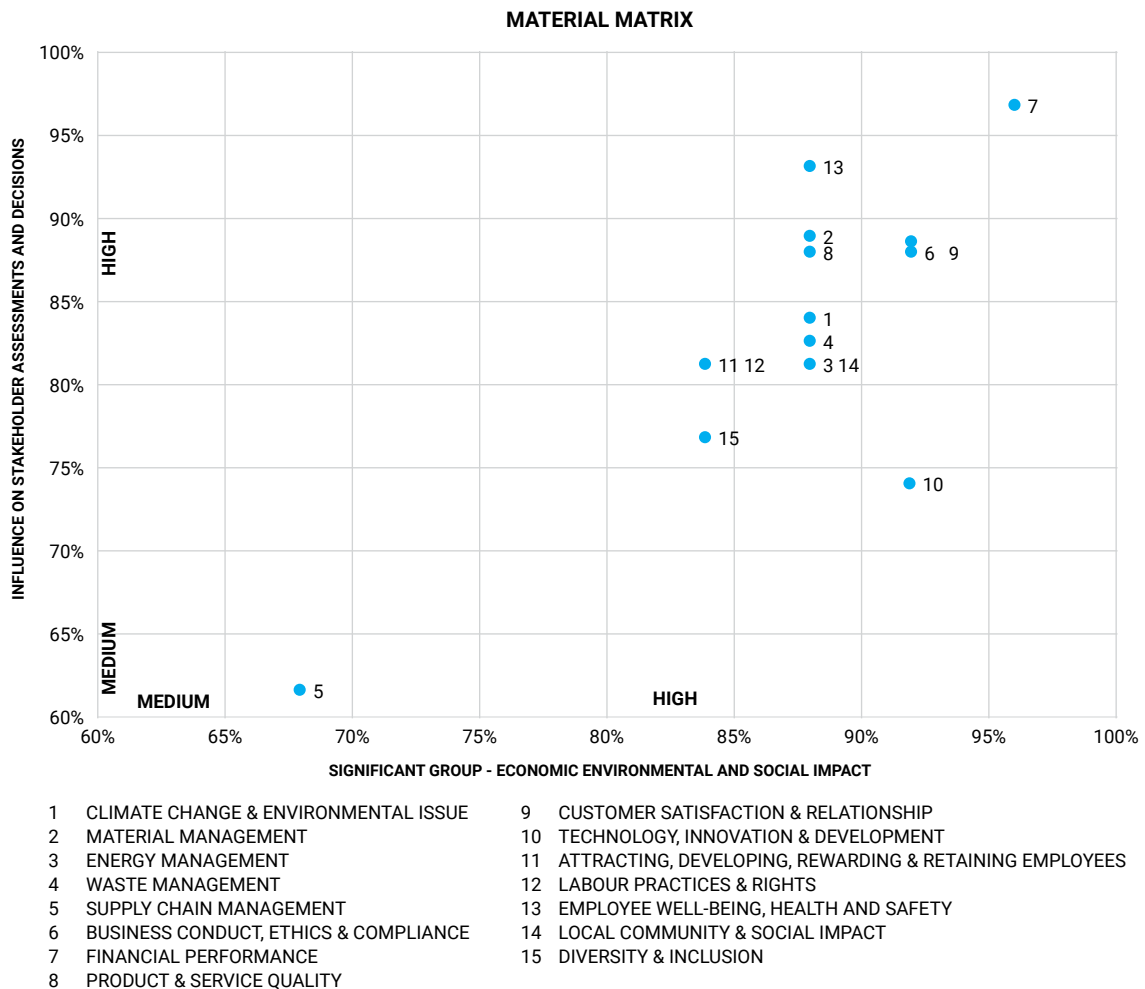
The SWG reviewed the preliminary results to ensure consistent topic definitions and that the outcomes were supported by engagement inputs and business context. The results were then presented to the ARMC for review and recommendation to the Board.

Step 6 – Board approval and integration

The Board reviewed and approved the final list of material matters for disclosure. The material matters were used to guide sustainability priorities, initiatives, performance monitoring and reporting.

During the financial year ended 31 December 2024 (“FYE 2024”), LKL conducted a systematic Materiality Sustainability Assessment (“MSA”) survey. For FYE 2025, we did not conduct another MSA as the Board deliberated and concluded that the materiality assessment conducted in FYE 2024 was still relevant and applicable to our corporate sustainability strategy in FYE 2025. LKL plans to conduct a MSA survey during the financial year ending 31 December 2026 (“FYE 2026”) to gauge the latest influence of ESG on our stakeholders.

Our materiality matrix for FYE 2024/2025 is shown below:



SUSTAINABILITY STATEMENT

(CONT'D)

SUSTAINABILITY THEMES

To support sustainable growth, the Group continuously monitors industry trends, operational challenges and stakeholder expectations. This helps us identify priorities that support long-term value creation for shareholders and other stakeholders, including the communities in which we operate.

To manage sustainability in a structured manner, we organise our sustainability focus areas into three themes:

Economics			
Customers	Vendors / Suppliers / Contractors	Investors / Shareholders	
<ul style="list-style-type: none"> • Creating economic value for stakeholders through resilient and responsible business practices • Prioritising safety and productivity to strengthen operational performance • Delivering innovative solutions to customers to support long-term relationships and market competitiveness 			
Environmental			
Energy		Water & Waste	
<ul style="list-style-type: none"> • Respecting and protecting the environment through responsible operational practices • Continuously improving energy efficiency and reducing carbon emissions, where practicable • Managing materials, water and waste responsibly, with emphasis on reducing wastage and improving efficiency 			
Social & Governance			
Employees/Directors /Management	Community	Authorities	Media
<ul style="list-style-type: none"> • Safeguarding the safety, health and well-being of our people • Conducting business ethically, with transparency and accountability • Engaging with and supporting local communities through meaningful initiatives • Maintaining compliance with applicable requirements and expectations from regulators and local authorities 			

These themes guide our identification of material matters and the prioritisation of sustainability initiatives, performance indicators and reporting disclosures.

SUSTAINABILITY STATEMENT

(CONT'D)

OUR BUSINESS PERFORMANCE

Overview of Economic Contribution

The Group's economic performance extends beyond profitability. LKL creates value not only for shareholders, but also for employees, suppliers, communities and the government. By maintaining sustainable financial performance across business segments, the Group supports national development and strengthens business resilience while aligning growth with our sustainability priorities.

Value Creation for Stakeholders

The Group's economic value creation is reflected through the following stakeholder outcomes:

- **Employees:** Competitive remuneration, benefits, training and career development opportunities support workforce stability, capability building and long-term performance.
- **Suppliers and Contractors:** Engagement with local suppliers contributes to domestic economic resilience and supports inclusive growth. The Group strives to maintain fair procurement practices and timely payments, and continues to strengthen responsible procurement expectations, including ESG considerations where relevant.
- **Government:** Through corporate taxes, statutory contributions, and ongoing compliance with applicable requirements, the Group contributes to Malaysia's fiscal stability and socio-economic objectives, including employment generation.
- **Communities:** The Group supports community development through targeted CSR initiatives, which may include education support, welfare assistance and disaster relief, where appropriate.

Linking Economic Performance with ESG

The Group recognises that long-term economic performance is increasingly linked to ESG considerations:

- **Environmental:** Operational efficiency, responsible resource use and emissions reduction initiatives can contribute to cost efficiency and competitiveness over time.
- **Social:** Workforce productivity, retention and capability are key drivers of performance. Investments in employee health, safety and training support operational continuity and quality outcomes.
- **Governance:** Transparent reporting, strong compliance practices and ethical conduct reduce financial and reputational risks and strengthen investor confidence.

Sustaining Business Performance

The Group continues to navigate a challenging financial period, with management focused on improving operational efficiency, strengthening revenue growth, and working towards a return to profitability. During FYE 2025, the Group recorded revenue growth of 18.6% (from RM47.6 million to RM56.5 million), while Loss Before Tax narrowed by 39.7% (from RM43.8 million to RM26.4 million) compared with the previous financial year. These improvements reflect early progress in the Group's efforts to strengthen operational and financial performance, supported by appropriate technology adoption, talent development, prudent financial management (including healthy cash flow and balance sheet strength), and disciplined risk management. The Group remains mindful of identifiable and inherent risks across our operations and takes steps to mitigate such risks through ongoing monitoring and management actions.

SUSTAINABILITY STATEMENT (CONT'D)

OUR BUSINESS PERFORMANCE (CONT'D)

Sustaining Business Performance (Cont'd)

FYE	1 Jan 25 – 31 Dec 25 (12 months) RM'000	1 Jan 24 – 31 Dec 24 (12 months) RM'000	1 Jan 23 – 31 Dec 23 (12 months) RM'000
Revenue	56,459	47,596	44,578
Loss Before Tax	(26,445)	(43,820)	(2,890)
Loss After Tax	(26,468)	(41,346)	(6,983)
Shareholders' Fund	104,562	129,677	171,024
Total Assets	160,810	191,523	214,966

Product & Service Quality And Customer Satisfaction

LKL recognises that customer value is fundamental to our long-term success. Customer satisfaction is therefore a priority, and we continuously strengthen our product and service quality, engagement channels and responsiveness to feedback across all business segments.

(i) Commitment to Excellence

Product and service quality is embedded in the Group's value proposition. We are committed to delivering reliable, safe and progressively more sustainable solutions that meet customer expectations and applicable certification requirements. Quality is treated as a core driver of competitiveness, brand reputation and stakeholder trust.

We demonstrate our commitment to delivering high-quality and safe products and services in accordance with the standards upheld by our customers and certification bodies. Our products reinforce LKL's presence and branding, encourage customer loyalty and promote business viability. Our customers are the core of our operations, and we work hard to ensure that our products and services remain highly relevant to their requirements and affordable.

The Group maintains quality controls throughout the value chain. These cover procurement of raw materials, inspection and production processes, through to delivery and after-sales support. Our production operations apply Quality Control and Inspection procedures supported by internal policies and guidelines to help ensure consistency and compliance.

(ii) Customer Engagement and Satisfaction

We engage customers through structured channels to understand expectations and continuously improve performance. The Group conducts customer satisfaction surveys and collects feedback regularly. In addition, periodic discussions are held with customers when required to address project requirements, service matters and operational improvements.

SUSTAINABILITY STATEMENT (CONT'D)

OUR BUSINESS PERFORMANCE (CONT'D)

Ethical Customer Relations

The Group is committed to transparency and ethical conduct in customer interactions. Our approach includes:

Customer Engagement and Education - Ethical Marketing

Transparency is of utmost importance to customers. Ensuring communications are accurate and responsible.

Customer Feedback and Continuous Improvement

We establish strong channels for customer feedback and continuously improve our customers' experience, which also reward customers for supporting sustainable and ethical practices, while encouraging long-term, positive engagement.

Product Quality and Safety

We strive to maintain industry-appropriate safety and quality standards.

Ethical Customer Service

We ensure that customer interactions reflect ethical practices, promoting honesty, fairness, and transparency in all business dealings.

Customer Complaints Handling and Corrective Actions

When complaints arise, the Group conducts investigations in accordance with established Standard Operating Procedures ("SOP"), within a stipulated timeframe, to ensure complaints are addressed in a timely and effective manner. This is our commitment to ensure that our customer's complaint is resolved in a timely and effective manner.

Constant customer engagements and feedback are systematically gathered through surveys, after-sales engagement, project review sessions, and digital support channels. Issues raised are tracked in a central system, with corrective and preventive actions monitored by senior management. Satisfaction metrics are reported periodically to the heads of Division, ensuring accountability at the highest level.

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

We conduct our customer satisfaction survey based on ten (10) major criteria –



SUSTAINABILITY STATEMENT

(CONT'D)

OUR BUSINESS PERFORMANCE (CONT'D)

Customer Satisfaction Survey Insights

The Group's customer satisfaction survey measures performance across multiple service and quality criteria (e.g., product quality, delivery lead time, communication and response time, enquiry and complaint handling, and service courtesy). For the period from 2023 to 2025, feedback indicated overall satisfaction at an acceptable level. The Group takes key comments seriously and uses them to guide improvements, including:

- improving delivery lead time,
- reviewing price competitiveness, and
- enhancing the frequency and pace of product updates and new product introductions.

Where low ratings or negative feedback are received, the Group engages the relevant customers to understand concerns and identify corrective actions to improve outcomes.

LKL has strictly followed our customer satisfaction procedures, and we will continue to show our efforts in maintaining and improving our customers' relationship.

[Link to ESG and Risk Management](#)

Product and service quality is linked to environmental and social outcomes. Poor quality materials or services may contribute to delays, safety issues and avoidable waste. By strengthening quality, the Group reduces operational risk and enhances customer trust. From a financial perspective, effective quality assurance helps reduce warranty claims, rework costs, non-compliance exposure and reputational risks, while supporting competitiveness in markets with increasing sustainability expectations.

Future Targets

LKL recognises that many of our major customers, including hospitals and medical centers, are strengthening their ESG practices and expectations. Accordingly, the Group intends to progressively enhance ESG alignment in our operations and offerings. Planned focus areas include:

- expanding relevant ISO certifications across business units, where applicable,
- introducing lifecycle considerations for selected key products (e.g., durability, maintainability and end-of-life considerations),
- leveraging digital technologies (including data-driven tools such as AI and IoT, where feasible) to strengthen quality monitoring and predictive maintenance in operations, and
- exploring enhancements to digital platforms and systems to support more transparent service delivery, performance monitoring and customer experience.

Supply Chain Management

The Group's supply chain spans raw materials, logistics providers, subcontractors and technology-related vendors, and is therefore a critical component of LKL's sustainability performance. We recognise that business sustainability is closely linked to supply chain practices. Accordingly, supplier engagement, accountability and procurement governance remain strategic ESG priorities for the Group.

Sound procurement practices support business resilience by strengthening product quality, delivery reliability and cost competitiveness. Suppliers are valued business partners, and we collaborate with them, particularly in project and product development, to align specifications, capabilities and quality expectations. These practices support stable sourcing of key inputs, effective delivery performance, and continuous improvement in product and service quality.

Recent global disruptions, including the COVID-19 pandemic and trade-related uncertainties, reinforced the importance of crisis readiness and supply continuity planning. The Group has strengthened supply chain risk mitigation for critical materials by identifying alternative sources and service providers to reduce dependency risks and minimise potential disruption impacts.

SUSTAINABILITY STATEMENT (CONT'D)

OUR BUSINESS PERFORMANCE (CONT'D)

Supply Chain Management

As part of our commitment to product and service quality, LKL incorporates ISO 9001:2015 Quality Management System principles into procurement and supplier evaluation processes, where applicable.

(i) Supplier Standards and Policies

The Group is guided by internal procurement procedures and relevant supplier-related policies and requirements, including expectations on product/service quality, delivery performance, integrity and compliance. Where applicable, suppliers are expected to comply with relevant Malaysian laws and regulations.

Where higher-risk categories are identified, the Group may apply additional screening and monitoring measures (e.g., document verification, site visits, performance evaluation or corrective action requirements). Repeated non-compliance may result in escalation, remediation requirements and/or termination of the business relationship, depending on severity and circumstances.

LKL is guided by the following procedures and documents –



Suppliers are expected to comply with applicable labour laws and internationally recognized labour standards, where relevant. Our policy includes termination for repeated violations.

These expectations are reflected in contractual clauses and/or the Supplier Code of Conduct.

(ii) Local Sourcing and Economic Development

The Group prioritises local suppliers where feasible. Local sourcing supports domestic economic activity and can improve resilience by reducing logistics complexity, lead times and dependency on distant suppliers that may be exposed to geopolitical, market or climate-related disruptions.

These reduce supply risks, logistics-related emissions, stabilises costs, and supports community development and contribute to the nation-building.

During FYE 2025, approximately 50.5% of the Group's procurement spend was sourced from local suppliers.

SUSTAINABILITY STATEMENT (CONT'D)

OUR BUSINESS PERFORMANCE (CONT'D)

Supply Chain Management (Cont'd)

(iii) Sustainable Innovation with Partners

The Group engages selected suppliers to explore opportunities for improved environmental performance in products and operations, including options such as lower-impact materials, recycled content and material efficiency improvements, where feasible and without compromising quality and safety requirements.

The Group also supports ESG-related initiatives led by relevant business partners, including financial institutions that promote sustainable finance, where applicable.

(iv) Financial Linkage and Value Creation

Stronger supply chain governance helps reduce risks of operational disruption, non-compliance exposure and reputational damage. Resilient procurement practices support delivery continuity and cost management, which strengthens overall operational performance.

Where sustainability requirements are relevant to customer projects or tender specifications, enhanced procurement standards may also support eligibility for ESG-related project requirements and financing opportunities.

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

OUR ENVIRONMENTAL MANAGEMENT

Commitment to Environmental Stewardship

LKL recognises that environmental responsibility supports long-term sustainability and competitiveness. Our operations have environmental impacts, particularly through greenhouse gas (“GHG”) emissions, energy use and resource consumption. Managing these impacts helps strengthen regulatory compliance, operational efficiency and long-term resilience.

Carbon Footprint and Greenhouse Gas (“GHG”) Management

The Group monitors GHG emissions across its operations using the following scope definitions:

GHG Scopes

Scope 1 (Direct Emissions)	Scope 2 (Indirect Emissions)	Scope 3 (Other Indirect Emissions)
<p>Emissions from sources owned or controlled by the Group (e.g., fuel combustion in equipment and machinery)</p> <p>We aggregate consumption across different fuel sources, before translating that data into a carbon footprint.</p>	<p>Emissions associated with purchased electricity consumed by the Group.</p>	<p>Emissions that occur in the Group’s value chain (e.g., logistics and upstream/downstream activities) that are not owned or controlled by the Group.</p>

SUSTAINABILITY STATEMENT (CONT'D)

OUR ENVIRONMENTAL MANAGEMENT (CONT'D)

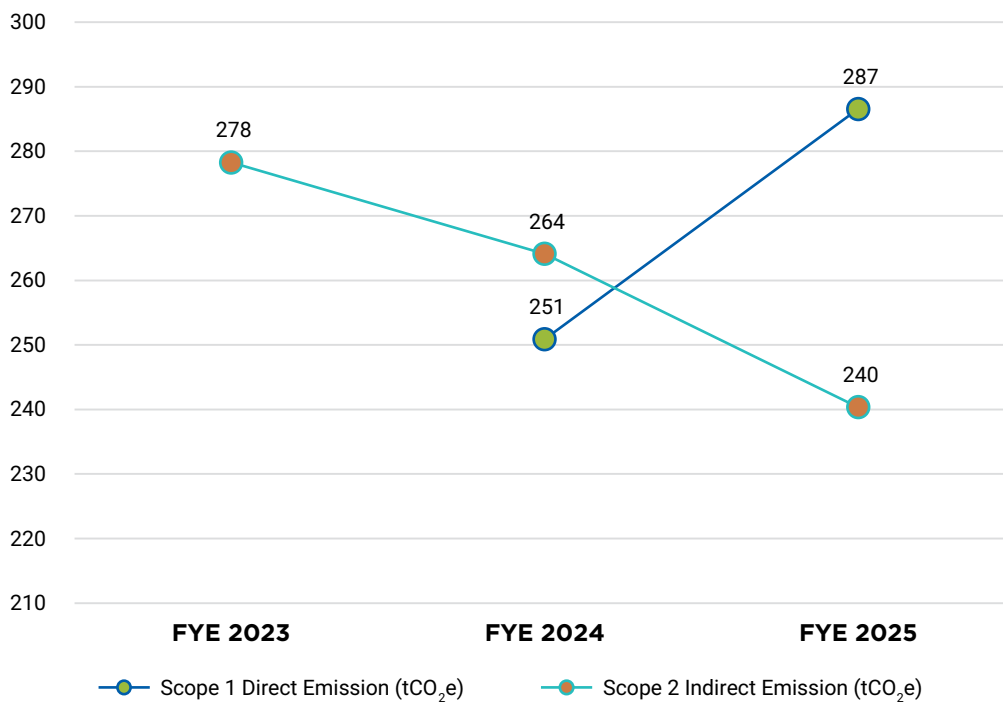
Carbon Footprint and Greenhouse Gas ("GHG") Management (Cont'd)

GHG Scopes (Cont'd)

During FYE 2025, LKL reported the following -

Greenhouse Gas	Emissions
Scope 1 Emissions	287 tCO ₂ e, primarily from fuel combustion in plants and machinery
Scope 2 Emissions	240 tCO ₂ e from electricity usage across facilities
Scope 3 Emissions	Logistics-related emissions. The Group is strengthening data collection and aims to expand Scope 3 coverage across the value chain by 2027.

Scope 1 & Scope 2 Emissions



SUSTAINABILITY STATEMENT (CONT'D)

OUR ENVIRONMENTAL MANAGEMENT (CONT'D)

Carbon Footprint and GHG Reduction Strategies

The Group's GHG management approach integrates emissions monitoring with reduction initiatives and longer-term transition planning. Key strategies and ongoing actions include:

Strategies	On-Going Actions
Energy Transition	Transitioning to energy-efficient equipment and cleaner fuels; replacing older combustion systems with higher-efficiency motors and lower-emission boilers, where applicable.
Renewable Integration	Expanding solar and hybrid initiatives to reduce reliance on grid electricity, subject to feasibility and approvals.
Electrification of Equipment	Strengthening monitoring and reporting of site emissions and progressively adopting electric equipment/vehicles where suitable to reduce diesel consumption.
Process Optimising	Gradually installing monitoring systems to track energy use, leaks and inefficiencies to support continuous improvement.
Logistics Efficiency	Optimising delivery routes, encouraging fuel-efficient practices, and exploring lower-carbon alternatives where feasible.

By strengthening emissions management, the Group aims to reduce environmental risks and improve readiness for evolving regulatory and market expectations, including potential carbon-related policy developments.

Carbon Offset and Circular Economy

The Group recognises that not all emissions can be eliminated immediately. Where appropriate, we plan to explore carbon offset initiatives that may deliver environmental and community co-benefits, such as community-based replanting and mangrove restoration programmes in collaboration with relevant partners.

In parallel, the Group continues to explore circular economy practices to reduce waste and improve resource efficiency, including increasing recycled content and reducing upstream emissions embedded in materials, where feasible and without compromising product quality and safety requirements.

Energy Efficiency and Resource Optimization

The Group continues to improve energy and resource efficiency through initiatives such as:

- installing energy-efficient motors, LED lighting and monitoring systems at plants, where applicable,
- increasing recycling rates and strengthening waste segregation practices, and
- reducing water intensity through process improvements (including closed-loop water systems at selected facilities, where applicable).

SUSTAINABILITY STATEMENT

(CONT'D)

OUR ENVIRONMENTAL MANAGEMENT (CONT'D)

Carbon Offset and Circular Economy

Green Initiatives and Circular Economy

LKL remains committed to mitigating negative environmental impacts associated with our operations. Key areas of emphasis include waste management, water consumption, electricity consumption, and fuel usage, alongside compliance with the Department of Environment (“DOE”) requirements and standards.

The Group continues to explore initiatives aligned to national and international sustainability priorities, including:

- **research and development:** exploring lower-carbon alternatives to conventional materials,
- **renewable energy expansion:** scaling solar/hybrid initiatives to support renewable energy goals,
- **green operations:** integrating sustainable materials and, where applicable, pursuing relevant certifications, and
- **technology solutions:** exploring digital tools (including automation and AI applications) to improve efficiency and reduce energy use and emissions across operations.

Circular economic practices are also being embedded into business processes.

Climate Resilience and Risk Management

Environmental management is linked to climate risk preparedness. Physical climate risks such as floods, storms and heatwaves may affect operations and supply chains. The Group considers these risks within its enterprise risk management (“ERM”) framework and continues to strengthen resilience measures through operational improvements and transition planning.

Integration into Risk and Financial Decisions

The Group plans to progressively integrate carbon and GHG information into its ERM and relevant investment decision-making processes. For example:

- incorporating carbon/energy considerations into evaluation of major projects, where relevant; and
- prioritising selected energy efficiency and renewable initiatives that support both sustainability outcomes and long-term risk management.

Targets and Pathway

LKL has established targets to guide its environmental performance improvements:

Period	Target
Short-term (FYE 2026 – 2030)	<ul style="list-style-type: none"> • Expand disclosure to include full Scope 3 emissions across the value chain (target: by 2027 for data readiness and by 2030 for fuller coverage, where applicable). • 15% energy efficiency improvement across plants. • Introduce product lifecycle assessments to quantify environmental impact.
Medium Term FYE 2031- 2035	<ul style="list-style-type: none"> • Increase renewable energy share to 30% of total energy use. • Achieve a 50% waste diversion rate through recycling and reuse. • 40% reduction in carbon intensity (tCO₂e per RM revenue).
Long-term (> FYE 2035)	<ul style="list-style-type: none"> • Work towards net zero emissions, through a combination of emissions reduction initiatives and, where appropriate, credible offsetting approaches.

SUSTAINABILITY STATEMENT

(CONT'D)

ENERGY MANAGEMENT

Commitment to the Environment

LKL recognises that responsible environmental management is fundamental to long-term competitiveness and our social license to operate. The Group's operations interact with natural ecosystems and resource systems, and we are committed to minimising environmental impacts through improved energy efficiency, emissions management and responsible resource use.

Greenhouse Gas and Carbon Footprint Management

A key component of the Group's environmental responsibility is the systematic monitoring and management of greenhouse gas ("GHG") emissions. The Group calculates and discloses Scope 1 and Scope 2 emissions annually, with reference to the GHG Protocol. Scope 3 emissions are currently assessed for logistics and transportation, and the Group is working to expand value-chain reporting by 2027.

GHG Scopes, Sources and Mitigation Measures

GHG Scope	Primary Sources	Mitigation and Improvement Measures (Progressive)
Scope 1 (Direct Emissions)	On-site fuel consumption (e.g., diesel used in plants and machinery).	<ul style="list-style-type: none"> Transitioning to more energy-efficient machinery and, where feasible, electrification of equipment; exploring renewable energy adoption in manufacturing and other operations; introducing real-time digital energy monitoring; exploring credible carbon offset initiatives such as rehabilitation of sites and community-based planting.
Scope 2 (Indirect Emissions)	Purchased electricity across production facilities and offices.	<ul style="list-style-type: none"> Improving energy efficiency (equipment upgrades, lighting, monitoring); exploring on-site renewables (e.g., solar/hybrid) subject to feasibility and approvals.
Scope 3 (Value Chain Emissions)	Currently measured for logistics and transportation; planned expansion to broader value chain by 2027.	<ul style="list-style-type: none"> Strengthening data collection, supplier engagement and methodology readiness to improve completeness of Scope 3 disclosures.

The Group's longer-term ambitions include reducing carbon intensity and increasing the share of renewable energy as part of our transition planning.

SUSTAINABILITY STATEMENT

(CONT'D)

ENERGY MANAGEMENT (CONT'D)

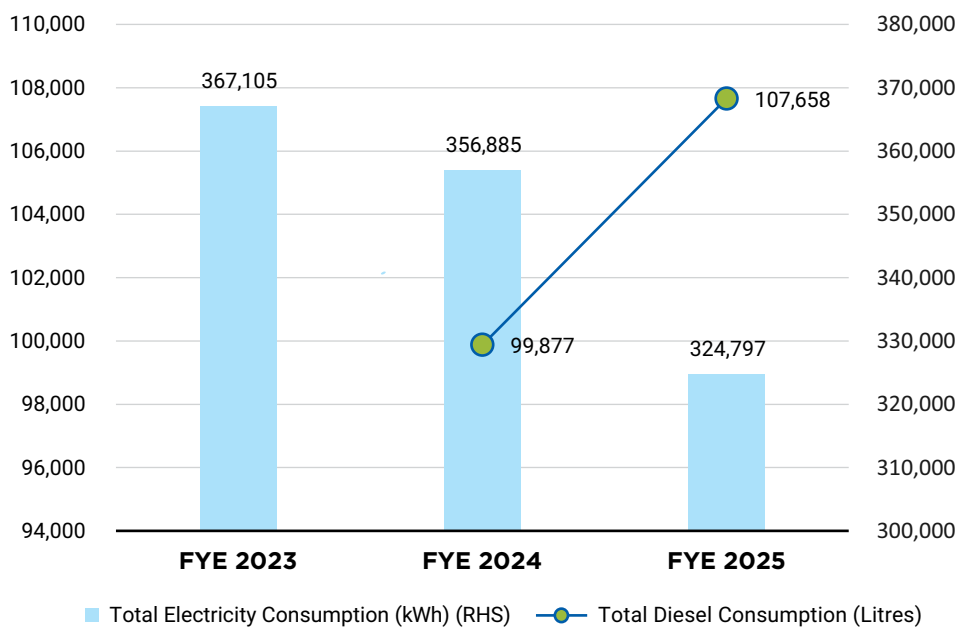
Energy Consumption Management of Key Business Segments

The Group's energy consumption is primarily driven by electricity usage associated with manufacturing activities, including machinery and equipment used in production. Changes in business mix, specifically the gradual increase in trading and retail activities relative to manufacturing, can influence overall energy consumption and emissions intensity.

Energy Management	FYE 2023	FYE 2024	FYE 2025
Revenue (RM'000)	44,578	47,596	56,459
- Manufacturing	66%	61%	48%
- Trading	32%	30%	48%
- Retail	2%	9%	4%
Electricity Consumption (kWh)	367,105	356,885	324,797
Carbon Emission (tCO ₂ e)	278	264	240
Carbon Emission per Revenue (tCO ₂ er/RM)	0.0062	0.0055	0.0043

The Group monitors carbon emissions in relation to revenue and operational activity. The Group continues to record a declining trend in its carbon emission arising from electricity consumption in FYE 2025. The drop is mainly due to improvement in production efficiency.

Energy Management



* Diesel Consumption FYE2023 – Not Available

SUSTAINABILITY STATEMENT (CONT'D)

ENERGY MANAGEMENT (CONT'D)

Energy Efficiency and Resource Optimization

During FYE 2025, diesel consumption increased compared to the previous financial year, largely due to lower production efficiency in machinery that relies on diesel fuel. The Group plans to transition towards higher utilisation of machinery that are powered by electricity. This move would allow us to manage our energy cost more efficiently and effectively, especially to mitigate the rising cost of diesel.

LKL is cognisant of its carbon footprint, especially arising from our Group’s manufacturing activities. Due to the rapid advancement in manufacturing processes, logistics planning and technology and the shifting of our sales mix by products and markets, we are seeking ways on how to capitalise on this progress, to establish a roadmap and targets towards reducing our carbon footprint by seeking ways to improve the efficiency of our energy consumption.

Improving energy efficiency is a key lever for reducing cost, emissions and environmental risk exposure. Initiatives being considered and/or implemented include:

- deploying **smart or digital energy management systems** to improve monitoring and reduce consumption,
- replacing conventional lighting and selected equipment with **energy-efficient alternatives**, and
- implementing **water efficiency measures** (including closed-loop recycling systems at selected production facilities where feasible) to reduce overall resource intensity.

These measures improve productivity, reduce costs, and lower environmental risk exposure.

Green Innovation and Circular Economy

The Group plans to strengthen investment in green innovations to support Malaysia’s transition toward a sustainable economy. Key focus areas include:

- **renewable energy expansion:** scaling solar and hybrid initiatives in line with Malaysia’s National Energy Transition Roadmap (“NETR”), subject to feasibility and approvals,
- **circular economy practices:** improving waste management and exploring reuse or repurposing opportunities to reduce disposal, and
- **green manufacturing technologies:** identifying suitable technology solutions that support efficiency and sustainability outcomes.

Climate Resilience and Adaptation

Environmental responsibility also includes preparedness for climate-related physical risks. The Group considers climate risks within its enterprise risk management (“ERM”) framework, with potential disruptors including flooding, heatwaves and extreme weather events that may affect operations and supply chains. Adaptive measures may include enhancing site drainage, protecting critical assets, and strengthening energy resilience through diversified sources.

Link to ESG Value Creation

Effective energy management supports value creation across ESG dimensions:

Goals	Details
Environmental Goals	Reduced emissions and more efficient resource consumption, supporting relevant goals such as SDG 7 (Affordable and Clean Energy) and SDG 12 (Responsible Consumption and Production).
Social Goals	Improved working environment and operational reliability, supporting stakeholder well-being and continuity.
Governance Goals	Strengthened compliance readiness and transparent reporting, reducing legal and reputational risks.

SUSTAINABILITY STATEMENT

(CONT'D)

ENERGY MANAGEMENT (CONT'D)

Future Targets

Looking ahead, LKL plans to strengthen environmental performance through the following commitments:

Future Commitments

- Expand Scope 3 GHG reporting to cover a broader range of value-chain emissions,
- Introduce product lifecycle assessments for selected major offerings,
- Increase the use of recycled and lower-carbon materials across the value chain, where feasible and without compromising quality and safety,
- Strengthen biodiversity-related initiatives, where relevant to our operational footprint; and
- Progressively enhance environmental disclosures with reference to relevant reporting expectations and guidance, including Bursa Securities requirements and, where applicable, IFRS S1/IFRS S2 and climate-related disclosure recommendations.

WATER MANAGEMENT PRACTICES

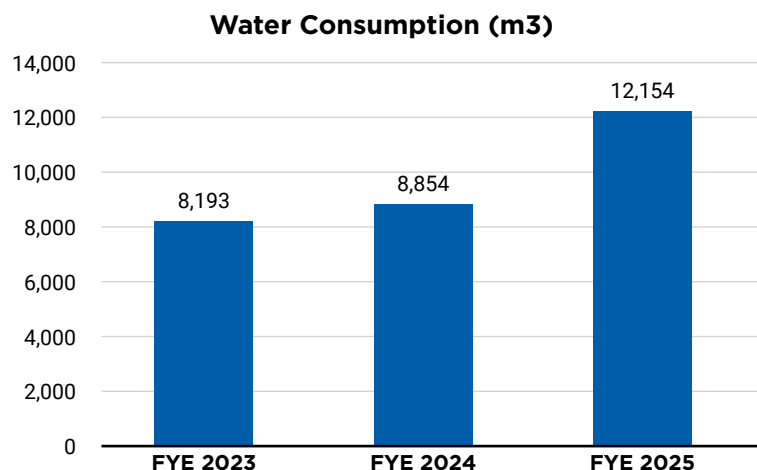
Commitment to the Environment

LKL recognises the importance of responsible water management, including reducing water use, improving efficiency and ensuring that wastewater discharges meet applicable regulatory and environmental standards. While water utilisation across our business segments is comparatively lower than energy consumption and waste generation, the Group remains committed to monitoring water consumption patterns and strengthening water stewardship practices over time.

The Group's water consumption is primarily associated with water used in manufacturing activities.

Water Management	FY2023	FY2024	FY2025
Water Consumption (m ³)	8,198	8,854	12,154
Revenue (RM'000)	44,578	47,596	56,459
Water Consumption per Revenue (m3/RM)	0.1839	0.1860	0.2153

For FYE 2025, the Group recorded an increase in water consumption, which was mainly attributed to an increase in manufacturing activity, resulting in higher utilisation of water.



SUSTAINABILITY STATEMENT (CONT'D)

WATER MANAGEMENT PRACTICES (CONT'D)

Water Management Approach and Actions

The Group's water management practices focus on efficiency, compliance and continuous improvement:

Water Management Focus	Actions Taken / Practices
Efficient Use	Closed-loop water recycling systems are progressively being introduced at selected facilities to enable reuse for suitable activities, where feasible.
Monitoring and Compliance	Wastewater quality is monitored to support compliance with applicable DOE requirements. Wastewater is treated before discharge, with parameters such as pH, turbidity and relevant pollutant indicators monitored to reduce the risk of contamination to waterways.
Water Intensity Reduction	The Group continues to identify opportunities to reduce water intensity through process improvements, maintenance practices and operational discipline, where applicable.
Risk Management	Water-related risks (e.g., water supply disruption, flooding or changes in rainfall patterns) are considered as part of operational risk management. The Group plans to conduct site-level water risk assessments to identify vulnerabilities and resilience measures.
Community Responsibility	The Group seeks to use water responsibly and minimise potential impacts on surrounding communities, particularly where local resources are shared. Where relevant, the Group engages stakeholders to support responsible water use and access to clean water.

Link to ESG Value Creation

Effective water management supports ESG outcomes as follows:

ESG Goals Area	Details
Environmental Goals	Improved water efficiency and responsible discharge management support SDG 6 (Clean Water and Sanitation) and SDG 12 (Responsible Consumption and Production).
Social Goals	Responsible wastewater management supports community well-being and workplace hygiene, reducing the risk of water-related health impacts.
Governance Goals	Compliance with DOE-related requirements and transparent monitoring practices reduce legal and reputational risks.

Future Targets

Future Commitments

By 2027, the Group plans to expand water recycling practices across major operations, where feasible, and to adopt smart water metering to improve tracking, visibility and efficiency.

SUSTAINABILITY STATEMENT

(CONT'D)

WASTE MANAGEMENT PRACTICES

Commitment to the Environment

LKL adopts a waste hierarchy approach, prioritising reduction, reuse, recycling and responsible disposal. We promote the “reduce, reuse and recycle” (“RRR”) principle across production processes and day-to-day operations, including efforts to minimize unnecessary material use, improve production efficiency to reduce by-products, and increase recycling of used materials and paper, particularly in packaging and wrapping. The Group continues to strengthen practices to minimize waste generated from production and construction-related activities.

Waste Management Controls and Operational Practices

The Group applies the following controls to support safe handling and compliance, particularly for scheduled (hazardous) waste:



Appropriate Waste Storage On-Site	On-Site Inspections	Licensed Waste Contractors	Trained and Experienced Personnel
Hazardous waste is stored on-site in designated areas and labelled appropriately to reduce contamination and leakage risks.	Regular inspections are conducted on waste storage areas and related facilities to support compliance with scheduled waste handling requirements.	Only licensed waste contractors are engaged for the collection, transport and disposal of hazardous waste, as required by regulators.	Waste management activities are supported by trained and experienced personnel, with ongoing training to maintain competence.

