

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

Bursa Malaysia Securities Berhad ("Bursa Securities") has perused the contents of this Circular prior to its issuance on a limited review basis pursuant to Paragraph 4.1(c) of the Practice Note 18 of the Main Market Listing Requirements of Bursa Securities.

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



LEE SWEE KIAT GROUP BERHAD
[Registration No. 200301005163 (607583-T)]
(Incorporated in Malaysia under the Companies Act, 1965)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

**PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED
PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

The resolution in respect of the above proposal will be tabled as Special Business at the Twenty-First Annual General Meeting ("21st AGM") of Lee Swee Kiat Group Berhad ("LSK" or "the Company"), which will be held at Function Room 7, Setia City Convention Centre, No. 1, Jalan Setia Dagang AG U13/AG, Setia Alam, Seksyen 13, 40170 Shah Alam, Selangor Darul Ehsan on Monday, 27 May 2024 at 10.00 a.m or any adjournment thereof. This Circular is available at <http://www.lsk.com.my/investor-relation> together with, amongst others, the Annual Report 2023, Notice of the 21st AGM, Proxy Form, and the Administrative Guide of the Company.

You are entitled to attend, participate and vote at the 21st AGM of the Company. If you are unable to attend and vote at the meeting, you may appoint a proxy or proxies to attend, participate and vote on your behalf by completing the Proxy Form, sign and deposit it at the registered office of the Company at Wisma LSK, Lot 6122, Jalan Haji Abdul Manan, Off Jalan Meru, 41050 Klang, Selangor Darul Ehsan not less than forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof.

You can also submit the proxy appointment electronically via TIH Online website at <https://tiah.online> before the Proxy Form lodgement cut off time as mentioned below. For further information on the electronic lodgement of Proxy Form, kindly refer to the Administrative Guide for 21st AGM.

The lodging of the Proxy Form will not preclude you from attending and voting in person at the meeting should you subsequently wish to do so.

Last date and time for lodging the Proxy Form : Saturday, 25 May 2024 at 10.00 a.m.
Date and time of the 21st AGM : Monday, 27 May 2024 at 10.00 a.m.

This Circular is dated 26 April 2024

DEFINITIONS

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

Act	: Companies Act 2016, as amended from time to time and any re-enactment thereof (including the corresponding previous written law)
AGM	: Annual General Meeting
Annual Report 2023	: Annual Report of LSK for the financial year ended 31 December 2023
Board	: Board of Directors of LSK
Bursa Securities	: Bursa Malaysia Securities Berhad [Registration No. 200301033577 (635998-W)]
Circular	: This Circular to the Shareholders of LSK dated 26 April 2024
CMSA	: Capital Markets and Services Act 2007, including any amendments that may be made from time to time
Directors	: Has the meaning given in Section 2(1) of the CMSA and includes any person who is or was within the preceding six (6) months of the date on which the terms of the transactions were agreed upon: (a) a Director of LSK or any other company which is its subsidiary or holding company; or (b) a chief executive (as defined under Paragraph 10.01 of the Listing Requirements) of the Company, its subsidiary or holding company.
Family	: In relation to a person means such person who falls within any one of the following categories:- (a) spouse; (b) parent; (c) child including an adopted child and step-child; (d) brother or sister; and (e) spouse of the person referred to in item (c) and (d) above.
HFSB	: Homeplus Furniture Sdn Bhd [201701044973 (1259146-H)]
Listing Requirements	: Main Market Listing Requirements of Bursa Securities, including any amendments that may be made from time to time
LPD	: 5 April 2024, being the latest practicable date prior to the printing of this Circular
LSK or the Company	: Lee Swee Kiat Group Berhad [200301005163 (607583-T)]
LSK Group or Group	: Lee Swee Kiat Group Berhad and its subsidiaries, collectively
LSK & Sons	: Lee Swee Kiat & Sons Sdn Bhd [198601000525 (149664-V)]
LSKH	: Lee Swee Kiat Holdings Sdn Bhd [199701000931 (416427-K)]
LSKI	: LSK Italhouse Sdn Bhd [201901021267 (1330596-D)]
LSKL	: LSK Lamifoam Sdn Bhd [199201016852 (248356D)]
LSKMM	: LSK Mattress Marketing Sdn Bhd [199501036750 (365952V)]

DEFINITIONS (Cont'd.)

- LSKM : LSK Mattressworld Sdn Bhd [199501036707 (365909H)]
- LSKNL : LSK Napure Latex Sdn Bhd [198201004076 (83823X)]
- Major Shareholder(s) : A person who has an interest or interests in one (1) or more voting shares in LSK and the number or aggregate number of those shares, is:
- (a) ten percent (10%) or more of the total number of voting shares in LSK; or
 - (b) five percent (5%) or more of the total number of the voting shares in Imaspro where such person is the largest shareholder of LSK.
- This includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a major shareholder of the Company as defined above or any other company which is a subsidiary or holding company of LSK.
- For the purpose of this definition, "interest in shares" has the meaning given in Section 8 of the Act.
- Partner : In relation to any person (referred to as "said Person"), means such person who falls within any one of the following categories:
- (a) a person with whom the said Person, is in or proposes to enter into partnership with. "Partnership" for this purpose refers to a "partnership" as defined in Section 3 of the Partnership Act 1961 or "limited liability partnership" as defined in Section 2 of the Limited Liability Partnerships Act 2012, as the case may be; or
 - (b) a person with whom the said Person has entered or proposes to enter into a joint venture, whether incorporated or not.
- Person(s) Connected : In relation to any person (referred to as "**said Person**") means such person who falls under any one of the following categories:-
- (a) a family member of the said Person;
 - (b) a trustee of a trust (other than a trustee for a share scheme for employees or pension scheme) under which the said Person, or a family member of the said Person, is the sole beneficiary;
 - (c) a partner of the said Person;
 - (d) a person, or where the person is a body corporate, the body corporate or its directors, who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the said Person;
 - (e) a person, or where the person is a body corporate, the body corporate or its directors, in accordance with whose directions, instructions or wishes the said Person is accustomed or is under an obligation, whether formal or informal, to act;
 - (f) a body corporate in which the said Person, or persons connected with the said Person are entitled to exercise, or control the exercise of, not less than 20% of the votes attached to voting shares in the body corporate; or
 - (g) a body corporate which is a related corporation of the said Person.
- Proposed RRPT Mandate or Proposal : Proposed New Shareholders' Mandate for LSK Group to enter into Recurrent Related Party Transactions of a Revenue or Trading Nature

DEFINITIONS (Cont'd.)

Recurrent Related Party Transaction(s) or RRPT(s)	Related party transaction(s) which is/are recurrent, of a revenue or trading nature and which is/are necessary for the day-to-day operations of LSK Group and in the ordinary course of business of LSK Group
Related Party(ies)	Director(s), Major Shareholder(s) and/or Person(s) Connected with such Director(s) or Major Shareholder(s) as defined under Section 1.01 of the Listing Requirements
RM and sen	: Ringgit Malaysia and sen, respectively
Shares	: Ordinary shares in LSK.

References to “we”, “us”, “our” and “ourselves” are to our Company and where the context requires, shall include our subsidiaries. All references to “you” in this Circular are referred to LSK’s shareholders.

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

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

Any discrepancy in the tables between the amounts listed and the totals in this Circular are due to rounding.