Performance Update (Scheduled Waste)

We are working hard to minimise the waste generated from our production. We also constantly send our competent personnel to attend environmental training. This is to ensure that all the staff in LKL are aware of the latest in scheduled waste compliance such as scheduled waste handling, labeling, packaging and storing.

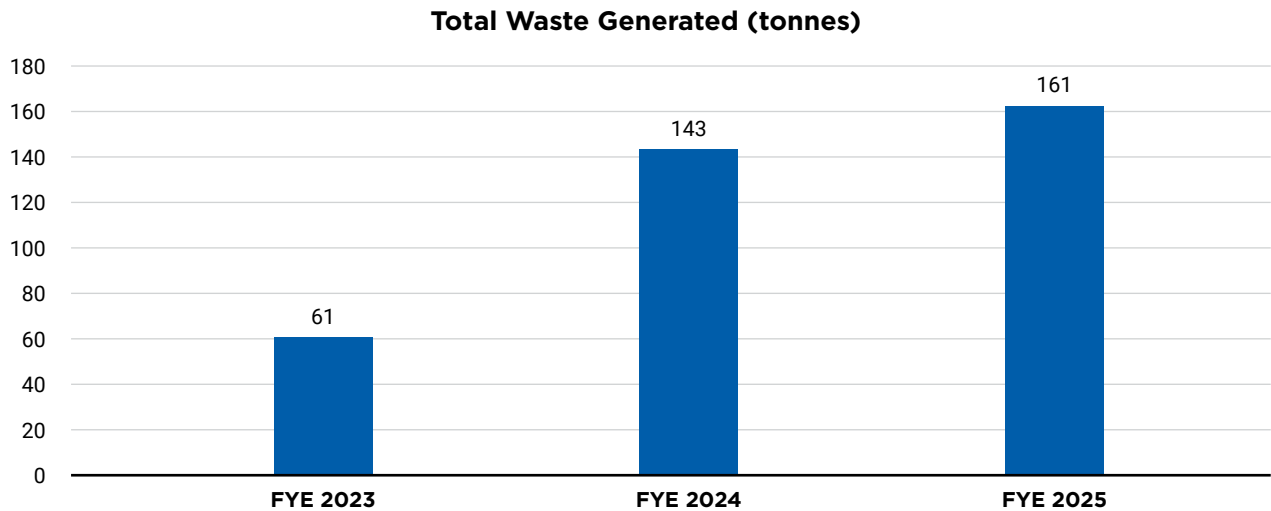
During FYE 2025, the Group recorded an increase in scheduled waste to 161 metric tons from 143 metric tons recorded during the last financial year. The increase was mainly attributable to higher manufacturing activity.

Waste Management	FY2023	FY2024	FY2025
Total Waste Generated (tonnes)	61	143	161
Revenue (RM'000)	44,578	47,596	56,459
Total Waste Generated per Revenue (tonnes/RM)	0.0014	0.0030	0.0028

SUSTAINABILITY STATEMENT (CONT'D)

WASTE MANAGEMENT PRACTICES (CONT'D)

Performance Update (Scheduled Waste) (Cont'd)



Waste Streams and Actions Taken

Waste Management Area	Actions Taken / Practices
Industrial Waste	The Group segregates hazardous and non-hazardous waste. Hazardous waste is disposed of via licensed contractors in accordance with applicable DOE guidelines and requirements.
Recycling and Recovery	The Group is exploring material recovery initiatives where suitable leftover materials may be repurposed, where feasible.
Circular Economy Practices	The Group is progressively exploring opportunities to integrate recycled materials and reuse certain by-products in the production cycle, where feasible and without compromising quality and safety requirements.
Community and Employee Engagement	Employees (and where relevant, local communities) are engaged through awareness initiatives on waste segregation and recycling to reinforce a sustainability culture.

Electronic Scheduled Waste Management and Compliance (“eSWIS”)

The Group manages scheduled waste using the eSWIS, an online portal maintained by Malaysia’s Ministry of Natural Resources, Environment and Climate Change. eSWIS facilitates the recording of scheduled waste inventory and consignment details, and supports traceability for waste movement and transfers.

Waste generators, transporters and receivers are recorded and monitored through eSWIS to support compliance with the Environmental Quality (Scheduled Waste) Regulations 2005 and the Environmental Quality (Prescribed Premises) (Scheduled Waste Treatment and Disposal Facilities) Regulations 1989. Scheduled waste details recorded include waste code, waste name, components, type and packaging information. For recurring scheduled waste, the Group updates the waste code, quantity and packaging information in eSWIS accordingly.

SUSTAINABILITY STATEMENT (CONT'D)

WASTE MANAGEMENT PRACTICES (CONT'D)

Electronic Scheduled Waste Management and Compliance (“eSWIS”) (Cont’d)

Scheduled waste is managed under the oversight of the Safety & Health function. Disposal frequency is planned based on the storage period and quantity limits prescribed by the Department of Environment (“DOE”) and available storage capacity at the Group’s premises. In line with the Group’s environmental policy, scheduled waste disposal is arranged when scheduled waste accumulates to 20 metric tonnes or reaches the maximum storage period of six (6) months, whichever occurs first. Currently, the Group manages scheduled waste generation at approximately 0.5 to 1.0 metric tonne per month. Following collection, the consignment process is completed through eSWIS, including submission of the Consignment Note (“CN”).

The Group also continues to strengthen staff awareness through environmental training to support compliance in scheduled waste handling, labelling, packaging and storage requirements.

Link to ESG Value Creation

The Group recognizes that responsible waste management is an important component of environmental stewardship. By minimising waste generation and improving resource efficiency, the Group supports regulatory compliance, reduces environmental risk, and strengthens transparency in sustainability reporting.

Future Targets

LKL will continue to strengthen waste management through improved practices, technology options and partnerships that support circular economy outcomes and resource efficiency. By embedding waste management into operational planning, we aim to improve operational efficiency, enhance environmental stewardship and strengthen stakeholder trust.

Future Commitments

From 2030 onwards, the Group aims to achieve a 50% waste diversion rate through the adoption and expansion of RRR initiatives, subject to operational feasibility and measurement readiness.

SUSTAINABILITY STATEMENT

(CONT'D)

OUR PEOPLE

COMMITMENT TO OUR PEOPLE

LKL recognises that long-term success is closely linked to the well-being and capability of our people. Employees are a key stakeholder, and the Group is committed to attracting, developing and retaining talent through competitive remuneration, career development pathways and inclusive workplace practices.

Social responsibility is embedded in the Group's sustainability framework through a focus on fair labour practices, safe workplaces, community engagement and inclusivity across our operations.

Workforce Development and Employee Welfare

The Group aims to create a workplace where employees feel valued, motivated and supported to grow. We recognise the importance of labour rights and remain attentive to updates in labour-related requirements and expectations, including relevant provisions under Malaysia's employment laws.



Key initiatives include:

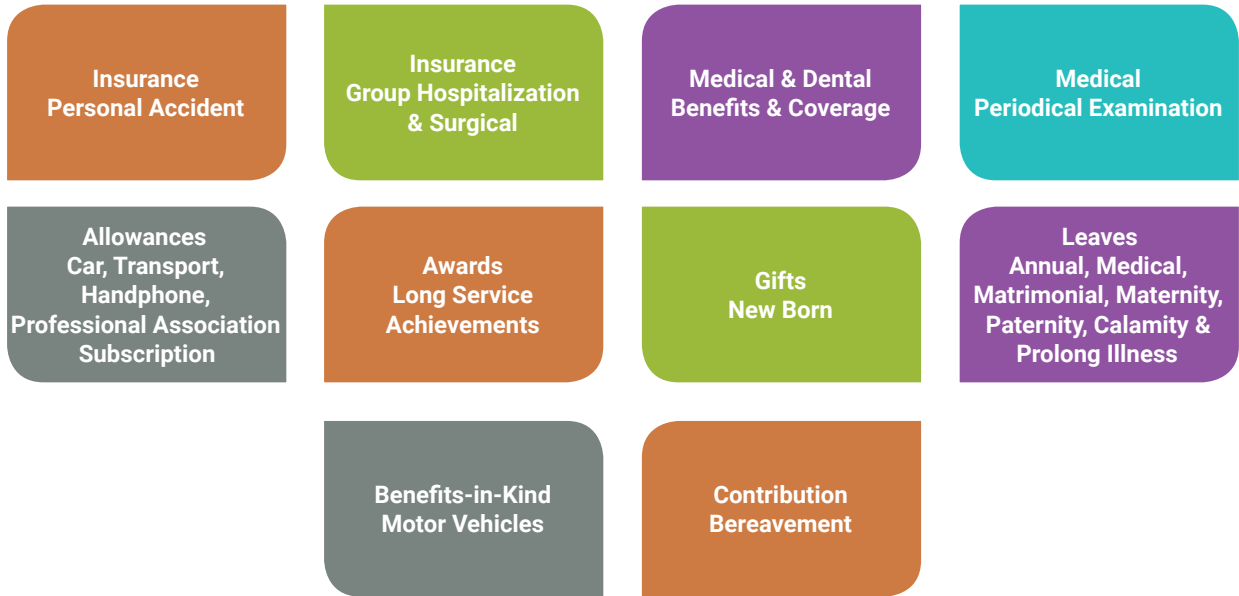
Key initiatives	Details
Fair Compensation and Benefits	Competitive remuneration packages, allowances and incentive schemes to support employee welfare and retention.
Learning, Training and Development	For employees requiring accommodation, the Group provides clean and safe housing arrangements and seeks to align practices with the standards under the Workers' Minimum Standards of Housing and Amenities Act (and its amendments), where applicable. Meal subsidies are also provided to eligible employees.
Talent Retention	During FYE 2025, training efforts focused on technical competency, leadership capability, safety protocols and ESG awareness, aligned to operational needs and risk management priorities.
Diversity and Inclusion	Career progression frameworks and mentoring programs support succession planning and long-term retention.
Diversity and Inclusion	The Group promotes an inclusive workplace. In FYE 2025, women represented 29% of the workforce in FYE 2025, exceeding our minimum target of 25% and the Group continues to identify opportunities to strengthen female representation and leadership development for younger talent.

SUSTAINABILITY STATEMENT (CONT'D)

COMMITMENT TO OUR PEOPLE

Workforce Development and Employee Welfare (Cont'd)

The diagram below shows our benefits to our employees -



In addition, the Group organizes employee engagement activities such as departmental and company trips and festive celebrations to strengthen teamwork and create a positive working environment. Where appropriate, the Group may also include selected external stakeholders (e.g., clients and suppliers) in certain events to strengthen relationships.

SUSTAINABILITY STATEMENT (CONT'D)

COMMITMENT TO OUR PEOPLE (CONT'D)

Workforce Development and Employee Welfare (Cont'd)



SUSTAINABILITY STATEMENT

(CONT'D)

COMMITMENT TO OUR PEOPLE (CONT'D)

Occupational Health and Safety

The Group places high priority on the health and safety of employees, contractors, visitors and other persons present at our premises. We aim to minimise workplace injuries and illnesses by maintaining a safe, healthy and conducive working environment. We believe that strong safety practices support productivity, operational continuity and employee well-being.

The Group implements occupational health and safety policies and procedures, with emphasis on manufacturing facilities where physical risks may be higher. Our Safety and Health Policy outlines the responsibilities and controls expected at all levels of the organisation to support safe operations.

Key initiatives include:

Key initiatives	Details
Safety, Health and Environment ("SHE") Working Committee	Supports implementation of the Safety and Health Policy, facilitates reporting and follow-up of concerns, and reviews requirements periodically.
Learning, Training and Development	Conducts safety training and emergency response readiness programs. This includes basic emergency response training such as cardiopulmonary resuscitation ("CPR") delivered with support from relevant professionals.
Periodic Review	Regularly reviews the relevance and adequacy of safety training and procedures, including emergency response, hazard identification, risk management and safety awareness.
Medical Care and Surveillance	Provides medical care support, including periodic health screening and annual health surveillance programs, where applicable.
Medical Supplies	First-aid boxes and basic medical supplies are positioned at suitable locations to enable timely access during emergencies.

Performance and Safety Culture

Best Practices	Results
Performance	The Group monitors lost-time incidents and reports no major lost-time incidents during FYE 2025. The Group also recorded zero fatalities in FYE 2025.
Preventive Measures	We continue to strengthen a safety culture through preventive measures such as regular drills, hazard reporting practices, and personal protective equipment ("PPE") requirements, supported by training and leadership engagement at sites.
Culture of Safety	We are monitoring the pattern on lost-time incidence and wishes to report that there is no major lost-time incident.

SUSTAINABILITY STATEMENT (CONT'D)

COMMITMENT TO OUR PEOPLE (CONT'D)

Labour Practices and Rights

The Group promotes fair labour practices and an inclusive workplace. Our Code of Conduct and relevant HR and labour-related policies are designed to protect employee rights and support compliance with applicable employment-related requirements, including Malaysia's Employment Act 1955 and relevant industry standards.

Key labour rights and practices include:



The Group aims to uphold high standards of labour practices through the following measures:

Best Practices	Results / Approach
Alignment with recognized labour standards	The Group prohibits forced labour, child labour and workplace discrimination. Where applicable, the Group aligns practices with recognized labour principles and relevant legal requirements.
Grievance Mechanism	Confidential channels enable employees to raise issues without fear of retaliation, supported by review processes intended to ensure fair outcomes.
Employee Conduct and Discipline	A documented framework guides employee conduct, discipline and grievance handling to protect employee rights and organizational standards.

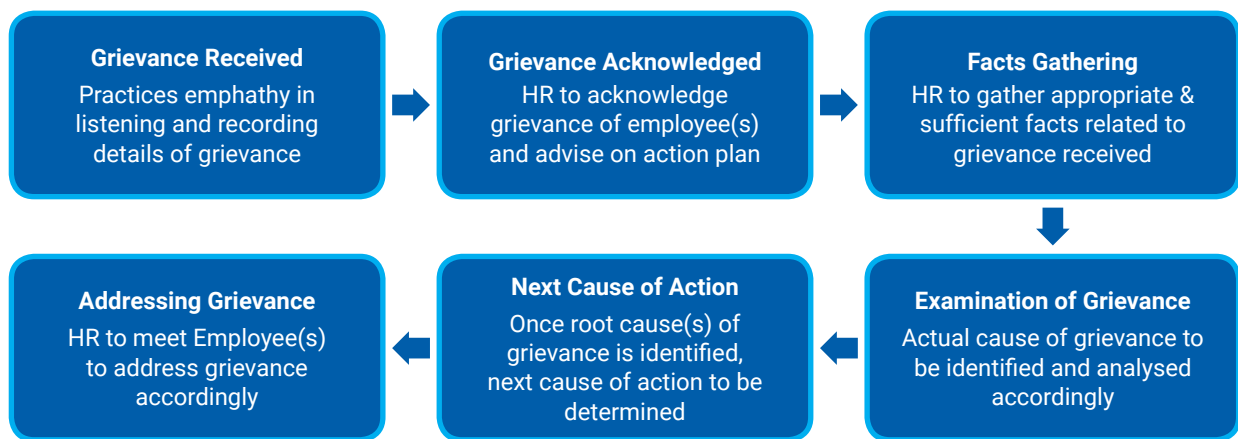
These initiatives reflect our holistic approach to social responsibility, supporting both its workforce and the broader communities where it operates.

SUSTAINABILITY STATEMENT (CONT'D)

COMMITMENT TO OUR PEOPLE (CONT'D)

Grievances Mechanism

The Group recognises the importance of providing employees with avenues to raise grievances so that issues can be addressed early and fairly. Employees are encouraged to speak to Human Resource (“HR”) representatives if they have concerns. When grievance is received, HR Department will handle the case in accordance with Standard Operating Procedures (“SOP”). Depending on complexity and severity of the grievance, the Group aims to resolve cases within a reasonable timeframe.



During FYE 2025, the Group did not receive any reported grievances.

Link to ESG and Value Creation

The Group’s people-related initiatives support ESG outcomes as follows:

Link	Details
Environmental Link	Training and awareness programs encourage sustainable practices that may reduce waste and improve resource efficiency in operations.
Governance Link	Upholding labour rights and fair practices supports compliance readiness, reduces reputational risks and strengthens stakeholder confidence.
Economic Link	Investment in employee development and well-being supports productivity, reduces turnover risk and strengthens long-term stakeholder relationships.

Future Targets

Looking ahead, the Group aims to strengthen people and community outcomes through the following priorities:

Future Commitments
<ul style="list-style-type: none"> Maintain female representation of at least 25% and identify opportunities to increase representation progressively, Establish a formal community engagement framework with measurable impact indicators, Expand partnerships with the Human Resource Development Corporation (“HRD Corp”) and academic institutions to strengthen workforce upskilling, Strengthen the Employee Well-Being Programme, including mental health and wellness support, and Increase annual CSR investment to support communities alongside business growth.

SUSTAINABILITY STATEMENT

(CONT'D)

GOVERNANCE AND ETHICAL CONDUCT

Commitment to Strong Governance

LKL views strong governance as a cornerstone of sustainability and long-term corporate resilience. Effective governance supports regulatory compliance, strengthens investor confidence, builds stakeholder trust and enhances long-term value creation. The Board plays a central role by providing oversight, setting ethical expectations and ensuring that sustainability considerations are integrated into business decision-making.

Compliance with Laws and Regulations

The Group is committed to complying with applicable requirements, including Listing Requirements of Bursa Securities, the Companies Act, relevant environmental and labour regulations, and applicable data protection requirements (including the Personal Data Protection Act 2010 ("PDPA")). Compliance obligations are monitored as part of governance and risk management processes.

Culture of Ethical Leadership

Governance and ethical conduct are reinforced through leadership expectations and day-to-day practices. Board and senior management are expected to lead by example and promote ethical conduct throughout the organisation. Ethical leadership is supported through measures such as:

- (i) periodic governance reviews,
- (ii) open communication channels for employee feedback, and
- (iii) a commitment to transparent reporting and disclosures.

Corporate Governance

We believe that good Corporate Governance is a prerequisite for the Group to build sustainable long-term value for its shareholders. We are therefore guided by legislative and regulatory requirements, including corporate governance, best practices published by the relevant authorities.

Our Corporate Governance Overview Statement forms part of our Annual Report.

Governance Structure and Responsibilities

The Group's governance structure is designed to provide oversight and accountability across key decision-making levels:

Governance Body	Roles & Duties
Board of Directors	Holds ultimate accountability for sustainability governance and ESG integration. Approves sustainability strategy, disclosures and related policies.
Audit and Risk Management Committee	Supports the Board by reviewing ESG initiatives, performance and reporting, and making recommendations to the Board.
Sustainability Working Group	Coordinates execution of sustainability initiatives and supports data collection and performance monitoring, reporting progress and key issues to the ARMC and Board for oversight.

This structure is supported by the Group's Enterprise Risk Management ("ERM") framework, which integrates sustainability-related risks such as climate change, cybersecurity, supply chain vulnerabilities and regulatory developments.

SUSTAINABILITY STATEMENT

(CONT'D)

GOVERNANCE AND ETHICAL CONDUCT (CONT'D)

Code of Ethics and Business Conduct

The Group is committed to maintaining high standards of integrity and professionalism to safeguard shareholder value and reinforce stakeholder confidence. Our core values emphasise honesty, integrity and operational excellence.

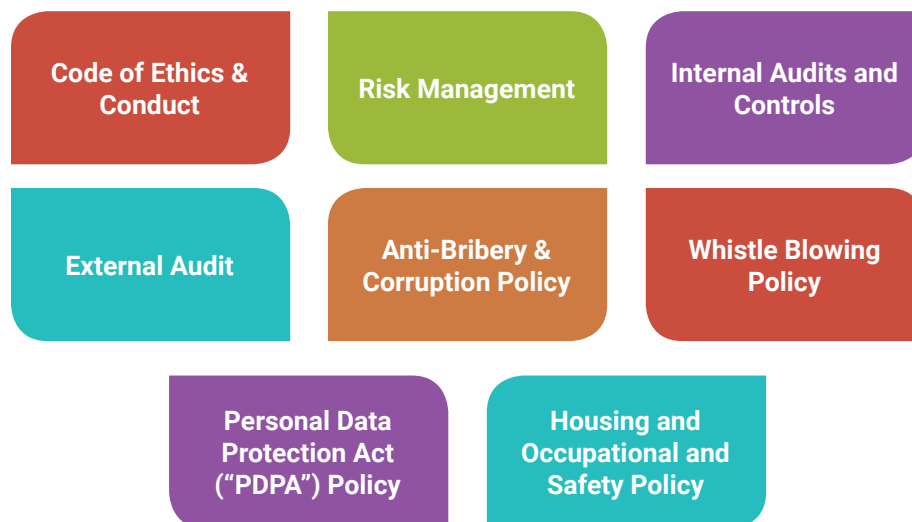
The Group has adopted a Code of Ethics and Business Conduct (“Code”) that applies to employees and directors, and communicates expectations on conduct when dealing with customers, suppliers and other stakeholders. The Group does not tolerate breaches of the Code and encourages reporting of malpractice or non-compliance through established channels.

The Code sets expectations for, among others:

- integrity in business dealings,
- fair competition and responsible marketing,
- confidentiality of company and stakeholder information, and
- compliance with applicable laws and regulations.

Training and awareness initiatives are conducted to support understanding and adherence to the Code.

Our corporate governance practices include the following:



Anti-Bribery and Corruption (“ABC”) Policy

The Anti-Corruption Amendments require listed companies on Bursa Securities to establish and implement policies and procedures on anti-corruption and whistleblowing to prevent corrupt practices, which will enable PLCs to have a measure of defense against corporate liability for corruption under Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (“MACC Act”). Act. In addition, the Amendments require PLCs and their board of directors to review the policies and procedures periodically or at least once every three years to assess their effectiveness. The Amendments also require PLCs to ensure that corruption risks are included in the annual risk assessment of PLCs and their group of companies.

In line with the MACC Act, including Section 17A on corporate liability, the Group maintains policies and procedures intended to prevent bribery and corruption. The Group adopts a zero-tolerance approach towards bribery and corruption.

SUSTAINABILITY STATEMENT

(CONT'D)

GOVERNANCE AND ETHICAL CONDUCT (CONT'D)

Anti-Bribery and Corruption ("ABC") Policy (Cont'd)

Key elements of the ABC framework include:

- declaration and management of conflicts of interest,
- prohibition of facilitation payments and kickbacks,
- due diligence practices for suppliers, contractors and third parties where applicable, and
- training for employees, particularly those in higher-risk functions such as procurement and project management.

During FYE 2025, the Group conducted mandatory ABC training for all employees across the organisation. The training programme, titled 'Bribery Awareness & Business Impact', was delivered via an online platform and covered key areas including the recognition of bribery risks, understanding of corporate liability under Section 17A of the MACC Act 2009, and expected conduct in higher-risk functions such as procurement and project management. New joiners additionally receive ABC awareness as part of their staff orientation programme. The Group recorded no reported incidents of bribery or corruption during the financial year under review.

Whistle Blowing Policy

To strengthen transparency, we have established a Whistle Blowing Policy that allows employees, contractors, and stakeholders to report suspected misconduct safely and anonymously. Multiple reporting channels are available, including independent third-party hotlines. All reports are investigated confidentially, with protection guaranteed against retaliation. Outcomes are reported to the ARMC for accountability.

The Whistle Blowing Policy of LKL was formulated based on the Whistleblowing Protection Act 2010. This Whistleblowing Protection Act provides assurance and confidence to our employees and external parties that we have an effective channel to report on any activity that breaches our Code and/or any breach of ethics or omission by an employee of LKL.

Our Whistle Blowing Policy can be accessed from our website at www.lklbeds.com. Whistleblowers can write to krischan@kc-my.com and the report will go directly to Chairman of ARMC.

There was no whistleblowing reports received during the financial year.

Standard Code of Ethics and Employees' Discipline & Conduct ("Code")

The Group enforces a clear framework for employee conduct and discipline. This framework:

- Ensures fairness in disciplinary proceedings.
- Provides clear escalation procedures for grievances.
- Reinforces company values of respect, professionalism, and accountability.
- Links performance evaluation with compliance to ethical standards, not just financial results.

All employees of the Group are expected to comply with the Code which is adopted at all levels within the group. It covers the principles by which behaviours are assessed and guides an employee's direct and indirect roles and responsibilities inside and outside the group. These principles are shared with all employees and emphasized during training sessions. Upon employment within the Group, employees pledge their agreement to the Code when signing their letter of offer.

By aligning conduct with values, the Code strengthens workplace culture while protecting employee rights.

SUSTAINABILITY STATEMENT (CONT'D)

GOVERNANCE AND ETHICAL CONDUCT (CONT'D)

Standard Code of Ethics and Employees' Discipline & Conduct ("Code")



Stakeholder Engagement and Shareholder Rights

Under Stakeholder Dialogue, we engage with key stakeholders, including shareholders, customers, employees, and suppliers, on important issues like sustainability, ethics, and governance. We conduct such dialogue through AGM and direct consultations.

We protect and uphold shareholders' rights by ensuring fair treatment and transparency in communications. We provide shareholders with opportunities to participate in major decisions, such as voting on key resolutions during AGM.

Transparency & Reporting

The Group publishes a Sustainability Statement as part of the Annual Report and provides disclosures aligned with applicable reporting requirements. The Group also discloses relevant business risks, including environmental, social and financial risks, together with risk management approaches intended to mitigate issues such as supply chain vulnerabilities and regulatory changes.

Integration with ESG and Value Creation

Strong governance and ethical conduct support ESG outcomes and value creation by:

- reducing legal, operational and reputational risks,
- strengthening stakeholder trust with regulators, investors, customers and communities,
- supporting access to financing, including sustainability-linked financing opportunities where applicable, and
- aligning with global frameworks such as IFRS S1/S2, wherever applicable.

By ensuring governance structures are robust and ethical conduct is ingrained, the Group not only complies with regulations but also positions itself as a responsible and trustworthy corporate leader.

SUSTAINABILITY STATEMENT (CONT'D)

GOVERNANCE AND ETHICAL CONDUCT (CONT'D)

Future Targets

The Group will continue strengthening governance and ethical conduct through initiatives such as:

Future Commitments

- Expanding appropriate digital tools for compliance monitoring,
- Enhancing third-party due diligence and supplier screening, where relevant, and
- Increasing Board and management training on emerging ESG regulations and expectations.

COMMUNITY ENGAGEMENT & SOCIAL RESPONSIBILITY

The Group engages local communities through community investment and philanthropic initiatives, with emphasis on areas such as education, healthcare and skills development. Our community programmes are intended to create shared value for stakeholders and to contribute to sustainable development in the communities where we operate.

We recognise that local communities are an important stakeholder group, particularly as many of our employees come from the same communities in which we operate. The Group therefore encourages employee volunteerism to foster empathy, social awareness and a culture of giving back.

Corporate Social Responsibility ("CSR")

The Group supports community initiatives through donations, fundraising activities and participation in community programs, particularly those that support underserved or vulnerable groups. Where appropriate, we collaborate with community organizations and non-governmental organizations ("NGOs") to improve outreach and effectiveness.

Philanthropy

As part of our CSR initiatives, LKL contributes to charitable causes, particularly those aligned with:

- **Education support:** improving access to learning resources and basic needs for students,
- **Healthcare and well-being:** supporting community health initiatives, and
- **Social welfare:** supporting welfare homes and disadvantaged communities.

This can involve donating a portion of profits or organizing fundraising events in partnership with local NGOs.

Local Economic Development

The Group contributes to local economic development by supporting local suppliers and vendors where feasible. This strengthens local economic resilience and livelihoods, and supports responsible sourcing practices while reducing reliance on long-distance supply chains.

LKL believes in giving back to society, in this case, the communities in which we are located, while investing in the future of our next generations. The communities around us form a significant pillar in our growth, especially when many of our employees come from these same communities. As we perform our social responsibilities, we encourage our employees to volunteer for the causes we believe in as they develop their compassion and empathy towards society.

Supporting government, public and private organizations

As part of our corporate responsibility in giving back to society, LKL donated and contributed a total amount of RM22,840.

SUSTAINABILITY STATEMENT (CONT'D)

COMMUNITY ENGAGEMENT & SOCIAL RESPONSIBILITY (CONT'D)

Supporting government, public and private organisation

CSR Activities	Descriptions
Animal Enrichment at Farm In The City	Hands-on workshop for animal welfare & enrichment
Rumah Bakti Nur Ain Bangi	LKL donated school uniforms to the children
Blood Donation by Pusat Darah Negara	LKL staff participated in blood donation
Wellness Warrior Program (Internal CSR)	Health talk, Zumba session, equipment goodies bag for participants
2025 LKL Buka Puasa Event with Anak Yatim Sungai Kantan, Kajang	Employees and stakeholders participated in supporting the CSR initiative
2025 LKL Appreciation Day & Hari Raya Open House with Anak Yatim from Rumah Bakti Nur Ain Bangi	Employees and stakeholders participated in supporting the CSR initiative

Animal Enrichment at Farm In The City



SUSTAINABILITY STATEMENT (CONT'D)

COMMUNITY ENGAGEMENT & SOCIAL RESPONSIBILITY (CONT'D)

Supporting government, public and private organisation (Cont'd)

Rumah Bakti Nur Ain Bangi



SUSTAINABILITY STATEMENT (CONT'D)

COMMUNITY ENGAGEMENT & SOCIAL RESPONSIBILITY (CONT'D)

Supporting government, public and private organisation (Cont'd)

Blood Donation by Pusat Darah Negara



Wellness Warrior Program (Internal CSR)



SUSTAINABILITY STATEMENT (CONT'D)

COMMUNITY ENGAGEMENT & SOCIAL RESPONSIBILITY (CONT'D)

Supporting government, public and private organisation (Cont'd)

2025 LKL Buka Puasa Event with Anak Yatim Sungai Kantan, Kajang



SUSTAINABILITY STATEMENT (CONT'D)

COMMUNITY ENGAGEMENT & SOCIAL RESPONSIBILITY (CONT'D)

Supporting government, public and private organisation (Cont'd)

2025 LKL Buka Puasa Event with Anak Yatim Sungai Kantan, Kajang



2025 LKL Appreciation Day & Hari Raya Open House with Anak Yatim from Rumah Bakti Nur Ain Bangi



SUSTAINABILITY STATEMENT (CONT'D)

COMMUNITY ENGAGEMENT & SOCIAL RESPONSIBILITY (CONT'D)

Stakeholder Engagement and Communication

The Group seeks to maintain open and transparent communication with stakeholders, including investors, customers and employees, on matters relating to social impact, community initiatives and sustainability performance. We continue to strengthen sustainability reporting and provide relevant updates to foster trust and long-term relationships.

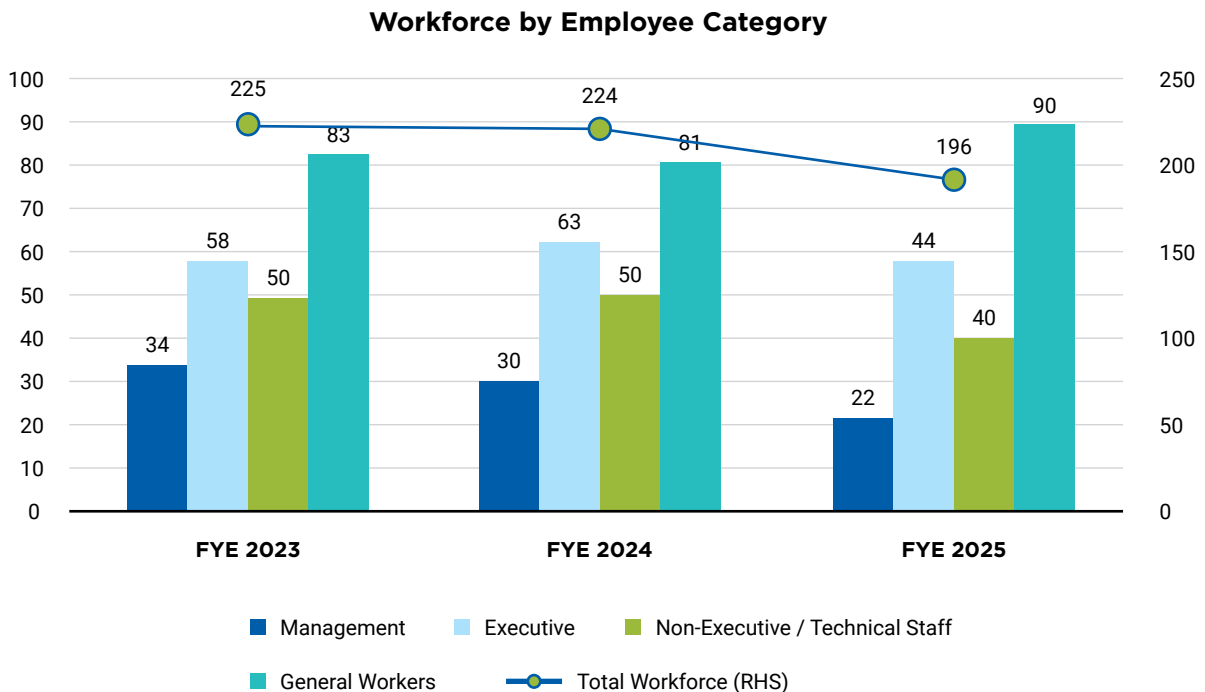
Commitment to Continuous Improvement

Sustainability is an ongoing journey. The Group is committed to progressively enhancing ESG performance and improving how we monitor and report our progress, so that we can continue contributing positively to the environment, economy and society.

DIVERSITY, EQUITY & INCLUSION (“DEI”) - WORKFORCE

Commitment to an Inclusive Workforce

LKL believes that diversity, equity, and inclusion are not just ethical imperatives but also strategic drivers of innovation, productivity, and long-term value creation. The Group is committed to building a workplace that reflects the diversity of the communities it serves, where every employee, regardless of gender, age, ethnicity, religion, background, or ability, feels respected, valued, and empowered to contribute.



SUSTAINABILITY STATEMENT (CONT'D)

DIVERSITY, EQUITY & INCLUSION (“DEI”) - WORKFORCE

Commitment to an Inclusive Workforce (Cont'd)

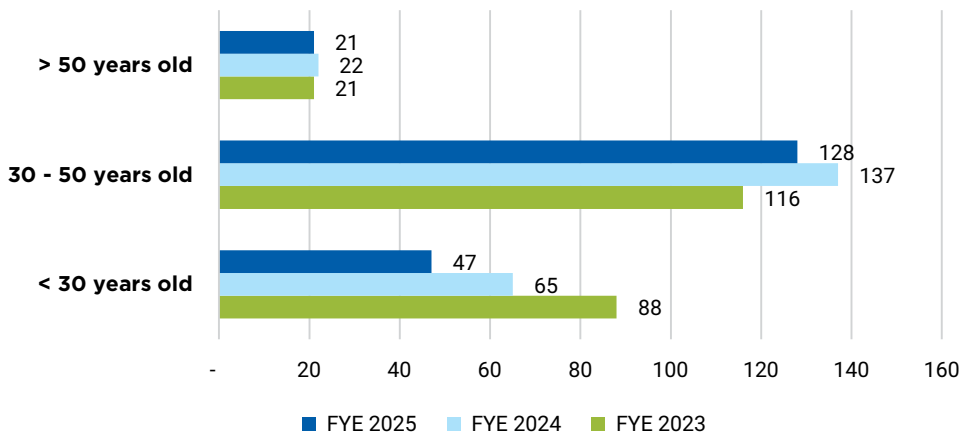
During FYE 2025, the total workforce of the Group dropped to 196 from 224 recorded in FYE 2024. The decline was mainly due to intense competition for talent, driven by higher remuneration packages offered by competitors. Meanwhile, we increased the hiring of general workers to 90 from 81 in FYE 2024, in our efforts to support the increase in production activity at the factory.

The decline in total workforce resulted in our staff attrition rising to 24% in FYE 2025 from 15% recorded in the last financial year. The Group is reviewing plans to improve its human capital management while being cautious on the rising cost of production and uncertainty in the supply chain.

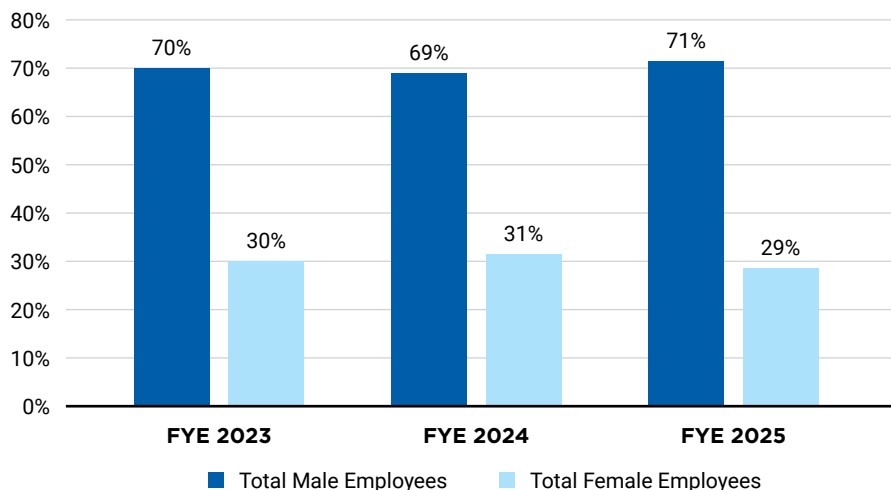
Meanwhile, LKL is focusing on grooming its next level of workforce that are managerial and leadership material, and ready to support the future growth of the Group. As a result, the Group is actively identifying and developing managerial and leadership talent to support the Group’s future growth.

The Group remains committed to its DEI target by maintaining a minimum of 25% of our workforce, comprising female staff. In FYE 2025, the Group achieved 29% of our total workforce, being female, exceeding the minimum target.