THE REMAINING OF THIS PAGE IS INTENTIONALLY LEFT BLANK

CONTENTS

CIRCULAR SHAREHOLDERS IN RELATION TO THE PROPOSED RRPT MANDATE

	<u>PAGE</u>
1. INTRODUCTION	1
2. DETAILS OF THE PROPOSED RRPT MANDATE	1
2.1 Provisions under the Listing Requirements	1-2
2.2 Validity period for the Proposed RRPT Mandate	2
2.3 Principal activities of Lsk Group	2-3
2.4 Information and Class of Related Party, Nature of RRPT and Estimated Value	3-4
2.5 Review procedures for the RRPT	4-6
2.6 Amount due From Related Party	6
2.7 Threshold of Authority	6
2.8 Statement by the Audit Committee	6
2.9 Disclosure of RRPTs	6
3. RATIONALE FOR AND BENEFITS OF THE PROPOSED RRPT MANDATE	7
4. FINANCIAL EFFECTS OF THE PROPOSED RRPT MANDATE	7
5. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM	7-8
6. APPROVALS REQUIRED	8
7. DIRECTORS' STATEMENT AND RECOMMENDATION	8
8. 21 ST AGM	8-9
9. FURTHER INFORMATION	9
 APPENDICES	
I FURTHER INFORMATION	10
II EXTRACT OF THE ORDINARY RESOLUTIONS TO BE TABLED AT THE 21 ST AGM OF LSK IN RELATION TO THE PROPOSED RRPT MANDATE	11



LEE SWEE KIAT GROUP BERHAD
[Registration No. 200301005163 (607583-T)]

(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office:

Wisma LSK, Lot 6122
Jalan Haji Abdul Manan
Off Jalan Meru
41050 Klang
Selangor Darul Ehsan

26 April 2024

Board of Directors:

Lee Ah Bah @ Lee Swee Kiat (*Executive Chairman*)
Lee Kong Hooi (*Non-Independent Non-Executive Director/Deputy Chairman*)
Dato' Lee Kong Sim (*Managing Director*)
Wong Yoke San (*Senior Independent Non-Executive Director*)
Seow Nyoke Yoong (*Independent Non-Executive Director*)
Ng Fong Fong (*Independent Non-Executive Director*)
Tan Kuin Luan (*Alternate Director to Lee Ah Bah @ Lee Swee Kiat*)

To: The Shareholders of LSK

Dear Sir/Madam,

PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

1. INTRODUCTION

On 8 April 2024, the Board announced that the Company proposes to seek shareholders' approval for the Proposed RRPT Mandate at the forthcoming 21st AGM. The Notice of the 21st AGM of LSK and the Proxy Form are despatched together with this Circular.

The purpose of this Circular is to provide you with the relevant information on the Proposed RRPT Mandate and to seek your approval for the Ordinary Resolution pertaining to the Proposed RRPT Mandate to be tabled as a Special Business at the forthcoming 21st AGM of the Company, to be held on 27 May 2024.

SHAREHOLDERS ARE ADVISED TO READ THE CONTENTS OF THIS CIRCULAR CAREFULLY BEFORE VOTING ON THE RESOLUTION TO GIVE EFFECT TO THE PROPOSED NEW SHAREHOLDERS' MANDATE.

2. DETAILS OF THE PROPOSED RRPT MANDATE

2.1 Provisions under the Listing Requirements

Under Paragraph 10.09(2) and Practice Note 12 of the Listing Requirements, a listed issuer may seek a mandate from its shareholders for RRPT, subject to the following:-

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;

- (b) the shareholder mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholder mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed under Paragraph 10.09(1)(b) of Listing Requirements as follows:
 - (i) the consideration, value of the assets, capital outlay or costs of the RRPT(s) is RM1 million or more; or
 - (ii) the percentage ratio of such RRPT(s) is 1% or more,
 whichever is the lower;
- (c) the listed issuer's circular to shareholders for the shareholder mandate includes the information as may be prescribed by Bursa Securities. The draft circular must be submitted to Bursa Securities together with a checklist showing compliance with such information;
- (d) in a meeting to obtain the shareholders' mandate, the interested Director, interested Major Shareholder or interested Person Connected with the Director or Major Shareholder; and where it involves the interest of an interested Person Connected with a Director or Major Shareholder, such Director or Major Shareholder must not vote on the resolution(s) in respect of the RRPT. An interested Director or interested Major Shareholder must ensure that Persons Connected with them abstain from voting on the resolution in respect of the RRPT; and
- (e) the listed issuer immediately announces to Bursa Securities when the actual value of a RRPT entered into by the listed issuer, exceeds the estimated value of the RRPT disclosed in the circular by 10% or more and must include the information as may be prescribed by Bursa Securities in its announcement.

Accordingly, the Company proposes to seek shareholders' approval for the Proposed RRPT Mandate at the forthcoming 21st AGM. The Proposed RRPT Mandate will allow the Group, in the ordinary course of business, to enter into RRPT referred to in Section 2.4 of this Circular. Such transactions have been made based on normal commercial terms and transaction prices that are not more favourable to the Related Party(ies) than those generally available to the public and which are not to the detriment of the minority shareholders of the Company.

2.2 Validity period for the Proposed RRPT Mandate

The Proposed RRPT Mandate, if approved by the shareholders of the Company at the forthcoming 21st AGM, will take effect upon the passing of the ordinary resolution proposed at the 21st AGM and be subject to annual renewal. The Proposed RRPT Mandate shall continue to be in force until:-

- (a) the conclusion of the next AGM of the Company following the general meeting at which such resolution is passed, at which time it will lapse, unless the authority is renewed by a resolution passed at the next AGM;
- (b) the expiration of the period within which the next AGM of the Company after that date it is required to be held pursuant to Section 340(2) of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is earlier.

2.3 Principal activities of LSK Group

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

Name of Company	Effective Equity Interest (%)	Principal Activities
<u>Direct subsidiary</u>		
LSKH	100	Investment holding and management company.
<u>Subsidiaries of LSKH</u>		
LSKNL	100	Manufacturing of natural latex bedding.
LSKM	100	Manufacturing of mattresses and bedding accessories.
LSKMM	100	Marketing and distribution of mattresses and related products.
LSKL	100	Manufacturing of laminated foam and polyurethane foam.
LSKI	100	Marketing and distribution of mattresses, furniture and related products and retail sale of mattresses.
HFSB	60	Marketing and distribution of mattresses, household furniture and related products.

Notes:

All of the above subsidiaries were incorporated in Malaysia.

2.4 Information and Class of Related Party, Nature of RRPT and Estimated Value

The information and class of the Related Party, Nature of RRPT for the Proposed RRPT Mandate is set out in the table below:-

The Company and/or Subsidiaries involved	Related Transacting Parties	Interested Directors/ Major Shareholders and Persons Connected	Nature of Recurrent Transaction	Estimated aggregate value to be incurred from the date of the forthcoming 21 st AGM until the conclusion of the next AGM ⁽¹⁾ (RM)
LSKMM	Reztec Marketing Sdn Bhd (380707-K) (199601008359)	<p>Lee Kong Hooi is a Director of LSK, brother of Dato' Lee Kong Sim and son of Lee Ah Bah @ Lee Swee Kiat and Tan Kuin Luan</p> <p>Lee Kong Hooi is the director and major shareholder, holding 70% shareholdings in Reztec Group Sdn Bhd, which in turn hold 100% shareholdings in Reztec Marketing Sdn Bhd.</p> <p>The remaining shareholders of Reztec Group Sdn Bhd are Choong Swee Kheng, and Lim Chin Beng, the sister-in-law and brother-in-law of Lee Kong Hooi, each holding 15% of the shareholdings in Reztec Group Sdn Bhd.</p>	Purchase of rebounded foam mattresses from Reztec Marketing Sdn Bhd	RM100,000

The Company and/or Subsidiaries involved	Related Transacting Parties	Interested Directors/ Major Shareholders and Persons Connected	Nature of Recurrent Transaction	Estimated aggregate value to be incurred from the date of the forthcoming 21 st AGM until the conclusion of the next AGM ⁽¹⁾ (RM)
LSKNL	Reztec Industries Sdn Bhd (811952-K) (200801010664)	<p>Lee Kong Hooi is a Director of LSK, brother of Dato' Lee Kong Sim, and son of Lee Ah Bah @ Lee Swee Kiat and Tan Kuin Luan</p> <p>Lee Kong Hooi is the founder, director and major shareholder holding 70% shareholdings in Reztec Group Sdn Bhd, which in turn hold 100% shareholdings in Reztec Industries Sdn Bhd.</p> <p>The remaining shareholders of Reztec Group Sdn Bhd are Choong Swee Kheng, and Lim Chin Beng, the sister-in-law and brother-in-law of Lee Kong Hooi, each holding 15% of the shareholdings in Reztec Group Sdn Bhd.</p>	Sale of latex foam padding to Reztec Industries Sdn Bhd	RM15,000,000