Employees by Age Group



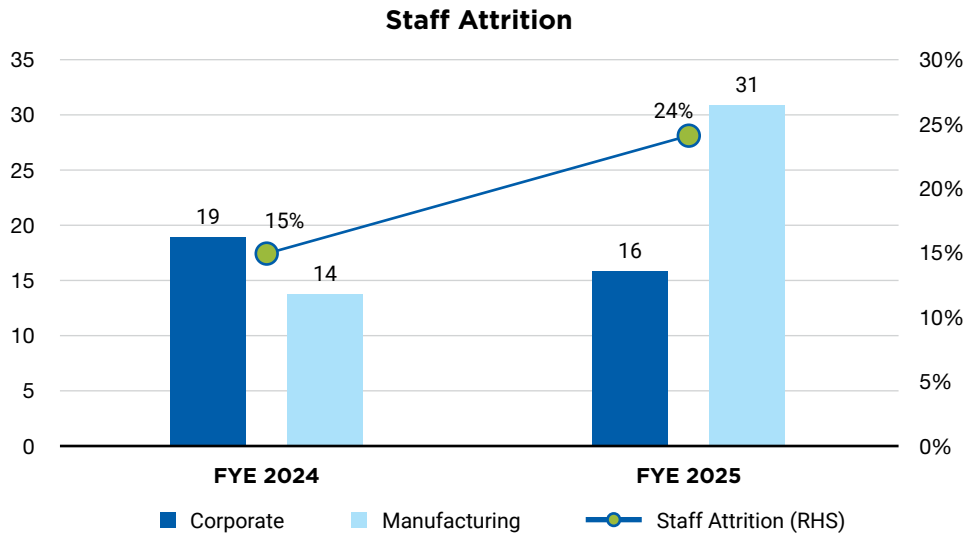
Employees by Gender



SUSTAINABILITY STATEMENT (CONT'D)

DIVERSITY, EQUITY & INCLUSION (“DEI”) - WORKFORCE (CONT'D)

Commitment to an Inclusive Workforce (Cont'd)



Diversity Across the Workforce

The Group’s workforce includes employees from a wide range of professional, cultural, and educational backgrounds. This diversity strengthens LKL’s ability to adapt to changing markets and customer expectations.

Diversity	Details
Gender Diversity	During FYE 2025, women account for 29% of the workforce, with an explicit target to raise female representation in leadership positions.
Age and Generational Diversity	The Group benefits from the energy of younger employees and the experience of senior professionals. Structured mentoring programs encourage knowledge transfer across generations.
Cultural and Ethnic Representation	Reflecting Malaysia’s multicultural society, LKL values the perspectives of employees from different backgrounds, ensuring inclusive decision-making.

SUSTAINABILITY STATEMENT (CONT'D)

DIVERSITY, EQUITY & INCLUSION (“DEI”) - WORKFORCE (CONT'D)

Equity in Opportunities and Rewards

Equity ensures that employees have fair access to growth opportunities, regardless of personal background or status. Key initiatives include -

Equity	Details
Equal Pay for Equal Work	Regular benchmarking exercises ensure that pay structures are competitive and non-discriminatory.
Transparent Promotion Pathways	Career advancement is merit-based, supported by performance appraisals and leadership assessments.
Targeted Development Programs	Leadership programs for women and underrepresented groups support career progression into senior management.
Inclusive Benefits	Employee benefits are designed to support both full-time and contract staff, ensuring equitable treatment.

Inclusion in Culture and Practices

Inclusion means creating an environment where every voice is heard and valued. LKL fosters an inclusive culture through –

Inclusion	Details
Employee Engagement	Regular town halls, feedback surveys, and open-door policies ensure employees have a say in company direction.
Flexible Work Practices	Where possible, flexible hours and remote work arrangements accommodate employees’ diverse needs.
Cultural Awareness	Celebrations of cultural and religious events foster unity and mutual respect within the workforce.
Accessibility	The Group is assessing workplace facilities to ensure greater accessibility for employees with disabilities.

Governance and Accountability for DEI

DEI is overseen by the Board and monitored by the ARMC, supported by the SWG. Clear KPIs on diversity and inclusion are incorporated into management performance reviews. Progress is reported annually in the Sustainability Statement, ensuring transparency and accountability.

SUSTAINABILITY STATEMENT (CONT'D)

DIVERSITY, EQUITY & INCLUSION (“DEI”) - WORKFORCE (CONT'D)

[Link to ESG and Global Goals](#)

DEI contributes directly to several UN SDGs –

Inclusion	Details
SDG 5 (Gender Equality)	Promoting women in leadership
SDG 8 (Decent Work and Economic Growth)	Ensuring fair pay and safe, inclusive workplaces.
SDG 10 (Reduced Inequalities)	Providing equitable opportunities for all.

From a business perspective, diverse teams improve problem-solving, creativity, and resilience, while inclusive practices reduce employee turnover and enhance employer branding.

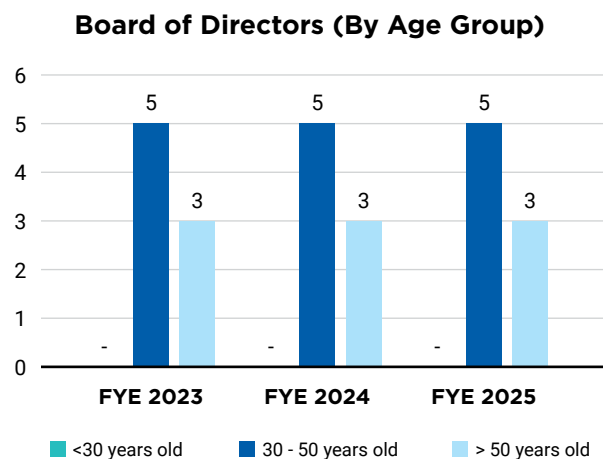
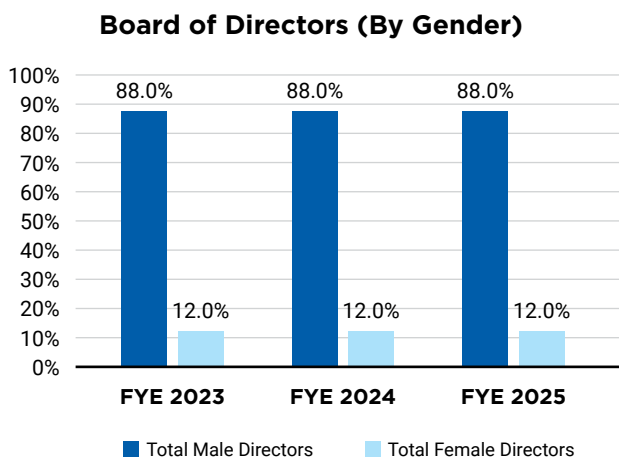
Future Targets

To strengthen its DEI journey, LKL will -

Future Commitments
<ul style="list-style-type: none"> Gradually increase women’s participation. Establish a formal DEI Policy endorsed by the Board. Introduce annual DEI training programs for all employees, focusing on unconscious bias and inclusive leadership. Implement metrics for monitoring pay equity across genders and roles. Expand opportunities for underrepresented groups, including persons with disabilities, through targeted hiring initiatives.

DIVERSITY, EQUITY & INCLUSION (“DEI”) - BOARD OF DIRECTORS

LKL recognises that diversity, equity, and inclusion at the Board level are essential drivers of better governance, more robust decision-making, and the long-term sustainability of the organization. The Board is committed to ensuring that its makeup reflects a breadth of perspectives, across gender, cultural backgrounds, age, tenure, expertise, and independence, to strengthen strategic oversight and stakeholder trust.



SUSTAINABILITY STATEMENT

(CONT'D)

DIVERSITY, EQUITY & INCLUSION (“DEI”) – BOARD OF DIRECTORS (CONT'D)

Diversity on the Board

Diversity	Details
Gender Diversity	The Board ensures that there is female representation, in line with LKL's Gender Diversity Policy, at least one-woman director is maintained on the Board in accordance with regulatory expectations (per Bursa Securities / Listing Requirements).
Cultural & Ethnic Diversity	Given Malaysia's multicultural society, LKL plans to have a Board composition that includes representation from different ethnic and cultural backgrounds. This diversity enhances sensitivity to community issues and stakeholder engagement across various demographic groups.
Age & Tenure Diversity	The Board is balanced between experienced long-serving members and newer directors, ensuring continuity of institutional knowledge while infusing fresh perspectives and adaptability.
Independence & Expertise Diversity	A proportion of independent non-executive directors strengthens impartial oversight. Directors bring diverse functional expertise (finance, law, operations, technology, ESG) and international exposure, enhancing the Board's collective capabilities.

Equity and Inclusion at Board Level

Equity	Details
Equitable Access	Board nomination processes evaluate candidates based on merit, expertise, and alignment with DEI principles, not solely on networks or legacy criteria.
Inclusive Decision-Making	The Board fosters a culture where all directors, particularly those from underrepresented groups (if any) are encouraged to contribute fully, voice alternative views, and influence decisions without bias.
Succession Planning & Pipeline Development	The Board, via the Nomination Committee, supports mentorship and capacity-building initiatives to cultivate a diverse pipeline of future board candidates.
Performance & Accountability	DEI objectives are included in Board evaluations. Metrics such as gender ratio, attendance of diverse directors, and inclusivity in committee roles are tracked and reported.

Future Targets

Commitments	Actions
Targets	Maintaining high percentage of female representation.
Talent Sourcing	Expand candidate search beyond traditional networks to include underrepresented groups and cross-sector profiles.
Mentorship & Sponsorship	Participate in board mentoring programs to support women and diverse candidates to progress to board positions.
DEI Reporting	Disclose board DEI metrics annually (gender ratio, attendance, diversity in committee roles) with trends across years.
Capacity Building	Provide DEI and unconscious-bias training for the Board and Nomination Committee to strengthen inclusive decision culture.

SUSTAINABILITY STATEMENT (CONT'D)

EMPLOYEE LEARNING & DEVELOPMENT

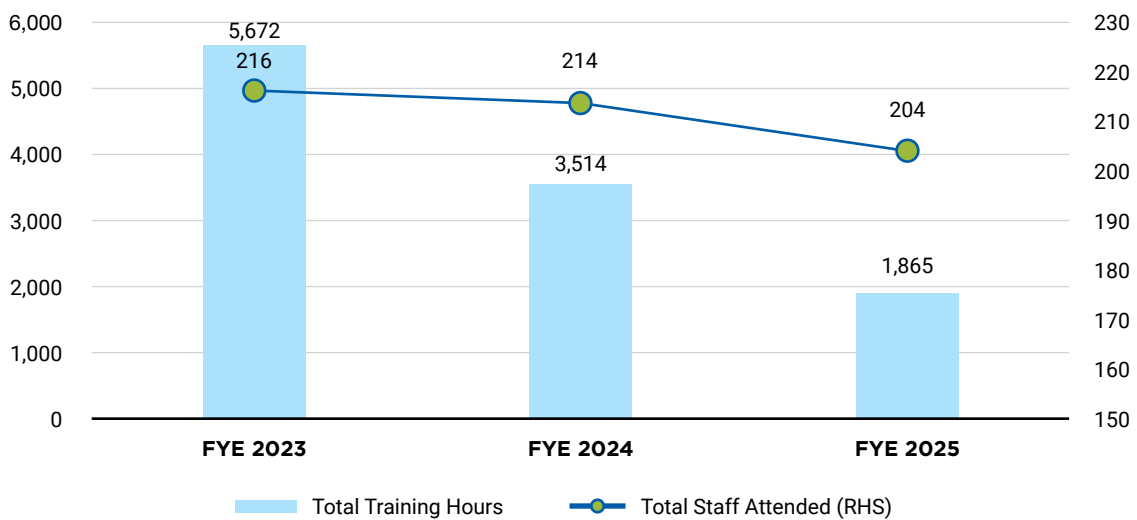
Commitment to Continuous Growth

The Group recognises that employee capability development is integral to sustaining business performance and strengthening long-term resilience. A well-trained workforce can enhance operational efficiency, support innovation, reinforce safety culture and improve employee engagement. The Group views learning and development (“L&D”) as a continuous journey of upskilling, reskilling and capability building to meet evolving industry needs.

Strategic Focus Areas in L&D

The HR function prioritised essential and role-based training, particularly in upskilling and mandatory training to support operational continuity, compliance readiness and consistent performance standards. Training programmes are identified based on business strategy and operational requirements, regulatory and compliance obligations, and the development needs of employees across technical, interpersonal and leadership competencies.

Total Training Hours & Total Staff Attended



Training programmes conducted during FYE 2025 included:

- onboarding and role-based training for new joiners,
- quality management and operational competency training,
- occupational safety and health (“OSH”) and emergency response training,
- compliance and governance awareness (including ABC and Code of Conduct, where applicable), and
- digital skills / system training to support process improvement and operational efficiency.

Link to ESG and Long-Term Value

Employee learning and development supports the Group’s ESG agenda and long-term value creation. L&D contributes to SDG 4 (Quality Education) and SDG 8 (Decent Work and Economic Growth) by strengthening workforce capability and employability. A skilled workforce supports product and service quality, enhances customer satisfaction, and strengthens stakeholder confidence.

SUSTAINABILITY STATEMENT (CONT'D)

EMPLOYEE LEARNING & DEVELOPMENT (CONT'D)

Impact and Outcomes

L&D contributes to business outcomes across operations, including:

Benefits

- Improved operational efficiency through stronger role competency and reduced avoidable errors,
- Strengthened safety awareness and compliance through OSH training and safety reinforcement,
- Improved employee engagement and retention by providing clearer development pathways, and
- Improved adaptability, enabling employees to support digitalisation initiatives and sustainability-related improvements where relevant.

Future Targets

Looking ahead, the Group plans to strengthen its L&D agenda through initiatives such as:

Future Commitments

- Introducing more structured training tracking and analytics to better monitor participation, effectiveness and competency progression,
- Establishing a structured ESG learning programme (e.g., a “Sustainability Academy”) to provide targeted ESG training to employees and, where relevant, contractors and suppliers,
- Partnering with universities and professional bodies to offer relevant certification programmes aligned to operational needs, and
- Embedding L&D indicators into performance management to reinforce accountability for continuous skills development.

CYBERSECURITY & IT MANAGEMENT

The Group continues to operate in an environment shaped by increasing digitalisation driven by automation, e-commerce and remote working practices. Customers and business partners increasingly rely on digital channels for communication and transactions, and similar digital adoption is evident across our supply chain, including procurement and logistics processes.

In this context, cybersecurity and IT management are important enablers of business resilience and stakeholder trust. Effective cybersecurity helps protect sensitive information, reduces the risk of business disruption, and supports compliance with applicable requirements.

Cybersecurity Framework

The rise in digitalisation increases exposure to cyber risks, including unauthorised access, malware, data leakage and service disruption. The Group therefore places emphasis on protecting sensitive information, such as customer data, employee records and supplier contracts, through a combination of technical controls, governance practices and awareness measures.

SUSTAINABILITY STATEMENT (CONT'D)

CYBERSECURITY & IT MANAGEMENT (CONT'D)

The Group applies a multi-layered cybersecurity approach, which includes the following:

Control Areas	Measures Implemented
Technical Defenses	Firewalls, encryption controls (where applicable), multi-factor authentication, endpoint protection and intrusion detection/prevention capabilities.
Monitoring	Ongoing monitoring of systems and networks to detect suspicious activities and potential malicious traffic, with escalation protocols where required.
Testing and Assurances	Periodic vulnerability assessments and/or penetration testing, together with internal IT checks to identify and address weaknesses.

The Group continues to strengthen internal controls to protect the confidentiality, integrity and availability of information assets, including intellectual property belonging to the Group and relevant stakeholders.

For day-to-day operations, the Group maintains baseline security measures such as antivirus/endpoint protection, firewall protection, and monitoring of network traffic. The IT function performs ongoing checks, including IT asset management and periodic reviews of system controls. The Group also upgrades security tools and server protection where required to keep pace with emerging threats.

Policies and Governance

The Group maintains policies and procedures relating to cybersecurity and IT management and reviews them periodically to support relevance and effectiveness. Policies include:

Acceptable Use Policy
Identity and Access Management Policy
IT Cybersecurity and Incident Response Policy
Network Security Policy
Personal Data Protection Policy
Data Classification and Protection Policy

Data Protection and Compliance

The Group is committed to complying with Malaysia's Personal Data Protection Act 2010 ("PDPA") and to ensuring that personal data is collected, processed, stored and disposed of in accordance with applicable requirements. Data protection measures include access controls, secure handling procedures and confidentiality practices.

Culture of Awareness

Cybersecurity awareness is reinforced through employee training and periodic communications. Where applicable, training may include refreshers and simulated phishing exercises to strengthen vigilance. The Group also seeks to apply minimum security expectations for relevant vendors and technology partners during onboarding, where appropriate.

SUSTAINABILITY STATEMENT (CONT'D)

CYBERSECURITY & IT MANAGEMENT (CONT'D)

Incident Response and Business Continuity

The Group maintains incident response arrangements to manage cybersecurity events, coordinate containment and recovery actions, and report significant incidents to management. Cybersecurity risks are considered within the Group's enterprise risk management ("ERM") framework and linked to business continuity planning to strengthen preparedness for operational disruptions.

Financial Linkage

Effective cybersecurity reduces exposure to financial losses, operational disruption, reputational harm and potential regulatory consequences. It also supports the Group's digital operations and helps sustain stakeholder confidence in business processes that rely on digital systems.

Risks and Opportunities

Opportunities	Risks
Strong cybersecurity practices can strengthen investor confidence and customer trust and support operational resilience in increasingly digital markets.	Cyberattacks may result in financial loss, operational disruption, reputational harm and regulatory consequences, depending on severity and scope.

SUSTAINABILITY STATEMENT (CONT'D)

PRESCRIBED TABLE

LKL International Berhad
BMLR Transition Period

Date & Time: 2026-04-21_18:33:53
FYE 31/12/2025

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Anti-Corruption	Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category - Management	Percentage	100%	100%	Internal	-
Anti-Corruption	Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category - Executive	Percentage	100%	100%	Internal	-
Anti-Corruption	Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category - Non-Executive/Technical Staff	Percentage	100%	100%	Internal	-
Anti-Corruption	Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category - General Workers	Percentage	100%	100%	Internal	-
Anti-Corruption	Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100%	100%	Internal	-
Anti-Corruption	Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0	0	Internal	-
Community/Society	Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	22840	-	Internal	-
Community/Society	Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	6	-	Internal	-

SUSTAINABILITY STATEMENT

(CONT'D)

PRESCRIBED TABLE (CONT'D)

LKL International Berhad

BMLR Transition Period

Date & Time: 2026-04-21_18:33:53
 FYE 31/12/2025

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Diversity	Bursa C3(a) Percentage of employees by gender and age group, for each employee category : Age Group by Employee Category - Management Under 30	Percentage	4.6%	-	Internal	-
Diversity	Bursa C3(a) Percentage of employees by gender and age group, for each employee category : Age Group by Employee Category - Management Between 30-50	Percentage	72.7%	-	Internal	-
Diversity	Bursa C3(a) Percentage of employees by gender and age group, for each employee category : Age Group by Employee Category - Management Above 50	Percentage	22.7%	-	Internal	-
Diversity	Bursa C3(a) Percentage of employees by gender and age group, for each employee category : Age Group by Employee Category - Executive Under 30	Percentage	22.7%	-	Internal	-
Diversity	Bursa C3(a) Percentage of employees by gender and age group, for each employee category : Age Group by Employee Category - Executive Between 30-50	Percentage	75.0%	-	Internal	-
Diversity	Bursa C3(a) Percentage of employees by gender and age group, for each employee category : Age Group by Employee Category - Executive Above 50	Percentage	2.3%	-	Internal	-

SUSTAINABILITY STATEMENT (CONT'D)

PREScribed TABLE (CONT'D)

LKL International Berhad BMLR Transition Period

Date & Time: 2026-04-21_18:33:53
FYE 31/12/2025

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Diversity	Bursa C3(a) Percentage of employees by gender and age group, for each employee category : Age Group by Employee Category - Non-executive/Technical Staff Under 30	Percentage	25.0%	-	Internal	-
Diversity	Bursa C3(a) Percentage of employees by gender and age group, for each employee category : Age Group by Employee Category - Non-executive/Technical Staff Between 30-50	Percentage	65.0%	-	Internal	-
Diversity	Bursa C3(a) Percentage of employees by gender and age group, for each employee category : Age Group by Employee Category - Non-executive/Technical Staff Above 50	Percentage	10.0%	-	Internal	-
Diversity	Bursa C3(a) Percentage of employees by gender and age group, for each employee category : Age Group by Employee Category - General Workers Under 30	Percentage	28.9%	-	Internal	-
Diversity	Bursa C3(a) Percentage of employees by gender and age group, for each employee category : Age Group by Employee Category - General Workers Between 30-50	Percentage	58.9%	-	Internal	-

SUSTAINABILITY STATEMENT

(CONT'D)

PRESCRIBED TABLE (CONT'D)

LKL International Berhad

BMLR Transition Period

 Date & Time: 2026-04-21_18:33:53
 FYE 31/12/2025

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Diversity	Bursa C3(a) Percentage of employees by gender and age group, for each employee category : Age Group by Employee Category - General Workers Above 50	Percentage	12.2%	-	Internal	-
Diversity	Bursa C3(a) Percentage of employees by gender and age group, for each employee category : Gender Group by Employee Category - Management Male	Percentage	50.0%	-	Internal	-
Diversity	Bursa C3(a) Percentage of employees by gender and age group, for each employee category : Gender Group by Employee Category - Management Female	Percentage	50.0%	25.0%	Internal	-
Diversity	Bursa C3(a) Percentage of employees by gender and age group, for each employee category : Gender Group by Employee Category - Executive Male	Percentage	52.3%	-	No assurance	-
Diversity	Bursa C3(a) Percentage of employees by gender and age group, for each employee category : Gender Group by Employee Category - Executive Female	Percentage	47.7%	25.0%	No assurance	-
Diversity	Bursa C3(a) Percentage of employees by gender and age group, for each employee category : Gender Group by Employee Category - Non-executive/Technical Staff Male	Percentage	55.0%	-	Internal	-

SUSTAINABILITY STATEMENT (CONT'D)

PRESCRIBED TABLE (CONT'D)

LKL International Berhad
BMLR Transition Period

Date & Time: 2026-04-21_18:33:53
FYE 31/12/2025

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Diversity	Bursa C3(a) Percentage of employees by gender and age group, for each employee category : Gender Group by Employee Category - Non-executive/Technical Staff Female	Percentage	45.0%	25.0%	Internal	-
Diversity	Bursa C3(a) Percentage of employees by gender and age group, for each employee category : Gender Group by Employee Category - General Workers Male	Percentage	93.3%	-	Internal	-
Diversity	Bursa C3(a) Percentage of employees by gender and age group, for each employee category : Gender Group by Employee Category - General Workers Female	Percentage	6.7%	-	Internal	-
Diversity	Bursa C3(b) Percentage of directors by gender and age group - Male	Percentage	87.5%	-	Internal	-
Diversity	Bursa C3(b) Percentage of directors by gender and age group - Female	Percentage	12.5%	-	Internal	-
Diversity	Bursa C3(b) Percentage of directors by gender and age group - Under 30	Percentage	0.0%	-	Internal	-
Diversity	Bursa C3(b) Percentage of directors by gender and age group - Between 30-50	Percentage	62.5%	-	Internal	-
Diversity	Bursa C3(b) Percentage of directors by gender and age group - Above 50	Percentage	37.5%	-	Internal	-

SUSTAINABILITY STATEMENT (CONT'D)

PRESCRIBED TABLE (CONT'D)

LKL International Berhad BMLR Transition Period

Date & Time: 2026-04-21 18:33:53
FYE 31/12/2025

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Energy Management	Bursa C4(a) Total energy consumption	Megawatt	324.8	-	Internal	-
Health & Safety	Bursa C5(a) Number of work-related fatalities	Number	0	0	Internal	-
Health & Safety	Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0	0	Internal	-
Health & Safety	Bursa C5(c) Number of employees trained on health and safety standards	Number	145	-	Internal	-
Labour Practices & Standards	Bursa C6(a) Total hours of training by employee category - Management	Hours	197	-	Internal	-
Labour Practices & Standards	Bursa C6(a) Total hours of training by employee category - Executive	Hours	754	-	Internal	-
Labour Practices & Standards	Bursa C6(a) Total hours of training by employee category - Non-executive/Technical Staff	Hours	481	-	Internal	-
Labour Practices & Standards	Bursa C6(a) Total hours of training by employee category - General Workers	Hours	434	-	Internal	-
Labour Practices & Standards	Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	1.5%	-	Internal	-
Labour Practices & Standards	Bursa C6(c) Total number of employee turnover by employee category - Management	Number	3	-	Internal	-
Labour Practices & Standards	Bursa C6(c) Total number of employee turnover by employee category - Executive	Number	8	-	Internal	-

SUSTAINABILITY STATEMENT (CONT'D)

PREScribed TABLE (CONT'D)

LKL International Berhad
BMLR Transition Period

Date & Time: 2026-04-21_18:33:53
FYE 31/12/2025

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Labour Practices & Standards	Bursa C6(c) Total number of employee turnover by employee category - Non-executive/Technical Staff	Number	9	-	Internal	-
Labour Practices & Standards	Bursa C6(c) Total number of employee turnover by employee category - General Workers	Number	27	-	Internal	-
Labour Practices & Standards	Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0	Internal	-
Supply Chain & Management	Bursa C7(a) Proportion of spending on local suppliers	Percentage	50.5%	-	Internal	-
Data Privacy & Security	Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0	Internal	-
Water	Bursa C9(a) Total volume of water used	Megalitres	12.2	-	Internal	-

SUSTAINABILITY STATEMENT (CONT'D)

PRESCRIBED TABLE (CONT'D)

LKL International Berhad
IFRS S1

Date & Time: 2026-04-21 18:33:53
FYE 31/12/2025

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
-	-	-	-	-	No assurance	-

SUSTAINABILITY STATEMENT (CONT'D)

PRESCRIBED TABLE (CONT'D)

LKL International Berhad
IFRS S2

Date & Time: 2026-04-21_18:33:53
FYE 31/12/2025

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
GHG emissions	Scope 1	Metric tonnes of carbon dioxide equivalents (tCO2e)	287	Net zero by year 2050	Internal	-
GHG emissions	Scope 2 Location-based	Metric tonnes of carbon dioxide equivalents (tCO2e)	240	Net zero by year 2050	Internal	-

PROFILE OF DIRECTORS

TI LIAN SENG

Managing Director

Ti Lian Seng (“Mr. Ti”) was appointed to our Board on 1 August 2025 as Executive Director and was subsequently re-designated as Managing Director on 1 October 2025.

Mr. Ti graduated with a Bachelor of Science in Electrical Engineering from the University of Nebraska Lincoln, United States of America and is certified under the Harvard Business School, Executive Education in Applied Data Science.

Mr. Ti began his career in 1993 as a Product Engineer in Texas Instruments Singapore Pte Ltd and Texas Instruments Malaysia Sdn. Bhd.. Subsequently, he joined TIME Telekom Sdn. Bhd. in 1995 as a Program Manager, followed by LogicaCMG Sdn. Bhd. in 1998, where he served as Vice President of Operations. In 2008, he was appointed as Chief Technology Officer of Packet One Networks (Malaysia) Sdn. Bhd. (“P1”). He was then transferred to the role of the Chief Information Officer for Webe/Unifi Mobile after 55.3% of equity stake in P1 was acquired by Telekom Malaysia Berhad.

In 2016, Mr. Ti founded Flipbox Secure Sdn. Bhd. and served as Chief Executive Officer (“CEO”). He subsequently became the CEO of KipleLive division in 2018, a division under Kiple Sdn. Bhd., a subsidiary of Green Packet Berhad and resigned from the position in January 2021. In 2020, he was appointed as an Independent Non-Executive Director of Parlo Berhad and re-designated as Executive Director on 19 October 2020. He assumed his current position as CEO on 9 April 2021.

He attended all two (2) Board meetings held during the financial year ended 31 December 2025 since his appointment to the Board on 1 August 2025.

Mr. Ti presently sits on the Board of Parlo Berhad.

Nationality

Malaysian

Gender

Male

Aged

59

LIM PAK HONG

Executive Director

Mr. Lim Pak Hong (“Mr. PH Lim”) was appointed to our Board on 5 June 2024.

He has been with the Group since 1 July 2015 as Group General Manager, assisting the former Managing Director in overseeing overall operations, with a particular focus on Research & Development (“R&D”). On 1 June 2020, he was appointed as R&D Director, further strengthening the Group’s innovation and development initiatives.

Mr. PH Lim obtained a Diploma in Mechatronics Engineering from INTI University College in 2009. He subsequently graduated with a Bachelor of Engineering in Mechatronic Engineering from Staffordshire University, United Kingdom in 2013.

Upon graduation in 2013, Mr. PH Lim joined our Group as a R&D Engineer and was responsible for product design and development, including product customisations based on customers’ specifications. Among his notable achievements was the design of a Longitudinal Patient Transfer Trolley System, which facilitates the longitudinally (or lengthwise) transfer of patients, as opposed to the conventional lateral (or sideways) transfer, and is particularly useful in narrow hospital corridors and confined spaces.

Mr. PH Lim attended all four (4) Board meetings held during the financial year ended 31 December 2025.

Mr. PH Lim does not hold any directorship in other public companies and listed companies but hold directorships in several private limited companies.

Mr. PH Lim is the brother-in-law of Mr. Lim Ming Chang, the Non-Independent Non-Executive Director of the Company, and also a cousin of Mr. Lee Kah Eang, the Sales Director of the Company.

Nationality

Malaysian

Gender

Male

Aged

40

PROFILE OF DIRECTORS (CONT'D)

ZULKARNIN BIN ARIFFIN



Executive Director

En. Zulkarnin Bin Ariffin (“En. Zul”) was appointed to our Board on 29 March 2021. He 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 began his career as an Auditor with KPMG PLT in 1997. Subsequently, he joined Malaysia Mining Corporation Berhad as an Assistant Finance Manager in 2000, before continuing 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 was later appointed as Group Chief Executive Director of Seacera Group Berhad on 12 July 2019 and served in that capacity until his resignation on 31 March 2024.

En. Zul attended all four (4) Board meetings held during the financial year ended 31 December 2025.

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

Nationality

Malaysian

Gender

Male

Aged

53

LIM MING CHANG



*Non-Independent
Non-Executive Director*

Mr. Lim Ming Chang (“Mr. Lim”) was first appointed to our Board as an Executive Director on 16 November 2020 and was subsequently redesignated as Non-Independent Non-Executive Director on 23 May 2022.

Mr. Lim obtained a Diploma in Computing and Information Technology from Asia Pacific Institute of Information Technology in 2002, followed by a Higher Diploma in Software Engineering in 2004. He then graduated from Staffordshire University with a Bachelor of Science in Computing in 2005.

Mr. Lim started his career with LKL Advance Metaltech Sdn Bhd (“LKLAM”) as IT and Sales Executive and was then promoted to General Manager – Operations in 2015. Mr. Lim has also been appointed as the Quality Management Representative of the Group since 2011. Mr. Lim assumed the position of Chief Executive Officer (“CEO”) of LKLAM on 1 June 2019 and resigned from his position as CEO of LKLAM on 23 May 2022.

Mr. Lim attended all four (4) Board meetings held during the financial year ended 31 December 2025.

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

Mr. Lim is the brother-in-law of Mr. Lim Pak Hong, an Executive Director of the Company.

Nationality

Malaysian

Gender

Male

Aged

43

PROFILE OF DIRECTORS (CONT'D)

DR. CHAN JEE PENG

*Independent
Non-Executive Director*

Dr. Chan Jee Peng (“Dr. Chan”) was appointed to our Board on 12 April 2021. He is the Chairman of the Audit and Risk Management Committee and a member of the Remuneration Committee, and Nomination Committee.

Dr. Chan holds several distinguished qualifications in accounting and related fields. He is a member of the Malaysian Institute of Accountants and a Fellow Member of the Association of Chartered Certified Accountants. Additionally, he is an Associate Member of both the Chartered Tax Institute of Malaysia and the Institute of Internal Auditors of Malaysia. His expertise extends further with Associate Membership in the Association of Certified Fraud Examiners. He is also an ASEAN Chartered Professional Accountant (“ASEAN CPA”) and a Member of the Institute of Singapore Chartered Accountants.

Academically, he has earned a Professional Doctorate from the European International University in Paris, along with a Master’s Degree in Accounting from the University of London. He also holds an Honours Degree in Applied Accounting from Oxford Brookes University, rounding out his comprehensive qualifications in finance and accounting.

Dr. Chan has more than 20 years of audit and financial management experience. He began his career with 2 of the Big Four accounting firms and subsequently held senior financial position in public listed companies. He later joined a mid-tier accounting firm where he rose to the position of Executive Director, before joining UHY Malaysia as their Audit Partner. Throughout his career, he has been 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. He is currently the Managing Partner of SFAI MALAYSIA PLT, which provides assurance, tax and advisory services.

Dr. Chan attended all four (4) Board meetings held during the financial year ended 31 December 2025.

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

Nationality
Malaysian

Gender
Male

Aged
45

LING CHI HOONG

*Independent
Non-Executive Director*

Mr. Ling Chi Hoong (“Mr. Ling”) was appointed to our Board on 6 April 2021. He currently serves as the Chairman of the Remuneration Committee and Nomination Committee and is also a member of the Audit and Risk Management Committee and Share Issuance Scheme Committee.

Mr. Ling holds a Bachelor of Laws (LL.B.) from the International Islamic University Malaysia, which he obtained in 2007. He is a partner at a Legal 500-ranked law firm, specializing in capital markets and corporate commercial law.

Prior to his current role, Mr. Ling amassed extensive experience in corporate governance and legal advisory. He previously served as Head of Legal & Corporate Affairs for several publicly listed companies on Bursa Malaysia Securities Berhad (“Bursa Securities”) and the Singapore Exchange. He also held the position of Head of Group Legal at a leading oil and gas conglomerate listed on Bursa Securities. Earlier in his career, he was attached to the legal and contracts department of an American Fortune 500 multinational energy company, where he managed Asia-Pacific contracts and compliance matters.

Mr. Ling attended all four (4) Board meetings held during the financial year ended 31 December 2025.

Mr. Ling presently sits on the Board of Jadi Imaging Holdings Berhad, Sarawak Consolidated Industries Berhad, and Erdasan Group Berhad. Additionally, he serves on the Board of Trustees for Blackstone Trustee Berhad.

Nationality
Malaysian

Gender
Male

Aged
42

PROFILE OF DIRECTORS (CONT'D)

NG FUN KIM

*Independent
Non-Executive Director*

Mr. 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 pursued his Association of Chartered Certified Accountants (ACCA) studies at the University of Central England in Birmingham, United Kingdom ("UK"). He is a member of the Malaysian Institute of Accountants.

Mr. Ng began his career in the information technology industry as a database programmer with a public listed company in Birmingham, UK. He subsequently gained his audit experience through his work with audit firms in Malaysia and Singapore. He also served as a Financial Controller in Bangkok and later as Chief Financial Officer for a group of companies, a role which involve extensive travel across various Asian countries.

Mr. Ng currently owns an advisory and consultancy firm. He has undertaken investigation and forensic investigation assignments involving criminal breach of trust cases, working closely with Deputy Public Prosecutors and appearing in courts as a subject matter expert. He has also designed and implemented various internal audits and controls systems for multi-national companies and medium-sized companies.

He attended all four (4) Board meetings held during the financial year ended 31 December 2025.

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

Nationality

Malaysian

Gender

Male

Aged

60

TAN SU NING

*Independent
Non-Executive Director*

Ms. Tan Su Ning ("Ms. Tan") was appointed to our Board on 31 May 2023.

Ms. Tan graduated with a LLB (Hons.) degree from University of London (external) and was admitted as an Advocate and Solicitor of the High Court of Malaya in 2018.

Ms. Tan started her legal practice with an established law firm in 2018. She subsequently joined Messrs Lim Chong Phang & Amy and Messrs Chong + Kheng Hoe in 2019. Her practice focuses primarily on corporate and commercial disputes, including breach of directors' duties, shareholders' dispute as well as litigation relating to capital market and securities laws. In addition, she advises public and private corporation on legal and regulatory compliance matters. She is currently a partner of Messrs Terrence & Co.

She attended all four (4) Board meetings held during the financial year ended 31 December 2025.

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

Nationality

Malaysian

Gender

Female

Aged

33

Notes:-

- 1) Save as disclosed above, none of the Directors have family relationship with other Directors or major shareholders of LKL International Berhad.
- 2) None of the Directors have any conflict of interest or potential conflict of interest, including interest in any competing business with the Company or its subsidiaries except as disclosed in the Notes of the Financial Statements of this Annual Report and the recurrent related party transactions disclosed in the circular to shareholders dated 30 April 2026.
- 3) None of the Directors have been convicted of any offences within the past five (5) years, or been imposed on any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2025, other than for traffic offences (if any).

PROFILE OF KEY MANAGEMENT TEAM

WONG PEI FERN
Chief Financial Officer

Ms. Wong Pei Fern (“Ms. Wong”) is a Chartered Accountant registered with the Malaysian Institute of Accountants and a Fellow Member of the Association of Chartered Certified Accountants (“ACCA”). She obtained her ACCA qualification from Tunku Abdul Rahman College, Malaysia in 2000.

Nationality
Malaysian

Ms. Wong has more than 20 years of experience in corporate finance, financial management and business planning, having served in public listed companies across a wide range of industries, including information technology and telecommunications, manufacturing, e-commerce, leisure and hospitality, investment holding, healthcare and construction.

Gender
Female

She began her career as an Audit Senior at Monteiro & Heng from January 2000 to August 2003. She then joined Green Packet Berhad as Associate Director of Finance from September 2003 to December 2013, where she involved in the company’s Initial Public Offering, corporate finance exercises, statutory reporting and audit matters. From January 2014 to January 2015, she served as Chief Financial Officer at Hong Kong HanHe Holdings Limited, where she led the company’s listing exercise in Malaysia and coordinated the preparation of the prospectus, profit forecasts and engagements with advisers. Thereafter, she was Vice President of Finance at Celcom Planet Sdn. Bhd. from March 2015 to July 2018, overseeing finance operations, budgeting, internal controls, ERP implementation, treasury and taxation.