Note:

⁽¹⁾ *The estimated values of the Recurrent Transactions for the period from the forthcoming 21st AGM of the Company until the next conclusion of the next AGM of the Company are based on the expected value of transactions estimated by the management of LSK Group, which may be varied and are subject to changes.*

2.5 Review procedures for the RRPT

The Group has established procedures and guidelines to ensure that the RRPTs are undertaken on an arm's length basis, on transaction prices and normal commercial terms which are consistent with the Group's usual business practices and policies, not more favourable to the interested Related Party(ies) than those extended to the public/third parties and are not to the detriment of the minority shareholders of the Company. Management of LSK will ensure that the RRPT(s) with interested Related Party(ies) will only be transacted at the prevailing market rates/prices for the services or products on the usual commercial terms, or otherwise in accordance with applicable industry norms, after taking into account the pricing, level of services, quality of products and other related factors.

The procedures established by the Board for RRPT are as follows:

- (a) A list of Related Parties will be circulated to the Directors and management of the Group to notify that all RRPTs are required to be undertaken on an arm's length basis and on normal commercial terms not more favourable to the Related Parties than those generally available to the public and are not detrimental to our minority shareholders;

- (b) The thresholds for approvals of RRPT are consistent with those transactions entered into with unrelated parties. The Group has in place internal levels of authority governing all business transactions. As the RRPTs will be conducted in the ordinary course of business, the transactions will be covered under the same levels of authority;
- (c) The transaction price for the sale and purchase of products and services shall be determined based on the prevailing market rates/prices for the products and services on normal commercial terms, or otherwise in accordance with applicable industry norms, after taking into account the pricing, level of services, quality and delivery of the products;
- (d) All RRPTs to be entered into will be reviewed by the Audit Committee and reported to the Board to ensure that the transactions are in the best interest of the Company, fair, reasonable and on normal commercial terms, not more favourable to the Related Parties and will not be detrimental to the minority shareholders;
- (e) If any member of the Board or Audit Committee has an interest (direct or indirect) in the RRPT, he shall abstain from deliberating and decision-making of the Board or Audit Committee in respect of such RRPT and continue to abstain from voting on the resolution relating to the RRPT as well as ensure that the Major Shareholders and Persons Connected with him abstain from voting on the resolution deliberating or approving the transactions;
- (f) Records will be maintained by the Group to capture all RRPTs entered into pursuant to the Proposed RRPT Mandate to ensure that relevant approvals have been obtained and review procedures in respect of such transactions are adhered to;
- (g) Wherever practicable and/or feasible, at least two (2) other contemporaneous transactions with unrelated third parties for similar products or services and/or quantities will be used as comparison to determine whether the transaction price and terms offered to/by the Related Parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of products/services and/or quantities.

In the event that quotations or comparative pricing from unrelated third parties cannot be obtained for the proposed transactions, the transaction price will be determined by the Group based on those offered by or to other unrelated third parties for the same or substantially similar type of transaction, to ensure that the RRPTs are not detrimental to the Group;
- (h) The internal audit plan shall incorporate a review of RRPT to ensure that all the relevant approvals for the RRPTs have been obtained, and the approved procedures and guidelines to monitor RRPTs are complied with;
- (i) The Audit Committee shall review, on an annual basis, the internal audit reports to ascertain that the approved procedures and guidelines to monitor the RRPTs have been complied with;
- (j) All RRPTs will be reviewed by the Audit Committee on a quarterly basis. In reviewing the RRPTs, the Audit Committee may, as it deems fit, requests for additional information pertaining to the transactions from independent sources;
- (k) Immediate announcement will be made to Bursa Securities if the actual value of the RRPTs entered into by LSK Group exceeds the estimated value of the RRPTs disclosed in the Circular by 10% or more;
- (l) Disclosure will be made in the following year's annual report of the Company of the aggregate value of transactions conducted pursuant the shareholders' mandate; and

- (m) The Board and Audit Committee will have overall responsibility to determine whether the review procedures and guidelines relating to RRPTs are appropriate and sufficient.