Aged
49

From July 2018 to February 2022, she served as Chief Financial Officer of Crystal Clear Technology Sdn. Bhd., where she oversaw finance operations, corporate finance, mergers and acquisitions, due diligence, tax planning and governance across multiple industries. She was subsequently Vice President Finance of Neutrovis Sdn. Bhd. from April 2022 to November 2023, with responsibilities covering finance operations, corporate finance, tax planning and overseas business expansion. Most recently, she served as Assistant Vice President of Finance at Genting Malaysia Bhd. from March 2024 to September 2024, where she oversaw finance operations across its gaming, entertainment, travel and aviation businesses, including financial analysis, tax planning and regulatory compliance initiatives such as e-invoicing.

Ms. Wong joined our Group as Chief Financial Officer on 5 January 2026. She is responsible for overseeing the Group’s finance functions and the entire supply chain management organisation. Her portfolio encompasses Finance and Accounts, Logistics and Procurement, with the Logistics and Procurement functions formally integrated under the Chief Financial Officer’s purview. In this capacity, she oversees financial management, corporate finance, statutory reporting, tax planning, internal controls, regulatory compliance, as well as the Group’s procurement operations and logistics activities.

PROFILE KEY MANAGEMENT TEAM (CONT'D)

LEE KAH EARNG

Sales Director

Mr. Lee Kah Earng (“Mr. KE Lee”) began his career with Hong Leong Finance Berhad as a Collection Clerk in 1990. In 1994, he joined Great Wall Marketing Sdn. Bhd. as a Sales Executive, followed by Victory Supplies in 1004, where he also served as a Sales Executive.

Mr. KE Lee joined our Group in 1996 as a Sales Executive and has since played a key role in the Group’s growth and success. He was promoted to Sales Manager in 2003, Senior Sales Manager in 2012, and Chief Marketing Officer in 2014. He assumed his current position as Sales Director on 1 June 2019. On 12 September 2025, he was appointed as the Acting General Manager of Medik Gen Sdn. Bhd. (“MG”), the Group’s trading arm for medical devices.

Over the years, Mr. KE Lee has extensive experience in sales and marketing and business development, particularly in the Malaysian market. He is responsible for overseeing the Group’s sales and marketing activities as well as business development initiatives in Malaysia. He has been instrumental in delivering the Group’s products to customers nationwide, covering both public and private hospitals. In addition, he oversees the sales operations team, including the sales administration and customer service functions.

As the Acting General Manager of MG, he is responsible for expanding the Group’s medical device offerings, broaden the product profile and meeting the evolving needs of our customers.

Mr. KE Lee is the cousin of Mr. Lim Pak Hong, an Executive Director of the Company.

Nationality
Malaysian

Gender
Male

Aged
55

SIA PIK SING

Manufacturing Manager

Mr. Sia Pik Sing (“Mr. Sia”) graduated with a Bachelor of Mechanical (Hons) Engineering from University Sains Malaysia in 1995. Upon graduation, he joined a multinational corporation (“MNC”) as a Research and Development (“R&D”) engineer, particularly in the mechanical design of products. He later rose to the position of R&D Division Manager, overseeing the company’s overall research and development operations. In 2010, he joined Erect Engineering Sdn. Bhd. as Manufacturing Manager, where he was responsible for overseeing manufacturing operation as well as New Product Introduction (“NPI”) activities.

Mr. Sia joined our Group as Manufacturing Manager since 2 November 2015. He is responsible for overall manufacturing operations of LKL Advance Metaltech Sdn. Bhd., a wholly-owned subsidiaries of the Company, and for ensuring compliance with ISO 9001 and ISO 13485 procedures. His responsibilities include production planning and scheduling, operations staffing, budgeting, forecasting and reporting on production requirements and performance. He manages both local and foreign operation workers. In addition, he drives continuous improvement in manufacturing processes and operations in terms of quality, efficiency and cost, ensures product quality meets customer requirements, and leads the department in the design and fabrication of tools and dies to improve productivity and equipment upgrading. He has wide experiences in factory operations and processes, from the R&D stage, NPI until mass production.

Nationality
Malaysian

Gender
Male

Aged
55

Notes:-

- 1) None of the Key Senior Management holds any directorship in public companies and listed issuers;
- 2) Save as disclosed above, none of the Key Senior Management have any family relationship with any Director and/or major shareholder of the Company;
- 3) None of the Key Senior Management have any conflict of interest or potential conflict of interest, including interest in any competing business with the Company or its subsidiaries; and
- 4) None of the Key Senior Management have been convicted of any offence (other than traffic offences, if any) within the past five (5) years, or been imposed on any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2025.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Corporate Governance Overview Statement is augmented with a Corporate Governance Report based on a prescribed format as enumerated in Rule 15.25(2) of the ACE Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) so as to provide a detailed articulation of the application of LKL International Berhad (“LKL” or “the Company”) and its subsidiaries (“Group”) corporate governance practices vis-à-vis the Malaysian Code on Corporate Governance (“MCCG”).

The Board of Directors (“Board”) of LKL is committed to ensuring that good corporate governance practices are implemented and maintained throughout the Group. This commitment is a fundamental part of discharging its duties to enhance shareholders’ values consistent with the principles and recommendations for best practices set out in the MCCG and the Listing Requirements of Bursa Securities.

This Corporate Governance Overview Statement (“Statement”) should also be read together with the Company’s Corporate Governance Report (“CG Report”) for the financial year ended 31 December 2025 (“FYE 2025”) which is available on the Company’s website at www.lklbeds.com, as well as via an announcement on the website of Bursa Securities at www.bursamalaysia.com.

This Statement gives the shareholders an overview of the corporate governance practices of the Company for the FYE 2025.

This Corporate Governance Overview Statement makes reference to the following three (3) key principles of the MCCG:-

Principle A - Board leadership and effectiveness;

Principle B - Effective audit and risk management; and

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

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

PART I – BOARD RESPONSIBILITIES

1.1 Board and Board Committees

The Board is responsible for the overall performance and business affairs of the Group. The Board provides necessary leadership, which includes practising a high level of good governance to ensure the long-term success of the Group and the delivery of sustainable value to its stakeholders.

The Group is led and managed by an effective and experienced Board comprising members with a wide range of experience and qualifications. The Board provides stewardship to the Group’s strategic direction and operations and ultimately enhances the shareholders’ value.

In order to assist in the discharge of its stewardship role, the Board has established the following Board Committees to assist the Board in the running of its function:-

- a. Audit and Risk Management Committee (“ARMC”);
- b. Nomination Committee (“NC”); and
- c. Remuneration Committee (“RC”).

Each Committee operates in accordance with clearly defined Terms of Reference (“TOR”). These Committees are authorised by the Board to deal with and to deliberate on matters delegated to them within their respective TOR and report to the Board on their proceedings and deliberation together with its recommendations to the Board for approval.

Apart from the responsibility of the Board Committees, the Managing Director (“MD”), the Executive Directors (“ED”) and other Senior Management are also delegated certain authorities to enable them to effectively discharge their responsibilities on the day-to-day operations of the Group.

The Board Charter and TOR of the respective committees are available on the Company’s website at www.lklbeds.com.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

PART I – BOARD RESPONSIBILITIES (CONT'D)

1.2 The Chairman of the Board

The Company is currently seeking a suitable candidate to be appointed as the Chairman of the Board, following the resignation of Dato' Haji Mohd Yazid Bin Haji Mustafa on 31 October 2025. The Company is looking for an individual who possesses an appropriate balance of skills, expertise, attributes, and core competencies, while considering factors such as character, gender, experience, integrity, competence, and time commitment.

1.3 The Chairman and MD

In line with good corporate practices, there is a clear distinction between the role of the Chairman of the Board and MD. This is to ensure that there is a balance of power and authority to promote accountability and unfettered powers in decision making.

The Chairman of the Board is primarily responsible for the leadership, effectiveness, conduct and governance of the Board while the MD has overall responsibilities over the business operations and day-to-day management of the Group and implementation of the Board's policies and decisions. The MD is accountable to the Board for the overall organisation, management, and staffing of the Group and the procedures in financial and other matters, including conduct and discipline.

1.4 Qualified and Competent Company Secretaries

The Board is supported by two (2) Company Secretaries who are experienced and qualified to act as Company Secretaries under Section 235(2) of the Companies Act 2016 and are registered holders of the Practising Certificate issued by the Companies Commission of Malaysia. All Directors have access to the advice and services of the Company Secretaries.

The Company Secretaries consistently participate in relevant training programs, conferences, or seminars organized by authorities and professional bodies. This ensures they stay updated on corporate governance developments and regulatory changes pertinent to their role, enabling them to provide valuable advisory services to the Board.

The Board acknowledges that the Company Secretaries play an important role and will ensure that the Company Secretaries fulfil the functions for which they have been appointed.

During the FYE 2025, all Board and Board Committees meetings were properly convened, accurate and proper records of the proceedings and resolutions passed were taken and maintained in the statutory records of the Company.

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

1.5 Meeting of Board and Board Committees

To facilitate the Directors' time planning, an annual meeting calendar is prepared in advance of each new year by the Company Secretaries. The calendar provides the Directors with scheduled dates for meetings of the Board and Board Committees as well as the annual general meeting ("AGM"). The closed periods for dealings in securities by Directors and principal officers based on the scheduled dates of meetings for making announcements of the Group's quarterly results were also provided therein.

The notices of Board and Board Committees meetings together with the meeting papers are generally furnished to the Board members within five (5) working days prior to the dates of meetings. This is to ensure that the Directors have sufficient preparation time and information to make an informed decision at each meeting.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

PART I – BOARD RESPONSIBILITIES (CONT'D)

1.5 Meeting of Board and Board Committees (Cont'd)

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

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

For matters which require the Board's decision on an urgent basis outside of Board Meetings, board papers along with Directors' Written Resolution will be circulated for the Board's consideration. All written resolutions approved by the Board will be tabled for notation at the next Board Meeting.

1.6 Board Charter

The Board Charter provides guidance to the Board in the fulfilment of its roles, duties and responsibilities which are in line with the principles of good corporate governance and it is available at the Company's website at www.lklbeds.com.

The Board Charter is subject to periodic review and is updated as and when necessary to ensure it remains consistent with the Group's policies and procedures, the Board's overall responsibilities as well as changes to legislation and regulations.

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

1.7 Code of Conduct and Ethics

The Board has adopted a Code of Conduct and Ethics which is incorporated in the Board Charter of the Company. The Code of Conduct and Ethics is to be observed by all Directors and employees of the Group and will be reviewed by the Board regularly to ensure that it continues to remain relevant and appropriate.

The Code of Conduct and Ethics requires all Directors, Management and employees of the Group to observe high ethical business standards and apply these values to all aspects of the Group's business and professional practice and act in good faith in the best interests of the Group and its shareholders.

The Code of Conduct and Ethics will be reviewed regularly to ensure the information remains relevant and appropriate.

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

1.8 Whistleblowing Policy

The Group is committed to the highest standard of integrity, openness and accountability in the conduct of its business and operations. The Group has established the Whistleblowing Policy setting out the appropriate communication and feedback channels to facilitate whistleblowing. The implementation of the Whistleblowing Policy is in line with the Companies Act 2016 and Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018 ("MACC Act") ("the Acts"), where provisions have been made to protect the officers who make disclosures on breach or non-observance of any requirement or provision of the Acts or on any serious offence involving fraud and dishonesty.

The Board commits to reviewing and updating the Whistleblowing Policy at least once every three (3) years to ensure its effectiveness and alignment with governing legislation and regulatory requirements.

The Whistleblowing Policy is published on the Company's website at www.lklbeds.com.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

PART I – BOARD RESPONSIBILITIES (CONT'D)

1.9 Anti-Bribery and Corruption Policy (“ABC Policy”)

To promote a culture of integrity and transparency in all of the Group’s activities, the Company has established an ABC Policy in accordance with the MACC Act. This ABC Policy outlines the Company’s stance on bribery and corruption and establishes the responsibilities of all individuals working for the Group in observing and upholding this position. The ABC Policy also provides clear anti-bribery and corruption principles that apply to all interactions with the Group’s customers, business partners, and other third parties. Furthermore, the ABC Policy offers guidelines for the prevention, management, and remediation of bribery and corruption related risks, ensuring that the Company maintains the highest standards of ethical conduct.

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

1.10 Directors’ Fit and Proper Policy

In line with the Rule 15.01A of the Listing Requirements of Bursa Securities, the Directors’ Fit and Proper Policy serves as a guide to the NC and the Board in their review and assessment of potential candidates for appointment to the Board of the Group, as well as retiring Directors seeking re-election at the AGM.

The Directors’ Fit and Proper Policy shall be reviewed periodically by the Board and be revised at any time as it may deem necessary to ensure that they remain consistent with the Board’s objectives, current law and practices. The Directors’ Fit and Proper Policy is available on the Company’s website at www.lklbeds.com.

The Board has also adopted the Nomination and Appointment of New Directors Process and Procedures to formalise the process for the nomination and appointment of a new Director to be undertaken by the NC and the Board in discharging their responsibilities in terms of the nomination and appointment of new Directors of the Group.

1.11 Conflict of Interest Policy

The Board has adopted a Conflict of Interest Policy which sets forth guidelines and procedures to identify, disclose, and address conflicts of interest that may arise within the Group. This ensures that any actual, potential and perceived conflicts of interest are effectively managed. This policy is also designed to ensure compliance with the Listing Requirements of Bursa Securities and the provisions under the Companies Act 2016, as well as to uphold the highest standards of corporate governance and transparency.

The Board will review the Conflict of Interest Policy from time to time and make any necessary amendments to ensure it remains consistent with the Board’s objectives, current law, and practices.

1.12 Sustainability Governance

The Board emphasises the importance of sustainable business practices in creating long-term value, recognizing that responsible business conduct is fundamental to achieving operational excellence.

Structural oversight of sustainability, including strategies, priorities, and targets, rests with the Board, while Management is entrusted with operational execution concerning Environmental, Social, and Governance (ESG) factors as integral components of the Group’s corporate strategy.

As fiduciary to the Company’s shareholders, the Board prioritises upholding exemplary corporate governance practices, marked by a dedication to ethics, integrity, and corporate responsibility. Additionally, the Board ensures that both internal and external stakeholders are well-informed about the Company’s sustainability strategies, priorities, targets, and overall performance, as detailed in the Sustainability Statement in this Annual Report.

The Board also incorporated the assessment of the Board’s understanding of sustainability issues in the annual performance evaluation that are critical to the Company’s performance.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

PART II – COMPOSITION OF THE BOARD

2.1 Board Composition

The Board currently comprises eight (8) members and the composition of the current Board is set out in the table below:-

No.	Name	Designation
1.	Ti Lian Seng ⁽¹⁾	MD
2.	Lim Pak Hong	ED
3.	Zulkarnin Bin Ariffin	ED
4.	Lim Ming Chang	Non-Independent Non-Executive Director
5.	Dr. Chan Jee Peng	Independent Non-Executive Director
6.	Ling Chi Hoong	Independent Non-Executive Director
7.	Ng Fun Kim	Independent Non-Executive Director
8.	Tan Su Ning	Independent Non-Executive Director

Note:

⁽¹⁾ Mr. Ti Lian Seng was appointed as an ED of the Company on 1 August 2025. Subsequently, he was redesignated as the MD of the Company on 1 October 2025.

This current Board composition complies with Rule 15.02 of the Listing Requirements of Bursa Securities, which requires that at least two (2) Directors or one-third (1/3) of the Board, whichever is the higher, are Independent Directors.

The Board composition is also in line with Practice 5.2 of the MCCG of having at least half of the Board comprising Independent Non-Executive Directors. This composition is able to provide independent and objective judgement as well as provide an effective check and balance to safeguard the interest of the minority shareholders and other stakeholders, and ensure high standards of conduct and integrity are maintained.

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

2.2 Tenure of Independent Directors

The Board acknowledges the recommendation by the MCCG that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. However, if the Board intends to retain a Director who has served as an Independent Director of the Company for a cumulative term of more than nine (9) years, the Board must justify its decision and seek the shareholders' approval through a two-tier voting process at a general meeting. Furthermore, the Board recognises that as per the Listing Requirements of Bursa Securities, the tenure of an Independent Director should not exceed a cumulative term of twelve (12) years.

The Board has not adopted a policy that limits the tenure of its Independent Directors to nine (9) years, being a step-up practice. Notwithstanding that, the assessment of the independence of Independent Directors will be conducted annually via the Annual Evaluation of Independence of Directors to ensure that they are independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement or the ability to act in the best interests of the Company.

During the FYE 2025, none of the Directors has served the Board as an Independent Director of the Company for a cumulative term of more than nine (9) years.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

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

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

2.3 Appointment of Board

The principal responsibility for making recommendations on the appointment of new Directors and the re-election of retiring Directors has been delegated to the NC.

In evaluating potential candidates, the NC considers not only academic qualifications but also relevant industry experience, to ensure that candidates are able to contribute meaningfully to the Board and support the Company's growth. In making recommendations to the Board on candidates for directorship, the NC assesses and nominates candidates based on objective criteria, including, inter alia:-

- (a) character and integrity;
- (b) experience and competence;
- (c) time commitment to the Company, taking into account the number of directorships held; and
- (d) for candidates to the position of Independent Non-Executive Director, the ability to discharge the roles and responsibilities expected of an Independent Non-Executive Director.

All Directors comply with the requirement under Rule 15.06 of the Listing Requirements of Bursa Securities, which limits the number of directorships held in listed issuers to not more than five (5).

During the financial year under review, there was one (1) new appointment of Director, as recommended by the NC, as follows:-

Name	Date of Appointment	Designation
Ti Lian Seng	1 August 2025	ED (Redesignated as MD on 1 October 2025)

2.4 Board Diversity and Senior Management Team

The Board is supportive of the diversity of the Board and Senior Management Team. The Group strictly adheres to the practice of non-discrimination of any form, whether based on race, age, religion and gender throughout the organisation, including the selection of Board members and Senior Management. The Board encourages a dynamic and diverse composition by nurturing suitable and potential candidates equipped with competency, skills, experience, character, time commitment, integrity and other qualities in meeting the future needs of the Group.

Where and when appropriate, the Board, through the NC, will prioritise the female representation when suitable candidates are identified. However, the appointment of a new Board member will not be guided solely by gender but will also take into account the skillsets, experience and knowledge of the candidate. The Company's prime responsibility in new appointments is always to select the best candidates available. Hence, the normal selection criteria based on an effective blend of competencies, skills, extensive experience and knowledge to strengthen the Board remains a priority.

A Gender Diversity Policy was adopted to provide a framework for the Company to improve its gender diversity at the Board and Senior Management level and the same is available on the Company's website at www.lklbeds.com.

Currently, there is one (1) female Director on the Board, namely Ms. Tan Su Ning.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

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

2.5 Board Committees

The Board Committees are set up to manage specific tasks for which the Board is responsible within a defined TOR. This ensures that the Board members can spend their time more efficiently while the Board Committees are entrusted with the authority to examine particular issues.

The Board has established three (3) Board Committees and the membership of each committee is set out in the table below:-

Composition	ARMC	NC	RC
Dr. Chan Jee Peng <i>(Independent Non-Executive Director)</i>	Chairman	Member	Member
Ling Chi Hoong <i>(Independent Non-Executive Director)</i>	Member	Chairman	Chairman
Ng Fun Kim <i>(Independent Non-Executive Director)</i>	Member	Member	Member

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

2.6 NC

The NC is chaired by Mr. Ling Chi Hoong, an Independent Non-Executive Director of the Company.

The NC is responsible for identifying and recommending suitable candidates for Board membership and also for assessing the performance of the Directors on an ongoing basis. The Board will have the ultimate responsibility and final decision on the appointment of the Directors. This process shall ensure that the Board membership accurately reflects the long-term strategic direction and needs of the Company and determine a skills matrix to support the strategic direction and needs of the Company.

The NC has written TOR dealing with its authority and duties which include the selection and assessment of Directors. The TOR of the NC had incorporated the relevant practices recommended under the MCCG. The TOR of the NC is available on the Company's website at www.lklbeds.com.

During the FYE 2025, the following is the summary of activities undertaken by the NC:-

- Evaluated the balance of skills, knowledge and experience of the Board. Carried out the assessment and rating of each Director's performances against the criteria as set out in the annual assessment form. The performance of Non-Executive Directors was also carefully considered, including whether he/she could devote sufficient time to the role.
- Undertaken an effectiveness evaluation exercise of the Board and its Committees as a whole to assess its effectiveness.
- Reviewed and assessed the independence of the Independent Directors of the Company.
- Reviewed and assessed the performance of the ARMC.
- Reviewed and recommended to the Board for consideration, the re-election of the Directors who were due to retire at the last AGM.
- Reviewed and recommended to the Board for consideration, the appointment of new Director to the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

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

2.7 Board Appointment and Re-appointment Process

The NC is tasked by the Board to make independent recommendations for appointments to the Board. In evaluating the suitability of candidates, the NC considers, inter-alia, the character, experience, integrity, commitment, competency, qualification and track record of the proposed new nominee for appointment to the Board. In the case of a nominee for the position of Independent Non-Executive Director, NC evaluates the nominee's ability to discharge such responsibilities/functions as expected from Independent Non-Executive Directors. The Board has in the review of the skills of Directors, including information technology, legal, public relations and experience in the retailing industry as the matrix of skills of Directors that would be prioritised when selecting candidates for appointment to the Board.

In accordance with the Listing Requirements of Bursa Securities and the Company's Constitution, one-third (1/3) of the Directors of the Company for the time being shall retire at the AGM of the Company provided always that all Directors, shall retire from office at least once in every three (3) years but shall be eligible for re-election at the AGM. Additionally, the Directors appointed to fill a casual vacancy or as an addition to the Board shall hold office only until the conclusion of the next AGM and shall be eligible for re-election.

In assessing the candidates' eligibility for re-election, the NC considers their competencies, commitment, contribution, performance based on their respective performance evaluation to the Board and their ability to act in the best interest of the Company.

The Board makes recommendations concerning the re-election, re-appointment and the continuation in office of any Director for shareholders' approval at the AGM.

2.8 Annual Assessment of Effectiveness of the Board and Board Committees as a whole

The Board has, through the NC, undertaken a formal assessment to assess the effectiveness of the Board and Board Committees as a whole and the contribution of each individual Director, including the independence of the Independent Non-Executive Directors, referring to the guides available and the good corporate governance compliance.

In evaluating the performance of Non-Executive Directors, the assessment comprises, amongst others, the attendance at Board or Committee meetings, adequate preparation for Board and/or Board Committees' meetings, regular contribution to Board or Board Committees' meetings, personal input to the role and other contributions to the Board or Board Committees as a whole.

In evaluating the performance of MD and EDs, the assessment was carried out against diverse key performance indicators including amongst others, financial, strategic and sustainability, conformance and compliance, business acumen or increase shareholders' wealth, succession planning and personal input to the role.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

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

2.9 Attendance of Board and Board Committees' Meetings

The Board meets at least once every quarter on a scheduled basis and additional meetings are to be convened as and when deemed necessary by the Board. All the Directors fulfilled the requirements of the Listing Requirements of Bursa Securities of having attended at least 50% of the Board meetings held by the Company for the FYE 2025.

The attendance records of each Board member at the Board and Board Committees meetings held during the FYE 2025 are as follows:-

Name of Directors	Board	ARMC	NC	RC
	Meeting Attendance			
Dato' Haji Mohd Yazid Bin Haji Mustafa ⁽¹⁾ (Independent Non-Executive Chairman)	3/3	N/A	N/A	N/A
Ti Lian Seng ⁽²⁾ (MD)	2/2	N/A	N/A	N/A
Lim Pak Hong (ED)	4/4	N/A	N/A	N/A
Zulkarnin Bin Ariffin (ED)	4/4	N/A	N/A	N/A
Lim Ming Chang (Non-Independent Non-Executive Director)	4/4	N/A	N/A	N/A
Dr. Chan Jee Peng (Independent Non-Executive Director)	4/4	4/4	1/1	1/1
Ling Chi Hoong (Independent Non-Executive Director)	4/4	4/4	1/1	1/1
Ng Fun Kim (Independent Non-Executive Director)	4/4	4/4	1/1	1/1
Tan Su Ning (Independent Non-Executive Director)	4/4	N/A	N/A	N/A

Notes:

- ⁽¹⁾ Dato' Haji Mohd Yazid Bin Haji Mustafa resigned as the Independent Non-Executive Chairman of the Company on 31 October 2025.
- ⁽²⁾ Mr. Ti Lian Seng was appointed as an ED of the Company on 1 August 2025. Subsequently, he was redesignated as the MD of the Company on 1 October 2025.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

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

2.10 Directors' Training

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

The training programmes, seminars and/or conferences attended by the Directors during the FYE 2025 are as follows:-

Name of Directors	Trainings/Seminars attended
Ti Lian Seng	<ul style="list-style-type: none"> • Boardroom Under Fire – D&O Protection & Director Liability • Key Amendments to the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad relating to Corporate Rescue Mechanism disclosures, New Related Party Transactions exemption for certain Joint Venture Scenarios and New Shariah-related disclosure requirement
Lim Pak Hong	<ul style="list-style-type: none"> • Mandatory Accreditation Programme Part II: Leading for Impact (LIP) • Key Amendments to the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad • Fire Drill Training • Start with ESG – Your Roadmap to Sustainable Success • Bribery Awareness & Business Impact • Key Amendments to the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad relating to Corporate Rescue Mechanism disclosures, New Related Party Transactions exemption for certain Joint Venture Scenarios and New Shariah-related disclosure requirement.
Zulkarnin Bin Ariffin	<ul style="list-style-type: none"> • Key Amendments to the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad • Mandatory Accreditation Programme Part II: Leading for Impact (LIP) • Key Amendments to the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad relating to Corporate Rescue Mechanism disclosures, New Related Party Transactions exemption for certain Joint Venture Scenarios and New Shariah-related disclosure requirement • AMLAC Professional Diploma in Corporate Anti Corruption Management Program • Start with ESG-Your Roadmap to Sustainable Success • Bribery Awareness & Business Impact
Dr. Chan Jee Peng	<ul style="list-style-type: none"> • MIA-MFRS 18 & 19: What you need to know • Key Amendments to the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad • MIA – Tax Incentives in Malaysia • National Tax Conference 2025 – CTIM/LHDN • Making Transfer Pricing Documents Ready: Practical Steps & Insights (CTIM) • Capital Gains Tax & Real Property Gains Tax – CTIM • 2026 Budget Seminar • Key Amendments to the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad relating to Corporate Rescue Mechanism disclosures, New Related Party Transactions exemption for certain Joint Venture Scenarios and New Shariah-related disclosure requirement • MIA – Auditing Revenue, Manufacturing Costs, Cost of Sales, Operating Expenses and Others

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

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

2.10 Directors' Training (Cont'd)

The training programmes, seminars and/or conferences attended by the Directors during the FYE 2025 are as follows:- (Cont'd)

Name of Directors	Trainings/Seminars attended
Ling Chi Hoong	<ul style="list-style-type: none"> Key Amendments to the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad Key Amendments to the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad relating to Corporate Rescue Mechanism disclosures, New Related Party Transactions exemption for certain Joint Venture Scenarios and New Shariah-related disclosure requirement SGS ISO 14064 GHG Lead Verifier
Ng Fun Kim	<ul style="list-style-type: none"> Key Amendments to the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad Anti-Bribery and Anti-Corruption Training Strategies for a Strong Transfer Pricing Audit Defence: Key Considerations Advanced Data Analysis for Accounting and Finance Professionals Key Amendments to the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad relating to Corporate Rescue Mechanism disclosures, New Related Party Transactions exemption for certain Joint Venture Scenarios and New Shariah-related disclosure requirement
Lim Ming Chang	<ul style="list-style-type: none"> Key Amendments to the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad Key Amendments to the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad relating to Corporate Rescue Mechanism disclosures, New Related Party Transactions exemption for certain Joint Venture Scenarios and New Shariah-related disclosure requirement
Tan Su Ning	<ul style="list-style-type: none"> Key Amendments to the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad Key Amendments to the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad relating to Corporate Rescue Mechanism disclosures, New Related Party Transactions exemption for certain Joint Venture Scenarios and New Shariah-related disclosure requirement

The Board would continuously, evaluate and assess the training needs of each Director to keep them abreast of the state of the economy, technological advances, regulatory updates, management strategies and development in various aspects of the business environment to enhance the Board's skills and knowledge in discharging its responsibilities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

PART III – REMUNERATION

3.1 Remuneration Policy

The Board had through the RC, established formal and transparent remuneration policies and procedures which set out the principles and guidelines for the Board and RC to determine the remuneration of Directors and/or Senior Management of the Company, which take into account the demands, complexities and performance of the Company as well as skills and experience required.

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

Non-Executive Directors will be paid a basic fee as ordinary remuneration and will be paid a sum based on their responsibilities in committees and the Board, their attendance and/or special skills and expertise they bring to the Board. The fee shall be fixed in sum and not by a commission on or percentage of profits or turnover.

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

The Remuneration Policy is available at the Company's website at www.lklbeds.com.

3.2 Remuneration of Directors

The remuneration payable to each of the individual Director of the Company and of the Group for the FYE 2025 are as follows:-

The Company

Name of Directors	RM'000						Total
	Fees	Allowance	Salary	Bonus	Benefits-in Kind	Other emoluments[#]	
Dato' Haji Mohd Yazid Bin Haji Mustafa <i>(Resigned on 31 October 2025)</i>	100.00	1.50	–	–	–	–	101.50
Ti Lian Seng <i>(Appointed on 1 August 2025)</i>	30.00	–	75.00	–	–	9.58	114.58
Zulkarnin Bin Ariffin	–	–	90.00	55.00	–	18.44	163.44
Lim Pak Hong	–	–	60.00	7.50	–	9.93	77.43
Lim Ming Chang	120.00	3.00	–	–	–	–	123.00
Dr. Chan Jee Peng	60.00	1.80	–	–	–	–	61.80
Ling Chi Hoong	48.00	1.80	–	–	–	–	49.80
Ng Fun Kim	48.00	1.80	–	–	–	–	49.80
Tan Su Ning	36.00	1.80	–	–	–	–	37.80
TOTAL	442.00	11.70	225.00	62.50	–	37.96	779.16

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

PART III – REMUNERATION (CONT'D)

3.2 Remuneration of Directors (Cont'd)

The Group

Name of Directors	RM'000						Total
	Fees	Allowance	Salary	Bonus	Benefits-in Kind	Other emoluments [#]	
Dato' Haji Mohd Yazid Bin Haji Mustafa (Resigned on 31 October 2025)	100.00	1.50	–	–	–	–	101.50
Ti Lian Seng (Appointed on 1 August 2025)	30.00	–	118.00	–	–	15.09	163.09
Zulkarnin Bin Ariffin	180.00	–	635.33	247.50	27.41	108.38	1,198.62
Lim Pak Hong	–	48.00	911.35	112.13	–	131.81	1,203.29
Lim Ming Chang	120.00	3.00	–	–	–	–	123.00
Dr. Chan Jee Peng	60.00	1.80	–	–	–	–	61.80
Ling Chi Hoong	48.00	1.80	–	–	–	–	49.80
Ng Fun Kim	48.00	1.80	–	–	–	–	49.80
Tan Su Ning	36.00	1.80	–	–	–	–	37.80
TOTAL	622.00	59.70	1,664.68	359.63	27.41	255.28	2,988.70

Note:-

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

3.3 Remuneration of Senior Management

The remuneration of the Key Senior Management of the Group for the FYE 2025 is as follows:-

Remuneration Band	Number of Senior Management
RM250,001 to RM300,000	1
RM300,001 to RM350,000	1

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

The Board is of the view that the disclosure of the remuneration of Key Senior Management on a named basis would be not in the best interest of the Company given the competitive human resources environment that may give rise to recruitment and talent retention issues. The Board is of the opinion that the disclosure of Key Senior Management's aggregated remuneration on an unnamed basis in the bands of RM50,000 is adequate.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT

PART I – AUDIT AND RISK MANAGEMENT COMMITTEE

4.1 Effective and Independent ARMC

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

The ARMC is chaired by Dr. Chan Jee Peng, an Independent Non-Executive Director who is distinct from the Chairman of the Board. The majority of the members of the ARMC are financially literate, whilst the Chairman of the ARMC is a member of the Malaysian Institute of Accountants.

The ARMC comprises three (3) members. The composition of the ARMC complies with Rules 15.09 and 15.10 of the Listing Requirements of Bursa Securities and the recommendation of MCCG whereby all three (3) AC members are Independent Non-Executive Directors. None of them has appointed alternate directors.

The TOR of ARMC had been updated to reflect the change of the cooling off period from at least two (2) to at least three (3) years before a former audit partner is appointed as a member of the ARMC and the same is accessible on the Company's website at www.lklbeds.com.

None of the members of ARMC were former key audit partners and to uphold utmost independence, the Board has no intention to appoint any former key audit partner as a member of the ARMC.

The term of office and performance of the ARMC and its members are reviewed by the NC annually to determine whether such ARMC and members have carried out their duties in accordance with the TOR.

4.2 External Auditors

The Board has also established the External Auditors Assessment Policy together with the Annual Performance Evaluation Form. The said policy aims to outline the guidelines and procedures for ARMC to review, assess and monitor the performance, suitability and independence of the External Auditors. The factors considered by the ARMC in its assessment include the adequacy of professionalism and experience of the staff, the resources of the External Auditors, fees, independence, and the level of non-audit services rendered to the Group.

The ARMC obtained assurance from the External Auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

In addition, during the ARMC Meetings, the members were also briefed by the External Auditors on the following:-

- (a) Financial Reporting developments;
- (b) Adoption of Malaysian Financial Reporting Standards; and
- (c) Other changes in the regulatory environment.

The ARMC conducted an annual performance assessment of the External Auditors and was satisfied with the performance, suitability and independence of the External Auditors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

PART II – RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

5.1 Risk Management and Internal Control Framework

The Board has put in place a structured risk management and internal control framework within the Group as an ongoing process for identifying, evaluating, monitoring and managing the significant risks affecting the achievement of its business objectives.

The Board acknowledges its overall responsibilities in establishing a sound risk management framework and internal control system within the Group. The risk management framework and internal control system are designed to manage the Group's risks within an acceptable risk appetite, rather than eliminate the risk of failure to achieve the policies, goals and objectives of the Group. It provides reasonable assurance against material misstatement of financial information and records or against financial losses or fraud.

Details of the Group's risk management and internal control framework are disclosed in the Statement on Risk Management and Internal Control in this Annual Report.

5.2 Internal Audit Function

The Group's internal audit function is outsourced to an independent professional firm namely Talent League Sdn. Bhd. ("Talent League" or "Internal Auditors") to assist the ARMC in managing the risks and establishing the internal control system and processes of the Group by providing an independent assessment of the adequacy, efficiency and effectiveness of the Group's risk management and internal control system and processes. Talent League reports directly to the ARMC during the ARMC Meeting on a half yearly basis.

The Internal Auditors are free from any relationship or conflict of interest, which could impair their objectivity and independence.

The ARMC had obtained assurance from the Internal Auditors confirming that they are, and have been, independent throughout the conduct of the internal audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

The internal audit functions and activities carried out during the FYE 2025 are as disclosed in the ARMC Report in this Annual Report.

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

PART I – COMMUNICATION WITH STAKEHOLDERS

6.1 Continuous Communication with Stakeholders

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

To ensure the effective dissemination of information to the shareholders and stakeholders, the Group makes necessary announcements on the Group's affairs and development in accordance with the Listing Requirements of Bursa Securities through the website of Bursa Securities. In addition, the Company also maintains a corporate website at www.lklbeds.com where pertinent information on the Group can be easily accessible by the shareholders and stakeholders in matters as follows:-

- Quarterly interim financial reports on the Group's operations and business development
- Annual audited financial statements and reports on the Group's governance, affairs, financial performance, and cash flows
- Corporate announcements to Bursa Securities on material developments
- Access to the Company's corporate information, such as the Board Charter, TOR for Board Committees, and relevant policies.

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)

6.2 Corporate Disclosure Policy

The Board is committed to provide effective communication to its shareholders and the general public regarding the business, operations and financial performance of the Group and where necessary, that information filed with regulators is in accordance with all applicable legal and regulatory requirements.

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

PART II – CONDUCT OF GENERAL MEETING

7.1 Conduct of General Meetings

The AGM remains the principal forum for dialogue with shareholders where they may seek clarifications on the Company's business and reports.

In line with Practice 13.1 of MCCG, the notice convening the Tenth AGM ("10th AGM") was issued to shareholders at least 28 days before the 10th AGM date, which gives shareholders sufficient time to prepare themselves to attend the 10th AGM or to appoint a proxy to attend and vote on their behalf.

Members of the Board and Key Senior Management of the Company as well as the External Auditors of the Company are available to respond to shareholders' questions during the meetings. During the proceedings of the 10th AGM convened on 29 May 2025, the Chairman of the meeting ensured that the shareholders are allowed to comment or raise issues and questions pertaining to issues on the agenda, in the annual report, Group's strategy and business developments. All questions raised by the shareholders were answered and addressed accordingly.

All resolutions set out in the Notice of the 10th AGM were put to vote by poll and the votes cast were validated by an independent scrutineer appointed by the Company. The outcome of all resolutions proposed at the general meetings is announced to Bursa Securities at the end of the meeting day.

7.2 Effective Communication and Proactive Engagement

All the Directors were present at the 10th AGM held on 29 May 2025 and responded to questions raised by the shareholders.

The Chairman of the Board and its Board Committee members were available to respond to shareholders' queries concerning the Company and the Group in the 10th AGM. The External Auditors were also invited to attend the 10th AGM and assist the Board in addressing relevant queries made by the shareholders.

From the Company's perspective, the AGM also serves as a forum for Directors to engage with the shareholders personally to understand their needs and seek their feedback. The Board welcomes questions and feedback from the shareholders during and at the end of shareholders' meetings and ensures their queries are responded to in a proper and systematic manner.