An annual review of the RRPT procedures and guidelines will be carried out by the Audit Committee. If during the annual review, the Audit Committee is of the view that the RRPT procedures and guidelines are no longer valid or inadequate to ensure that the RRPT are made on an arm's length basis or on terms not more favourable to the Related Parties than those generally available to the public and not to the detriment of our minority shareholders, the Audit Committee shall have the discretion to discharge, vary, modify the existing procedures and guidelines or implement new or additional procedures and guidelines, without management's prior approval, provided that such amended, varied, modified, new or additional procedures and guidelines are no less stringent than the existing ones.

2.6 Amount due from Related Party

There was no amount owing by the Related Party to LSK Group pursuant to the RRPTs as at 31 December 2023. The payments were made within the agreed credit terms.

2.7 Threshold of Authority

There is no specific threshold for approval of RRPTs within LSK Group. However, all RRPTs are subject to the approval of the Board after being reviewed by the Audit Committee. Where any Director has any interest (direct or indirect) in any RRPT, such Director shall abstain from deliberation and voting on the matter. If it is determined that the guidelines and/or procedures stipulated in Section 2.5 of this Circular are inadequate, LSK will obtain a fresh shareholders' mandate and to ensure that:

- (a) RRPT(s) will be conducted on an arms' length basis and on normal commercial terms and transaction prices which are not more favourable to the Related Party(ies) than those generally available to the public; and
- (b) such transaction will not be detrimental to the minority shareholders of the Company.

2.8 Statement by the Audit Committee

The Audit Committee has reviewed the terms of the Proposed RRPT Mandate and is satisfied that the review procedures for RRPT mentioned in Section 2.5 above as well as the quarterly reviews to be made by the Audit Committee in relation thereto are sufficient to ensure that the RRPT will be made on an arm's length basis, on normal commercial terms, not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders.

The Audit Committee is of view that LSK Group has in place adequate procedures and processes to monitor, track and identify all RRPTs in a timely and orderly manner. These procedures and processes are reviewed as and when required or annually.

2.9 Disclosure of RRPTs

The breakdown of the aggregate value of RRPTs will be disclosed in the Company's annual report for the financial year during which the Proposed RRPT Mandate is in force, providing amongst others, the following information:-

- (a) the type of RRPT(s) entered into;
- (b) the names of the Related Party(ies) involved in each type of RRPT(s) made; and
- (c) the nature of their relationship with LSK Group.

3. RATIONALE FOR AND BENEFITS OF THE PROPOSED RRPT MANDATE

The Proposed RRPT Mandate will enable the Group to enter into RRPT(s) with the Related Party which is necessary for the Group's day-to-day operations and in the ordinary course of business of the Group made at arm's length, on normal commercial terms and transaction prices which are not more favourable to the Related Party than those generally made available to the public and are not detrimental to the minority shareholders, as well as enhance the Group's ability to pursue business opportunities which are time-sensitive in nature more expeditiously.

The Proposed RRPT Mandate will eliminate the need to announce and convene separate general meetings of the Company from time to time to seek shareholders' approval pursuant to the requirements of Paragraph 10.09 of the Listing Requirements, as and when such transactions with the Related Party arise. This will also substantially reduce expenses associated with the convening of such meetings on an ad-hoc basis, improve administrative efficiency and allow human resources and time to be channelled towards attaining other corporate objectives and opportunities.

The RRPT(s) entered into by the Group are intended to meet the business needs of the Group at the best possible terms and also enhance the Group's ability to explore beneficial business opportunities and to promote cross-selling within the Group and the Related Party, which will be of benefit to all the companies within LSK Group.

4. FINANCIAL EFFECTS OF THE PROPOSED RRPT MANDATE

The Proposed RRPT Mandate will not have any effect on the issued share capital and shareholdings of the substantial shareholders of the Company and is not expected to have any material effect on the net assets per share, earnings per share and gearing of the Group.

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

Save as disclose below, none of the directors and/or major shareholders and persons connected to them as defined in the Listing Requirement, has any interest, direct and indirect, in the Proposed RRPT Mandate.