The Board had ensured that a reasonable time is provided to the shareholders for discussion at the 10th AGM before each resolution is proposed. The summary of the key matters discussed at the 10th AGM was also available on the Company's website at www.lklbeds.com for the shareholders' information.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

STATEMENT BY THE BOARD ON CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board has deliberated, reviewed and approved this Corporate Governance Overview Statement. The Board considers and is satisfied that to the best of its knowledge, the Company has fulfilled its obligations under the MCCG, the relevant chapters of the Listing Requirements of Bursa Securities on corporate governance and all applicable laws and regulations throughout the FYE 2025, except for the departure as set out in the CG Report.

The Board is committed to ongoing improvement and transparency in its corporate governance practices and will continue to regularly review and enhance its policies and procedures to ensure that the Company operates with the highest level of accountability, transparency, and integrity.

This Statement is made in accordance with the resolution of the Board on 24 April 2026.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

1. INTRODUCTION

Pursuant to Rule 15.15 of the ACE Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”), the Board of Directors of LKL International Berhad (“the Board”) is pleased to present the Audit and Risk Management Committee Report which lays out the activities held for the financial year ended 31 December 2025 (“FYE 2025”).

2. OBJECTIVES

The Audit and Risk Management Committee (“ARMC” or “the Committee”) was established with the primary objective of assisting the Board in fulfilling its statutory duties and responsibilities in relation to corporate governance, internal control systems, management and financial reporting practices of the Company and its subsidiaries (“the Group”) and to ensure proper disclosure to the shareholders of the Company.

3. COMPOSITION OF ARMC

The ARMC comprises the following members, all of whom are Independent Non-Executive Directors:-

Name of Committee members	Designation
Dr. Chan Jee Peng	Chairman, Independent Non-Executive Director
Ling Chi Hoong	Member, Independent Non-Executive Director
Ng Fun Kim	Member, Independent Non-Executive Director

The composition of the ARMC complies with the requirements of Rule 15.09 of the Listing Requirements of Bursa Securities as well as Practice 9.1 and Practice 9.4 of the Malaysian Code on Corporate Governance, where all members of the ARMC fulfil the requirements as prescribed.

The Chairman of the ARMC, Dr. Chan Jee Peng is a member of the Malaysian Institute of Accountants and a Chartered Accountant. In this respect, the composition of the ARMC complies with Rules 15.09 and 15.10 of the Listing Requirements of Bursa Securities.

4. TERMS OF REFERENCE

The Terms of Reference of the ARMC which sets out its duties and responsibilities are accessible via the Company’s website at www.lklbeds.com.

5. ATTENDANCE OF MEETINGS

The Committee convened four (4) meetings during the financial year under review. The attendance of the Committee members are set out as follows:

Name of Committee members	Meeting Attendance
Dr. Chan Jee Peng	4/4
Ling Chi Hoong	4/4
Ng Fun Kim	4/4

The presence of the External Auditors, Internal Auditors and/or officers of the Company at the ARMC meetings, if required, will be requested by the Committee. They attended the ARMC meetings by invitation to provide clarification on audit issues, the Group operations and any other matters of interests.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

6. SUMMARY OF ACTIVITIES OF THE ARMC FOR THE FYE 2025

The Committee had carried out the following activities for the FYE 2025 in discharging their duties and responsibilities:

- i. Reviewed the Company's quarterly unaudited financial results and annual Audited Financial Statements of the Group including the announcements pertaining thereto. The discussion focused particularly on any change in accounting policies and practices, significant adjustments arising from the audit and compliance with approved accounting standards and other legal regulatory requirements before recommending to the Board for approval and release of the announcements to Bursa Securities;
- ii. Reviewed the Audit Planning Memorandum for the FYE 2025 presented by the External Auditors to ensure the scope of the external audit is comprehensive;
- iii. Reviewed the Audit Review Memorandum in respect of the Audited Financial Statements for the financial year ended 31 December 2024;
- iv. 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;
- v. Reviewed and discussed with the External Auditors, the applicability and the impact of the new accounting standards and new financial reporting regime issued by the Malaysian Accounting Standards Board;
- vi. Reviewed the external audit reports and assessed the auditor's findings and Management's responses thereto in respect of the audit for the FYE 2025;
- vii. Reviewed and assessed the suitability, objectivity and independence of the External Auditors, namely Morison LC PLT, including the level of audit and non-audit fees, and recommended to the Board for their re-appointment as External Auditors;
- viii. Reviewed with the Internal Auditors, the internal audit plan, work done and reports, for the internal audit function and considered the findings of the internal audit investigations and Management's responses thereon, and ensure that appropriate actions were taken in addressing the issues reported by the Internal Auditors;
- ix. Reviewed the significant risk identified by the Risk Management Team on yearly basis and relevant measures and efforts undertake to mitigate the risks;
- x. Reviewed if there were any related party transactions and/or recurrent related party transactions that transpired within the Group to ensure that the transactions entered into were at arm's length basis and on normal commercial terms;
- xi. Reviewed the conflict of interest questionnaires submitted by the Group's Directors and key members of senior management. Based on this review, no significant conflicts of interest were identified that would necessitate further examination and implementation of specific mitigation measures. The only exceptions were related party transactions that had been duly disclosed and entered into with the Group, which are being managed in accordance with the established governance and approval processes;
- xii. Reviewed the Group Environmental, Social and Governance Report (also known as the Sustainability Report) and recommended it to the Board for adoption;
- xiii. Held one (1) private session with the External Auditors without the presence of the Executive Directors and Management, to review key issues within their sphere of coverage and responsibilities in regards to the audit of the financial statements of the Group for the FYE 2025. It was noted that the Committee had confirmed that they did not have any knowledge of fraud within the Group;
- xiv. Reviewed the Corporate Governance Overview Statement, ARMC Report and Statement on Risk Management and Internal Control to ensure adherence to legal and regulatory reporting requirements before recommending to the Board for approval for inclusion in this Annual Report;
- xv. Reviewed the Circular to Shareholders in relation to the Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue and/or Trading Nature dated 30 April 2025 before recommending to the Board for approval;

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

6. SUMMARY OF ACTIVITIES OF THE ARMC FOR THE FYE 2025 (CONT'D)

The Committee had carried out the following activities for the FYE 2025 in discharging their duties and responsibilities:
(Cont'd)

- xvi. Self-appraised the performance of the ARMC for the FYE 2025 and submitted the evaluation form to the Nomination Committee for assessment;
- xvii. Reviewed the annual performance evaluation forms of the Internal and External Auditors;
- xviii. Reviewed the verification of the options granted under the Share Issuance Scheme of the Company for the FYE 2025; and
- xix. Reviewed and confirmed the minutes of the ARMC meetings.

7. INTERNAL AUDIT FUNCTION

The Group has appointed an outsourced internal audit service provide, Talent League Sdn. Bhd. ("Talent League" or "Internal Auditors") to carry out the Internal Audit Function. Talent League is independent of the activities and operations of the Group. It reports directly to the ARMC.

The internal audit function has undertaken independent and systematic audit reviews in accordance with the 3-year internal audit plan approved by the Board on 25 February 2025. The audit plan covers key functional areas and business activities of the Group emphasising best practices and encompassing all business risks with core focus as well as provide reasonable assurance that the following aspects continue to operate satisfactorily and effectively:

- Adherence with established policies and standard operating procedures;
- Compliance with relevant legal and regulatory requirements;
- Reliability and integrity of information; and
- Safeguarding of assets.

During the FYE 2025, the summary of works undertaken by the Internal Auditors comprised the following:-

- (a) Reviewed compliance with policies, procedures and standards, relevant external rules and regulations;
- (b) Assessed the adequacy and effectiveness of the Group's system of internal control and recommended appropriate actions to be taken where necessary;
- (c) The internal audits performed met the objective of highlighting to the ARMC the outstanding audit issues which required corrective actions to be taken to ensure an adequate and effective internal control system within the Group, as well as any weaknesses in the Group's internal control system;
- (d) Ensured that those weaknesses were appropriately addressed and that recommendations from the internal audit reports and corrective actions on reported weaknesses were taken appropriately within the required timeframe by the Management;
- (e) Presentation of audit findings and rectification actions to be taken by Management in the ARMC Meetings; and
- (f) Subsequent follow-up audits were conducted to assess the implementation of appropriate actions and enhancements as deemed necessary by the Management.

During the FYE 2025, the Internal Auditors had conducted reviews on the adequacy and effectiveness of the internal control system on Procurement and Inventory Management of LKL Advance Metaltech Sdn. Bhd. and Medik Gen Sdn. Bhd.

The cost incurred on the outsourced internal audit function of the Group for the FYE 2025 amounted to RM25,500.

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

The ARMC Report was presented and approved by the Board on 24 April 2026.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors (“the Board”) of LKL International Berhad (“the Company”) is pleased to provide the Statement on Risk Management and Internal Control (“Statement”) of the Company and its subsidiaries (“the Group”) for financial year ended 31 December 2025 (“FYE 2025”) which outlines the nature and scope of risk management and internal control systems of the Group. This Statement has been prepared in accordance with Rule 15.26(b) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirements”), along with the guidelines stipulated in the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers and Malaysian Code on Corporate Governance.

BOARD RESPONSIBILITY

The Board acknowledges its overall responsibility for maintaining the Group’s risk management and internal control system to safeguard the interests of shareholders, customers, regulators, and employees, as well as to protect the Group’s assets. Furthermore, the Board recognises its responsibility for regularly reviewing the effectiveness and integrity of these systems.

The risk management and internal control system encompasses various areas, including financial, operational, environmental and compliance controls. The Board acknowledges the importance of internal audits in establishing and sustaining a sound internal control system. However, due to the inherent limitations of the internal control system, it can only offer reasonable, but not absolute assurance against material misstatement of financial information, loss, or fraud. Despite these limitations, the Board regularly receives and reviews reports on internal control, and is of the view that the internal control system is sufficient to protect shareholders’ interests and the Group’s assets.

The Board, through the Audit and Risk Management Committee (“ARMC”), ensures that the risk management and internal control practices are adequately implemented within the Group. Management is required to exercise good judgement in assessing the risks faced by the Group, identifying the Group’s ability to reduce the incidence and impact of risks, and ensuring that the benefits outweigh the costs of operating the controls.

RISK MANAGEMENT

The Board acknowledges that Management is continuously engaged in identifying, evaluating, monitoring, assessing, reporting, and managing significant risks to achieve the Group’s objectives for the financial year under review. The Group has established a risk management framework designed to control and manage risks within an acceptable risk appetite rather than eliminating all risks inherent to the Group’s activities.

The ARMC, comprising all Independent Non-Executive Directors, is responsible for discharging the risk management function of the Group on behalf of the Board. The ARMC reports to the Board in respect of the identified risks and has been delegated to oversee the risk management and control framework, review the risk registry, monitor ongoing risk management implementation and assess effectiveness of the risk management framework.

As of the date of the Annual Report, the ARMC and the Board had received and reviewed the Risk Registry of the Group for corporate level and its key subsidiaries. The identified risk factors were deliberated, and respective owners were assigned to implement the risk control actions. The Board would ensure that the risk control actions are implemented accordingly.

The Board is of the opinion that it is Management’s role to implement the Board’s policies and guidelines on risks and controls, evaluate the risks faced by the Group, and maintain an appropriate system of internal controls to manage such risks. Management is responsible for fostering a risk-aware culture and creating the necessary environment for risk management.

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

INTERNAL AUDIT FUNCTION

The Board outsourced its internal audit function to an independent professional firm, namely Talent League Sdn. Bhd. ("Talent League") to assist the Board and ARMC by conducting independent assessment of the adequacy and operating effectiveness of the Group's internal control system.

Talent League serves as the Internal Auditors and directly reports to the ARMC during the ARMC Meeting on a half yearly basis. Talent League is free from any relationships or conflicts of interest, which could impair their objectivity and independence in performing the internal audit function. Talent League does not have any direct operational responsibility or authority over any of the activities audited.

Talent League uses the International Professional Practices Framework 2024 – Global Internal Audit Standards, as adopted and recommended by the Institute of Internal Auditors Malaysia, as the basis for evaluating the effectiveness of the internal control system during the course of the assignments.

Based on the internal audit reviews, observations were presented by Talent League, along with Management's response and proposed action plans, to the ARMC for review during the ARMC Meeting. The internal audit fee incurred for the outsourced internal audit function in respect of the financial year under review amounted to RM25,500.

For the FYE 2025, the following subsidiaries of the Group were audited and reported by Talent League:-

Audit Period	Reporting Month	Name of Entity Audited	Audited Areas
1 st Half of the year 2025 (Jan 2025 – Jun 2025)	Aug 2025	<ul style="list-style-type: none"> • LKL Advance Metaltech Sdn. Bhd. • Medik Gen Sdn. Bhd. 	Internal Audit Review <ul style="list-style-type: none"> • Procurement Follow up actions on previously reported audited findings: <ul style="list-style-type: none"> • Internal Audit Reported in August 2023 • Internal Audit Reported in Feb 2024 • Internal Audit Reported in August 2024 • Internal Audit Reported in Feb 2025
2 nd Half of the year 2025 (Jul 2025 – Dec 2025)	Feb 2026	<ul style="list-style-type: none"> • LKL Advance Metaltech Sdn. Bhd. • Medik Gen Sdn. Bhd. 	Internal Audit Review: <ul style="list-style-type: none"> • Inventory Management Follow up actions on previously reported audited findings: <ul style="list-style-type: none"> • Internal Audit Reported in Feb 2024 • Internal Audit Reported in August 2024 • Internal Audit Reported in Feb 2025 • Internal Audit Reported in August 2025

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

KEY ELEMENTS OF INTERNAL CONTROL

The following sets out the key elements of the Group's internal control, which have been in place throughout the FYE 2025, and up to the date of this Statement:-

- **Organisational Structure**
The Group has established a clear and well-defined organisational structure that is tailored to its specific business and operational needs. The structure includes clearly defined lines of accountability, delegation of responsibilities, and levels of authorisation for all aspects of the Group's operations. This structure has been communicated effectively throughout the Group to ensure that all employees understand their roles and responsibilities within the organisation. The Group also periodically reviews its organisational structure to ensure its continued effectiveness and alignment with business objectives.
- **Limits of Authority**
The Group has implemented authority charts to establish a clear framework of responsibility for approving sales orders, purchases, expenses, and capital expenditures.
- **Segregation of Duties**
The Group maintains a structured segregation of duties across its key business processes. Responsibilities are clearly delineated among personnel responsible for the preparation, proposal, verification, recommendation, and approval of transactions. This segregation is designed to reduce the risk of errors and irregularities by ensuring that no single individual has the ability to initiate, authorise, and record a transaction without independent oversight. The segregation of duties framework is embedded within the Group's Discretionary Authority Limits and is applied consistently across all operating subsidiaries.
- **Related Party Transactions Controls**
The Group has established a framework for the management and oversight of Related Party Transactions ("RPT") and Recurrent Related Party Transactions ("RRPT") in accordance with the Listing Requirements. All RPTs and RRPTs are subject to approval thresholds benchmarked against Bursa Malaysia transaction percentage ratios, with transactions above prescribed thresholds requiring concurrent approvals from the Board, ARMC, and Shareholders, as applicable. The Group maintains a register of related parties to ensure compliance with mandates obtained at the Annual General Meeting.
- **The ARMC and Board**
The ARMC and Board convene meetings at least four times per financial year, during which comprehensive information on financial and operational performance is presented to facilitate effective decision-making and monitoring.
- **Monitoring and Review**
Management accounts containing key financial results and operational performance are prepared and presented to management team for monitoring and review on monthly basis. The quarterly financial statements are presented to the Board for their review, consideration and approval.
- **Regular Management Meetings**
The management meetings are conducted on a regular basis, with attendance from the Managing Director, Executive Directors and Heads of the Business Units to discuss operational performance and address operational matters.
- **Information and Communication**
Clear reporting lines are established throughout the Group to facilitate effective communication of critical information necessary for the achievement of the Group's business objectives. This ensures that matters requiring Senior Management's attention are promptly highlighted for review, deliberation, and timely decision-making.
- **Anti-Bribery and Corruption Policy**
The Anti-Bribery and Corruption Policy extends to the Group's Directors, employees, and affiliated third parties, indicating the Group's commitment to prevent bribery and corrupt practices in its business operations.

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

KEY ELEMENTS OF INTERNAL CONTROL (CONT'D)

- **Whistle Blowing Policy**
The Board has implemented a Whistle Blowing Policy that applies to all employees, officers, and Directors of the Group. The policy provides a safe channel for individuals, including members of the public, to raise concerns about potential improprieties. Any allegations of impropriety are reported at the ARMC meeting.
- **Annual Budget and Forecasting**
Each operating unit prepares an annual budget which is subsequently reviewed and adopted by the Board. The Group then reports, analyses, and monitors the actual performance against the budget.
- **Human Resource and Code of Conduct**
The Group has established policies and procedures governing the full employment lifecycle, including recruitment, confirmation, remuneration, promotion, and separation of staff. These processes are subject to defined approval levels based on the seniority of the position involved. The Group also maintains a Code of Conduct that sets out expected standards of behaviour and ethics for all employees and Directors, reinforcing a culture of integrity and accountability.
- **Training and Development Programmes**
Given the ever-changing technological landscape, the Group has implemented training and development programmes to ensure that its staff is equipped with the necessary skills and knowledge to remain competitive in the industry. This is in line with the Group's objective of achieving its business goals.
- **Insurance**
Adequate insurance coverage has been obtained for major assets, buildings, inventory, and machinery across all operating divisions and subsidiaries of the Group to mitigate the impact of potential calamities. The Group's insurance programme encompasses fire, burglary, general and product liability, motor vehicles, workmen compensation, Directors' and officers' liability, group hospitalisation, and group personal accident. These policies are reviewed and renewed periodically with competitive quotations obtained from the market.
- **Sustainability Governance**
In line with the Listing Requirements and the Malaysian Code on Corporate Governance, the Group has adopted a structured approach to sustainability governance. The Board oversees the Group's sustainability practices, including the preparation and adoption of the annual Sustainability Report. The Group continues to integrate environmental, social, and governance ("ESG") considerations into its business strategy and risk management framework, with the objective of creating long-term value for all stakeholders.
- **Regulatory and Medical Devices Compliance**
The Group's products are subject to licensing requirements under the Medical Device Act 2012 ("MDA"). A dedicated regulatory office is in place to oversee product registrations, licence renewals, and ongoing compliance with applicable regulatory requirements.
- **Certification**
The Group have been accredited with ISO Certification, and FDA registration by global group certification bodies. Documented internal procedures and Standard Operating Procedures 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 Managing Director, Executive Directors and Management team that the Group's risk management and internal control system have been operating adequately and effectively in all material aspects, based on the risk management and internal control system of the Group.

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 FYE 2025. Their review was performed in accordance with Malaysian Approved Standard on Assurance Engagement, ISAE 3000 (Revised), Assurance Engagement Other than Audits or Reviews of Historical Financial Information and Audit and Assurance Practice Guide 3 (AAPG 3): Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants.

Based on their reviews, the External Auditors have reported to the Board that nothing has come to their attention that causes them to believe this Statement is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is factually inaccurate.

CONCLUSION

For the financial year under review and up to the date of this Statement, the Board is of the opinion that an ongoing process is in place to identify, evaluate, and manage significant risks faced by the Group. The Board remains proactive in implementing appropriate action plans to strengthen the risk management and internal control system, aligning with the Group's objectives.

This Statement is made in accordance with the resolution of the Board dated 24 April 2026.

STATEMENT OF **DIRECTORS' RESPONSIBILITY**

The Directors are required by the Companies Act 2016 ("CA 2016") to prepare financial statements which give a true and fair view of the state of affairs of the Company and its subsidiaries ("Group") at the end of each financial year and of their results and cash flows for the financial year ended in accordance with the applicable Malaysian Financial Reporting Standards (MFRSs), the International Financial Reporting Standards, the provisions of the CA 2016 and the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

In preparing the financial statements of the Group for the financial year ended 31 December 2025, the Directors have:

- a. adopted appropriate and relevant accounting policies and applied them consistently;
- b. made judgments and estimates that are prudent and reasonable;
- c. ensured that applicable accounting standards have been complied with; and
- d. applied the going concern basis for the preparation of the financial statements.

The Directors are also responsible for ensuring that the Company maintains proper accounting records and other records that disclose with reasonable accuracy the financial position of the Group and of the Company, and that the financial statements comply with the regulatory requirements. The Directors have general responsibility for taking reasonable steps to safeguard the assets of the Group and of the Company, and to take all necessary measures to prevent fraud and other irregularities.

In undertaking the responsibilities placed upon them by the law, the Directors have relied upon the Group's system of internal control and the independent functioning of the internal audit function to provide them with assurance that the Group's accounting records and other relevant records have been maintained by the Group in a manner that enables them to sufficiently explain the transactions and financial position of the Group, and to ensure that true and fair financial statements and documents required by the CA 2016 are prepared for the financial year to which these financial statements relate.



FINANCIAL STATEMENTS

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DIRECTORS' REPORT

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2025.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of its subsidiary companies are disclosed in Note 14 to the financial statements.

FINANCIAL RESULTS

	Group RM	Company RM
Loss before tax	(26,445,402)	(88,597,578)
Income tax expense	(22,631)	-
<hr/>		
Loss for the financial year	(26,468,033)	(88,597,578)
<hr/>		
Attributable to:		
Owners of the Company	(26,458,285)	(88,597,578)
Non-controlling interests	(9,748)	-
<hr/>		
	(26,468,033)	(88,597,578)
<hr/>		

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year ended 31 December 2025 other than as disclosed in the financial statements.

DIVIDENDS

There were no dividends proposed, declared or paid by the Company since the end of the previous financial year. The Directors do not recommend any dividend in respect of the financial year ended 31 December 2025.

ISSUE OF SHARES AND DEBENTURES

There was no issuance of shares or debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year apart from the issue of options pursuant to the Company's Share Issuance Scheme ("SIS") and warrants issued.

DIRECTORS' REPORT (CONT'D)

SHARE ISSUANCE SCHEME

The Company's SIS is governed by the By-Laws on New Issues of Securities of ACE Market Listing Requirements and is administered by the SIS Committee which is appointed by the Board of Directors, in accordance with the By-Laws of SIS. The effective date for the implementation of the SIS was 6 April 2023 and shall be in force for a period of 5 years.

The option offered (under the SIS) to take up unissued ordinary shares and the option exercise prices are as follows:

Date of offer	Expiry date	Option exercise price RM	Number of options over ordinary shares		
			At 1.1.2025	Granted	At 31.12.2025
29.9.2025	29.6.2026	0.033	–	81,000,000	81,000,000

The salient features of the SIS are disclosed in Note 28(b) to the financial statements.

WARRANTS A 2023/2026

On 28 March 2023, the Company listed the rights issue of 290,897,202 new ordinary shares ("Rights Shares") together with 193,931,375 units of free detachable warrants in the Company on the basis of 2 free warrants for every 3 Right Shares subscribed for.

Each Warrant carries the entitlement to subscribe for 1 new LKL Share at any time on or after 22 March 2023 up to the date of expiry on 21 March 2026 at the exercise price of RM0.17 each or such adjusted price in accordance with the provisions in the Deed Poll.

As at 31 December 2025, the total number of warrants that remains unexercised are 193,931,375. Subsequent to the financial year end, 21,160 Warrants A were exercised and converted into ordinary shares at an issue price of RM0.17 per share. Up to the end of the exercised period of the Warrants A on 21 March 2026, the 193,910,215 Warrants A not exercised were delisted from the Official List of Bursa Malaysia Securities Berhad on 24 March 2026.

DIRECTORS

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

Dr. Chan Jee Peng
 Lim Ming Chang
 Ling Chi Hoong
 Ng Fun Kim
 Zulkarnin Bin Ariffin *
 Tan Su Ning
 Lim Pak Hong *
 Ti Lian Seng *
 Dato' Haji Mohd Yazid Bin Haji Mustafa

(Appointed on 1 August 2025)
 (Resigned on 31 October 2025)

* Directors of the Company and certain subsidiaries

DIRECTORS' REPORT (CONT'D)

DIRECTORS (CONT'D)

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

Caryn Foo
 Chuah En Sze
 Chrisantha Samuel Mendis
 Tan Wei Wei
 Yong Bee Kui
 Pang Ching King
 Mohamad Shazreen Bin Mohamad Yunus
 William Shak Soo Wei

(Resigned on 22 September 2025)

DIRECTORS' INTERESTS

The interests in shares of the Company or its related corporations (other than wholly-owned subsidiary companies) of those who were Directors at financial year end (including their spouse or children) according to the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act, 2016 are as follows:

	Balance as at 1.1.2025	Number of ordinary shares		Balance as at 31.12.2025
		Bought	Disposal	
Shareholdings in the name of directors				
Direct interests:				
Lim Pak Hong	7	-	-	7
Indirect interests:				
Lim Pak Hong*	10,500	-	-	10,500

* Deemed interest by virtue of his spouse's shareholdings in the Company pursuant to Section 59(11)(c) of the Companies Act, 2016.

By virtue of his shareholdings in the shares of the Company, he is deemed to have beneficial interest in the shares of the subsidiary companies to the extent the Company has an interest.

Other than disclosed above, none of the other directors in office at the end of the financial year had any interest in the ordinary shares of the Company or of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by the Directors as shown below) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than certain Directors who have significant financial interests in the companies which traded with certain companies in the ordinary course of business in which a Director is a member as disclosed in Note 34 to the financial statements.

DIRECTORS' REPORT (CONT'D)

DIRECTORS' BENEFITS (CONT'D)

The details of the Directors' remuneration of the Group and of the Company are as follows:

	Group RM	Company RM
Directors' remuneration		
Fees	673,000	442,000
Salaries, wages and other emoluments	2,545,640	334,083
Defined contribution plan	284,800	39,027
	3,503,440	815,110

Neither during nor at the end of the financial year, was the Company a party to any arrangement whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

INDEMNITY AND INSURANCE COSTS

During the financial year, the total amount of the indemnity coverage and insurance premium paid for the Directors and certain officers of the Company was RM10,000,000 and RM14,000 respectively. There was no indemnity given to or insurance effected for auditors of the Group and of the Company.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and have satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the values of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

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

- (a) which would render the amount written off as bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

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

- (a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; and
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

DIRECTORS' REPORT (CONT'D)

OTHER STATUTORY INFORMATION (CONT'D)

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

In the opinion of the Directors, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

SUBSIDIARY COMPANIES

The details of the name, place of incorporation, principal activities and effective equity interest of the subsidiary companies are disclosed in Note 14 of the financial statements.

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The significant event is disclosed in Note 39 to the financial statements.

SUBSEQUENT EVENT

The subsequent event is disclosed in Note 40 to the financial statements.

AUDITORS' REMUNERATION

The amount paid or payable as remuneration of the auditors of the Group and of the Company for the financial year ended 31 December 2025 are as follows:

	Group RM	Company RM
Auditors' remuneration		
Statutory audit	225,000	95,000
Non-statutory audit	5,000	5,000
	<hr/> 230,000	<hr/> 100,000

AUDITORS

The auditors, Morison LC PLT, have indicated their willingness to continue in office.

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

ZULKARNIN BIN ARIFFIN

LIM PAK HONG

Petaling Jaya
24 April 2026

STATEMENT BY DIRECTORS

The Directors of **LKL INTERNATIONAL BERHAD** state that, in their opinion, the accompanying financial statements, are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2025 and of their financial performance and their cash flows for the financial year then ended.

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

ZULKARNIN BIN ARIFFIN

LIM PAK HONG

Petaling Jaya
24 April 2026

STATUTORY DECLARATION

BY THE DIRECTOR PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

I, **ZULKARNIN BIN ARIFFIN**, the Director primarily responsible for the financial management of **LKL INTERNATIONAL BERHAD**, do solemnly and sincerely declare that the accompanying financial statements 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.

ZULKARNIN BIN ARIFFIN
(MIA No.: 16942)

Subscribed and solemnly declared by the
abovenamed at **PETALING JAYA**
in the state of Selangor Darul Ehsan on
24th day of April, 2026.

Before me,

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF LKL INTERNATIONAL BERHAD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of **LKL INTERNATIONAL BERHAD**, which comprise the statements of financial position as at 31 December 2025 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to financial statements, including material accounting policy information, as set out on pages 124 to 185.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2025, and their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), as applicable to audits of financial statements of public interest entities and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Key Audit Matter	How the matter was addressed in the audit
<p>Impairment of trade receivables</p> <p>Refer to Notes 3, 4 and 20 to the financial statements for the Group's accounting policies on impairment of financial assets, key sources of estimation uncertainty and related disclosures.</p> <p>As at 31 December 2025, the carrying value of the Group's trade receivables amounted to RM7,790,141.</p> <p>The assessment for impairment for trade receivables involves significant management judgement, taking into consideration the age of the trade debts, historical payment patterns, existence of disputes and other available information concerning the recoverability of the receivables. Accordingly, impairment of trade receivables has been identified as a key audit matter.</p>	<p>Our audit procedures, amongst others, included the following:</p> <ul style="list-style-type: none"> (a) Obtained an understanding and evaluated the appropriateness of the Group's policy on credit risk management and its credit exposures. (b) Tested the accuracy and completeness of the data used by the management. (c) Enquired with management regarding the recoverability of trade receivables that are past due but not impaired and reviewed customers' correspondence. (d) Assessed the reasonableness of the methods and assumptions used by management in estimating the recoverable amount and impairment losses. (e) Evaluated subsequent year end receipts and recoverability of outstanding trade receivables.

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to communicate in our auditors' report.

INDEPENDENT AUDITORS' REPORT (CONT'D)

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and 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.

INDEPENDENT AUDITORS' REPORT (CONT'D)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

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

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's 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 or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we also report that the subsidiary companies of which we have not acted as auditors, are disclosed in Note 14 to the financial statements.

Other Matter

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

MORISON LC PLT (AF 002469)
202206000028 (LLP0032572-LCA)
Chartered Accountants

OUI CHI YEE
03684/08/2026 J
Chartered Accountant

Petaling Jaya
24 April 2026

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Note	Group		Company	
		2025 RM	2024 RM	2025 RM	2024 RM
Revenue	5	56,459,350	47,596,290	–	–
Cost of sales		(45,859,667)	(36,549,743)	–	–
Gross profit		10,599,683	11,046,547	–	–
Other income		3,302,181	2,961,742	1,461,013	651,630
Administrative expenses		(16,883,086)	(15,025,144)	(3,398,576)	(1,430,675)
Selling and distribution expenses		(2,833,457)	(3,602,192)	(24,356)	(11,940)
Other expenses		(16,485,164)	(33,325,302)	(86,707,933)	(18,953,808)
Net impairment (loss)/gain on financial instruments		(1,713,934)	(4,142,369)	72,274	47,726
Share of loss of an associate		–	–	–	–
Finance costs	6	(2,431,625)	(1,733,825)	–	–
Loss before tax	7	(26,445,402)	(43,820,543)	(88,597,578)	(19,697,067)
Income tax (expense)/credit	8	(22,631)	2,474,111	–	–
Loss for the financial year, representing total comprehensive loss for the financial year		(26,468,033)	(41,346,432)	(88,597,578)	(19,697,067)
Loss and total comprehensive loss attributable to:					
Owners of the Company		(26,458,285)	(41,293,784)	(88,597,578)	(19,697,067)
Non-controlling interests		(9,748)	(52,648)	–	–
		(26,468,033)	(41,346,432)	(88,597,578)	(19,697,067)
Loss per share attributable to owners of the Company (sen per share):					
Basic and diluted	9	(6.82)	(10.64)		

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

	Note	Group		Company	
		2025 RM	2024 RM	2025 RM	2024 RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	11	63,211,822	72,868,280	8,410	7,839
Investment properties	12	35,433,644	11,966,490	–	–
Right-of-use assets	13	1,535,512	1,385,899	–	–
Investment in subsidiary companies	14	–	–	100,313,604	160,787,836
Investment in associate	15	–	–	–	–
Other investments	16	19,691,211	21,375,046	2,750,000	3,462,500
		119,872,189	107,595,715	103,072,014	164,258,175
Current Assets					
Inventories	19	12,890,004	17,706,299	–	–
Trade receivables	20	7,790,141	11,747,254	–	–
Other receivables, deposits and prepayments	21	3,077,882	26,260,443	214,666	21,757
Amounts due from subsidiary companies	22	–	–	–	5,973,336
Amounts due from related parties	23	–	400,551	–	–
Amount due from an associate	24	–	–	–	–
Tax recoverable		1,955,833	2,073,317	167,493	388,658
Other investments	16	–	–	–	–
Deposits with licensed banks	25	441,463	21,384,791	–	20,953,163
Cash and bank balances		14,782,617	4,354,258	383,366	219,096
		40,937,940	83,926,913	765,525	27,556,010
Assets held for sale	26	–	–	–	–
		40,937,940	83,926,913	765,525	27,556,010
Total Assets		160,810,129	191,522,628	103,837,539	191,814,185

STATEMENTS OF FINANCIAL POSITION

(CONT'D)

		Group		Company	
	Note	2025 RM	2024 RM	2025 RM	2024 RM
EQUITY					
Share capital	27	233,474,665	233,474,665	233,474,665	233,474,665
Reserves	28	8,140,298	6,787,598	8,140,298	6,787,598
Merger deficit	29	(29,579,990)	(29,579,990)	–	–
Accumulated losses		(106,772,947)	(80,314,662)	(138,649,488)	(50,051,910)
Equity attributable to owners of the Company		105,262,026	130,367,611	102,965,475	190,210,353
Non-controlling interests		(700,238)	(690,490)	–	–
Total Equity		104,561,788	129,677,121	102,965,475	190,210,353
LIABILITIES					
Non-Current Liabilities					
Borrowings	33	18,315,141	–	–	–
Lease liabilities	30	703,430	1,955,697	–	–
Total Non-Current Liabilities		19,018,571	1,955,697	–	–
Current Liabilities					
Trade payables	31	1,776,471	2,139,715	–	–
Other payables	32	4,505,552	5,995,774	255,155	191,131
Amounts due to subsidiary companies	22	–	–	616,909	1,412,701
Amount due to a related party	23	102,221	–	–	–
Borrowings	33	30,102,688	50,606,920	–	–
Lease liabilities	30	734,823	1,147,401	–	–
Tax payable		8,015	–	–	–
Total Current Liabilities		37,229,770	59,889,810	872,064	1,603,832
Total Liabilities		56,248,341	61,845,507	872,064	1,603,832
Total Equity and Liabilities		160,810,129	191,522,628	103,837,539	191,814,185

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Cash Flows Used In				
Operating Activities				
Loss before tax	(26,445,402)	(43,820,543)	(88,597,578)	(19,697,067)
Adjustments for:				
Amortisation of right-of-use assets	1,472,070	1,784,617	-	-
Bad debt recovered	(8,800)	-	-	-
Depreciation of investment properties	824,153	35,760	-	-
Depreciation of property, plant and equipment	3,883,101	5,679,130	4,008	3,912
Fair value loss on other investments	1,683,835	20,581,349	712,500	953,763
Gain on disposal of assets held for sale	-	(1,738,892)	-	-
Gain on disposal of property, plant and equipment	(173,787)	(1,998)	-	-
Gain on termination of lease	(98,612)	(26,192)	-	-
Gain on waiver of amount due to subsidiary company	-	-	(1,412,700)	-
Impairment loss on trade receivables	1,339,874	2,555,187	-	-
Impairment loss on other receivables	-	2,000,000	-	-
Impairment loss on investment in subsidiary companies	-	-	84,580,684	17,937,396
Impairment loss on goodwill	-	2,400,000	-	-
Impairment loss on property, plant and equipment	-	2,490,030	-	-
Impairment loss on amounts due from related parties	579,247	228,355	-	-
Impairment loss on amounts due from subsidiary companies	-	-	-	32,274
Impairment loss on right-of-use assets	-	1,698,934	-	-
Interest income	(71,842)	(607,275)	(48,313)	(592,893)
Interest expense	2,431,625	1,733,825	-	-
Inventories written down	176,397	-	-	-
Inventories written off	1,482,678	1,509,508	-	-
Loss on disposal of right-of-use assets	26,837	-	-	-
Loss on strike off of subsidiary company	-	-	1,410,742	-
Other receivables written off	260,978	707,028	-	-
Prepayments written off	1,198,938	-	-	-
Property, plant and equipment written off	8,950,867	435,906	-	-
Provision for slow-moving stocks	807,923	43,370	-	-
Reversal of impairment loss on trade receivables	(205,187)	(641,173)	-	-
Reversal of impairment loss on amounts due from subsidiary companies	-	-	(72,274)	(80,000)
Reversal of impairment loss on right-of-use assets	(1,698,934)	-	-	-
Reversal of provision for slow-moving stocks	(4,228)	(808,314)	-	-
Share-based payment	1,352,700	-	1,352,700	-
Unrealised loss on foreign exchange	372,140	6,001	-	-

STATEMENTS OF CASH FLOWS (CONT'D)

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Operating loss before working capital changes	(1,863,429)	(3,755,387)	(2,070,231)	(1,442,615)
Changes in working capital:				
Decrease/(Increase) in:				
Inventories	2,353,525	(831,555)	–	–
Receivables	(176,900)	(9,210,834)	(192,909)	324
(Decrease)/Increase in:				
Payables	(1,721,270)	(2,641,299)	64,024	(847)
Cash used in operations	(1,408,074)	(16,439,075)	(2,199,116)	(1,443,138)
Tax paid	(238,943)	(794,117)	(49,220)	(175,813)
Tax refunded	341,811	57,145	270,385	–
Net Cash Used In Operating Activities	(1,305,206)	(17,176,047)	(1,977,951)	(1,618,951)
Cash Flows (Used In)/From Investing Activities				
Acquisition of business	–	(4,200,000)	–	–
Acquisition of investment in subsidiary companies	–	–	–	(1,412,701)
Acquisition of other investments	–	(4,000,000)	–	(2,000,000)
Acquisition of property, plant and equipment	(3,182,021)	(18,327,956)	(4,579)	–
Placement of restricted cash	(1,367,808)	–	–	–
Proceeds from disposal of other investments	–	5,260,802	–	5,260,802
Proceeds from disposal of assets held for sale	–	13,550,000	–	–
Proceeds from disposal of property, plant and equipment	178,300	2,000	–	–
Proceeds from disposal of right-of-use assets	215,000	–	–	–
Advances to subsidiary companies	–	–	(18,058,884)	(1,809,304)
Interest received	71,842	607,275	48,313	592,893
Net Cash (Used In)/From Investing Activities	(4,084,687)	(7,107,879)	(18,015,150)	631,690
Cash Flows From Financing Activities				
(Repayment to)/Advances from subsidiary companies	–	–	(795,792)	1,412,701
Withdrawal/(Placement) of pledged fixed deposits	20,943,328	(1,004,554)	20,953,163	(572,926)
Net (repayment)/drawdown of borrowings	(4,519,664)	20,285,028	–	–
Repayment of lease liabilities	(1,831,873)	(1,643,887)	–	–
Net Cash From Financing Activities	14,591,791	17,636,587	20,157,371	839,775

STATEMENTS OF CASH FLOWS

(CONT'D)

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	9,201,898	(6,647,339)	164,270	(147,486)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	4,354,258	10,988,231	219,096	366,582
Effects of exchange rate differences	(141,347)	13,366	–	–
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	13,414,809	4,354,258	383,366	219,096

(a) The details of cash and cash equivalents are as follows:

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Cash and bank balances	14,782,617	4,354,258	383,366	219,096
Deposits with licensed banks	441,463	21,384,791	–	20,953,163
Bank overdraft	(18,845,516)	(20,114,360)	–	–
	(3,621,436)	5,624,689	383,366	21,172,259
Less: Non cash and cash equivalents				
Deposits pledged with licensed banks	(441,463)	(21,384,791)	–	(20,953,163)
Restricted cash	(1,367,808)	–	–	–
Bank overdraft	18,845,516	20,114,360	–	–
Cash and cash equivalents	13,414,809	4,354,258	383,366	219,096

(b) The reconciliation of liabilities arising from financing activities are as follows:

	Bank overdraft RM	Lease liabilities RM	Term loans RM	Banker's acceptance RM
Group				
At 1 January 2024	19,872,826	3,258,143	6,813,337	2,061,000
Additions of right-of-use assets	–	1,664,436	–	–
Termination of lease	–	(334,690)	–	–
Interest expense	1,090,018	159,096	368,002	116,709
Net (repayment)/drawdown	(848,484)	(1,643,887)	21,444,220	(310,708)
At 31 December 2024/ 1 January 2025	20,114,360	3,103,098	28,625,559	1,867,001
Additions of right-of-use assets	–	1,621,658	–	–
Termination of lease	–	(1,555,682)	–	–
Interest expense	898,660	101,052	1,256,549	175,364
Net repayment	(2,167,504)	(1,831,873)	(1,655,993)	(696,167)
At 31 December 2025	18,845,516	1,438,253	28,226,115	1,346,198

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the ACE Market of Bursa Malaysia Securities Berhad.