As at the LPD, the direct and indirect shareholdings of the Interested Directors and Interested Major Shareholders in LSK are as follows:-

	<-----Direct----->		<-----Indirect----->	
	No. of Shares	%(*)	No. of Shares	%(*)
Interested Directors				
Lee Kong Hooi	-	-		
Lee Ah Bah @ Lee Swee Kiat	3,120,000	1.860	(1) 93,577,848	55.778
Dato' Lee Kong Sim	4,262,320	2.541	(1) 93,577,848	55.778
Tan Kuin Luan	-	-	(1) 93,577,848	55.778
Interested Major Shareholders				
LSK & Sons	93,577,848	55.778	-	-
Lee Ah Bah @ Lee Swee Kiat	3,120,000	1.860	(1) 93,577,848	55.778
Tan Kuin Luan	-	-	(1) 93,577,848	55.778
Dato' Lee Kong Sim	4,262,320	2.541	(1) 93,577,848	55.778
Lee Kong Yam	-	-	(1) 93,577,848	55.778

Notes:-

(*) Excluding treasury shares

(1) Deemed interest through LSK & Sons pursuant to Section 8 of the Act.

Lee Kong Hooi, Dato' Lee Kong Sim and Lee Kong Yam are brothers, and they are the sons of Lee Ah Bah @ Lee Swee Kiat and Tan Kuin Luan.

Lee Ah Bah @ Lee Swee Kiat, Tan Kuin Luan, Dato' Lee Kong Sim and Lee Kong Yam are the shareholders of LSK & Sons.

Accordingly, Lee Kong Hooi, Lee Ah Bah @ Lee Swee Kiat, Tan Kuin Luan, Dato' Lee Kong Sim being the interested Directors (herein referred to as "Interested Directors") have abstained and will continue to abstain from all Board deliberations and voting in respect of the transactions in which they have interests as detailed in Section 2.4 of this Circular. The Interested Directors will also abstain from voting in respect of their direct and/or indirect shareholdings, if any, on the resolution pertaining to the Proposed RRPT Mandate at the forthcoming 21st AGM.

The interested Major Shareholders, namely LSK & Sons, Lee Ah Bah @ Lee Swee Kiat, Tan Kuin Luan, Dato' Lee Kong Sim and Lee Kong Yam will abstain from voting in respect of its direct and/or indirect shareholdings on the resolution pertaining to the Proposed RRPT Mandate at the forthcoming 21st AGM.

The Interested Directors and the interested Major Shareholder have also undertaken to ensure that Persons Connected with them will abstain from voting in respect of their direct and indirect shareholdings, if any, deliberating or approving the resolution pertaining to the Proposed RRPT Mandate at the forthcoming 21st AGM.

6. APPROVALS REQUIRED

The Proposed RRPT Mandate is subject to the approval being obtained from the shareholders of the Company at the forthcoming 21st AGM to be convened.

7. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board (save for the Interested Director), after having considered the Proposed RRPT Mandate, is of the opinion that the Proposed RRPT Mandate is fair, reasonable and in the best interest of LSK Group.

Accordingly, the Board (save for the Interested Director) recommends that the shareholders vote in favour of the ordinary resolution in relation to the Proposed RRPT Mandate to be tabled at the forthcoming 21st AGM.

8. 21st AGM

The ordinary resolution in respect of the Proposed RRPT Mandate as set out in the Notice of 21st AGM contained in the Annual Report 2023 of the Company will be tabled at the forthcoming 21st AGM of LSK. The Circular is also available at <http://www.lsk.com.my/investor-relation> together with the Annual Report 2023, Notice of the 21st AGM, Proxy Form, Administrative Guide and Statement to Shareholders of the Company.

The 21st AGM will be held at Function Room 7, Setia City Convention Centre, No. 1, Jalan Setia Dagang AG U13/AG, Setia Alam, Seksyen 13, 40170 Shah Alam, Selangor Darul Ehsan on Monday, 27 May 2024 at 10.00 a.m, or any adjournment thereof.

If you are unable to attend and vote in person at the AGM, you may appoint proxy(ies) by completing, sign and deposit the Proxy Form in accordance with the instructions therein, to the registered office of the Company at Wisma LSK, Lot 6122, Jalan Haji Abdul Manan, Off Jalan Meru, 41050 Klang, Selangor Darul Ehsan not less than forty-eight (48) hours before the time appointed for holding the 21st AGM or at any adjournment thereof. You may also submit the Proxy Form electronically via TIIH Online at <https://tiih.online> before the proxy appointment cut off time as mentioned above. For further information on electronic lodgement of Proxy Form, please refer to the Administrative Guide for the 21st AGM.

The lodging of the Proxy Form will not preclude you from attending and voting in person at the 21st AGM should you subsequently wish to do.

9. FURTHER INFORMATION

Shareholders are advised to refer to the Appendices in this Circular for further information.

Yours faithfully
For and on behalf of the Board of Directors
LEE SWEE KIAT GROUP BERHAD

WONG YOKE SAN
Senior Independent Non-Executive Director

THE REMAINING OF THIS PAGE IS INTENTIONALLY LEFT BLANK

APPENDIX I

FURTHER INFORMATION

1. RESPONSIBILITY STATEMENT

The Directors of LSK have seen and approved the contents of this Circular and they collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in this Circular misleading.

2. MATERIAL CONTRACTS

As at the date of this Circular, neither the Company nor any of its subsidiaries have entered into any material contract (not being contracts entered into in the ordinary course of business) within two (2) years immediately preceding the date of this Circular.

3. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the date of this Circular, neither the Company nor any of its subsidiaries are engaged in any material litigation, claim or arbitration, either as plaintiff or defendant, and the Board is not aware and does not have any knowledge of any proceedings pending or threatened against the Company and/or its subsidiaries, or of any fact likely to give rise to any proceedings, which might materially and adversely affect the financial position or business of the Company and/or its subsidiaries.

4. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection by members of the Company at the registered office of the Company at Wisma LSK, Lot 6122, Jalan Haji Abdul Manan, Off Jalan Meru, 41050 Klang, Selangor Darul Ehsan during normal business hours from Mondays to Fridays (excluding Public Holidays) from the date of this Circular up to and including the date of the forthcoming 21st AGM:

- (a) Constitution of LSK; and
- (b) Audited consolidated financial statements of LSK for the past two (2) financial years ended 31 December 2022 and 31 December 2023.

THE REMAINING OF THIS PAGE IS INTENTIONALLY LEFT BLANK

APPENDIX II

EXTRACT OF THE ORDINARY RESOLUTION TO BE TABLED AT THE 21ST AGM OF LSK IN RELATION TO THE PROPOSED NEW SHAREHOLDERS' MANDATE FOR THE COMPANY AND/OR ITS SUBSIDIARIES TO ENTER INTO RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH RELATED PARTIES ("PROPOSED RRPT MANDATE")

ORDINARY RESOLUTION

PROPOSED NEW SHAREHOLDERS' MANDATE FOR THE COMPANY AND/OR ITS SUBSIDIARIES TO ENTER INTO RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH RELATED PARTIES ("PROPOSED RRPT MANDATE")

"THAT subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company and/ or its subsidiaries ("the Group") be and are hereby authorised to enter into and give effect to all recurrent related party transactions of a revenue or trading nature with the related party as set out in Section 2.4 of the Circular to Shareholders dated 26 April 2024 ("Related Party") provided that such transactions are:-

- (i) necessary for the day-to-day operations;
- (ii) undertaken in the ordinary course of business at an arm's length basis and on normal commercial terms and transaction prices which are not more favourable to the Related Party than those generally available to the public; and
- (iii) not detrimental to the minority shareholders of the Company,

("Proposed RRPT Mandate").

AND THAT such approval, shall continue to be in force until:-

- (i) the conclusion of the next Annual General Meeting ("AGM") of the Company following this AGM at which such mandate is passed, at which time it will lapse, unless by a resolution passed at such general meeting, the authority is renewed; or
- (ii) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("the Act") (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (iii) revoked or varied by resolution passed by the shareholders of the Company in general meeting,

whichever is the earlier.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorised under the Proposed RRPT Mandate."

THE REMAINING OF THIS PAGE IS INTENTIONALLY LEFT BLANK