The principal place of business of the Company is located at Wisma LKL, No. 3, Jalan BS 7/18, Kawasan Perindustrian Bukit Serdang, Seksyen 7, 43300 Seri Kembangan, Selangor Darul Ehsan.

The registered office of the Company is located at Third Floor, No. 77, 79 & 81, Jalan SS 21/60, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan.

The Company is principally engaged in the business of investment holding. The principal activities of its subsidiary companies are disclosed in Note 14.

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

The financial statements of the Group and of the Company have been authorised by the Board of Directors for issuance on 24 April 2026.

2. BASIS OF PREPARATION

Statement of compliance

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

Adoption of amendments to MFRSs

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

Amendments to MFRS 121 Lack of Exchangeability

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

New MFRSs and amendments to MFRSs in issue but not yet effective

The Group and the Company have not applied the following new MFRSs and amendments to MFRSs that have been issued by the MASB but are not yet effective for the Group and for the Company:

Amendments to MFRS 9 and MFRS 7	Amendments to the Classification and Measurement of Financial Instruments ¹
Amendments to MFRS 9 and MFRS 7	Contracts Referencing Nature-dependent Electricity ¹
Amendments to MFRSs MFRS 18	Annual Improvements to MFRS Accounting Standards - Volume 11 ¹
MFRS 19	Presentation and Disclosure in Financial Statements ²
Amendments to MFRS 19	Subsidiaries without Public Accountability: Disclosures ²
Amendments to MFRS 19	Subsidiaries without Public Accountability: Disclosures ²
Amendments to MFRS 10 and MFRS 128	Translation to a Hyperinflationary Presentation Currency ²
	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³

¹ Effective for annual periods beginning on or after 1 January 2026.

² Effective for annual periods beginning on or after 1 January 2027.

³ Deferred to a date to be determined and announced by MASB.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. BASIS OF PREPARATION (CONT'D)

New MFRSs and amendments to MFRSs in issue but not yet effective (Cont'd)

The Directors anticipate that the abovementioned new MFRSs and amendments to MFRSs will be adopted in the annual financial statements of the Group and of the Company when they become effective, if applicable. The adoption of these new MFRSs and amendments to MFRSs may not have an impact on the financial statements of the Group and of the Company in the period of initial application except as further discussed below:

MFRS 18 Presentation and Disclosure in Financial Statements

MFRS 18 *Presentation and Disclosure in Financial Statements* sets out overall requirements for the presentation and disclosure in the financial statements, and will replace MFRS 101 *Presentation of Financial Statements* upon its adoption. The International Accounting Standards Board ("IASB") did not reconsider all aspects of MFRS 101 when developing MFRS 18, but instead focused on the statement of profit or loss. The IASB retained some paragraphs from MFRS 101 in MFRS 18 and moved some paragraphs from MFRS 101 to MFRS 108 *Basis of Preparation of Financial Statements* and MFRS 7 *Financial Instruments: Disclosures*.

MFRS 18 aims to improve financial reporting by:

- requiring an entity to classify income and expenses including in the statement of profit or loss into five categories, namely operating, investing, financing, income taxes and discontinued operations;
- requiring an entity to present two new defined subtotals in the statement of profit or loss, including "operating profit or loss" and "profit or loss before financing and income taxes";
- requiring an entity to disclose management-defined performance measure; and
- adding new principles for aggregation and disaggregation of items.

An entity is required to apply MFRS 18 for annual periods beginning on or after 1 January 2027, with earlier application permitted. MFRS 18 requires retrospective application with specific transition provisions.

The adoption of MFRS 18 may have an impact on the financial statements of the Group and of the Company in the period of initial application. However, it is not practicable to provide a reasonable estimate of the effects from the adoption of MFRS 18 until the Group and the Company undertake a detailed review.

3. MATERIAL ACCOUNTING POLICY INFORMATION

Basis of accounting

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

Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operate ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Group's and the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest RM except when otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

Basis of consolidation

(a) Business combination

The Group applies the acquisition method of accounting except for one business combination which was accounted for using a merger method of accounting.

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

Under the merger method of accounting, the results of the subsidiaries are presented as if the merger had been affected throughout the financial period.

The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. No amount is recognised in respect of goodwill and excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets and liabilities and contingent liabilities over cost.

The difference between the carrying value of the investment and the nominal value of the shares of the subsidiaries is treated as a merger deficit or merger reserve as applicable.

(b) Non-controlling interests

Non-controlling interests in the acquiree is initially measured at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition.

(c) Separate financial statements

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

(d) Investment in subsidiary companies

Investment in subsidiary companies are stated at cost less any impairment losses in the Company's statement of financial position.

(e) Investment in associate

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

Revenue from contract with customers

Sale of goods

The Group manufactures and trades a range of medical and healthcare beds, peripheral, accessories, medical equipment and hospital furniture. The Group also sells a range of drugs, chemicals, alkalis, cosmetics, personal care, health food, medical device, manure antibodies and pharmaceutical medicine through its retail pharmacy business.

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

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

Revenue from contract with customers (Cont'd)

Rental income

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

Interest income

Interest income is recognised on a time proportion basis, taking into account the principal outstanding and the effective interest rate over the period to maturity, when it is determined that such income will accrue to the Group and the Company.

Leases

As lessee

Right-of-use assets are initially measured at cost less accumulated amortisations and any accumulated impairment losses and adjusted for any remeasurement of the lease liabilities.

The right-of-use assets are amortised using the straight-line method from the commencement date to the earlier of the useful life of the right-of-use asset or the end of the lease term. The useful lives or the lease terms of the right-of-use assets are as per below:

Leasehold land	36 years
Factories and office premises	2 - 6 years
Motor vehicles	20%
Plant and machinery	10 - 20%

The lease liabilities are initially measured at the present value of future lease payments at the commencement date, discounted using the respective Group entities' incremental borrowing rates.

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

- the lease term has changed, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- a lease contract is modified, and the lease modification is not accounted for as a separate asset, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Group 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 recognises the lease payments associated with these leases as an operating expense on a straight-line basis over the lease term.

As lessor

The Group recognises lease payments received from rental of properties under operating leases as income on a straight-line basis over the lease term as part of other income.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated. Capital work-in-progress is not depreciated until it is ready for its intended use.

Except for freehold land and capital work-in-progress, property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

Freehold buildings	2%
Leasehold buildings	36 years
Motor vehicles	20%
Office equipment, furniture and fittings	10% - 25%
Plant and machinery	10% - 20%
Renovations	10%
Signboard	10%

Investment properties

Investment properties are measured at cost less accumulated depreciation and any accumulated impairment losses. Investment properties are depreciated on straight line basis based on the estimated useful lives of the assets as follows:

Freehold buildings	2%
Leasehold land	73 years
Leasehold buildings	24 years

Goodwill

Goodwill is initially measured at cost and is subsequently measured at cost less accumulated impairment losses, if any.

Goodwill is allocated to cash generating units and is subject to annual impairment testing annually.

Inventories

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

Cost of raw materials comprise cost of purchase and other costs incurred in bringing it to their present location and conditions are determined on a weighted average basis. Cost of finished goods and work-in-progress consists of direct material, direct labour and an appropriate proportion of production overheads are stated on a weighted average basis.

Financial assets

Financial assets are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss ("FVTPL"), directly attributable transaction costs.

The Group and the Company determine the classification of financial assets at initial recognition and the categories include other investments, trade and other receivables, amount due from subsidiary companies, related parties and an associate, deposits with licensed banks and cash and bank balances.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

Financial assets (Cont'd)

(a) Financial assets at amortised cost

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

(b) Financial assets at fair value through profit or loss ("FVTPL")

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income ("FVTOCI"), as described above, are measured at FVTPL. This includes derivative financial assets (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument). On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as FVTPL are subsequently measured at their fair value with gains or losses, including any interest and dividend income recognised in profit or loss.

Regular way purchase or sale are purchase or sale of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchase or sale of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

A financial asset or part of it is derecognised when, and only when the contractual rights to receive cash flows from the financial asset expire or is transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial assets and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

Financial liabilities

Financial liabilities are recognised when, and only when, the Group or the Company become a party to the contractual provisions of the financial instruments. All financial liabilities are recognised initially at fair value plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company classify their financial liabilities at initial recognition at amortised cost.

After initial recognition, financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains or losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

Financial liabilities (Cont'd)

The Group's and Company's financial liabilities designated at amortised cost comprise trade and other payables, borrowings and lease liabilities.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Offsetting financial instruments

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

Impairment of non-financial assets

The carrying amounts of non-financial assets (except for inventories) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs of disposal. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss.

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

Impairment of financial assets

The Group and the Company recognise an allowance for expected credit loss ("ECL") on financial assets measured at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

Impairment of financial assets (Cont'd)

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group 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 However, financial assets that are 'Written off' could still be subject to enforcement activities in-order to comply with the Group's procedures for recovery of amounts due.

Statements of cash flows

The Group and the Company adopt the indirect method in the preparation of the statements of cash flows.

For the purpose of the statements of cash flows, cash and cash equivalents are presented after excluding pledged fixed deposits held with licensed banks. Bank overdrafts that are repayable on demand and form an integral part of the Group's and the Company's cash management are deducted from the total of cash and cash equivalents. Movements in the bank overdrafts are classified as financing activities in the statements of cash flows.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Directors have used estimates and assumptions in measuring the reported amounts of assets and liabilities at the end of the reporting period and the reported amounts of expenses during the reporting period. Judgements and assumptions are applied in the measurement and hence, the actual results may not coincide with the reported amounts.

a) Critical judgements in applying the Group's and the Company's accounting policies

In the process of applying the Group's and the Company's accounting policies, the Directors are of the opinion that there are no instances of application of judgements which are expected to have a significant effect on the amounts recognised in the financial statements, except for:

Determining the lease term of contracts with renewal options - Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group applies judgement in evaluating whether to exercise the option to renew the lease. It considers all relevant factors that create an economic incentive for it to exercise the renewal option. After the commencement date, the Group reassess the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew.

The Group includes the renewal period as part of the lease term for such leases of factories and office premises as these are reasonably certain to be exercised because there will be a significant negative effect on operations if a replacement asset is not readily available. The Group typically exercises its option to renew for those leases with renewal options.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

a) Critical judgements in applying the Group's and the Company's accounting policies (Cont'd)

Classification between investment properties and property, plant and equipment

The Group determines whether a property should be classified as an investment property or as property, plant and equipment based on the intended use of the asset. Judgment is required in determining whether a property is held to earn rentals or for capital appreciation (or both), in which case it is classified as an investment property, or whether it is used for the production or supply of goods or services, or for administrative purposes, in which case it is classified as property, plant and equipment.

In certain cases, properties may have a mixed-use purpose. In such instances, the Group assesses whether the portions can be sold or leased out separately. If they can be, the portions are accounted for separately. If not, the entire property is classified based on the predominant use.

Management reviews the classification of properties at each reporting date to ensure that the use of the asset continues to support its classification.

b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are set out below:

Useful lives of property, plant and equipment

The Group and the Company regularly review the estimated useful lives of property, plant and equipment based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation and decrease the value of property, plant and equipment. The carrying amount at the reporting date for property, plant and equipment are disclosed in Note 11.

Impairment of non-financial assets

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

Valuation of inventories

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

Provision for expected credit loss of financial assets at amortised cost

The Group and the Company review the recoverability of its receivables, including trade and other receivables, at each reporting date to assess whether an impairment loss should be recognised. The impairment provisions for receivables are based on assumptions about risk of default and expected loss rates. The Group and the Company use judgement in making these assumptions and selecting inputs to the impairment calculation, based on the Group's and the Company's past history, existing market condition as well as forward looking estimates at the end of each reporting period.

The carrying amounts at the reporting date for receivables are disclosed in Notes 20, 21, 22, 23 and 24.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

5. REVENUE

	2025 RM	Group 2024 RM
<i>At a point in time:</i>		
Revenue from contracts with customers:		
Sales of goods	56,459,350	47,596,290

6. FINANCE COSTS

	2025 RM	Group 2024 RM
Interest expenses on:		
Bank overdraft	898,660	1,090,018
Banker's acceptance	175,364	116,709
Lease liabilities	101,052	159,096
Term loans	1,256,549	368,002
	2,431,625	1,733,825

7. LOSS BEFORE TAX

Loss before tax for the financial year is arrived at after charging/(crediting):

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Auditors' remuneration:				
- Statutory audit				
- current financial year	225,000	155,000	95,000	60,000
- under provision in prior financial year	10,300	-	6,000	-
- Non-statutory audit	5,000	5,000	5,000	5,000
Amortisation of right-of-use assets	1,472,070	1,784,617	-	-
Bad debt recovered	(8,800)	-	-	-
Depreciation of investment properties	824,153	35,760	-	-
Depreciation of property, plant and equipment	3,883,101	5,679,130	4,008	3,912
Expenses relating to short-term leases - premises	80,850	31,828	-	-
Fair value loss on other investments	1,683,835	20,581,349	712,500	953,763
Gain on disposal of assets held for sale	-	(1,738,892)	-	-
Gain on disposal of property, plant and equipment	(173,787)	(1,998)	-	-
(Gain)/Loss on foreign exchange				
- Realised	(30,315)	(8,996)	-	-
- Unrealised	372,140	6,001	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

7. LOSS BEFORE TAX (CONT'D)

Loss before tax for the financial year is arrived at after charging/(crediting): (Cont'd)

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Gain on termination of lease	(98,612)	(26,192)	-	-
Gain on waiver of amount due to subsidiary company	-	-	(1,412,700)	-
Impairment loss on trade receivables	1,339,874	2,555,187	-	-
Impairment loss on other receivables	-	2,000,000	-	-
Impairment loss on amount due from a related party	579,247	228,355	-	-
Impairment loss on investment in subsidiary companies	-	-	84,580,684	17,937,396
Impairment loss on goodwill	-	2,400,000	-	-
Impairment loss on amounts due from subsidiary companies	-	-	-	32,274
Impairment loss on property, plant and equipment	-	2,490,030	-	-
Impairment loss on right-of-use assets	-	1,698,934	-	-
Interest income	(71,842)	(607,275)	(48,313)	(592,893)
Inventories written down	176,397	-	-	-
Inventories written off	1,482,678	1,509,508	-	-
Loss on disposal of right-of-use assets	26,837	-	-	-
Loss on strike off of subsidiary company	-	-	1,410,742	-
Other receivables written off	260,978	707,028	-	-
Prepayments written off	1,198,938	-	-	-
Property, plant and equipment written-off	8,950,867	435,906	-	-
Provision for slow-moving stocks	807,923	43,370	-	-
Rental income	(1,134,114)	(330,865)	-	-
Reversal of impairment loss on trade receivables	(205,187)	(641,173)	-	-
Reversal of impairment loss on amounts due from subsidiary companies	-	-	(72,274)	(80,000)
Reversal of impairment loss on right-of-use assets	(1,698,934)	-	-	-
Reversal of provision for slow-moving stocks	(4,228)	(808,314)	-	-
Staff costs (Note 10)	16,588,269	15,878,233	1,088,982	942,710

8. INCOME TAX EXPENSE/(CREDIT)

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Estimated tax payable:				
Current tax expense	22,719	14,168	-	-
Overprovision in prior financial years	(88)	(2,624,083)	-	-
	22,631	(2,609,915)	-	-
Real property gain tax	-	135,804	-	-
	22,631	(2,474,111)	-	-

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

8. INCOME TAX EXPENSE/(CREDIT) (CONT'D)

A reconciliation of income tax expense/(credit) applicable to loss before tax at the applicable statutory income tax rate to income tax expense/(credit) at the effective income tax rate of the Group and of the Company are as follows:

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Loss before tax	(26,445,402)	(43,820,543)	(88,597,578)	(19,697,067)
At Malaysian statutory tax rate of 24% (2024: 24%)	(6,346,896)	(10,516,930)	(21,263,419)	(4,727,296)
Tax effects of:				
Non-deductible expenses	2,507,929	14,110,709	21,620,036	4,738,704
Non-taxable income	(36,494)	(419,599)	(339,048)	-
Deferred tax assets not recognised	3,898,180	1,847,668	-	-
Utilisation of deferred tax assets previously not recognised	-	(5,007,680)	(17,569)	(11,408)
Overprovision in prior financial years	(88)	(2,624,083)	-	-
Real property gain tax	-	135,804	-	-
	22,631	(2,474,111)	-	-

9. LOSS PER SHARE

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

	Group	
	2025 RM	2024 RM
Loss attributable to owners of the Company	(26,458,285)	(41,293,784)
Weighted average number of ordinary shares for basic loss per share (units)	388,057,256	388,057,256
Basic loss per share (sen)	(6.82)	(10.64)

The Group's diluted loss per share for the financial year ended 31 December 2025 is equal to the basic loss per share since the Group does not have any potential ordinary shares that are dilutive in nature.

10. STAFF COSTS

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Salaries, wages and other emoluments	15,106,364	14,531,226	1,025,602	889,385
Defined contribution plans	1,481,905	1,347,007	63,380	53,325
	16,588,269	15,878,233	1,088,982	942,710

Included in staff cost is aggregate amount of remuneration received and receivable by the Executive Directors of the Group and of the Company as disclosed in Note 34(c) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

11. PROPERTY, PLANT AND EQUIPMENT

Group Cost	Freehold land and buildings RM	Leasehold buildings RM	Motor vehicles RM	Office equipment, furniture and fittings RM	Plant and machinery RM	Renovations RM	Signboard RM	Capital work-in-progress RM	Total RM
At 1 January 2024	30,706,441	364,880	569,610	20,726,465	11,908,032	5,257,963	446,365	18,272,202	88,251,958
Additions	3,946,600	-	330,184	1,190,787	51,471	637,878	-	12,171,036	18,327,956
Arising from acquisition of business	-	-	-	476,000	-	294,000	30,000	-	800,000
Disposals	-	-	(7,050)	-	(24,500)	-	-	-	(31,550)
Written off	-	-	-	(163,061)	-	(445,000)	-	-	(608,061)
Transfer from right-of-use assets	-	-	2,242,008	-	576,805	-	-	-	2,818,813
Transfer to investment properties	(6,242,300)	-	-	-	-	-	-	-	(6,242,300)
At 31 December 2024/ 1 January 2025	28,410,741	364,880	3,134,752	22,230,191	12,511,808	5,744,841	476,365	30,443,238	103,316,816
Additions	-	-	127,677	180,323	1,167,451	-	-	1,706,570	3,182,021
Disposals	-	-	(880,277)	-	(508,478)	-	-	-	(1,388,755)
Written off	-	-	-	(12,563,404)	-	(2,917,819)	(409,000)	-	(15,890,223)
Transfer from right-of-use assets	-	-	182,639	-	-	-	-	-	182,639
At 31 December 2025	28,410,741	364,880	2,564,791	9,847,110	13,170,781	2,827,022	67,365	32,149,808	89,402,498

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

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

Group	Freehold land and buildings RM	Leasehold buildings RM	Motor vehicles RM	Office equipment, furniture and fittings RM	Plant and machinery RM	Renovations RM	Signboard RM	Capital work-in-progress RM	Total RM
Accumulated depreciation									
At 1 January 2024	3,192,635	108,948	569,603	4,779,429	9,275,945	1,252,862	65,460	-	19,244,882
Charge for the financial year	346,436	10,203	20,911	3,983,143	738,046	536,923	43,468	-	5,679,130
Disposals	-	-	(7,049)	-	(24,499)	-	-	-	(31,548)
Written off	-	-	-	(109,114)	-	(63,041)	-	-	(172,155)
Transfer from right-of-use assets	-	-	2,197,472	-	302,824	-	-	-	2,500,296
Transfer to investment properties	(74,462)	-	-	-	-	-	-	-	(74,462)
At 31 December 2024/ 1 January 2025	3,464,609	119,151	2,780,937	8,653,458	10,292,316	1,726,744	108,928	-	27,146,143
Charge for the financial year	353,013	10,203	127,584	2,286,013	836,435	225,233	44,620	-	3,883,101
Disposals	-	-	(880,273)	-	(503,969)	-	-	-	(1,384,242)
Written off	-	-	-	(3,917,395)	-	(427,789)	(104,142)	-	(4,449,326)
Transfer from right-of-use assets	-	-	182,637	-	-	-	-	-	182,637
At 31 December 2025	3,817,622	129,354	2,210,885	7,022,076	10,624,782	1,524,188	49,406	-	25,378,313
Accumulated impairment loss									
At 1 January 2024	-	-	-	530,424	-	277,236	4,703	-	812,363
Charge for the financial year	-	-	-	-	-	2,490,030	-	-	2,490,030
At 31 December 2024/ 1 January 2025	-	-	-	530,424	-	2,767,266	4,703	-	3,302,393
Written off	-	-	-	-	-	(2,490,030)	-	-	(2,490,030)
At 31 December 2025	-	-	-	530,424	-	277,236	4,703	-	812,363
Carrying amount									
At 31 December 2024	24,946,132	245,729	353,815	13,046,309	2,219,492	1,250,831	362,734	30,443,238	72,868,280
At 31 December 2025	24,593,119	235,526	353,906	2,294,610	2,545,999	1,025,598	13,256	32,149,808	63,211,822

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

	Office equipment, furniture and fittings	
	2025 RM	2024 RM
Company Cost		
At 1 January	15,649	15,649
Additions	4,579	–
At 31 December	20,228	15,649
Accumulated depreciation		
At 1 January	7,810	3,898
Charge for the financial year	4,008	3,912
At 31 December	11,818	7,810
Carrying amount		
At 31 December	8,410	7,839

- (a) Freehold land and buildings of the Group with carrying amount of RM13,469,042 (2024: RM8,826,829) are pledged as security for banking facilities granted to the Group as disclosed in Note 33.
- (b) Impairment of property, plant and equipment

In the previous financial year, the Group assessed the recoverable amount of certain plant and equipment related to the retail business of pharmacy based on their value in use. Based on the assessment performed, the recoverable amount of the plant and equipment was determined to be lower than the carrying amount and accordingly, an impairment loss amounting to RM2,490,030 were recognised in the previous financial year. The net amount impaired was recognised as other expenses in profit or loss.

12. INVESTMENT PROPERTIES

	Group	
	2025 RM	2024 RM
Cost		
At 1 January	12,173,600	5,931,300
Additions	24,291,307	–
Transfer from property, plant and equipment	–	6,242,300
At 31 December	36,464,907	12,173,600

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

12. INVESTMENT PROPERTIES (CONT'D)

	2025 RM	Group 2024 RM
Accumulated depreciation		
At 1 January	207,110	96,888
Charge for the financial year	824,153	35,760
Transfer from property, plant and equipment	–	74,462
At 31 December	1,031,263	207,110
Carrying amount		
At 31 December	35,433,644	11,966,490
Fair value of investment properties	39,490,000	11,990,000

(a) Investment properties of the Group with carrying amount of RM35,433,644 (2024: RM11,966,490) are pledged as security for banking facilities granted to the Group as disclosed in Note 33.

(b) Investment properties under leases

Investment properties comprise of freehold land and buildings that are leased to third parties. Leases contain cancellable periods ranging from 1 to 3 years. Subsequent renewals are negotiated with the lessee on an average renewal period of 1 to 3 years. No contingent rents are charged.

(c) Fair value basis of investment properties

Investment properties are carried at cost. The fair value of investment properties is based on market values determined by independent qualified valuers in 2022 and 2025 amounted to RM39,490,000 (2024: RM11,990,000). Fair values are within level 2 of the fair value hierarchy. The fair values have been derived using the sales comparison approach. Sales prices of comparable land and buildings in proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties. There was no transfer between different levels within fair value during the financial year.

(d) Income and expenses recognised in profit or loss

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

	2025 RM	Group 2024 RM
Rental income	1,086,614	329,800
Direct operating expenses		
- Income-generating investment properties	140,478	15,808
- Non-income-generating investment properties	433,820	–

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

12. INVESTMENT PROPERTIES (CONT'D)

(e) Operating lease commitments - as lessor

The Group leases several of their investment properties which have remaining lease terms between one and three years. Rental charges are revised every three years to reflect current market conditions.

The maturity analysis of the Group's lease payments, showing the undiscounted lease payments to be received after the reporting date are as follows:

	2025 RM	Group 2024 RM
- Not later than one year	588,000	314,500
- One to two years	101,500	300,000
- Two to three years	-	125,000
	689,500	739,500

(f) Acquisition of investment properties

During the financial year, the Group acquired investment properties by way of the following:

	2025 RM	Group 2024 RM
Total additions	24,291,307	-
Deposits paid for investment properties in prior financial year	(24,291,307)	-
	-	-

13. RIGHT-OF-USE ASSETS

	Leasehold land and buildings RM	Factories and office premises RM	Motor vehicles RM	Plant and machinery RM	Total RM
Group Cost					
At 1 January 2024	119,700	3,459,203	4,411,353	576,805	8,567,061
Additions	-	1,659,439	4,997	-	1,664,436
Termination adjustment	-	(1,095,390)	-	-	(1,095,390)
Transfer to property, plant and equipment	-	-	(2,242,008)	(576,805)	(2,818,813)
At 31 December 2024 / 1 January 2025	119,700	4,023,252	2,174,342	-	6,317,294
Additions	-	631,137	990,521	-	1,621,658
Disposals	-	-	(806,124)	-	(806,124)
Derecognition upon expiry of contract	-	(563,351)	-	-	(563,351)
Termination adjustment	-	(2,408,799)	-	-	(2,408,799)
Transfer to property, plant and equipment	-	-	(182,639)	-	(182,639)
At 31 December 2025	119,700	1,682,239	2,176,100	-	3,978,039

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

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

	Leasehold land and buildings RM	Factories and office premises RM	Motor vehicles RM	Plant and machinery RM	Total RM
Group (Cont'd)					
Accumulated amortisation					
At 1 January 2024	36,297	1,366,854	3,086,738	245,143	4,735,032
Charge for the financial year	3,325	1,080,272	643,339	57,681	1,784,617
Termination adjustment	–	(786,892)	–	–	(786,892)
Transfer to property, plant and equipment	–	–	(2,197,472)	(302,824)	(2,500,296)
At 31 December 2024 / 1 January 2025	39,622	1,660,234	1,532,605	–	3,232,461
Charge for the financial year	3,325	941,680	527,065	–	1,472,070
Disposals	–	–	(564,287)	–	(564,287)
Derecognition upon expiry of contract	–	(563,351)	–	–	(563,351)
Termination adjustment	–	(951,729)	–	–	(951,729)
Transfer to property, plant and equipment	–	–	(182,637)	–	(182,637)
At 31 December 2025	42,947	1,086,834	1,312,746	–	2,442,527
Accumulated impairment loss					
At 1 January 2024	–	–	–	–	–
Charge for the financial year	–	1,698,934	–	–	1,698,934
At 31 December 2024/ 1 January 2025	–	1,698,934	–	–	1,698,934
Reversal of impairment loss	–	(1,698,934)	–	–	(1,698,934)
At 31 December 2025	–	–	–	–	–
Carrying amount					
At 31 December 2024	80,078	664,084	641,737	–	1,385,899
At 31 December 2025	76,753	595,405	863,354	–	1,535,512

(a) Right-of-use assets under hire purchase arrangements

Included in the above are motor vehicles with carrying amount of RM863,354 (2024: RM641,737) of the Group which are charged to banks for hire-purchase arrangements as disclosed in Note 30.

(b) Lease term of the factories and office premises

The Group leases factories and office premises with remaining lease terms ranging from 1 to 6 years (2024: 1 to 6 years) with an option to renew after the expiry of lease term. Lease payments are negotiated at the end of lease term to reflect market rentals.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

(c) Impairment of right-of-use assets

During the financial year, the Group assessed the recoverable amount of certain right-of-use assets related to the closed pharmacy outlets based on their value in use. The leases of office premises for the closed pharmacy outlets are terminated during the financial year and accordingly, a reversal of impairment loss amounting to RM1,698,934 were recognised. In the previous financial year, based on the assessment performed, the recoverable amount of the right-of-use assets was determined to be lower than the carrying amount and accordingly, an impairment loss amounting to RM1,698,934 was recognised. The reversal of impairment loss/net amount impaired was recognised as other income/other expenses in profit or loss.

14. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2025 RM	2024 RM
In Malaysia		
Unquoted shares, at cost	222,647,613	197,380,091
Less: Accumulated impairment loss	(122,334,009)	(38,004,955)
	100,313,604	159,375,136
Outside Malaysia		
Unquoted shares, at cost	–	1,412,700
	100,313,604	160,787,836

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

	Company	
	2025 RM	2024 RM
At beginning of the financial year	38,004,955	20,067,559
Impairment loss recognised	84,580,684	17,937,396
Strike off of subsidiary company	(251,630)	–
At end of the financial year	122,334,009	38,004,955

Details of the subsidiary companies are as follows:

Name of company	Country of incorporation	Effective equity interest (%)		Principal activities
		2025	2024	
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

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

14. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

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

Name of company	Country of incorporation	Effective equity interest (%)		Principal activities
		2025	2024	
TMI Medik Group Sdn. Bhd. ("TMG")*	Malaysia	70	70	Trading in medical equipment, medical peripherals and accessories, and distribution of pharmaceutical products
Aluxcare Wellness Sdn. Bhd. ("AWSB")	Malaysia	100	100	To carry on the business wholesale, retail, importer and exporter of and dealers in all kinds of drugs, chemicals, alkalies, cosmetics, personal care, health food, medical device, manure antibodies and pharmaceutical medicinal
Carelife Center Sdn. Bhd. ("CCSB")	Malaysia	100	100	Trading of medical and emergency equipment and accessories
LKL Medical (Sarawak) Sdn. Bhd. ("LKLMS")^	Malaysia	60	60	Trading of medical and emergency equipment and accessories
Landb Protrade Sdn. Bhd. ("LPSB")	Malaysia	100	100	To engage in the business of property development and general trading
PT LKL Indonesia Makmur ("LKLIM") +	Indonesia	-	51	Manufacturing of furniture for surgical activities, medical care, dentistry, and veterinary and wholesale trading of laboratory equipment, pharmaceutical equipment, and medical instruments

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

^ LKLAM and the Company hold 50% and 10% equity interest in LKLMS respectively.

+ Not required to be audited.

(a) Incorporation of subsidiary companies

On 26 November 2024, the Company incorporated two new subsidiary companies:

- (i) Landb Protrade Sdn. Bhd. ("LPSB") with a paid up share capital of 1 share for RM1 each.
- (ii) PT LKL Indonesia Makmur ("LKLIM") with a paid up share capital of 10,000 shares for IDR10,000 each, equivalent to approximately RM277 each.

(b) Addition of investment in subsidiary companies

During financial year, the Company increased its investment in subsidiary companies as follows:

- increased equity interest of RM8,250,012 in LKLAM;
- increased equity interest of RM14,527,493 in AWSB;
- increased equity interest of RM1,953,343 in MGSB;
- increased equity interest of RM536,674 in CCSB; and
- increased equity interest of RM249,672 in LKLIM.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

14. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(c) Strike off of a subsidiary company

During the financial year, LKLIM, a subsidiary company of the Company was struck off. The Company recognised loss on strike-off of RM1,410,742 during the financial year.

(d) Impairment of investment in subsidiary companies

The Company has assessed the recoverability of its investment in subsidiary companies due to losses reported by certain subsidiary companies, which indicated the existence of an impairment.

The Company has concluded that there is impairment required to reduce the carrying amount of the investments as the carrying amount are currently higher than their estimated recoverable value. The estimated recoverable amount of the investment is based on the fair value less cost to sell, which is determined based on the net assets value of the subsidiary companies. Therefore, an impairment loss of RM84,580,684 (2024: RM17,937,396) were recognised for the financial year under review.

(e) Material partly-owned subsidiary companies

	Effective equity interest of NCI		(Loss)/ Profit allocated to NCI		Accumulated NCI	
	2025 %	2024 %	2025 RM	2024 RM	2025 RM	2024 RM
TMG	30	30	(37,986)	(72,402)	(779,624)	(741,638)
LKLMS	40	40	28,238	19,754	79,386	51,148
			(9,748)	(52,648)	(700,238)	(690,490)

The summarised financial information before intra-group elimination for subsidiary companies that have non-controlling interests in the Group is as follows:

(i) Summarised statement of financial position

	TMG	
	2025 RM	2024 RM
Current assets	7,106	190,389
Current liabilities	(2,605,849)	(2,662,514)
Net liabilities	(2,598,743)	(2,472,125)

	LKLMS	
	2025 RM	2024 RM
Non-current assets	31,187	15,737
Current assets	509,691	546,752
Non-current liabilities	(16,182)	-
Current liabilities	(326,232)	(434,620)
Net assets	198,464	127,869

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

14. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(e) Material partly-owned subsidiary companies (Cont'd)

The summarised financial information before intra-group elimination for subsidiaries that have non-controlling interests in the Group is as follows: (Cont'd)

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

	2025 RM	TMG	2024 RM
Revenue	–		20,096
Loss for the financial year	(126,618)		(241,336)
Total comprehensive loss	(126,618)		(241,336)

	2025 RM	LKLMS	2024 RM
Revenue	1,950,267		992,864
Profit for the financial year	70,595		49,384
Total comprehensive income	70,595		49,384

(iii) Summarised statement of cash flows

	2025 RM	TMG	2024 RM
Net cash used in operating activities	(4,881)		(60,380)
Net cash from investing activities	799		16,850
Net cash used in financing activities	(55,499)		–

	2025 RM	LKLMS	2024 RM
Net cash generated from operating activities	1,892,972		171,489
Net cash (used in)/from investing activities	(123,769)		291
Net cash used in financing activities	(1,877,689)		(58,702)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

15. INVESTMENT IN ASSOCIATE

	Group and Company	
	2025 RM	2024 RM
Unquoted shares in Malaysia, at cost	40,000	40,000
Share of post-acquisition reserves	(40,000)	(40,000)
	-	-

Details of the associate company are as follows:

Name of company	Country of incorporation	Effective equity interest (%)		Principal activities
		2025	2024	
Focus Carelife Sdn. Bhd. ("FCSB")*	Malaysia	40	40	Trading, supplying, wholesaling, manufacturing of medical and healthcare equipment, products and services.

* Associate company is not audited by Morison LC PLT

16. OTHER INVESTMENTS

		Group		Company	
		2025 RM	2024 RM	2025 RM	2024 RM
Financial assets at fair value through profit or loss					
Non-current					
Investment in quoted shares	(a)	19,691,211	21,375,046	2,750,000	3,462,500
Current					
Investment in money market fund	(b)	-	-	-	-
		19,691,211	21,375,046	2,750,000	3,462,500

(a) The fair value of the investment in quoted shares is determined by reference to the market prices published by Bursa Malaysia as at the reporting date. These investments are categorised within Level 1 of the fair value hierarchy, as they are based on quoted prices in active markets.

Movements in the investment in quoted shares during the financial year are as follows:

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
At beginning of the financial year	21,375,046	38,015,132	3,462,500	2,475,000
Additions	-	4,000,000	-	2,000,000
Fair value changes	(1,683,835)	(20,640,086)	(712,500)	(1,012,500)
At end of the financial year	19,691,211	21,375,046	2,750,000	3,462,500

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

16. OTHER INVESTMENTS (CONT'D)

- (b) The fair value of the investment in a money market fund is categorised within Level 2 of the fair value hierarchy, as the valuation is based on observable inputs, specifically the net asset value (NAV) per unit of the fund.

Movements in the investment in money market fund during the financial year are as follows:

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
At beginning of the financial year	–	5,202,065	–	5,202,065
Fair value changes	–	58,737	–	58,737
Disposals	–	(5,260,802)	–	(5,260,802)
At end of the financial year	–	–	–	–

17. GOODWILL

In the previous financial year, the wholly-owned subsidiary of the Company, Aluxcare Wellness Sdn. Bhd. had entered into a Sale and Purchase Agreement with Medicconstant Pharmacy (Ampang) Sdn. Bhd. for the acquisition of the business of three (3) pharmacy outlets including assets and inventories for a total purchase consideration of RM4,800,000. Upon completion of the acquisition, liabilities in relation to the cost incurred on certain expenses is amounting to RM600,000, resulted in a reduction of purchase consideration from RM4,800,000 to RM4,200,000.

Assets acquired at the date of acquisition as per below:

	Group 2024 RM
Property, plant and equipment	800,000
Inventories	1,000,000
Total purchase consideration	1,800,000 (4,200,000)
Goodwill	2,400,000
Cost	
At beginning of the financial year	–
Addition	2,400,000
At end of the financial year	2,400,000
Accumulated impairment	
At beginning of the financial year	–
Charge for the financial year	2,400,000
At end of the financial year	2,400,000
Carrying amount	
At 31 December 2024	–

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

17. GOODWILL (CONT'D)

Allocation of goodwill to cash-generating units ("CGUs")

The Group's goodwill has been allocated to the respective CGUs, which operate in the retail segment as follows:

	Group 2024 RM
Outlet A	1,488,000
Outlet B	624,000
Outlet C	288,000
	2,400,000

Key assumptions used in value-in-use computations

The recoverable amounts for the CGUs have been determined based on value-in-use calculations using pre-tax cash flows projections based on financial budgets estimated by management covering a 5-year period using a terminal value calculation.

The values assigned to key assumptions are based on both external and internal sources of information. The following describes each key assumption for which management has based its cash flows projections to undertake the impairment testing of goodwill:

	Gross margin	Revenue growth	Discount rate
2024			
Outlet A	5.8%	24.8%	7.9%
Outlet B	-12.9%	24.2%	7.9%
Outlet C	16.2%	17.1%	7.9%

In the previous financial year, based on the impairment assessment, the carrying amounts of CGUs to which the goodwill were allocated exceeded its recoverable amount, accordingly, impairment loss of RM2,400,000 is recognised which is fully allocated to the goodwill recognised and is recorded within other expenses line in profit or loss of the Group.

18. DEFERRED TAX ASSETS

The net deferred tax assets and liabilities shown below reflect the movements during the period after appropriate offsetting are as follows:

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Deferred tax assets	1,183,010	2,301,650	504	280
Deferred tax liabilities	(1,183,010)	(2,301,650)	(504)	(280)
	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

18. DEFERRED TAX ASSETS (CONT'D)

The components and movements of deferred tax assets and liabilities during the financial year before the offsetting are as follows:

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Deferred tax assets (before offsetting)				
Temporary differences arising from:				
Lease liabilities	147,736	744,743	–	–
Provisions	1,035,274	1,556,907	504	280
	1,183,010	2,301,650	504	280
Offsetting	(1,183,010)	(2,301,650)	(504)	(280)
Deferred tax assets (after offsetting)	–	–	–	–
Deferred tax liabilities (before offsetting)				
Temporary differences arising from:				
Property, plant and equipment	1,040,113	1,969,035	504	280
Right-of-use assets	142,897	332,615	–	–
	1,183,010	2,301,650	504	280
Offsetting	(1,183,010)	(2,301,650)	(504)	(280)
Deferred tax liabilities (after offsetting)	–	–	–	–

The amount of unutilised capital allowance, unabsorbed tax losses and deductible temporary differences for which the gross deferred tax assets are not recognised in the financial statements due to uncertainty of realisation are as follows:

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Unutilised capital allowances	14,487,989	10,708,235	–	–
Unabsorbed tax losses	45,918,197	42,153,353	3,042	3,042
Temporary differences arising from provisions	13,194,233	4,496,415	2,483,213	2,556,418
	73,600,419	57,358,003	2,486,255	2,559,460

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

18. DEFERRED TAX ASSETS (CONT'D)

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

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Years of assessment				
- 2028	3,042	3,042	3,042	3,042
- 2029	90,410	90,410	-	-
- 2030	477,344	477,344	-	-
- 2031	2,148,058	2,148,058	-	-
- 2032	12,988,066	12,988,066	-	-
- 2033	12,098,916	12,098,916	-	-
- 2034	14,326,650	14,347,517	-	-
- 2035	3,785,711	-	-	-
	45,918,197	42,153,353	3,042	3,042

Deferred tax assets of the Group and of the Company have not been recognised in respect of these items as it is not probable that future taxable profits would be available against which the deductible temporary differences could be utilised. The amount and availability of these items to be carried forward up to the period as disclosed above are subject to the agreement of the tax authorities.

19. INVENTORIES

	2025	Group
	RM	2024 RM
At cost		
Raw materials	1,974,726	4,507,030
Work-in-progress	24,428	3,771,830
Finished goods	10,715,551	8,873,059
Goods in transit	-	554,380
	12,714,705	17,706,299
At net realisable value		
Finished goods	175,299	-
	12,890,004	17,706,299
Recognised in profit or loss		
Inventories recognised as cost of production	35,993,666	25,124,708
Inventories written down	176,397	-
Inventories written off	1,482,678	1,509,508
Provision for slow-moving stocks	807,923	43,370
Reversal of provision for slow-moving stocks	(4,228)	(808,314)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

20. TRADE RECEIVABLES

	2025 RM	Group 2024 RM
Trade receivables	11,498,530	14,320,956
Less: Accumulated impairment losses	(3,708,389)	(2,573,702)
	7,790,141	11,747,254

The Group's normal trade credit terms range from 30 to 90 days (2024: 30 to 90 days). Other credit terms are determined on a case-to-case basis. Trade receivables are not secured by any collateral or credit enhancements.

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

	2025 RM	Group 2024 RM
At beginning of the financial year	2,573,702	659,688
Impairment loss recognised	1,339,874	2,555,187
Reversal of impairment losses	(205,187)	(641,173)
At end of the financial year	3,708,389	2,573,702

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

	Gross amount RM	Impairment loss RM	Carrying amount RM
Group 2025			
Not past due	5,350,554	-	5,350,554
Past due:			
Less than 30 days	494,378	(910)	493,468
31 - 60 days	398,821	(761)	398,060
61 - 90 days	812,543	(1,360)	811,183
More than 90 days	1,041,554	(304,678)	736,876
	2,747,296	(307,709)	2,439,587
Individually impaired	8,097,850	(307,709)	7,790,141
	3,400,680	(3,400,680)	-
	11,498,530	(3,708,389)	7,790,141

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

20. TRADE RECEIVABLES (CONT'D)

The aged analysis of the trade receivables as at the end of the reporting period: (Cont'd)

	Gross amount RM	Impairment loss RM	Carrying amount RM
Group 2024			
Not past due	6,984,163	(26,197)	6,957,966
Past due:			
Less than 30 days	2,329,191	(9,315)	2,319,876
31 - 60 days	295,770	(4,099)	291,671
61 - 90 days	400,295	(6,534)	393,761
More than 90 days	2,023,670	(239,690)	1,783,980
	5,048,926	(259,638)	4,789,288
Individually impaired	12,033,089	(285,835)	11,747,254
	2,287,867	(2,287,867)	-
	14,320,956	(2,573,702)	11,747,254

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

As at 31 December 2025, trade receivables of the Group amounting to RM2,439,587 (2024: RM4,789,288) were past due but not impaired. These relate to several independent customers for whom there is no history of default.

21. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Other receivables	216,488	119,733	-	-
Advances to suppliers	3,626,628	3,349,703	-	-
Less: Accumulated impairment loss	(2,704,484)	(2,704,484)	-	-
	922,144	645,219	-	-
Deposits	330,374	488,695	1,300	1,300
Non-refundable deposit	-	24,291,307	-	-
Prepayments	1,608,876	715,489	213,366	20,457
	3,077,882	26,260,443	214,666	21,757

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

21. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D)

The movements in the accumulated impairment loss on advances to suppliers during the financial year are as follows:

	2025 RM	Group 2024 RM
At beginning of the financial year	2,704,484	25,633,606
Impairment loss recognised	–	2,000,000
Written off	–	(24,929,122)
At end of the financial year	2,704,484	2,704,484

- (a) The advances to suppliers are unsecured and interest free. The amounts owing will be offset against future purchases from the suppliers.
- (b) The non-refundable deposit of the Group is in relation to the acquisition of 12-storey commercial office building with a 5-storey car park containing 130 car park bays known as Bangunan KWSP Damansara Fairway.

On 21 February 2023, a wholly-owned subsidiary of the Company, LKL Advance Metaltech Sdn. Bhd. (“LKLAM”) entered into a sale and purchase agreement (“SPA”) with Lembaga Kumpulan Wang Simpanan Pekerja (“KWSP”) or also known as Employees Provident Fund Board, for the acquisition of a leasehold property measuring approximately 2,301 square metres, situated at No. 6A, Persiaran Tropicana, Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan for a total cash consideration of RM24,000,000.

The acquisition was completed on 20 March 2025 upon delivery of vacant possession of the building to LKLAM.

The leasehold property is pledged as security for banking facility granted to the Group as disclosed in Note 33.

- (c) Included in the prepayments of the Group is an advance payment of RM950,000 (2024: RM Nil) paid to a third-party vendor for development of healthcare mobile application for a proposed pharmacy e-commerce platform in collaboration with a third-party pharmacy operator.

As at the reporting date, the terms of the proposed collaboration including the potential establishment of a joint venture arrangement have not been finalised and remain subject to ongoing discussion.

22. AMOUNTS DUE FROM/(TO) SUBSIDIARY COMPANIES

	2025 RM	Company 2024 RM
Amounts due from subsidiary companies	2,485,312	8,530,922
Less: Accumulated impairment loss	(2,485,312)	(2,557,586)
	–	5,973,336
Amounts due to subsidiary companies	(616,909)	(1,412,701)

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

22. AMOUNTS DUE FROM/(TO) SUBSIDIARY COMPANIES (CONT'D)

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

	Company	
	2025 RM	2024 RM
At beginning of the financial year	2,557,586	2,605,312
Impairment loss recognised	–	32,274
Reversal of impairment loss	(72,274)	(80,000)
At end of financial year	2,485,312	2,557,586

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

23. AMOUNTS DUE FROM/(TO) RELATED PARTIES

	Group	
	2025 RM	2024 RM
Amounts due from related parties	807,602	628,906
Less: Accumulated impairment loss	(807,602)	(228,355)
	–	400,551
Amount due to a related party	(102,221)	–

The movements in the accumulated impairment loss on amounts due from related parties during the financial year are as follows:

	Group	
	2025 RM	2024 RM
At beginning of the financial year	228,355	–
Impairment loss recognised	579,247	228,355
At end of the financial year	807,602	228,355

Amounts due from/(to) related parties are non-trade in nature, non-interest bearing, unsecured and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

24. AMOUNT DUE FROM AN ASSOCIATE

	2025 RM	Group 2024 RM
Amount due from an associate	366,202	366,202
Less: Accumulated impairment loss	(366,202)	(366,202)
	-	-

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

	2025 RM	Group 2024 RM
At beginning/end of the financial year	366,202	366,202

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

25. DEPOSITS WITH LICENSED BANKS

Deposits with licensed banks earn interest at rates ranging from 2.20% - 2.65% (2024: 2.45% - 2.95%) for the Group and of the Company and are pledged with licensed banks for banking facilities granted to the Group as disclosed in Note 33.

Deposits with licensed banks of the Group and of the Company have maturity terms ranging from 1 to 12 months (2024: 1 to 12 months).

26. ASSETS HELD FOR SALE

On 10 October 2023, the wholly owned subsidiary company, LKLAM, entered into a Sale and Purchase Agreement ("SPA") with JLL Electrical Sdn. Bhd. for the disposal of freehold land together with a unit of three-story semi-detached factory with postal address of No. 15, Jalan BS 7/1C, Seksyen 7, Taman Perindustrian Bukit Serdang, 43300 Seri Kembangan, Selangor, for a total disposal consideration of RM6,650,000.

On 20 December 2023, the wholly owned subsidiary company, LKLAM, had entered into a SPA with 8 Food Avenue Sdn. Bhd. for the disposal of freehold land held together with a three-story semi-detached factory with postal address of No. 13, Jalan BS 7/1 C, Taman Perindustrian Bukit Serdang, 43300 Seri Kembangan, Selangor Darul Ehsan, for a total disposal consideration of RM6,900,000.

In the previous financial year, the disposals have been completed as the conditions precedent of the SPA have been fulfilled.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

27. SHARE CAPITAL

	2025 Units	Group and Company		2024 RM
		2024 Units	2025 RM	
Ordinary shares issued and fully paid (no par value):				
At beginning/end of the financial year	388,057,256	388,057,256	233,474,665	233,474,665

The holders of ordinary shares are entitled to receive dividends are declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

28. RESERVES

		Group		Company	
		2025 RM	2024 RM	2025 RM	2024 RM
Warrant reserve	(a)	6,787,598	6,787,598	6,787,598	6,787,598
Share option reserve	(b)	1,352,700	–	1,352,700	–
		8,140,298	6,787,598	8,140,298	6,787,598

(a) Warrant reserve

On 28 March 2023, the Company listed the rights issue of 290,897,202 new ordinary shares ("Rights Shares") together with 193,931,375 units of free detachable warrants in the Company on the basis of 2 free warrants for every 3 Right Shares subscribed for. Each Warrant carries the entitlement to subscribe for 1 new LKL Share at any time on or after 22 March 2023 up to the date of expiry on 21 March 2026 at the exercise price of RM0.17 each or such adjusted price in accordance with the provisions in the Deed Poll.

As at 31 December 2025, the total numbers of warrants that remain unexercised are 193,931,375. Subsequent to the financial year end, 21,160 Warrants A are exercised and converted into ordinary shares at an issue price of RM0.17 per share. Up to the end of the exercised period of the Warrants A on 21 March 2026, the 193,910,215 Warrants A not exercised were delisted from the Official List of Bursa Malaysia Securities Berhad on 24 March 2026.

(b) Share option reserve

The share option reserve comprises the cumulative value of employee services received for the issue of share options. The reserve is recorded over the vesting period commencing from the grant date and is reduced by the expiry or exercise of the share options. When the option is exercised, the amount from the share option reserve is transferred to share capital. When the share options expire, the amount from the share option reserve is transferred to retained earnings.

The SIS was implemented on 6 April 2023 and will be in force for a maximum period of 5 years from the effective date.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

28. RESERVES (CONT'D)

(b) Share option reserve (Cont'd)

Salient features of the SIS are as follows:

- In respect of an employee of the Group, the employee must fulfil the following criteria as at the Date of Offer:
 - o he/she is at least 18 years of age, and he/she is not undischarged bankrupt or subject to any bankruptcy proceedings.
 - o he/she is employed on the Date of Offer:
 - i. on a full-time basis and is on the payroll of any company in the Group (which are not dormant) and his/her employment has been confirmed by any company in the Group (which are not dormant) on the Date of Offer; or
 - ii. under an employment contract for a fixed duration and has been in the employment of any company in the Group (which are not dormant) for such period as may be determined by the SIS Committee.
- In respect of an Eligible Director, the Eligible Director must fulfil the following criteria as at the Date of Offer:
 - o he/she is at least 18 years of age and he/she is not an undischarged bankrupt or subject to any bankruptcy proceedings;
 - o he/she has been appointed as a director to the board of directors of any member of the Group which is not dormant.
- The price of which the grantee is entitled to subscribe for shares under SIS is the volume-weighted average market price for the 5 market days preceding the date of the offer, subject to a discount of not more than 10% which the Company may at its discretion decide to give.
- The shares to be allotted upon the exercise of the option shall, upon issue and allotment, rank pari passu in all respects with the existing issued and paid up capital of the Company, except that such shares will not be entitled for any dividend, rights, transfer, allotment or distribution declared, made or paid to shareholders prior to the date of allotment and issuance of the new holding company's shares.

Movement of share options during the financial year

The following table illustrates the number and weighted average exercise prices ("WAEP") of, and movement in, share options:

	Number '000	2025 WAEP RM
At 1 January	–	–
Granted on 29 September 2025	81,000	0.033
At 31 December	81,000	0.033
Exercisable at 31 December	81,000	0.033

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

28. RESERVES (CONT'D)

(b) Share option reserve (Cont'd)

Movement of share options during the financial year (Cont'd)

The options outstanding at 31 December 2025 have exercise price of RM0.033 (2024: RM Nil) and the weighted average remaining contractual life for the share options outstanding as at 31 December 2025 was 0.49 years (2024: Nil years).

The fair values of the share options granted were determined using a binomial option pricing model, and the inputs were:

	2025
Fair value of share options and assumptions	
Weighted average fair value of share option at grant date (RM)	0.0167
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Weighted average share price (RM)	0.042
Option life (years)	0.75
Risk-free rate (%)	3.269
Expected dividends (%)	Nil
Expected volatility (%)	89.336
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The expected volatility is based on the historical share price volatility over the last 3 years. When determining the fair value, management has also taken into consideration the exercise restrictions and exercise behaviour.

29. MERGER DEFICIT

	2025	Group
	RM	2024
		RM
Merger deficit	29,579,990	29,579,990
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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.

30. LEASE LIABILITIES

	2025	Group
	RM	2024
		RM
Minimum lease liabilities repayments		
Within 1 year	788,055	1,254,976
Later than 1 year but not later than 5 years	617,115	1,993,071
More than 5 years	123,105	65,450
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Less: Future finance charges	1,528,275 (90,022)	3,313,497 (210,399)
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	1,438,253	3,103,098
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NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30. LEASE LIABILITIES (CONT'D)

	2025 RM	Group 2024 RM
Present value of minimum lease liabilities repayments		
Within 1 year	734,823	1,147,401
Later than 1 year but not later than 5 years	635,060	1,937,765
More than 5 years	68,370	17,932
	1,438,253	3,103,098
Analysed by:		
Current portion	734,823	1,147,401
Non-current portion	703,430	1,955,697
	1,438,253	3,103,098

The lease liabilities comprise lease of premises and obligations under hire purchase on motor vehicles.

Lease of premises

The Group applied the incremental borrowing rate to the lease liabilities ranging from 3.23% to 4.60% (2024: 3.23% to 4.60%) per annum.

Obligations under hire purchase

The Group's obligations under hire purchase bear effective interest rate ranging from 2.01% to 4.55% (2024: 2.01% to 3.49%) per annum.

The following are the amounts recognised in profit or loss:

	2025 RM	Group 2024 RM
Interest on lease liabilities	101,052	159,096
Gain on termination of lease	(98,612)	(26,192)

31. TRADE PAYABLES

	2025 RM	Group 2024 RM
Third parties	1,776,471	2,139,715

The normal trade credit terms granted to the Group range from 30 to 120 days (2024: 30 to 120 days).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

32. OTHER PAYABLES

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Other payables	565,159	1,264,662	20,000	43,330
Advances from customers	355,996	1,364,197	-	-
Accruals	3,239,874	3,110,840	235,155	147,801
Deposits received	344,523	256,075	-	-
	4,505,552	5,995,774	255,155	191,131

33. BORROWINGS

	Notes	Group	
		2025 RM	2024 RM
Secured			
Non-current			
Term loans	(a)	18,315,141	-
Current			
Term loans	(a)	9,910,974	28,625,559
Banker's acceptance	(b)	1,346,198	1,867,001
Bank overdraft	(c)	18,845,516	20,114,360
		30,102,688	50,606,920
		48,417,829	50,606,920

(a) Term loans

Term loans I and II

The term loans of the Group bear an interest rate ranging from 4.60% to 4.61% (2024: 4.60% to 4.61%) per annum and are secured by way of:

- (i) First legal charge over properties as disclosed in Note 12;
- (ii) Corporate guaranteed by the Company; and
- (iii) Assignment of rental proceeds over the properties.

Term loan III

Term loan III of the Group bears an interest rate of 4.30% to 4.55% (2024: 4.61%) per annum and is secured by way of:

- (i) First legal charge over property as disclosed in Note 11;
- (ii) Charges over fixed deposits as disclosed in Note 25; and
- (iii) Corporate guaranteed by the Company.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

33. BORROWINGS (CONT'D)

(a) Term loans (Cont'd)

Term loan IV

Term loan IV of the Group bears an interest rate of 4.30% to 4.55% (2024: 4.45%) per annum and is secured by way of:

- (i) First legal charge over properties as disclosed in Note 12;
- (ii) Charges over fixed deposits as disclosed in Note 25;
- (iii) Corporate guaranteed by the Company; and
- (iv) Assignment of rental proceeds from the properties.

Term loan V

Term loan V of the Group bears an interest rate of 4.00% (2024: Nil%) per annum and is secured by way of:

- (i) Guarantee by Syarikat Jaminan Pembiayaan Perniagaan, a guarantee scheme by the Government of Malaysia; and
- (ii) Corporate guaranteed by the Company.

(b) Banker's acceptance

The banker's acceptance of the Group bear interest rates ranging from 3.50% to 5.50% (2024: 4.45% to 4.71%) per annum 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 guarantees of certain Directors of the Group.

(c) Bank overdraft

The bank overdraft of the Group bears interest rates ranging from 6.75% - 7.75% (2024: 5.72%) and is secured by way of:

- (i) Cash collateral with carrying amount of RM487,808 (2024: RM Nil); and
- (ii) Corporate guaranteed by the Company.

Breach of covenants

During the financial year ended 31 December 2025, the Group breached certain covenant under its loan agreements. The breaches and their implications are detailed as follows:

AWSB, a wholly owned subsidiary of the Company, had outstanding Term loans I and II amounting to RM6,424,614 as at 31 December 2025. During the financial year, AWSB breached a loan covenant stipulated in the loan agreements of failure to maintain a Debt Service Coverage Ratio ("DSCR") of not less than 1.0 times at all times, as required by the terms of the financing arrangement.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

33. BORROWINGS (CONT'D)

Breach of covenants (Cont'd)

As a result of this breach, the related bank borrowings have been reclassified from non-current liabilities to current liabilities in the Group's statements of financial position as at 31 December 2025.

In addition, Term Loan III, with an outstanding balance of RM2,654,909 as at 31 December 2025, contains a cross-default clause linked to breach of loan covenant in Term Loans I and II. Consequently, this loan was also deemed to be in default and has similarly been reclassified to current liabilities.

34. SIGNIFICANT RELATED PARTY DISCLOSURES

(a) Identifying related parties

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

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

(b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed in Notes 22, 23 and 24 the significant related party transactions of the Group and of the Company are as follows:

	2025	Group	2024
	RM		RM
Transactions with related parties:			
Purchase of goods	634,771		4,860,261
Management fee paid	162,000		576,000
Labour charges	164,876		599,349
Rental payable	256,550		123,000
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(c) Compensation of key management personnel

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

	Group		Company	
	2025	2024	2025	2024
	RM	RM	RM	RM
Executive Directors				
Fees	673,000	612,000	442,000	432,000
Salaries, wages and other emoluments	2,545,640	1,700,702	334,083	257,562
Defined contribution plan	284,800	190,289	39,027	30,045
<hr/>				
	3,503,440	2,502,991	815,110	719,607
<hr/>				

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

34. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)

- (c) Compensation of key management personnel (Cont'd)

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

	2025 RM	Group 2024 RM
Other key management personnel		
Salaries and allowance	511,204	733,109
Defined contribution plan	61,113	104,093
	572,317	837,202

35. SEGMENT INFORMATION

Operating segments are prepared in a manner consistent with the internal reporting provided to Group chief executive officer as its chief operating decision maker in order to allocate resources to segments and to assess their performance on a quarterly basis. For management purposes, the Group is organised into business units based on their products and services provided, Assets, liabilities, income and expenses which are jointly used and generated are allocated on the basis of the revenue earned by respective reportable segments.

The Group is organised into 4 main reportable segments as follows:

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

35. SEGMENT INFORMATION (CONT'D)

2025	Manufacturing division RM	Trading division RM	Retail division RM	Investment holding division RM	Total segments RM	Adjustments and elimination RM	Consolidated RM
Revenue							
External revenue	27,147,780	27,212,680	2,098,890	-	56,459,350	-	56,459,350
Inter-segment revenue	1,684,527	697,440	-	-	2,381,967	(2,381,967)	-
Total revenue	28,832,307	27,910,120	2,098,890	-	58,841,317	(2,381,967)	56,459,350
Results							
Segment loss before tax	(5,218,968)	(3,466,282)	(12,602,469)	(91,237,046)	(112,524,765)	86,079,363	(26,445,402)
Finance cost	(1,059,834)	(917,072)	(444,745)	(9,974)	(2,431,625)	-	(2,431,625)
Depreciation of investment properties	(422,815)	(365,578)	(35,760)	-	(824,153)	-	(824,153)
Depreciation of property, plant and equipment	(1,287,074)	(1,116,138)	(1,475,881)	(4,008)	(3,883,101)	-	(3,883,101)
Amortisation of right-of-use assets	(522,973)	(467,887)	(241,864)	(239,346)	(1,472,070)	-	(1,472,070)
Bad debt recovered	4,719	4,081	-	-	8,800	-	8,800
Gain on disposal of property, plant and equipment	93,202	80,585	-	-	173,787	-	173,787
Gain on termination of lease	-	-	98,612	-	98,612	-	98,612
Interest income	11,192	11,624	546	48,480	71,842	-	71,842
Inventories written down	-	-	(176,397)	-	(176,397)	-	(176,397)
Inventories written off	-	(169,298)	(1,313,380)	-	(1,482,678)	-	(1,482,678)
Loss on disposal of right-of-use assets	(14,393)	(12,444)	-	-	(26,837)	-	(26,837)
Other receivables written off	-	-	(260,978)	-	(260,978)	-	(260,978)
Prepayments written off	-	(1,198,938)	-	-	(1,198,938)	-	(1,198,938)
Reversal/(Net) provision of slow-moving inventories	359,706	(1,163,401)	-	-	(803,695)	-	(803,695)
Reversal of impairment loss on right-of-use assets	-	-	1,698,934	-	1,698,934	-	1,698,934
Unrealised loss on foreign exchange	(195,966)	(173,844)	-	(2,330)	(372,140)	-	(372,140)
Fair value loss on other investments	-	-	-	(1,683,835)	(1,683,835)	-	(1,683,835)
Property, plant and equipment written off	-	-	(8,950,867)	-	(8,950,867)	-	(8,950,867)
Net impairment (loss)/gain on financial instruments	(394,176)	(900,723)	(579,247)	72,274	(1,801,872)	87,938	(1,713,934)

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

35. SEGMENT INFORMATION (CONT'D)

2025	Manufacturing division RM	Trading division RM	Retail division RM	Investment holding division RM	Total segments RM	Adjustments and elimination RM	Consolidated RM
Assets							
Segment assets	66,422,440	59,088,315	17,288,325	122,139,000	264,938,080	(104,127,951)	160,810,129
Additions to non-current assets other than financial instruments are:							
Property, plant and equipment	1,695,215	1,482,227	-	4,579	3,182,021	-	3,182,021
Right-of-use assets	724,036	658,276	-	239,346	1,621,658	-	1,621,658
Liabilities							
Segment liabilities	24,902,837	26,092,068	9,408,616	880,790	61,284,311	(5,035,970)	56,248,341

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

35. SEGMENT INFORMATION (CONT'D)

2024	Manufacturing division RM	Trading division RM	Retail division RM	Investment holding division RM	Total segments RM	Adjustments and elimination RM	Consolidated RM
Revenue							
External revenue	28,972,138	14,384,659	4,239,493	-	47,596,290	-	47,596,290
Inter-segment revenue	1,046,813	6,600	2,800	-	1,056,213	(1,056,213)	-
Total revenue	30,018,951	14,391,259	4,242,293	-	48,652,503	(1,056,213)	47,596,290
Results							
Segment (loss)/profit before tax	(4,440,046)	(4,080,043)	(13,848,869)	(39,324,653)	(61,693,611)	17,873,068	(43,820,543)
Finance cost	(913,564)	(364,759)	(456,058)	-	(1,734,381)	556	(1,733,825)
Depreciation of investment properties	-	-	(35,760)	-	(35,760)	-	(35,760)
Depreciation of property, plant and equipment	(1,946,656)	(784,867)	(2,943,695)	(3,912)	(5,679,130)	-	(5,679,130)
Amortisation of right-of-use assets	(827,958)	(398,007)	(558,652)	-	(1,784,617)	-	(1,784,617)
Gain on disposal of assets held for sale	1,738,892	-	-	-	1,738,892	-	1,738,892
Gain on disposal of property, plant and equipment	-	1,998	-	-	1,998	-	1,998
Gain on termination of lease	-	-	26,192	-	26,192	-	26,192
Interest income	6,194	6,138	2,050	592,893	607,275	-	607,275
Other receivables written off	(693,898)	(13,130)	-	-	(707,028)	-	(707,028)
Inventories written off	-	(1,508,191)	(1,317)	-	(1,509,508)	-	(1,509,508)
Property, plant and equipment written off	-	-	(435,906)	-	(435,906)	-	(435,906)
Provision of slow-moving inventories	-	(43,370)	-	-	(43,370)	-	(43,370)
Reversal of slow-moving inventories	374,505	433,809	-	-	808,314	-	808,314
Unrealised gain/(loss) on foreign exchange	1,210	(672)	(6,539)	-	(6,001)	-	(6,001)
Fair value loss on other investment	-	-	-	(20,581,349)	(20,581,349)	-	(20,581,349)
Impairment loss on property, plant and equipment	-	-	(2,490,030)	-	(2,490,030)	-	(2,490,030)
Impairment loss on right-of-use assets	-	-	(1,698,934)	-	(1,698,934)	-	(1,698,934)
Impairment loss on goodwill	-	-	(2,400,000)	-	(2,400,000)	-	(2,400,000)
Impairment (loss)/gain on financial instruments	(1,168,387)	(2,683,220)	(290,762)	47,726	(4,094,643)	(47,726)	(4,142,369)

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

35. SEGMENT INFORMATION (CONT'D)

2024	Manufacturing division RM	Trading division RM	Retail division RM	Investment holding division RM	Total segments RM	Adjustments and elimination RM	Consolidated RM
Assets							
Segment assets	95,822,942	38,011,413	30,376,451	225,813,209	390,024,015	(198,501,387)	191,522,628
Additions to non-current assets other than financial instruments are:							
Property, plant and equipment	10,640,644	3,344,028	5,143,284	-	19,127,956	-	19,127,956
Right-of-use assets	722,981	281,160	660,295	-	1,664,436	-	1,664,436
Liabilities							
Segment liabilities	39,655,098	19,052,193	24,345,140	1,603,832	84,656,263	(22,810,756)	61,845,507

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

35. SEGMENT INFORMATION (CONT'D)

Geographic information

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

	Revenue	
	2025 RM	2024 RM
Group		
Africa	358,553	1,965,060
Asia (other than Malaysia)	14,499,637	4,703,435
Europe	59,592	880,102
Malaysia	41,179,346	40,002,134
Middle East	239,392	45,559
North America	122,830	–
	56,459,350	47,596,290

Major customers

During the financial year, major customers contributing more than 10% of the Group's total revenue are amounted to RM12,053,937 (2024: RM Nil), which relates to one (2024: Nil) customer.

36. FINANCIAL INSTRUMENTS

Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or amortised cost. The principal accounting policies in Note 3 describe how the classes of the financial instruments are measured, and how income and expense including fair value gains and losses are recognised.

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	Amortised cost RM	Fair value through profit or loss RM	Total carrying amount RM
Group			
2025			
Financial assets			
Other investments	–	19,691,211	19,691,211
Trade receivables	7,790,141	–	7,790,141
Other receivables (excluded non-refundable deposits, prepayments and advances to suppliers)	546,862	–	546,862
Deposits with licensed banks	441,463	–	441,463
Cash and bank balances	14,782,617	–	14,782,617

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

36. FINANCIAL INSTRUMENTS (CONT'D)

Classification of financial instruments (Cont'd)

	Amortised cost RM	Fair value through profit or loss RM	Total carrying amount RM
Group			
2025			
Financial liabilities			
Trade payables	1,776,471	–	1,776,471
Other payables (excluded advances from customers and deposits received)	3,805,033	–	3,805,033
Borrowings	48,417,829	–	48,417,829
Lease liabilities	1,438,253	–	1,438,253
<hr/>			
2024			
Financial assets			
Other investments	–	21,375,046	21,375,046
Trade receivables	11,747,254	–	11,747,254
Other receivables (excluded non-refundable deposits, prepayments and advances to suppliers)	608,428	–	608,428
Amounts due from related parties	400,551	–	400,551
Deposits with licensed banks	21,384,791	–	21,384,791
Cash and bank balances	4,354,258	–	4,354,258
<hr/>			
Financial liabilities			
Trade payables	2,139,715	–	2,139,715
Other payables (excluded advances from customers and deposits received)	4,375,502	–	4,375,502
Borrowings	50,606,920	–	50,606,920
Lease liabilities	3,103,098	–	3,103,098
<hr/>			
Company			
2025			
Financial assets			
Other investments	–	2,750,000	2,750,000
Other receivables (excluded prepayments)	1,300	–	1,300
Cash and bank balances	383,366	–	383,366
<hr/>			
Financial liabilities			
Other payables	255,155	–	255,155
Amounts due to subsidiary companies	616,909	–	616,909
<hr/>			

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

36. FINANCIAL INSTRUMENTS (CONT'D)

Classification of financial instruments (Cont'd)

	Amortised cost RM	Fair value through profit or loss RM	Total carrying amount RM
Company			
2024			
Financial assets			
Other investments	–	3,462,500	3,462,500
Other receivables (excluded prepayments)	1,300	–	1,300
Amounts due from subsidiary companies	5,973,336	–	5,973,336
Deposits with licensed banks	20,953,163	–	20,953,163
Cash and bank balances	219,096	–	219,096
Financial liabilities			
Other payables	191,131	–	191,131
Amounts due to subsidiary companies	1,412,701	–	1,412,701

Financial risk management objectives and policies

The Group's and the Company's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's and the Company's operations whilst managing its credit, liquidity, foreign currency and interest rate risks. The Group and the Company operate within clearly defined guidelines that are approved by the Board and the Group's and the Company's policy is not to engage in speculative transactions.

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

(i) **Credit risk**

Credit risk is the risk of a financial loss to the Group and the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables, deposits with licensed banks, cash and bank balances, other investments and amount due from related parties. The Company's exposure to credit risk arises principally from other receivables, deposits with licensed banks, cash and bank balances, other investments and amount due from subsidiary companies.

The Group and the Company have adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposit with banks and financial institutions with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

At each reporting date, the Group and the Company assess whether any of their receivables are credit impaired.

The gross carrying amounts of credit impaired receivables are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amount subject to the write-off. Nevertheless, receivables that are written off could still be subject to enforcement activities.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

36. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management objectives and policies (Cont'd)

(i) Credit risk (Cont'd)

As at the end of the reporting period, the Group has two customers (2024: four customers) that accounted for approximately 38% (2024: 42%) of its trade receivables.

The Company provides unsecured advances to subsidiary companies. It also provides financial guarantee to banks for banking facilities granted to a subsidiary company. The Company monitors on an ongoing basis the results of the subsidiary companies and repayments made by the subsidiary companies.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the financial year represents the Group's and the Company's maximum exposure to credit risk except for financial guarantees provided to banks.

The Company's maximum exposure in respect of the financial guarantee is RM49,025,957 (2024: RM30,909,411) at the end of the reporting period. There was no indication that the subsidiary companies would default on repayment as at the end of the reporting period.

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

36. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay:

Group	Interest rate %	On demand or within 1 year RM	Within 2 to 5 years RM	More than 5 years RM	Total contractual cash flows RM	Total carrying amount RM
2025						
Non-derivative financial liabilities						
Trade payables	-	1,776,471	-	-	1,776,471	1,776,471
Other payables (excluded advances from customers and deposits received)	-	3,805,033	-	-	3,805,033	3,805,033
Term loans	4.30 - 4.61	14,725,610	6,153,498	19,854,163	40,733,271	28,226,115
Banker's acceptance	3.50 - 5.50	1,346,198	-	-	1,346,198	1,346,198
Bank overdrafts	6.75 - 7.75	18,845,516	-	-	18,845,516	18,845,516
Lease liabilities	2.01 - 4.60	788,055	617,115	123,105	1,528,275	1,438,253
		41,286,883	6,770,613	19,977,268	68,034,764	55,437,586
2024						
Non-derivative financial liabilities						
Trade payables	-	2,139,715	-	-	2,139,715	2,139,715
Other payables (excluded advances from customers and deposits received)	-	4,375,502	-	-	4,375,502	4,375,502
Term loans	4.55 - 4.61	43,237,139	-	-	43,237,139	28,625,559
Banker's acceptance	4.45 - 4.71	1,867,001	-	-	1,867,001	1,867,001
Bank overdrafts	5.80 - 8.90	20,114,360	-	-	20,114,360	20,114,360
Lease liabilities	2.01 - 4.60	1,254,976	1,993,071	65,450	3,313,497	3,103,098
		72,988,693	1,993,071	65,450	75,047,214	60,225,235

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

36. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

	On demand or within 1 year RM	Total contractual cash flows RM	Total carrying amount RM
Company			
2025			
Non-derivative financial liabilities			
Other payables	255,155	255,155	255,155
Amount due to subsidiary companies	616,909	616,909	616,909
Financial guarantee *	49,025,957	49,025,957	-
	49,898,021	49,898,021	872,064
2024			
Non-derivative financial liabilities			
Other payables	191,131	191,131	191,131
Amount due to subsidiary companies	1,412,701	1,412,701	1,412,701
Financial guarantee *	30,909,411	30,909,411	-
	32,513,243	32,513,243	1,603,832

* Being corporate guarantee granted for banking facilities of certain subsidiary companies which will only be encashed in the event of default by the subsidiary companies.

(iii) Market risk

(a) Foreign currency risk

The group is exposed to foreign currency risk on transactions that are denominated in currencies other than the respective functional currencies of the group entities. The currencies giving rise to this risk is primarily United States Dollar ("USD") and Euro ("EUR").

The Group has not entered into any derivative instruments for hedging or trading purposes. Where possible, the Group will apply natural hedging by selling and purchasing in the same currency. However, the exposure to foreign currency risk is monitored from time to time by management.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

36. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management objectives and policies (Cont'd)

(iii) Market risk (Cont'd)

(a) Foreign currency risk (Cont'd)

The carrying amount of the Group's foreign currency denominated financial assets and financial liabilities of the reporting year are as follows:

	USD RM	EUR RM	Total RM
Group			
2025			
Cash and bank balances	2,058,476	387	2,058,863
Trade receivables	2,653,455	–	2,653,455
Other receivables	455,202	159,190	614,392
Trade payables	(189,152)	(178,994)	(368,146)
	4,977,981	(19,417)	4,958,564
2024			
Cash and bank balances	299,560	444	300,004
Trade receivables	170,000	–	170,000
Other receivables	–	66,865	66,865
Trade payables	(18,017)	(9,123)	(27,140)
	451,543	58,186	509,729

Foreign currency sensitivity analysis

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

	2025 %	2024 %	2025 RM Increase/ (Decrease)	2024 RM Increase/ (Decrease)
Effect on loss after tax				
USD/RM				
Strengthened by	10	10	(378,237)	(34,317)
Weakened by	10	10	378,237	34,317
EUR/RM				
Strengthened by	10	10	1,476	(4,422)
Weakened by	10	10	(1,476)	4,422

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

36. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management objectives and policies (Cont'd)

(iii) Market risk (Cont'd)

(b) Interest rate risk

Interest risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rates risk arises primarily from their loans and borrowings at variable rates. The Company is not exposed to any interest rate risk as the Company has no variable rate financial instruments.

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

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

	2025 RM	Group 2024 RM
Floating rate instruments		
Term loans	28,226,115	28,625,559
Banker's acceptance	1,346,198	1,867,001
Bank overdraft	18,845,516	20,114,360
	48,417,829	50,606,920

Cash flows sensitivity analysis for floating rate instruments

A change in 100 basis point (bp) interest rate at the end of the reporting year would have (decreased)/ increased the Group's loss after tax by the amount shown below and, arising mainly as a result of lower/ higher interest expenses on floating rate loans and borrowings. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

	2025 RM	Group 2024 RM
Floating rate instruments	(367,976)	(384,612)

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

36. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management objectives and policies (Cont'd)

(iii) Market risk (Cont'd)

(c) Market price risk

Market price risk is the risk that the fair value of future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is exposed to equity price risk arising from its investments in quoted instruments. These investments are listed on Bursa Malaysia and are classified as fair value through profit or loss.

The management of the Group monitors investments in quoted instruments on a portfolio basis. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Risk Management Committee of the Group.

Market price risk sensitivity analysis

At the reporting date, if the various stock indices had been 1% higher/lower, with all other variables held constant, the Group's and the Company's loss before tax would have been RM196,912 (2024: RM213,750) and RM27,500 (2024: RM34,625) lower/higher respectively, arising because of higher/lower fair value gains held for trading investments in equity instruments.

(iv) Fair value of financial instruments

The carrying amounts of short-term receivables and payables, cash and cash equivalents and borrowings approximate their fair value due to the relatively short-term nature of these financial instruments and insignificant impact of discounting or that they bear interest at rates approximating market interest rates on or near the reporting date.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their values and carrying amounts shown in the statements of financial position.

	Fair value of financial instruments carried at fair value				Carrying amount
	Level 1	Level 2	Level 3	Total fair value	
Group					
2025					
Financial assets					
Investment in quoted shares	19,691,211	-	-	19,691,211	19,691,211
2024					
Financial assets					
Investment in quoted shares	21,375,046	-	-	21,375,046	21,375,046

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

36. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management objectives and policies (Cont'd)

(iv) Fair value of financial instruments (Cont'd)

(i) Level 1 fair value

Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

(ii) Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

(iii) Level 3 fair value

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

There were no transfers between Levels 1, 2 and 3 during the financial year.

37. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital using a gearing ratio. The Group's policy is to maintain a prudent level of gearing ratio that complies with debt covenants and regulatory requirements. The gearing ratios at the end of the reporting year are as follows:

	Note	2025 RM	Group 2024 RM
Borrowings	33	48,417,829	50,606,920
Lease liabilities	30	1,438,253	3,103,098
		49,856,082	53,710,018
Less: Cash and bank balances and fixed deposits		(15,224,080)	(25,739,049)
		34,632,002	27,970,969
Total equity		104,561,788	129,677,121
Gearing ratio		0.331	0.216

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

38. MATERIAL LITIGATION

- (i) LKL Advance Metaltech Sdn. Bhd. vs Manico New Impact Sdn. Bhd (WA-22NCC-898-12/2024)

On 24 December 2024, LKLAM had through its solicitor, Messrs Terrence Lee & Co filed a suit in Kuala Lumpur High Court bearing suit number: WA-22NCC-898-12/2024 ("Suit 898") against Manico New Impact Sdn. Bhd. ("Manico" or "Defendant"), among other, to order Manico to pay RM2,000,000 to LKLAM.

On 15 January 2025, due to failure to enter appearance by 10 January 2025, LKLAM has obtained a Judgment in Default of Appearance against Manico for a sum RM2,000,000 and costs of RM1,500.

Following that, on 21 February 2025, a Winding Up Notice had been issued to the Defendant, whereby Winding Up Proceedings shall commence winding up proceeding against the Defendant in the event that the Defendant fails to reimburse LKLAM the aforementioned sum within 21 days. The Winding Up Petition against Defendant has been filed on 17 March 2025. On 24 June 2025, the court has ordered that Manico be wound up under the Companies Act 2016. The Company has filed the proof of debt to the liquidator on 23 July 2025. The litigation process with Manico has been concluded and fully resolved following the filing of the Proof of Debt, with no further action is required.

- (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 Berhad.

The Company is seeking from The Edge, amongst others, damages and an injunction to restrain The Edge whether by itself, its agents or servants or otherwise from publishing or causing to be published the same or similar words defamatory of LKL International Berhad.

On 19 August 2021, The Edge has filed a striking out application to strike out the Company's claim, and the High Court has on 17 May 2022 dismissed The Edge's striking out application with costs in the cause. Subsequently on 6 March 2026, the matter was resolved via a Consent Order whereby the Company discontinued the suit against The Edge with costs of RM15,000. The costs have been fully settled and the matter is now concluded.

39. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

During the financial year, Aluxcare Wellness Sdn. Bhd. ("AWSB"), a wholly-owned subsidiary of the Company, had closed off all pharmacy outlets as a result of persistent and escalating financial loss incurred since the commencement of the pharmacy outlets in 2022, despite various cost rationalisation and performance improvement initiatives implemented over the past periods. As disclosed in Note 21(c), AWSB is in the process of exploring a collaboration with a third-party pharmacy operator in relation to a proposed pharmacy e-commerce platform. As at the reporting date, the terms of the arrangement have not been finalised.

40. SUBSEQUENT EVENT

On 28 January 2026, Sierac Corporate Advisers Sdn. Bhd. ("SCA"), on behalf of the Company announced that the Company proposes to undertake proposed reduction of the issued share capital of the Company by RM120,000,000 pursuant to Section 117 of the Companies Act, 2016 in Malaysia ("Proposed Share Capital Reduction").

The Proposed Share Capital Reduction is approved by the shareholders at an extraordinary general meeting convened on 25 March 2026. As at the date of this report, the Company is in the process of seeking confirmation from the Companies Commission of Malaysia.

41. DATE OF AUTHORISATION FOR ISSUE

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 24 April 2026.

ADDITIONAL COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS FROM CORPORATE EXERCISE

1.1 Right Issue with Warrant

Proceeds totaling RM49.45 million were raised under the Right Issue with Warrant which was completed on 28 March 2023. On 20 May 2025, the Company announced the variations and extension of time for the utilisation of proceeds raised from the Right Issue with Warrants ("Right Issue Proceeds"). The status of the utilisation of the Right Issue Proceeds is as set out below :-

Proposed utilisation of proceeds	Proceeds Raised RM'000	Revised Utilisation RM'000	Actual Utilisation as at 2.3.2026 RM'000	Unutilised Proceeds RM'000	Estimated timeframe for Utilisation of Proceed
Expansion of the Pharmacy Business	48,353	38,659	35,115	3,544	Within 48 months
General Working Capital	–	9,900	9,900		Within 48 months
Estimated expenses in relation to the Proposals	1,100	894	894	–	Immediate
Total	49,453	49,453	45,909	3,544	

2. AUDIT AND NON-AUDIT FEES

The audit and non-audit fees to the External Auditors for the services rendered to the Company and the Group for the financial year ended 31 December 2025 ("FYE 2025") were as follows:

	Company RM	Group RM
Audit fee	95,000	225,000
Non-audit fee	5,000	5,000

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

There were no material contracts entered into by the Company and its subsidiaries which involving the interest of the Directors, chief executive or major shareholders during the financial year under review.

4. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

Recurrent related party transaction of the revenue or trading nature entered into by the Group are disclosed in the Note 34 to the Financial Statement for the FYE 2025 on pages 169 and 170 of this Annual Report.

ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

5. SHARE ISSUANCE SCHEME ("SIS")

The SIS of the Company for eligible Directors and employees of the Group was in force for a period of five (5) years commencing from 6 April 2023 and the SIS is governed by its By-Laws approved by the shareholders at an Extraordinary General Meeting held on 20 September 2022. The movement in the Company's SIS during the FYE 2025 is as follows:-

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

Number of options	Directors and Senior Grand Total	Management
Granted	81,000,000	81,000,000
Exercised	-	-
Lapsed	-	-
<hr/>		
Outstanding as at 31 December 2025	81,000,000	81,000,000

- (b) Percentage of options applicable to Directors and Senior Management under the SIS during the financial period and since its commencement up to FYE 2025 are set out below:-

Directors and Senior Management	Percentage of options (%)	
	During the financial period	Since commencement up to 31 December 2025
Aggregate maximum allocation	70%	70%
Actual options granted	100%	100%

- (c) No options were granted to the Non-Executive Directors under the SIS since its commencement up to FYE 2025.

The maximum number of new ordinary shares of the Company that may be issued and allotted under the scheme shall not exceed thirty (30%) percent of the total number of issued shares of the Company (excluding treasury shares, if any) at any point in time during the duration of the SIS.

ADDITIONAL COMPLIANCE INFORMATION

(CONT'D)

6. DISCLOSURE OF FINANCIAL DATA FOR SHARIAH SCREENING

Pursuant to Rule 9.25A of the ACE Market Listing Requirements, below are the financial data that are relevant for purpose of Shariah screening by the Shariah Advisory Council of the Securities Commission Malaysia. These include financial data on Shariah non-permissible income arising from the Group's business activities and interest-based financial position.

(a) Group Total Income and Total Assets

Total Income	Remarks	Group	
		2025 (RM)	2024 (RM)
Revenue		56,459,350	47,596,290
Other Income		3,302,181	2,961,742
Total		59,761,531	50,558,032
Total Assets		160,810,129	191,522,628

(b) Business Activities

Shariah Non-Compliant Activities	Remarks	Group	
		2025 (RM)	2024 (RM)
Interest Income		13,879	11,577
Rental income received from tenant involved in Shariah non-compliant activities		1,134,114	330,865
Total		1,147,993	342,442

(c) Component of Financial Position

(i) Cash Component

Islamic Account/Instruments	Remarks	Group	
		2025 (RM)	2024 (RM)
Cash and bank balances (exclude cash in hand)		1,262,577	1,179,128
Cash in hand		27,700	28,500
Total Cash		1,290,277	1,207,628

ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

6. DISCLOSURE OF FINANCIAL DATA FOR SHARIAH SCREENING (CONT'D)

(c) Component of Financial Position (Cont'd)

(i) Cash Component (Cont'd)

Conventional Account/Instruments	Remarks	Group	
		2025 (RM)	2024 (RM)
Cash and bank balances (exclude cash in hand)		12,124,532	3,146,630
Total Cash		12,124,532	3,146,630

(ii) Debt Component

Islamic Financing	Remarks	Group	
		2025 (RM)	2024 (RM)
Current			
Bank overdrafts		18,845,516	20,114,360
Term loans		9,910,974	28,625,559
Non-Current			
Term loans		18,315,141	-
Total Financing		47,071,631	48,739,919

Conventional Borrowing	Remarks	Group	
		2025 (RM)	2024 (RM)
Current			
Banker's acceptances		1,346,198	1,867,001
Hire purchase payables		445,677	298,565
Non-Current			
Hire purchase payables		337,274	283,380
Total Debt		2,129,149	2,448,946

ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2026

Total Number of Issued Shares : 388,078,416 ordinary shares
 Class of Equity Securities : Ordinary shares ("shares")
 Voting Rights : One (1) vote for every share held

DISTRIBUTION SCHEDULE OF SHAREHOLDERS

Size of Holdings	No. of Holders		No. of Shares	
		%		%
Less than 100 shares	1,239	8.27	47,331	0.01
100 - 1,000 shares	6,553	43.74	3,265,636	0.84
1,001 - 10,000 shares	4,998	33.36	19,372,095	4.99
10,001 - 100,000 shares	1,847	12.33	62,725,919	16.16
100,001 - less than 5% of issued shares	344	2.29	209,567,715	54.00
5% and above of issued shares	2	0.01	93,099,720	24.00
Total	14,983	100.00	388,078,416	100.00

DIRECTORS' SHAREHOLDINGS

(As per the Register of Directors' Shareholdings)

Name of Directors	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Ti Lian Seng	–	–	–	–
Zulkarnin Bin Ariffin	–	–	–	–
Lim Pak Hong	7	Negligible	10,500 ⁽¹⁾	Negligible
Lim Ming Chang	–	–	–	–
Dr. Chan Jee Peng	–	–	–	–
Ling Chi Hoong	–	–	–	–
Ng Fun Kim	–	–	–	–
Tan Su Ning	–	–	–	–

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

(As per the Register of Substantial Shareholders)

Name of Substantial Shareholders	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Botanical Distribution Sdn. Bhd.	57,010,000	14.69	–	–
Bioalpha Holdings Berhad	–	–	57,010,000 ⁽²⁾	14.69

Notes:

- (1) Deemed interested by virtue of his wife, Ms. Tan Lee Ching's ordinary shares held in the Company.
- (2) Deemed interested in the shares held by Botanical Distribution Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.

ANALYSIS OF SHAREHOLDINGS (CONT'D)

THIRTY LARGEST SHAREHOLDERS AS AT 31 MARCH 2026

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

No	Name	No. of Shares held	%
1	Botanical Distribution Sdn. Bhd.	57,010,000	14.69
2	AMSEC Nominees (Tempatan) Sdn. Bhd. <i>Exempt An for KGI Securities (Singapore) Pte. Ltd (66581 T Cl)</i>	36,089,720	9.30
3	Attractive Holdings Sdn. Bhd.	19,317,665	4.98
4	Unik Makmur Sdn. Bhd.	19,080,000	4.92
5	M & A Nominee (Tempatan) Sdn. Bhd. <i>SFGHK Limited for AE Multi Industries Sdn. Bhd.</i>	19,000,000	4.90
6	Perusahaan Saudee Sdn. Bhd.	12,399,600	3.20
7	Ang Kian You	10,482,000	2.70
8	Maybank Securities Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Wan Mohd Zahari Bin Wan Embong (STF)</i>	10,256,400	2.64
9	Jadi Chemicals Sdn. Bhd.	7,200,800	1.86
10	HSBC Nominees (Asing) Sdn. Bhd. <i>Exempt An for Morgan Stanley & Co. International PLC (IPB Client Acct)</i>	4,116,000	1.06
11	Ng Kok Seng	2,673,600	0.69
12	Maybank Securities Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Vincent Phua Chee Ee</i>	2,500,000	0.64
13	Affin Hwang Nominees (Asing) Sdn. Bhd. <i>Exempt An for SFGHK Limited (Account Client)</i>	2,405,700	0.62
14	Maybank Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Tan Leg Rong</i>	2,241,200	0.58
15	Lee Kam Kit	2,066,200	0.53
16	Ong Yong Hang	2,017,100	0.52
17	Shantarupan @ Balasingam A/L Marie	1,600,000	0.41
18	Y.P. Construction Sdn. Bhd.	1,580,800	0.41
19	Divesh Navinchandra Sheth	1,539,000	0.40
20	Yong Chai Ing	1,500,040	0.39
21	Chan Yim Peng	1,190,000	0.31
22	Tan Hung Chew Sdn. Bhd.	1,185,500	0.31
23	Maybank Nominees (Tempatan) Sdn. Bhd. <i>Hui Chan Ben</i>	1,081,200	0.28
24	Affin Hwang Nominees (Tempatan) Sdn. Bhd. <i>Exempt An for Lazarus Securities Pty Ltd</i>	1,065,900	0.27
25	Public Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Chen Mee Sun (E-SKN)</i>	1,000,700	0.26
26	Chan Meng Chong	1,000,000	0.26
27	Oo Keang Meng	1,000,000	0.26
28	Public Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Tey Heong Tiong (E-TCS)</i>	1,000,000	0.26
29	Lee Seng Piow	900,000	0.23
30	Daniel Wong Kai Meng	823,600	0.21

LIST OF TOP 10 PROPERTIES

No.	Registered owner/ Location/Title	Description/ Existing use	Tenure	Approximate age of building (Years)	Land area/ Built-up area (Square feet)	Net book value as at 31 December 2025 (RM'000)	Date of acquisition
1	LKL Advance Metaltech Sdn Bhd No.6A, Persiaran Tropicana, Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan PN 12257, Lot 934 Bandar Damansara, Daerah Petaling Selangor Darul Ehsan	Twelve-storey commercial office building	99 years leasehold expiring on 25 October 2090	35	24,768 / 142,473	23,503	20-Mar-25
2	Aluxcare Wellness Sdn Bhd No.26, 26A,B, Jalan Tun Mohd Fuad 1, Taman Tun Dr Ismail 60000 WP Kuala Lumpur H.S.(D) 3328, Lot 29464, Mukim Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan KL	Three-storey intermediate terraced Shopoffice	Freehold	48	1,875 / 5,625	6,117	28-Jan-22
3	Aluxcare Wellness Sdn Bhd No.16, 16-1, Jalan 25/70A, Desa Sri Hartamas, 50480 Kuala Lumpur Geran 62380, Lot 47568, Mukim Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan KL	Four-storey intermediate terraced Shopoffice	Freehold	16	1,765 / 6,878	5,814	24-Dec-21
4	LKL Advance Metaltech Sdn Bhd No. 1, Jalan BS7/18 Kawasan Perindustrian Bukit Serdang, Seksyen 7 43300 Seri Kembangan, Selangor Darul Ehsan HSD 202530, PT1385 Mukim Petaling, Daerah Petaling Selangor Darul Ehsan	A double-storey detached factory used as an office, manufacturing plant and warehouse	Freehold	8	43,560 / 34,050	5,261	11-Apr-07
5	LKL Advance Metaltech Sdn Bhd No. 3, Jalan BS7/18 Kawasan Perindustrian Bukit Serdang, Seksyen 7 43300 Seri Kembangan, Selangor Darul Ehsan HSD 202531, PT1386 Mukim Petaling, Daerah Petaling Selangor Darul Ehsan	A double-storey detached factory with a three (3)-storey office and other ancillary buildings used as an office and manufacturing plant	Freehold	14	43,560 / 57,690	5,149	12-Nov-04

LIST OF TOP 10 PROPERTIES (CONT'D)

No.	Registered owner/ Location/Title	Description/ Existing use	Tenure	Approximate age of building (Years)	Land area/ Built-up area (Square feet)	Net book value as at 31 December 2025 (RM'000)	Date of acquisition
6	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	12	11,135 / 9,000	4,932	15-Apr-17
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	12	11,282 / 9,720	4,741	16-Apr-15
8	Aluxcare Wellness Sdn Bhd A3-G2-07, Solaris Dutamas, No.1, Jalan Dutamas 1, 50480 Kuala Lumpur Geran 60861/M1-C/1/166, Lot 58690, Mukim Batu Negeri Wilayah Persekutuan KL	Intermediate terraced Shopoffice	Freehold	10	1,248	3,795	19-Feb-24
9	LKL Advance Metaltech Sdn Bhd No.7, Jalan 14/4 Taman Serdang Utama 43300 Seri Kembangan, Selangor Darul Ehsan Geran 184270, Lot 26419 Mukim Pekan Serdang, Daerah Petaling Selangor Darul Ehsan	Double-Storey terrace house used as hostel	Freehold	13	1,647 / 1,672	553	24-Dec-20
10	LKL Advance Metaltech Sdn Bhd No. 1904, Jalan SK 13/5 43300 Seri Kembangan, Selangor Darul Ehsan HSM 11237, PT10760 Mukim Petaling, Daerah Petaling Selangor Darul Ehsan	Single-storey terrace house used as hostel	60 years leasehold expiring on 23 November 2048	26	3,400 / 1,862	236	16-Nov-12

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Eleventh Annual General Meeting (“11th AGM” or “Meeting”) of LKL INTERNATIONAL BERHAD (“LKL” or “the Company”) will be held at Lot 4.1, 4th Floor, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Friday, 29 May 2026 at 10:00 a.m. or at any adjournment thereof, to transact the following businesses, with or without any modifications: -

AGENDA

AS ORDINARY BUSINESS:

1. To receive the Audited Financial Statements for the financial year ended 31 December 2025 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 RM500,000.00 for the period commencing from the date immediately after this 11th AGM until the next Annual General Meeting (“AGM”) of the Company. *Ordinary Resolution 1*
3. To re-elect the following Directors who retire by rotation pursuant to Clause 85 of the Company’s Constitution:
 - i. Mr. Lim Ming Chang; and
 - ii. Dr. Chan Jee Peng.*Ordinary Resolution 2*
Ordinary Resolution 3
4. To re-elect Mr. Ti Lian Seng who retires pursuant to Clause 91 of the Company’s Constitution. *Ordinary Resolution 4*
5. To re-appoint Morison LC PLT as Auditors of the Company until the conclusion of the next AGM of the Company and to authorise the Directors to fix their remuneration. *Ordinary Resolution 5*

AS SPECIAL BUSINESS:

To consider and if thought fit, pass the following resolutions:-

6. **GENERAL AUTHORITY FOR THE DIRECTORS TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 (“ACT”)** *Ordinary Resolution 6*

“THAT subject always to the Constitution of the Company, the Act, the ACE Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the approvals of the relevant governmental/regulatory authorities, where required, the Directors of the Company, be and are hereby authorised and empowered pursuant to Sections 75 and 76 of the Act, to issue and allot new ordinary shares in the Company (“Shares”) to such persons, at any time, and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit and expedient in the interest of the Company, provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued shares of the Company (excluding treasury shares, if any) at any point of time (“Mandate”) AND 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.

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

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

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

Ordinary Resolution 7

"THAT authority be and is hereby given in line with Rule 10.09 of the Listing Requirements of Bursa Securities, for the Company and/or its subsidiaries ("Group") to enter into any of the recurrent related party transactions with the related party(ies) as set out in Section 2.3 of the Circular to Shareholders dated 30 April 2026 in relation to the Proposed Renewal of Existing Shareholders' Mandate which are necessary for the day-to-day operations of the Group within the ordinary course of business of the Group, made on an arm's length basis and on normal commercial terms which are those generally available to the public and are not detrimental to the minority shareholders of the Company.

AND THAT such authority shall commence immediately upon the passing of this resolution and shall continue to be in force until:

- (i) the conclusion of the next AGM of the Company following the general meeting at which the ordinary resolution for the Proposed Renewal of Existing Shareholders' Mandate was passed, at which time it shall lapse, unless the authority is renewed by a resolution passed at the next AGM; or
- (ii) the expiration of the period within which the next AGM after that date it is required by law to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (iii) revoked or varied by an ordinary resolution passed by the shareholders of the Company at a general meeting,

whichever is earlier.

AND FURTHER THAT the Directors of the Company be and are hereby authorised to do all acts, deeds and things as they may be deemed fit, necessary, expedient and/or appropriate in order to implement the Proposed Renewal of Existing Shareholders' Mandate with full power to assent to all or any conditions, variations, modifications and/or amendments in any manner as may be required by any relevant authorities or otherwise and to deal with all matters relating thereto and to take all such steps and to execute, sign and deliver for and on behalf of the Company all such documents, agreements, arrangements and/or undertakings, with any party or parties and to carry out any other matters as may be required to implement, finalise and complete, and give full effect to the Proposed Renewal of Existing Shareholders' Mandate in the best interest of the Company."

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

By order of the Board

TEA SOR HUA (MACS 01324) (SSM PC NO.: 201908001272)
THIEN MUI YEE (LS0010901) (SSM PC NO.: 202508000287)
Company Secretaries

Petaling Jaya, Selangor Darul Ehsan
30 April 2026

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

Notes:

- a) A member who is entitled to present, participate, speak and vote at the Meeting shall be entitled to appoint more than one (1) proxy to attend and vote at the Meeting in his/her stead. Where a member appoints more than one (1) proxy, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.
- b) A proxy may, but need not be a member of the Company. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.
- c) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the seal or under the hand of an officer or attorney duly authorised.
- d) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- e) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. The appointment of multiple proxies shall not be valid unless the proportion of its shareholdings represented by each proxy is specified.
- f) To be valid, the instrument appointing a proxy must be deposited at the Share Registrar's office at DF2-09-02, Level 9, Persoft Tower, 6B, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan or email to shareg@prosec.com.my not less than forty-eight (48) hours before the time appointed 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 a General Meeting Record of Depositors as at 20 May 2026. Only members whose names appear in the General Meeting Record of Depositors as at 20 May 2026 shall be regarded as members and entitled to attend, speak and vote at the Meeting.
- h) All resolutions as set out in the Notice of the Meeting will be put to vote by poll.
- i) The members are advised to refer to the Administrative Notes on the registration and voting process for the Meeting.
- j) Kindly check Bursa Securities' website at www.bursamalaysia.com and the Company's website at <https://www.lklbeds.com> for the latest updates on the status of the Meeting.

EXPLANATORY NOTES TO ORDINARY AND SPECIAL BUSINESS

1. Item 1 of the Agenda – Audited Financial Statements for the financial year ended 31 December 2025

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 is not put forward for voting.

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

The estimated Directors' fees and benefits were calculated based on the current Board size and the number of scheduled Board and Board Committees meetings to be held. This resolution is to facilitate the payment of Directors' fees and benefits for the period commencing from the date immediately after this 11th AGM until the date of the next AGM of the Company to be held in the year 2027. In the event the proposed amount is insufficient due to more meetings or an enlarged Board size, approval will be sought at the next AGM for such shortfall.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

EXPLANATORY NOTES TO ORDINARY AND SPECIAL BUSINESS (Cont'd)

3. Items 3 and 4 of the Agenda – Re-election of Directors

Clause 85 of the Company's Constitution provides that one-third (1/3) of the Directors of the Company for the time being or, if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3) shall retire by rotation at an AGM of the Company and be eligible for re-election PROVIDED ALWAYS that all Directors shall retire from office at least once every three (3) years but shall be eligible for re-election. Hence, two (2) out of seven (7) Directors of the Company are to retire pursuant to Clause 85 of the Company's Constitution.

Clause 91 of the Company's Constitution provides that the Directors shall have power at any time and from time to time, to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next AGM, and shall then be eligible for re-election but shall not be taken into account in determining the number of Directors to retire by rotation at such meeting.

Following thereto, Mr. Lim Ming Chang and Dr. Chan Jee Peng will retire by rotation pursuant to Clause 85 of the Company's Constitution whereas Mr. Ti Lian Seng will retire pursuant to Clause 91 of the Company's Constitution (collectively referred to as "the Retiring Directors"). The Retiring Directors being eligible, have offered themselves for re-election at the 11th AGM.

The Board has endorsed the Nomination Committee's recommendation to seek shareholders' approval to re-elect the Retiring Directors as they possess the required skill sets to facilitate and contribute to the Board's effectiveness and value.

The Retiring Directors had abstained from all deliberations and decisions on their own eligibility to stand for re-election at the Board meeting.

The details and profiles of the Retiring Directors are provided in the Profile of Directors contained in the Company's Annual Report 2025.

4. Item 5 of the Agenda – Re-appointment of Auditors

The Audit and Risk Management Committee ("ARMC") has undertaken an annual assessment of the suitability, effectiveness, and independence of Morison LC PLT as Auditors. Based on the outcome of the assessment, the ARMC is satisfied that Morison LC PLT has maintained its independence and has performed its duties effectively. Accordingly, the ARMC recommended to the Board that Morison LC PLT be re-appointed as the Auditors of the Company.

The Board has endorsed the ARMC's recommendation and will seek shareholders' approval for the re-appointment of Morison LC PLT as Auditors for the financial year ending 31 December 2026, and to hold office until the conclusion of the next AGM.

5. Item 6 of the Agenda - General Authority for the Directors to issue and allot shares pursuant to Sections 75 and 76 of the Act

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

This general mandate will provide flexibility to the Company for issuance and allotment of shares for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding current and/or future project(s), working capital, acquisitions, investments and/or for issuance of shares as a form of settlement of purchase consideration or repayment of borrowings or debt settlement/repayment or such other applications as the Directors may deem fit and expedient in the best interest of the Company.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

EXPLANATORY NOTES TO ORDINARY AND SPECIAL BUSINESS (Cont'd)

5. Item 6 of the Agenda - General Authority for the Directors to issue and allot shares pursuant to Sections 75 and 76 of the Act (Cont'd)

The Company had at its Tenth AGM ("10th AGM") held on 29 May 2025, 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 ten per centum (10%) of the total number of issued shares of the Company (excluding treasury shares, if any) at any point of time.

As at the date of this Notice, no new shares in the Company were issued and allotted pursuant to the mandate granted to the Directors at the 10th AGM, which will lapse at the conclusion of the Meeting, and accordingly, no proceeds were raised.

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

The Ordinary Resolution 7 proposed under item 7 of the Agenda, if passed, will give the mandate to the Group to enter into recurrent related party transactions of a revenue and/or trading nature pursuant to Rule 10.09 of the Listing Requirements of Bursa Securities. 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 30 April 2026 for further information.

ADMINISTRATIVE NOTES

ADMINISTRATIVE NOTES FOR THE ELEVENTH ANNUAL GENERAL MEETING (“11TH AGM” OR “MEETING”) OF LKL INTERNATIONAL BERHAD (“LKL” OR “THE COMPANY”)

Meeting Day, Date : Friday, 29 May 2026
Time : 10:00 a.m. or at any adjournment thereof
Venue : Lot 4.1, 4th Floor, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan

REGISTRATION AT THE 11TH AGM

- (a) Registration will commence at 9:00 a.m. and will end at a time as directed by the Chairman of the Meeting.
- (b) Kindly present your original MyKad or passport (for Non-Malaysian) to the registration personnel at the registration counter for verification.
- (c) Upon verification, you are required to sign the Attendance List and will be given a wristband for entry to the Meeting venue. There will be no replacement of wristband in the event you lose or misplace the wristband.
- (d) Registration on behalf of another person even with his/her original MyKad or passport is strictly **NOT ALLOWED**.
- (e) If you are attending the 11th AGM as shareholder as well as proxy, you will be registered once and will only be given one wristband.

RECORD OF DEPOSITORS

The date of Record of Depositors for the 11th AGM is 20 May 2026. As such, only members whose name appears in the Record of Depositors of LKL as at 20 May 2026 shall be entitled to attend, speak and vote at the 11th AGM or appoint proxy(ies)/corporate representative(s)/attorney(s) to attend and/or vote on his/her behalf.

APPOINTMENT OF PROXY

The Proxy Form and/or documents relating to the appointment of proxy(ies) or corporate representative(s) or attorney(s) for the 11th AGM shall be deposited by hand or post with the Share Registrar’s office at DF2-09-02, Level 9, Persoft Tower, 6B, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan or email to sharereg@prosec.com.my no later than **Wednesday, 27 May 2026 at 10:00 a.m.**

The procedures and requisite documents to be submitted by the respective members are summarised below:-

(I) Individual Members

If an individual member is unable to attend the 11th 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.

(II) Corporate Members

Corporate members (through Corporate Representatives or appointed proxies) who wish to participate and vote at the 11th AGM must deposit the following documents to the Share Registrar’s office at DF2-09-02, Level 9, Persoft Tower, 6B, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan no later than **Wednesday, 27 May 2026 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.

If a corporate member (through Corporate Representative(s) or appointed proxy(ies)) is unable to attend the 11th AGM, the corporate member is encouraged to appoint the Chairman of the Meeting as its proxy and indicate the voting instructions in the Proxy Form in accordance with the notes and instructions printed therein.

ADMINISTRATIVE NOTES (CONT'D)

(III) Nominee Company Members

The beneficiaries of the shares under a Nominee Company's CDS account ("Institutional member(s)") who wish to participate and vote at the 11th AGM may request its Nominee Company to appoint him/her as a proxy to participate and vote at the 11th AGM. The Nominee Company is required to deposit the following documents to the Share Registrar's office at DF2-09-02, Level 9, Persoft Tower, 6B, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya Selangor Darul Ehsan no later than **Wednesday, 27 May 2026 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.

If a Nominee Company member is unable to attend the 11th 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.

REVOCAION OF PROXY

Please note that if a Shareholder has submitted his/her Proxy Form prior to the 11th AGM and subsequently decides to personally participate in the 11th AGM, the Shareholder must contact the Share Registrar to revoke the appointment of his/her proxy no later than **Wednesday, 27 May 2026 at 10:00 a.m.**

POLL VOTING

The voting at the 11th 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 Prosec Share Registration Sdn. Bhd. as Poll Administrator and SharePolls Sdn. Bhd. as Scrutineers to verify the poll results.

Shareholders can proceed to vote on the resolutions before the end of the voting session which will be announced by the Chairman of the Meeting. The Scrutineers will verify and announce the poll results followed by the Chairman's declaration of whether the resolution is duly passed or otherwise.

The results of the voting for all resolutions will be announced at the 11th AGM and on Bursa Securities' website at www.bursamalaysia.com.

NO RECORDING/PHOTOGRAPHY

By participating at the 11th AGM, you agree that no part of the 11th 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, electronic, 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.

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)):-

Prosec Share Registration Sdn. Bhd.

Name : Mr. Vemalan A/L Naraynan / Mr. Tee Yee Loon
Contact No. : 03-3008 1123
Email Address : sharereg@prosec.com.my

PROXY FORM



LKL INTERNATIONAL BERHAD
[201501014673 (1140005-V)]
(Incorporated in Malaysia)

CDS Account No.	No. of Shares held

I/We* _____ NRIC/Passport/Registration No.* _____
(full name in capital letters)

of _____
(full address)

with email address _____ Contact 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 Eleventh Annual General Meeting ("11th AGM" or "Meeting") of the Company to be held at Lot 4.1, 4th Floor, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Friday, 29 May 2026 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 RM500,000.00 for the period commencing from the date immediately after this 11th AGM until the next Annual General Meeting of the Company.		
2.	To re-elect Mr. Lim Ming Chang as a Director who retires by rotation pursuant to Clause 85 of the Company's Constitution.		
3.	To re-elect Dr. Chan Jee Peng as a Director who retires by rotation pursuant to Clause 85 of the Company's Constitution.		
4.	To re-elect Mr. Ti Lian Seng as a Director who retires pursuant to Clause 91 of the Company's Constitution.		
5.	To re-appoint Morison LC PLT as Auditors of the Company until the conclusion of the next Annual General Meeting of the Company and to authorise the Directors to fix their remuneration.		
6.	To approve the general authority for the Directors to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016.		
7.	To approve the Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue and/or Trading Nature.		

*delete whichever is not applicable

Dated this _____ day of _____ 2026

Signature/ Common Seal of Member(s)



Notes:

- a) A member who is entitled to present, participate, speak and vote at the Meeting shall be entitled to appoint more than one (1) proxy to attend and vote at the Meeting in his/her stead. Where a member appoints more than one (1) proxy, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.
- b) A proxy may, but need not be a member of the Company. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.
- c) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the seal or under the hand of an officer or attorney duly authorised.
- d) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- e) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. The appointment of multiple proxies shall not be valid unless the proportion of its shareholdings represented by each proxy is specified.
- f) To be valid, the instrument appointing a proxy must be deposited at the Share Registrar's office at DF2-09-02, Level 9, Persoft Tower, 6B, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan or email to shareg@prosec.com.my not less than forty-eight (48) hours before the time appointed 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 a General Meeting Record of Depositors as at 20 May 2026. Only members whose names appear in the General Meeting Record of Depositors as at 20 May 2026 shall be regarded as members and entitled to attend, speak and vote at the Meeting.
- h) All resolutions as set out in the Notice of the Meeting will be put to vote by poll.
- i) The members are advised to refer to the Administrative Notes on the registration and voting process for the Meeting.
- j) Kindly check Bursa Malaysia Securities Berhad's website at www.bursamalaysia.com and the Company's website at <https://www.lklbeds.com> for the latest updates on the status of the Meeting.

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AFFIX
STAMP

The Share Registrar of
LKL INTERNATIONAL BERHAD
Registration No. 201501014673 (1140005-V)

Prosec Share Registration Sdn. Bhd.
DF2-09-02, Level 9, Persoft Tower
6B, Persiaran Tropicana
Tropicana Golf & Country Resort
47410 Petaling Jaya
Selangor Darul Ehsan

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Fold This Flap For Sealing



LKL INTERNATIONAL BERHAD

201501014673 (1140005-V)

Wisma LKL, No 3, Jalan BS 7/18
Kawasan Perindustrian Bukit Serdang, Seksyen 7
43300 Seri Kembangan
Selangor Darul Ehsan, Malaysia

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www.lklbeds.com